DADA S.P.A. AND DADA GROUP FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(PREPARED IN ACCORDANCE WITH IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS)

Registered office: Viale della Giovine Italia, 17 - Florence
Share capital EUR 2,835,611.73 fully paid-in
Florence Company Register no. FI017- 68727 - REA 467460
Tax ID/VAT no 04628270482

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CORPORATE OFFICERS

The current Officers were elected during the AGM held on 24 April 2012 for the 2012-2014 three-year period. At the date of approval of this document, the Board of Directors was composed as follows:

BOARD OF DIRECTORS

Khaled Bishara[1]	Chairman
Claudio Corbetta [2]	CEO
Lorenzo Lepri [3]	General Manager
Karim Galal Guirgis Beshara[7]	Director
Sophie Sursock[7]	Director
Soliman Elfaham Ragy Gamaleldin Mahmoud[20]	Director
Antonio Converti[7]	Director
Rodolphe Aldo Mario Mareuse [7]	Director
Maurizio Mongardi [10]	Director
Vincenzo Russi [4, 5, 15,8,18]	Director
Maria Oliva Scaramuzzi [6,14,8,17]	Director
Danilo Vivarelli [6,9,8,16,19]	Director
Stanislao Chimenti Caracciolo di Nicastro[4,5,11,8]	Director

1 Appointed Director by the AGM held on 28 April 2014 and Chairman of the Company at the meeting of the Board of Directors held on 14 May 2014.
2 Appointed Chief Executive Officer and General Manager of the Company during the meeting of the Board of Directors held on 24 April 2012.
3 Appointed General Manager and CFO of the Company during the meeting of the Board of Directors held on 24 April 2012.
4 Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 24 April 2012.
5 Appointed member of the Committee for Related Party Transactions during the meeting of the Board of Directors held on 24 April 2012.

6 Appointed member of the Compensation Committee during the meeting of the Board of Directors held on 24 April 2012.
7 Appointed Director by the AGM held on 28 April 2014.
8 Independent director pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998.
9 Member and Chairman of the Supervisory Body pursuant to Legislative Decree 231/2001.
10 Appointed Director by the AGM held on 11 April 2013.
11 Appointed Director by the AGM held on 11 April 2013.
12 Appointed Standing Auditor by the AGM held on 11 April 2013.
13 Appointed Alternate Auditor by the AGM held on 11 April 2013.
14 Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 15 July 2013.
15 Appointed member of the Compensation Committee during the meeting of the Board of Directors held on 15 July 2013.
16 Member of the Supervisory Body pursuant to Legislative Decree 231/2001.
17 Member of the Committee for Related Party Transactions since 15 July 2013.
18 Chairman of the Control and Risk Committee and of the Committee for Related Party Transactions.
19 Chairman of the Compensation Committee.
20 Appointed Director by the AGM held on 28 April 2014 following the resignation of Hanan Mohamed Taiser Abdel Meguid.

BOARD OF STATUTORY AUDITORS

Claudio Pastori[16]	Chairman
Maria Stefania Sala[12]	Standing Auditor
Sandro Santi	Standing Auditor
Agostino Giorgi[13]	Alternate Auditor
Mariateresa Diana Salerno	Alternate Auditor

EXTERNAL AUDITORS

KPMG S.p.A.

DADA GROUP FINANCIAL HIGHLIGHTS

Consolidated Income Statement (12 months)

(€/mn)	31/12/2014	31/12/2013	Total difference	% difference
Revenue	**67.5**	75.3	-7.9	-10%
EBITDA*	**9.8**	10.6	-0.8	-7%
Depreciation and amortization	**-7.8**	-7.4	-0.4	5%
Non-recurring charges and other impairment	**-0.5**	-0.7	0.3	-37%
EBIT	**1.5**	2.4	-0.9	-37%
Group net profit/(loss)	**-2.2**	-1.3	-0.8	-63%

* Gross of impairment losses and other non-recurring items

Consolidated income statement (3 months)

(€/mn)	4th quarter 2014	4th quarter 2013	Total difference	% difference
Revenue	**16.9**	18.2	-1.3	-7%
EBITDA*	**2.2**	2.5	-0.3	-13%
Depreciation and amortization	**-2.1**	-2.0	-0.1	6%
Non-recurring charges and other impairment	**0.0**	-0.3	0.3	-99%
EBIT	**0.1**	0.2	-0.1	-49%
Group net profit	**-0.8**	-0.9	0.1	-7%

* Gross of impairment losses and other non-recurring items

Consolidated statement of financial position at 31 December 2014

(€/mn)	31/12/2014	31/12/2013	Total difference	% difference
Non-current assets	**95.4**	94.0	1.4	1%
Net Working Capital	**-10.3**	-11.7	1.4	-12%
Net Capital Employed	**83.7**	80.5	3.2	4%
Shareholders' Equity	**50.1**	49.7	0.5	1%
Net short-term Financial Position	**-16.9**	-9.6	-7.3	-77%
Total Net Financial Position	**-33.6**	-30.9	-2.7	-9%
Number of employees	**364**	395	-31.0	-8%

FINANCIAL HIGHLIGHTS OF PARENT COMPANY DADA S.P.A.

Income Statement of DADA S.p.A. (12 months)

(€/mn)	31/12/2014	31/12/2013	Total difference	% difference
Revenue	**5.3**	5.1	0.2	5%
EBITDA	**-0.2**	-0.9	0.6	-72%
Depreciation and amortization	**-0.4**	-0.5	0.1	-13%
EBIT	**-0.7**	-1.9	1.2	-65%
Net Profit /(Loss)	**-1.3**	-2.1	0.8	-37%

Statement of Financial Position of DADA S.p.A. at 31 December 2014

(€/mn)	31/12/2014	31/12/2013	Total difference	% difference
Net Working Capital	**21.0**	16.8	4.3	25%
Net Capital Employed	**51.3**	47.2	4.1	9%
Shareholders' Equity	**54.2**	55.4	-1.2	-2%
Net short-term Financial Position	**3.5**	8.2	-4.6	-57%

DIRECTORS' REPORT

INTRODUCTION

The Consolidated Financial Statements at 31 December 2014 have been prepared in accordance with IAS/IFRS issued by IASB and approved by the European Union, as per the Issuer Regulations n. 11971 issued by Consob on 14 May 1999, as amended.

It must be noted that the Consolidated Financial Statements were drafted in accordance with the accounting standards in force when they were prepared.

The financial statements at 31 December 2014 were approved by the Parent Company's Board of Directors on 12 March 2015, thus authorizing publication in accordance with the law.

DADA GROUP PROFILE

Dada S.p.A. - listed in the STAR segment of the Milan Stock Exchange - is an international leader in professional online presence and visibility services, as well as in several advanced online advertising solutions.

The DADA Group is organized around two separate businesses falling under the "Domain and Hosting" and "Performance Advertising" divisions. Regarding the methods to identify the business units and their main financial components, reference should be made further below in this Report to the results of the divisions and to Note 3 on segment reporting under IFRS 8 of the specific notes. Reference should also be made to the accounting standards regarding the separate financial statements at 31 December 2014.

In 2014, the **Domain and Hosting** division strengthened its position among the top European players in the business of professional services for domain name registration, hosting, for the creation, management and visibility of web and e-commerce sites and for online brand protection, through the expansion of its product portfolio and growth of the user base at an international level. The DADA Group currently operates in Spain, UK, Ireland, France, Portugal and the Netherlands respectively through its brands Nominalia, Namesco and PoundHost, Register365 and Amen.

Despite the sharp fall in volumes and resulting decline in margins versus 2013 caused by the change in Google's global policies, the **Performance Advertising division** continues to be a major player in the online advertising business, operating at an international level developing vertical portals such as superEva, the job search portal, which counts about 300,000 registered users of its services.

PERFORMANCE REVIEW

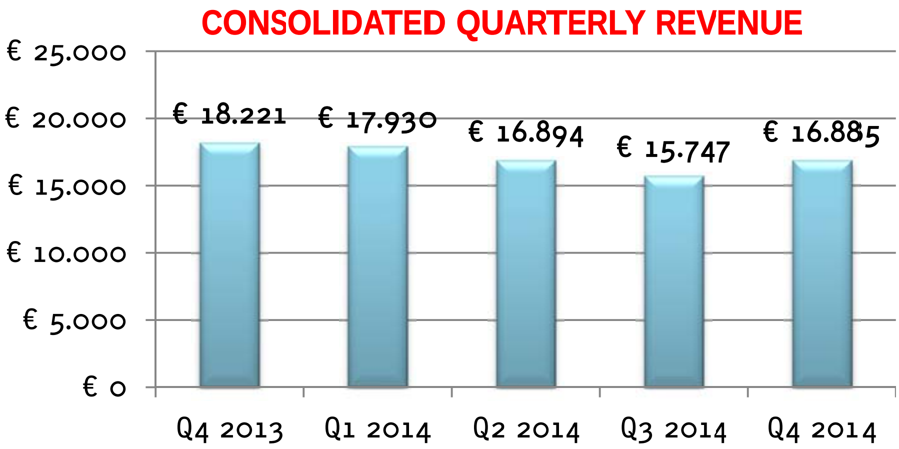
Dear Shareholders,

In 2014, the Dada Group achieved consolidated revenue of €67.5 million versus €75.3 million in 2013, dropping by 10%. Looking at 4Q14 alone, consolidated revenue amounted to €16.9 million, down by about 7% versus €18.2 million in 4Q13.

These declines, at a consolidated level, are mainly attributable to the Performance Advertising division (-€6 million). Details on the trend of this aggregate in the current year are found in the Results section.

Dada S.p.A., **the parent company,** ended 2014 with revenue of €5.3 million, improving slightly (+5%) versus €5.1 million at end 2013. Parent revenue in 4Q14 amounted to €0.7 million, dropping versus €1.2 million in 4Q13. Mention should be made that, for some years now, following a deep corporate restructuring, the parent company's main activity has been the provision of centralized corporate and IT services to all of the Group companies. No meaningful changes were reported in this organizational structure versus 2013.

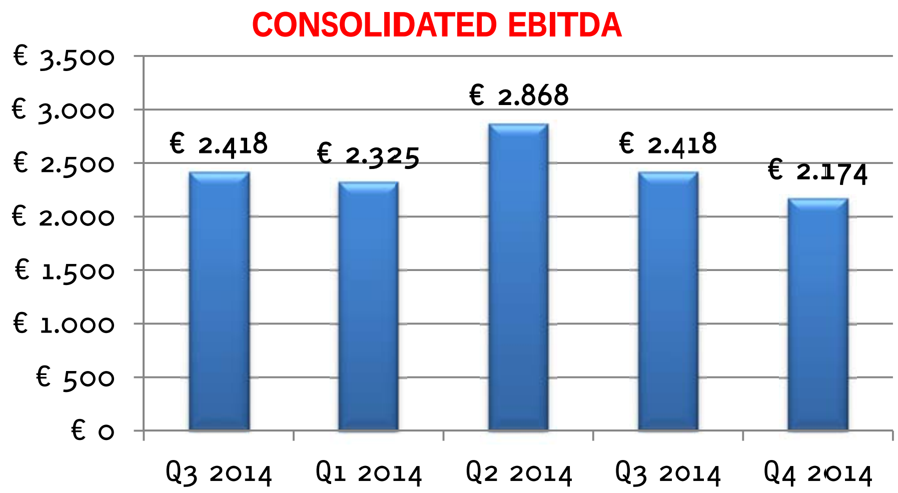
The following graph shows the trend in **consolidated revenue of the Dada Group** over the last 5 quarters:



Consolidated EBITDA achieved by the Dada Group in 2014 (gross of impairment losses and other non-recurring items), despite falling by 7%, **came to €9.8 million**, accounting for 15% of revenue, versus €10.6 million in 2013 (14% of revenue).

In 4Q14 alone, consolidated EBITDA came to €2.2 million, dropping by 13% versus €2.5 million in 4Q13. The EBITDA performance, as explained further below, is also attributable to the decline in the Performance Advertising business (-€1.2 million).

The following graph shows the trend in **consolidated EBITDA** over the last 5 quarters:

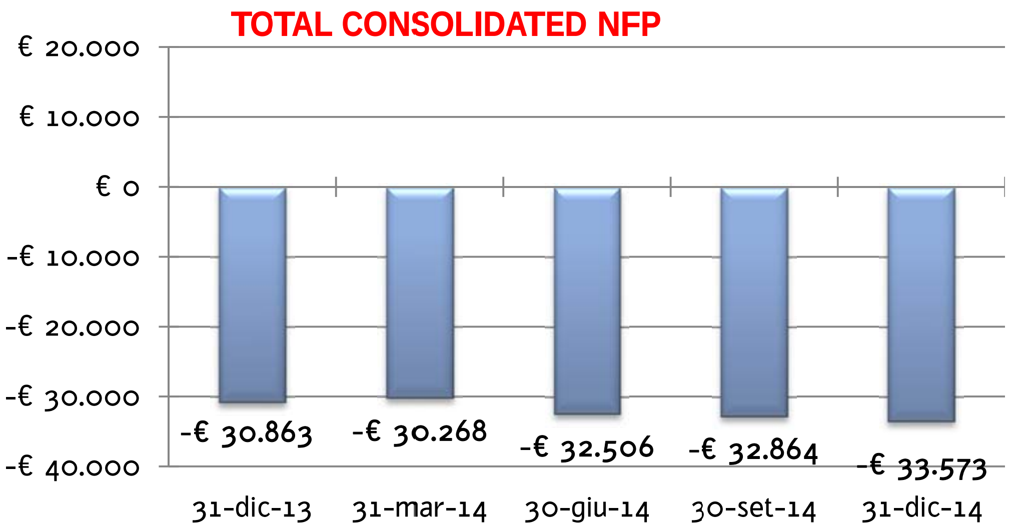


The total net financial position of the Dada Group at 31 December 2014 came to -€33.6 million versus -€30.9 million at 31 December 2013. Total cash absorption in 2014 amounted to €2.7 million.

The negative trend in 2014, as explained in detail in the financial position section, was affected not only by investments made in certain technology projects, but also by certain non-recurring outlays.

For further details, reference should be made to the consolidated cash flow section.

The following graph shows the trend in the consolidated net financial position over the last 5 quarters:



Results

The following tables show the key results of the Dada Group in 2014 (full year and quarterly) versus 2013:

(EUR/000)	31-Dec-14 12 months		31-Dec-13 12 months		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	**67,457**	**100%**	**75,313**	**100%**	**-7,855**	**-10%**
Chg. in inventories & inc. in own wk. capitalized	3,585	5%	3,599	5%	-14	0%
Service costs and other operating expenses	-41,368	-61%	-49,055	-65%	7,687	-16%
Payroll costs	-19,889	-29%	-19,296	-26%	-593	3%
EBITDA *	**9,785**	**15%**	**10,560**	**14%**	**-775**	**-7%**
Depreciation and amortization	-7,784	-12%	-7,419	-10%	-364	5%
Non-recurring income/(charges)	-411	-1%	-122	0%	-289	236%
Impairment of fixed assets	-23	0%	-1	0%	-22	n.a.
Impairment losses and provisions	-55	0%	-619	-1%	565	-91%
EBIT	**1,513**	**2%**	**2,399**	**3%**	**-885**	**-37%**

(EUR/000)	4th quarter 2014		4th quarter 2013		DIFFERENCE	
	Amount	% of total	Amount	% of total	Absolute	%
Net revenue	**16,885**	**100%**	**18,221**	**100%**	**-1,335**	**-7%**
Chg. in inventories & inc. in own wk. capitalized	794	5%	892	5%	-98	-11%
Service costs and other operating expenses	-10,430	-62%	-11,631	-64%	1,201	-10%
Payroll costs	-5,074	-30%	-4,995	-27%	-79	2%
EBITDA *	**2,174**	**13%**	**2,486**	**14%**	**-312**	**-13%**
Depreciation and amortization	-2,088	-12%	-1,978	-11%	-110	6%
Non-recurring income/(charges)	-264	-2%	-19	0%	-245	n.a.
Impairment of fixed assets	0	0%	-1	0%	1	-100%
Impairment losses and provisions	260	2%	-326	-2%	586	-180%
EBIT	**82**	**0%**	**162**	**1%**	**-80**	**-49%**

In 2014, the Dada Group achieved **consolidated revenue** of €67.5 million, dropping by 10% versus €75.3 million in 2013. The result was heavily affected by the drop in Performance Advertising previously mentioned in the introduction (down by €6.1 million versus 2013) and, to a lesser extent, by the decline in Simply (the advertising product) and the disposal of certain services in the UK (such as the co-location business in August 2013) considered no longer relevant to the Group, and of the ADSL business at the end of May 2014 (a total decline of €1.4 million in revenues versus 2013).

Regarding each business segment:

- revenue generated by Domain and Hosting (accounting for over 87% of consolidated revenue over the period) came to €58.9 million versus €60.4 million, posting a nominal decline of about 2%. Net of the negative contribution of Simply (€2.4 million in 2014 versus €2.8 million in 2013), of revenue generated by the co-location business in the UK (disposed of in August 2013, which had contributed approximately €0.4 million to the 2013 revenue), and of revenue generated by the UK ADSL business, which had contributed approximately €0.9 million to the 2013 revenue versus €0.3 million in the first five months of 2014, core turnover of the division was basically in line with 2013 levels;
- Performance Advertising contributed the remaining 13% to Group revenue, losing 42% versus 2013 (€8.5 million versus €14.6 million).

2014 witnessed a general drop in the D&H business in the Group's main European markets of operation, as well as fiercer competition, due to the aggressive customer acquisition policies implemented by major competitors in most of the geographies. Despite this backdrop, the **Domain and Hosting** division confirmed its position among the top European players in the **business of professional services for domain name registration** (gaining a leadership position in new GTLDs in a number of countries)**, hosting, virtual and dedicated servers and cloud-based solutions, in the creation, management and visibility of web and e-commerce sites for European SMEs**, **and in online brand protection services**.

In particular, thanks to increased focus on customer service, both on and offline, improvements were made in the average renewal rate and in the upselling of services to the user base, which counted over **520 thousand business clients** and over **1.7 million total domains managed** at the end of the year in Spain, UK and Ireland, France, Portugal and Holland through the Nominalia, Namesco, PoundHost, Register365 and Amen brands, respectively.

In 2013, Dada adopted the Net Promoter Score, a system that measures the customer satisfaction and loyalty rate. Since the beginning of 2014, the score reported a slight **growth.**

Noteworthy international projects launched in 2014 include:

- the success of the new gTLDs (Generic Top Level Domains), released on the market in February; Dada has managed a steady rise in pre-registration and registration applications, and the Group's stores have received over 17,000 registrations so far, mostly for .bio (which earned Register.it the 2014 Italian registrar award), .email and .photography. To date, about 300 extensions are ready for registration and over 4 million new domains have been registered worldwide. Meanwhile, the "watchlist" service continues for new domains in Italy, Spain, France and Portugal. The service allows clients and non-clients to freely create interest lists of new domain extensions to be released over the next three years.

- to guarantee brand protection to companies with registered trademarks in view of the registration of new generic domains, Register.it has expanded its Online Brand Protection solutions through accreditation with the **Trademark Clearinghouse**, the leading online brand protection service developed by ICANN. Register.it offers dedicated consulting to companies of all sizes and from every industry in the registration and protection of their brand in the new digital landscape that is taking shape.
- starting from July, clients and users can also benefit from the full suite of solutions of Microsoft Office 365, Office Online, Mobile & iPad Apps, Exchange Email, SharePoint and Lync Online, continually updated and cloud-based, to access, modify, share, store and synchronize all their files in real time with the highest levels of security. Microsoft products complement the revamped and advanced OX email and webmail solutions, SMTP authentication, and Certified Mail (for Italy), in order to provide businesses and individuals with every possible professional communication service.
- the range of Virtual Servers has been further expanded and enhanced to enable all kinds of users to manage their own websites on a fully virtualized and highly powerful server, now at really affordable prices.
- with the primary goal of constantly improving service quality, customer care activities have been stepped up in every country, through live chats on all websites, alongside the phone support service introduced in Italy some months ago and the service launched to assist clients in the development and management of their website by using custom content and design.

Despite the sharp fall in volumes and resulting decline in margins versus 2013 caused by the change in Google's global policies, the **Performance Advertising division** continues to be a major player in the online advertising business, operating internationally in the development of vertical portals, including superEva, the job search portal, which counts about 300,000 registered users of its services.

Looking at the **geographical breakdown** of the Dada Group's consolidated revenue, foreign-based activities contributed 61% in 2014, slightly decreasing versus the result in 2013 (64%). This confirms the predominance of these activities in the overall development of the Group, despite the discontinuity reported in the Performance Advertising division, whose turnover is almost entirely generated abroad.

In 2014, **consolidated EBITDA of the Dada Group,** before impairment losses and other non-recurring items, **came to a positive €9.8 million** (15% margins on consolidated revenue), down versus €10.6 million in 2013 (14% margins). EBITDA, too, was affected by the negative performance and abovementioned drop of €1.2 million in margins versus 2013 reported by the Performance Advertising business.

Looking at each specific segment:

- margins on revenue for the **Domain and Hosting** business came to 16%, basically in line with 2013 levels. Comparing the two years, mention should be made of:

  - the duplication of certain operating costs (€0.6 million) associated with the new Datacenter in the UK, arising from the expenses incurred from the previous suppliers (whose contracts terminated in 1Q14), along with the operating costs for the new facility, fully operational from April 2014;

- a different corporate cost allocation method between the two segments, effective from 1 January 2014, which aims at allocating almost all common costs of the Group to each business. This led to a reduction of over €0.2 million in the D&H division's margins (this has no impact on the consolidated level).

Net of these effects, Domain and Hosting margins in 2014 would have been 2% higher than in 2013 (18% versus 16%).

- regarding the **Performance Advertising** business, the abovementioned drop in volumes also impacted on margins, which fell to 8% in 2014 from 13% in 2013, owing to a lower contribution from Gross Margin to cover fixed costs.

Looking closer at each line of the income statement:

- **service costs** as a percentage of revenue improved, from 65% in 2013 to 61% in 2014, thanks also to the benefits from the startup of the new Datacenter;

- **payroll costs** in 2014 rose to €19.9 million versus €19.3 million in 2013, representing 29% of revenue (26% in 2013). The trend of this aggregate is mainly attributable to the effects of the adjustments provided for in the collective bargaining agreements, to certain salary policies implemented to retain key resources, and to the negative impact of exchange rates. See the paragraph below for further details on the headcount;

- the item "change in inventories and increase in own work capitalized", amounting to €3.6 million, or 5% of consolidated revenue (in line with 2013), consists of expenses incurred for the development of the proprietary platforms needed to launch and manage the services provided by the Dada Group.

In 2014, consolidated EBIT of the Dada Group came to a positive €1.5 million (2% of consolidated revenue), down versus the positive €2.4 million in 2013 (3% margins), dropping in absolute terms by €0.9 million (-37%).

In addition to the above-mentioned elements that impacted on EBITDA, EBIT's performance can be explained as follows:

- in 2014, amortization and depreciation amounted to €7.8 million (12% of consolidated revenue), €3.8 million of which for tangible assets and €4 million for intangible assets; in 2013, amortization and depreciation amounted to €7.4 million (10% of revenue), €3.4 million of which for tangible assets and €4 million for intangible assets, increasing in 2014 by €0.4 million, or approximately 5% (11% relating to tangible assets, while intangible assets are basically in line with 2013).

  The amortization and depreciation trend in 2014 is a direct result of the investment policy pursued starting from the prior year (mostly for the creation of the Datacenter in the UK). The policy continued, to a lesser extent, throughout 2014. For further details, reference should be made to the Financial position section below. Lastly, mention should be made that amortization and depreciation relating to the Datacenter had only partly impacted on the 2013 financial statements, since the plant had come into operation at the end of July 2013, impacting only for five months in 2013 and fully on the 2014 financial statements.

- in 2014, consolidated EBIT was impacted negatively by impairment losses, provisions and other non-recurring income/charges of €0.5 million versus a negative €0.7 million in 2013, dropping by about €0.3 million. Regarding this item:

- impairment losses and provisions amounted to €0.1 million, resulting from the combined effect of the impairment of trade receivables and loss on receivables of €0.15 million and other items included in fixed assets of €23 thousand, and of the positive release to the income statement of a portion of the provisions for risks and charges (€0.1 million) made in prior years, though later reported at lower-than-forecast levels. Impairment of receivables had been much higher in 2013 (€0.6 million), owing to the write-down of the position of Seat PG, which has been admitted to the composition with creditors procedure;
- non-recurring charges impacted negatively on the income statement in 2014 and amounted to €0.4 million, fully attributable to severance and to other legal costs associated with the reorganization processes involving a number of foreign subsidiaries in particular. In 2013, non-recurring charges had amounted to -€0.1 million.

In 2014, as in 2013, no impairment of goodwill was reported following the impairment tests carried out at year end as required by IAS 36.

Looking at 4Q14 alone, consolidated EBIT of the Dada Group showed a positive €0.1 million versus a positive €0.2 million in 4Q13 (1% of consolidated revenue), dropping in absolute terms by €0.1 million (-49%).

The weight of amortization and depreciation on EBIT in 4Q14 came to €2.1 million, €1 million of which for tangible assets (€0.8 million in 4Q13) and €1.1 million for intangible assets (in line with 2013), growing by 11% versus €2 million in 4Q13. This trend is explained by the increased investments made in tangible assets in 4Q14 versus 4Q13.

Impairment losses, provisions and non-recurring charges were basically neutral versus 4Q13, resulting from the combined effect of non-recurring charges and the release to the income statement of provisions; in 4Q13, this item had amounted to €0.4 million and consisted almost exclusively of impairment of receivables made at year-end.

In 2014, the DADA Group's consolidated pre-tax profit came to -€1.3 million, dropping in absolute terms by €0.8 million versus -€0.6 million in 2013. This aggregate was affected almost exclusively by the previously mentioned points, by the decline in business operations, and by the amortization and depreciation dynamics; the aggregate of financial activities, in fact, improved versus the prior year.

Financial activities were severely impacted by forex, due mostly to the Euro/British Pound rate. The Euro, in fact, reported a negative trend versus the Pound in the first part of 2013, only to recover in the final part of the year (when losses had been almost cancelled). In 2014, the trends turned from basically stable in 1Q14 to a strong revaluation of the British Pound versus the Euro in 2Q14, especially in 3Q14, stabilizing again in the final part of the year.

Overall financial activities (the difference between financial income and charges) of the Dada Group in 2014 came to -€3 million versus –€2.8 million in 2013, worsening by €0.2 million (or 6%).

Specifically, total financial charges (net of forex) in 2014 amounted to €3 million (€2.9 million in 2013) and consist of:

- interest expense on bank loans to finance acquisitions made in prior years amounting to €1.1 million, increasing slightly versus €1 million in 2013;

- other bank commissions and interest owed on bank overdrafts amounting to €1.8 million, increasing versus €1.6 million in 2013, linked primarily to interest paid on current account overdrafts and to bank commissions on credit card payments;
- derivative differentials of €0.1 million, improving versus €0.2 million in 2013.

There was no financial income worthy to report in 2014, while in 2013 the figure had amounted to €0.1 million.

The growing interest expense is mainly explained by the worsening of the net financial position, which deteriorated from -€30.9 million at 31 December 2013 to -€33.6 million at end 2014, but also by the different use of credit lines available and by the variations in spreads charged by a number of banks. For further details on the variations in the net financial position, reference should be made to the specific section found in this report.

As mentioned earlier, in 2014 forex came to €0.1 million versus -€0.2 million, hence ending with a net positive difference of €0.3 million. The Dada Group, for some years now, has adopted a currency risk hedging policy mainly using plain vanilla derivatives, which have partly alleviated the negative effects of exchange trends.

Looking at 4Q14 alone, pre-tax profit showed a negative figure of €0.7 million versus a negative figure of €0.6 million in 4Q13, deteriorating in absolute terms by €0.1 million (-22%).

Comparing the quarters, overall net financial activities (net of forex) came to -€0.7 million in 4Q14, basically in line with 4Q13.

Specifically, the quarterly figure was impacted by financial charges (net of forex) of €0.7 million (as in 2013) due to: interest expense on bank loans amounting to €0.3 million (basically unchanged versus 4Q13); interest owed on bank overdrafts amounting to €0.1 million (basically unchanged versus 4Q13); banking expenses and commissions on credit card payments amounting to €0.3 million (€0.4 million in 4Q13). The variation in derivatives had no significant impact on the quarter.

Net exchange activities in 4Q14, in contrast to the 12-month review, came to -€0.1 million versus a basically neutral figure in in 4Q13, as a result of the virtually stable trend of the Euro versus the British pound starting from the final months of 2014, while the appreciation of the US Dollar partly affected trade payables denominated in such currency.

The Dada Group's net profit in 2014 amounted to -€2.2 million versus -€1.3 million in 2013, dropping in absolute terms by roughly €0.9 million.

Aside of the abovementioned trend in pre-tax profit, mention should be made that the consolidated tax burden in 2014 amounted to -€0.9 million versus -€0.8 million in 2013. Tax recognized in the consolidated income statement, with respect to consolidated pre-tax profit, was positively affected also by the results achieved by certain Italian and foreign-based companies of the Dada Group, which do not benefit from tax losses.

Breaking down tax into current and deferred, current tax amounted to €0.6 million versus €1.1 million in 2013, while deferred tax amounted to -€0.2 million versus €0.3 million in 2013 (net difference of €0.5 million).

Current tax in 2014 is composed of: - IRAP on some Italian companies, which amounted to €0.4 million (in line with 2013); - the tax burden on foreign-based companies which posted positive pre-tax income, amounting to €0.2 million (dropping from €0.4 million in 2013); - prior-years' tax of €0.1 million relating to the different tax burden recognized in 2013 versus the final amount shown in the tax returns (-€0.2 million in 2013).

The sum of these items explains how, in spite of the presence of a consolidated pre-tax loss, current taxes are recorded in the income statement. This was also the case in 2013, with an overall effect in line with the different result taken by Italian and foreign companies to the Group's consolidated statements.

With regard to deferred tax assets recognized in 2014, these had a negative impact of €0.2 million on the result, €0.4 million from the release of the assessments made in prior years on temporary differences (such as the use of provisions for risks and charges or provisions for bad debts), and €0.2 million from new assessments on deferred tax assets in 2014. Conversely, in 2013, the net effect of deferred tax assets came to a positive figure of Euro 0.3 million.

It must be noted that deferred tax assets recognized in the consolidated financial statements of the Dada Group have been calculated on the basis of temporary differences relating to provisions, impairment losses and other tax adjustments that are expected to be reabsorbed in the future, and the portion of carry-forward tax losses likely to be recovered.

This calculation is made considering the actual possibility of generating positive future taxable income, as resulting from the forecasts on financial results envisaged in the plans approved by the meetings of the Board of Directors and also used for the impairment tests. This calculation takes into account the new laws relating in particular to the full recovery of tax losses incurred by Italian companies.

Mention should also be made that the Dada Group has accrued tax losses of €39.2 million (€38 million in 2013), which, in accordance with the changes made to Italian tax law on tax loss recovery, may be fully carried forward indefinitely.

Tax losses on which deferred tax assets have been calculated amounted to €17 million (€16.5 million in 2013).

Looking at 4Q14 alone, the Group’s portion of net loss amounted to -€0.8 million versus -€0.9 million in 2013, improving in absolute terms by €0.1 million (+7%).

In 4Q14, tax totaled €0.1 million versus €0.3 million in 4Q13. Out of this total amount, current tax amounted to €0.2 million (in line with 2013), while deferred tax assets came to €0.1 million versus -€0.1 million in 4Q13, with a positive difference of €0.2 million.

This annual income statement does not include any non-controlling interests.

PERFORMANCE BY BUSINESS SEGMENT

For operational purposes, starting from year end 2013, the DADA Group is organized into two business divisions, “Domain and Hosting” and “Performance Advertising”.

This redefinition reflects the application of IFRS 8, which requires Group segment information to be structured following the same criteria adopted for management reporting purposes.

This redefinition stems also from the corporate reorganization which led to the formation of two separate branches of the Group’s organizational structure, each heading a particular business activity. Specifically, Domain and Hosting is managed by the wholly-owned subsidiary Register.it S.p.A., while Performance Advertising is managed by the wholly-owned subsidiary MOQU Adv S.r.l.. Corporate activities are considered so completely integrated with the two business segments that they no longer require qualification as a separate division. For further details, reference should be made to Note 4 to the consolidated financial statements of the Dada Group.

Main results by segment

The following tables show the main results of the "Domain and Hosting" and "Performance Advertising" divisions in 2014 versus those in 2013:

	31/12/2014 (12 months)					31/12/2013 (12 months)				
Segment	**Revenue**	**EBITDA**	**Margin %**	**EBIT**	**Margin %**	**Revenue**	**EBITDA**	**Margin %**	**EBIT**	**Margin %**
Domain and Hosting	58,949	9,566	16%	2,321	4%	60,404	9,873	16%	3,304	5%
Performance Advertising	8,508	647	8%	41	0%	14,602	1,852	13%	1,276	9%
Adjustments*	0	-428	n.a.	-848	n.a.	307	-1,165	n.a.	-2,181	n.a.
Total	**67,457**	**9,785**	**15%**	**1,513**	**2%**	**75,313**	**10,560**	**14%**	**2,399**	**3%**

* adjustments refer to dealings between business units and between them and the parent company DADA S.p.A. (which provides mainly corporate services).

Geographical breakdown of consolidated revenue

The following tables show the breakdown of Italian and international consolidated revenue in 2014 versus 2013:

Description	31/12/2014 (12 months)		31/12/2013 (12 months)	
	Amount	**% of total**	**Amount**	**% of total**
Revenue Italy	26,522	39%	27,264	36%
Revenue international	40,935	61%	48,049	64%
Total	**67,457**		**75,313**	

Domain and Hosting Services

"Domain and Hosting" is the DADA Group division that offers professional digital services for management of the online presence of individuals and businesses, either in self-provisioning mode or through direct contact and custom consulting. At 31 December 2014, in this business the Group counted over 520 thousand clients and more than 1.7 million domains under management on its platforms. It operates from leadership positions in Europe under the following brands: Register.it in Italy (headquartered in Florence, with branches in Milan and Bergamo); Nominalia in Spain, Names.co.uk and Poundhost in England, Amen Group in Portugal, France and the Netherlands, and Register365 in Ireland.

The Group offers a wide range of services and tools to enable businesses of all sizes, professionals and private individuals to manage their online presence in an efficient, professional and secure way, and to reap the opportunities generated by the new digital channels. Today, the portfolio of services includes:

- domain name registration – digital solutions for online identity;
- web hosting services, dedicated and virtual servers and SSL;
- professional solutions for website and e-commerce website development;
- certified e-mail and e-mail services and Microsoft Office365;
- consulting in website development and management;
- digital advertising services;
- online brand protection, mostly for large enterprises.

In 2014, the division's **revenue** amounted to €58.9 million, falling by about 2% versus 2013. Excluding the negative contribution of Simply (€2.4 million in 2014 versus €2.8 million in 2013), of revenue generated by the co-location business in the UK (disposed of in August 2013, which had contributed approximately €0.4 million to the 2013 revenue), and of revenue generated by the UK ADSL business (disposed of at the end of May 2014, which had contributed approximately €0.9 million to the 2013 revenue versus €0.3 million in the first five months of 2014), core turnover of the division was basically in line with 2013 levels.
The Italian, English and Irish markets contributed 79% of the division's revenue, while the remaining 21% came from the French, Spanish, Portuguese and Dutch markets.

In 2014, **EBITDA** came to €9.6 million versus €9.9 million in 2013. The trend of this aggregate was mainly affected by:

- the duplication of certain operating costs (€0.6 million) associated with the new Datacenter in the UK, arising from the expenses incurred from the previous suppliers (whose contracts terminated in 1Q14), along with the operating costs for the new facility, fully operational from April 2014;
- a different corporate cost allocation method between the two segments, effective from 1 January 2014, which aims at allocating almost all common costs of the Group to each business. This led to a reduction of over €0.2 million in the D&H division's margins (this has no impact on the consolidated level).

Net of these effects, Domain and Hosting margins in 2014 would have been 2% higher than in 2013 (18% versus 16%). Capitalized research and development costs amounted to €3 million, in line with 2013.

Segment **EBIT** came to €2.3 million, net of depreciation and amortization, impairments and other non-operating items of €7.2 million.

Looking at 4Q14 alone, revenue amounted to €14.9 million versus €15.4 million in 2013, with EBITDA at €3 million versus €2.6 million in 4Q13. EBIT came to €1.2 million, net of depreciation and amortization, impairments and other non-operating items of €1.8 million.

Performance Advertising Services

"Performance Advertising" is the Dada Group division dedicated to the management at an international level of a range of innovative online advertising solutions for web traffic monetization through proprietary portals and partnerships with leading search engines.

The main proprietary brands through which it operates are Peeplo, Save'n Keep and Supereva.com.

In 2014, the division's **revenue** amounted to €8.5 million, down by about €6 million (-42%) versus 2013. Almost all the revenue is generated in Ireland and, starting from 2013, an increasing portion has come from web traffic from the new generation of tablets and smartphones. Revenue was heavily impacted by the repeated change on a global scale of the procedures that advertisers follow to capture traffic on the Google network - generally considered the main hub of online advertising worldwide - which has stifled the pace of growth. To counter the negative effects, a number of projects have been dedicated to the classified segment. These managed to only partly affect the overall result.

The abovementioned drop in volumes impacted on **EBITDA, which fell** from €1.9 million in 2013 to €0.6 million in 2014, with margins on revenue dropping from 13% to 8%, owing to a lower contribution from Gross Margin, albeit increasing on the division's revenue, to cover fixed costs. Capitalized costs for research and development amounted to €0.6 million, in line with 2013.

EBIT amounted to €0 million, net of depreciation and amortization, impairments and other non-operating items of €0.6 million.

Looking at 4Q14 alone, the division's revenue amounted to €1.9 million versus €2.9 million in 2013, while EBITDA lost roughly 85% versus €0.2 million in 4Q13. EBIT came to -€0.1 million, net of depreciation and amortization, impairments and other non-operating items of €0.2 million.

Financial position

The following table shows the total net financial position of the Dada Group at 31 December 2014 versus the position at 31 December 2013:

NET FINANCIAL POSITION

	(EUR/000)	**31-Dec-14**	**31-Dec-13**	**DIFFERENCE Absolute**	**%**
A	Cash on hand	13	19	-6	-30%
B	Bank and post office deposits	1,378	1,641	-263	-16%
C	Liquidity (A+B)	1,391	1,660	-268	-16%
D	Time deposits and other receivables	-	-	-	-
E	Derivatives	-	-	-	-
F	Other financial receivables (D + E)	-	-	-	-
G	**Total Financial Assets (C+F)**	**1,391**	**1,660**	**-268**	**-16%**
H	Current credit lines and account overdrafts with banks	-5,828	-10,457	4,629	-44%
I	Current bank borrowings	-12,355	-716	-11,639	n.a.
L	Other current financial payables	0	0	0	
M	Current portion of derivatives	-53	-47	-6	14%
N	Current debt (H+I+L+M)	-18,237	-11,220	-7,016	63%
O	Non-current bank borrowings	-16,674	-21,302	4,628	-22%
P	Other non-current financial payables	-	-	-	-
Q	Non-current portion of derivatives	-54	-	-54	100%
R	Non-current debt (O+P+Q)	-16,728	21,302	4,575	-21%
S	**Total Financial Liabilities (N+R)**	**-34,965**	**-32,523**	**-2,442**	**8%**
T	**Total net financial position (G+S)**	**-33,573**	**-30,863**	**-2,710**	**9%**

<u>The total net financial position</u> at 31 December 2014, which includes short and medium/long term funding and loans, came to -€33.6 million versus -€30.9 million at 31 December 2013, generating an overall cash flow of €2.7 million.

The current net financial position at 31 December 2014 came to -€16.9 million versus -€9.6 million at 31 December 2013.

These current and non-current debt patterns are explained by Group cash flows over the period (reference should be made to the consolidated cash flow statement and to the other sections below) and by the rescheduling at end 2013 of the loan agreement with Banca Intesa San Paolo. Further details on this financing structure are found in Note 19 to the consolidated financial statements. Specifically, under the rescheduling, the first instalment of the loan, with maturity date set at 30 June 2015, had already been classified as current at 30 June 2014, together with the second instalment at 31 December 2014, scheduled for maturity at the end of next year (which explains the further growth in current debt also versus 3Q14).

The item "current portion of derivatives" refers to the financial payable relating to the mark-to-market measurement at 31 December 2014 of the IRS hedging the mortgage with Banca Intesa. Specifically, two new agreements were rescheduled in 2014 providing an overall 50% coverage against the risk of fluctuations at the base rate through two IRS contracts. Details on these hedges are found in the specific section of the consolidated notes.

Non-recurring cash outflows in 2014 amounted to €0.9 million versus €1.3 million in 2013 and consist of:

- €0.6 million relating to severance costs for employees who terminated employment, mainly regarding the reorganization of certain foreign companies;
- €0.1 million relating to charges for the settlement of legal disputes in 2014;
- €0.2 million relating to the abovementioned final payment to settle a repayment plan regarding the tax dispute with the Regional Revenue Agency.

Non-recurring cash inflows amounted to €0.5 million versus €2.3 million in 2013 (mainly from the execution of the stock option plan and the refund of VAT receivable), and consist of:

- €0.3 million relating to proceeds from the sale of the remaining colocation assets of the subsidiary Namesco UK
- €0.2 million relating to proceeds from the final portion of a VAT receivable;

Looking at 4Q14 alone, non-recurring net cash outflows amounted to -€0.2 million.

The following table shows a summary of cash flow movements in 2014 relating to cash and cash equivalents compared with those in 2013. For further details, reference should be made to the Cash Flow Statement included in the consolidated statements and to the relevant notes:

(EUR/000)	31 December 2014 (12 months)	31 December 2013 (12 months)
Cash flow from operating activities	7,606	8,621
Cash flow from taxes and interest paid	-3,932	-3,792
Cash flow from investing activities	-6,314	-10,592
Cash flow from financing activities	-4,638	3,967
Net cash flow (cash and cash equivalents)	**-7,279**	**-1,797**

Cash flow from operating activities in 2014 decreased versus the 2013 figure, due mainly to the abovementioned decrease in Dada Group's EBITDA, regarding performance advertising in particular.

Financing activities

The Group's cash flow statement at 31 December 2014 came to -€4.6 million, relating to "net difference in cash flow from financing activities", the sum of:

- the negative effect - €5.8 million - of the reclassification to the current portion (within one year) of the first two instalments of €2.5 million each of the loan with Banca Intesa, to expire in 2015, and of the repayment of principal amounting to €0.8 million of other outstanding loans and lease agreements;
- the positive effect - €1.1 million - of new loans taken out (bank loans and finance leases for the portion expiring beyond one year) to finance a number of investments in property, plant and equipment made by the Group;
- other positive changes - €0.1 million – from currency adjustments of loans denominated in foreign currency (mainly those taken out by the UK subsidiary Namesco UK).

In 2013, financing activities had shown a positive figure of €3.9 million, the sum of the new loans taken out by the Group for €2.6 million with the previously-mentioned positive contribution from stock options for €1.1 million, while the residual €0.2 million came from variations in financial liabilities (IRS differential in 2013). These differences impact solely on "cash, cash equivalents and current bank borrowings", which is used to build the cash flow statement appearing in the consolidated financial statements, but are neutral on the "total Net Financial Position" explained in the Directors' report as alternative performance indicator, as it includes all non-current financing sources. The reconciliation between cash flow of the net financial position and the change in cash and cash equivalents is shown in Note 19.

The breakdown of non-current assets, net working capital and net capital employed of the Dada Group at 31 December 2014 versus 31 December 2013 is shown below:

(EUR/000)*	**31-Dec-14**	**31-Dec-13**	**DIFFERENCE**	
			Absolute	**%**
Intangible assets	86,849	84,131	2,718	3%
Property, plant and equipment	8,333	9,634	-1,301	-14%
Non-current financial assets	183	217	-34	-16%
Non-current assets	**95,364**	**93,981**	**1,383**	**1%**
Trade receivables	5,233	5,501	-268	-5%
Tax and other receivables	12,352	10,834	1,518	14%
Current assets	**17,585**	**16,335**	**1,250**	**8%**
Trade payables	-10,148	-10,320	172	-2%
Other payables	-16,046	-15,370	-676	4%
Tax payables	-1,657	-2,333	676	-29%
Current liabilities	**-27,851**	**-28,022**	**172**	**-1%**
Net working capital	**-10,266**	**-11,687**	**1,422**	**-12%**
Provision for termination indemnities	-815	-760	-55	7%
Provision for risks and charges	-544	-1,007	464	-46%
Other payables due beyond one year	-17	0	-17	
Other consolidated liabilities	**-1,376**	**-1,767**	**391**	**-22%**
Net capital employed	**83,723**	**80,527**	**3,196**	**4%**

*For further information on the reclassified statement of financial position, see the table at page 84.

Investing activities

In 2014, as mentioned above, the Dada Group made heavy investments in tangible and intangible assets for a total of €6.3 million, dropping sharply from the €10.6 million invested in 2013, mainly in the Datacenter in the UK.

The following table shows a summary of the investments made by the Dada Group in property, plant and equipment and in intangible assets in 2014 and 2013 (in terms, again, of the increase in own work capitalized, not in cash flows):

INVESTMENTS

Description	31-Dec-14	31-Dec-13	DIFFERENCE	
			Absolute	%
Systems and electronic equipment	2,125	3,864	-1,739	-45%
Furniture and fittings	27	96	-69	-72%
Other	58	246	-188	-76%
Other assets under development	0	2,075	-2,075	-100%
TOTAL property, plant and equipment	**2,209**	**6,281**	**-4,072**	**-65%**
Development of products/services	3,585	3,579	5	0%
Concessions, licenses and brands	104	303	-199	-66%
Other	79	369	-289	-78%
TOTAL intangible assets	**3,768**	**4,251**	**-483**	**-11%**
TOTAL INVESTMENTS	**5,978**	**10,532**	**-4,555**	**-43%**

Main investing activities in 2014:

- *investments in tangible assets* amounted to €2.2 million, accounting for 37% (60% in 2013) of total investments made by the Dada Group in 2014, dropping sharply (-43%) versus €10.5 million in 2013. This downward trend, as mentioned earlier, is mainly attributable to the lower impact, versus 2013, of the investments in the Datacenter project in the UK. Investments in tangible assets in 2014 referred almost exclusively to the purchase of network servers (€2.1 million versus €3.9 million in 2013), including hardware for clients of dedicated servers and new systems and other electronic equipment needed for the provision of Domain and Hosting services. No noticeable increases were seen in investments in furniture and fittings and other tangible assets (€0.1 million and €0.2 million in 2013, respectively).
- *investments in intangible assets* amounted to €3.8 million (6% of revenue in 2013 and 63% of investments in the year), dropping slightly in absolute terms and as a percentage versus 2013 (-11%), when investments had amounted to €4.3 million (6% of revenue in 2013 and 40% of investments in the year).

  As for 2013, a very large portion of investments was made in the internal development of products and processes. These investments came to approximately €3.6 million, accounting for 95% of investments in intangible assets and for 60% of total investments made by the

Group. They regarded further implementation carried out by in-house staff dedicated to the development of the proprietary platforms needed to provide hosting and performance advertising services.

Mention must be made in this regard to the investments made in the development of a few products which include: in the Performance Advertising division, developments on the platforms (Supereva, Peeplo, Save’n’keep and Kuidle) to manage and provide digital advertising services; in the Domain and Hosting division, developments in 2014 regarded software for the management of the division’s services, the main investments of which were made in the new GTLDs, dedicated servers, Ap store, My SQL, Site Lock and so forth.

The purchase of licenses and brands amounted to €0.1 million (€0.3 million in 2013), and related to the purchase of new extensions for the management and provision of domain registration services.

“Other”, amounting to €0.1 million, dropping versus 2013 (€0.4 million), mainly includes purchase of third-party software needed for the provision of business services and implementation on management systems.

Net working capital

The Dada Group’s Net Working Capital was –€10.3 million at 31 December 2014 versus -€11.7 million at 31 December 2013 and –€10.4 million at 30 September 2014. The aggregate continued to decrease in 2014, due mostly to the Group’s business performance over the period and to the redefinition of a number of accounts payable made in the first part of the year to certain suppliers, paid earlier than in prior years.

Mention should also be made of the effect of the changed procedures regarding the provision of services and dealings with certain business partners (especially with Google), which affected collection and payment time regarding certain services.

It should be noted that the dynamics of net working capital over the various quarters of a year are generally linked to the performance of Group operations and to revenue (especially for the Domain and Hosting business), which often report a larger portion of amounts collected from services provided in the first quarter of the year versus the other quarters, part of which are then recognized during the entire year as deferred income on a pro-rata basis. This trend begins to stabilize starting from the second quarter.

Looking at the single items forming the net working capital, it should be noted that trade receivables at 31 December 2014 amounted to €5.2 million versus €5.5 million at 31 December 2013, and mainly include receivables from online advertising services referring to Simply and Performance Advertising, the trend of which was also tied to the downward pattern of revenue from these services, and to certain Domain and Hosting services that have deferred collection conditions and time. Furthermore, the prior year saw the freezing of trade receivables from Seat PG, as a result of the start of the composition with creditors procedure (blank option), which closed positively at the end of 2014.

Likewise, trade payables also showed a downward trend, albeit slight, falling from €10.3 million at 31 December 2013 to €10.1 million at 31 December 2014.

Other current liabilities include deferred income of approximately €11.9 million resulting, as mentioned above, from the management on an accrual basis of certain D&H services; these will not entail future financial outlays, but rather the recognition of revenue in the income statement. Deferred income at 31 December 2013 amounted to €11.3 million versus €12 million at 30 September 2014.

These items, and the various receivables and payables, are explained in the notes to the consolidated financial statements.

Other items of net capital employed consist exclusively of consolidated liabilities due beyond one year and include termination indemnities, provisions for risks and charges and, to a minor extent, "other liabilities" that are made up of instalments due beyond one year regarding a minor tax dispute already settled at 31 December 2014.

No significant changes in termination indemnities were reported versus the end of the prior year. This item varies over time (in addition clearly to decreases for advances and outgoing staff) based on revaluations made during the year and on actuarial assessments required by international accounting standards. The provision for risks and charges decreased, dropping from €1 million in 2013 to €0.5 million in 2014, owing to disputes settled during the year and to the partly positive release to the income statement of part of the provision deemed no longer necessary. The balance at 31 December 2014 includes assessments for severance outlays made in prior periods and still pending settlement at year-end, as well as legal disputes expected to be settled in the medium term. There was no increase reported in the provisions in 2014, while provisions were re-allocated among various Group companies at a consolidated level. For further details on the composition of provisions for risks and charges, reference should be made to the specific sections in the notes to the consolidated financial statements.

In prior years, this item had been largely impacted by the effects of assets and liabilities disposed of as part of the extraordinary disposal of significant investments in subsidiaries.

Group employees

Group employees and geographical breakdown

The Dada Group's headcount at 31 December 2014 totaled 364 employees and is split up as follows:

Segment	31-12-2013	31-12-2014	Difference
D&H	326	306	-20
Performance Adv	24	24	0
Corporate	45	34	-11
Total	**395**	**364**	**-31**
Managers	10	11	1

The geographical breakdown of employees is shown below (at 31 December 2014 and 2013):

	Italy		**International**		**TOTAL**	
Segment	31/12/2013	31/12/2014	31/12/2013	31/12/2014	31/12/2013	31/12/2014
D&H	171	164	155	142	326	306
Performance Adv	19	20	5	4	24	24
Corporate	32	25	13	9	45	34
Total	**222**	**209**	**173**	**155**	**395**	**364**

Changes in the organizational structure

In 2014, the EU organizational sales structure evolved according specifically to the strategic decision to operationally combine sales activities in France and the Netherlands with the organizational structures in Spain and Portugal, achieving greater efficiency and, consequently, further cost optimization.

Concurrently, additional boost was given to sales activities in Italy, increasing focus on and resources to the sales and customer assistance teams.

A thorough analysis was also carried out of roles, responsibilities and organizational requirements, aimed at enhancing the finest resources and skills. This led to an adjustment in the organizational structure and to an improvement in productivity.

Information on environmental policy and safety

Environmental policy

The objectives of the Dada Group's environmental policy are:

- to optimize the use of renewable energy and natural resources by improving the technologies used in the Group's offices and spaces;
- to increase environmental awareness including through the use of specific in-house initiatives;
- to implement sustainable purchasing policies.

Waste

The Group companies provide services which produce a limited quantity of waste managed as follows:

Paper	Recycled
Toner	Given to a specialized firm for disposal
Obsolete hardware	Given to a specialized firm for disposal
Non separated waste mixed with urban waste	Collected in communal containers

Water

The Group companies consume a limited amount of water for sanitary needs and personal hygiene.

Energy

The Dada Group pays careful attention to energy consumption. With regard to electricity, low consumption lighting systems, which still comply with regulations lighting requirements, have been installed at all the Dada Group company offices.

Safety

The Group's policy with regard to Safety in the Workplace is focused on continuous improvement and dedicating the utmost attention to related issues.

All the Group's companies are involved in and dedicated to office work.

Dada constantly complies with applicable norms and regulations, updates its risk assessment report and keeps addendums constantly in order to reflect any organizational and technical changes that have taken place.

The Group's Integrated Workplace Safety Management System – based on the SGLS UNI-INAIL model - is part of the Group's overall Management System.

MAIN RISKS AND UNCERTAINTIES

Market risk

Our business is influenced by the global market conditions and the general economic conditions which can vary in the different markets where we do business; during a period of economic crisis, consumption may slow and this can have a negative effect on some of the services the Group provides

The services market, in which the Dada Group operates, is highly competitive due to both the continuously, rapidly changing nature of innovation and product technology, as well as the threat of new market competition; this environment calls for continuous investments in the services that are offered to customers and renewal of the Company's offer in order to maintain its competitive positioning.

Furthermore, with regard to the Performance Advertising business, mention must be made of an important global commercial partner, Google, that is key to the reference market and, consequently to the Dada Group's business. With regard to the Dada Group, specifically, the relationship with Google represents almost all the Performance Advertising business's costs and revenue. Deterioration of the relationship with this commercial partner, non-renewal of the contract with Google, or occurrence of one of the situations established by contract resulting in its termination, would significantly impact on the results of this business. Moreover, Google is in a position to noticeably influence the dynamics of the reference market and periodically updates its policies which must be complied with by its commercial partners. The choices made in these policies can, therefore, affect the reference market as a whole and, consequently, the Dada Group's Performance Advertising business in terms of both sales and margins, as was the case in both 2013 and 2014. The Dada Group's failure to comply with these policies could significantly impact the relationship with Google, who reserves a noticeable right to evaluate its relationships, and the overall results of this business. More in general, the Performance Advertising market is not a fully mature one and is still subject to, even significant, volatility.

The industry in which the Group operates, both in Italy and abroad, is also strictly regulated with regard to personal privacy, consumer protection, and rules for commercial communications and for the telecommunications business in general. Such regulations are already affecting the business and their impact is likely to grow, with possible consequences for profitability throughout the reference market.

Toward this end, some Group companies could be involved in disputes or affected by supervisory or regulatory decisions regarding the provision of services. At present, no situations of this sort exist.

Management of financial risks

Financial risk

The Dada Group's international expansion, also through the acquisition of important operating companies in previous years, has increased its overall exposure to financial risks. Of growing significance are exchange risk, due to the increase in foreign-currency revenue, interest rate risk, with the medium-term loans taken out to finance the previously mentioned acquisition of UK company Namesco Ltd, of Amen Group companies and of Poundhost, and liquidity risk in general, reflecting the potential changes in borrowing requirements.

In addition, some of the Group's loan contracts include requirements to satisfy various financial and corporate ratios that give the lender certain rights, including the right to call in the loan, in the event such covenants are breached. Following the above renegotiation of the loan, the covenants take effect from financial year 2014 based on the financial statements at 31 December 2014.

Specifically, regarding IRS hedges, on 30 September 2014, a 3.81% IRS contract with a major bank was settled. In 1H14, two new IRS contracts were taken out with a major bank: a 0.7775% IRS contract with an amortizing notional amount of €5 million at 31 December 2014; a 0.631% IRS contract with an amortizing notional amount of €5 million at 31 December 2014. Taken together, these derivatives account for 50% of the underlying loan, which is hedged against the risk. The fair value of these derivative instruments was recognized in the statement of financial position, with a balancing entry in an equity reserve in accordance with IAS 39 (cash flow hedges). In 2014, an interest rate cap with a strike rate of 3.5% was settled with a major bank; one with a strike rate of 3% on principal of €1.5 million remains in effect with a major bank. The fair value adjustment relating to both caps was posted in full to the income statement as the rules of hedge accounting do not apply.

Liquidity risk

Liquidity risk is managed by the Dada Group on a centralized basis. To optimize use of the Group’s liquidity, the parent company Dada S.p.A. has a cash pooling agreement with its subsidiaries Register.it S.p.A., Moqu Adv. S.r.l., Fueps S.p.A. and Clarence S.r.l.. Register.it S.p.A. also has a cash pooling agreement with its wholly-owned subsidiaries, as well as Moqu ADV srl with MOQU ADV Ireland ltd. At 31 December 2014, the Dada Group had current and non-current credit bank credit lines (including leases, but excluding unsecured credit and exchange and interest rate derivatives) of €36.4 million, approximately €34.6 million of which drawn down (€36.8 million and €34.5 million, respectively, at 31 December 2013).

Exchange risk

The Group’s international expansion and scope of operations expose it to fluctuations in exchange rates, especially EUR/GBP and EUR/USD. This exposure to exchange risk is the result of sales or purchases made in currencies other than the euro, and of company assets denominated in foreign currencies. Approximately 6% of the Group's sales are denominated in a currency other than the primary one (the euro), while about 37% of its service costs are expressed in foreign currency. In 2014 as in prior years, the Group engaged mainly in currency forwards in order to hedge its exchange rate risk.

Credit risk

The Group's exposure to credit risk is related to trade and financial receivables. The Group assumes the credit risk associated with part of its advertising business, with the Performance Advertising business in particular, where credit comes mainly from one client alone, while the risk for the domain & hosting business is more limited as fees are generally paid in advance. With regard to financial receivables, liquidity is only invested with banks of the highest standing.

In 2013, a client (Seat) that has an existing contract with a Dada Group company was in financial distress and has thus applied for admission to the composition with creditors procedure (blank option); the procedure was approved by the Court of Turin on 3 October 2014; in December 2014, such client gave effect to the composition, settling past positions.

Price risk

The Group is not exposed to significant price volatility risk.

For further details, reference should be made to the information provided in accordance with IFRS 7 attached to this report, appearing in the financial statements at 31 December 2014.

Risks associated with the contract for the disposal of the BU Dada.net (hereinafter referred to as "the Contract")

On May 2011 Dada S.p.A. executed the Contract with Buongiorno S.p.A. for the selling of Dada.net Group (for more info please refer to the 2011 Dada Financial Statement)

Representations, warranties and penalties in the event of non-fulfillment

The Group has given the buyer certain representations and warranties, typical of this kind of transaction, with respect to Dada.net, Dada.net wholly-owned subsidiaries, Giglio and Youlike. Should the buyer, Dada.net, its wholly-owned subsidiaries, Giglio and/or Youlike become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties made by the seller, the seller will be required to indemnify and hold harmless the buyer for the amount of such liabilities, provided that the total sum of the individual losses exceeding a given minimum amount exceeds an established threshold, for a total maximum penalty of €7,125,000. The duration of the guarantees depends on the type of guarantee involved and in certain instances coincides with the statute of limitations relative to the dispute in question.

With regard to the rights and obligations set out in the contract, mention must be made that in April 2013, DADA S.p.A. received a claim for compensation from the buyer under the sale contract. Such claim arises from a complaint filed by Receita Federal do Brasil referring to certain alleged anomalies found in a tax audit which had started in March 2011, against Dada Brasil Servicos de Tecnologia Ltda, relating to the 2008 tax return for a total disputed amount of 13.4 million Brazilian Reais (approximately €4.2 million). The Company, under the sale contract and in conjunction with the buyer, has established defense against such claim and has reserved the right, more specifically, to rebut the claim for compensation filed by the buyer.

Based on the preliminary technical-legal indications received, the dispute with the Brazilian tax authorities may most likely extend in time.

Based also on IAS 37 related to contingent liabilities and taking into account the recent date of commencement of the dispute, as well as the preliminary analysis conducted, the Company deems it unnecessary to date to set up any case reserves, except for a reserve set up solely for legal fees for defense against such claim.

In May 2013, DADA S.p.A. received three other claims from the buyer under the sale contract. The claims involve: an investigation conducted by the Attorney General of the State of Minnesota on the potential violation, in the provision of client services, of State laws by Dada Entertainment LLC, sold to the Buongiorno Group; the start of a preliminary audit by NYC tax authorities on Dada Entertainment LLC; and a claim involving a transaction entered into on a case allegedly within the scope of the contractual guarantees (quantified in $100,000).

In this regard, mention must be made that the contract for the sale of the Dada.net Group provides for excess of €300,000 in favour of the seller.

Based also on IAS 37 related to contingent liabilities, given the early stages of the assessments made by the foregoing authorities, as well as the preliminary analysis conducted so far, the Company deems it unnecessary to date to set up any case reserves.

Special penalties

In addition to the representations and warranties mentioned above, the contract for the sale of Dada.net provides for other penalties for the seller under expressly stated circumstances that expose the buyer, Dada.net, and/or any other company within the scope of the sale to further liabilities. The seller shall indemnify and hold harmless the buyer for the amount of any such liabilities that arise, provided this penalty exceeds the specific thresholds laid down in the contract. In specified cases, an additional ceiling of €2,175,000 will apply on top of the maximum penalty listed above. An action may be brought under this guarantee through 31 May 2016.

Risks to which the Parent Company Dada S.p.A. is exposed

The Parent Company is essentially exposed to the same risks and uncertainties affecting the entire Dada Group.

Alternative performance indicators:

This report provides the following economic and financial indicators (in addition to those generally used) which are used by the management of the Dada Group to monitor and assess the Dada Group's operating performance, but as they are not recognized accounting measures under IFRS should not be considered alternative performance indicators for the Dada Group. EBITDA: As the composition of EBITDA is not governed by the accounting policies, the Dada Group's method of calculating it may differ from that used by others and may therefore make comparisons unreliable.

Below is a summary of how the Dada Group calculates EBITDA.

Pre-tax profit and the net gains/(losses) pertaining to assets held for sale
+ Financial charges
- Financial income
+/- Gains/losses from equity investments in associates
Operating profit
+ Restructuring costs
+ Amortization, depreciation and impairment losses on fixed assets
+/- Atypical charges/income
+ Impairment losses on trade receivables
EBITDA – Operating profit before amortization, depreciation, impairment losses, atypical charges/income and impairment losses on receivables

Net working capital: the difference between current assets and liabilities, i.e. those due within one year of the balance sheet date. Within this item, deferred tax assets are split into current and non-current portions according to the amount expected to be recovered with the following year's profit;

Net capital employed: fixed assets plus net working capital, less non-financial liabilities (provision for employee termination indemnities and provision for risks and charges);

Current net financial position: cash and cash equivalents, current financial assets and current financial liabilities;

Total net financial position: net current financial position and all financial receivables and payables due beyond one year.

RELATED PARTY TRANSACTIONS

For further information on related party transactions, reference should be made to Note 26 of the explanatory notes.

SIGNIFICANT EVENTS IN 2014

The events which had the most significant impact on the Dada Group in 2014 are described below:

On 19 March 2014, the Board of Directors of the Company, besides approving the 2013 draft financial statements, called the General Meeting in ordinary and extraordinary session on 24 April 2014 (28 April in second call) for their approval, to appoint a number of members of the Board of Directors, to renew the authorization to purchase and dispose of treasury shares, to approve the Remuneration Report pursuant to art. 123 *ter* of the TUF, and for certain amendments to the By-laws. It also resolved to submit to the General Meeting a new stock option plan intended for Dada Group employees, and the consequent request for the delegation of powers to undertake the relating capital increase, pursuant to art. 2443 and art. 2441, paragraph 8, for a maximum of 750,000 new shares.

On 28 April 2014, the Annual General Meeting of DADA S.p.A. was convened in ordinary and extraordinary session, adopting the following resolutions.

ORDINARY SESSION

Approval of the Statutory Financial Statements for the year ended 31 December 2013

The AGM approved the Statutory Financial Statements of DADA S.p.A. for the year ended 31 December 2013, as proposed by the Board of Directors of the Company at its meeting last 19 March. It also resolved to carry forward the Parent's loss for the year amounting to Euro 2,059,585.70.

Integration of the Board of Directors

On 28 April, the Meeting confirmed five of the six Board Members co-opted on 7 August 2013 - Khaled Bishara, Karim Beshara, Antonio Converti, Aldo Mareuse, Sophie Sursock - as Directors of the Company. It also appointed Ragy Soliman as new Board Member.

All the appointments were made on the basis of the proposal put forward by shareholder Libero Acquisition S.à r.l..

Share-based incentive plan for 2014-2016

In ordinary session, the Meeting also approved, pursuant to art. 114 *bis* of Legislative Decree no. 58 of 24 February 1998, the share-based incentive plan for 2014-2016 (the "2014-2016 Incentive Plan or the "Plan"), intended for executives and managers of DADA S.p.A. and/or its Subsidiaries, aimed at providing incentives and retaining the beneficiaries by making them active participants in and jointly responsible for the Dada Group's growth process and value creation.

Approval of the Remuneration Report and the share buy-back plan

The Shareholders also approved the Remuneration Report in accordance with art. 123 *ter* of Legislative Decree 58/98 and, lastly, renewed the authorization, after revoking the previous one granted on 11 April 2013, to purchase treasury shares for up to a maximum number of shares not exceeding one tenth of the share capital (even in light of changes made to applicable norms and regulations) and to sell shares for a period of up to 18 months from authorization.

To date, neither the Company nor its subsidiaries hold any treasury shares.

EXTRAORDINARY SESSION

Delegation of Powers to the Board of Directors

In extraordinary session, the Shareholders approved the delegation of powers to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to be exercised within 5 years from the Meeting resolution date, to increase the share capital against payment –in one or more tranches in separate issues - with the exclusion of option rights pursuant to paragraph 8 of art. 2441 of the Italian Civil Code, to service the 2014-2016 Incentive Plan, for a maximum nominal amount of €127,500, through issue of a maximum of n. 750,000 DADA ordinary shares for a par value of €0.17 each.

Amendments to the By-laws

The Meeting resolved on the amendment to article 13 "AGM notice of call" of the By-laws, aimed at streamlining the procedure regarding the publication of the notice of call of future Meetings of the Company.

On 14 May 2014, besides approving the Interim Report at 31 March 2014, the Board of Directors of the Company resolved on the appointment of Khaled Bishara as Chairman of the Board of Directors and of the current board members until expiry of their term of office.

On 4 August 2014, the Board of Directors of Dada S.p.A. convened to approve the half-year financial report, and also gave effect, in partial execution of the powers granted by the Shareholders on 28 April 2014, to the share-based incentive plan for 2014-2016 (the "Plan"), intended for Dada Group employees, in particular, for executives and managers of Dada S.p.A. and/or its Subsidiaries.

The Board, upon proposal of the Company's Compensation Committee, approved the Regulations of the Plan, identified the beneficiaries and assigned a total of n. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded in the period between the Option assignment date and the same day of the previous sixth calendar month, it being understood that during such period, the arithmetical calculation took into account only the trading days on the market of DADA ordinary shares; this subscription price could not in any event be less than the par value of the shares already issued.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a performance condition, i.e. that the beneficiaries of the 2014-2016 Plan are successful in the incentive system (in the form of MBO) based on reaching Group financial goals measured in each of the consolidated financial statements in the 2014-2016 period, and that it may generally take place during predetermined exercise periods, following approval by the AGM of the Company's financial statements for the year ending 31 December 2016, but no later than 19 December 2019.

The Board, therefore, approved a share capital increase against payment for a maximum nominal amount of €119,850 to service the Plan, excluding option rights, pursuant to paragraph 8 of art. 2441 of the Italian Civil Code.

For further information on the terms and conditions of the Plan and the characteristics of the financial instruments assigned, reference is made to the Information Document prepared pursuant to art. 84 *bis*, paragraph 5 of CONSOB Regulation No. 11971 of 14 May 1999, which was issued and made publicly available at the registered office, at Borsa Italiana S.p.A. and on the Company's website www.dada.eu in accordance with prevailing laws.

SIGNIFICANT EVENTS AFTER YEAR END

These include (i) the change of address of the registered office (within the same municipality) for all of the companies of the Dada Group, from Piazza Annigoni 9/b to Viale della Giovine Italia 17, 50122 Florence, owing to work on and new entrance to the building which hosted and still hosts the company's offices.

The following are the dates - for each company – when the new address was recorded in the Company Register:

Dada S.p.A., 19/01/2015
Register.it S.p.A., 20/01/2015
Clarence Srl, 19/01/2015
Fueps Srl, 05/01/2015
Moqu Adv Srl, 19/01/2015

On 16 March 2015, Dada S.p.A. signed a binding contract with Italiaonline S.p.A. for the disposal of its 100% interest in Moqu Adv S.r.l., the head of the Performance Advertising business activities, (holder, in turn, of a 100% interest in Moqu Ireland Ltd), for a cash consideration of €5 million, fully paid at Closing Date, in addition to a variable portion of the price ("earn-out") of up to a maximum of €1 million, to be recognized based on the results of the Moqu Group in 2015.

On 23 March 2015, in execution of and in addition to the above, the disposal of the interest held in Moqu Adv S.r.l. to Italiaonline S.p.A. was finalized for a cash consideration of €5 million.

BUSINESS OUTLOOK

The strategic guidelines in the development of the Group for the **Domain & Hosting** division aim at:

- focusing on the **business client segment** (SMEs, SOHOs, Corporate) and on the premium reseller channel (Corporate resellers);
- strengthening solutions in the field of **Hosting and related value-added products** (Web site builder, advanced E-commerce, App, Security, etc.);
- updating the value proposition on the entire range of **Email and Social collaboration** products, with sharper focus on Open Exchange and Microsoft Office 365 solutions;
- expanding the offer of **virtual and dedicated servers**, also in fully managed mode, leveraging on the investments made in the proprietary Data Center;
- further expanding the **App store** with a view to providing a one-stop-shop experience, with new solutions to increase online presence and productivity of business clients (Adv campaign management, Mobile app builder, Online trademark registration, etc.);
- improving **on- and off-line customer service**, with the aim of providing outstanding before- and after-sales service and further increasing retention and ARPU rates;
- completing investments to integrate the **technology platforms** at a European level and guarantee the best service levels in all the Group's stores.

Based on market trends and on the outlined strategic directions, in absence of any currently unforeseeable events and despite increasing competition, it is reasonable to expect over the next three-year period an annual "mid/single digit" average growth of revenue for the division (on a like-for-like basis and net of the negative contribution of Simply), with a stronger pace of growth in the second part of said period and a more than proportional increase in profitability, thanks also to the steady improvement of structural efficiency and a further optimization of all operating costs.

The **Performance Advertising** division, besides tackling a highly volatile market, in the first months of 2014, will focus on developing new portals launched in the Classified Ads segment, specifically in the automotive, shopping and travel areas. Given the further changes that have taken place in the Google network, further changes on a global scale cannot be ruled out to date, making it impossible to measure the medium- to long-term impact of such changes.

STOCK OPTION PLANS

Here are the details of the only stock option plan in place today, approved on 28 April 2014 by the General Meeting of Dada, partly executed by the Board of Directors of Dada SpA at its meeting on 4 August 2014.

PLAN DATED 28 APRIL 2014

On 28 April 2014, the General Meeting of Dada approved, pursuant to art. 114 *bis* of Legislative Decree no. 58 of 24 February 1998, the share-based incentive plan for 2014-2016 (the "2014-2016 Incentive Plan" or the "Plan"), proposed by the Board of Directors and intended for Dada Group employees, in particular, for executives and/or managers of Dada S.p.A. and/or Subsidiaries, and aimed at an even greater involvement of the beneficiaries in the future economic and strategic growth of the Dada Group, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code, and authorizing the Board of Directors of the Company to execute the plan for a maximum nominal amount of €127,500.00 through issue of a maximum of 750,000 ordinary shares for a par value of €0.17 each.

On 4 August 2014, the Board of Directors of Dada S.p.A., exercising the powers it was granted, gave effect to the 2014-2016 share-based incentive plan (the "Plan") intended for employees of the Dada Group, in particular, for executives and/or managers of Dada S.p.A. and/or its Subsidiaries. All the details and the regulations of the Plan are explained in the information document, prepared pursuant to art. 84 *bis* of Regulation 11971/99, and are available at www.dada.eu.

The Board, upon proposal of the Company's Compensation Committee, approved the Regulations of the Plan and assigned a maximum of n. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded at the close of each Italian Stock Exchange trading session during the period between the Option assignment date and the same day of the previous sixth calendar month.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a Performance Condition, i.e. that the beneficiaries have successfully passed the variable incentive system (in the form of MBO) for 2016, and have successfully passed at least one of the MBOs for 2014 and/or 2015, in the terms described more in detail in the Regulations, and that it may generally take place during predetermined exercise periods, following approval by the General Meeting of the Company's financial statements for the year ending 31 December 2016, but no later than 19 December 2019, with certain exceptions specified in the Regulations of the Plan.

The Board, therefore, approved a share capital increase against payment in separate issues for a maximum nominal amount of €119,850 to service the Plan, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code.

The following tables show the movements in the Stock Option Plans:

	2014 Number of shares	Subscription price	Market price	2013 Number of shares	Average exercise price	Market price
(1) Unexercised options at 1/1	-	-	-	470,000	2.356	-
(2) New options granted	705,000	3.596	-	-	-	-
(3) Options exercised in period	-	-	-	470,000-	2.356-	3.322-
Options expiring in period (all relating to the plan dated 25 October 2011)	-	-	-	-	-	-
(5) Unexercised options at 31/12/2014	**705,000**	**-**	**-**	**-**	**-**	**-**

The options have a residual average life of 3 years.

PURCHASE OF TREASURY SHARES

Reference should be made to the Directors' Report accompanying the separate financial statements of Dada S.p.A.

Investments held directly or indirectly by Directors, Statutory Auditors and by the General Manager

Name	Company	Number of shares held at 31.12.2014	Number of shares held at 31.12.2013
Claudio Corbetta	Dada S.p.A.	-	-
Lorenzo Lepri	Dada S.p.A.	-	-

On 12 February 2015, CEO Claudio Corbetta and General Manager Lorenzo Lepri informed that each had purchased 10,000 Dada S.p.A. shares at an average price of €2.65 per share.

Options granted to Directors during the year

In 2014, the following beneficiaries exercised the options below.

Beneficiary	Position held	Number of options	Subscription price
Claudio Corbetta	CEO	195,000	3.596
Lorenzo Lepri	General Manager	195,000	3.596

Florence, 12 March 2015

For the Board of Directors
The Chief Executive Officer
Claudio Corbetta

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE

INTRODUCTION

The Corporate Governance Code of Listed Companies (the "Code") drawn up by the Corporate Governance Committee of Listed Companies, and available on Borsa Italiana's website (www.borsaitaliana.it), contains a suitable corporate organizational model for correctly managing the Company, business risks and potential conflicts of interest that might arise between directors and shareholders and between majority and minority shareholders. This model is therefore in line with the principles of best international practice; its adoption is voluntary and not compulsory.

Section IA.2.6 of the instructions that accompany the New Market Rules issued by Borsa Italiana S.p.A. establish that listed companies must prepare a specific annual report on their organizational decisions relative to the Corporate Governance Committee's recommendations; this report must be made available to shareholders together with the documentation required for the Annual General Meeting called to approve the annual financial statements. The Boards of Directors of listed companies that have not applied or have partly applied the Code's recommendations, must provide information in this report on the reasons for such decisions. Similar requirements are contained in Art. 123-bis of Legislative Decree 58/98 (hereinafter also referred to as "TUF") and in Art. 89-bis of CONSOB Regulation 11971/99.

The Chairman of the Board of Directors of Dada S.p.A. reports, on the Board's behalf, that on 9 November 2006 the Company approved an internal corporate governance code, which reflects the corporate governance rules adopted by Dada's Board of Directors and by its Board of Statutory Auditors in relation to the rules applying to the latter, in compliance with the Corporate Governance Code of Listed Companies as revised in March 2006.

In 2011 the Board of Directors adopted, within the timeframe referred to in this Corporate Governance Report and in the Remuneration Report called for under Art. 123-ter of TUF, the new Art. 7 of the Corporate Governance Code of Listed Companies, as amended by the Corporate Governance Committee during the meeting held on 3 March 2010 at Borsa Italiana.

In 2012, the Board of Directors of the Company adopted the Corporate Governance Code of Listed Companies, in accordance with the Code's time limits, updated to a large extent by the Corporate Governance Committee in July 2014. The Code is available at http://www.borsaitaliana.it/borsaitaliana/regolamenti/corporategovernance/codice2014.pdf.

For the sake of ensuring adequate corporate disclosure, the following report will provide a description of the corporate governance system adopted by the Company and the Group and of its ownership structure, as well as information on compliance with the Corporate Governance Code of Listed Companies, indicating which of the recommendations have been applied and how, and providing suitable information on the reasons why some of the recommendations have not been applied or have been only partly applied.

PART 1. OWNERSHIP STRUCTURES

INTRODUCTION

Pursuant to the requirements of art. 123-bis par. 1 of Legislative Decree n. 58/1998, this Part contains information on the Ownership Structures of Dada S.p.A. (hereinafter the "Company"), and provides appropriate references to information and documents available on or through the Company's website (www.dada.eu). The information, while referring to financial year 2014, has been updated at the date of approval of this Report.

1.1. Shareholder structure; Authority to increase share capital and authorization to purchase treasury shares

The share capital of Dada S.p.A. amounts to €2,835,611.73 divided into 16,680,069 ordinary shares with a par value of €0.17 each.

Regarding this section, reference should be made to Table 1 in this report.

In accordance with the By-laws:

- The shares are indivisible and freely transferable. Every share carries the right to one vote. The shares are registered securities and, if fully paid and permitted by law, can be bearer securities. They may be converted from one type to another at the shareholder's expense. The Company can issue shares (in special classes) and financial instruments to employees of the Company or its subsidiaries in accordance with the provisions of Art. 2349 of the Italian Civil Code. If, for any reason, a share or rights to it belong to more than one person, the joint ownership rights shall be exercised by a common representative (Art. 7: "Shares");

- in addition to ordinary shares, that give shareholders equal rights, classes of shares may be created, in compliance with legal requirements, with different rights, including where the allocation of losses is concerned (Art. 8: "Class of shares");

- The Company is able to issue registered or bearer bonds, including convertible bonds in accordance with the law, and to determine conditions relating to their placement. The Company can also issue, in accordance with the law, financial instruments with or without voting rights (Art. 10: "Bonds and financial instruments").

At 31 December 2014, the share capital of Dada S.p.A. consists entirely of ordinary shares; there are, therefore, no other classes of shares nor any restrictions on the associated rights. The Company has not issued any bonds or any other financial instruments.

The information on the authority to increase share capital under Art. 2443 of the Italian Civil Code. is contained in the Stock Option Plans section of these financial statements at 31 December 2014, in the notices on the plans set out in the information documents prepared under art. 84-bis of the Consob Issuer Regulations, and in the Compensation Report prepared under art. 84-quater of the Issuer Regulations.

The General Meeting on 28 April 2014 revoked the authorization of 11 April 2013 to purchase and sell treasury shares and renewed the authorization for the Board of Directors to buy, on one or more occasions, in full or in part, up to a maximum number of ordinary shares representing 10% of share capital, within 18 months from the date of the resolution at a price no more than 20% below and no more than 10% above the official quoted price on the trading day before each purchase and, in any case, for a total amount that could exceed the distributable reserves reported in the most recently approved financial statements or the amount of distributable profits; the same General Meeting also authorized the Board of Directors to use the treasury shares already held or acquired as a result of the new authorization, to undertake sales/purchases, exchanges, contributions etc., as well as, if needed, in order to create beneficial interests, including for the acquisition of equity investments.

Treasury shares already held or acquired under the new authorization may be disposed of within three years of the shareholders' resolution at a price, or valuation, no less than 95% of the average official price reported in the 30 trading days before the instructions to sell, or the official commitment to sell, if earlier. This authorization will expire on 11 October 2015.

The Company did not hold any treasury shares at 31 December 2014.

1.2. Restrictions on share transfer

Under Art. 7 of the By-laws, the shares of Dada S.p.A. are freely transferable.

To date, also in consideration of paragraph 1.5 below, there are no agreements regarding restrictions on share transfer.

1.3 Significant shareholdings

Based on the contents of the shareholders' register of Dada S.p.A. at 31 December 2013 and notices received under art. 120 of Legislative Decree 58/1998, up until such date, the only shareholding in excess of 2% of share capital is as follows:

Shareholder	Number of shares held	Percentage of share capital
Libero Acquisition S.à.r.l.	11,581,325	69.432%
Oyster Sicav	857,408	5.14%

On 23 January 2014, Oyster Sicav announced it had exceeded the 5% shareholding threshold. As from this date, Oyster Sicav, as well as Libero Acquisition S.a.r.l., holds an interest in excess of 2% of the share capital, equal to 5.14% and 857,408 shares held.

1.4. Securities with special rights; Employee share ownership: method of exercising voting rights; Voting restrictions

No shares have been issued which confer special rights of control nor are there any employee share ownership schemes involving specific mechanisms for exercising voting rights. The Company's By-laws do not contain any restrictions on voting rights.

1.5. Shareholder agreements under Art. 122 of Legislative Decree 98/1998

At 31 December 2014, the Company was not aware of any shareholder agreement falling within the scope of Art. 122 of Legislative Decree 98/1998.

1.6 Change of control clauses

To the date of approval of this Report, there are no significant agreements to which Dada or its subsidiaries, as defined by Art. 93 of Legislative Decree 58/1998, are parties and which could become effective, be amended or cancelled following a change of control of Dada S.p.A., except for the following agreements, the details of which are not disclosed owing to reasons of confidentiality and protection of the Issuer:

"Google Search and Advertising Services Agreement", entered into by Google Ireland Ltd and Moqu Adv Ireland Ltd;

"Google Search and Advertising Services Agreement", entered into by Google Ireland Ltd and Register.it S.p.A..

Non-current financing agreement entered into by the Company and Intesa Sanpaolo S.p.A..

The By-laws contain no provisions that derogate from the passivity rules, or neutralization rules, referred to in Art. 104-*bis*, paragraphs 2 and 3.

1.7 Direction and coordination

As required by Art. 37, no. 2 of the Consob Market Regulations, and as resolved by the Board of Directors of the Company at its meeting on 12 November 2013 and confirmed by the meeting of the Board approving this Report, mention must be made that Dada S.p.A., to date, is not subject to the direction and coordination of the parent Libero Acquisition S.à.r.l.. According to the Board, Libero Acquisition S.à.r.l. does not exercise either formally or de-facto any such influence over Dada. In this regard, the Board of Directors has deemed that Dada S.p.A. has its own operational, trading and financial autonomy and independently examines and approves its own transactions and strategic plans, as well as its own procedures and organizational, management and control models.

1.8. Rules applying to amendments of the By-laws

The By-laws can be amended:

- by resolution of the Extraordinary General Meeting (EGM) which, under Art. 18 of the By-laws, must be properly formed, in first and second call with participation by the percentage of share capital respectively established by Art. 2368 par. 2 and Art. 2369 par. 3 of the Italian Civil Code, and in third call with participation of shareholders representing at least one-fifth of share capital. The EGM adopts resolutions, in first, second or third call, with the favourable vote of at least two-thirds of the share capital represented at the meeting;

- by resolution of the Board of Directors, as permitted by Art. 2365 of the Italian Civil Code and Art. 22 of the By-laws, for resolutions relating to:

    - mergers in cases specified in Art. 2505 and Art. 2505 bis of the Italian Civil Code, including for spin-offs under Art. 2506 ter of the Italian Civil Code;

    - reductions of share capital following shareholder withdrawal;

    - revisions of the By-laws to comply with new regulatory provisions;

    - transfer of the Company's registered office elsewhere within Italy.

Mention must be made that no specific agreements have been signed between the Company and the Directors which provide indemnity in the event of resignation or revocation of office without just cause or termination of employment following a public purchase offer. It should also be noted, merely in relation to the above as they are considered different cases, that the abovementioned regulations of the stock option plan provide for clauses that envisage particular effects in the event of a public purchase offer involving the Company, on specific terms and conditions described in the information document disclosed to the market.

On 24 July 2012, the Board of Directors of the Company amended the By-laws to comply with Law 120 of 12 July 2011. These changes introduced the principle of gender equality on the boards of directors and statutory auditors of listed companies. Law 120 requires listed companies to reserve at least one third of the members of the above mentioned bodies, once effective, to the less represented gender. Toward this end, amendments were made to Articles 19, 25 and 31 of the current By-laws in the manners explained below.

On 25 October 2013, the new By-laws were registered with the Florence Company Register, following filing of the certification, pursuant to art. 2444 of the Italian Civil Code, regarding the share capital increase of Dada S.p.A..

On 28 October 2011, the Board of Directors of the Company, through deed by notary Filippo Russo, resolved, in implementation of the authority granted by the General Meeting on 25 October 2011, on a capital increase for a maximum amount of Euro 85,000 by issuing a maximum number of 500,000 ordinary shares with a par value of Euro 0.17 each servicing the 2011-2013 stock option plan.

On 18 October 2013, the last subscription was made, followed by the full subscription and payment of shares relating to such stock option plan. The share capital was increased to Euro 2,835,611.73.

At its meeting on 19 March 2014, the Board of Directors decided to call the General Meeting in order to resolve on the Board's proposal to make amendments to art. 13 of the By-laws (AGM notice of call), specifically, on the proposal stating that the national newspaper in which the notice of meeting must be published pursuant to the applicable regulatory provisions should not be expressly identified, in order to have the opportunity of choosing the appropriate newspaper each time.

In fact, on 28 April 2014, the General Meeting resolved, *inter alia*, to amend art. 13 (AGM notice of call), choosing a more fitting wording, in line with Company needs. Specifically, it was considered more appropriate not to expressly identify the national newspaper on which the regulatory provisions currently in force require the publication of the notice of meeting, so that the most appropriate and economical one is chosen each time. On the same date, the General Meeting adopted the resolution that authorizes the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital to service the share-based incentive plan (stock options) for a maximum nominal amount of €127,500 (one hundred and twenty seven thousand five hundred euro) through issue of a maximum of 750,000 (seven hundred and fifty thousand) Dada S.p.A. ordinary shares for a par value of €0.17 (zero point one seven euro) each, reserved for the exercise of options to employees of Dada spa and/or its Subsidiaries, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code, thus amending art. 6 of the By-laws.

On 4 August 2014, the Board of Directors of the Company resolved, to service the stock option plan as provided at the Meeting held on 28 April 2014, under the authority granted to the Board on 28 April 2014 by the Extraordinary General Meeting, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital in separate issues for a maximum amount of €119,850.00 (one hundred and nineteen thousand eight hundred and fifty euro) through issue of n. 705,000 (seven hundred and five thousand euro) ordinary shares for a par value of €0.17 each; this increase may be subscribed up to 19 December 2019 (included); art. 6 of the By-laws was thus amended.

PART 2. CORPORATE GOVERNANCE

INTRODUCTION

This Part contains the information set forth in Art. 123-bis par. 2 of Legislative Decree n. 58/1998.

It provides a description of the rules adopted by the Board of Directors and, to the extent directly applicable, by the Board of Statutory Auditors of Dada S.p.A. relating to the recommendations held in the Corporate Governance Code of Listed Companies approved in March 2006 and amended in March 2010, in December 2011 and finally in July 2014, by the Corporate Governance Committee set up by Borsa Italiana S.p.A. (hereinafter "Code"), to which the Company conforms (except for very few exceptions and some additions/clarifications), which is available on the website of Borsa Italiana S.p.A.: www.borsaitaliana.it. For information sake, reference should be made to the principles and application guidelines adopted by the Company in order to indicate which of its recommendations have been adopted and how, with details of the work performed during the year or up to the date of approving this report (providing updates if need be).

The corporate governance system adopted by the Company is a "traditional" one, based on the presence of a Board of Directors, a Board of Statutory Auditors, and the General Meeting. Role, composition and operations of these bodies are governed by the laws in force and by the By-laws (available on the Company's website).

2. Board of Directors

2.1. Role and functions of the Board of Directors

Art. 1 of the Corporate Governance Code states that:

1. The company shall be governed by a Board of Directors that meets at regular intervals, and which organizes itself and operates in such a way as to ensure that its duties are conducted both effectively and efficiently.

2. The directors shall behave and pass resolutions autonomously and in full knowledge of the facts, in pursuit of the priority goal of creating value for the shareholders in a medium to long-term time frame.

APPLICATION GUIDELINES

i) In discharging its responsibility of determining and pursuing the strategic goals of the Company and Group it heads, and in addition to those duties falling to it under the By-laws, the Board of Directors is also, if appropriate, by way of internal limitation on the delegated powers to be exercised in respect of third parties, the exclusive body which:

a) examines and approves the Company's strategic, operational and financial plans and the corporate structure of the Group it heads, overseeing their implementation on a regular basis, defines the Company's corporate governance system and the structure of the Group;

b) defines the nature and level of risk compatible with the Issuer's strategic targets

c) evaluates the adequacy of the organizational, administration and accounting system of the Company and its subsidiaries having strategic importance, with particular regard to the internal control and risk management system;

d) establishes the frequency, usually not more than three months, through which the delegated bodies must report to the directors on the activities performed in relation to the delegated powers conferred;

e) evaluates the Company's general performance, paying particular attention to the information received from the executive bodies, and periodically comparing the results achieved against budget;

f) resolves on the transactions carried out by the Company and its subsidiaries, when these transactions have a significant strategic importance in terms of operating results, capital or financial position for the Company; toward this end, it establishes general guidelines for identifying transactions which might have a significant impact;

g) evaluates, at least once a year, the operation, size and composition of the Board and its committees, taking into account elements such as professional competence, experience, including executive experience, and gender of its members, as well as length of service. If the Board avails itself of external consultants for self-assessment, the Corporate Governance Report shall provide information on the identity of such consultants, and on other services they may provide to the Company or its subsidiaries;

h) taking into account the outcome of the evaluation mentioned in letter g), reports its opinion to the shareholders on the personal profiles deemed appropriate for the composition of the Board of Directors, prior to the appointment of the new board;

i) provides information in the Corporate Governance Report: (1) on its composition, indicating for each member the qualification (executive, non-executive, independent), relevant role held within the Board of Directors (including by way of example, chairman or chief executive officer), main professional characteristics and length of service, on the application of Art. 1 and, specifically, on the number of meetings of the Board and of the Executive Committee if any, held during the year, as well as the related percentage of attendance of each director.

j) in order to ensure the correct management of corporate information, adopts, upon proposal of the Chief Executive Officer or the Chairman of the Board of Directors, procedures for the internal management and disclosure to third parties of documents and information concerning the Issuer, with particular regard to price-sensitive information.

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The recommendations of the Corporate Governance Code described above are reflected in the Company's corporate governance system which attributes a central role to the Board of Directors; in fact, Art. 22 par. 1 of Dada's By-laws establishes that "The governing body is invested with the widest powers for the Company's ordinary and extraordinary administration and can therefore carry out every action deemed necessary to implement and achieve the corporate purpose, with the sole exception of those operations that, under law or these By-laws, are the prerogative of the General Meeting", while Art. 20 (e) of the By-laws, in keeping with the internal corporate governance code, establishes that "The Board of Directors can delegate its powers to an Executive Committee and/or to one or more directors, determining limits on the power delegated. The powers specified in Art. 2381 of the Italian Civil Code cannot be delegated, nor those forbidden by current legislation. The Executive Committee and the Executive Directors report to the Board of Directors at the earliest subsequent board meeting on transactions they have carried out with the greatest impact on the Company's balance sheet, income statement and cash flows.

In particular, they report on transactions involving potential conflicts of interests or on those of an atypical or unusual nature relative to the Company's ordinary operations. The same information must be provided to the Board of Statutory Auditors.

In addition to the powers that cannot be delegated by law, the following matters are the exclusive prerogative of the Board of Directors.

- the determination of general management strategy;

- the remuneration of directors appointed to carry out particular duties, and where the General Meeting has not already done so, the division of the overall compensation approved for directors between individual members of the Board of Directors and the Executive Committee;

- the formation of committees and commissions, determining their duties, responsibilities and rules of procedure, including with the purpose of shaping the corporate governance model to that established by the Corporate Governance Code;

- the approval of transactions with a significant impact on the Company's balance sheet, income statement and cash flows, with particular reference to related party transactions.

The governing body can also appoint general managers, determining their duties and powers, and can also grant powers of attorney for individual deeds or categories of deed".

It must be noted that the Board of Directors is also tasked with defining the nature and level of corporate risks consistent with the Company's strategic targets. Toward this end, mention must be made that the Board of Directors has approved and updated the current plan for the identification of risks and risk assessment, based on which these risks are assessed by the Board and by the relevant bodies.

The criteria for determining particularly significant transactions that cannot be delegated were already indirectly established, qualitatively and quantitatively, through the structure of delegated powers decided by the previous Board of Directors in its meeting of 3 December 2008 and later confirmed in the meeting of 8 May 2009, following appointment of the new Board of Directors at the General Meeting on 23 April 2009, and in the recent meeting held on 10 May 2012 following appointment of the new Board of Directors on 24 April 2012; quantitatively, significant transactions were defined as all those transactions whose value exceeded €3 million, while, qualitatively, they were defined, irrespective of amount, as the approval of the Company's strategic, business and financial plans and of the Group's corporate structure, as spin-offs, mergers, acquisitions, disposals and contributions of equity interests, shares, companies, and business lines, the formation of joint ventures, the purchase of property and other fixed assets, the grant and receipt of material loans.

For the sake of clarifying identification of significant transactions, although still applying the above criteria, on 12 February 2007, the Board of Directors approved a set of procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest.

Although the criteria for determining significant transactions were and are already partly defined indirectly through the structure of delegated powers and particularly by the qualitative and quantitative limits, they were specifically set out in the above procedures for significant transactions, transactions with related parties or in which a director has an interest; these procedures, which have been changed according to the terms explained below, specify the criteria for identifying significant transactions, which include the most significant extraordinary transactions, whose value nonetheless exceeds €3 million, and at the same time, they set out the procedures for approval of such transactions by the Board or with the prior involvement of third-party experts and the Internal Control Committee.

Lastly, Art. 22 par. 2 of the By-laws makes the governing body responsible, under Art. 2365 of the Italian Civil Code, except where otherwise provided by Art. 2420-ter and Art. 2443 of the Italian Civil Code, for resolutions concerning:

a) mergers in cases specified in Art. 2505 and Art. 2505-bis of the Italian Civil Code, including for spin-offs under Art. 2506-ter of the Italian Civil Code;

b) opening or closure of branch offices;

c) reduction of share capital following shareholder withdrawal;

d) revision of the By-laws to comply with new regulatory provisions;

e) transfer of the company's registered office elsewhere within Italy.

Under Art. 24 of the By-laws, the Board of Directors appoints, with the prior obligatory approval of the Board of Statutory Auditors, the Financial Reporting Officer as per Art. 154-bis of Legislative Decree 58/98. The person appointed must have adequate accounting and financial expertise gained in senior management positions in reporting/accounting and/or finance and/or control functions within the Company and/or other public limited companies. The Board of Directors can establish the term of the appointment and may, again with the prior obligatory but non-binding opinion of the Board of Statutory Auditors, revoke the Financial Reporting Officer's appointment and nominate a replacement.

The Board of Directors appointed Mr. Federico Bronzi as Financial Reporting Officer under Art. 154-bis of Legislative Decree 58/98.

During its meetings (particularly that on 24 April 2012, which will be discussed more in detail in par. 2.3) the Board of Directors has approved a corporate governance system in compliance with the foregoing principles and reflected in the current system of delegated powers and proxies.

During its meetings the Board has also examined and approved strategically important transactions and those with a significant impact on the balance sheet, income statement and cash flows of the Company and its subsidiaries.

The Board has also approved the Group's structure and, during the meeting to approve the present report, has positively evaluated the organizational, administrative and general accounting structure of the Company and its strategic subsidiaries; the administrative structure has been examined in various ways, including through the activities of the Control and Risk Committee, and is based on a system of procedures and controls, partly centralized with the

Parent company's head office; it is also reported that Dada S.p.A. and its strategic subsidiaries have an internal control and risk system reflected in a series of analyses and procedures.

As confirmed at the meeting to approve the present report, the Board defines strategic subsidiaries as every subsidiary defined in law whose principal business is in the sectors of internet and communications and whose financial statements must be audited in accordance with the TUF, or every subsidiary defined as strategic by the company's Chairman by virtue of the size of its earnings, balance sheet or cash flows or other particular characteristics of its business. In 2014, the subsidiaries defined as strategic were Register.it Spa, Namesco Ltd, Nominalia Internet SL, Amen France Sas and Moqu Ireland Ltd.

The Board has also established that executive bodies must report at least every quarter on the activities performed in the exercise of the powers delegated to them.

The Board assesses the general operating trend taking into account, in particular, the information received from the corporate bodes, as well as periodically comparing the results received with the budget.

With reference to significant transactions, related party transactions and conflicts of interest, the procedures already applied under the Corporate Governance Code have been confirmed with approval of the specific procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest.

Consob has adopted, in Resolution no. 17221 of 12 March 2010, as later amended by Resolution no. 17389 of 23 June 2010, a set of "Regulations governing related party transactions" for issuers of listed shares (directly or through their subsidiaries), in order to reflect the rules aimed at ensuring the transparency and substantive and procedural fairness of such transactions. These regulations are structured around two key areas: rules governing public disclosure, including in relation to transactions independently conducted by subsidiaries, which came into force on 1 December 2010, and procedural rules governing the conduct of related party transactions, which came into force on 1 January 2011. Given these rules, the Board of Directors has adopted procedures, based on the Consob Regulations, governing related party transactions and in compliance with the adoption process envisaged by these regulations, procedures that can be found at http://www.dada.eu/files/docs/corporate_governance/ProceduraperladisciplinadellaOperazioniconPartiCorrelate.pdf.. With regard to this adoption process, in its meeting on 20 October 2010 the Board of Directors voted to appoint Salvatore Amato, Danilo Vivarelli and Alessandro Foti, by virtue of their status as independent directors, as members of the committee required to express an opinion on the procedures for related party transactions, in accordance with Art. 4 par. 3 of the Consob Regulations. This committee met on 2 November 2010, in the presence of the Board of Statutory Auditors, and expressed a favourable opinion on the proposed procedures for related party transactions, which were then examined and approved by the Board of Directors in its meeting on 8 November 2010; as a result, the previous procedures for completing and executing significant transactions, transactions with related parties or in which a director has an interest have been partially amended and repealed, so that only the part relating to significant transactions or transactions in which a director has an interest still remain in force. These procedures also serve to guide the conduct of every subsidiary, to the extent applicable. More details about the new procedures can be found in the subsequent section on "Directors' interests and related party transactions".

On 24 April 2012, new members of the Related Party Transactions Committee were appointed: Vincenzo Russi (Chairman), Stanislao Chimenti and Alessandro Foti. On 2 July 2013, Alessandro Foti resigned for personal reasons from all positions held in Dada S.p.A.. He was replaced as new member of the Committee for Related Party Transactions by Maria Oliva Scaramuzzi, former director of the Company.

With regard to the maximum number of other appointments which each director of Dada S.p.A. may hold in companies listed on regulated markets or whose shares are listed on regulated markets (including overseas), or in financial, banking, insurance or other large companies, the Board has carefully evaluated the limits that are compatible with effectively performing the duty of director.

Further to this evaluation, it was decided to introduce a limit on the maximum number of other appointments that each director of Dada S.p.A. could hold in companies listed on regulated markets or whose shares are listed on regulated markets (including overseas), in financial, banking, insurance or other large companies, and which takes account of the role covered by the director and whether or not the companies involved are members of the Dada Group or otherwise. The limits introduced have not given rise to any problems or incompatibilities with the offices effectively held by directors of the Issuer.

Firstly, acceptance of any office by the Company directors implies their prior assessment of the possibility of dedicating the time required to diligently perform the important duties assigned to them and the resulting responsibilities, taking also into account the commitment to their own work and professional activities.

In detail, no executive director of Dada may hold any other executive director positions in other large companies (as listed above), but are permitted to hold up to seven appointments as non-executive director, including as independent director, or standing statutory auditor (or member of another supervisory body) of large companies.

Every Dada non-executive director is permitted to hold up to 5 executive directorships in other companies listed on regulated markets as specified above, and up to 12 non-executive directorships.

It must be noted however that the Board of Directors, on 11 December 2012, while taking into account guideline 1.C.3. of the Corporate Governance Code as amended in December 2011, requesting Directors to carefully assess the possibility of appropriately performing their duties in light of their participation in the Committees established under the Corporate Governance Code, decided to confirm the above mentioned calculation guideline.

A number of exceptions apply to these rules:

- appointments held within the Dada Group or in direct or indirect subsidiaries of Dada S.p.A. are not calculated;

- appointments held in parents, subsidiaries or companies under common control with the company are treated like a single appointment.

Lastly, it should be noted that these limits are not mandatory since the Board of Directors has reserved the right to make exceptions to such limits through adoption of a justified resolution.

After examining the proposals of the Compensation Committee and consulting the Board of Statutory Auditors, the Board has also determined, as better described in the rest of this report, the remuneration of the Chairman and the Chief Executive Officer, as well as dividing the overall compensation for directors approved by the General Meeting between the individual Board members. Chairman Khaled Bishara and Directors Karim Beshara, Aldo Mareuse, Sophie Sursock, Abdel Meguid Hanan, Antonio Converti, as well as Maurizio Mongardi, have decided to waive their emoluments as proposed by the General Meeting from their appointment.

In accordance with the By-laws, the Board of Directors meets at least once every quarter, also to inform the Board of Statutory Auditors on the activities undertaken and on the most important economic and financial transactions carried out by the Company or its subsidiaries, and to report on any transactions involving potential conflicts of interest or that are influenced by any entity that exercises direction and coordination over the Company.

The frequency of Board meetings must ensure consistent exercise of all the powers delegated by the Board of Directors to the Executive Committee, if formed, to Executive Directors, to General Managers and to individual special proxies.

In 2014, the Board of Directors held 5 meetings; at the date of preparing this document, the Board of Directors has held one meeting in 2015, while it plans to meet at least 4 times this year; the By-laws establish that the Board shall meet at least on a quarterly basis. The attendance record of each director at meetings is presented in table 1 appended to this report.

Under guideline 1.C.5. of the Corporate Governance Code, the Board of Directors has established that all members of the Board of Directors be provided, with three days' notice before Board meetings, except in the event of necessity and urgency, with the relevant documentation and information - including through full and detailed notes on the items on the agenda - to allow them to express themselves on an informed basis about the matters being examined, in compliance with Art. 20 (b) of the By-laws. This deadline is usually complied with.

2.2. Rules applying to appointment and replacement of Directors

Under the Corporate Governance Code, the Board of Directors shall establish a Nominations Committee, the majority of whose members are independent directors. The Nominations Committee shall

a) submit opinions to the Board of Directors on the size and composition of the Board and, where appropriate, make recommendations on the professional figures whose presence on the Board is deemed appropriate, and on the items set out in Articles 1.C.3 and 1.C.4 of the Code of Corporate Governance of Listed Companies;

b) submit proposals to the Board on candidates to the position of director in the event of co-option and, if necessary, replace independent directors.

Under the Corporate Governance Code of Listed Companies, the Board of Directors shall also assess whether to adopt a succession plan for executive directors. In the event such plan has been adopted, the Issuer shall provide disclosure in the Report on Corporate Governance.

The review on the preparation of the plan shall be carried out by the Nominations Committee or by another committee established within the Board of Directors in charge of this task.

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The By-laws, as last revised on 4 August 2014, establish in Art. 19 that the Company shall be governed by a Board of Directors, comprising a minimum of 3 up to a maximum of 15 members appointed, including from non-shareholders, by the General Meeting which decides its size on each occasion.

Members of the Board of Directors remain in office for three years, with their mandate expiring on the date of the General Meeting that approves the financial statements for their last year in office, or for a period decided by the General Meeting in compliance with Art. 2383, par. 2 of the Italian Civil Code.

The directors must satisfy the requirements of current legal regulations and of the By-laws and are eligible for re-election. In addition, a certain number of directors, in any case not less than the legal minimum, must qualify as independent, as defined in Art. 148 par. 3 of Legislative Decree 58/1998. In the meeting held on 11 December 2012, the Board did not deem it appropriate to adopt a succession plan for executive directors. The decision was confirmed by the Board meeting approving this document, deeming such plan unnecessary, given the current structure and distribution of powers among the senior managers of the Company.

The Board of Directors is appointed by the General Meeting on the basis of voting lists presented by shareholders who own at least 2.5% of subscribed share capital at the date of presenting the list or such lower percentage established by statutory and regulatory provisions. Each list must contain a number of candidates qualifying as independent, as defined in law, corresponding to at least the minimum required by applicable legislation.

The lists for the appointment of the Board of Directors may also be filed via fax or electronically by sending an e-mail to the Company's certified e-mail address. In the event lists are filed via fax or electronically, they must be accompanied by a copy of the filers' valid identification.

The By-laws do not require that in order to qualify as a director, candidates meet qualifications as independent other than those established for Statutory Auditors pursuant to Art. 148 TUF, and/or integrity and/or professional background, including with regard to the code of ethics prepared by companies managing regulated markets or sector associations.

Lists that contain three or more candidates must also include candidates of both genders, so that the less represented gender has a number of candidates corresponding at least to the minimum required by law (rounding any fractions up to the next whole number), such as to allow a composition of the Board of Directors in accordance with prevailing laws on gender equality.

The Company is not subject to other norms and regulations relating to the composition of the Board, with the exception of the rules set by Borsa Italiana regarding the STAR segment.

The lists of candidates for the office of director, accompanied by comprehensive information on the personal details and professional qualifications of the candidates, accompanied by any statements of their eligibility to qualify as independent directors in the sense of the Code, are filed at the Company's registered office at least 25 days before the date set for the General Meeting. The lists, accompanied by the candidates' details, are promptly published on the Company's website. The directors are elected as follows:

a) all the directors, based on the size of the Board established by the General Meeting, except for the minimum number reserved by law to the minority list, are taken from the list obtaining the majority of votes, in the sequential number order in which the candidates appear therein;

b) the minimum number of directors reserved by law to the minority list are elected, in sequential number order, from the list which obtained the second highest number of votes and which is not connected, either directly or indirectly, with the list in a) or with the shareholders who submitted or voted for the list in a).

For the above purposes, any lists which fail to obtain a percentage of votes equal to at least half of the percentage required to submit such lists, are not taken into account.

If only one list is presented, or no lists at all, or if the list voting mechanism does not ensure the election of the legal minimum number of directors under the By-laws, the General Meeting appoints the Board of Directors or additional members to make up its number in accordance with the legally required majority.

Under these procedures, should the composition of the Board of Directors fail to comply with:

- the laws governing gender equality, the candidate/s lacking such requirements and elected last in sequential number order in the list which obtained the highest number of votes, as referred to in letter a) above shall be replaced by the first candidate/s, based on the respective sequential order number, of the less represented gender unelected in the same list, or should this fail to suffice for any reason, from lists that have obtained the next highest number of votes, starting with the one referred to in letter b) above, and continuing with the following in decreasing order of number of votes obtained;

- the appointment of a number of directors who meet the independence requirements set out in Art. 148, par. 3 of Legislative Decree no. 58/1998, equal to the minimum amount required by law regarding the total number of directors, the candidate/s lacking such requirements elected last in sequential number order in the list which obtained the highest number of votes, as referred to in letter a) above, shall be replaced by the first candidate/s, based on the respective sequential order number, meeting such requirements unelected in the same list or, should this fail to suffice for any reason, from lists that have obtained the next highest number of votes, starting with the one referred to in letter b) above, and continuing with the following in decreasing order of number of votes obtained.

If, during the financial year, one or more directors should leave office, the By-laws allow the Board of Directors to replace them, under Art. 2386 of the Italian Civil Code, by adopting resolutions, approved by the Board of Statutory Auditors, as follows:

a) the Board of Directors replaces the outgoing director with someone from the same list, with this appointment confirmed by majority vote of the General Meeting;

b) if this list contains no unelected candidates, or candidates with the required qualifications, or if, for whatever reason it is not possible to proceed in accordance with a), the Board of Directors makes the replacement, which will be subsequently approved by the General Meeting, voting with the legally-required majority and without list voting.

In relation to the present point, it should be noted that in its meeting of 9 May 2006, the Board exercised a right included in the Corporate Governance Code, and voted not to re-elect a Nominations Committee, also in view of changes in the Company's ownership structure. The Corporate Governance Code of Listed Companies still recognizes that this committee is usually formed in companies with widely held shares, in order to ensure a suitable degree of director independence with respect to management, and that it plays an important role in identifying candidates for the office of director in companies with a wide shareholder base.

However, the Corporate Governance Code, as amended in July 2014, acknowledges also for issuers characterized by a high level of proprietary concentration, that the Nominations Committee may perform a useful consultative and advisory role in the identification of the best composition of the Board, indicating the professional figures whose presence may favour correct and effective operation, also giving their contribution to the preparation of the succession plan of executive directors.

The Board of Directors, in the meeting held on 24 April 2012 (on 11 December 2012 then on 19 March 2014) confirmed, however, the decision taken in 2006 not to establish a Nominations Committee, as recommended by art. 5 of the Corporate Governance Code (Principle 5.P.1).

The reason for this deviation is that the Board is formed of a high number of independent directors and is therefore in a position to ensure that the review and decision-making tasks performed by the Committee can be duly performed within the Board.

At its meeting approving this Report, the Board, in the performance of its duties, and based also on the results of the annual self-assessment process, decided to submit to the shareholders, in view of the next General Meeting of the Company to renew the company bodies, the proposal to reduce the number of Board members, in consideration also of the current characteristics of the Company and of the Dada Group, while retaining the existing skills in the Board, deemed appropriate.

The Board, instead, did not deem it appropriate to submit at the abovementioned Meeting its proposals on the nominations for the renewal of the Board, believing that the current shareholder structure ensures an effective selection process and expression of nominations.

The Board, at the same Meeting, and in the performance of its duties, believes there are no critical situations to report to the shareholders regarding authorizations to non-compete restrictions set out in Article 3290 cc.

2.3. Composition of the Board of Directors

The current Board of Directors of Dada S.p.A. was appointed by the shareholders during the General Meeting held on 24 April 2012. It has the 13 members in the chart below, whose term of office expires at the next General Meeting called to approve the financial statements for the year ended 31 December 2014 and to resolve on this report.

Mention must be made that the General Meeting held on 24 April 2012 appointed two new directors, Maria Oliva Scaramuzzi and Silvia Michela Candiani. Alberto Bigliardi, Salvatore Amato and Matteo Novello, instead, were not re-elected and therefore vacated their position as directors of Dada S.p.A. on such date.

The Annual General Meeting also confirmed Alberto Bianchi as Director of the Company – subsequently appointed him Chairman of the Board of Directors of the Company in the meeting of the Board of Directors held on 24 April 2012 – and also passed a resolution to exempt the Directors from the non-compete obligations under Art. 2390 of the Italian Civil Code. The Board intends to assess any such situations individually and report on any problem areas during the next meeting of the shareholders indicating any instances examined by the Board and those submitted to shareholders during the year.

Specifically, at the General Meeting on 24 April 2012, only one list was filed with the Company, containing the above 13 candidates to the position of Director, submitted by shareholder RCS Mediagroup S.p.A., owner of a total of n. 8,855,101 Dada S.p.A. shares, or 54.63% of the ordinary share capital. Together with the list, for each candidate, all the documentation required by law, regulations and by-laws for the members of the Board of Directors was filed. The General Meeting on 24 April 2012 resolved on the appointment of the persons contained in the list with the favorable vote of shareholders owning n. 8,855,110 ordinary shares and the dissenting vote of five shares.

At the meeting of the Board of Directors on 24 April 2012, Director Claudio Corbetta was appointed Managing Director and General Manager, and the Company granted him powers over all areas, with the authority to sign a maximum of € 1,000,000 per individual transaction and with the authority to grant third parties power of attorney, while with regard to f)2 he was granted the power to represent the Company with single signature up to a maximum of € 3,000,000 per individual transaction.

The meeting also appointed Director Lorenzo Lepri General Manager and Chief Financial Officer of the Company, granting him, through power of attorney of the Company, replaced on 20 December 2013 by equal powers in nature and amount directly delegated by the Board, signatory powers up to a maximum limit of €500,000 per single transaction in the following areas: market and investor relations; control, administration, finance and tax; procurement, resources, logistics and offices; legal affairs and disputes; mergers & acquisitions; strategic planning.

The meeting also resolved to identify as executive directors of the Company, pursuant to the Corporate Governance Code, Managing Director and General Manager Claudio Corbetta, and General Manager and CFO Lorenzo Lepri.

CEO Claudio Corbetta holds no positions as Director in other issuers.

On 6 February 2013, Director Monica Alessandra Possa resigned from the Board with immediate effect. On 22 February 2013, the Board of Directors co-opted Maurizio Mongardi as new director of Dada S.p.A.. On 21 February 2013, Director Riccardo Stilli resigned as Director of the Company effective 1 March 2013.

On 11 April 2013, the General Meeting of Dada S.p.A. confirmed Director Mongardi and appointed Riccardo Taranto as new director following the resignation of Riccardo Stilli.

On 2 July 2013, Director Alessandro Foti resigned with immediate effect from his position as Director of the Company, member of the Control and Risk Committee, Committee for Related Party Transactions and the Compensation Committee,

On 7 August 2013, following the sale by RCS MediaGroup S.p.A. of its majority shareholding to Libero Acquisition S.à.r.l., and following the resignation of directors: Alberto Bianchi (also from the position of Chairman), Silvia Michela Candiani, Giorgio Cogliati, Riccardo Taranto and Claudio Cappon, the Board of Directors of the Company co-opted six new directors: Khaled Bishara, Karim Beshara, Antonio Converti, Hanan Meguid, Aldo Mareuse and Sophie Sursock. The Board also appointed Khaled Bishara as Chairman of the Board of Directors.

On 28 April 2014, the General Meeting appointed directors Khaled Bishara, Karim Beshara, Antonio Converti, Ragy Soliman, Aldo Mareuse and Sophie Sursock, replacing the outgoing directors Alberto Bianchi, Michela Candiani, Giorgio Cogliati, Riccardo Taranto and Claudio Cappon, until expiry of the term of the Board of Directors, that is, until approval of the financial statements for the year ended 31 December 2014.

On 14 May 2014, the Board of Directors appointed Khaled Bishara as Chairman of the Company, until expiry of the term of the current directors.

Members of the Board of Directors	
Name and Position	**Place and date of birth**
Khaled Bishara (Chairman)	Cairo (Egypt) 27/07/1971
Claudio Corbetta (CEO)	Monza (MB), 01/08/1972
Lorenzo Lepri (GM and CFO)	Rome 11/12/1971
Karim Galal Guirgis Beshara	Cairo 30/07/1974
Maria Oliva Scaramuzzi	Florence 23/10/1957
Antonio Converti	Catanzaro 10/05/1955
Ragy Gamaleldin Mahmoud Soliman Elfaham	Cairo 14/11/1974
Rodolphe Aldo Mario Mareuse	Boulogne-Billancourt (France) 14/03/1964
Sophie Sursock	Paris 07/11/1979
Vincenzo Russi	Lanciano (CH) 01/01/1959
Maurizio Mongardi	Imola (BO) 29/03/1964
Stanislao Chimenti	Rome, 19/04/1965
Danilo Vivarelli	La Spezia 06/06/1964

Under application guideline 1.C.1. i) of the Corporate Governance Code, here are the professional profiles of the members of the Board of Directors with length of service from their first appointment:

Khaled Bishara: currently managing partner of Accelero Capital. Prior to that, he served as Group President and Chief Operating Officer of VimpelCom Ltd. and as Group Executive Chairman of Orascom Telecom Holding S.A.E. and Chairman of Wind Telecomunicazioni S.p.A.. As such, he led a great deal of transactions, and reorganized and developed these companies. He boasts vast experience in the telecom and IT fields, combined with an equally important management and entrepreneurial experience. Before joining Wind Telecomunicazioni S.p.A., in 2005 he was co-founder, Chairman and CEO of LINKdotNET one of the leading Internet Service Providers in the Middle East. In 2001, Microsoft chose to become partner of LINKdotNET. Chairman Bishara holds senior positions in major IT and telecom companies throughout the world. He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013 and is currently Chairman.

Claudio Corbetta: a graduate in mathematics, in 1994 started his professional career in the Strategic Services Division of Andersen Consulting (now Accenture). From 1998 to 2000, he worked at McKinsey&Company dealing with a number of projects in the banking and telecommunications fields. In 2000 he joined the Dada Group as SME Business Unit Director. In 2002 he was appointed to his current position of Chief Executive Officer of Register.it S.p.A.. He was later appointed Chief Executive Officer of Register.it subsidiaries. In 2011 he was also appointed Chief Executive Officer of Dada S.p.A.. He was appointed member of the Board of Directors of Dada S.p.A. on 22/9/2011.

Lorenzo Lepri: a graduate in business administration from the Bocconi University, from 1996 to 2000 he worked with Mediobanca dealing with extraordinary finance transactions, and reached the position of deputy director of the Financial Department. In 2000 he joined the Dada Group, holding roles of increasing responsibility to reach his current position of General Manager and Chief Financial Officer. He was appointed member of the Board of Directors of Dada S.p.A. on 11/4/2003.

Antonio Converti: a graduate in computer science from the University of Pisa, he began his career at Olivetti, where he was involved in R&D and attended management training programs. He has focused his career ever since 1995 on the Internet world, firstly at Italia Online, where he created the Arianna search engine, then at Wind, where he managed the start-up of the Internet division. He was involved for one year in the start-up of 3 Italia and then returned to Wind to hold various top management positions. In 2011, he managed the spin-off from Wind of the Libero portal and of the Itnet service provider. A year later, he finalized the acquisition of Matrix from Telecom Italia with the birth of the new Italiaonline, the leading Internet player in Italy. He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

Hanan Mohamed Taiser Abdel Meguid is CEO of OTVentures, wholly owned by Orascom Telecom and founded to deliver digital solutions to the mobile and online fields, operating in over seventeen countries. In 1996, she served as Chief Solution Officer at Linkdotnet, an Internet Solutions provider in Egypt. She was also CEO of Link Development, born of a spinoff from Linkdotnet. Hanan boasts over 25 years of experience in the IT world and is involved in many projects in Egypt to help develop new young talent. She is member of many business and academic associations in Egypt. She was member of the Board of Directors of Dada S.p.A. from 7 August 2013 to 28 April 2014, when her term of office expired.

Ragy Gamaleldin Mahmoud Soliman Elfaham is co-founder of Accelero Capital S.à r.l.. Prior to that, Ragy Soliman was Deputy Legal General Counsel of VimpelCom Ltd. ("VimpelCom") and Legal General Counsel of Wind Telecom S.p.A. ("Wind Telecom"). Ragy Soliman played a key role in the merger of VimpelCom and Wind Telecom S.p.A. ("Wind Telecom"), worth a total of $25.7 billion, creating the world's sixth largest operator in the telecommunications industry.
From 2003 to 2012, Ragy Soliman was Legal General Counsel of Orascom Telecom Holding S.A.E. ("OTH") and of Wind Telecom S.p.A.. During his tenure, Ragy Soliman coordinated the Group's legal activities and sat on the boards of OTH and of numerous subsidiaries, whether operating or other. As Legal General Counsel of OTH and of Wind Telecom, Ragy Soliman was part of the team that concluded capital structure financial transactions worth over $65 billion.
Aside of that, Ragy Soliman played a key role in M&As concluded by the group (for a total equity value of over $60 billion). Ragy Soliman boasts over 16 years' legal experience in the telecommunications industry. He has sat on numerous boards of directors, including OTH, Orascom Telecom Algeria, Orascom Telecom Tunisia, Orascom Telecom Bangladesh, Mobilink, Hutchinson Telecommunications International Limited, and LINKdotNET and on various holdings controlled by OTH. Prior to that, Ragy Soliman worked in the top five UK law firms, as well as in the most renowned firms in Egypt. Ragy Soliman graduated in law and obtained a Master in International Business Law. He was appointed member of the Board of Directors of Dada S.p.A. on 28 April 2014.

Stanislao Chimenti Caracciolo di Nicastro: a lawyer, he has always practiced the legal profession and is author of many scientific publications on trade and bankruptcy law. He was member of numerous institutional study commissions set up to prepare reform projects on the special administration of large companies in crisis and on bankruptcy law and related institutions. He is currently member of the Board of Directors of Dada S.p.A. and of Nucleco S.p.A.. He was appointed member of the Board of Directors of Dada S.p.A. on 8/11/2010

Rodolphe Aldo Mario Mareuse: a graduate in engineering from Ecole Centrale de Lyon, he is currently Managing Partner of Accelero Capital. From 2002 to 2011 he was CFO of Orascom Telecom Holding S.A.E. and of Wind Telecom S.p.A., leading major financial transactions: project finance, private equity restructurings, convertible bonds, etc.. Before joining Orascom, Aldo Mareuse held senior positions in the investment banking division of Credit Suisse First Boston in Paris, London and New York. As Managing Director and Co-founder of the Wireless sector in Europe of the aforementioned company, he was consultant in strategic acquisitions and capital market restructurings for the top European telecom operators. He was board member of various European companies and in 2011 was named "Telecom CFO of the Year" by World Finance. He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

Sophie Sursock: a graduate from the Paris Graduate School of Management, since November 2011 she has served as VP and Equity Holder at Accelero Capital. Prior to that, she was Corporate Finance Manager at Orascom Telecom (Weather Investments) and before that Senior M&A analyst with Deloitte Corporate Finance in Paris. She was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

Karim Galal Guirgis Beshara: a graduate from the American University in Cairo (Bachelor of Arts in Business Administration), since June 2012 he has served as CEO of Orascom Telecom Media&Technologies. Prior to that he was CEO of Linkdotnet, the major service provider in the Middle East, where he held senior positions in business development, sales, commercial activities, etc... He followed the merger of Linkdotnet in Mobinil, the leading mobile player in Egypt. He was appointed member of the Board of Directors of Dada S.p.A. on 7 August 2013.

Vincenzo Russi: a graduate in computer science, he has been working in the ICT business for the past 30 years, author of numerous publications on technology and business, during his career he has dealt with numerous technology projects, leading a research team of international prominence and creating application solutions for a wide range of markets. He worked at Olivetti Solution holding business line responsibilities. In 1997 he joined Ernst&Young (E&Y) becoming Partner in 1999 of E&Y Consultants and Vice-Chairman of Cap Gemini E&Y. Until 2002, he held top management positions in the Fila Group. He was later involved in management consulting and in corporate operational and strategic management and set up new businesses. In 2002 he joined CEFRIEL as Chief Technology Officer becoming General Manager in 2005, the position he holds today. In 2010, he assisted leading Italian publishers (RCS, Messaggerie Italiane and Feltrinelli Group) in the establishment of Edigita, the company specialized in the development of the digital book market. He is member of the Board of Directors of Dada S.p.A., and of CEFRIEL Usa Inc, and Vice-Chairman of Nesting s.c. a r.l., and member of Consorzio Universitario Poliedra of the Milan Polytechnic. He was appointed member of the Board of Directors of Dada S.p.A. on 23/4/2009.

Maria Oliva Scaramuzzi: a graduate in biology, entrepreneur, in her professional career she has dealt with various business projects, specializing in the organization of congresses, trips and events. Since 2000, she has held numerous senior positions in cultural committees and associations in the Florence area. She was appointed member of the Board of Directors of Dada S.p.A. on 24/4/2012.

Danilo Vivarelli: a graduate in information science, he started his career at Marconi, where he dealt with marketing and product development in the IT systems division. In 1997, he joined Omnitel (now Vodafone), as Business Development Manager and Marketing Manager for value added services. In 2000, he joined Fastweb (former Gruppo e.Biscom) dealing with the launch and development of TV services; he later held positions of increasing responsibility becoming in 2007 Strategy Director and Consumer&Microbusiness Business Unit Director, and member of the steering committee of Fastweb. He was appointed member of the Board of Directors of Dada S.p.A. on 21/4/2006.

Maurizio Mongardi: a graduate in Business Administration in 1989 from Università Commerciale "Luigi Bocconi" of Milan. He joined RCS MediaGroup S.p.A. on 3 December 2012 as HR and Organization Director. He began his career at IPSOA - Business School as a manager of business management training programs. In 1992 he joined Sony Italia as Head of HR Selection, Training and Development. In 1995 he moved to Koln (Germany) at the European Headquarters of Sony as Compensation & Benefits Manager. Two years later, he returned to Italy as HR Director at Sony maintaining the policy oversight of Employee Benefits for the entire Sony Group in Europe. In January 2000 he left Sony to join the Italian multinational Fila Sport (sports clothing and footwear), at the time part of HdP Group, where he served for 4 years as Vice President, Group HR & Organization. In 2004, he joined the De'Longhi Group where for two and a half years he was Group HR & Organization Director. In 2006, he joined Wind Telecomunicazioni (initially Orascom Group then since 2011 part of the VimpelCom Group) as HR Director, where he worked for 6 years. He was appointed member of the Board of Directors of Dada S.p.A. on 11 April 2013.

Mention must be made that the other information regarding the provisions of application guideline 1.C.1. i) of the Corporate Governance Code is found in the table 1 below.

The executive directors report during Board meetings on the most important activities performed in relation to the powers delegated and on the most important activities undertaken by the Company and its subsidiaries in a timely matter, both periodically and in general when said meetings are held to approve targets, budgets and preliminary figures.

In compliance with the requirements of Art. 1.C.2 of the Corporate Governance Code, the most significant positions held by members of the Board of Directors of Dada S.p.A. at 31 December 2014 (including therefore appointments in other listed companies and in financial, banking, insurance and other large companies) are listed below.

Directors Lepri, Corbetta, Russi, Vivarelli, Mongardi, Scaramuzzi, Beshara, Chimenti, Soliman, Sursock and Converti declare that, as at 31 December 2014, they held no significant positions in other listed companies and in financial, banking, insurance and other large companies. Regarding the listed companies, Chairman Khaled Bishara is also a Director of Orascom Telecom Media and Technology Holding S.A.E. and of Egyptian Company for Mobile Services S.A.E., both listed on the Egyptian Stock Exchange, and also a Director of Orascom Construction Limited, listed on the Nasdaq Dubai. Aldo Mareuse is a Director of Keyyo SA, listed on the Paris Stock Exchange.

The Board of Directors has expressed, and confirmed with the approval of the present report, a positive evaluation concerning its size, composition and operation. The Board has completed the annual self-assessment of its size, composition and operation and that of its sub-committees.

It should be noted that the Board has performed its annual assessment without resorting to external consultants.

Toward this end, the Board used a questionnaire containing questions designed to assess the operation, size and composition of the Board and its committees, considering elements such as experience, including management experience, professional qualifications, gender of its members and length of service. At the end of the questionnaire, each Director included a short self-assessment.

The directors' answers to this questionnaire were then examined by the Control and Risk Committee, which brought them to the attention of the Board at its meeting on 12 March 2015.

The Committee acknowledged that the directors' answers were largely positive and did not reveal any significant disparities with the Corporate Governance Code of Listed Companies, although a suggestion was put forward in view of the next Board meeting for greater recognition, including from a compensation viewpoint, of the commitment required of members of the Committees set up within the Board. Given the characteristics of the Group and of the Company, the Board submitted to the shareholders, in view of the forthcoming General Meeting to renew the company bodies, the proposal to reduce the number of Board members, while retaining the necessary skills. Regarding this section, reference should be made to table 2 below.

3. Independent Directors

The Corporate Governance Code states that an adequate number of non-executive directors must be independent, in the sense that they do not maintain, nor have recently maintained, directly or indirectly, any business relationships with the issuer or persons linked to it, such as to influence their independence of judgment.

The Board of Directors must evaluate directors' independence following their appointment and on an annual basis. The results of the Board's evaluation must be disclosed to the market.

Art. 3 of the Corporate Governance Code recommends that the Board of Directors should have an adequate number of independent directors and requires the Board of Directors to evaluate the independence of its non-executive members, placing more emphasis on substance rather than form and bearing in mind that a director is usually not regarded as being independent in the following circumstances:
a) if he/she controls, directly or indirectly, the issuer also through companies under their control, trustees or through a third party, or is able to exercise a significant influence over the issuer, or participates in a shareholder agreement under which one or more persons may exercise control or significant influence over the issuer;
b) if he/she is, or has been in the preceding three financial years, a top representative of the issuer, of a strategically important subsidiary, or of a company under the same control as the issuer, or of a company or entity which, including jointly with others through a shareholder agreement, controls the issuer or is able to exercise over the same a significant influence;
c) if he/she has, or had in the preceding financial year, directly or indirectly (e.g. through companies under their control or companies of which he/she is a top representative, or in a capacity as partner of a professional firm or of a consulting company) a significant commercial, financial or professional relationship:
– with the issuer, one of its subsidiaries, or any of its top representatives;
– with a party who, jointly with others through a shareholder agreement, controls the issuer, or - in the case of a company or an entity - with the related top representatives; or is, or has been in the preceding three financial years, an employee of one of the aforementioned parties; with a party who, jointly with others through a shareholder agreement, controls the issuer, or - in the case of a company or an entity - with the related top representatives; or is, or has been in the preceding three financial years, an employee of one of the aforementioned parties;
d) if he/she receives, or has received in the preceding three financial years, from the issuer or one of its subsidiaries or parent companies, significant additional remuneration apart from the "fixed" fee as a non-executive director of the issuer, and from remuneration for the participation in committees recommended by the Corporate Governance Code, including participation in performance-related incentive schemes, including equity-settled ones;
e) if he/she has been a director of the issuer for more than nine years in the last twelve years;
f) if he/she is an executive director of another company in which one of the issuer's executive directors is a director;
g) if he/she is a shareholder or director of a company or entity belonging to the same network as the firm appointed to audit the issuer's financial statements;
h) if he/she is a close relative of a person fitting the description contained in any of the above points.

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The current Board of Directors of Dada S.p.A. appointed by the General Meeting on 24 April 2012 had seven independent directors (Maria Oliva Scaramuzzi, Silvia Michela Candiani, Claudio Cappon, Alessandro Foti, Vincenzo Russi, Danilo Vivarelli, and Stanislao Chimenti). Following the acquisition by Libero Acquisition S.à.r.l. of the majority shareholding previously held by RCS MediaGroup S.p.A. on 7 August 2013 and the resignation of the directors mentioned in paragraph 2.3., the current Board of Directors includes four independent directors (Maria Oliva Scaramuzzi, Vincenzo Russi, Danilo Vivarelli and Stanislao Chimenti) who have stated that they qualify as independent directors under the new edition of the Corporate Governance Code, under Art. 148 par. 3 of Legislative Decree 58/1998 and under the regulations of Borsa Italiana applying to the Company; the Board of Directors, pursuant to principle 3.P.2. of the Corporate Governance Code, in its meeting held on 24 April 2012, following their appointment in the General Meeting, confirmed that these directors qualified as independent. The Board disclosed the results of its assessments with a press release to the market. With regard to financial year 2014 and to the date of approving of this report, the number and expertise of the current independent directors, (identified at the date of approving of this report as Maria Oliva Scaramuzzi, Vincenzo Russi, Danilo Vivarelli, and Stanislao Chimenti), have been judged as appropriate by the Board of Directors, both in relation to the regulations of Borsa Italiana and in relation to the formation of committees in compliance with the Corporate Governance Code of Listed Companies for the purposes of assuring adequate independence of judgment.

The independent directors met during the year in the absence of the other directors.

The positive evaluation of directors' independence, in light of their statements under the corporate governance code and of information held by the Company, is repeated each year with the approval of this report by the Board.

In 2014, the Board of Statutory Auditors verified that the assessment criteria and procedures adopted by the Board to evaluate the independence of its members were properly applied and reported the results in its report to the General Meeting.

4. Chairman of the Board of Directors

The role of the Chairman of the Board of Directors outlined in the Corporate Governance Code is fundamental to ensuring efficient operation of the Board and efficient corporate governance: in fact, he/she is responsible for the operation of the Board, and sees to informing the directors and auditors on the documents regarding the items on the agenda in the time set and indicated in this report.

The Chairman of the Board of Directors, also on request of one or more directors, may request to the chief executive officers that managers and officers of the Company and those of the companies of the Group, according to their respective responsibilities, attend the meetings of the Board to provide the appropriate and detailed explanations regarding the items on the agenda.

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According to the By-laws of Dada S.p.A., the Chairman of the Board of Directors is the company's legal representative, calls General Meetings, which he/she chairs, verifying the proper convocation of such meetings and the procedures for voting. The Chairman also calls Board meetings and establishes the agenda, ensuring that all directors receive in the time set (compatible with the need for confidentiality, and the urgency and nature of the resolutions) the documentation and information needed to be able to decide in an informed fashion.

On 7 August 2013, following the resignation of Alberto Bianchi from his position as director and Chairman of the Board of Directors, Khaled Bishara was co-opted by the Board of Directors as a director and was then appointed Chairman. These positions expired with the AGM called to approve the financial statements for the year ended 31 December 2013. At its meeting on 28 April 2014, the AGM confirmed Khaled Bishara as Director of the Company. At its meeting on 14 May 2014, the Board of Directors appointed Khaled Bishara as Chairman of the Company until expiry of the term of the Board, that is, until the date of approval of this report.

As in the past, Khaled Bishara was not vested with operational powers nor assumed any operational or strategic role. As he was not appointed CEO of the Company and cannot be considered the principal and effective manager in charge of running the business, and since the position of Chairman is not held by the person controlling the Issuer, it was decided not to appoint a Lead Independent Director.

5. Treatment of price-sensitive information

To ensure the appropriate management of corporate information, the Board of Directors, upon proposal of the Chief Executive Officer or of the Chairman of the Board of Directors, adopts a procedure for the internal management and disclosure to third parties of documents and information regarding the Company, with particular regard to price-sensitive information.

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The Chairman and Chief Executive Officer, together with the executive directors, ensure that corporate information is correctly managed; accordingly, the Board of Directors has implemented the recommendations of the Corporate Governance Code, and on 11 November 2006 adopted, in place of the previous procedures, new procedures to govern the internal management and external publication of "confidential information", and particularly "price-sensitive information", relating to Dada S.p.A., all its subsidiaries and/or financial instruments issued; the purpose of these procedures is to prevent non-compliance with legal obligations concerning public disclosure and market abuse and manipulation and to ensure that such information is managed internally in an adequate and confidential manner and is disclosed externally on a timely, complete and accurate basis; such procedures identify those persons entitled to handle confidential information and the criteria for its publication; these procedures were updated, mainly to reflect a number of organizational changes, at the Board meetings held on 2 December 2010, 12 December 2011, 30 July 2013 and 12 November 2014. These procedures also serve to guide the conduct of every subsidiary, to the extent applicable; in addition, the procedures are connected with internal procedures, also adopted by the Board and updated in the meeting held on 11 November 2014, to create, maintain and update a register of persons with access to price-sensitive information in accordance with Art. 115-bis of TUF and with Art. 152-bis et seq of the Issuer Regulations.

Internal dealing

On 16 March 2006, the Board of Directors of Dada S.p.A. adopted a Code of Conduct for transactions in Dada shares and related financial instruments, as subsequently amended on 11 May 2007 and on 12 December 2011 to comply with Art. 152-sexies et seq of the Consob Regulations adopted under Resolution no. 11971 and with the Regulations of the Markets Organized and Managed by Borsa Italiana S.p.A., which introduced "black-out periods", meaning periods in which Relevant Persons are forbidden from dealing in the company's shares, coinciding with the 15-day period preceding Board meetings called to approve annual, half-yearly and quarterly financial reports; this code replaced the previous one adopted by the Company. The Code governs the conduct that Relevant Persons must observe for transactions by themselves and persons closely related to them in Financial Instruments (as defined), also to allow Dada S.p.A. to discharge its reporting obligations to the market in accordance with the Issuer Regulations, and in accordance with the procedures and terms of the Code.

6. Directors' interests and related party transactions

Regarding this issue, the "Procedures for completing and executing significant transactions, related party transactions or in which a director has an interest" approved by the Board on 12 February 2007, already required that transactions by the Company, directly or through a subsidiary, with related parties or in which a director has a conflict of interest, should be conducted in compliance with the principles of transparency and substantive and procedural fairness, with reference to applicable legal provisions and particularly those of Art. 2391 and Art. 2391-bis of the Italian Civil Code, and related measures for implementation. In particular, the section of these procedures concerning related party transactions contained qualitative and quantitative criteria for identifying significant transactions, and required the Board to be fully informed about the terms and conditions of the transaction and about the related evaluation process; these procedures also called for independent experts or the Internal Control Committee to provide the Board with support in evaluating significant transactions. The procedures also require that, if a director has, on his/her own account or on account of third parties, a direct, or even potential or indirect interest in a specific transaction or matter presented for examination and approval by the Board of Directors, this director must promptly and fully inform the Board of Directors, as well as the Board of Statutory Auditors, as to the nature, terms, origin, and extent of this interest; this director must also leave the meeting during the related discussion, unless the Board decides otherwise in the particular circumstances and also in view of any to reach the required quorum.

As already described, Consob has adopted in Resolution no. 17221 dated 12 March 2010, as later amended by Resolution no. 17389 dated 23 June 2010, a set of "Regulations governing related party transactions" for issuers of listed shares (directly or through their subsidiaries), in order to reflect the new rules aimed at ensuring the transparency and substantive and procedural fairness of such transactions; accordingly, on 8 November 2010 the Company's Board of Directors approved a new procedure for related party transactions, which partially amended and repealed the previous procedures for concluding and executing significant transactions, related party transactions or in which a director has an interest, which still apply but only where significant transactions or transactions in which a director has an interest are concerned. This procedure is published on the Company's website, to which reference should be made for fuller details; in compliance with the Consob Regulations, the procedure classifies related party transactions in two main categories: "material transactions" and "less material transactions"; both types require the involvement of a committee comprised solely of unrelated independent directors, namely the three independent directors who already serve on the Company's Internal Control Committee. The procedure also contains replacement mechanisms if one or more of the directors on this committee should fail to qualify as unrelated with regard to any individual transaction.

The rules applying to material transactions demand a more rigorous procedure than those applying to less material transactions (for example, the committee of independent directors is involved in negotiations and its opinion is binding; the Board of Directors has sole responsibility for their approval and the Company must also publish an information memorandum in accordance with the guidelines contained in the Consob Regulations); the procedure applying to less material transactions is simpler (calling for a non-binding opinion by a committee of non-executive, unrelated directors, a majority of whom are independent).

In the event that the committee issues a negative opinion on a material transaction, the procedure contains no provision for a so-called "whitewash" mechanism, whereby the transaction could nonetheless be realized by the Board after receiving approval from a majority of unrelated shareholders in general meeting.

The definition of a related party has largely drawn from the Consob Regulations. As for the definition of transaction materiality, the procedure classifies a material related party transaction as one in which at least one of the materiality thresholds established by the Consob Regulations has a value of 5% or above. However, since Dada is a listed subsidiary of a listed parent, any transactions with its parent or its parent's related parties who are in turn also Dada's related parties, qualify as material when one of the Consob materiality thresholds exceeds 2.5% (rather than 5%).

"Less material transactions" are defined as those transactions other than material ones and other than immaterial ones, defined by the procedure as those worth less than €200,000 and to which the procedure does not apply; the procedures require less material transactions to be reported on a quarterly basis to the Board of Directors, the Board of Statutory Auditors and the Supervisory Board.

The procedure is not applicable to shareholder resolutions relating to compensation of the Board of Directors or to remuneration of directors holding particular offices forming part of overall directors’ compensation determined by the shareholders, or to shareholder resolutions relating to compensation of the Board of Statutory Auditors, excluded by Consob from the scope of its regulations.

Without prejudice to the disclosure requirements of TUF (Testo unico della Finanza), the procedure does not apply to:

- compensation packages based on financial instruments approved by the shareholders pursuant to Art. 114-bis of TUF and related implementation guidelines;

- resolutions, other than those referred to in the preceding point, relating to the remuneration of directors holding particular offices, as well as of key management personnel (as long as: the Company has adopted a compensation policy; the compensation policy has been determined by a committee comprised exclusively of non-executive directors, the majority of whom independent; a report describing the compensation policy has been approved by the shareholders; the remuneration granted is in line with the policy);

- ordinary transactions concluded in accordance with market equivalent or standard conditions.

- transactions with or between subsidiaries, including those under joint control, or with associate companies when the transaction does not correspond to a material interest, as defined in the Procedure, of the Company's other related parties. For this purpose, a material interest of another related party exists when the party possesses, directly or indirectly, shares and/or financial instruments representing at least 20% of the capital or forms of remuneration linked to the results of the same company or its parent. The fact that the subsidiary or associate has one or more directors or key management personnel in common with the company and the subsidiary or associate does not constitute a significant interest.

Lastly, in the event of similar transactions that are related to one another and with certain categories of related parties, the Procedure allows the Company's Board of Directors to approve them using framework resolutions, effective for no more than one year, which are subject to the same procedural rules as material and less material transactions depending on the estimated maximum cumulative amount of the transactions covered by the framework resolution.

7. Establishment and operation of the Board of Directors' sub-committees

The Corporate Governance Code states that the Board of Directors shall establish from among its members one or more committees to act in an advisory and consultative capacity, as specified in subsequent articles.

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The Committees are therefore created and operate in accordance with the principles and application guidelines of the Corporate Governance Code, as described below.

The Board of Directors has approved the rules of procedure for the two committees formed by the Board: the Compensation Committee and the Control and Risk Committee.

8. Compensation Committee

For more information on the composition and operation of the Compensation Committee, reference should be made to the relevant parts of the Remuneration Report published in accordance with Art. 123-ter of TUF.

9. Internal control and risk management system

The Corporate Governance Code sets out the internal control and risk management system formed of a set of rules, procedures and organizational structures aimed at identifying, measuring, managing and monitoring main risks.

This system is integrated in the more general organizational and corporate governance structures adopted by the Company, and takes due consideration of the reference models and best practices implemented on a national and international level.

An effective internal control system helps to align the management of the company to the targets set by the Board of Directors, enabling the adoption of informed decisions. It helps to safeguard a company's assets, and to guarantee the efficiency and effectiveness of corporate processes, the reliability of its financial information, and compliance with laws and regulations, By-laws and internal procedures.
The internal control and risk management system involves each of the following corporate bodies depending on their related responsibilities.

a) the Board of Directors, which provides strategic guidance and evaluation on the adequacy of the system, identifying within the Board:

(i) one or more directors tasked with establishing and maintaining an effective internal control and risk management system (hereinafter in Art. 7, the “director in charge of the internal control and risk management system”), and

(ii) a control and risk committee in line with the requirements set forth by principle 7.P.4., tasked with supporting, on the basis of an adequate review process, the evaluations and decisions to be made by the Board of Directors in relation to the internal control and risk management system, as well as to the approval of the periodical financial reports;

b) the person in charge of internal audit, tasked with verifying the operation and adequacy of the internal control and risk management system;

c) the other roles and corporate functions having specific tasks with regard to internal control and risk management, organized depending on the company’s size, complexity and risk profile;

d) the Board of Statutory Auditors, also as audit committee, which is responsible for overseeing the effectiveness of the internal control and risk management system.

The issuer provides for coordination methods between the above mentioned bodies in order to enhance the efficiency of the internal control and risk management system and reduce overlapping of activities.

The Control and Risk Committee is made up of independent directors. Alternatively, the committee can be made up of non-executive directors, the majority of whom being independent ones; in this case, the Chairman of the committee is selected among independent directors. If the issuer is controlled by another listed company or is subject to the direction and coordination of another company, the committee is made up exclusively of independent directors. At least one member of the committee is required to have adequate experience in the area of accounting and finance or risk management, to be assessed by the Board of Directors at the time of appointment.

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The pivotal element of the Corporate Governance Code in the governance of a listed company is the control system and management of risks, that is, their identification, measurement, management and monitoring.

The internal control and risk management system of the Company involves the following bodies, with a description of how this system is integrated in the organizational structure of the Dada Group.

The Board of Directors, with particular regard to the control and risk management system, with the opinion of the control and risk committee:

a) defines the guidelines of the internal control and risk management system, so that the main risks concerning the issuer and its subsidiaries are correctly identified and adequately measured, managed and monitored, determining, moreover, the level of compatibility of such risks with the management of the company in a manner consistent with its strategic objectives

b) evaluates, at least on an annual basis, the adequacy of the internal control and risk management system taking into account the characteristics of the company and its risk profile, as well as its effectiveness;

c) approves, at least on an annual basis, the plan drafted by the person in charge of internal audit, with the opinion of the Board of Statutory Auditors and the director in charge of the control and risk management system;

d) describes, in the Corporate Governance Report, the main features of the internal control and risk management system, expressing an evaluation on its adequacy;

e) upon the opinion of the Board of Statutory Auditors, assesses the findings reported by the external auditor in the suggestions letter, if any, and in the report on the main issues resulting from the auditing.

The Board of Directors, upon proposal of the director in charge of the internal control and risk management system, subject to the favourable opinion of the control and risk committee, and after hearing the Board of Statutory Auditors:

- appoints and revokes the person in charge of internal audit;

- ensures that such a person is provided with the adequate resources for the fulfilment of his/her responsibilities;

- defines the relevant remuneration consistently with company policies.

Toward this end and for such purpose, the Board of Directors of the Company deemed it appropriate to update the foregoing risk assessment plan, and performed further activities as indicated below.

The Control and Risk Committee of Dada S.p.A., in accordance with the provisions of law and with the Corporate Governance Code, was formed entirely of independent directors, in the persons of Vincenzo Russi (Chairman), Stanislao Chimenti and Maria Oliva Scaramuzzi.

Furthermore, during the meeting held on 22 February 2013, after hearing the Control and Risk Committee, in order to increase the effectiveness of the contribution of the director in charge of the formation and maintenance of an effective internal control and risk management system, reflecting the Company's current structure of powers, the Board deemed it appropriate, acknowledging an indication contained in the comments to the Corporate Governance Code, to appoint as directors in charge of the formation and maintenance of an effective internal control and risk management system both Claudio Corbetta and Lorenzo Lepri, each with specific regard to the risk areas related to their delegated powers mentioned earlier. More in detail, Lorenzo Lepri was the director in charge of the management of risks in the areas of market and investors relations, control, administration, finance and tax; procurement, resources, logistics and offices; legal affairs and disputes; mergers & acquisitions; strategic planning, while Claudio Corbetta was the director in charge of the management of risks in the areas of HR, sales and marketing; production, network and software; community, contracts and contacts with the public. In their own area of responsibility, both worked on identifying the main corporate risks, taking into account the characteristics of the activities performed by the Company and its subsidiaries, and had the risks periodically assessed by the Board. Both also implemented the guidelines set by the Board, seeing to the management and verification of the internal control system.

The Risk and Control Committee, which basically has advisory and consultative functions, besides supporting and assisting the Board of Directors:

a) evaluates, together with the Financial Reporting Manager, and after hearing the independent auditors and Board of Statutory Auditors, the correct application of the accounting principles adopted and, with regard to the Group, consistency with the principles applied for the preparation of the consolidated financial statements;

b) voices opinions on specific aspects related to the identification of the main risks

c) reviews periodical reports, providing an evaluation of the internal control and risk management system, and those of particular relevance prepared by internal audit;

d) monitors the independence, adequacy, efficiency and effectiveness of internal audit;

e) may request internal audit to perform audits on specific operational areas providing at the same time notice to the Chairman of the Board of Auditors;

f) reports to the Board, at least every six months, on the occasion of the approval of the annual and half-year financial report, on the activities carried out as well as on the adequacy of the internal control and risk management system.

The proceedings of the control and risk committee are attended by the Chairman of the Board of Auditors or by other auditor appointed by the Chairman, although the other auditors may attend.

In compliance with the requirements of the Corporate Governance Code, the Board of Directors, assisted by the above mentioned Committee, has set out the guidelines of the internal control and risk management system and has made periodical assessments of the adequacy and operation of the system, also on the occasion of the review and approval of the half-year reports submitted by the Committee on activities performed.

Upon proposal of the Committee, the Board has also approved the guidelines of the control system in order to properly identify and adequately measure the main risks relating to the Issuer and its subsidiaries.

The annual assessment on the adequacy, effectiveness and operation of the internal control system, which is performed every six months, was renewed with a positive outcome in the meeting of the Board of Directors of 12 March 2015 at the time of the presentation by the Committee of the report on the activity performed in the second half of 2014, based on the observations and results of the activity performed by the Committee. The meetings of the Committee, which approved its own set of rules, were recorded in the minutes.

At its first meeting in 2014, the Control and Risk Committee resolved to propose to the Board of Directors the confirmation for a year of Carlo Ravazzin as Head of Internal Audit, and to confirm his remuneration for 2014 in the terms previously set for 2013 and explained above, as well as to grant him the entire variable portion of the compensation approved by the Committee and the Board in February 2013. Additionally, with regard to the annual self-assessment by the Board of Directors on size, composition and operation of the Board and its committees, a questionnaire was sent to all the Directors. The Committee took note of the results of the analysis of the questionnaires and resolved to submit a summary to the Board, in an anonymous and aggregate way, of the answers to the questionnaire received by the Directors with their comments, without reporting any areas for improvement for compliance purposes.

The Committee then fully approved and acknowledged the report of the Head of Internal Audit on the activity performed in the second half of 2013 and the 2014 audit plan, together with the positive assessment of the efficiency and adequacy of the control and risk system, properly managed and monitored, and resolved to submit the documentation to the approval of the next meeting of the Board of Directors as the Committee's proposal.

The Committee also confirmed the correct application of accounting standards and, with regard to the Group, their uniformity for the purposes of preparing the consolidated financial statements.

At its meeting on 31 July 2014, the Committee approved the amendments to the Committee’s Regulations, in light of the amendments made to the Corporate Governance Code of Listed Companies, and approved the report of the Head of Internal Audit (and its annexes) on the activity performed in the first half of 2014.

With regard to the above, the Committee continually verified the adequacy of the administrative-accounting procedures adopted by the Company and verified the adequacy of the Organizational Model pursuant to Decree 231/2001. The Committee, in order to comply with TUF, also ensured that privacy and IT security measures had been adopted. The meetings of the Committee lasted for an average 30 minutes.

In terms of the structure of control, in 2014 the Head of Internal Audit was Carlo Ravazzin. His position was confirmed during the meeting of the Control and Risk Committee held on 17 March 2014. During the meeting held on 19 March 2014, the Board, once again based on the recommendation of the directors in charge of the formation and maintenance of an effective internal control and risk management system and the positive opinion of the Control and Risk Committee, determined the remuneration of the Head of Internal Audit in accordance with company policies.

The Head of internal audit is tasked with the assessment, both on a continuous basis and in relation to specific needs and in conformity with international standards, of the operation and appropriateness of the internal control and risk management system, through an audit plan approved by the Board of Directors, based on a structured process of analysis and ranking of the main risks; and with preparing periodical reports containing adequate information on the activities performed, on the risk management process, and on compliance with the plans set out for their mitigation.

The Head of internal audit has no operative responsibilities and reports directly to the Board of Directors.

The Head of internal audit has direct access to all the information deemed useful for carrying out his/her duties and reports on his/her work with periodical reports containing adequate information on activities carried out, on the risk management process, and on compliance with the plans set out for their mitigation.

The periodical reports contain an assessment on the appropriateness of the internal control and risk management system.

These reports are submitted to the chairmen of the board of statutory auditors, the control and risk committee and the board of directors, as well as to the director in charge of the internal control and risk management system;

Finally, he/she assesses, as part of the audit plan, the reliability of information systems, including accounting systems.

The Head of internal audit and the Control and Risk Committee work with the Group's Supervisory Board, set up under Legislative Decree 231/2001, on the application and verification of procedures under Legislative Decree 231/2001 (governing the administrative liability of legal persons), in order to adopt the most appropriate methods of prevention and control. The Supervisory Board was re-established following the Board's reappointment by the General Meeting on 24 April 2012 and comprises independent director Danilo Vivarelli (Chairman), chairman of the board of auditors Claudio Pastori and the head of internal audit Carlo Ravazzin. In 2013, the Supervisory Board undertook on-going verification and consequent updating of the organizational model.

In 2014, the Supervisory Board focused on the on-going control of the adequacy of the procedures adopted by the Company in the administrative and accounting area (law 262/05), on the assessment of measures adopted to develop and increase the effectiveness of the SAP instruments, on the on-going control of the adequacy of the procedures adopted by the

Company in the occupational safety area, on the assessment of the adequacy of Model 231 adopted by the Company and on its updating following changes in the regulatory framework.

The Financial Reporting Officer is Federico Bronzi. He has been Administrative Director of Dada S.p.A. since 2000 and satisfies all the requirements under the By-laws for the position of Financial Reporting Officer, meaning that he has adequate expertise in the field of accounting and finance, gained in senior management positions in reporting/accounting and/or finance and/or control functions within the Company and/or other joint stock companies.

Mention must be made that the many opportunities to meet and exchange views during the year produced fruitful results in terms of coordination of the Board of Directors, the Director in charge of the Internal Control and Risk Management System, the Control and Risk Committee, the Head of Internal Audit, the External Auditors and the Financial Reporting Officer.

With regard to Art. 36 and Art. 39 of Consob Regulation 16191/2007 as amended (the "Market Regulations") concerning non-EU subsidiaries, the Company has preliminarily identified its subsidiaries incorporated and governed by law of nations outside the European Union ("Non-EU Companies"), which are considered to fall under the scope of the provisions of these articles, and excluded the existence of any such companies.

Regarding this section, reference should be made also to table 2 below.

10. Principal characteristics of risk management and internal control systems over the financial reporting process

10.1 Introduction

The Dada Group has adopted a system of procedures and processes such as to guarantee the reliability, accuracy, integrity and timeliness of its financial information as well as to allow correct operation of the internal control system in order to monitor and mitigate the risks relating to the financial reporting process to which the business is exposed. This system of processes and procedures has been drawn up and implemented by top management in compliance with the model established by the CO.SO Framework (Entity Level Assessment). The CO.SO Framework defines the internal control system as "that system of mechanisms, procedures and instruments designed to provide reasonable assurance regarding the achievement of business objectives".

The definition and structuring of processes within the Dada Group has also taken account of its internal organization and developments within the regulatory environment. As far as definition activities are concerned, the focus has been on the ability to assess financial risk and to apply control risk self-assessment through: integrity and the code of conduct, importance of expertise, philosophy and operating style, grant of powers and responsibilities, as well as policies, processes and procedures implemented by Human Resources.

Accordingly, there are activities for ensuring that operating processes and procedures are constantly updated, and that there are suitable controls over the financial reporting process.

Such activities are also designed to check that all components of the CO.SO Framework are correctly and constantly applied.

These components are as follows: control environment, risk assessment, control activities, information and communication, and monitoring.

Monitoring is also periodically carried out through internal communications, staff meetings, written expert opinions and a process which involves testing controls, agreeing remediation and action plans, and following up identified exceptions.

10.2 Principal characteristics

The system of accounting and administrative procedures implemented to assure the effectiveness of internal controls over financial reporting refers to and is applied by the parent Dada S.p.A. and all its direct and indirect subsidiaries.

The two important procedures in this regard are that of "closing and reporting" and of "consolidation", which clearly define: the accounting standards adopted (as updated for amendments), the Group's chart of accounts, the structure of the consolidated reporting packages, the identification and management of intragroup transactions and the consolidation process.

The parent company has provided the above documentation to all its subsidiaries and also checks that it is correctly and effectively applied.

For internal controls over financial reporting to operate effectively, companies must establish a process for identifying and managing financial risks. The Dada Group has once again referred to the CO.SO. Framework in this regard and has particularly identified the more important areas where risks of error (including fraud) may occur in the various types of financial reporting documents, in particular the annual, half-yearly and quarterly financial reports.

This process involves a number of stages:

a) Identification of financial reporting error risks, as well as the sources from which they might originate, with a particular focus on the more important processes and accounts for financial communication purposes;

b) Structuring of controls over business processes to prevent and manage the error risks identified above;

c) Performance of control and monitoring activities defined in the previous point. Tests on controls are carried out annually and relate to all the business and Group structures involved in these processes. When the above tests identify procedural deficiencies or potential areas for improvement, remediation plans are drawn up, followed by extension and repetition of the tests.

11. Relations with institutional investors and shareholders

The Corporate Governance Code states that the Board of Directors shall take initiatives aimed at fostering the broadest possible participation of the shareholders in general meetings and at facilitating the exercise of shareholder rights.

The Board of Directors endeavours to develop a continuous dialogue with the shareholders based on an understanding of their reciprocal roles.

The Corporate Governance Committee believes that it is in the interests of the company to establish a continuous dialogue with all its shareholders and with institutional investors, including by appointing an investor relations manager, and if appropriate, setting up a specific department for this purpose.

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The Board of Directors endeavours to ensure that relevant information about the Company as far as the shareholders are concerned is provided on a timely basis and is easy to access, so as to allow shareholders to exercise their rights in an informed manner. For this purpose, the Company has created a separate, easily identifiable and accessible section on its website www.dada.eu in which, in accordance with the provisions of law and internal procedures for managing and communicating company information, important information concerning the issuer is made available, such as the procedures for participating in general meetings and exercising voting rights, and documentation relating to items on the agenda, including candidate lists for the office of director or statutory auditor.

The Board has also identified an External Relations and Internal Communication Function for this purpose.

Financial communication activities are carried out through press releases and periodic meetings with the financial community in order to pursue the principle of information symmetry and in compliance with rules governing price-sensitive information.

12. General Meetings

Art. 9 of the Corporate Governance Code underlines the central role that general meetings must have in the life of a company, as a fundamental forum for corporate debate and relations between the shareholders and the Board of Directors.

The Board of Directors should present for shareholder approval a set of rules governing the orderly and effective conduct of general meetings, while guaranteeing the right of every shareholder to take the floor on items on the agenda.

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In order to facilitate shareholder participation at general meetings, the Board of Directors calls such meetings in locations easily reached both from the Company's headquarters and from the main station; in addition, general meetings are called for the early afternoon in order to facilitate participation by shareholders from outside the city.

General meetings are governed by a set of regulations approved by the shareholders for the first time in 2001, with the aim of ensuring an orderly and effective conduct of such meetings. The regulations, which are available at the Company's registered office and on the Company's corporate website www.dada.eu in the "Corporate Governance/Corporate Documents" section, govern the organization of general meetings, the right of shareholders to attend, powers of the Chairman to direct meetings and other issues relating to conduct of meetings.

Regarding the recent amendments to reflect the new provisions on shareholder rights, see Paragraph 1.8 "Rules applying to by-law amendments".

The Company encourages and facilitates the widest possible shareholder participation at general meetings, and provides shareholders with information about the company, in compliance with rules governing price-sensitive information, that allows them to express their vote in general meetings.

Participation in general meetings is governed by current statutory and regulatory provisions in this area. In order to participate in general meetings, shareholders must file a specific communication at the Company's registered office, in accordance with the procedures established in the meeting's notice, that is issued by the intermediary appointed to hold the shareholder's shares.

Without prejudice to the provisions concerning voting proxies in Legislative Decree 58/1998, shareholders eligible to participate in general meetings can be represented through a written proxy.

In accordance with the general meeting regulations, those persons who, by law or under the By-laws, are eligible to attend general meetings, must be identified at the entrance to the meeting by presenting a suitable identity document or other form of recognition and must present their admission ticket, in compliance with the procedures set out in the meeting's notice.

Company or group company employees may attend, as well as other persons whose presence the Chairman considers useful in relation to the matters to be discussed or the conduct of the meeting.

When presenting matters on the agenda or responding to questions, the Chairman may be assisted by some of the directors or statutory auditors or by other persons eligible to attend the meeting. The Chairman may change the order of discussion of the agenda relative to that in the meeting's notice and may decide to discuss items not on the agenda, unless requested otherwise by the shareholders.

The Chairman establishes the order of items on the agenda, directs and regulates the debate, giving the floor to shareholders who so request in accordance with the By-laws, to directors or statutory auditors or other persons eligible to attend the General Meeting.

Accordingly, the Chairman establishes how to request the floor and the order in which speakers can speak, ensuring that they have the opportunity to make a brief reply.

The Chairman ensures that the debate is conducted correctly and adopts every suitable measure to prevent the meeting from being disturbed.

All shareholders entitled to vote are eligible to speak on the matters being discussed in order to request clarifications and express their opinions. Shareholders who request the floor must speak exclusively on matters on the agenda. Anyone intending to speak must present a written request to the Chairman, indicating which item on the agenda their question addresses; such a request may be made from the time the Chairman has read out the agenda until when the Chairman declares discussion on the particular matter closed.

The Chairman can establish at the opening of debate, also in view of the contents of the agenda, a maximum duration for each intervention and response, which in any case may not exceed 15 minutes or 2 minutes respectively, in order to foster the widest shareholder participation in the discussion.

The Chairman will invite speakers and respondents to conclude if they exceed the maximum allotted time or if they address matters that are not pertinent to the agenda; the Chairman will cut short any shareholder who fails to respond to this request.

The Chairman can also request shareholders to leave the meeting for the duration of the debate, if, despite being called to order, they do not permit the General Meeting to be conducted in an orderly fashion.

If considered appropriate, the Chairman may justifiably adjourn the meeting for a brief period.

Once all interventions, replies, and any responses to the replies are completed, the Chairman declares the discussion closed.

Voting at general meetings is conducted by open ballot. Before commencing the vote, the Chairman establishes the procedure for expressing, recording and counting the votes and can fix a time limit within which votes must be placed.

At the end of voting, the votes are counted and the Chairman, including with the assistance of a secretary or notary, declares the results.

The provisions of the Italian Civil Code, specific laws and the Company's By-laws apply to all matters not covered by the General Meeting Regulations; in particular, under the By-laws, the Chairman shall adopt the most appropriate solutions for conducting the meeting properly.

The By-laws contain no specific provisions regarding the legal percentages currently regulating the use of shares nor with regard to the protection of minority shareholders.

The By-laws contain no provisions based on which shareholders need to authorize specific actions taken by the directors.

In 2014, the Board, also by approving this report, decided that there was no need to propose to the General Meeting amendments to the By-laws relating to the percentages established to exercise shares and to the measures designed to protect minorities.

13. Statutory Auditors

The Corporate Governance Code recommends that statutory auditors act on an autonomous, independent basis, including in respect of the shareholders who elected them.

The issuer adopts suitable measures to ensure effective discharge of the duties falling to the Board of Statutory Auditors.

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Art. 25 of the By-laws of Dada S.p.A. establishes that the Board of Statutory Auditors shall be appointed in ordinary general meeting and comprise three standing members, one of whom is the Chairman, and two alternate members; the members so appointed shall remain in office for three years and may be re-elected. The statutory auditors must satisfy the requirements established by law and relevant regulations, including with regard to the holding of multiple appointments. Anyone to whom disqualification or forfeiture, as defined in law, applies cannot be elected as a statutory auditor, and if elected, shall immediately lose office.

The By-laws also provide, in compliance with current statutory and regulatory provisions, that at least one statutory auditor is elected from the minority list, and that the Chairman of the Board of Statutory Auditors is appointed by the General Meeting from those statutory auditors elected on the minority list; the By-laws also place a limit on the number of other appointments a statutory auditor may hold as a statutory auditor or director.

The By-laws state that the lists must be filed at least 25 days before the General Meeting in first call and that lists can be presented only by shareholders who, alone or together with other shareholders, own at least 2.5% of the share capital with voting rights at ordinary general meetings on the date of presenting the list, or such lower percentage established by law or regulations.

The lists for the appointment of the Board of Statutory Auditors may also be filed via fax or via e- mail to the Company’s certified e-mail address, in accordance with Art. 144-sexies of Consob Regulation 11971 of 14 May 1999. If lists are submitted via fax or via certified e-mail, a copy of the filers’ valid identification must also be sent.

The statutory auditors are appointed as follows: a) 2 standing auditors and 1 alternate auditor are taken from the list which obtains the most votes during the General Meeting on the basis of the numerical order in which the candidates appear on the list which receives the most votes;

b) 1 standing auditor, who will also be appointed Chairman, and 1 alternate auditor from the second list which received the most votes during the General Meeting and which is in no way, even indirectly as per the law, connected with the shareholders who presented or voted for the list in letter a) above, on the basis of the numerical order in which the candidates appear on the list.

In order to appoint the statutory auditors referred to in letter b) above, in the event lists obtain the same number of votes, the list presented by shareholders holding the larger interest or, secondarily, the greatest number of shareholders, will prevail.

In the event two or more lists receive the highest and same number of votes, a run-off election will be held.

If only one list is presented, the General Meeting appoints all the candidates on that list to the Board of Statutory Auditors by majority vote of the share capital represented at the meeting.

If no lists are presented, the General Meeting appoints the Board of Statutory Auditors by majority vote of the share capital represented at the meeting.

If only one list is presented, the Chairman of the Board of Statutory Auditors is the first person on this list, while if no lists are presented, the General Meeting will appoint the Chairman.

Any statutory auditor to whom disqualification or forfeiture under the law applies will lose his/her office.

In the event a statutory auditor is substituted, the alternate auditor on the list to which the substituted auditor belonged will be appointed with the exception of the Chairman of the Board of Statutory Auditors who will always be selected from the minority list.

With regard to Art. 144-sexies, par. 8, of the Issuer Regulations, it must be noted that the By-laws do not allow for the substitution of statutory auditors with alternate auditors from the minority list in excess of the minimum required by the Consob.

Prior to the General Meeting of 24 April 2012, one list was filed with the Company by RCS Mediagroup S.p.A., holder of n. 8,855,101 shares or 54.63% of the share capital. The following candidates were included on the list: Claudio Pastori, Cesare Piovene Porto Godi and Sandro Santi as standing auditors, Maria Stefania Sala and Mariateresa Diana Salerno as alternate auditors.

The General Meeting held on 24 April 2012 elected Claudio Pastori, Cesare Piovene Porto Godi and Sandro Santi as standing auditors, appointing Claudio Pastori as Chairman, while Maria Stefania Sala and Mariateresa Diana Salerno were elected as alternate auditors.

On 20 February 2013, standing auditor Cesare Piovene Porto Godi resigned effective as from the General Meeting following such date.

On 11 April 2013, the General Meeting of Dada S.p.A. appointed Maria Stefania Sala as new standing auditor and Agostino Giorgi as alternate auditor.

The current Board of Statutory Auditors is composed of standing auditors Claudio Pastori (Chairman), Sandro Santi and Maria Stefania Sala and of alternate auditors Agostino Giorgi and Mariateresa Diana Salerno.

It should be noted that the Board of Statutory Auditors (as well as the current Board of Directors) expires with the approval of the financial statements for the year ended 31 December 2014, therefore with the General Meeting approving this report.

The independence of the current statutory auditors, as defined by the Corporate Governance Code, was positively evaluated at the time of appointment and confirms that this is the case with the approval of the present annual Corporate Governance Report by the Board of Directors.

During 2014, the Board of Statutory Auditors also oversaw the independence of its members and verified that these requirements were still being met, coordinating its work with the Control and Risk Committee, with the Supervisory Board and with the external auditors. The Board of Statutory Auditors oversaw the independence of the external auditors, verifying that the law was being complied with regard to both the nature and the scope of any services, other than financial audit, provided to the Issuer by the same audit company and entities belonging to its network.

With regard to this section, reference should also be made to table 3 below.

TABLES

TABLE 1: Ownership structures

SHAREHOLDING STRUCTURE				
	N° shares	% of share capital	Listed (indicate markets) / not listed	Rights and obligations
Ordinary shares	16,680,069	100%	Italian Stock Market	
Shares with limited vote entitlement (savings shares)	-	-	-	-
Shares without vote entitlement	-	-	-	-

OTHER FINANCIAL INSTRUMENTS *(granting the right to subscribe newly-issued shares)*				
	Listed (indicate markets) / not listed	No. financial instruments outstanding	Share class servicing conversion/exercise	No. shares servicing conversion/exercise
Convertible bonds	-	-	-	-
Warrants	-	-	-	-

SIGNIFICANT SHAREHOLDINGS			
Declarant	Direct shareholder	% on ordinary capital	% on voting capital
February Private Trust Company (Jersey) Limited	Libero Acquisition S.à.r.l.	69,432%	69,432%
Oyster Asset Management S.A. (from 23 January 2014)	Oyster Luxembourg Sicav	5,1403%	5,1403%

TABLE 2: Board of Directors and Committees

Board of Directors													Control and Risk Committee		Compensation Committee	
Position	**Members**	**Year of birth**	**Date of first appointment**	**From**	**Until**	**List ****	**Exec.**	**Non-exec.**	**Indep. as per Code**	**Indep. as per TUF**	**Number of other positions *****	**(*)**	**(*)**	**(**)**	**(*)**	**(**)**
Chairman	Khaled Bishara	1971	7 August 2013	28/04/2014	Approval of 2014 financial statements	M		X	-	-	3	3/5	n/a	n/a	n/a	n/a
CEO and General Manager	Claudio Corbetta	1972	22 September 2011	24/04/2012	Approval of 2014 financial statements	M	X		-	-	-	5/5	n/a	n/a	n/a	n/a
Director, General Manager and CFO	Lorenzo Lepri.	1971	11 April 2003	24/04/2012	Approval of 2014 financial statements	M	X		-	-	-	5/5	n/a	n/a	n/a	n/a
Director	Ragy Soliman	1974	28 April 2014	28/04/2014	Approval of 2014 financial statements	M		X	-	-	-	1/4	n/a	n/a	n/a	n/a
Director	Maria Oliva Scaramuzzi	1957	24 April 2012	24/04/2012	Approval of 2014 financial statements	M		X	X	X	X	4/5	2/2	M	3/3	M
Director	Antonio Converti	1955	7 August 2013	28/04/2014	Approval of 2014 financial statements	M		X	-	-	-	3/5	n/a	n/a	n/a	n/a
Director	Aldo Mereuse	1964	7 August 2013	28/04/2014	Approval of 2014 financial statements	M		X	-	-	1	4/5	n/a	n/a	n/a	n/a
Director	Sophie Sursock	1979	7 August 2013	28/04/2014	Approval of 2014 financial statements	M		X	-	-	-	5/5	n/a	n/a	n/a	n/a
Director	Karim Beshara	1974	7 August 2013	28/04/2014	Approval of 2014 financial statements	M		X	-	-	1	5/5	n/a	n/a	n/a	n/a
Director	Vincenzo Russi	1959	23 April 2009	24/04/2012	Approval of 2014 financial statements	M		X	X	X	-	5/5	2/2	P	2/3	M
Director	Maurizio Mongardi	1964	11 April 2013	22/02/2013	Approval of 2014 financial statements	M		X	-	-	-	1/5	n/a	n/a	n/a	n/a
Director	Stanislao Chimenti	1965	8 November 2010	24/04/2012	Approval of 2014 financial statements	M		X	X	X	-	2/5	2/2	M	n/a	n/a
Director	Danilo Vivarelli	1964	21 April 2006	24/04/2012	Approval of 2014 financial statements	M		X	X	X	-	5/5	n/a	n/a	3/3	P
Directors whose term of office expired in 2014																
Director	Abdel Meguid Hanan	1970	7 August 2013	07/08/2013	Approval of 2014 financial statements	M				-	-	0/1	n/a	n/a	n/a	n/a
Indicate quorum required for the submission of lists at previous appointment: quorum established under law																
N. of meetings held in 2014:			Control and Risk Committee: 2						Compensation Committee: 3			Board of Directors: 5				

NOTES

- This symbol indicates the director in charge of the internal control and risk management system.
- This symbol indicates the key person in charge of the management of the Issuer (Chief Executive Officer or CEO).

* Date of first appointment of each director means the date on which each director was appointed for the first time (ever) in the Board of Directors of the Issuer.

** This column indicates M/m depending on whether the director was elected by the majority (M), minority (m) list or BoD (BoD) list.

*** This column indicates number of directorships or statutory auditor positions held in other companies listed on either national or foreign stock exchanges, including finance companies, banks and insurance companies, or of major companies In the Report on Corporate Governance, positions are shown in full.

(*) This column indicates the participation percentage of directors to the BoD and committee meetings (n. of times present/n. of meetings held during their term, for instance 6/8; 8/8, etc.).

(**) This column indicates the position of the board member in the Committee : "P": President; "M": Member.

TABLE 3: Board of Statutory Auditors

Board of Statutory Auditors									
Position	**Members**	**Year of birth**	**Date of first appointment***	**From**	**Until**	**List****	**Independence as per Code**	**Participation in the meetings of the Board of Statutory Auditors *****	**Number of other positions *****
Chairman	Claudio Pastori	1950	24/04/2012	24/04/2012	Approval of 2014 financial statements	M	X	4/5	28
Standing auditor	Maria Stefania Sala	1967	11/04/2013	11/04/2013	Approval of 2014 financial statements	M	X	5/5	17
Standing auditor	Sandro Santi	1948	24/04/2014	24/04/2012	Approval of 2014 financial statements	M	X	5/5	14
Alternate auditor	Agostino Giorgi	1953	11/04/2013	11/04/2013	Approval of 2014 financial statements	M	X	n/a	-
Alternate auditor	Mariateresa Diana Salerno	1964	24/04/2012	24/04/2012	Approval of 2014 financial statements	M	X	n/a	-
Statutory Auditors whose term of office expired in 2014 n/a									
Indicate quorum required for the submission of lists at previous appointment: quorum established under law									
N. of meetings held in 2014: 5									

NOTES

* Date of first appointment of each statutory auditor means the date on which each statutory auditor was appointed for the first time (ever) in the Board of Statutory Auditors of the Issuer.

** This column indicates M/m depending on whether the statutory auditor was elected by the majority (M) or minority (m) list.

*** This column indicates the participation percentage of statutory auditors to the BoA meetings (n. of times present/n. of meetings held during their term, for instance 6/8; 8/8, etc.).

**** This column indicates the number of positions as director or statutory auditor held by the person concerned, under art. 148-bis TUF and related implementation provisions contained in the Issuer Regulations of Consob. The complete list of appointments is published by Consob on its website pursuant to art. 144-*quinquiesdecies* of the Issuer Regulations of Consob.

NET WORKING CAPITAL AND NET FINANCIAL POSITION OF THE DADA GROUP AT 31 DECEMBER 2014

(EUR/000)	31-Dec-14	31-Dec-13	DIFFERENCE	
			Absolute	Absolute
Fixed assets	**95,364**	**93,981**	**1,383**	**1%**
Current operating assets	17,585	16,335	1,250	8%
Current operating liabilities	-27,851	-28,022	172	-1%
Net working capital	**-10,266**	**-11,687**	**1,422**	**-12%**
Provision for termination indemnities	-815	-760	-55	7%
Provision for risks and charges	-544	-1,007	464	-46%
Other payables due beyond one year	-17	0	-17	-
Net capital employed	**83,723**	**80,527**	**3,196**	**4%**
Bank loans (due beyond one year)	-16,674	-21,302	4,628	-22%
Shareholders' equity	**-50,150**	**-49,664**	**-485**	**1%**
Current bank borrowings	-18,183	-11,173	-7,010	63%
Current financial receivables and derivatives	0	0	0	-97%
Current financial payables and derivatives	-107	-47	-60	127%
Cash and cash equivalents	1,391	1,660	-268	-16%
Current net financial position	**-16,899**	**-9,561**	**-7,338**	**-77%**
Total net financial position	**-33,573**	**-30,863**	**-2,710**	**-9%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2014

(EUR/000)	31-Dec-14 12 months		31-Dec-13 12 months		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
Net revenue	**67,457**	**100%**	**75,313**	**100%**	**-7,855**	**-10%**
Chg. in inventories & inc. in own wk. capitalized	3,585	5%	3,599	5%	-14	0%
Service costs and other operating expenses	-41,368	-61%	-49,055	-65%	7,687	-16%
Payroll costs	-19,889	-29%	-19,296	-26%	-593	3%
EBITDA	**9,785**	**15%**	**10,560**	**14%**	**-775**	**-7%**
Depreciation and amortization	-7,784	-12%	-7,419	-10%	-364	5%
Non-recurring income/(charges)	-411	-1%	-122	0%	-289	n.a.
Impairment of fixed assets	-23	0%	-1	0%	-22	n.a.
Impairment losses and other provisions	-55	0%	-619	-1%	565	-91%
EBIT	**1,513**	**2%**	**2,399**	**3%**	**-885**	**-37%**
Financial income	629	1%	417	1%	212	51%
Financial charges	-3,474	-5%	-3,395	-5%	-78	2%
Profit/(loss) before taxes	**-1,331**	**-2%**	**-579**	**-1%**	**-752**	**-130%**
Income taxes	-861	-1%	-768	-1%	-93	12%
Group net result	**-2,192**	**-3%**	**-1,348**	**-2%**	**-845**	**-63%**

RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2014

(EUR/000)	4th quarter 2014		4th quarter 2013		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
Net profit	**16,885**	**100%**	**18,221**	**100%**	**-1,335**	**-7%**
Chg. in inventories & inc. in own wk. capitalized	794	5%	892	5%	-98	-11%
Service costs and other operating expenses	-10,430	-62%	-11,631	-64%	1,201	-10%
Payroll costs	-5,074	-30%	-4,995	-27%	-79	2%
EBITDA	**2,174**	**13%**	**2,486**	**14%**	**-312**	**-13%**
Depreciation and amortization	-2,088	-12%	-1,978	-11%	-110	6%
Non-recurring income/(charges)	-264	-2%	-19	0%	-245	n.a.
Impairment of fixed assets	0	0%	-1	0%	1	-100%
Impairment losses and other provisions	260	2%	-326	-2%	586	180%
EBIT	**82**	**0%**	**162**	**1%**	**-80**	**-49%**
Financial income	50	0%	41	0%	9	22%
Financial charges	-836	-5%	-782	-4%	-54	7%
Profit/(loss) before taxes	**-704**	**-4%**	**-579**	**-3%**	**-125**	**-22%**
Income taxes	-106	-1%	-293	-2%	187	-64%
Group net result	**-810**	**-5%**	**-872**	**-5%**	**62**	**7%**

DADA

DOMAINS & ADVERTISING

CONSOLIDATED FINANCIAL STATEMENTS AND NOTES AT 31 DECEMBER 2014

(PREPARED IN ACCORDANCE WITH IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS)

Registered office: Viale della Giovine Italia, 17 - Florence
Share capital EUR 2,835,611.73 fully paid-in
Florence Company Register no. FI017- 68727 - REA 467460
Tax ID/VAT no. 04628270482

DADA GROUP

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

EUR/000	Notes	31 December 2014	31 December 2013
Net revenue	4	**67,457**	**75,313**
Chg. in inventories & inc. in own wk. capitalized		3,585	3,599
Service costs and other operating expenses		-41,221	-48,799
Payroll costs	6.2	-19,889	-19,296
Other operating revenue and income		37	496
Other operating expenses	6.3	-643	-954
Provisions and impairment losses	6.4	-6	-540
Depreciation and amortization	6.5	-7,784	-7,419
Impairment losses on fixed assets	6.5	-23	-1
EBIT	**4**	**1,513**	**2,399**
Investment income	6.6	629	417
Financial charges	6.6	-3,474	-3,395
Profit/(loss) before taxes	**4**	**-1,331**	**-579**
Income taxes	7	-861	-768
Group net profit/(loss)	**4**	**-2,192**	**-1,348**
Basic earnings/loss per share	8	-0.131	-0.081
Diluted earnings/loss per share	8	-0.126	-0.081

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

EUR/000	31 December 2014	31 December 2013
Net profit/(loss) for the period (A)	**-2,192**	**-1,348**
Other comprehensive profit/(loss) to be subsequently reclassified in profit/loss for the year (B):	**2,665**	**-727**
Gains/(losses) on exchange rate derivatives (cash flow hedges)	-70	189
Tax effect on other gains/(losses)	19	-52
	-51	137
Gains/(losses) from the translation of foreign currency financial statements	2,716	-864
Other comprehensive profit/loss not to be subsequently reclassified in profit/(loss) for the year (C):	**-77**	**-**
Gains/(losses) from discounting of termination indemnities	-106	-
Tax effect on other gains/(losses)	29	-
	-77	-
Total comprehensive income/(loss) (A)+(B)+(C)	**396**	**-2,074**
Total comprehensive income/(loss) attributable to:		
Shareholders of the parent company	396	-2,074

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

ASSETS	Notes	31 December 2014	31 December 2013
Non-current assets			
Goodwill	9-10	79,159	76,220
Intangible assets	10	7,689	7,911
Property, plant and equipment	11	8,333	9,634
Equity investments in non-consolidated subsidiaries, associates and other companies		-	-
Financial assets	13	183	217
Deferred tax assets	13	6,419	6,527
Total non-current assets		**101,783**	**100,508**
Current assets			
Inventories		-	-
Trade receivables	16	5,233	5,501
Tax and other receivables	16	5,933	4,308
Current financial receivables		-	-
Financial assets for derivative instruments		-	-
Cash and cash equivalents	17	1,391	1,660
Total current assets		**12,557**	**11,468**
TOTAL ASSETS		**114,341**	**111,976**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

EQUITY AND LIABILITIES	Notes	31 December 2014	31 December 2013
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		2,836	2,836
Other equity instruments		89	-
Share premium reserve		33,098	33,098
Legal reserve		950	950
Other reserves		9,492	6,903
Retained earnings/losses carried forward		5,877	7,225
Net profit/ (loss)		-2,192	-1,348
Total equity, Group share	**18**	**50,150**	**49,664**
Non-controlling interests		-	-
Total shareholders' equity		**50,150**	**49,664**
Non-current liabilities			
Bank loans (due beyond one year)	19	16,674	21,302
Provision for risks and charges	20	544	1,007
Provision for termination indemnities	21	815	760
Non-current financial liabilities from derivatives	22	54	-
Other payables due beyond one year	22	17	-
Total non-current liabilities		**18,103**	**23,069**
Current liabilities			
Trade payables	23	10,148	10,320
Other payables	23	16,046	15,370
Taxes payable	23	1,657	2,333
Financial liabilities for derivative instruments	19	53	47
Bank overdrafts and financial payables (due within one year)	19	18,183	11,173
Total current liabilities		**46,088**	**39,243**
TOTAL EQUITY AND LIABILITIES		**114,341**	**111,976**

CONSOLIDATED CASH FLOW STATEMENT AT 31 DECEMBER 2014

EUR/000	31 December 2014	31 December 2013
Operating activities		
Net profit (loss) for the period	**-2,192**	**-1,348**
Adjustments for:		
Income from trading	-629	-417
Financial charges	3,474	3,395
Income taxes	861	768
Gains/losses	-8	-471
Depreciation	3,793	3,426
Amortization	3,990	3,994
Granting of stock options	89	232
Impairment of fixed assets	23	1
Other provisions and impairment losses	55	619
Increases/(decreases) in provisions	-425	-1,141
Cash flow from operating activities before changes in working capital	**9,032**	**9,059**
(Increase)/decrease in receivables	-1,185	3,211
Increase /(decrease) in payables	-241	-3,649
Cash flow from operating activities	**7,606**	**8,621**
Income taxes paid	-1,180	-921
Interest (paid)/received	-2,752	-2,871
Net cash flow from operating activities	**3,674**	**4,829**
Investing activities		
Purchase of property, plant and equipment	-2,591	-6,334
Sale of fixed assets	11	13
Other changes in fixed assets	34	-1
Purchase of intangible assets	-184	-672
Product development costs	-3,585	-3,599
Net cash flow used in investing activities	**-6,314**	**-10,592**

CONSOLIDATED CASH FLOW STATEMENT AT 31 DECEMBER 2014

EUR/000	31 December 2014	31 December 2013
Financing activities		
Change in loans	-4,628	2,624
Other changes	-10	236
Proceeds from capital increase	-	1,107
Net cash flow from/(used in) financing activities	**-4,638**	**3,967**
Net increase/(decrease) in cash and cash equivalents	**-7,279**	**-1,796**
Cash and cash equivalents at beginning of period	**-9,514**	**-7,718**
Cash and cash equivalents at end of period	**-16,792**	**-9,514**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2014

	Attributed to the shareholders of the parent company										
Description	**Share capital**	**Share prem. res.**	**Legal res.**	**Other res.**	**Other equity instrum.**	**Cash flow hedge reserve**	**Res. discounting term. indemn.**	**Translation reserve**	**Retained earnings (losses carried forward)**	**Net profit / (loss)**	**Total equity**
Balance at 1 January 2014	2,836	33,098	950	14,045	-	-26		-7,115	7,225	-1,348	**49,664**
Allocation of 2013 profit/(loss)									-1,348	1,348	-
Profit/(loss) for the period										-2,192	**-2,192**
Other comprehensive income (losses)						-51	-77	2,716			**2,588**
Total comprehensive income						**-51**	**-77**	**2,716**	**0**	**-2,192**	**396**
Other equity instruments					89						**89**
Balance at 31 December 2014	**2,836**	**33,098**	**950**	**14,045**	**89**	**-77**	**-77**	**-4,399**	**5,877**	**-2,192**	**50,150**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2013

	Attributed to the shareholders of the parent company										
Description	**Share capital**	**Share prem. res.**	**Legal res.**	**Other res.**	**Other equity instrum.**	**Cash flow hedge reserve**	**Res. Discount. term. indemn.**	**Translation reserve**	**Retained earnings (losses carried forward)**	**Net profit / (loss)**	**Total equity**
Balance at 1 January 2013	2,756	32,070	950	14,045	213	-163		-6,251	5,840	939	**50,399**
Allocation of 2012 profit									939	-939	0
Profit/(loss) for the period										-1,348	**-1,348**
Other comprehensive income (losses)						137		-864			**-726**
Total comprehensive income				**-**	**-**	**137**	**-**	**-864**	**-**	**-1,348**	**-2,074**
Share capital increase	80	1,027									**1,107**
Other equity instruments					-213				445		**232**
Balance at 31 December 2013	**2,836**	**33,097**	**950**	**14,045**	**-**	**-26**	**-**	**-7,115**	**7,224**	**-1,348**	**49,664**

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014 PURSUANT TO CONSOB RESOLUTION N. 15519 OF 27 JULY 2006

EUR/000	Notes	31 December 2014		31 December 2013	
Net revenue	4		**67,457**		**75,313**
- of which: related parties	26	*1,579*		*112*	
Chg. in inventories & inc. in own wk. capitalized			3,585		3,599
Service costs and other operating expenses			-41,221		-48,799
- of which: related parties	26	*-481*		*-402*	
Payroll costs	6.2		-19,889		-19,296
- of which: related parties	26	*-607*		*-768*	
Other operating revenue and income			37		496
- of which non-recurring charges	6.8	*8*		*471*	
- of which: related parties	26	*3*		-	
Other operating expenses	6.3		-643		-954
- of which non-recurring charges	6.8	*-418*		*-593*	
- of which: related parties	26	-		*-233*	
Provisions and impairment losses	6.4		-6		-540
Depreciation and amortization	6.5		-7,784		-7,419
Impairment losses on fixed assets	6.5		-23		-1
EBIT	**4**		**1,513**		**2,399**
Investment income	6.6		629		417
Financial charges	6.6		-3,474		-3,395
- of which: related parties	26	-		*-1*	
Profit/(loss) before taxes			**-1,331**		**-579**
Income taxes	7		-861		-768
Profit/(loss) from continuing operations	**4**		**-2,192**		**-1,348**
Profit/(loss) from discontinued operations					
Group net profit/ (loss)	8		**-2,192**		**-1,348**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

ASSETS		31 December 2014	31 December 2013
Non-current assets			
Goodwill	9-10	79,159	76,220
Intangible assets	10	7,689	7,911
Property, plant and equipment	11	8,333	9,634
Equity investments in non-consolidated subsidiaries, associates and other companies		-	-
Financial assets	13	183	217
Deferred tax assets	13	6,419	6,527
Total non-current assets		**101,783**	**100,508**
Current assets			
Inventories		-	-
Trade receivables	16	5,233	5,501
- of which: related parties	26	*1,178*	*15*
Tax and other receivables	16	5,933	4,308
Current financial receivables	16	-	-
Financial assets for derivative instruments		-	-
Cash and cash equivalents	17	1,391	1,660
Total current assets		**12,557**	**11,468**
TOTAL ASSETS		**114,341**	**111,976**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014 PURSUANT TO CONSOB RESOLUTION 15519 OF 27 JULY 2006

EQUITY AND LIABILITIES		**31 December 2014**		**31 December 2013**	
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital			2,836		2,836
Other equity instruments			89		0
- of which: related parties	26	*49*		-	
Share premium reserve			33,098		33,098
Legal reserve			950		950
Other reserves			9,492		6,903
Retained earnings/losses carried forward			5,877		7,225
Net profit/ (loss)			-2,192		-1,348
Total equity, Group share	**18**		**50,150**		**49,664**
Non-controlling interests			**-**		**-**
Total shareholders' equity			**50,150**		**49,664**
Non-current liabilities					
Bank loans (due beyond one year)	19		16,674		21,302
Provision for risks and charges	20		544		1,007
Provision for termination indemnities	21		815		760
Non-current financial liabilities from derivatives	22		54		-
Other payables due beyond one year	22		17		-
Total non-current liabilities			**18,103**		**23,069**
Current liabilities					
Trade payables	23		10,148		10,320
- of which: related parties	26	*196*		*108*	
Other payables	23		16,046		15,370
- of which: related parties	26	*391*		*310*	
Taxes payable	23		1,657		2,333
Financial liabilities for derivative instruments	19		53		47
Bank overdrafts and financial payables (due within one year)	19		18,183		11,173
Total current liabilities			**46,088**		**39,243**
TOTAL EQUITY AND LIABILITIES			**114,341**		**111,976**

ACCOUNTING POLICIES AND NOTES

1. Company information

Dada S.p.A. is a joint-stock company incorporated in Italy and listed in the Florence Company Register, and an issuer of shares traded in the STAR segment of the Milan Stock Exchange. Its registered office is specified in the introduction to the annual report.

The Dada Group (www.dada.eu) is an international leader in professional services for online presence (domain and hosting, servers, brand protection) and in certain advanced online advertising solutions.

See the Directors' report for further information.

2. Going concern

Against a persistently uncertain and challenging economic and financial backdrop, the Group posted a loss of €2.2 million in 2014, a decrease of €2.7 million in the net financial position and a short-term cash flow of -€7.3 million, confirming a situation of financial stress.

The Directors have approved the 2015 Budget and a broader plan for the next four years. Actions have been identified to focus efforts on the more profitable businesses and to reorganize the less profitable ones, as explained in the "Business Outlook" section of the Directors' report. Based on the Directors' forecasts, such actions will allow the Group to recover economic balance and gradually reduce financial debt as early as 2016.

Accordingly, the Directors, confident that such goals are achievable, and heartened by the results posted in the first months of 2015, have prepared the consolidated financial statements for the year ended 31 December 2014 on a going concern basis, without identifying any material uncertainties.

3. Preparation criteria

Compliance with IFRS

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the measures enacted for the implementation of Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

The financial statements were prepared in accordance with the historical cost convention, with the exception of financial assets held for sale and derivatives, which were measured at fair value. They are expressed in euro (€) as this is the functional currency in which most of the Group's operations are conducted; data is shown in Euro/000 unless otherwise indicated. Since the amounts are rounded up to the nearest Euro, Euro thousand and Euro million, in some statements, the sum of the detail rows may differ from the amount shown in the total rows, as well as in the percentage changes versus the prior year.

The consolidated financial statements at and for the year ended 31 December 2014 were approved by the Board of Directors of Dada S.p.A. on 12 March 2015, and therefore authorized for publication as provided for by law. The draft financial statements are submitted for approval to the Annual General Meeting convened on 28 April 2015 on first call.

Reporting formats

The consolidated financial statements are comprised of the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity, and these notes.

As required by applicable regulations, the full-year financial statements have been prepared in consolidated form and have been audited by KPMG S.p.A..

With regard to reporting formats:

- <u>For the income statement,</u> the Group has opted for the dual format:

* Income statement covering only revenue and costs, classified by type;

* Statement of comprehensive income including gains and losses recognized directly in equity, net of the tax effects.

- <u>In the statement of financial position,</u> current and non-current assets and current and non-current liabilities are shown separately, with two distinct items representing "Discontinued operations/assets held for sale" and "Liabilities relating to discontinued operations/assets held for sale";
- <u>The statement of cash flows</u> is prepared using the indirect method; as required by IAS 7 it presents cash flows for the year from operating activities, from investing activities and from financing activities, with a separate indication of total cash flows from discontinued operations/assets held for sale. Total cash and cash equivalents during the period consists of the sum of "cash on hand and banks" and "bank overdrafts and financial payables (due within one year)" in the statement of financial position.

With reference to Consob Resolution 15519 of 27 July 2006 on reporting formats, special sections have been included to represent significant related party transactions, and the income statement includes separate lines to show any significant non-recurring transactions carried out during the ordinary course of business.

Consolidation procedures

The consolidated financial statements include the financial statements of the parent, Dada S.p.A., and those of its subsidiaries, at and for the year ended 31 December 2014, as approved by each company's Board of Directors. In accordance with the accounting standards followed, a company qualifies as a subsidiary if it is controlled by Dada S.p.A., meaning that Dada S.p.A. has the power to govern its financial and operating policies so as to obtain benefits from its activities.

The results of subsidiaries acquired or sold during the year are included in the consolidated income statement as from the effective date of acquisition or until the effective date of disposal.

All significant transactions and the resulting balances between Group companies have been eliminated in the consolidation. Business combinations are recorded using the acquisition method, as detailed below.

Non-controlling interests, if any, in the net assets of consolidated subsidiaries are identified separately from Group equity,

and are determined based on the percentage held by non-controlling shareholders of the fair value of the assets and liabilities recognized on the date of the original combination and of changes in equity since that date

Subsequently, profit or loss is attributed to non-controlling interests according to their percent ownership, and losses are attributed to non-controlling interests even if this results in their having a deficit balance.

Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

If the parent loses control of a subsidiary, it:

- derecognizes the assets (including any goodwill) and liabilities of the subsidiary;
- derecognizes the carrying amount of any non-controlling interests in the former subsidiary;
- derecognizes exchange gains and losses relating to the former subsidiary included in equity;
- recognizes the fair value of the consideration received;
- recognizes the fair value of any investment retained in the former subsidiary;
- recognizes any resulting difference as a gain or loss;
- reclassifies its share of amounts previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate.

Changes in the scope of consolidation

There were no changes in the scope of consolidation with respect to the prior year. It should be noted that, for Fueps, on 18 December 2014, the General Meeting resolved on:

a) its conversion into a limited liability company, effective as from 7 January 2015;

b) the reduction of the share capital from €1,500,000 to €10,000, executable 90 days from 7 January 2015 (date of recording of the resolution in the Company Register).

DADA Group scope of consolidation at 31 December 2014

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	COMPANY HELD BY	% held	Consolidation period
DADA S.P.A. Parent	**Florence**	**Euro**	**2,835,612**	**Parent**		**Jan.-Dec. 2014**
Agence des Medias Numerique Sas	Paris	Euro	37,000	Register.it S.p.A.	100	Jan.-Dec. 2014
Amen Ltd.	London	GBP	2	Register.it S.p.A.	100	Jan.-Dec. 2014
Amen Nederland B.V.	Amsterdam	Euro	18,000	Register.it S.p.A.	100	Jan.-Dec. 2014
Amenworld Servicios internet	Lisbon	Euro	10,000	Register.it S.p.A.	100	Jan.-Dec. 2014
Clarence S.r.l.	Florence	Euro	21,000	Dada S.p.A.	100	Jan.-Dec. 2014
Fueps S.p.A.*	Florence	Euro	1,500,000	Dada S.p.A.	100	Jan.-Dec. 2014
Namesco Inc.	New York (USA)	USD	1,000	Namesco Ltd.	100	Jan.-Dec. 2014
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	Jan.-Dec. 2014
Namesco Ireland Ltd	Dublin	Euro	1	Namesco Ltd.	100	Jan.-Dec. 2014
Nominalia Internet S.L.	Barcelona	Euro	3,000	Register.it S.p.A.	100	Jan.-Dec. 2014
Poundhost Internet Ltd	Worcester	GBP	200	Namesco Ltd.	100	Jan.-Dec. 2014
Register.it S.p.A.	Florence	Euro	8,401,460	Dada S.p.A.	100	Jan.-Dec. 2014
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2014
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan.-Dec. 2014
Moqu Adv S.r.l.	Florence	Euro	10,000	Dada S.p.A.	100	Jan.-Dec. 2014
Moqu Adv Ireland Ltd	Dublin	Euro	1	Moqu Adv S.r.l.	100	Jan.-Dec. 2014

On 18 December 2014, the General Meeting resolved on: its conversion into a limited liability company, effective as from 7 January 2015, and on the reduction of the share capital from €1,500,000 to €10,000, executable 90 days from 7 January 2015.

Translation of foreign currency items

Transactions and balances

The consolidated financial statements are expressed in euro, which is the functional and presentation currency used by Dada S.p.A.

Each company defines its own functional currency, which is used to express all items in the separate financial statements. Transactions in foreign currency are initially recognized at the exchange rate in force (versus the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in force at year end.

All exchange differences are recognized in profit or loss, except for those arising from foreign currency loans taken out to finance an investment in an overseas firm, which will be recognized in equity until the investment is sold and then reclassified to profit or loss. Deferred taxes pertaining to exchange differences on these loans are also taken directly to equity. Non-monetary items valued at historical cost in foreign currency are converted at the exchange rate ruling on the transaction date. Non-monetary items recognized at fair value in foreign currency are converted at the exchange rate ruling on the fair value measurement date.

Group companies

The separate financial statements of each Group company are prepared in the currency of the primary business environment in which it operates (functional currency). For purposes of the consolidated financial statements, the financial statements of each foreign entity are expressed in euro, which is the functional currency of the Group and the presentation currency of the consolidated financial statements.

All assets and liabilities of consolidated foreign companies that use a currency other than the euro are translated at the exchange rates in force at the close of the year (current rate method). Income and costs are translated at the average exchange rate for the year. Exchange gains and losses resulting from this method are recognized in equity until the investment is sold. In the consolidated statement of cash flows, average exchange rates have been used to translate the cash flows of foreign subsidiaries.

Exchange differences between opening net equity translated at current exchange rates and historical exchange rates, as well as the difference between the net profit or loss expressed at average and current exchange rates, are allocated to "Other reserves" under equity.

When a foreign company is disposed of, the cumulative exchange differences recognized in equity that pertain to that particular company are transferred to profit or loss.

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

Currency	Exchange rate on 31.12.2014	Average exchange rate 2014
US dollar	1.2141	1.3285
British pound	0.7789	0.80618

Currency	Exchange rate on 31.12.2013	Average exchange rate 2013
US dollar	1.379	1.329
British pound	0.834	0.849

Summary of significant accounting policies

Business combinations and goodwill

Business combinations since 1 January 2009

Business combinations are accounted for using the purchase method.

The cost of an acquisition is the acquisition-date fair value of the consideration paid, plus the amount of any non-controlling interest held. For each business combination, the Group values any non-controlling interest in proportion to its share of the net identifiable assets of the company acquired. Acquisition costs are expensed.

When the Group acquires a business, it classifies the financial assets received and the liabilities assumed in accordance with the terms of the contract and the economic and other conditions in effect on the acquisition date.

If the business combination is achieved in stages, the Group re-measures the fair value of the interest previously held and recognizes any resulting gain or loss in the income statement.

Any contingent consideration is recognized at the acquisition-date fair value. A change in the fair value of contingent consideration classified as an asset or liability is recognized in accordance with IAS 39, in the income statement or in the statement of comprehensive income. If the contingent consideration is classified as equity, it need not be re-measured until settlement of the contingency is reflected within equity.

Goodwill is initially measured at cost, i.e. the positive difference between the amount paid and the assets acquired net of liabilities assumed. If the consideration paid is less than the fair value of the net assets acquired, the difference is taken to the income statement.

After its initial recognition, goodwill is valued at cost net of accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination shall, from the acquisition date, be allocated to each of the Group's cash generating units expected to benefit from the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation disposed of shall be included in the carrying amount of the operation when determining the gain or loss on disposal. The goodwill associated with the operation disposed of is measured on the basis of the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations before 31 December 2008

Differences with respect to the policies stated above are as follows.

Business combinations that took place before 31 December 2008 were accounted for using the purchase method. Transaction costs directly attributable to the combination were treated as part of the purchase cost.

Business combinations achieved in stages were accounted for upon each separate acquisition. A new acquisition of shares had no effect on the previously recognized goodwill.

Contingent consideration was recognized if and only if the Group had a present obligation, the outlay was likely to be incurred, and the amount could be reliably estimated. Subsequent changes in the consideration affected goodwill.

Equity investments in associates

Investments in associates are valued using the equity method. An associate is a company over which the Group has significant influence that does not qualify as a subsidiary or a joint venture.

Under the equity method, an investment in an associate is recognized at cost plus post-acquisition changes in the Group's share of the associate's net assets. Goodwill pertaining to the associate is included in the carrying amount of the investment and is not amortized. After following the equity method, the Group determines whether it needs to recognize any additional impairment losses with reference to the Group's net investment in the associate. The income statement reflects the Group's share of the associate's profit or loss. If an associate makes adjustments in value and charges them to equity, the Group recognizes its share and represents it, if applicable, in the statement of changes in equity. Profits and losses arising from transactions between the Group and the associate are eliminated in proportion to the interest held.

Should the Group lose its significant influence over the associate, it shall recognize any remaining interest at fair value. Any difference between the carrying amount of the investment on the date significant influence is lost and the fair value of the remaining investment plus the consideration received is recognized in profit or loss.

Joint ventures

The Dada Group did not participate in joint ventures in 2014, 2013 and 2012.

Non-current assets held for sale

Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and market value net of costs to sell.

Non-current assets (or disposal groups) are classified as held for sale when their carrying amount is expected to be recovered by way of sale rather than use in business operations.

This condition is only met when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition, and Management has committed to the sale, which should take place within 12 months of the classification as held for sale

Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses. Internally generated intangible assets, excluding development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite. Intangible assets with finite useful lives are amortized over their useful life and tested for impairment any time there are indications of a possible loss in value. The period and method of amortization is reviewed at the end of each year, or more frequently if necessary. Changes in the estimated useful life or the manner in which the future economic benefits associated with the asset will be achieved by the Group are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are charged to profit and loss as and when incurred. Development costs relating to an individual project are capitalized only when the Group can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete the asset for use or sale, how the asset will generate future economic benefits, the availability of technical, financial or other resources to complete development, and the ability to reliably measure expenditure during the development process.

During the development phase, the asset undergoes impairment testing once a year. After initial recognition, development expenditure is measured at cost less accumulated amortization and any impairment losses. The asset starts to be amortized once development is completed and the asset is available for use. It is amortized over the estimated period in which the project will generate revenue for the Group. While the asset is not yet in use, it will undergo impairment testing once a year.

Other intangible assets

These are initially recognized at cost and amortized on a straight-line basis over their estimated useful life. Impairment losses may apply as a result of impairment testing (see below).

Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss at the time of the disposal.

Property, plant and equipment

Property, plant, machinery, equipment and other tangible assets are recognized at purchase or production cost, net of accumulated depreciation and any impairment losses. Cost includes related charges and a reasonable allocation of direct and indirect expenses. Repair and maintenance costs are recognized in profit or loss when incurred.

Fixed assets are depreciated on a straight-line basis over their estimated useful life, at the following average annual rates:

Plant and EDP machines: 20%
Furniture and fittings: 12%
Other: 20%

A tangible asset is derecognized when it is sold or when no future economic benefits are expected from its use or disposal. Any losses or gains are recognized in the income statement the year the disposal takes place. Residual life, useful life and depreciation methods are reviewed each year and are revised if necessary at year-end.

Finance leases

Under finance lease contracts, all risks and benefits arising from ownership of assets are transferred to the Group. They are capitalized under property, plant and equipment from their effective date and at the fair value of the finance lease or, if lower, at the current value of the remaining lease instalments. Finance lease payments are proportionally allocated (based on the prepayment plan) between principal and interest in order to apply a constant interest rate on the remaining balance of the debt.

Capitalized leased assets are depreciated over the shorter period between estimated useful life of the asset itself and the duration of the lease, if there is no reasonable certainty that the Group will hold ownership of the asset at the end of the contract.

Operating lease instalments are recognized as costs in the income statement on a straight-line basis over the duration of the contract.

Financial charges

Financial charges directly attributable to the purchase, construction or production of an asset that takes a substantial amount of time to get ready for use must be capitalized as part of the asset's cost. All other financial charges are recognized as costs the year they are incurred. Financial charges are interest and other costs incurred by an entity in relation to loans received.

Impairment of non-financial assets

At every reporting date, the Group reviews the carrying value of its property, plant, equipment and intangible assets to determine if there are any indications of impairment. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives, including goodwill and equity investments, undergo impairment testing each year and whenever there are signs of possible impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. It is calculated for each individual asset, unless that asset generates cash flows that are not broadly independent of other assets or groups of assets. If the carrying amount of an asset is greater than its recoverable amount, it has suffered impairment and an impairment loss is recognized in profit or loss. In determining value in use, the estimated future cash flows are discounted to their current value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When impairment is reversed, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the net carrying amount that the asset would have had if the impairment loss had not been charged. The reversal of an impairment loss is taken immediately to the income statement.

Goodwill

Goodwill undergoes impairment testing once a year, or more frequently if circumstances indicate that there may have been a loss in value.

Impairment is determined by measuring the recoverable amount of the cash generating unit (or group of units) to which the goodwill pertains. If the recoverable amount of the cash generating unit is less than the carrying amount of goodwill, an impairment loss is charged. Impairment losses on goodwill cannot be reversed in subsequent years.

Inventories

Inventories are comprised of contract work in progress outstanding at the close of the year. The value of contracts is measured on a percent of completion basis.

Financial instruments

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39. At subsequent reporting dates, the financial assets that the Dada Group intends to and has the ability of holding to maturity (held-to-maturity investments) are measured at amortized cost using the effective interest rate method, net of write-downs to reflect impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale, and are measured at fair value at every reporting date.

For this purpose, financial assets are split into four categories:

- Financial assets measured at fair value through profit and loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets.
- There are only two categories of financial liability:
- Financial liabilities measured at fair value through profit and loss;
- Financial liabilities measured at amortized cost.

The Group determines the classification of its financial assets and liabilities upon initial recognition.

Financial instruments are recognized and derecognized using trade date accounting.

Derecognition

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;

- the Group has transferred the right to receive cash flows from the asset or has a contractual obligation to pay them in full and without delay to a third party, and (a) has transferred substantially all risks and rewards of ownership of the financial asset or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognized when the underlying obligation is expired, canceled or discharged.

Where there has been an exchange between an existing borrower and lender of debt instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability, with any differences between carrying values recognized in profit or loss.

Receivables

After initial recognition, receivables are measured at cost and are written down by way of the provision for doubtful accounts in the event of impairment.

An impairment provision is made when there is an objective indication (e.g. the likelihood of insolvency or significant financial problems for the debtor) that the company will not be able to recover all amounts due under the original terms of the invoice.

The provision for doubtful accounts reflects recovery estimates carried out for each position as well as the overall riskiness of receivables, taking account of guarantees and insurance coverage.

Current receivables are not discounted to present value because the effect is irrelevant; those with maturities of over one year that do not bear interest or bear interest at lower than market rates are discounted at market rates.

Cash and cash equivalents

This item comprises cash on hand, current bank accounts, deposits payable at sight, and other short-term, highly liquid investments that are readily convertible into cash and subject to an insignificant risk of changes in value.

Non-financial payables

These are stated at face value.

Bank loans and financial payables

Interest-bearing bank loans and account overdrafts are recognized at the fair value of the amounts received, net of transaction costs, and are subsequently valued at amortized cost using the effective interest method.

Current payables are not discounted because the effect is irrelevant.

Derivative financial instruments

Derivatives are classified as hedge derivatives if the conditions for hedge accounting are met; otherwise, even if contracted in order to manage exposure to risk, they are recognized as "Financial assets held for trading."

In keeping with IAS 39, derivative financial instruments may be accounted for using the rules of hedge accounting only if the relationship between the derivative and the item being hedged is formally documented and the hedge is highly effective.

The effectiveness of hedging transactions is documented at the inception of the transaction and periodically thereafter, and is measured by comparing the fair value changes of the hedging instrument with those of the item hedged.

When derivatives hedge the risk of fair value changes in the instrument being hedged (fair value hedge), the derivatives are recognized at fair value and gains/losses are taken to profit or loss.

When derivatives hedge the risk of cash flow changes in the instrument being hedged (cash flow hedge), changes in the fair value of the derivatives are initially recognized in equity and subsequently in profit or loss, consistently with the economic effects of the hedged transaction. The fair value change attributable to the ineffective portion is taken immediately to profit or loss for the period. If the derivative is disposed of or no longer qualifies as an effective hedge against the risk for which it was originally arranged, or if the underlying transaction is no longer highly likely to take place, the portion of the cash flow hedge reserve relating to that derivative is immediately released to profit or loss.

Fair value changes in derivatives that do not qualify as hedges are recognized in profit or loss.

Regardless of classification, all derivatives are measured at fair value, using methods based on market data.

Equity instruments

Equity instruments issued by the Company are recognized in the amount received, net of direct issue costs.

Provisions for risks and charges

Provisions are recognized when the Company has a present obligation as a result of a past event and it is likely that the expense will be incurred. They are based on management's best estimate of the cost of fulfilling the obligation as of the reporting date, and are discounted to present value when the effect is significant.

Revenue recognition

Revenue is recognized to the extent the Group is likely to enjoy the economic benefits and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following criteria must be satisfied before revenue is recognized in profit or loss:

Sale of goods

Revenue is recognized when the company has transferred to the buyer all risks and rewards of ownership, which generally coincides with the shipping date.

Revenue from the domain and hosting business is generated by the sale of services for:

- Domain name registration
- Web hosting
- E-mail and Certified E-mail
- E-commerce solutions
- Online brand protection.

Revenue is recognized to profit and loss when is probable that the economic benefits associated with the transaction will flow to the entity and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes.

Revenue is recognized in profit and loss based on the following criteria:

- Revenue from domain registration, which is considered a one-time service, is recognized (together with the directly attributable costs) when domain registration has taken place and the property has been transferred. The service is considered concluded once the registration process has been completed.
- Revenue from the provision of other services that are time-related (web hosting, e-mail, certified e-mail, online brand protection provided for an agreed period of one or more years) is recognized on an accruals basis; the portion of income received upon entry of the agreement but pertaining to future periods is recognized as deferred income.
- E-commerce solutions are treated as one-time services.

The Company also provides clients, under a single, fixed-fee agreement, with a range of services that may include (i) the sale of one or more domains and/or (ii) specific amounts of hosting space and/or (iii) one or more e-mail accounts for a given period of time; in this case, priority is normally given to the recognition of revenue from the sale of domains, which is considered the main element of the agreement; the revenue item relating to other time-related services is separately recognized where the item is considered significant based on management accounting surveys conducted by the Company.

Interest

Interest is recognized as financial income on an accruals basis, using the effective interest method (effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the asset to its net carrying amount).

Dividends

Dividends are recognized when the shareholders are entitled to receive payment.

Pension funds and other post-employment benefits

These funds and benefits are unfunded. The cost of benefits due under defined benefit plans is determined actuarially for each plan, using the projected unit credit method. Gains and losses arising from the actuarial calculation are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan.

Past service costs are recognized on a straight-line basis over the average vesting period. If the benefits are already vested upon the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less any past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

For defined contribution plans, the cost and the liability are recognized gradually as the employee renders service and the liability is presented net of payments already made to an external fund.

Share-based payments (stock options)

The cost of share-based payments to employees for benefits granted after 7 November 2002 is measured at fair value as of the grant date. Fair value is determined by an external appraiser using an appropriate valuation model. See the note on stock options, below, for further information.

The cost of equity-settled transactions, along with the corresponding increase in equity, is recognized over the period starting when the conditions relating to the achievement of targets and/or service performance have been notified to the beneficiaries and ending when the employees become fully entitled to the reward (the vesting date). The cumulative expense recognized for these transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best available estimate of the number of awards that will ultimately vest. The cost or income recognized for the year is the change in the cumulative expense at the beginning and the end of the year.

The likely timing of the exercise of options is estimated by management, taking account of non-transferability, exercise restrictions and behavioral considerations.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other conditions are met.

Where the initial conditions are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee; such an expense is measured at the date of modification.

Where an award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award, and designated as a replacement award on the date that it is granted, the new awards are treated as a modification of the original award as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share (see Note 8).

Taxes

Current taxes

Current tax liabilities for the year are measured as the amount expected to be paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, and on prior-year tax losses eligible for use in future years.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exception:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exception:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

The carrying amount of a deferred tax asset is re-assessed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize part or all of that asset. Unrecognized deferred tax assets are also re-assessed every year at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes relating to elements recognized outside profit or loss are also recognized outside profit or loss, and therefore in equity or in other comprehensive income consistently with the element to which they refer.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances, when they pertain to the same tax authorities, and when the Group plans to settle its current assets and liabilities on a net basis.

Deferred tax assets for tax losses are recognized when it is probable that future taxable profit will be available against which prior losses can be utilized.

Earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by dividing the profit or loss attributable to the parent company's shareholders by the weighted average shares outstanding, factoring in possible share dilution (employee stock option plans).

Use of estimates

The preparation of the financial statements and notes in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date. Actual results may differ. Estimates are used to value property, plant and equipment and intangible assets tested for impairment and to recognize provisions for doubtful accounts, amortization and depreciation, asset impairment, employee benefits, and deferred tax assets and liabilities. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss.

Related-party transactions

Transactions with related parties are discussed in Note 26.

Seasonal trends

The Dada Group's main operations are not affected by seasonal trends that could influence results for the period.

Accounting standards, amendments and interpretations approved by the European Union and effective from 1 January 2014:

The following are the accounting standards, amendments and interpretations effective from 1 January 2014 and approved by the European Commission. At the date of these financial statements, the adoption of these new standards, amendments and interpretations had no impact on the Company.

IFRS 10 – Consolidated Financial Statements (effective for financial periods beginning on or after 1 January 2014). The new standard supersedes SIC 12 - *Consolidation: special purpose entities (vehicles)* and parts of IAS 27 – *Consolidated and separate financial statements, renamed Separate financial statements*. It sets out the accounting requirements of equity investments in the separate financial statements.

IFRS 11 – Joint arrangements (effective for financial periods beginning on or after 1 January 2014). The new standard supersedes IAS 31 – *Interests in Joint Ventures* and SIC 13 – *Jointly controlled entities: Non-monetary contributions by venturers*. Following issue of this standard, IAS 28 – *Investments in associates* was amended to include within its framework, from the effective date of the standard, interests in joint ventures.

IFRS 12 – Disclosure of interests in other entities (effective for financial periods beginning on or after 1 January 2014).

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for financial periods beginning on or after 1 January 2014).

Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting of financial assets and liabilities (effective for financial periods beginning on or after 1 January 2014).

Amendments to IAS 36 – Impairment of assets (effective for financial periods beginning on or after 1 January 2014).

Amendments to IAS 39 – Financial instruments: recognition and measurement: "Novation of derivatives and continuation of hedge accounting" (effective for financial periods beginning on or after 1 January 2014).

IFRIC 21 - Levies (effective for financial periods beginning on or after 1 January 2014).

New accounting standards approved by the European Union but yet to be enforced

In 2014, the European Commission approved and published the following new accounting standards, amendments and interpretations, which supplement those approved and published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"):

Amendments to IAS 19 - Employee benefits (effective for financial periods beginning on or after 1 July 2014). The purpose of these amendments is to simplify the accounting of contributions related to defined benefit plans of employees or third parties in specific cases. The amendments are effective retrospectively for financial periods beginning on or after 1 July 2014. At the date of these financial statements, the Company is assessing the future impact from the adoption of the amendments.

Amendments to IFRS 2010-2012 and IFRS 2011-2013 Annual Improvements Cycles (effective for financial periods beginning on or after 1 July 2014). The most relevant topics addressed in these amendments include: the definition of vesting conditions in IFRS 2 - *Share-based payments*, disclosure on the estimates and judgments used in the aggregation of operating segments in IFRS 8 - *Operating Segments*, the identification and disclosure of a transaction with a related party that arises when an entity provides key management personnel service to the reporting entity in IAS 24 –*Related party disclosures*, scope exceptions in IFRS 3 - *Business combinations*, of all types of joint ventures, and clarifications on exceptions to the application of IFRS 13 - *Fair Value Measurement*. At the date of these financial statements, the Company is assessing the future impact from the adoption of the amendments.

4. Segment reporting pursuant to IFRS 8

For operational purposes, the Dada Group is organized by business segment (Business Unit) comprising the "**Domain and Hosting**" and "**Performance Advertising**" Divisions.

A structure which, by its nature, falls under the requirements of IFRS 8, envisaging the organization of segment information based on the same criteria used in internal management reports.

The organization in two divisions is the result of the strong growth achieved in prior years by performance advertising, with an increasingly significant impact on the volume of consolidated sales of the Dada Group, which led to greater focus on these activities and to the creation of a separate business unit.

This two-division structure is also a result of the corporate reorganization that led to the creation of two Group branches, each heading a specific business segment.

Corporate activities carried out by the Parent Dada S.p.A. are considered to be completely integrated with those of the abovementioned two segments and no longer qualify as a separate business segment.

The two current divisions can be summarized as follows:

a) **"Domain and Hosting",** self-provisioning professional services, which include:
   - Domain name registration – digital solutions for online identity
   - Hosting services
   - Website creation
   - E-commerce services
   - Certified e-mail and e-mail services

   The Domain and Hosting Division heads up Register.it S.p.A. and this company's Italian and foreign (direct and indirect) subsidiaries: Nominalia SA, Amen Ltd, Amen Netherland B.V., Amenworld-Servicos Internet LDA, Agence des Medias Numeriques SAS, Amen Ltd, Namesco Ltd, Namesco Inc., Namesco Ireland Ltd, Poundhost Internet Ltd, Simply Virtual Servers Limited and Simply Transit Limited.

b) **"Performance Advertising"** (the Performance CGU), management of online advertising, with a business model based on web traffic monetization through partnerships with major search engines. These activities are carried out mainly by the proprietary brands Peeplo and Save N Keep.

   The Performance Advertising Division heads up the Italian company MOQU Adv Srl (wholly-owned by Dada S.p.A.) and the Irish company MOQU Adv Ireland Ltd, wholly owned by MOQU Adv Srl..

Revenue from Dada S.p.A. corporate services refers mainly to amounts billed to its subsidiaries for services provided by central units such as administration, finance, tax, planning and control, procurement, legal and corporate affairs, communication, HR management, facility management, general services and ICT.

The consolidated income statements of the divisions shown further below have been prepared based on costs and revenue of each specific segment, excluding financing activities and income taxes.

Management monitors the operating results of its business units so it can decide on resource allocation and performance assessment. Segment performance is measured by turnover and operating profit. Financial results (including financial income and expenses) and income taxes are managed at Group level and are therefore not allocated to each business segment.

Notes on the main items in the following tables are shown in the Directors' report.

Income statement by business segment for the year ended 31 December 2014

	31/12/2014			
Segment reporting	**D&H**	**Performance ADV**	**Adjustments**	**Consolidated**
Revenue – Italy	26,495	28	-	26,522
Revenue – abroad	32,454	8,481	-	40,935
Net revenue	**58,949**	**8,508**	**-**	**67,457**
Increase in own work capitalized	3,005	581	-	3,585
Cost of services	-36,192	-6,968	-	-43,160
Payroll costs	-16,196	-1,473	-	-17,670
Segment EBITDA	**9,566**	**647**	**-**	**10,213**
Depreciation and amortization	-6,734	-622	-	-7,356
Impairment, provisions and non-recurring income/charges	-511	15	-	-496
Segment EBIT	**2,321**	**41**	**-**	**2,362**
	Amort. and depr. fix. assets corporate			-428
	Impairment, provisions and non-recurring income/charges			8
	Overheads/other unallocated income			-428
	EBIT			**1,513**
	Net financial charges			-2,844
	Profit (loss) before taxes			**-1,331**
	Income taxes			-861
	Group & non-controlling interests profit (loss)			**-2,192**
	Non-controlling interests			-
	Group net profit (loss)			**-2,192**

Income statement by business segment for the year ended 31 December 2013

31/12/2013				
Segment reporting	**D&H**	**Performance ADV**	**Adjustments**	**Consolidated**
Revenue – Italy	26,957	-	307	27,264
Revenue - abroad	33,447	14,602		48,049
Net revenue	**60,404**	**14,602**	**307**	**75,313**
Increase in own work capitalized	3,018	581		3,599
Cost of services	-38,372	-11,712	-307	-50,392
Payroll costs	-15,177	-1,619		-16,796
Segment EBITDA	**9,873**	**1,852**	**-**	**11,725**
Depreciation and amortization	-6,379	-550		-6,928
Impairment, provisions and non-recurring income/charges	-190	-27		-217
Segment EBIT	**3,304**	**1,276**	**-**	**4,580**
	Amort. and depr. fix. assets corporate			-491
	Impairment, provisions and non-recurring income/charges			-525
	Overheads/other unallocated income			-1,165
	EBIT			**2,399**
	Net financial charges			-2,978
	Profit (loss) before taxes			**-579**
	Income taxes			-768
	Group & non-controlling interests profit (loss)			**-1,348**
	Non-controlling interests			-
	Group net profit (loss)			**-1,348**

Revenue by region

Description	31/12/2014 (12 months)		31/12/2013 (12 months)	
	Amount	% of total	Amount	% of total
Revenue – Italy	26,522	39%	27,264	36%
Revenue – abroad	40,935	61%	48,049	64%
Total	**67,457**		**75,313**	

Financial disclosures by business segment for the year ended 31 December 2014

31/12/2014 (12 months)				
Segment reporting	**Domain & Hosting**	**Performance Adv.**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	100,112	2,022	1,234	103,368
Unallocated financial assets	-	-	1,391	1,391
Unallocated tax assets	-	-	9,582	9,582
Total assets	**100,112**	**2,022**	**12,207**	**114,341**
Segment liabilities	-37,858	-4,004	14,309	-27,553
Unallocated financial liabilities	-	-	-34,981	-34,981
Unallocated tax liabilities	-	-	-1,657	-1,657
Total liabilities	**-37,858**	**-4,004**	**-22,329**	**-64,191**
Segment assets include:				
Equity investments in associates and joint ventures	-	-	-	-
Investments in non-current assets other than financial instruments and deferred tax assets	6,868	581	88	7,537

Financial disclosures by business segment for the year ended 31 December 2013

31/12/2013 (12 months)				
Segment reporting	**Domain & Hosting**	**Performance Adv.**	**Unallocated portion and adjustments**	**Consolidated**
Segment assets	98,987	2,387	1,101	102,474
Unallocated financial assets	-	-	1,660	1,660
Unallocated tax assets	-	-	7,842	7,842
Total assets	**98,987**	**2,387**	**10,603**	**111,976**
Segment liabilities	-35,122	-2,950	10,616	-27,456
Unallocated financial liabilities	-	-	-32,523	-32,523
Unallocated tax liabilities	-	-	-2,333	-2,333
Total liabilities	**-35,122**	**-2,950**	**-24,240**	**-62,312**
Segment assets include:				
Equity investments in associates and joint ventures	-	-	-	-
Investments in non-current assets other than financial instruments and deferred tax assets	9,648	598	306	10,552

5. Profit (loss) from discontinued operations

None is reported in these financial statements.

6. Other income and costs

6.1 Revenue

For a breakdown of revenue, see Section 4 (segment reporting) and the detailed information in the Directors’ report.

In particular, mention must be made that the 10% drop in revenue versus 2013 can be largely explained by Google’s change of policy, which has significantly affected the Advertising Performance business, driving revenue down by €6.1 million. For further information, see the details in the Directors’ report.

6.2 Payroll costs

The following table breaks down payroll costs in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Wages and salaries	15,475	14,902	573	4%
Social security charges	3,839	3,837	2	0%
Provision for termination indemnities	574	556	18	3%
Total	**19,889**	**19,296**	**593**	**3%**

Employees are hired under the national employment contract for the commercial sector.

The provision for termination indemnities is calculated using the projected unit credit method. See Note 15 for further information.

The value of stock options assigned in prior periods is calculated as required by IFRS 2. The overall impact on this item amounted to €89 thousand.

The following table shows the number of employees at end 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Employees	364	395	-31	-8%
Total	**364**	**395**	**-31**	**-8%**

6.3 Other operating expenses

The following table breaks down other operating expenses in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Taxes	70	110	-40	-37%
Other non-deductible costs	99	165	-66	-40%
Other	7	6	1	18%
Losses on receivables	49	79	-30	-38%
Restructuring costs	418	593	-175	-29%
Total	**643**	**954**	**-311**	**-33%**

Losses on receivables include positions for which final settlements have been reached.

Restructuring costs in 2014 amounted to €0.4 million (€0.6 million at 31 December 2013), incurred in the optimization of the Group structure; this activity mainly regarded severance incurred for certain foreign subsidiaries.

The remaining items of other operating expenses refer to costs that cannot be deducted from taxable income, or to final losses on receivables in 2014. These are, however, minor costs that have dropped versus those reported in the prior year.

6.4 Provisions and impairment losses

The following table shows provisions and impairment losses in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Provisions for doubtful accounts	-98	-571	472	-83%
Provisions/Reversal for risks and charges	93	151	-58	-38%
Other impairment losses on current assets	-	-120	120	-100%
Total	**-6**	**-540**	**534**	**-99%**

Provisions for impairment losses on receivables are discussed in Note 16, while further information on the provision for liabilities and charges and its recovery is given in Note 20. Other impairment losses on current assets amount to zero versus €0.1 thousand in 2013, as a result of the liquidation in the same year of two UK companies, Simply Arcade and Simply Acquisition.

6.5 Amortization, depreciation and impairment losses on fixed assets

A comparison between 2014 and 2013 is shown below:

Description	31/12/14	31/12/13	Change	% change
Depreciation	3,793	3,426	368	11%
Amortization of prod./serv. development costs	3,404	3,213	192	6%
Amortization of patents and brands	220	314	-94	-30%
Amortization of other intangible assets	366	467	-101	-22%
Total depreciation and amortization	**7,784**	**7,419**	**364**	**5%**
Amortization of other intangible assets	17	-	17	-
Impairment losses on tangible assets	5	1	4	n.a.
Total impairment losses on fixed assets	**23**	**1**	**22**	**n.a.**
Total	**7,807**	**7,420**	**386**	**5%**

The increase in amortization of product development costs versus 2013 is closely related to further investments made by the Dada Group in 2014 and in prior years.

The increasing trend in the depreciation of property, plant and equipment, despite the decrease of total investments versus 2013, is a direct result of the investment policy implemented as early as the prior year, mainly regarding the creation of the Datacenter in the UK. The Datacenter started operations at the end of July 2013, hence depreciation runs from that date. In 2013, the pro-rata impact of the relating depreciation was lower than this year's as the impact was felt throughout the 12 months of the year.

For further information, see the details in Notes 10 and 11.

In 2014, as in 2013, there were no significant impairment losses on fixed tangible and intangible assets.

6.6 Financial income and charges

The tables below break down financial income and charges in 2014 and 2013:

FINANCIAL INCOME

Financial income	31/12/14	31/12/13	Change	% change
Interest on bank and postal accounts	6	11	-5	-46%
Non-recurring financial income	-	54	-54	-100%
Exchange gains	624	352	272	77%
Subtotal	**629**	**417**	**212**	**51%**

FINANCIAL CHARGES

Financial charges	31/12/14	31/12/13	Change	% change
Interest on account overdrafts	-465	-394	-71	18%
Interest on loans	-1,226	-1,226	-	-
Other interest expense	-	-7	7	-100%
Bank fees and charges	-1,290	-1,238	-52	4%
Exchange losses	-493	-530	37	-7%
Subtotal	**-3,474**	**-3,395**	**-79**	**2%**

Net financial income (charges)	**-2,844**	**-2,978**	**134**	**-4%**

Financial income consists of interest on bank accounts and exchange gains achieved in 2014. No non-recurring financial income was recorded in 2014 versus €54 thousand in 2013, deriving from the liquidation (which started in 2012) of US company Simply Virtual Server LLC.

Exchange gains and losses refer to the translation at end 2014 of trade receivables and payables expressed in foreign currency other than the euro (British pound and US dollar), and to trade receipts/payments denominated in a foreign currency settled during the year. The company generally hedges currency risk through currency forward purchase and sale. For this reason, exchange gains must be analyzed together with exchange losses in order to evaluate the overall difference.

Specifically, the net difference of total exchange gains and losses resulted in a gain of approximately Euro 131 thousand versus a loss of Euro 178 thousand in 2013. The variation is explained mainly by the revaluation of the exchange rate of the British pound versus the Euro, the benefits of which were felt mostly by the subsidiary Namesco Ltd. Finally, regarding the abovementioned currency hedging in 2014, the transactions were mainly on the Euro/Dollar exchange rate and allowed the Dada Group to alleviate losses from the revaluation of the Dollar against the Euro in 2014.

Financial charges consist mainly of interest on overdrafts on short-term bank accounts and long-term loans, as well as credit card fees, other charges imposed by banks and exchange losses.

Interest expense on loans remained basically unchanged versus 2013 and refer mainly to interest expense on borrowings taken out in prior years for acquisitions made. Financial charges from interest on short-term loans and interest on bank overdrafts rose slightly versus 2013 (€71 thousand, or 4%). The overall constant trend should be analyzed taking into account the increased use of available credit lines; the net financial position of the Dada Group in 2014, in fact, deteriorated versus 2013, partly offset by the overall reduction in both interest expense rates, resulting from the sum of the nominal interest rate (the Euribor key rate dropped from 0.21 in 2013 to 0.02 in 2014) and from a decrease in average spreads charged by banks on the various technical forms of funding.

Credit card fees remained basically unchanged versus 2013, while bank charges and commissions reported a slight increase due to the abovementioned deterioration in the net financial position.

6.7 Share of profit (loss) of associates

In 2014, the Group earned no share of the profits/losses of associates, which also amounted to zero in 2013.

6.8 Non-recurring income and charges

Description	31/12/14	31/12/13	Change	% change
Other operating charges: non-recurring charges	-418	-593	175	-29%
Other revenue and income: non-recurring income	8	471	-463	-98%
Total	**-411**	**-122**	**-289**	**236%**

Non-recurring items had a negative effect of €0.4 million. The aggregate is entirely attributable to charges from the optimization of the Group structure, while €8 thousand refer to non-recurring income during the year from the disposal of a residual portfolio of assets by a UK subsidiary in 2013. In 2013, non-recurring income and charges came to €0.1 million, of which €0.6 million referred to non-recurring charges from the change of ownership of Dada S.p.A., while €0.5 million referred to non-recurring income from the disposal of the abovementioned portfolio of assets.

7. Taxes

The table below shows taxes in 2014 and 2013:

Description	31/12/2014	31/12/2013	Change	% change
IRAP	-444	-429	-15	4%
IRES and other income taxes	-159	-382	224	-59%
Prior-years' current taxes	-13	-274	261	-95%
Other tax costs	-58	-	-58	
Deferred tax assets	-188	317	-505	-159%
Deferred tax liabilities			-	
Total	**-861**	**-768**	**-93**	**12%**

Movements during the year in deferred tax assets were as follows:

Description	31/12/2013	Increases	Utilizations	Exchange difference	Other movements	31/12/2014
Deferred tax assets	6,526	247	-435	33	49	6,419
Total	**6,526**	**247**	**-435**	**33**	**49**	**6,419**

The charge for current taxes consists of IRAP and also of taxes accrued on certain foreign subsidiaries, which were lower than in 2013 owing to the results achieved by these companies.

Prior-years' taxes include the (negative) corrections between the tax liability estimated at the time the financial statements were prepared and the actual charge from the Group's tax returns, as well as the increase for Italian companies in the IRAP rate for Tuscany, starting from financial year 2013, which rose from 3.9% to 4.82%, defined only after the end of the prior year.

"Other tax costs", amounting to €58 thousand, refers mainly to the acceptance of a settlement with the tax authorities by an Italian company.

Deferred tax assets in 2014 were recognized in the amount of €6.4 million versus €6.5 million in 2013, and originate from temporary differences and tax losses expected to be recovered in the short to medium term.

Deferred tax assets originate:

- for a total of €1.7 million (€2 million in 2013) from temporary differences expected to be recovered in subsequent years, for doubtful accounts, amortization of goodwill and brands and provisions for risks and charges, and for all other tax adjustments to be recovered in subsequent years ("temporary differences");

- for €4.7 million (€4.5 million in 2013) from tax losses expected to be recovered, referring mostly to those accrued by the Parent Dada S.p.A. in prior years. To calculate the recoverability of tax losses, reference was made to taxable income expected in subsequent years to be generated by Register.it S.p.A. and Moqu Adv S.r.l., which participate, as mentioned earlier, in Dada's tax consolidation scheme. Taxable income expectations are corroborated also by the fact that the budget forecasts and plans of Register and Moqu give reasons to believe that a growing taxable income will be generated in the coming years. Mention must also be made that, under the new Italian laws established by the current Legislative Decree 98/2011, tax losses can be fully carried forward indefinitely.

More specifically, assessment of the recoverability of deferred tax assets was determined using the same prior-years' criteria and based on the 2015 budget and 2016-2019 plan approved and adopted, for the purposes of the impairment test, by the boards of directors of the companies participating in the tax consolidation scheme and by the board of directors of the parent Dada S.p.A.

Over this time period, the projections show that Register.it in particular will generate increasing taxable income and that the portion of recognized deferred taxes will be fully recovered during the five-year period above. This assessment and the above-mentioned laws allowing full recovery of tax losses indefinitely give reasons to conclude that the recognition of deferred tax assets complies with the requirements of the relevant accounting standard.

Mention must also be made that the Dada Group has accrued tax losses over the years for a total of €39.2 million, generated mostly by the Italian companies. Deferred tax assets were determined, however, only on a portion of such losses equivalent to €17 million (€16.5 million in 2013).

Utilization refers to the recovery of temporary differences against the tax charge for the year, while the increase was determined in accordance with the stated accounting standard.

"Other movements" includes the tax effect of the 2014 portion of "Cash flow hedge reserve" and the "Reserve for termination indemnity discounting".

Exchange differences arose from the translation into euro of the deferred tax assets of the UK companies, which were recognized in British pounds in their separate financial statements.

The following table reconciles the actual and theoretical tax charge:

RECONCILIATION BETWEEN TAX CHARGE SHOWN IN THE FINANCIAL STATEMENTS AND THEORETICAL TAX CHARGE AT 31 DECEMBER 2014

(uro/000)

Description	**2014**	**2013**
Pre-tax profit	-1,331	-579
Theoretical tax charge	-366	-159
Permanent differences	-475	797
Temporary differences	-270	-2,437
Taxable income	-2,076	-2,220
Non-recognition of deferred tax on an accrual basis	2,653	3,610
IRES and income taxes of foreign companies	**159**	**382**
Prior-years' taxes	13	274
Other tax costs	58	0
Irap	**444**	**429**
Current taxes	**673**	**1,086**

In calculating the theoretical tax charge, unlike the tax charge recognized in the financial statements, no account is taken of IRAP because it is charged on an earnings figure different from pre-tax profit, it would distort the comparison between one year and the next. Theoretical taxes are therefore determined by applying the corporate income tax rate in force in Italy (IRES, 27.5%) to the pre-tax profit.

The Dada Group participates in the Italian tax consolidation scheme, so that taxes can be managed centrally for IRES purposes and savings can be achieved as taxes are calculated on a unified base. In the 2013-2015 three-year period, in addition to the parent and consolidating company Dada S.p.A., the other participants are the subsidiaries and consolidated companies Clarence S.r.l., Register.it S.p.A., Fueps S.p.A. and Moqu Adv S.r.l.

Deferred tax assets are detailed below:

	IRES			IRES		
	2014			2013		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Deferred tax assets:						
Taxed provision for doubtful accounts	2,699	27.5%	742	3,120	27.50%	858
Other temporary differences	35	27.5%	10	-72	27.50%	-20
Other temporary differences	2,331	21.5%	501	2,014	24.00%	483
Provisions for risks and charges	333	27.5%	92	644	27.50%	177
Non-current assets	1,081	27.5%	297	1,518	27.50%	418
Deferred tax assets on cash flow hedge reserve	108	27.5%	30	38	27.50%	11
Total	**6,587**		**1,672**	**7,262**		**1,927**
Deferred tax assets pertaining to prior-year tax losses	17,016	27.50%	4,679	16,470	27.50%	4,529
Total	**17,016**		**4,679**	**16,470**		**4,529**
Combined effect	**23,603**		**6,351**	**23,732**		**6,456**

	IRAP			IRAP		
	2014			2013		
	Amount of temporary differences	Rate	Tax effect	Amount of temporary differences	Rate	Tax effect
Deferred tax assets:						
Provisions for risks and charges	333	4.82%	16	530	3.90%	21
Non-current assets	1,081	4.82%	52	1,285	3.90%	50
Combined effect	**1,415**		**68**	**1,816**		**71**

Total deferred tax assets (IRAP+IRES)	**25,018**		**6,419**	**25,548**		**6,527**

8. Earnings per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of the parent company by the weighted average number of shares outstanding during the year plus those potentially originating from the exercise of all options outstanding.

Details of profit and number of shares used to calculate basic and diluted earnings/(loss) per share are provided below:

Euro/000 PROFIT	31/12/14	31/12/13
Profit/(loss) for the calculation of earnings per share	-2,192	-1,348
Total	**-2,192**	**-1,348**

NUMBER OF SHARES	31/12/14	31/12/13
Number of shares for the calculation of earnings per share	16,680,069	16,680,069
Dilutive effect (options on shares)	705,000	-
Total	**17,385,069**	**16,680,069**

EARNINGS/(LOSS) PER SHARE	31/12/14	31/12/13
Basic earnings/(loss) per share	-0.131	-0.081
Diluted earnings/(loss) per share	-0.126	-0.081

9. Impairment test for intangible assets and goodwill

Movements in goodwill from 31 December 2013 to 31 December 2014 are shown below:

Name	31/12/2013	Increases	Decreases	Exchange differences	31/12/2014
Register.it SpA	**7,119**				**7,119**
Nominalia SL	**8,061**				**8,061**
Namesco	**32,089**			2,258	**34,347**
Amen Group	**21,115**			131	**21,246**
Pound Host	**7,836**			551	**8,387**
Total	**76,220**	**-**	**-**	**2,939**	**79,159**

Goodwill by CGU	31/12/2014
D&H EU CGU	36,426
D&H UK **CGU**	42,734
Performance Advertising CGU	-
Total	**79,159**

At 31 December 2014, goodwill amounted to €79.2 million versus €76.2 million in 2013 and consisted solely of goodwill arising on first-time consolidation, as reported for business combinations taking place in prior years. The main movements in this item in 2014, as well as the impairment tests performed at the end of the year, are described below.

Increases

There were no increases in goodwill during 2014.

Decreases

There were no decreases in goodwill during 2014.

Exchange differences

Goodwill in foreign currency is translated at the year-end exchange rates reported in Note 3. The EUR/GBP translation of goodwill on Namesco Ltd, Amen UK and Poundhost Internet Ltd resulted in an increase in goodwill of €2.9 million. The decrease is recorded in the translation reserve under consolidated equity. In 2013, the exchange difference came to a negative €0.9 million.

Impairment test: general information on the process adopted by the Dada Group

As required by IAS 36, impairment testing is carried out at least once a year upon preparation of the year-end financial statements. The recoverable amount of the cash generating units (CGUs) to which goodwill has been allocated is verified by calculating value in use. That amount was compared against the carrying amount defined as net capital employed plus goodwill recognized in the consolidated financial statements, as reported in the table above.

Specifically, for all Group assets, the recoverability of investments was verified by preparing financial and cash flow forecasts based on the 2015 budget approved by Dada S.p.A.'s Board of Directors in December 2014 and on the extrapolation of economic and financial projections for 2016-2019, whose assumptions were accepted by the Directors during the meeting on 12 March 2015 to approve these financial statements, but in a separate and previous item on the agenda.

These annual assessments are then reviewed at the close of interim reporting periods, through an analysis designed to verify the absence of external and internal impairment indicators.

The value in use of the different CGUs was estimated on the basis of projected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the operating cash flows of the CGUs at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2015-2019 were developed on the basis of the projections mentioned above. Recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value.

Valuations were reached with assistance from a major consulting firm specialized in this activity.

Identification of cash generating units (CGUs)

A CGU is the smallest identifiable group of assets that generates an independent cash flow, either incoming or outgoing. The Dada Group has defined its CGUs mainly as individual companies or groups of companies, which are smaller entities than the Dada Group.

In 2013, the Dada Group revised its internal structure in terms of both organization and of management and provision of services related to the Domain & Hosting division (business segment), defining two geographical areas referred to respectively as “D&H EU” and “D&H UK”. Internal reporting of this business segment is presented in this dual context. Consequently, the CGU definition since 2013 has been built around this new organizational logic, and the result was the identification of three CGUs at the consolidated level, two related to D&H and one to Performance Advertising.

Impairment testing for the consolidated financial statements at 31 December 2014 was conducted on the following CGUs:

- *D&H EU (domains and hosting Italy, France, Spain, Portugal and Holland)*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of Register.it S.p.A. (heading the CGU), Amen France SAS, Amen PT, Amen NL and Nominalia Internet SL;
- *D&H UK (domains and hosting UK)*: formed by consolidating the separate financial statements, prepared according to international accounting standards, of Namesco Ltd

(heading the CGU), Namesco Ireland and the Poundhost Group companies (Poundhost Ltd, Simply Virtual Server ltd, Simply Transit Ltd);

- *Performance Advertising:* formed by consolidating the separate financial statements, prepared according to international accounting standards, of Moqu Adv Srl (heading the CGU) and Moqu Ireland. It should be noted in this regard that the current organizational structure of the Performance Advertising division was set up in 2013 to achieve greater focus on and continuity of management processes in this business segment. The structure stems from the extraordinary transaction resulting in the spin-off of the performance advertising assets from Register.it to the newly-formed Moqu Adv Srl.. Moqu Adv Srl then set up the Irish company Moqu Ireland, transferring to this company part of the management activities of the business. In the context of defining and building forecasts as mentioned above, the Dada Group Management decided to treat these operations as autonomous and independent, and therefore as a specific CGU despite there being no goodwill ascribed, to subject to impairment test.

Determination of the discount rate (WACC)

It should be noted that the methods used for WACC determination explained below are the same as those used in prior years.

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate in countries where each CGU operates, and marginal income tax rate. The rate is therefore consistent with the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

The persisting financial crisis, especially as concerns the Italian and Spanish markets, led to a number of considerations regarding the estimate of the risk-free rate and the market risk premium. In particular, there was an increase in the country risk component (the "macro" component of the discount rate, expressed by the risk-free rate).

As for the market risk premium, the most important consideration is that the spread between risk-free rates currently existing in Italy and those in other virtuous countries is so wide that it was thought necessary to neutralize the duplication of risk (first at the risk-free level and then in terms of market risk premium) so as not to distort the calculation of WACC.

Furthermore, regarding the yield on Italian government bonds (10-year BTPs) as another component of the discount rate, a sharp drop was reported in spreads and yields throughout 2014 versus 2013. This affected both the Italian and Spanish markets, resulting in a significant reduction in the risk free rate factor in the determination of the WACC. The average yield over the 12 months of 10-year BTPs dropped from 4.3% in 2013 to 2.87% in 2014.

Lastly, the cost of debt (the sum of the base rate and average spread charged by banks) for the Dada Group in 2014 dropped versus 2013. The capital structure underlying the determination of the WACC was determined based on data regarding the net financial position of the Dada Group at 31 December 2014 and its market capitalization.

All of the parameters used to determine the discount rate were calculated based on average data calculated over a 12-month time frame.

These considerations led to the calculation of the following WACC rates, which are shown along with the prior-year rates below:

CASH GENERATING UNIT	WACC	
	31/12/2014	31/12/2013
D&H EU	7.07%	7.99%
D&H UK	7.07%	6.49%
Performance Advertising	7.25%	6.49%

The table clearly shows a decrease in the discount rates for the D&H EU CGU, a direct result of the abovementioned reduction in average spreads in the cost of money, particularly in Spain and Italy, in 2014 versus 2013. To corroborate this trend, it should also be noted that this downward pattern has also continued in the early months of 2015, bringing the spreads to their lowest levels in recent years.

Conversely, the discount rates referring to the Anglo-Saxon market and used in evaluating the D&H UK CGU and Performance Advertising CGU, increased (due to the rise in average spreads of the UK public debt) versus 2013 when, instead, they had already benefited from a contraction in the yield of UK 10-year government bonds and in the cost of money.

Assumptions used to prepare plans

The table below presents the main assumptions used to calculate discounted cash flow for the individual CGUs used to calculate the value in use. The terminal value was generally determined over an infinite horizon for all CGUs observed. The following clarifications are provided with regard to the assumptions underlying the economic and financial plans referred to above and approved by the Directors of the companies heading each CGU.

Cash Generating Unit	Explicit forecast period	Terminal value period	Growth rate (g) during terminal value period
	31/12/2014	31/12/2014	
D&H EU CGU	5 years	Perpetual	Zero
D&H UK CGU	5 years	Perpetual	Zero
Performance Adv. CGU	5 years	Perpetual	Zero

Regarding growth during the explicit forecast period, the internal procedures underlying the values calculated for each CGU are reported below:

CGU Growth rate:	D&H EU	D&H UK	Performance Advertising
Revenue	2014 figures from actual results approved by the BoD of each company forming the CGU; 2015 figures from consolidated budget of the D&H EU CGU approved by the BoD of Register.it SpA as the head of the CGU, which also includes the Amen Group and Nominalia; 2016-2017 two-year period determined by using growth rates envisaged in the Group's previous plan approved in 2013, updating them on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2018 and 2019, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Register.it SpA.	2014 figures from actual results approved by the BoD of each company forming the CGU; 2015 figures from consolidated budget of the D&H UK CGU approved by the BoD of Namesco UK Ltd. as the head of the CGU, which also includes the Poundhost Group and Namesco Ireland; 2016-2017 two-year period determined by using growth rates envisaged in the Group's previous plan approved in 2013, updating them on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2018 and 2019, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Namesco Uk Ltd.	2014 figures from actual results approved by the BoD of each company forming the CGU; 2015 figures from consolidated budget of the Performance Advertising CGU approved by the BoD of Moqu Ita Srl as the head of the CGU, which also includes Moqu Ireland; 2016-2017 two-year period determined by using growth rates envisaged in the Group's previous plan approved in 2013, updating them on the basis of further and latest business and target market information regarding future trends; further two-year horizon covering 2018 and 2019, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Moqu Italia.

Growth rate:			
EBITDA	For the EBITDA trend of the D&H EU CGU over the period of the plan, see considerations above.	For the EBITDA trend of the D&H UK CGU over the period of the plan, see considerations above.	For the EBITDA trend of the Performance Adv. CGU over the period of the plan, see considerations above.

With regard to the investment plan on tangible and intangible assets (and the resulting impact on the income statement as amortization and depreciation), the business plan used for the 2013 impairment remains valid, both at consolidated level and at the level of each CGU, since no new or different investment plans have been considered for the next five years.

With regard to each CGU, here are the main assumptions adopted in building the three-year plan approved in 2013 and used for 2014 impairment with updates on growth.

With regard to the forward-looking consolidated figures, the main considerations used to build the plan itself are also described below:

- construction of a new Datacenter in the UK. The project was successfully completed in 2013 and the benefits started to be fully felt from 2014. Over the next years, further synergies are expected to be developed;
- implementation and improvement of the PEC (Certified E-mail) service for the Italian market;
- measures taken to carefully manage overheads and operating costs, supporting the steady improvement of the efficiency and profitability of the Group; This policy was already implemented during 2014 through both the renegotiation of a number of major contracts and the reorganization of a number of foreign companies of the Group;
- further growth opportunities for new gTLD extensions released starting from 2014;

When building the 2013 plans, certain inter-company chargeback mechanisms within the Group had been reconsidered to align them to the new organizational setup of the Group. The main changes regarded the chargeback of costs and centralized services provided by Dada S.p.A. to its subsidiaries and the determination of the platform costs of Register.it S.p.A. that it charges back to the EU CGU companies (this in particular does not impact financially at CGU level). This chargeback system changed as a result of the reorganization of a number of foreign companies (Amen UK and Amen Netherland), and led to lower chargebacks to these legal entities.

More specifically, considerations follow on the individual CGUs:

D&H EU CGU: the 2015-2019 revenue trend of the D&H EU CGU was estimated based primarily on the following considerations:

• development and growth of the current customer base thanks to the pre-registration, monitoring and registration of new gTLDs to be released (roughly 700 new extensions expected in the coming years), and of brand protection and Internet Brand Intelligence tools;

• increase in Domain & Hosting sales to potential customers; average 10% price increase on retail customer base, increase in renewal rates thanks to greater investment in service and consulting to new and existing customers;

• increase in the customer base through implementation of projects geared towards the optimization and revision of the free trial path and simplification of the free evaluation path by improving the conversion rate from trial to purchase product, in addition to the launch of new solutions on the domain product aimed at the repositioning on a number of foreign markets;

• rollout of new products in the Domain & Hosting segment with a view to increased assistance to the customer base, with positive effects on upselling volumes on existing customers.

Expanded offer of virtual and dedicated servers (also in managed mode) and cloud-based solutions, as well as products and services for the safety of websites and online transactions, in order to meet the needs of business expansion and protection from growing cyber attacks.

The growing margin trend over the period of the plan is also the result of the centralization process regarding overhead costs and of the optimization of premises and datacenters, with a consequent reduction in these costs. This applies to the Italian company and to the foreign subsidiaries under this CGU.

D&H UK CGU: the 2015-2019 revenue trend of the D&H UK CGU was estimated based primarily on the following considerations:

• development and growth of the current customer base through pre-registration, monitoring and registration of new gTLDs to be released (roughly 700 new extensions in the coming years);

• sharper focus on the business customer segment (the most loyal on average), with higher renewal rates, and more eager to purchase the costlier solutions than the home-user segment;

• boost from website builders and email (Exchange, Office365) products, and improvement in Linux/Windows hosting and server solutions;

• realization of initiatives for the development of customized native Apps for Android and IOS and of co-branded websites with strategic partners, aimed at complementing the offer also for the mobile world;

• Optimization and maximization of the investment made over the 2013-2014 two-year period for the creation of a proprietary Datacenter in Reading (UK), to offer world-class virtual servers and expand the range of dedicated servers.

Performance Advertising CGU: the revenue and margin trend of the ADV Scalable CGU over the period of the Plan was affected by the sharp drop in the revenue sharing percentage decided single-handedly by Google at the end of 2013 which impacted negatively on monetization from web traffic generated by users through mobile phones and tablets.

Specifically, the 2015-2019 revenue trend was estimated based primarily on the following considerations:

• focus on market segments with higher-value keywords;

• development of vertical search solutions, related in particular to SuperEva, allowing monetization through feeds alternative to Google;

• planning and launch of new products in the automotive, shopping and travel segments, addressing advertising campaign needs while offering more appealing services to end users;

• sharper focus on SEO and branding to increase the share of organic traffic;

• improvement in structural efficiency and minimization of risks related to each product.

Owing to the instability generated by the unilateral changes made by Google, a drop in revenue and therefore in margins was reported in 2014; starting from 2015, profitability is expected to recover and remain stable throughout the period of the plan under review.

Finally, the analysis of the growth rates of revenue (which show a more coherent trend versus prior years) regarding the two Domain & Hosting CGUs was also based on the average growth rates achieved by the Domain and Hosting segment in previous years. In light of the above considerations, the compound annual growth rate (CAGR) of Dada Group revenue was 10%.

Value in use and summary of the impairment test results

As for the calculation of the CGUs' value in use, the recoverability of goodwill relating, as in 2013, to the D&H EU CGU, the D&H UK CGU and Performance Advertising CGU was tested using the discounted cash flow method, by projecting the cash flows contained in the five-year economic and financial forecasts described above for each of the three CGUs.

With regard to the above CGUs, this process revealed no elements that would suggest an impairment of goodwill recognized in the financial statements. Therefore, their amounts recognized in the assets side of the consolidated statement of financial position are confirmed.

The following table provides a summary of the comparative figures of Carrying Amount and Value in Use of each CGU at 31 December 2014 and 31 December 2013:

Cash Generating Unit	31-Dec-14			31-Dec-13		
	Value in use	Carrying amount	Difference	Value in use	Carrying amount	Difference
D&H EU	59,073	19,921	39,152	59,334	23,467	35,867
D&H UK	74,193	42,615	31,578	63,156	40,956	22,200
Performance Adv.	1,922	92	1,831	3,928	-1,172	5,100

Based on the above, all the CGUs are considered to have passed the impairment test.

The improvement of the value in use of the D&H EU CGU is also explained by the above improvement in WACC, while for the D&H UK CGU, this figure is basically aligned to the figure of 2013. Finally, regarding the Performance Advertising CGU, the reduction in the positive difference between value in use and carrying amount stems directly from the above points regarding the change in the contractual dealings with the main trade partner, which required the downward revision of the growth estimates contained in the prior-year plan.

Impairment testing included a detailed sensitivity analysis of all CGUs considered, measuring how the test results would vary along with changes in WACC and the growth rate (g). The outcome provided additional support for the recoverability of the amounts assigned to the CGUs. The following page contains information on the sensitivity analysis.

Further considerations

As in 2013, for further analysis on impairment tests, reference was made to the guidelines published by the *Organismo Italiano di Valutazione* with the document "Goodwill impairment testing in times of real and financial crisis", in accordance with IAS 36. The approaches followed by the Group in keeping with the above document are summarized below:

- Treatment of risk: the Dada Group has adopted a single, most-likely scenario that represents a reasonable estimate of cash flows. Accordingly, a risk premium was used to account for the possible failure to realize the plan;
- Sustainability of plans: a gap analysis was carried out to test the company's ability to produce reliable plans and forecasts, with a satisfactory outcome;
- Determination of carrying amount: it was not necessary to adjust or normalize net working capital, as this aggregate is relatively stable in terms of both past performance and the plan data used for the calculations;
- Gap analysis of estimated flows: the company has revised its economic and financial forecasts with respect to previous impairment exercises in light of the changed competitive context and the Group's new structure, updating them as per established practice. The main changes from the prior-year plan regard, as mentioned above, Performance Advertising.

The forecasts do not include the effects of restructuring to which the company has not yet committed.

As for the cost of capital and the terminal value growth rate, see the above comments with respect to WACC and future plans.

Market capitalization:

Dada S.p.A. is listed on the Milan Stock Exchange (STAR segment); its market capitalization at 31 December 2014 (€43.3 versus €56.8 million at 31 December 2013) and as of this writing (47 million) is slightly lower than the Group's consolidated equity at 31 December 2014 (€50 million).

In the prior year's consolidated financial statements, its capitalization (which had benefited also from the extraordinary transaction regarding Dada S.p.A.) was significantly higher than the Group's equity at 31 December 2013.

Furthermore, by extending the period of analysis and looking at average capitalization (€49 million) over the six months of 2014 prior to the balance sheet date, the figure is basically in line with the Group's equity at 31 December 2014. Lastly, considering the average over the last 12 months, Dada capitalization rose to €54.9 million, exceeding the Group's equity at 31 December 2014. These considerations confirm and provide further substance to the assessments made regarding the impairment tests above, and also confirm forecasts made by the OIV on analysis to be made in the event of a negative difference between equity and market capitalization.

Nonetheless, it must be duly noted that the Dada Group's market capitalization standing does not give the true picture as it is believed that the current capitalization does not fully reflect the consolidated economic and financial forecasts for 2015-2019, since these have not been disclosed to the market and therefore have not been considered by the market in the determination of stock prices.

CGU sensitivity analysis

Below are the key sensitivity results from the impairment test with respect to the WACC and g rate used to calculate terminal value. Sensitivity was used in the evaluation of the three CGUs of the Dada Group, performed with the infinite terminal value and using the rates above:

- **D&H EU CGU**

Sensitivity Analysis - Value in use					
	Wacc				
g (growth rate)	6.1%	6.6%	**7.1%**	7.6%	8.1%
-1.0%	61,235	56,741	52,813	49,350	46,276
-0.5%	65,227	60,141	55,736	51,884	48,489
0.0%	69,877	64,059	**59,073**	54,754	50,977
0.5%	75,362	68,623	62,918	58,029	53,794
1.0%	81,930	74,006	67,397	61,803	57,009

- **D&H UK CGU**

Sensitivity Analysis - Value in use					
	Wacc				
g (growth rate)	6.1%	6.6%	**7.1%**	7.6%	8.1%
-1.0%	76,949	71,280	66,321	61,948	58,064
-0.5%	81,969	75,555	69,997	65,135	60,847
0.0%	87,815	80,481	**74,193**	68,743	63,976
0.5%	94,712	86,219	79,027	72,861	67,517
1.0%	102,969	92,987	84,659	77,607	71,560

- **Performance Advertising:**

Sensitivity Analysis - Value in use					
	Wacc				
g (growth rate)	6.3%	6.8%	**7.3%**	7.8%	8.3%
-1.0%	2,000	1,841	1,701	1,578	1,468
-0.5%	2,141	1,961	1,805	1,668	1,547
0.0%	2,303	2,099	**1,922**	1,769	1,635
0.5%	2,494	2,258	2,058	1,885	1,735
1.0%	2,722	2,446	2,214	2,017	1,848

These impairment testing procedures were expressly and independently approved by the Directors of the Parent Dada S.p.A..

10. Intangible assets

Movements in intangible assets in 2014 are reported below:

Description	Balance at 31/12/13	Increases	Impairment losses	Exchange diff.	Amortization	Balance at 31/12/14
Goodwill	76,220			2,939		79,159
Total goodwill	*76,220*	-	-	*2,939*	-	*79,159*
Product/service development costs	6,915	3,585		17	-3,404	7,112
Concessions, licenses, brands	165	104		1	-220	51
Other	831	79	-17	-	-366	527
Rights and patents	-	-		-		-
Assets under dvpmt. & advances	-	-		-	-	-
Total intangible assets	*7,911*	*3,768*	*-17*	*18*	*-3,990*	*7,689*
Total	**84,131**	**3,768**	**-**	**2,957**	**-3,990**	**86,848**

See previous note for information on the composition and measurement of goodwill and its movements during the year.

In 2014, increases in intangible assets for continuing operations came to €3.8 million and mainly concerned product/service development costs, which refer to the capitalization of expenses incurred to develop new products, services, and platforms for the provision of domain & hosting and performance advertising services.

More specifically, these activities in 2014 referred to:

- the steady development of Dedicated Servers, new developments on hosting products, mail, new General Top Level Domains released by ICANN in 2014 and on the Dada store for domain and hosting activities;

- the ongoing development of the Save'n keep platform and Peeplo, Kuidle and superEva search engines in the performance advertising segment.

For further information, see the description of the performance of these two segments in the Directors' report.

The recognition of intangible assets is supported by a careful evaluation of the future economic benefits of these services, based on available forecasts for the two divisions.

They are mainly amortized over a five-year period.

Increases in "other" include software purchased during the year, while trademark registration costs and user licenses reflect the new extensions acquired by the Group for new activities launched in 2014. They are generally amortized over a five-year period.

Exchange differences cover the changes in intangible assets contributed by foreign companies due to exchange rate fluctuations.

Impairments amounted to €17 thousand and refer to assets no longer in use.

11. Property, plant and equipment

Movements in property, plant and equipment in 2014 are reported below:

Description	Balance at 31/12/13	Increases	Decreases	Impair ment	Other movements	Exchange diff.	Deprecia tion	Balance at 31/12/14
Plant and EDP machines:	8,526	2,125	-10	-5	429	288	-3,560	7,793
Furniture and fittings	327	27	-	-	-2	2	-113	241
Other	353	58	-	-	-	9	-121	299
Other under development	428	-	-	-	-428	-	-	-
TOTAL	**9,634**	**2,209**	**-10**	**-5**	**-**	**299**	**-3,793**	**8,333**

Most of the increase in "Plant and EDP machines" (€2.1 million) in 2014 concerns the purchase of servers and installation of new plants to enhance the server farm, and for networking and storage systems referring mainly to the Register.it subsidiaries and to Namesco and Poundhost in the UK. Mention must be made that investments are continuing in the new Datacenter in the UK, which started operations at the end of July 2013. The relating depreciation runs, therefore, from that date.

The applicable depreciation rate of the investments is between 20% and 33%, whereas the Datacenter setup fee is amortized over 10 years.

Furniture and fittings includes expenses incurred in prior years for the premises of the Dada Group’s Italian and foreign companies. No significant increases were reported during the first half of the year. Here the main depreciation rate is 12%.

Other assets under development and advances were derecognized with the start of operations of Register.it plants in January 2014.

Decreases refer to plant and equipment that were disposed of and derecognized during the six months.

Exchange adjustments refer to the translation of these items relating to subsidiaries as a result of currency fluctuations.

For the purposes of the cash flow statement, cash used in investments in property, plant and equipment, amounting to €2.6 million, refers to investments made in the current year, excluding purchases that did not lead to changes in cash flows, increased by investments made in the prior year and paid in the period under review.

12. Equity investments in non-consolidated subsidiaries, associates and other companies

There were no equity investments in associates or other companies at the end of 2014.

13. Other financial assets and deferred tax assets

The following table breaks down other financial assets at the close of 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Financial receivables and other non-current assets	183	217	-34	-16%
Total financial assets	**183**	**217**	**-34**	**-16%**
Deferred tax assets:	**6,419**	**6,527**	**-108**	**-2%**

"Financial receivables and other non-current assets" at the close of 2014 consist mainly of security deposits referring to the rental of business premises, as at the close of 2013.

Deferred tax assets are discussed in these notes in the section on taxes.

14. Stock options

On 28 April 2014, the General Meeting of Dada approved the share-based incentive plan for 2014-2016, proposed by the Board of Directors and intended for Dada Group employees, in particular, for executives and/or managers of Dada S.p.A. and/or Subsidiaries, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code, and authorizing the Board of Directors of the Company to execute the plan for a maximum nominal amount of €127,500 through issue of a maximum of 750,000 ordinary shares for a par value of €0.17 each.

On 4 August 2014, the Board of Directors of Dada S.p.A., exercising the powers it was granted, gave effect to the share-based incentive plan. The Board, upon proposal of the Company's Compensation Committee, approved the Regulations of the Plan and assigned a maximum of n. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded at the close of each Italian Stock Exchange trading session in the previous calendar month.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a Performance Condition, i.e. that the beneficiaries have successfully passed the variable incentive system (in the form of MBO) for 2016, and have successfully passed at least one of the MBOs for 2014 and/or 2015. For further information, see the Regulations of the Plan on the corporate website www.dada.eu.

Below are the main features of the Dada Group plan:

Main features	Plan of 04/08/2014
Term	2014-2016
Total options on issue date	705,000
Total remaining options at 31/12/2014	705,000
Issue price	3.596
Market price	3.284

The plan had undergone valuation by an independent actuary. The following table presents the data used for those calculations:

Data used for valuation	Plan of 04/08/2014
Valuation date	Issue of the plan
Model used	Binomial
Risk-free interest rate	0.6964%
Expected volatility	30%
Estimated dividends	Zero
Vesting conditions	Individual performance condition associated with the MBO plan of each beneficiary
Vesting period	04/08/2014 – 31/03/2017

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plan is measured as of the grant date. See the Directors' report for a detailed description of the plan.

The valuation of stock options in accordance with IFRS 2 had an impact in 2014 of €89 thousand, accounted for under payroll costs with a balancing entry in a separate equity reserve. This is due to the fact that under the existing plan, the non-market vesting condition linked to the company's business results is expected to be achieved. As a vesting condition, the beneficiaries are to remain with the Company until the vesting date.

15. Inventories

There were no closing inventories at the end of 2014 and 2013.

16. Trade and other receivables

The following table shows "trade receivables" and "other receivables" at 31 December 2014 and at 31 December 2013:

Description	Balance at 31/12/2014	Balance at 31/12/2013	Change	% change
Trade receivables	8,207	8,870	-663	-7%
Provision for doubtful accounts	-2,974	-3,369	396	-12%
Total trade receivables	**5,233**	**5,501**	**-268**	**-5%**
Tax receivables	3,162	1,316	1,847	140%
Other receivables	1,370	858	512	60%
Prepayments	1,401	2,134	-733	-34%
Total other receivables	**5,933**	**4,308**	**1,625**	**38%**
Total	**11,166**	**9,809**	**1,358**	**14%**

Movements in the provision for doubtful accounts are shown in the following table:

Description	Balance at 31/12/2013	Increases	Utilizations	Exchange difference	Balance at 31/12/2014
Provision for doubtful accounts	3,369	98	-495	1	2,974
Total	**3,369**	**98**	**-495**	**1**	**2,974**

Consolidated trade receivables at 31 December 2014 amounted to €5.2 million, net of the provision for doubtful accounts, slightly dropping versus €5.5 million at 31 December 2013.

The average turnover on trade receivables is 45 days (measured as the ratio of receivables outstanding at the financial statements date and total turnover of the Group), and varies from one product to the next. Specifically, the domain & hosting business collects receivables very quickly (or even in advance), while there is a longer turnover period in the online advertising business.

Regarding Seat P.G.'s position, mention should be made that on 7 July 2013, it had announced that the Turin court had opened the composition procedure by appointing the relevant bodies.

On 20 December 2013, Seat P.G. had informed Register.it S.p.A. of the inclusion of the trade receivables in unsecured credit and the proposal to pay up to 20%. Based on the above, at year-end 2013, the Dada Group had already adjusted the impairment loss on the receivable from Seat P.G. to an amount corresponding to the portion it would have not collected with the approval of the agreement (80%), without prejudice to the potential recovery of the related portion of VAT.

On 18 December 2014, Register.it received the full amount of €138 thousand, equal to 20% under the composition procedure. At the balance sheet date, this position was entirely closed through the provision for doubtful accounts. The Company currently does business with Seat P.G. under the new commercial agreement, which offers greater guarantee to the Dada Group regarding terms and conditions of payment.

Increases in this provision reflect the need to write down some receivables during the year due to the economic/financial problems of certain customers. Utilizations relate to positions closed during the year, either because the receivable was deemed to be uncollectable or because a settlement was reached with the debtor, referring mainly to the closure of the abovementioned position of Seat P.G..

At 31 December 2014, the provision for doubtful accounts was sufficient to cover potential losses on all trade receivables.

There are no trade receivables due beyond one year.

No receivables have a residual maturity over 5 years.

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

With regard to "other receivables":

Tax receivables consist mainly of advances paid on direct taxes by various Group companies, as well as VAT advances paid at the end of the year, and the VAT credits of some Group companies. Tax receivables include tax credits and withholding tax charged in some of the countries where the Group operates, which will be recovered next year.

"Other" includes, among other items, deposits with domain registration authorities (€0.9 million) and receivables for down payments to various suppliers.

Prepayments consist of service costs pertaining to periods beyond the year end.

17. Cash and cash equivalents

The table below presents cash and cash equivalents at the close of 2014 and 2013:

Description	Balance at 31/12/14	Balance at 31/12/13	Change	% change
Bank and post office deposits	1,378	1,641	-263	-16%
Cash and valuables on hand	13	19	-6	-30%
Total	**1,391**	**1,660**	**-268**	**-16%**

The total represents liquidity and cash balances held by the Dada Group at the end of 2014. The decrease in the item versus 2013 is a direct result of the reduction in the total net financial position in 2014. The reasons for this reduction are explained in the Directors' report.

The interest earned on Italian bank deposits, most of them held at two banks, is the one-month Euribor minus 0.1%-0.25%; restricted deposits earn interest at the one-month Euribor minus 0.1%.

18. Share capital and reserves

18.1 Group equity

At 31 December 2014, Dada S.p.A.'s share capital was comprised of n. 16,680,069 ordinary shares with a par value of €0.17 each, for a total of €2.8 million.

Movements in equity items are reported on page 96.

Here is a description of the main equity reserves together with their changes:

Legal reserve: this is a profit reserve built through allocation of net profit for the year from the approved separate financial statements. It can only be used in the amount exceeding one fifth of the share capital.

At 31 December 2014, it had a balance of roughly €1 million, unchanged versus 2013.

Share premium reserve: this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 December 2014, it had a balance of roughly €33.1 million, unchanged versus 2013.

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group. At 31 December 2014, it had a balance of €89 thousand versus zero at 31 December 2013. Movements in the year refer to the portion of the Stock Option Plan recognized in the income statement.

Other reserves:

- *FTA reserve:* built for the first-time adoption of IFRS, at 31 December 2014, it had a negative balance of €6.2 million, unchanged versus 2013.
- *Extraordinary reserve* of €19.1 million, unchanged versus 2013.
- *Cash flow hedge reserve,* net of tax effects, it shows a negative balance of €77 thousand at 31 December 2014 versus a negative balance of €26 thousand in 2013.
- *Translation reserve,* containing the differences arising from the translation of subsidiaries' separate financial statements prepared in currencies other than the euro, with a negative balance at 31 December 2014 of €4.4 million (versus a negative balance of €7.1 million at 31 December 2013). Movements in the year, totaling roughly €2.7 million, arose mostly from the translation of the financial statements of the subsidiaries Poundhost and Namesco.
- *Termination indemnity discounting reserve,* net of tax effects, it shows a negative balance of €77 thousand at 31 December 2014 versus zero in 2013.
- *Other reserves,* these are the reserves produced by the deconsolidation of the Dada.net Group, amounting to €1.1 million.

Note 18.2 reconciles the net profit and equity of the parent company with consolidated figures at and for the year ended 31 December 2014.

18.2 Non-controlling interests in equity

There were no non-controlling interests at 31 December 2014.

The following table shows the reconciliation between the separate financial statements of the Parent and the consolidated financial statements of the Dada Group:

RECONCILIATION BETWEEN THE SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS AT 31/12/14				
	31-Dec-14			
	NET PROFIT		EQUITY	
	Group	Non-controlling interests	Group	Non-controlling interests
Per Parent Company's financial statements	**-1,305**		**54,155**	
Translation reserve	-		-4,399	
Consolidation of subsidiaries	-887		471	
Cash flow hedge reserve	-		-77	
Termination indemnity discounting reserve				
Non-controlling interests in equity and net profit	-	-	-	-
Adjustments on equity investments	-			
Per consolidated financial statements	**-2,192**	**-**	**50,150**	**-**

19. Loans and borrowing

The following tables break down loans and borrowing by source of finance at the end of 2014 and 2013:

Description	31/12/2014	31/12/2013	Change	% change
Payables: due to banks	34,858	32,476	2,382	7%
Total**	**34,858**	**32,476**	**2,382**	**7%**

**Note: excluding hedge derivative liabilities of €107 thousand at 31 December 2014.

Amounts due to banks consist of amortizing loans of the Dada Group for a total of €23 million (€21.5 million in 2013), finance leases of €1 million (€0.5 million in 2013), account overdrafts and credit facilities of €10.9 million (€10.5 million in 2013).

The increase in financial exposure to banks stems from the subscription of new credit lines (both short- and long-term) drawn down to finance new investments in both tangible and intangible assets made by the Group and, to a lesser extent, in non-recurring and business activities in 2014. Investments, in particular, were made through the subscription of financial leases held mainly by Register.it S.p.A..

The following table shows details of short- and long-term loans of the Dada Group outstanding at 31 December 2014 and at 31 December 2013.

Company	Bank	Remaining balance at 31/12/14			Remaining balance at 31/12/13			Maturity
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
Long-term loans								
Dada	CARIPARMA	2,000	1,323	677				26-05-2016
Register	Banca Intesa San Paolo	20,000	5,000	15,000	20,000		20,000	31-12-2018
Namesco ltd	HSBC	521	326	194	781	294	486	06-08-2016
Namesco ltd	HSBC	522	256	266	720	232	488	03-12-2016
Total long-term loans		**23,043**	**6,905**	**16,138**	**21,501**	**526**	**20,975**	
Finance leases								
Register	Mediocr. Leasing	265	96	169	-	-	-	04-08-2017
Register	MPS Leasing	277	89	188	-	-	-	05-12-2017
Poundhost	LOMBARD 2)	143	99	44	221	86	135	25-05-2016
Poundhost	DELL 3)	103	67	35	151	55	95	01-08-2016
Poundhost	LOMBARD 4)	106	56	50	146	48	98	26-10-2016
Poundhost	LOMBARD 5)	92	42	50	0	0	0	24-01-2017
Total finance leases		**986**	**449**	**536**	**518**	**189**	**328**	
Total		**24,029**	**7,355**	**16,674**	**22,019**	**716**	**21,303**	

Company	Bank	Remaining balance at 31/12/14			Remaining balance at 31/12/13			Maturity
		Total	Within 1 year	Beyond 1 year	Total	Within 1 year	Beyond 1 year	
Short-term loans								
Dada	Unicredit	2,000	2,000	-	-	-	-	28-02-2015
Dada	MPS (Hot-Money)	3,000	3,000	-	-	-	-	15-01-2015 ren.
DADA spa	BPCI	1,497	1,497	-	1,985	1,985	-	revocable
DADA spa	MPS	2,779	2,779	-	6,571	6,571	-	revocable
DADA spa	Banca CR Firenze	1,553	1,553	-	1,899	1,899	-	revocable
AMEN					2	2	-	revocable
Total short-term loans		**10,829**	**10,829**	**-**	**10,457**	**10,457**		
		34,858			**32,476**			

The following table shows movements in long-term loans and current payables to banks:

Description	Balance at 31/12/13	Increases	Decreases	Other changes	Balance at 31/12/14
PAYABLES					
Banks - non-current	21,303	1,084	-5,804	91	16,674
Banks – current	716	12,689	-1,088	38	12,355
Subtotal	**22,019**	**13,773**	**-6,892**	**129**	**29,029**
Account overdrafts	10,457	-	-4,629		5,828
Subtotal	**10,457**	**0**	**-4,629**	**0**	**5,828**
Grand total	**32,476**	**13,773**	**-11,521**	**129**	**34,857**

Description of loans held by the Dada Group at 31 December 2014 and main changes in the year:

Outstanding loans mainly comprise those taken out by the Dada Group to finance various acquisitions and investments in tangible and intangible assets made over the past few years.

Register.it S.p.A.

The outstanding loan with Intesa Sanpaolo has a remaining balance at 31 December 2014 of €20 million as in the previous year, when it was renegotiated. Here are the main features:

- the loan maturity is 31 December 2018, and the new schedule calls for bullet repayments for the first 18 months, with maturity starting on 30 July 2015, followed by 7 half-yearly instalments of €2.5 million due on 31 December and 30 June each year;
- the interest rate is the six-month Euribor plus a spread of 4.60%. Partially hedging the interest rate risk, on 30 June 2014 a 3.81% IRS was settled. In 1H14, two IRS contracts were entered into: a 0.7775% IRS contract (on 11 March 2014) and a 0.631% IRS contract (on 15 May 2014), with maturity of the underlying amounts set in 2018 and an amortizing notional amount for both contracts of 25% of the loan. Taken together, 50% of the loan is hedged against the interest rate risk to the minimum extent under the loan agreement. At 31 December 2014, the fair value of the IRS was approximately -€0.1 million; these derivative instruments were treated under hedge accounting, since both passed the effectiveness test. At 30 June 2014, out of the two CAP contracts, an interest rate cap with a strike rate of 3.5% was settled; one with a strike rate of 3% remains in effect; the cap failed to qualify as hedge and was not treated, as in the past, under hedge accounting.

In 2014, two finance leases were entered into with major leasing institutes. Here are the main features:

- lease agreement entered into on 22 January 2014 for a total of €428 thousand and a duration of 42 months, with an initial larger payment equal to 20% of the value of the lease for €86 thousand, monthly installment of €9 thousand and final redemption equal to 1% for €4 thousand; the remaining balance at 31 December 2014 was €266 thousand.
- lease agreement entered into on 10 April 2014 for a total of €400 thousand and a duration of 42 months, with initial larger payment equal to 20% of the value of the lease amounting to €80 thousand, monthly installment of €8 thousand and final redemption equal to 1% for €4 thousand; the remaining balance at 31 December 2014 was €277 thousand.

<u>Dada S.p.A.</u>

Dada S.p.A. has account overdrafts with major banks which amount to €10.8 million, with interest charged at one-month Euribor plus a spread of between 2% and 6%. On 3 June 2014, Dada entered into a non-earmarked loan in euro with a major bank up to 28 February 2015 for the amount of €2 million with a 2% spread, fully drawn down at 30 September 2014 and renegotiated up to 31 May 2015.

In November 2014, a long-term loan of €2 million was initiated with Cassa di Risparmio di Parma with an 18-month duration and repayment in quarterly instalments and maturity at end May 2016. The interest rate applied is the 3-month Euribor +295bps.

<u>Namesco Ltd</u>

To finance the investment in the new Datacenter, on 24 October 2012 a loan of £0.8 million had been entered into, with payment of the first monthly instalment on 6 August 2013 and following 35 instalments, for a period of 3 years and 6 months up to 6 August 2016; the interest rate applied is the Bank of England Base Rate plus a spread of 3%. The remaining balance at 30 September 2014 was £0.5 million (€0.6 million). On 13 November 2013, an additional loan of £0.6 million was taken out, with payment of the first monthly instalment on 3 January 2014 and following 35 instalments, for a period of 3 years up to 3 December 2016; the interest rate applied is the Bank of England Base Rate plus a spread of 3%. The remaining balance at 30 September 2014 was £0.5 million (€0.6 million). Both loans include financial covenants tied to EBITDA and interest expense on an annual basis The covenants apply to the 2014 period only at year-end based on the balance sheet at 31 December 2014.

<u>Poundhost Ltd</u>

At 31 December 2014, the remaining balance of finance leases was £394 thousand (€507 thousand) as described below:

- Finance lease with Lombard Technology Services ltd for the amount of £130 thousand (€168 thousand) starting July 2013 with monthly installments up to May 2016;
- Finance lease with Dell ltd for the amount of £92 thousand (€119 thousand) starting September 2013 with quarterly installments up to June 2016;
- Finance lease with Lombard Technology Services ltd for the amount of £92 thousand (€119 thousand) starting November 2013 with monthly installments up to October 2016;
- Finance lease with Lombard Technology Services ltd for the amount of £79 thousand (€102 thousand) starting April 2014 with monthly installments up to January 2017.

20. Provisions for risks and charges

Provisions showed the following movements in 2014:

Description	Balance at 31/12/2013	Increase for the year	Utilizations for the year	Recognition in the income statement	Exchange difference	Balance at 31/12/2014
Provision for risks and charges	921	33	-368	-126	3	463
Provisions for tax disputes	86		-5			81
Total	**1,007**	**33**	**-374**	**-126**	**3**	**544**

At 31 December 2014, these amounted to €544 thousand and covered potential liabilities from pending contractual and legal disputes, as well as reorganization costs for certain areas of business.

The increases are mainly due to the recognition of charges related to the optimization of the Group structure, and to either new disputes which arose during 2014 or to the reassessment of previous disputes as a result of developments in the reasons thereof.

"Recognition in the income statement" includes the recognition of prior provisions made for staff reorganization and for positively-settled legal disputes. In this regard, at a consolidated level, provisions for risks and charges among the different companies of the Group have been re-allocated, which explains the presence of the increases and recognition in the income statement in the table above. The overall effect of these two items is the net positive recognition in the income statement of €93 thousand.

Utilizations refer to €0.3 million for severance to employees who left, and to €0.1 million for legal disputes settled in 2014.

Exchange differences refer to the adjustment at year-end exchange rates of the provisions of companies with non-euro financial statements.

At 31 December 2014, the provision for risks and charges was made up of €463 thousand for business/legal disputes, and of €81 thousand for tax disputes.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

For further information, see the details in the Directors' report.

21. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2013 to 31 December 2014 are shown in the table below:

Description	Balance at 31/12/2013	Increases	Utilizations for the year	Advances	Other movements	Termination indemnity discounting to equity	Balance at 31/12/2014
Provision for termination indemnities	760	574	-41	-28	-557	106	815
Total	**760**	**574**	**-41**	**-28**	**-557**	**106**	**815**

The provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €815 thousand at the close of 2014, and covers the liability accrued to the employees of Italian companies in accordance with the law and the collective employment contract.

"Other movements" refer to the payment to INPS (Italian Social Security) of the TFR accrued in 2014, which in turn was included in the increase for the year.

Decreases also include utilizations of prior-year provisions for employees who left in 2014, and payment of TFR advances.

The item "Termination Indemnity Discounting to Equity" includes the portion of the change referring to the "Remeasurement of actuarial profits and losses from defined benefit plans, resulting from changes in actuarial assumptions. The offsetting item of this change is a specific reserve in equity reclassified under other reserves, net of the related tax effect, which is reflected in Other profit/loss in the statement of comprehensive income.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19R only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

This calculation was performed by an independent actuary using the following method:

- o projection for each employee on the payroll at 31 December 2014 of the TFR accrued until estimated retirement age;
- o computation, for each employee on the payroll at 31 December 2014 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- o discounting of each probable payment to present value;

- o re-proportioning for each employee on the payroll at 31 December 2014 of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

MEASUREMENT DATE	31/12/2014	31/12/2013
Mortality table	ISTAT 2004	ISTAT 2004
Disability	INPS (national statistics) by age and gender	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%	2.00%
Annual discount rate	1.49%	3.17%
Leaving rate (Dada)	3.8%	3.8%
Leaving rate (Register and Moqu)	7.0%	7.0%

The method used to select the valuation rate complies with the provisions of the accounting standard set out at section 83.

As for 2013, the value was determined based on the time series of yields at 31 December 2014 of the iBoxx Corporate AA with a duration of over 10 years, which was 1.49% at end December 2014.

By way of comparison, the yield on Italian government bonds at end December 2014, in particular the 10Y BTP benchmark, was 1.9175% with a spread of about 45bp compared to the iBoxx AA10+, dropping further sharply versus the values of 2013.

22. Other payables due beyond one year

The following table breaks down other payables due beyond one year at the end of 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Non-current financial liabilities from derivatives	54	-	54	100%
Other payables due beyond one year	17	-	17	100%
Total	**70**	**0**	**70**	**100%**

Regarding non-current derivative financial liabilities, see the specific section in IFRS 7, while “other payables due beyond one year” include the portion owed beyond one year of the amount agreed in the assessment regarding the tax audit. There were no payables due beyond one year in 2013.

23. Trade and other payables

The following table shows “trade payables” and “other payables” at 31 December 2014 and 2013:

Description	Balance at 31/12/2014	Balance at 31/12/2013	Change	% change
Trade payables	10,148	10,320	-172	-2%
	10,148	**10,320**	**-172**	**-2%**
Taxes payable	1,657	2,333	-676	-29%
	1,657	**2,333**	**-676**	**-29%**
Other payables	3,632	3,438	195	6%
Due to social security institutions	496	613	-117	-19%
Deferred income	11,918	11,319	599	5%
	16,046	**15,370**	**676**	**4%**
Total	**27,851**	**28,022**	**-172**	**-1%**

The item “Trade payables” comprises the amounts regarding trade-related purchases and other types of costs directly linked to the Group’s business. Trade payables at 31 December 2014 amounted to €10 million, basically in line with 2013.

Taxes payable (€1.7 million) include withholding tax on salaries and consultants' pay for the month of December and income taxes pertaining to the year. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad.

Management estimates that the carrying value of trade and other payables approximates their fair value.

The item “Due to social security institutions” includes the amount payable to INPS and other agencies with reference to December salaries and the “14th month” bonus.

"Other payables" refers mainly to accruals for the "14th month" bonus, amounts due for pay in lieu of holiday, and performance bonuses recognized during the year that will be paid in May 2015 in accordance with internal procedures.

Deferred income originates from contract revenue on domain, hosting, connectivity and other resale services pertaining to future periods.

24. Net change in financial payables and other financial assets in the statement of cash flows

The following table reconciles the change in consolidated net financial position with the change in cash and cash equivalents:

Description	31/12/14	31/12/13
Change in total net financial position	**-2,710**	**-4,656**
Change in long-term loans	-4,629	2,624
Change in non-cash derivatives	60	-201
Current account with RCS	-	-561
Change in other receivables	-	1,000
Change in cash and cash equivalents per statement of cash flows	**-7,279**	**-1,794**

Current account overdrafts, in accordance with the accounting policies, are counted as part of the change in cash and cash equivalents.

25. Commitments and risks

Commitments and risks at the close of 2014 and 2013 are presented below:

Description	Balance at 31/12/2013	Increase for the period	Decrease for the period	Other changes	Balance at 31/12/2014
Guarantees	3,648	1,534	-2,322	128	2,988
Total	**3,648**	**1,534**	**-2,322**	**128**	**2,988**

Increases:

The main increases regarded:

a guarantee of €0.3 million issued by Banca Monte dei Paschi di Siena to BNP Paribas Real Estate for the lease of the Florence offices regarding the new contract negotiated in December 2014. The guarantee has a one-year duration and expires on 16 January 2016.

a guarantee of approximately £0.9 million (approximately €1.1 million) issued by Monte dei Paschi di Siena to Banca HSBC on behalf of NAMESCO, and guarantee issued by Banca Intesa San Paolo to the tax authorities on behalf of Fueps regarding VAT refunds in 2012 of €0.1 million.

Decreases:

The main decreases regarded:

closure of the guarantee of €0.5 million issued by Banca Monte dei Paschi di Siena to Poligrafici Editoriali regarding the lease for part of the Florence offices, related to the new guarantee issued to the new lessor;

extinction of the previous guarantee issued by Monte dei Paschi to HSBC (€1.5 million), replaced by the guarantee above;

extinction of the letter of credit of €0.2 million issued by Banca Intesa San Paolo to Amen Ltd;

Other changes:

They refer to delta exchanges for guarantees issued in £ against the Euro.

There are no potential commitments that are not recorded in the statement of financial position.

26. Related party transactions

Transactions carried out with related parties fall within the Company's ordinary operations and are settled at arm's length. The Company engages in the purchase and sale of services with its own subsidiaries and with Orascom Group companies. At 31 December 2014, Libero Acquisition S.à r.l. (an Orascom Group company) owned 69.432% of Dada S.p.A.

The following table indicates the assets, liabilities, costs and income between the Dada Group and related parties in 2014, excluding intercompany transactions, which are eliminated in the interim consolidated financial statements.

Dada Group's transactions with Orascom Group companies, regarding the individual items in the statement of financial position and the income statement, relate mainly to contracts for the provision of services and business-related activities.

Dada S.p.A.'s transactions with its own subsidiaries, as described in greater detail in the notes to the separate financial statements with reference to the individual items in the income statement and statement of financial position, can be broken down into:

- commercial transactions for the provision of services. These are centralized corporate services such as human resources management, legal services, administration and control, and the subletting of business premises;
- financial transactions, consisting of centralized treasury services and intercompany loans;
- tax-related transactions, in that Dada S.p.A. performs the national tax consolidation (for IRES purposes) for its Italian subsidiaries, as provided for by Legislative Decree 344 of 12 December 2008, over the 2013-2015 three year period. These transactions are governed by specific contracts inspired by the principles of neutrality and equal treatment.

  In 2014, the Dada Group continued to opt for consolidated VAT settlement for some of its Italian companies, in accordance with applicable law.

The following table indicates the assets, liabilities, costs and income between the Dada Group and related parties in 2014, excluding intercompany transactions, which are eliminated in the consolidated financial statements.

Dada Group's transactions with Orascom Group companies, which are disclosed in the Dada S.p.A. notes to the individual items in the statement of financial position and the income statement, relate mainly to contracts for the provision of services and business-related activities.

Company	Trade receivables	Trade payables	Revenue	Costs
Orascom Group	1,178	-103	1,579	- 219
TOTAL	**1,178**	**-103**	**1,579**	**-219**

See the Directors' report for further details regarding directors. Transactions with Dada Group companies mainly concern the provision of services, the lending and borrowing of funds, and the settlement of tax liabilities, and are carried out at arm's length. In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as executives with strategic responsibilities. Mention must be made that in 2014, there were no other executives with strategic responsibilities aside of the CEO and the General Manager.

More information on the related party procedure is given in the Directors' report.

Description	**31/12/2014**		
	Cost of services	**Payroll costs**	**Other equity instruments**
Board of Directors – fees	72	-	-
Board of Statutory Auditors - fees	75	-	-
CEOs and General Managers – other fees	115	607	49
Other executives with strategic responsibilities	-	-	-
Total related parties	**263**	**607**	**49**

27. Information pursuant to Art. 149-duodecies of the Consob Listing Rules

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Listing Rules, shows the fees pertaining to 2014 for external auditing and for services other than auditing rendered by the audit firm or by entities in its network.

Type of service	**Performed by**	**Recipient**	**Fees**
Auditing	KPMG SPA	Parent	157,800
Auditing	KPMG SPA	Subsidiaries	55,200
Auditing foreign subsidiaries	Rete KPMG	Subsidiaries	92,500
Other services	KPMG SPA (1)	Parent and Subsidiaries	124,000
TOTAL			429,500

(1) Assistance with testing carried out in accordance with law 262/2005

28. IFRS 7 disclosures

The disclosures required by IFRS 7 are provided below:

1) Classification of financial instruments

IFRS 7 requires disclosures on available-for-sale financial assets measured at fair value, held-to-maturity investments, loans and receivables, and financial liabilities measured at fair value and at amortized cost. All details are provided in Table 1, while the main descriptions are as follows:

- In the "Loans and receivables" class, trade receivables have been entered net of the provision for doubtful accounts.
- in the “Loans and Receivables” class, other receivables do not include the tax receivables that are outside the scope of IAS 39; further information is provided earlier in this report.

On the liabilities side, in addition to trade payables:

- The “Hedging Instruments” class includes two Interest Rate Swaps with a total negative fair value of €107 thousand which, having passed the effectiveness test and achieved the hedging parameters, are treated under hedge accounting. The table below summarizes movements in profit/loss and equity of the derivative instruments outstanding at the end of 2013:

		Fair Value			Amount recognized in equity 2014
Type of derivative	Purpose	31/12/14	31/12/13	Change	
CAP	Interest rate hedge on loan	0	0	0	0
IRS	Interest rate hedge on loan	-107	-37	-70	-70
FWD	Exchange risk hedge		-10	10	0
Total		-107	-47	-60	-70

- In the “Loans and Receivables” class, the item “bank account overdrafts” of €5.8 million includes Dada spa overdraft facilities with major banks. In “Financial liabilities measured at amortized cost”, the largest amount refers to the amortizing loans of Register.it spa (€20 million), to the amortizing loans, term and hot-money credit lines of Dada spa (€7 million), to the amortizing loans of Namesco Ltd (€1 million or £0.8 million), and to finance leases of the Poundhost Group (€0.4 million or £0.3 million) and finance leases of Register.it spa (€0.5 million). The Dada Group's existing loan contracts include default covenants entitling the banks to call in the loans in advance if the following ratios are breached.

For Dada Group loans, the parameters are:

- Net Debt/EBITDA;
- EBITDA/net financial income/charges.

2) Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral, most of which relate to office rentals. Carrying amounts at the end of 2014 and 2013 are shown in the table below; the Group has no liabilities for collateral received from third parties:

Collateral pledged (€/000)	Carrying amount	
	31/12/14	31/12/13
Security deposits	176	210

3) Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2014 and 2013:

	Provision for doubtful accounts (€ /.000)	
	31/12/14	31/12/13
Balance at start of year	-3,369	-3,555
Allocation for the year:		
- for individual write downs	-98	-574
- for collective write downs		0
Utilizations	495	756
Exchange differences	-1	4
Balance at end of year	-2,974	-3,369

4) Items of income, expense, gains, and losses on financial instruments

IFRS 7 requires disclosures on interest payments, commissions and fees relating to financial instruments. Gains and losses in 2014 and 2013 are shown below:

INCOME STATEMENT (€ /000)	Held-for-trading financial assets/liabilities	Hedging instruments	Loans and receivables
NET GAINS (LOSS)	31/12/14	31/12/14	31/12/14
- Hedge derivatives		-66	
- Non-hedge derivatives	16		
- Commercial and financial assets/liabilities			115
Total	16	-66	115
	Held-for-trading financial assets/liabilities	Hedging instruments	Loans and receivables
NET GAINS (LOSS)	31/12/13	31/12/13	31/12/13
- Hedge derivatives		-188	
- Non-hedge derivatives	76		
- Commercial and financial assets/liabilities			-254
Total	76	-188	-254

- The loss on interest rate hedges refers to the interest rate swap, to which hedge accounting applies, which is below €0.1 million in 2014 versus the amount below €0.2 million in 2013, due to the spread between fixed interest paid by Register.it S.p.A. to the entity that issued the hedge and the variable interest paid to the bank that granted one of the non-current loans. For further details see the section on interest rate risk;

- Forward exchange rate contracts (hedges against exchange rate risk) in 2014 produced no gain or loss versus the gain of about €0.1 million in 2013; exchange gains were made from trade receipts/payments of €0.1 million in 2014 versus the exchange loss of about €0.3 million in 2013.

- Interest income includes interest on ordinary current accounts.

- Interest expense is shown separately for amounts due to banks and account overdrafts (€0.5 million in 2014 versus €0.4 million in 2013), and interest expense for amortizing loans (€1.1 million in 2014 versus €1 million in 2013); it does not include the effect of the IRS on the spread between fixed and variable interest, as mentioned above.

- "Other financial payables" in 2013 refer to interest paid to non-bank institutions for interest on arrears. A summary is presented below:

	Carrying amount	
INTEREST INCOME	**31/12/14**	**31/12/13**
Interest income on financial assets not measured at fair value		
- Bank and post office deposits	1	6
- Escrow and other accounts		
Total	1	6
INTEREST EXPENSE	**31/12/14**	**31/12/13**
Interest expense on financial liabilities not measured at fair value		
- Bank and post office deposits	-465	-393
- Other financial payables		
- Mortgage loans	-1,140	-1,039
- Other payables		-8
Total	-1,605	-1,440
GRAND TOTAL	-1,604	-1,434

- In the following table, bank fees and charges consist of actual bank fees (€0.3 million) and charges for handling customer credit card payments (€1 million).

	Carrying amount	
CHARGES AND FEES	31/12/14	31/12/13
- Bank charges and other fees	-1,310	-1,271

Qualitative disclosures about risk

The Dada Group is exposed to credit risk, liquidity risk and market risk, the latter comprised of exchange risk, interest rate risk and price risk.

Special forms have been developed in order to monitor these risks using appropriate policies and procedures. Financial risks are mapped, assessed and managed according to Group policies and tolerance of risk. All derivative assets for risk management purposes are supervised by a team of specialists with adequate knowledge and experience. The Group's policy is not to take on derivatives for speculative trading purposes.

- Credit risk

The Group's credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk in 2014 and 2013. The table excludes amounts receivable from employees, social security institutions, and the tax authorities; employee benefits; and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39:

Maximum exposure to credit risk (€/000)	31/12/14	31/12/13
Bank accounts and deposits	1,391	1,660
Restricted financial assets		-
Trade receivables	5,233	5,501
Other receivables within 1 year	1,370	858
Other receivables due beyond one year	176	210
Total	8,170	8,229

- Bank accounts and deposits include current account balances of €1.4 million in 2014 versus €1.7 million in 2013.
- Trade receivables are shown net of the provision for doubtful accounts.
- “Other receivables” include security deposits with third parties.

The following table shows commercial credit risk by geographical area (Italy and international):

Concentration of commercial credit risk (€ /000)	Carrying amount		%	
	31/12/14	31/12/13	31/12/14	31/12/13
By region				
Europe (excluding Italy)	2,107	2,674	40.3%	48.6%
Italy	2,842	2,609	54.3%	47.4%
USA	284	218	5.4%	4.0%
Total	5,233	5,501	100.0%	100.0%

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis (€/000)	31/12/14	31/12/13
Trade receivables not overdue and not impaired	3,639	3,514
Trade receivables overdue and not impaired	1,594	1,987
Trade receivables overdue and impaired	2,974	3,369
Provision for doubtful accounts	-2,974	-3,369
Total	5,233	5,501

Below is the aging analysis of overdue receivables, net of the provision for doubtful accounts, and the analysis of customer credit rating, taking account of the debtor's geographical location and degree of insolvency:

Credit quality analysis (€ /000)	*31/12/14*	*31/12/13*
Trade receivables not overdue and not impaired	*3,639*	*3,514*
Trade receivables overdue and not impaired	*1,594*	*1,987*
Trade receivables overdue and impaired	*2,974*	*3,369*
Provision for doubtful accounts	*-2,974*	*-3,369*
Total	*5,233*	*5,501*

Rating analysis of performing loans not yet due (€ /000)	*31/12/14*	*31/12/13*
Solvency rating: High	*2,896*	*2,370*
Not Rated	*743*	*1,144*
Total	*3,639*	*3,514*

- Liquidity risk

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed. IFRS 7 requires a maturity analysis for financial liabilities (including trade payables), as in the following tables for 2014 and 2013:

Maturity analysis at 31 December 2014 (€ /000)	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES						
NON-DERIVATIVE FINANCIAL INSTRUMENTS						
Trade payables	10,148					10,148
Mortgage loans:						
- principal	8,446	3,460	6,138	10,000		28,043
- interest	537	442	666	608		2,253
Leasing:						-
- principal	221	229	375	162	-	986
- interest	30	22	21	4	-	77
Short-term credit facilities						-
Account overdrafts	5,828					5,828
Account overdrafts - interest	262					262
Other payables	1,047					1,047
Total	26,518	4,153	7,200	10,773	-	48,644
DERIVATIVE FINANCIAL INSTRUMENTS	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
Interest rate derivatives and exchange rate derivatives	27	27	40	13		107
Total	27	27	40	13	-	107
EXPOSURE AT 31 DECEMBER 2014	26,545	4,180	7,240	10,786	-	48,751

Maturity analysis at 31 December 2013 (€ /000)	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES						
NON-DERIVATIVE FINANCIAL INSTRUMENTS						
Trade and other payables	10,320					10,320
Mortgage loans:						
- principal	261	265	5,611	15,364		21,500
- interest	517	535	1,030	1,634		3,716
Leasing:	-					-
- principal	93	98	248	79		519
- interest	18	14	17	4		53
Short-term credit facilities						-
Account overdrafts	10,457					10,457
Account overdrafts - interest	540					540
Other payables	887					887
Total	23,092	911	6,906	17,081	-	47,991
DERIVATIVE FINANCIAL INSTRUMENTS	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
Interest rate derivatives and exchange rate derivatives	47					47
Total	47	-	-	-	-	47
EXPOSURE AT 31 DECEMBER 2013	23,139	911	6,906	17,081	-	48,038

The above maturity analysis considered non-discounted future cash flows, with loans split by principal and interest.

Group companies' cash flow, funding requirements and liquidity are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- Market risk

Only two types of market risk are considered: exchange risk and interest rate risk. The Dada Group is not exposed to price risk, by which financial assets/liabilities or equity instruments might lose value due to changes in the price of commodities used by the Dada Group. To mitigate the impact of exchange rate and interest rate fluctuations, derivatives are contracted for hedging purposes and not for trading or speculation.

- Exchange risk

Exchange risk is considered for the foreign currency exposure of individual companies, and for intercompany commercial and financial accounts, which are eliminated in the consolidated financial statements but still generate exchange gains and losses for the company exposed to fluctuations in the foreign currency.

The following table breaks down the net financial position by currency (amounts are expressed in the €/000 equivalent at year-end exchange rates):

	2014			
DESCRIPTION (€/000)	TOTAL	Euro	USD	GBP
Non-current financial payables	-16,674	-16,035		-640
Current financial payables	-18,183	-17,337		-846
Derivative liabilities	-107	-107		
Other financial payables	0			
Restricted cash	0			
Cash and cash equivalents available at sight	1,392	582	9	801
TOTAL	-33,573	-32,897	9	-685

	2013			
DESCRIPTION (€/000)	TOTAL	Euro	USD	GBP
Non-current financial payables	-21,303	-20,000		-1,303
Current financial payables	-11,173	-10,457		-716
Derivative liabilities	-46	-36	-10	
Other financial payables	0			
Restricted cash	0			
Cash and cash equivalents available at sight	1,660	579		1,081
TOTAL	-30,862	-29,914	-10	-938

To mitigate exchange risk and anticipate potential losses, the Group has developed a reporting system to monitor foreign currency exposure and determine when to take out derivatives (limited to the forward purchase or sale of foreign currency).

Of the tables numbered 2 through 4 below, the first two present the Group's exposure to exchange risk by asset/liability item and by currency at the close of 2014 and 2013, while the third shows the gains and losses caused by a hypothetical upward or downward shift in exchange rates, according to the following shock analysis:

Exchange rate shock, 2014			Exchange rates 31-12-2014			Exchange rates 31-12-2013		
Currency	UP	DOWN	Base	Shock UP	Shock Down	Base	Shock UP	Shock Down
	+	-		+	-		+	-
USD	5%	-5%	1.2141	1.2748	1.1534	1.3791	1.4481	1.3101
GBP	5%	-5%	0.7789	0.8178	0.74	0.8337	0.8754	0.792
Euro	5%	-5%		0	0		0	0

- Interest rate risk

IFRS 7 requires a sensitivity analysis only for interest-bearing assets and financial liabilities and a shock analysis incorporating a one-point increase or decrease in the key interest rate, as follows:

Shock		
	UP	DOWN
Delta	1%	-1%

The sensitivity of the income statement to these interest rate fluctuations is presented in Table 4.

At 31 December 2014, the interest rate risk on the loan of €20 million is hedged for a notional amount of €10 million by two IRS of 0.7775% and 6.31%; the table shows that the effect on profit and loss of the shock up and shock down of the key rate is split up into the part hedged by the interest rate swap and the remaining unhedged part; the effect on profit or loss of a one-point increase in the key rate is a negative €0.2 million owing to the hedge derivatives. There is also a 3% Interest Rate CAP with a fair value of zero.

For Italy, the key rate is the one and six-month Euribor; for the GBP area it is the Bank of England base rate plus a spread of 3%.

At 31 December 2014, including the effect of the interest rate swap, 37% of all financial payables were to be considered as fixed-rate and the remaining 63% as variable, compared with 8% fixed-rate and 92% variable in 2013; this is due mainly to the new IRS hedges with an underlying of €10 million in 2014 versus €2.1 million in 2013.

The table below breaks down the fair value of hedge derivatives into current (within one year) and non-current (beyond one year):

		Fair Value			Amount recognized in equity 2014
Type of derivative	Purpose	31/12/14	31/12/13	Change	
CAP	Interest rate hedge on loan	0	0	0	0
IRS	Interest rate hedge on loan	-107	-37	-70	-70
FWD	Exchange risk hedge		-10	10	0
Total		-107	-47	-60	-70

This table shows the underlying at 31 December 2014 and the payment plan for the interest rate hedges described above:

Notional Interest Rate Derivatives

Amount /000	Total	Key rate	Rate	<6 months	6 months>x<1 year	1-2 years	2-5 years
Interest rate cap/cash flow hedge	-750	Euribor 1,3,6 M + Spread	3.0000%	-750			
Interest rate swaps/cash flow hedge	-10,000	Euribor 6 M + Spread	0.7775%	-1,250	-1,250	-2,500	-5,000
Interest rate swaps/cash flow hedge	-10,000	Euribor 6 M + Spread	0.6310%	-1,250	-1,250	-2,500	-5,000
TOTAL	-20,750			-3,250	-2,500	-5,000	-10,000

TABLE 1									Carrying amount					
ASSETS	Available-for-sale financial assets		Hedging instruments		Loans and receivables		Financial liabilities measured at amortized cost		Total		of which: current		of which: non-current	
	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
- Cash on hand and other cash and cash equivalents					1,391	1,660			1,391	1,660	1,391	1,660		
- Trade receivables					5,233	5,501			5,233	5,501	5,233	5,501		
- Financial assets					0	0			0	0		0		
- Other receivables					1,370	858			1,370	858	1,370	858		
- Receivables for derivative financial instruments									0	0				
Total financial assets	0	0	0	0	7,994	8,019	0	0	7,994	8,019	7,994	8,019	0	0

									Carrying amount					
LIABILITIES	Available-for-sale financial assets		Hedging instruments		Loans and receivables		Financial liabilities measured at amortized cost		Total		of which: current		of which: non-current	
	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
- Trade payables					10,148	10,320			10,148	10,320	10,148	10,320		
- Banks for account overdrafts					5,828	10,457			5,828	10,457	5,828	10,457		
- Loans and borrowing							29,029	22,489	29,029	22,019	12,355	716	16,674	21,302
- Other payables					1,047	887			1,047	887	1,047	887		
- Payables for derivative financial instruments	0	10	107	37					107	47	53	47	54	
Total financial liabilities	0	10	107	37	17,023	21,663	29,029	22,489	46,159	43,729	29,431	22,427	16,728	21,302

TABLE 2								
Exposure to exchange risk (€/000)	USD		GBP		Euro		Total	
	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
ASSETS								
Foreign currency cash and cash equivalents	8	14			1	25	9	39
Intercompany loans and borrowing in foreign currency							0	0
Trade receivables – intercompany	72	7					72	7
Foreign currency trade receivables	650	426					650	426
Total assets	730	447	0	0	1	25	731	472
	USD		GBP		Euro		Total	
	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
LIABILITIES								
Foreign currency trade payables	-2,930	-2,051					-2,930	-2,051
Trade payables - intercompany			-449	-427	-3,125	-2,520	-3,574	-2,947
Intercompany loans and borrowing in foreign currency					-3,036	-3,529	-3,036	-3,529
Other payables in foreign currency							0	0
Total liabilities	-2,930	-2,051	-449	-427	-6,161	-6,049	-9,540	-8,527
EXPOSURE AT 31 DECEMBER	-2,200	-1,604	-449	-427	-6,160	-6,024	-8,809	-8,055

DERIVATIVE FINANCIAL INSTRUMENTS								
	USD		GBP		Euro		Total	
	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
Non-hedge derivatives		1,414					0	1,414
Total	0	1,414	0	0	0	0	0	1,414
NET EXPOSURE AT 31 DECEMBER	-2,200	-3,018	-449	-427	-6,160	-6,024	-8,809	-9,469

TABLE 3

Exchange rate difference effect	USD				GBP				Euro				Total			
	Dec-14		Dec-13		Dec-14		Dec-13		Dec-14		Dec-13		Dec-14		Dec-13	
ASSETS	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down
Foreign currency cash and cash equivalents	0	0	-1	1	0	0	0	0	0	0	1	-1	0	0	1	-1
Intercompany loans and borrowing in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Intercompany trade receivables in foreign currency	-3	4	0	0	0	0	0	0	0	0	0	0	-3	4	0	0
Foreign currency trade receivables	-31	34	-20	22	0	0	0	0	0	0	0	0	-31	34	-20	22
Total assets	-35	38	-21	24	0	0	0	0	0	0	1	-1	-35	38	-20	22
	USD				GBP				Euro				Total			
	Dec-14		Dec-13		Dec-14		Dec-13		Dec-14		Dec-13		Dec-14		Dec-13	
LIABILITIES	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down
Foreign currency trade payables	140	-154	98	-108	0	0	0	0	0	0	0	0	140	-154	98	-108
Intercompany trade payables in foreign currency	0	0	0	0	21	-24	20	-22	-149	164	-20	22	-127	141	0	0
Intercompany loans and borrowing in foreign currency	0	0	0	0	0	0	0	0	-145	160	-168	186	-145	160	-168	186
Other payables in foreign currency	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	140	-154	98	-108	21	-24	20	-22	-293	324	-188	208	-132	146	-70	78
NET EFFECT	105	-116	76	-84	21	-24	20	-22	-293	324	-187	207	-167	185	-90	100

DERIVATIVE FINANCIAL INSTRUMENTS																
	USD				GBP				Euro				Total			
	Dec-14		Dec-13		Dec-14		Dec-13		Dec-14		Dec-13		Dec-14		Dec-13	
	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down	Shock up	Shock Down
Non-hedge derivatives	0	0	67	-74									0	0	67	-74
Total	0	0	67	-74	0	0	0	0	0	0	0	0	0	0	67	-74
NET TOTAL EFFECT	105	-116	9	-10	21	-24	20	-22	-293	324	-187	207	-167	185	-158	174

Table 4 Interest rate sensitivity analysis (€ /000)	Key rate	Carrying amount		Income statement			
				Shock up		Shock Down	
		31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
Interest-bearing assets	Euribor 1M – 0.5%	1,378	1,641	0	32		-14
Other non-interest-bearing financial assets		13	19	0			
Total assets		1,391	1,660	0	32	0	-14
Variable rate, unhedged financial liabilities	Euribor 1M + spread 6.00%	-1,497	-1,985	-15	-20	2	3
Variable rate, unhedged financial liabilities	Euribor 1M + spread 2.8%	-1,552	-1,901	-16	-19	2	2
Variable rate, unhedged financial liabilities	Euribor 1M + spread 4.75%	-2,778	-6,570	-28	-66	4	8
Variable rate, unhedged financial liabilities	Euribor 3M + spread 2.75%	-2,000		-20	-19	3	2
Variable rate, unhedged financial liabilities	Euribor 1M + spread 4.272%	-3,000		-30	-66	4	8
Variable rate, unhedged financial liabilities	Euribor 3M + spread 2.95%	-2,000		-20	-20	3	3
					0		0
Variable rate, unhedged financial liabilities	Euribor 6M + spread 4.60%	-10,000	-17,857	-141	-189	26	64
Variable rate, unhedged financial liabilities	Euribor 1,3,6M + spread						
Variable rate, unhedged financial liabilities	Bank of England Base Rate + 3%	-1,043	-1,500	-10	-15	5	8
Total unhedged financial liabilities		-23,870	-29,813	-280	-413	48	99

TABLE 4 Interest rate sensitivity analysis (€ /000)	Key rate	Carrying amount		Income statement			
				Shock up		Shock Down	
		31/12/14	31/12/13	31/12/14	31/12/13	31/12/14	31/12/13
Variable rate, hedged financial liabilities	IRS 3.81%		-2,143				
Variable rate, hedged financial liabilities	IRS 0.7775%	-5,000					
Variable rate, hedged financial liabilities	IRS 0.6310%	-5,000					
Fixed rate financial liabilities		-987	-519				
Other non-interest-bearing financial liabilities		-107	-47				
Total liabilities		-34,964	-32,522	-280	-413	48	99
Grand total		-33,573	-30,862	-280	-382	48	85

Florence, 12 March 2015

For the Board of Directors
CEO
Claudio Corbetta

DADA S.p.A.
Viale della Giovine Italia 17 - 50122 Firenze - Italy
Tel. +39 055 200211 Fax +39 055 20021550

STATEMENT ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2014

(pursuant to Article 81-ter of CONSOB Regulation n. 11971 of May 14, 1999 as subsequently amended)

- The undersigned, Claudio Corbetta, as Chief Executive Officer, and Federico Bronzi, as Manager in charge of preparing Company's Financial Reports, hereby certify, also with due regard for the provisions of Article 154-bis (paragraphs 3 and 4) of Legislative Decree No. 58 dated February 24, 1998:

  - the adequacy with respect to the Company's characteristics, and
  - the actual application

  of administrative and accounting procedures during 2014 for the preparation of the 2014 Consolidated Financial Statements approved by the Board of Directors on March, 12 2015.

- It is also stated that:
  1. the Consolidated Financial Statements of the DADA Group at December 31, 2014:
     - correspond to the Company's records, ledgers and accounting entries;
     - were prepared in accordance with applicable IFRS endorsed by the European Union and with the provisions issued to implement art. 9 Legislative Decree No. 35/2005;
     - are suitable for providing a true and fair view of the financial position and results of operations of the issuer and all companies included in consolidation.
  2. the Directors' Report contains a reliable analysis of operating performance and results and of the position of the issuer and all companies included in consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Florence, March 12, 2015

Chief Executive Officer	Manager in charge of preparing Company's Financial Reports
Claudio Corbetta (signed on the original)	Federico Bronzi (signed on the original)

KPMG S.p.A.
Revisione e organizzazione contabile
Viale Niccolò Machiavelli, 29
50125 FIRENZE FI

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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
DADA S.p.A.

1 We have audited the consolidated financial statements of the DADA Group as at and for the year ended 31 December 2014, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The parent's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 2 April 2014 for our opinion on the prior year consolidated financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the consolidated financial statements of the DADA Group as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of the DADA Group as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

4 The directors of DADA S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and its specific section on corporate governance and shareholding structure, to the extent of the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 with the financial statements to which they refer, as required by the law.

DADA Group
Report of the auditors
31 December 2014

For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the specific section of such report are consistent with the consolidated financial statements of the DADA Group as at and for the year ended 31 December 2014.

Florence, 2 April 2015

KPMG S.p.A.

(signed on the original)

Alberto Mazzeschi
Director of Audit

DADA S.p.A.: SEPARATE FINANCIAL STATEMENTS AT 31 DECEMBER 2014

(PREPARED IN ACCORDANCE WITH IAS/IFRS INTERNATIONAL ACCOUNTING STANDARDS)

Registered office: Viale della Giovine Italia, 17 - Florence
Share capital EUR 2,835,611.73 fully paid-in
Florence Company Register no. FI017- 68727 - REA 467460
Tax ID/VAT no. 04628270482

DIRECTORS' REPORT

Dear Shareholders,

Dada S.p.A. closed 2014 with revenue of **€**5.3 million, increasing slightly (+5%) versus €5.1 million in 2013. The primary activity of the Parent Company Dada S.p.A. is providing centralized corporate services to all the Group companies. Dada S.p.A.'s revenue streams are thus generated solely by providing services to the directly- and indirectly-held subsidiaries, and consist primarily in charges for brand licenses and the use of software, and in the charge-backs of the general corporate services provided (administration, legal, purchasing, HR, control and others provided to the subsidiaries).

The slight increase in revenue is explained by the offsetting effect of the reduction in third-party revenue and the increase in charge-backs to Group companies. The reduction in revenue is due to the fact that the first 7 months of the year, in addition to the charge-backs to Group companies, had included the charge-backs of a portion of general costs (such as property leases and related services) to Buongiorno.it S.p.A. (ceased in July 2013). The increase in charge-backs to Group companies is due both to the formation in 2013 of Moqu Ireland Ltd, wholly-owned by Moqu Adv, which started operations on 1 March 2013 (thus benefiting from the charge-back for 10 months in 2013 versus 12 months in 2014), and to the increase in certain charge-backs to Group companies following updates to corporate cost allocation criteria.

The following table shows the restated income statement of the Parent Company Dada S.p.A. at 31 December 2014 and at 31 December 2013:

EUR/000	31-Dec-14 12 months		31-Dec-13 12 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**5,286**	**100%**	**5,050**	**100%**	**236**	**5%**
Chg. in inventories & inc. in own wk. capitalized	0	0%	0	0%	0	
Service costs and other operating expenses*	-2,935	-56%	-3,373	-67%	438	-13%
Payroll costs	-2,597	-49%	-2,566	-51%	-31	1%
EBITDA **	**-246**	**-5%**	**-888**	**-18%**	**642**	**-72%**
Depreciation and amortization	-428	-8%	-491	-10%	63	-13%
Non-recurring income/(charges)	0	0%	-504	-10%	504	-100%
Depreciation of fixed assets	0	0%	-1	0%	1	-100%
Reversal/provisions and impairment ***	2	0%	-19	0%	22	-112%
EBIT	**-672**	**-13%**	**-1,904**	**-38%**	**1,232**	**-65%**
Investment income and dividends	36	1%	44	1%	-9	-19%
Financial income/ (charges) and impairment of equity investments	-647	-12%	-516	-10%	-131	25%
Profit/(loss) before taxes	**-1,283**	**-24%**	**-2,376**	**-47%**	**1,093**	**-46%**
Income taxes	-22	0%	317	6%	-338	-107%
Net profit/(loss)	**-1,305**	**-25%**	**-2,060**	**-41%**	**755**	**-37%**

* including all direct costs for the provision of services, overheads and other operating expenses

** before impairment losses and other non-recurring items

*** release of prior-years' provisions considered no longer necessary

Dada S.p.A.'s EBITDA (before impairment losses and other non-recurring items) showed a negative €0.2 million versus a negative €0.9 million in 2013.

Costs and overheads, comprised primarily of utilities, connectivity, rents and leases, maintenance, legal and administrative consultancy, and hardware and software assistance, fell versus 2013 thanks to the careful measures to contain fixed costs, which had already started in 2013.

Dada S.p.A.'s EBIT showed a negative **€**0.7 million in 2014 versus a negative €1.9 million in 2013. An improvement achieved mainly due to the abovementioned increase in EBITDA and to the fact that in 2013 the Company had incurred non-recurring expenses of €0.5 million in the non-recurring transaction involving the change of ownership of Dada.

Dada S.p.A.'s net result showed a negative €1.3 million, up by 37% versus the negative €2,1 million in 2013. Net financial activities worsened in 2014 versus 2013 (€611 thousand versus €472 thousand) due to the deterioration in the Company's net financial position. Regarding taxation, lower amounts of deferred tax assets were recognized in 2014 versus 2013.

The breakdown of the current total net financial position at 31 December 2014 versus the same period in 2013 is shown below:

FINANCIAL POSITION	31-Dec-14	31-Dec-13	DIFFERENCE	
			Absolute	%
Cash on hand	3	2	1	45%
Bank and post office deposits	203	-	203	-
Liquidity	**207**	**2**	**204**	**8507%**
Net income/(charges) from cash pooling	15,494	18,648	-3,154	-17%
Current financial receivables	**15,494**	**18,648**	**-3,154**	**-17%**
Banks and account overdrafts	-5,828	-10,455	4,627	-44%
Due to banks for short-term loans	-6,323	-	-6,323	-
Current debt	**-12,151**	**-10,455**	**-1,697**	**16%**
Current net financial position	**3,550**	**8,196**	**-4,646**	**-57%**
Due to banks for long-term loans	-677	-	-677	-
Non-current debt	**-677**	**-**	**-677**	**-**
Total net financial position	**2,873**	**8,196**	**-5,323**	**-65%**

* including centralized treasury management (cash pooling) and loans to subsidiaries

Dada S.p.A.'s net financial position at 31 December 2014 showed a positive €2.9 million versus a positive €8.2 million at 31 December 2013. Debts beyond one year amounted to €0.7 million, while there were none in 2013.

The financial pattern of 2014 is shown in the statement of cash flows appearing in the financial statements, to which reference is made.

In 2014, cash outflow in absolute terms came to €5.3 million, due mainly to the financial support given to the business activities of certain subsidiaries. Hence, for more relevant information on the financial pattern, reference should be made to the consolidated figures, which do not show intercompany flows.

For further information on the dynamics of the consolidated net financial position of the Group in 2014, see the details provided in the consolidated side of the 2014 Directors' report.

No significant investments were made in 2014. Increases solely regarded improvements made to the Florence headquarters and purchase of the management software and technology needed to provide corporate services.

The breakdown of Dada S.p.A.'s net working capital and net capital employed at 31 December 2014 and at 31 December 2013 is shown below:

EUR/000	31-Dec-14	31-Dec-13	DIFFERENCE	
			Absolute	%
Fixed assets*	**30,877**	**31,209**	**-332**	**-1%**
Current operating assets**	23,234	19,619	3,615	18%
Current operating liabilities **	-2,211	-2,859	647	-23%
Net working capital	**21,023**	**16,760**	**4,263**	**25%**
Provision for termination indemnities	-224	-217	-7	3%
Provision for risks and charges	-394	-559	166	-30%
Other payables due beyond one year	0	0	0	
Net capital employed	**51,282**	**47,193**	**4,089**	**9%**

* Including all fixed assets, except for prepaid taxes

** including all trade receivables and payables (and intercompany), other receivables and payables, and accrued revenue and expenses, except for financial receivables and payables, and including prepaid tax assets.

The net working capital of Dada S.p.A. at 31 December 2014 amounted to €21 million, rising sharply (25%) versus €16.8 million at 31 December 2013, due primarily to the increase in current operating assets, impacted solely by the delay with which Group companies received charge-back payments for the abovementioned centralized corporate services.

Trade receivables, therefore, consist mainly of receivables from Group companies. Deterioration in the net financial position of Dada S.p.A. in 2014 was affected by intercompany flows with certain directly-held subsidiaries. For more information on the consolidated figure, which is more significant than that of the parent company alone, as in the case of the net financial position, see the consolidated side of the Directors' report.

Risks associated with the contract for the disposal of the BU Dada.net (hereinafter referred to as "the Contract")

Representations, warranties and penalties in the event of non-fulfillment

The Group has given the buyer certain representations and warranties, typical of this kind of transaction, with respect to Dada.net, its wholly-owned subsidiaries, Giglio and Youlike. Should the buyer, Dada.net, its wholly-owned subsidiaries, Giglio and/or Youlike become liable for any out-of-period expenses, costs or charges due to non-fulfillment of the representations and warranties made by the seller, the seller will be required to indemnify and hold harmless the buyer for the amount of such liabilities, provided that the total sum of the individual losses exceeding a given minimum amount exceeds an established threshold, for a total maximum penalty of €7,125,000. The duration of the guarantees depends on the type of guarantee involved and in certain instances coincides with the statute of limitations relative to the dispute in question.

With regard to the rights and obligations set out in the contract, mention must be made that in April 2013, DADA S.p.A. received a claim for compensation from the buyer under the sale contract. Such claim arises from a complaint filed by Receita Federal do Brasil referring to certain alleged anomalies found in a tax audit which had started in March 2011, against Dada Brasil Servicos de Tecnologia Ltda, and relating to the 2008 tax return for a total disputed amount of 13.4 million Brazilian Reais (approximately €5.1 million). The Company, under the sale contract and in conjunction with the buyer, has established defense against such claim and has reserved the right to rebut the claim for compensation filed by the buyer. Based on the preliminary technical-legal indications received, the dispute with the Brazilian tax authorities may most likely extend in time.

Based also on IAS 37 related to contingent liabilities and taking into account the recent date of commencement of the dispute, as well as the preliminary analysis conducted, the Company deems it unnecessary to date to set up any case reserves, except for a reserve set up solely for legal fees for defense against such claim.

In May 2013, DADA S.p.A. received three other claims from the buyer under the sale contract. The claims involve: an investigation conducted by the Attorney General of the State of Minnesota on the potential violation, in the provision of client services, of State laws by Dada Entertainment LLC, sold to the Buongiorno Group; the start of a preliminary audit by NYC tax authorities on Dada Entertainment LLC; and a claim involving a transaction entered into on a case allegedly within the scope of the contractual guarantees (quantified in $100,000). In this regard, mention must be made that the contract for the sale of the Dada.net Group provides for excess of €300,000 in favour of the seller.

Based also on IAS 37 related to contingent liabilities, given the early stages of the assessments made by the foregoing authorities, as well as the preliminary analysis conducted so far, the Company deems it unnecessary to date to set up any case reserves.

Special penalties

In addition to the representations and warranties mentioned above, the contract for the sale of Dada.net provides for other penalties for the seller under expressly stated circumstances that expose the buyer, Dada.net, and/or any other company within the scope of the sale to further liabilities. The seller shall indemnify and hold harmless the buyer for the amount of any such liabilities that arise, provided this penalty exceeds the specific thresholds laid down in the contract. In specified cases, an additional ceiling of €2,175,000 will apply on top of the maximum penalty listed above. An action may be brought under this guarantee through 31 May 2016.

Risks of the reduced scope of operations

The sale of Dada.net has reduced the Group's scope of operations which, post-sale, is essentially focused on professional domain and hosting services and performance advertising.

For financial risks, see Note 4.8.

Alternative performance indicators:

This report provides the following economic and financial indicators (in addition to those generally used) which are used by the management of the company to monitor and assess its operating performance, but as they are not recognized accounting measures under IFRS should not be considered alternative performance indicators for the company. As the composition of EBITDA is not governed by the accounting policies, the Dada Group's method of calculating it may differ from that used by others and may therefore make comparisons unreliable.

EBITDA: operating profit before amortization, depreciation, impairment and non-recurring operating costs;

Below is a summary of how EBITDA is calculated:

Pre-tax profit (gross of the net gains/(losses) pertaining to assets held for sale)
+ Financial charges
- Financial income
+/- Gains/losses from equity investments in associates
EBIT
+ Restructuring costs
+ Amortization, depreciation and impairment losses on fixed assets
+/- Atypical charges/income
+ Impairment losses on trade receivables
EBITDA - Operating profit before amortization, depreciation, impairment losses, atypical charges/income and impairment losses on receivables

Net working capital: the difference between current assets and liabilities, i.e. those due within one year of the balance sheet date. Within this item, deferred tax assets are split into current and non-current portions according to the amount expected to be recovered with the following year's profit;

Net capital employed: fixed assets plus net working capital, less non-financial liabilities (provision for employee termination indemnities and provision for risks and charges);

Net short-term financial position: cash and cash equivalents, current financial assets and current financial liabilities;

Total net financial position: net current financial position and all financial receivables and payables due beyond one year

Purchase of treasury shares

The General Meeting on 28 April 2014 renewed the authorization, after revoking the previous one granted on 11 April 2013, to purchase treasury shares for up to a maximum of shares with a par value not exceeding one tenth of the share capital (even in light of changes made to applicable norms and regulations) and to sell shares as of the date of this authorization for a period of up to 18 months.

The purpose of this authorization is to give the Company a means of strategic and operational flexibility. It will be allowed, among other things, to dispose of any treasury shares acquired and to carry out transactions such as purchases/sales, swaps and assignments.

Based on the Board's proposal, treasury shares may be purchased at a price which is not less than 20% or more than 10% of the official stock price registered on the trading day prior to each purchase. The shares are to be purchased according to the laws for markets organized and operated by Borsa Italiana S.p.A., as per the procedures established by the latter which prohibit the direct matching of bid prices with predetermined ask prices. The sale of treasury shares, rather, may be done at a price or valuation which is not less than 95% of the average stock price registered for a period of ninety trading days prior to the disposal or any previous binding offers made in this regard, in accordance with the law and the applicable accounting standards. No treasury shares were traded by the Company or by its subsidiaries in 2014.

The Company held no treasury shares at 31 December 2014.

EMPLOYEES

See the consolidated side of the 2014 Directors' report.

Information on environmental policy and safety

Environmental policy

The objectives of the Dada Group's environmental policy are:

- to optimize the use of source of energy and natural resources by improving the technologies used in the Group's offices and spaces;
- to increase environmental awareness including through the use of specific in-house initiatives;
- to implement sustainable purchasing policies.

Waste

The Group companies provide services which produce a limited quantity of waste managed as follows:

Paper	Separate collection
Toner	Given to a specialized firm for disposal
Obsolete hardware	Given to a specialized firm for disposal
Non separated waste mixed with urban waste	Collected in communal containers

Water

The Group companies consume a limited amount of water for sanitary needs and personal hygiene.

Energy

The Dada Group pays careful attention to energy consumption. With regard to electricity, low consumption lighting systems, which still comply with regulations lighting requirements, have been installed at all the Dada Group company offices.

Security

The Group's policy with regard to safety in the workplace is focused on continuous improvement and dedicating the utmost attention to this issue.

All the Group's businesses are involved in and dedicated to office work.

Dada complies fully with applicable norms and regulations, updates its risk assessment report and addendums constantly in order to reflect any organizational and technical changes that have taken place.

The Group's Integrated Workplace Safety Management System – based on the SGLS UNI-INAIL model - is part of the Group's overall Management System.

SIGNIFICANT EVENTS IN 2014

On 19 March 2014, the Board of Directors of the Company, besides approving the 2013 draft financial statements, called the General Meeting in ordinary and extraordinary session on 24 April 2014 (28 April in second call) for their approval, to appoint a number of members of the Board of Directors, to renew the authorization to purchase and dispose of treasury shares, to approve the Remuneration Report pursuant to art. 123 *ter* of the TUF, and for certain amendments to the By-laws. It also resolved to submit to the General Meeting a new stock option plan intended for Dada Group employees, and the consequent request for the delegation of powers to undertake the relating capital increase, pursuant to art. 2443 and art. 2441, paragraph 8, for a maximum of 750,000 new shares.

On 28 April 2014, the Annual General Meeting of DADA S.p.A. was convened in ordinary and extraordinary session, adopting the following resolutions.

ORDINARY SESSION

Approval of the Statutory Financial Statements for the year ended 31 December 2013

The AGM approved the Statutory Financial Statements of DADA S.p.A. for the year ended 31 December 2013, as proposed by the Board of Directors of the Company at its meeting last 19 March. It also resolved to carry forward the Parent's loss for the year amounting to Euro 2,059,585.70.

Integration of the Board of Directors

On 28 April the Meeting confirmed five of the six Board Members co-opted on 7 August 2013 - Khaled Bishara, Karim Beshara, Antonio Converti, Aldo Mareuse, Sophie Sursock - as Directors of the Company. It also appointed Ragy Soliman as new Board Member.

All the appointments were made on the basis of the proposal put forward by shareholder Libero Acquisition S.à r.l..

Share-based incentive plan for 2014-2016

In ordinary session, the Meeting also approved, pursuant to art. 114 *bis* of Legislative Decree no. 58 of 24 February 1998, the share-based incentive plan for 2014-2016 (the "2014-2016 Incentive Plan or the "Plan"), intended for executives and managers of DADA S.p.A. and/or its Subsidiaries, aimed at providing incentives and retaining the beneficiaries by making them active participants in and jointly responsible for the Dada Group's growth process and value creation.

Approval of the Remuneration Report and the share buy-back plan

The Shareholders also approved the Remuneration Report in accordance with art. 123 ter of Legislative Decree 58/98 and, lastly, renewed the authorization, after revoking the previous one granted on 11 April 2013, to purchase treasury shares for up to a maximum number of shares not exceeding one tenth of the share capital (even in light of changes made to applicable norms and regulations) and to sell shares for a period of up to 18 months from authorization.

To date, neither the Company nor its subsidiaries hold any treasury shares.

EXTRAORDINARY SESSION

Delegation of Powers to the Board of Directors

In extraordinary session, the Shareholders approved the delegation of powers to the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to be exercised within 5 years from the Meeting resolution date, to increase the share capital against payment –in one or more tranches in separate issues - with the exclusion of option rights pursuant to paragraph 8 of art. 2441 of the Italian Civil Code, to service the 2014-2016 Incentive Plan, for a maximum par value of €127,500, through issue of a maximum of n. 750,000 DADA ordinary shares for a par value of €0.17 each.

Amendments to the By-laws

The Meeting resolved on the amendment to article 13 “AGM notice of call” of the By-laws, aimed at streamlining the procedure regarding the publication of the notice of call of future Meetings of the Company.

On 14 May 2014, besides approving the Interim Report at 31 March 2014, the Board of Directors of the Company resolved on the appointment of Khaled Bishara as Chairman of the Board of Directors and of the current board members until expiry of their term of office.

On 4 August 2014, the Board of Directors of Dada S.p.A. convened to approve the half-year financial report, and also gave effect, in partial execution of the powers granted by the Shareholders on 28 April 2014, to the share-based incentive plan for 2014-2016 (the "Plan"), intended for Dada Group employees, in particular, for executives and managers of Dada S.p.A. and/or its Subsidiaries.

The Board, upon proposal of the Company’s Compensation Committee, approved the Regulations of the Plan, identified the beneficiaries and assigned a total of n. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded in the period between the Option assignment date and the same day of the previous sixth calendar month, it being understood that during such period, the arithmetical calculation took into account only the trading days on the market of DADA ordinary shares; this subscription price could not in any event be less than the par value of the shares already issued.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a performance condition, i.e. that the beneficiaries of the 2014-2016 Plan are successful in the incentive system (in the form of MBO) based on reaching Group financial goals measured in the individual consolidated financial statements in the 2014-2016 period, and that it may generally take place during predetermined exercise periods, following approval by the AGM of the Company's financial statements for the year ending 31 December 2016, but no later than 19 December 2019.

The Board, therefore, approved a share capital increase against payment for a maximum par amount of €119,850 to service the Plan, excluding option rights, pursuant to paragraph 8 of art. 2441 of the Italian Civil Code.

For further information on the terms and conditions of the Plan and the characteristics of the financial instruments assigned, reference is made to the Information Document prepared pursuant to art. 84 *bis*, paragraph 5 of CONSOB Regulation No. 11971 of 14 May 1999, which was issued and made publicly available at the registered office, at Borsa Italiana S.p.A. and on the Company's website www.dada.eu in accordance with prevailing laws.

SUBSEQUENT EVENTS AFTER YEAR END

These include the change of address of the registered office (within the same municipality) for all of the companies of the Dada Group, from Piazza Annigoni 9/b to Viale della Giovine Italia 17, 50122 Florence, owing to work on and new entrance to the building which hosted and still hosts the company's offices.

The following are the dates - for each company – when the new address was recorded in the Company Register:

Dada S.p.A., 19/01/2015

Register.it S.p.A., 20/01/2015

Clarence Srl, 19/01/2015

Fueps Srl, 05/01/2015

Moqu Adv Srl, 19/01/2015

(ii) the following amendments to the By-laws:

the amendment to art. 13 of the By-laws of Dada S.p.A., approved on 28 April 2014 by the General Meeting, which states that the national newspaper in which the notice of meeting must be published pursuant to the applicable regulatory provisions should not be expressly identified, so that the most appropriate and economical one is chosen each time;

the amendment to art. 6 of the By-laws of Dada S.p.A. following the resolution adopted by the General Meeting to authorize the Board of Directors, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital to service the share-based incentive plan (stock options) for a maximum nominal amount of €127,500 (one hundred and twenty seven thousand five hundred euro) through issue of a maximum of 750,000 (seven hundred and fifty thousand) Dada S.p.A. ordinary shares for a par value of €0.17 (zero point one seven euro) each, reserved for the exercise of options to employees of Dada spa and/or its subsidiaries, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code;

the further amendment to art. 6 of the By-laws of Dada S.p.A. following the resolution adopted by the Board of Directors of the Company, which resolved, to service the stock option plan as provided at the Meeting held on 28 April 2014, under the authority granted to the Board on 28 April 2014 by the Extraordinary General Meeting, pursuant to art. 2443 of the Italian Civil Code, to increase the share capital in separate issues for a maximum amount of €119,850.00 (one hundred and nineteen thousand eight hundred and fifty euro) through issue of n. 705,000 (seven hundred and five thousand euro) ordinary shares for a par value of €0.17 each.

On 16 March 2015, Dada S.p.A. signed a binding contract with Italiaonline S.p.A. for the disposal of its 100% interest in Moqu Adv S.r.l., the head of the Performance Advertising business activities, (holder, in turn, of a 100% interest in Moqu Ireland Ltd), for a cash consideration of €5 million, fully paid at Closing Date, in addition to a variable portion of the price ("earn-out") of up to a maximum of €1 million, to be recognized based on the results of the Moqu Group in 2015.

On 23 March 2015, in execution of and in addition to the above, the disposal of the interest held in Moqu Adv S.r.l. to Italiaonline S.p.A. was finalized for a cash consideration of €5 million.

BUSINESS OUTLOOK

The strategic guidelines in the development of the Group for the **Domain & Hosting** division aim at:

- focusing on the **business client segment** (SMEs, SOHOs, Corporate) and on the premium reseller channel (Corporate resellers);
- strengthening solutions in the field of **Hosting and related value-added products** (Web site builder, advanced E-commerce, App, Security, etc.);
- updating the value proposition on the entire range of **Email and Social collaboration** products, with sharper focus on Open Exchange and Microsoft Office 365 solutions;
- expanding the offer of **virtual and dedicated servers**, also in fully managed mode, leveraging on the investments made in the proprietary Data Center;
- further expanding the **App store** with a view to providing a one-stop-shop experience, with new solutions to increase online presence and productivity of business clients (Adv campaign management, Mobile app builder, Online trademark registration, etc.);
- improving **on- and off-line customer service**, with the aim of providing outstanding before- and after-sales service and further increasing retention and ARPU rates;
- completing investments to integrate the **technology platforms** at a European level and guarantee the best service levels in all the Group's stores.

Based on market trends and on the outlined strategic directions, in absence of any currently unforeseeable events and despite increasing competition, it is reasonable to expect over the next three-year period an annual "mid/single digit" average growth of revenue for the division (on a like-for-like basis and net of the negative contribution of Simply), with a stronger pace of growth in the second part of said period and a more than proportional increase in profitability, thanks also to the steady improvement of structural efficiency and a further optimization of all operating costs.

The **Performance Advertising** division, besides tackling a highly volatile market, in the first months of 2014, will focus on developing new portals launched in the Classified Ads segment, specifically in the automotive, shopping and travel areas. Given the further changes that have taken place in the Google network, further changes on a global scale cannot be ruled out to date, making it impossible to measure the medium- to long-term impact of such changes.

ALLOCATION OF THE RESULT FOR THE YEAR

Dear Shareholders,

We hereby submit for your approval the separate financial statements at 31 December 2014 which closed with a loss of €1,305,013.93.

We propose to carry the loss forward and, therefore, submit the following resolution to you for your approval:

"The Annual General Meeting of Dada S.p.A.

- having examined the Directors' report;
- having acknowledged the reports prepared by the Board of Statutory Auditors and the external auditors KPMG S.p.A.;
- having examined the financial statements at 31 December 2014, which show a loss of €1,305,013.93:

RESOLVES

1) to approve the Directors' report and the separate financial statements at 31 December 2014, which show a loss of €1,305,013.93 as presented by the Board of Directors;
2) to carry forward the loss as resulting from the separate financial statements at 31 December 2014.

Florence, 12 March 2015

For the Board of Directors
CEO
Claudio Corbetta

DADA S.p.A.: RECLASSIFIED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

EUR/000	31-Dec-14 12 months		31-Dec-13 12 months		DIFFERENCE	
	Amount	% of	Amount	% of	Absolute	%
Net revenue	**5,286**	**100%**	**5,050**	**100%**	**236**	**5%**
Chg. in inventories & inc. in own wk. capitalized	0	0%	0	0%	0	-
Service costs and other operating expenses*	-2,935	-56%	-3,373	-67%	438	-13%
Payroll costs	-2,597	-49%	-2,566	-51%	-31	1%
EBITDA **	**-246**	**-5%**	**-888**	**-18%**	**642**	**-72%**
Depreciation and amortization	-428	-8%	-491	-10%	63	-13%
Non-recurring income/(charges)	0	0%	-504	-10%	504	-100%
Depreciation of fixed assets	0	0%	-1	0%	1	-100%
Reversal/provisions and impairment ***	2	0%	-19	0%	22	-112%
EBIT	**-672**	**-13%**	**-1,904**	**-38%**	**1,232**	**-65%**
Investment income and dividends	36	1%	44	1%	-9	-19%
Financial income/ (charges) and impairment of equity investments	-647	-12%	-516	-10%	-131	25%
Profit/(loss) before taxes	**-1,283**	**-24%**	**-2,376**	**-47%**	**1,093**	**-46%**
Income taxes	-22	0%	317	6%	-338	-107%
Net profit	**-1,305**	**-25%**	**-2,060**	**-41%**	**755**	**-37%**

* including all direct costs for the provision of services, overheads and other operating expenses

** before impairment losses and other non-recurring items

*** release of prior-years' provisions considered no longer necessary

DADA S.p.A.: NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 31 DECEMBER 2014

EUR/000	31-Dec-14	31-Dec-13	DIFFERENCE	
			Absolute	%
Fixed assets	**30,877**	**31,209**	**-332**	**-1%**
Current operating assets*	23,234	19,619	3,615	18%
Current operating liabilities*	-2,211	-2,859	647	-23%
Net working capital	**21,023**	**16,760**	**4,263**	**25%**
Provision for termination indemnities	-224	-217	-7	3%
Provision for risks and charges	-394	-559	166	-30%
Net capital employed	**51,282**	**47,193**	**4,089**	**9%**
Non-current payables	-677	0	-677	
Shareholders' equity	**-54,155**	**-55,389**	**1,234**	**-2%**
Assets/liabilities held for sale	**0**	**0**	**0**	
Current bank debt	-12,151	-10,455	-1,697	16%
Net income/(charges) from cash pooling	15,494	18,648	-3,154	-17%
Cash and cash equivalents	207	2	204	8507%
Net short-term financial position	**3,550**	**8,196**	**-4,646**	**-57%**

* including all trade receivables and payables (including intercompany), and other receivables and payables, including accrued income and charges

DADA S.P.A.

SEPARATE FINANCIAL STATEMENTS

DADA S.p.A.: INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

(Euro)	Notes	31/12/14 (12 months)	31/12/13 (12 months)
Net revenue	**4.1**	**5,286,068**	**5,050,282**
- of which: related parties	*18*	*5,286,068*	*4,809,143*
Cost of raw materials and consumables	4.1.2.	-6,015	-5,218
Chg. in inventories & inc. in own wk. capitalized			
Service costs and other operating expenses	4.1.2.	-2,841,974	-3,186,693
- of which: related parties	*18*	*-140,283*	*-366,221*
Payroll costs	4.2	-2,597,041	-2,565,864
- of which: related parties	18	*-656,274*	*-1,201,212*
Other operating revenue and income	4.3	9,709	2,254
Other operating expenses	4.4	-96,908	-687,443
- of which: related parties	18	*0*	*0*
- of which: non-recurring	4.10	*0*	*-504,394*
Provisions and impairment losses	4.5	2,416	-19,379
Depreciation and amortization	4.6	-428,055	-491,021
Impairment losses on fixed assets		0	-1,159
EBIT		**-671,800**	**-1,904,242**
Investment income	4.7	35,562	44,158
- of which: related parties	18	*35,325*	*43,577*
- of which: from non-recurring activities			
Financial charges	4.7	-629,979	-497,011
- of which: related parties	18	*483*	*-3,316*
Other income/(charges) from financial assets & liabilities	4.9	-17,134	-19,323
Profit/(loss) before taxes		**-1,283,351**	**-2,376,418**
Income taxes	5	-21,663	316,833
Net profit (loss)		**-1,305,014**	**-2,059,586**
Basic earnings/loss per share		-0.078	-0.123
Diluted earnings/loss per share		-0.075	-0.123

DADA S.p.A.: STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2014

EUR/000	31-Dec-14 12 months	31-Dec-13 12 months
Net profit/(loss) for the period (A)	**-1,305**	**-2,060**
Termination indemnity discounting reserve	-26	
Tax effect on termination indemnity discounting reserve	7	
	-19	0
Other comprehensive profit/loss not to be subsequently reclassified in profit/(loss) for the year (B)	**-19**	**0**
Total comprehensive income/(loss) (A)+(B)	**-1,324**	**-2,060**

DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

ASSETS (Euro)	Notes	31/12/14	31/12/13
Non-current assets			
Goodwill	6	-	-
Intangible assets	6	285,788	444,274
Property, plant and equipment	7	394,863	578,255
Equity investments in subsidiaries	8	30,184,687	30,173,288
Equity investments in associates and other companies		-	-
Financial assets	8	11,529	13,165
Deferred tax assets	5	5,472,495	5,403,861
Total non-current assets		**36,349,362**	**36,612,842**
Current assets			
Inventories			
Trade receivables	9	6,456,118	6,332,840
- of which: related parties	*18*	*6,450,892*	*6,323,438*
Tax and other receivables	9	11,305,397	7,881,874
- of which: related parties	18	*10,905,750*	*7,303,058*
Current financial receivables		35,405,539	31,232,268
- of which: related parties		*35,405,539*	*31,232,268*
Cash and cash equivalents	10	206,785	2,402
Total current assets		**53,373,838**	**45,449,385**
Non-current assets held for sale		**-**	-
TOTAL ASSETS		**89,723,200**	**82,062,226**

DADA S.p.A.: STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2014

EQUITY AND LIABILITIES (Euro)	Notes	31/12/14	31/12/13
Shareholders' equity			
Capital and reserves			
Share capital	11	2,835,612	2,835,612
Other equity instruments	11	89,403	0
- of which: related parties	18	*49,457*	*0*
Share premium reserve	11	33,098,153	33,098,153
Legal reserve	11	950,053	950,053
Other reserves	11	22,209,691	22,228,212
Retained earnings/losses carried forward		-3,723,056	-1,663,471
Net profit/ (loss)		-1,305,014	-2,059,586
Total shareholders' equity		**54,154,841**	**55,388,973**
Non-current liabilities			
Bank loans (due beyond one year)		676,760	0
Provision for risks and charges	12	393,522	559,079
Provision for termination indemnities	14	223,962	216,904
Total non-current liabilities		**1,294,244**	**775,982**
Current liabilities			
Trade payables	15	938,147	1,494,098
- of which: related parties	*18*	*64,259*	*160,189*
Other payables	15	1,110,280	1,067,866
- of which: related parties	*18*	*443,601*	*366,109*
Taxes payable	15	162,950	296,721
Bank overdrafts, loans and financial liabilities (due with one year)	15	32,062,737	23,038,587
- of which: related parties	18	*19,911,572*	*12,583,975*
Total current liabilities		**34,274,114**	**25,897,271**
Liabilities relating to assets held for sale			
TOTAL EQUITY AND LIABILITIES		**89,723,200**	**82,062,226**

DADA S.p.A.: CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

EUR/000	31/12/14	31/12/13
Operating activities		
Net profit/(loss) for the period	**-1,305**	**-2,060**
Adjustments for:		
Impairment losses on equity investments	17	19
Income from trading and dividends from Group companies	-36	-44
Financial charges	630	497
Costs for share-based payments	61	173
Income taxes and other tax costs	22	-317
Depreciation	212	247
Amortization	217	244
Impairment of fixed assets	0	1
Other provisions and impairment losses, and reversals	-2	19
Increases/(decreases) in provisions	-182	-96
Cash flow from operating activities before changes in working capital	**-367**	**-1,315**
(Increase)/decrease in receivables	-3,511	-5,489
Increase in trade payables	-516	-1,214
Cash flow from operating activities	**-4,395**	**-8,018**
Income taxes paid	-218	-162
Interest paid	-568	-393
Net cash flow from operating activities	**-5,181**	**-8,574**
Investing activities		
Interest received	0	1
(Purchase)/sale of property, plant and equipment	-86	-144
(Purchase)/sale of financial assets	2	-2
(Purchase)/sale of intangible assets	-58	-91
Net cash flow used in investing activities	**-143**	**-236**
Financing activities		
Change in loans	677	0
Proceeds from capital increase	0	1,107
Other changes	0	439
Net cash flow from/(used in) financing activities	**677**	**1,546**
Net increase/(decrease) in cash and cash equivalents	**-4,646**	**-7,264**
Cash and cash equivalents at beginning of year	**8,196**	**15,460**
Cash and cash equivalents at 31/12/14	**3,550**	**8,196**

(*) including the amounts shown in "Cash and cash equivalents", centralized treasury management (cash pooling) and loans to subsidiaries, and account overdrafts with major banks

DADA S.p.A.: STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

Description	Share capital	Share prem. res.	Legal res.	Other equity instruments	Reserve discounting term. indemn.	Other reserves	Retained earnings (losses carried forward)	Net profit/(loss)	Total
Balance at 1 January 2014	2,836	33,098	950	0	0	22,228	-1,663	-2,060	**58,039**
Allocation of 2013 profit							-2,060	2,060	0
Net profit/ (loss) for the year								-1,305	**-1,305**
Other comprehensive income (losses)					-19				**-19**
Total comprehensive income (losses)	**0**	**0**	**0**	**0**	**-19**	**0**	**0**	**-1,305**	**-1,324**
Share-based payments				89					**89**
Balance at 31 December 2014	**2,836**	**33,098**	**950**	**89**	**-19**	**22,228**	**-3,723**	**-1,305**	**54,155**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2013

Description	Share capital	Share prem. res.	Legal res.	Other equity instruments	Reserve discounting term. indemn.	Other reserves	Retained earnings (losses carried forward)	Net profit/(loss)	Total
Balance at 1 January 2013	2,756	32,071	950	213	0	22,228	0	-1,994	**58,039**
Allocation of 2012 profit							-1,994	1,994	0
Net profit/(loss) for the year								-2,060	**-2,060**
Other comprehensive income (losses)						0			**0**
Total comprehensive income (losses)						**0**	**0**	**-2,060**	**-2,060**
Share-based payments				-213			330		**117**
Share capital increase	80	1,027							
Balance at 31 December 2013	**2,836**	**33,098**	**950**	**0**	**0**	**22,228**	**-1,663**	**-2,060**	**55,389**

ACCOUNTING POLICIES AND NOTES

1. Company information

Dada S.p.A. is a joint-stock company incorporated in Italy and listed in the Florence Company Register, and an issuer of shares traded in the STAR segment of the Milan Stock Exchange. Its registered office and main operating locations are specified in the introduction to the annual report.

2. Going concern

Against a persistently uncertain and challenging economic and financial backdrop, the Directors have approved the 2015 Budget and a broader plan for the next four years. Actions have been identified to focus efforts on the more profitable businesses and to reorganize the less profitable ones, as explained in the "Business Outlook" section of the Directors' report. Based on the Directors' forecasts, such actions will allow the Group to recover economic balance and gradually reduce financial debt as early as 2016.

Accordingly, the Directors, confident that such goals are achievable, and heartened by the results posted in the first months of 2015, have prepared the consolidated financial statements for the year ended 31 December 2014 on a going concern basis, without identifying any material uncertainties.

3. Preparation criteria

Compliance with IFRS

The separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and with the measures enacted for the implementation of Art. 9 of Legislative Decree 38/2005. The term "IFRS" encompasses all of the International Accounting Standards (IAS) and all interpretations published by the International Financial Reporting Interpretations Committee (IFR IC), previously known as the Standing Interpretations Committee (SIC).

The financial statements were prepared in accordance with the historical cost convention, with the exception of financial assets available for sale, which were measured at fair value. The financial statements are expressed in euro (€) as this is the currency in which most of the Group's operations are conducted. Since the amounts are rounded up to the nearest Euro, Euro thousand and Euro million, in some statements, the sum of the detail rows may differ from the amount shown in the total rows, as well as in the percentage changes versus the prior year.

The financial statements at and for the year ended 31 December 2014 were approved by the Board of Directors of Dada S.p.A. on 12 March 2015 and therefore authorized for publication as provided for by law. The draft financial statements will be submitted to the Shareholders' Meeting convened on 28 April 2015 on first call.

Reporting formats

The separate financial statements are comprised of the income statement, the statement of comprehensive income, the statement of financial position, the statement of cash flows, the statement of changes in equity, and these notes.

The full-year financial statements have been audited by KPMG S.p.A..

With regard to reporting formats:

- For the income statement, the Group has opted for the dual format:

* Income statement covering only revenue and costs, classified by type;

* Statement of comprehensive income including gains and losses recognized directly in equity, net of the tax effects.

- in the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately;
- the statement of cash flows has been prepared according to the indirect method. Total cash and cash equivalents during the period consists of the sum of "cash on hand and banks" and "bank overdrafts and financial payables (due within one year)" in the statement of financial position.

Amounts in the statement of financial position and income statement are shown in Euros, while the statement of cash flows and statement of changes in equity are presented in thousands of Euro.

Equity investments in subsidiaries and associates

Equity investments in subsidiaries are measured at cost and undergo periodic impairment testing, conducted at least one a year or whenever there is evidence of possible impairment. The measurement is based on discounted cash flow, according to the method described below under "Impairment losses." Any impairment losses are charged to profit or loss the year they are recognized. If the reasons for the impairment loss cease to apply, the carrying amount of the investment is restored up to its original cost. This reversal is recognized in profit or loss.

Impairment losses

At every reporting date, Dada S.p.A. reviews the carrying amount of its intangible assets and its property, plant and equipment to determine if there are any signs of impairment. If so, the recoverable amount of the assets is estimated to determine any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

Intangible assets with indefinite useful lives, including goodwill and equity investments, undergo impairment testing each year and whenever there are signs of possible impairment.

The recoverable amount is the higher of fair value less costs to sell and value in use. In determining value in use, the estimated future cash flows are discounted to their current value using a rate that reflects current market assessments of the time value of money and the risks specific to the asset.

When impairment is reversed, the asset or cash-generating unit is written back to the new estimate of recoverable amount (except in the case of goodwill), which may not exceed the net carrying amount that the asset would have had if the impairment loss had not been charged. The reversal of an impairment loss is taken immediately to the income statement.

Non-current assets held for sale

Non-current assets (or disposal groups) classified as held for sale are recognized at the lower of carrying amount and market value net of costs to sell.

Non-current assets (and disposal groups) are classified as held for sale when their carrying amount is expected to be recovered by way of sale rather than used in business operations. This condition is only met when the sale is highly probable, the asset (or group of assets) is available for immediate sale in its current condition, and Management has committed to the sale, which should take place within 12 months of the classification as held for sale

Intangible assets

Intangible assets acquired separately are initially capitalized at cost, while those acquired through business combinations are capitalized at the acquisition-date fair value. Subsequently, intangible assets are carried at cost net of accumulated amortization and any impairment losses. Internally generated intangible assets, excluding SW development costs, are not capitalized and the expenditure is charged to the income statement the year it is incurred. The useful life of intangible assets is deemed to be finite.

Intangible assets with finite useful lives are amortized over their useful life and tested for impairment any time there are indications of a possible loss in value. The period and method of amortization is reviewed at the end of each year, or more frequently if necessary. Changes in the estimated useful life or the manner in which the future economic benefits associated with the asset will be achieved by the Group are accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the income statement in the expense category consistent with the function of the intangible asset.

Research and development costs

Research costs are charged to profit and loss as and when incurred. Development costs relating to an individual project are capitalized only when the company can demonstrate the technical feasibility of completing the asset so that it will be available for use or sale, its intention to complete the asset for use or sale, how the asset will generate future economic benefits, the availability of technical, financial or other resources to complete development, and the ability to reliably measure expenditure during the development process.

During the development phase, the asset undergoes impairment testing once a year. After initial recognition, development expenditure is measured at cost less accumulated amortization and any impairment losses. The asset starts to be amortized once development is completed and the asset is available for use. It is measured over the estimated period in which the project will generate revenue for the company. While the asset is not yet in use, it will undergo impairment testing once a year.

Other intangible assets

These are initially recognized at cost and amortized on a straight-line basis over their estimated useful life. Impairment losses may apply as a result of impairment testing (see below).

Gains or losses from the disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognized in profit or loss at the time of the disposal.

Property, plant and equipment

Property, plant, machinery, equipment and other tangible assets are recognized at purchase or production cost, net of accumulated depreciation and any impairment losses. Cost includes related charges and a reasonable allocation of direct and indirect expenses.

Fixed assets are depreciated on a straight-line basis over their estimated useful life, at the following annual rates:

Plant and EDP machines: 20%
Furniture and fittings: 12%

Receivables

Receivables are stated at face value, and reduced to estimated realizable value by way of a provision for doubtful accounts. The provision reflects recovery estimates carried out for each position as well as the overall riskiness of receivables, taking account of guarantees and insurance coverage.

Receivables due beyond one year that do not bear interest or bear interest at lower than market rates are discounted at market rates.

Financial assets

Financial instruments are initially measured at fair value, and are subsequently measured depending on their classification, in accordance with IAS 39. Subsequently, the financial assets that Dada S.p.A. intends and is able to hold to maturity are recognized at amortized cost using the effective interest method, net of impairment losses.

Financial assets other than those held to maturity are classified as held for trading or available for sale and are measured at each period end at fair value.

Cash and cash equivalents

This item comprises cash on hand, current bank accounts, deposits payable on demand, and other short-term, highly liquid investments that are readily convertible into cash and subject to an insignificant risk of changes in value. They are stated at face value. In the consolidated statement of cash flows, cash and cash equivalents are defined as above but are shown net of bank account overdrafts.

Payables

Payables are stated at face value.

Bank loans

Interest-bearing bank loans and account overdrafts are recognized on the basis of the amounts received, net of transaction costs, and are subsequently valued at amortized cost using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recognized in the amount received, net of direct issue costs.

Provisions for risks and charges

Provisions are recognized when the Company has a present obligation as a result of a past event and it is likely that the expense will be incurred. They are based on management's best estimate of the cost of fulfilling the obligation as of the reporting date, and are discounted to present value when the effect is significant.

Translation of foreign currency items

The separate financial statements are expressed in euro, which is the functional and presentation currency used by Dada S.p.A. Transactions in foreign currency are initially recognized at the exchange rate in force (versus the functional currency) on the transaction date. Monetary assets and liabilities denominated in foreign currency at the balance sheet date are translated into the functional currency at the exchange rate in force at year end.

All exchange differences are recognized in profit or loss, except for those arising from foreign currency loans taken out to finance an investment in an overseas firm, which will be recognized in equity until the investment is sold and then reclassified to profit or loss. Tax liabilities and credits attributable to exchange differences on such loans are also recognized in equity.

Revenue recognition

Revenue is recognized to profit and loss only when is probable that the economic benefits associated with the transaction will flow to the entity and the amount can be reliably determined. It is shown at the fair value of the consideration received, excluding discounts, rebates and taxes. The following criteria must be satisfied before revenue is recognized in profit or loss:

Sale of goods

Revenue is recognized when the company has transferred to the buyer all risks and rewards of ownership, which generally coincides with the shipping date.

Sale of services

Revenue from services is recognized when the service is rendered. If the outcome of the contract cannot be reliably measured, revenue is only recognized to the extent that the costs incurred are expected to be recovered.

Interest

Interest is recognized as financial income on an accruals basis, using the effective interest method (effective interest is the rate that exactly discounts estimated future cash receipts through the expected life of the asset to its net carrying amount).

Dividends

Dividends are recognized when the shareholders are entitled to receive payment.

Pension funds and other post-employment benefits

These funds and benefits are unfunded. The cost of benefits due under defined benefit plans is determined actuarially for each plan, using the projected unit credit method. Gains and losses arising from the actuarial calculation are recognized in profit or loss over the expected average remaining working lives of the employees participating in the plan.

Past service costs are recognized on a straight-line basis over the average vesting period. If the benefits are already vested upon the introduction of, or changes to, a pension plan, past service cost is recognized immediately.

The defined benefit asset or liability comprises the present value of the defined benefit obligation less any past service costs not yet recognized and less the fair value of the plan assets out of which the obligations are to be settled directly. The value of any asset is restricted to the sum of any past service cost not yet recognized and the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Share-based payments (stock options)

The cost of share based payments to employees for benefits granted after 7 November 2002 are measured at fair value as of the grant date. Fair value is determined by an external appraiser using an appropriate valuation model. See Note 18 for further details.

The cost of stock options, along with the corresponding increase in equity, is recognized over the period starting when the options are assigned to the beneficiaries and ending when the employees become fully entitled to the reward (the vesting date). The cumulative expense recognized for these transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the best available estimate of the number of awards that will ultimately vest. The cost or income recognized for the year is the change in the cumulative expense at the beginning and the end of the year.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon market conditions, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other conditions are met. Where the initial conditions are modified, as a minimum an expense is recognized as if the terms had not been modified. In addition, an expense is recognized for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee; such an expense is measured at the date of modification.

Where an award is canceled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the canceled award and designated as a replacement award on the date that it is granted, the new awards are treated as a modification of the original award as described in the previous paragraph.

Taxes

Current taxes

Current tax assets and liabilities for 2014 and previous years are valued at the amount expected to be received from or paid to the tax authorities. The tax rates and laws used to calculate that amount are those that have been enacted or substantively enacted by the balance sheet date.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in profit or loss.

Deferred taxes

Deferred taxes are calculated using the "liability method" on temporary differences existing at the reporting date between the value of assets and liabilities for tax purposes and the value reported in the balance sheet, and on prior-year tax losses eligible for use in future years.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- when deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the reversal of the temporary differences can be controlled and will probably not occur in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences and for tax assets and liabilities carried forward, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforwards can be utilized, with the following exception:

- the deferred tax asset associated with deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss);
- where deductible temporary differences are associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future, and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of a deferred tax asset is re-assessed at each balance sheet date, and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to utilize part or all of that asset. Unrecognized deferred tax assets are also re-assessed every year at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred taxes relating to elements recognized outside profit or loss are also recognized outside profit or loss, and therefore in equity or in other comprehensive income consistently with the element to which they refer.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax balances, when they pertain to the same tax authorities, and when the Group plans to settle its current assets and liabilities on a net basis.

Deferred tax assets for tax losses are recognized when it is probable that future taxable profit will be available against which prior losses can be utilized.

Use of estimates

The preparation of the financial statements and notes in accordance with IFRS requires management to make estimates and assumptions that affect the carrying values of assets and liabilities and disclosures on contingent assets and liabilities as of the reporting date. Actual results may differ. Estimates are used to value property, plant and equipment and intangible assets tested for impairment and to recognize provisions for doubtful accounts, amortization and depreciation, asset impairment, employee benefits, taxes, and other provisions and reserves. Estimates and assumptions are reviewed on a regular basis and any changes are reflected immediately in profit or loss.

Related party transactions

Transactions with related parties are discussed in Note 19.

Seasonal trends

Dada's main operations are not affected by seasonal trends that could influence results for the period.

Changes in International Accounting Standards

The accounting standards are the same as those used the previous year, with the exception of the following new or revised IFRS and IFRIC interpretations adopted by the Group during the year.

During the year, the Group adopted the following new or revised IFRS, and the following new or revised interpretations:

Accounting standards, amendments and interpretations applied from 1 January 2014

The following accounting standards, amendments and interpretations, revised also following IASB's yearly improvement process, were applied for the first time starting from 1 January 2014:

Accounting standards, amendments and interpretations approved by the European Union and effective from 1 January 2014:

The following are the accounting standards, amendments and interpretations effective from 1 January 2014 and approved by the European Commission. At the date of these financial statements, the adoption of these new standards, amendments and interpretations had no impact on the Company.

IFRS 10 – Consolidated Financial Statements (effective for financial periods beginning on or after 1 January 2014). The new standard supersedes SIC 12 - *Consolidation: special purpose entities (vehicles)* and parts of IAS 27 – *Consolidated and separate financial statements, renamed Separate financial statements*. It sets out the accounting requirements of equity investments in the separate financial statements.

IFRS 11 – Joint arrangements (effective for financial periods beginning on or after 1 January 2014). The new standard supersedes IAS 31 – *Interests in Joint Ventures* and SIC 13 – *Jointly controlled entities: Non-monetary contributions by venturers*. Following issue of this standard, IAS 28 – *Investments in associates* was amended to include within its framework, from the effective date of the standard, interests in joint ventures.

IFRS 12 – Disclosure of interests in other entities (effective for financial periods beginning on or after 1 January 2014).

Amendments to IFRS 10, IFRS 11 and IFRS 12 (effective for financial periods beginning on or after 1 January 2014).

Amendments to IAS 32 – Financial Instruments: Presentation – Offsetting of financial assets and liabilities (effective for financial periods beginning on or after 1 January 2014).

Amendments to IAS 36 – Impairment of assets (effective for financial periods beginning on or after 1 January 2014).

Amendments to IAS 39 – Financial instruments: recognition and measurement: "Novation of derivatives and continuation of hedge accounting" (effective for financial periods beginning on or after 1 January 2014).

IFRIC 21 - Levies (effective for financial periods beginning on or after 1 January 2014).

New accounting standards approved by the European Union but yet to be enforced

In 2014, the European Commission approved and published the following new accounting standards, amendments and interpretations, which supplement those approved and published by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC"):

Amendments to IAS 19 - Employee benefits (effective for financial periods beginning on or after 1 July 2014). The purpose of these amendments is to simplify the accounting of contributions related to defined benefit plans of employees or third parties in specific cases. The amendments are effective retrospectively for financial periods beginning on or after 1 July 2014. At the date of these financial statements, the Company is assessing the future impact from the adoption of the amendments.

Amendments to IFRS 2010-2012 and IFRS 2011-2013 Annual Improvements Cycles (effective for financial periods beginning on or after 1 July 2014). The most relevant topics addressed in these amendments include: the definition of vesting conditions in IFRS 2 - *Share-based payments*, disclosure on the estimates and judgments used in the aggregation of operating segments in IFRS 8 - *Operating Segments*, the identification and disclosure of a transaction with a related party that arises when an entity provides key management personnel service to the reporting entity in IAS 24 –*Related party disclosures*, scope exceptions in IFRS 3 - *Business combinations*, of all types of joint ventures, and clarifications on exceptions to the application of IFRS 13 - *Fair Value Measurement*. At the date of these financial statements, the Company is assessing the future impact from the adoption of the amendments.

4. Other income and costs

4.1 Revenue

As in previous years, Dada S.p.A. mainly provides centralized services and corporate services to other companies in the Group. Therefore, all of its revenue consists of charge-backs to subsidiaries, which are governed and quantified on the basis of contracts.

4.1.2 Cost of services and overheads

The cost of services and overheads refers mainly to utilities, rent and leasing, corporate expenses, maintenance and consulting. The downward trend in 2014 reflects the cost-cutting efforts made.

4.2 Payroll costs

The following table breaks down payroll costs in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Wages and salaries	1,988	1,960	28	1%
Social security charges	497	494	3	1%
Provision for termination indemnities	112	112	0	0%
Total	**2,597**	**2,566**	**31**	**1%**

In 2014, payroll costs came to €2.6 million, basically in line with 2013.

Employees are hired under the national employment contract for the commercial sector.

The provision for termination indemnities is calculated using the projected unit credit method. See Note 14 for further information.

The value of stock options assigned in 2014 under the plans approved in prior years is calculated as required by IFRS 2. The overall impact on this item amounted to €60.9 thousand.

4.3 Other operating revenue and income

The following table breaks down other operating revenue and income in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Other revenue	10	2	7	331%
Total	**10**	**2**	**7**	**331%**

Other operating revenue and income at 31 December 2014, as at 31 December 2013, consisted entirely of income falling outside the ordinary operations of Dada S.p.A.

4.4 Other operating expenses

Other operating expenses in 2014 and 2013 are shown in the table below:

Description	31/12/14	31/12/13	Change	% change
Taxes	28	45	-17	-37%
Non-deductible costs	25	37	-12	-31%
Other	44	101	-58	-57%
Non-recurring charges	0	504	-504	-100%
Total	**97**	**687**	**-591**	**-86%**

There were no non-recurring charges in 2014, while at 31 December 2013 they included those from the extraordinary transaction regarding the change of ownership of Dada S.p.A..

The remaining items of other operating expenses refer to costs that cannot be deducted from taxable income and are not of a significant amount.

4.5 Provisions and impairment losses

The following table shows provisions and impairment losses in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Provision for doubtful accounts	0	0	0	
Provisions /Reversal for risks and charges	2	-19	22	112%
Total	**2**	**-19**	**22**	**112%**

No provisions for doubtful accounts were made in 2014, as in the prior year. For information on the recovery in the income statement of provisions for risks and charges, see Note 12.

4.6 Depreciation and amortization

The following table breaks down depreciation and amortization in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Depreciation	212	247	-35	-14%
Amortization of other intangible assets	216	244	-28	-11%
Total	**428**	**491**	**-63**	**-13%**

This item decreased across almost all asset categories. The trend is explained by the reorganization of prior years, as a result of which investments (and therefore depreciation and amortization) pertain directly to the subsidiaries. In 2014, Dada S.p.A.'s investments referred exclusively to improvements made to the Florence premises and to the purchase of management software and technology needed to provide corporate services.

4.7 Financial income and charges

The table below breaks down financial income in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Interest on intercompany cash pooling	35	44	-8	-19%
Other financial income	0	1	0	-59%
Total	**36**	**44**	**-9**	**-19%**

Financial income is composed of interest earned on cash pooling accounts with other Group companies. These are governed by formal contracts whose terms and conditions are anchored to market parameters.

Financial charges in 2014 and 2013 are shown below:

Description	31/12/14	31/12/13	Change	% change
Interest on account overdrafts	-465	-393	-72	18%
Interest on loans	-37	0	-37	
Interest on intercompany cash pooling	-3	-2	-1	30%
Interest to parent	-1	-1	0	0%
Other interest	1	-4	5	-135%
Bank fees and charges	-126	-97	-29	30%
Exchange losses	0	0	0	
Total	**-630**	**-497**	**-133**	**27%**

In 2014, financial charges from interest on existing loans and interest on bank overdrafts and other short-term loans rose by approximately 17% versus 2013. The trend is explained by the increased use of available credit lines as a result of the deterioration in the net financial position in 2014 versus 2013, partly offset by the average reduction in borrowing costs from the decrease in spreads charged by banks on the various technical forms of funding.

4.8 FINANCIAL RISKS

The main risks the Company faces are described below (see also the risks mentioned in the notes to the consolidated financial statements).

Financial risks

The Company does not currently use derivatives to manage interest rate risk. Dada S.p.A. has limited exposure to credit risk, as most of its receivables are due from Group companies, and exposure to Interest rate risk, liquidity risk and price risk is also insignificant.

Credit risk

Exposure to credit risk is related to trade and financial receivables. Trade receivables arise almost exclusively from intercompany transactions with subsidiaries.

Interest rate and liquidity risk

Dada S.p.A.'s exposure to the risk of fluctuations in market rates arises from occasional bank account overdrafts at variable rates (payable on demand) and short-term, floating-rate loans for which no hedge agreements are in force.

Liquidity risk is managed by investing available funds in positions that can be easily liquidated. To optimize use of the Group's liquidity, the parent company Dada S.p.A. has a cash pooling agreement with its subsidiaries Register.it S.p.A., Moqu Adv Srl, Clarence Srl and Fueps S.p.A.. Register.it S.p.A. also has a cash pooling agreement with its French subsidiary Amen SA, Spanish subsidiary Nominalia SL and British subsidiary Namesco UK, while Moqu Adv Srl has a cash pooling agreement with its Irish subsidiary Moqu Ireland Ltd. The use of short-term credit facilities generally covers a very small share of capital employed.

Price risk

The Company is not exposed to significant price volatility risk. For more details and information, see attached to this report the part relating to disclosure under IFRS 7.

4.9 Other income and charges from financial assets and liabilities

The table below breaks down other income from financial assets in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
Impairment losses on equity investments	-17	-19	2	-11%
Total	**-17**	**-19**	**2**	**-11%**

The impairment of €17 thousand refers to the impairment losses of €15 thousand and €2 thousand respectively on the equity investments of Fueps and Clarence, while in 2013, they amounted to €16 thousand for Fueps and €3 thousand for Clarence.

No further income or charges are reported from financial assets and liabilities in 2014.

4.10 Non-recurring income and charges

The table below breaks down non-recurring income and charges in 2014 and 2013:

Description	31/12/14	31/12/13	Change
Non-recurring payroll charges	0	348	-348
Other non-recurring charges	0	156	-156
Non-recurring income/charges	**0**	**504**	**-504**

There were no non-recurring charges in 2014, while at 31 December 2013 they amounted to €0.5 million from the extraordinary transaction regarding the change of ownership of the Parent Dada S.p.A.

5. Taxes

The table below shows taxes in 2014 and 2013:

Description	31/12/14	31/12/13	Change	% change
IRAP	-57	-26	-31	116%
IRES	0	0	0	-
Prior-years' current taxes	-26	-160	134	-84%
Tax consolidation income	0	110	-110	-100%
Deferred tax assets	62	393	-331	-84%
Total	**-22**	**317**	**-338**	**-107%**

In 2014, as in 2013, the Company has charges for current taxes relating exclusively to IRAP.

"Prior-years' current taxes" includes the (negative) adjustments arising from the annual tax return, specifically relating to the changed IRAP rate for Tuscany.

Movements during 2014 in deferred tax assets were as follows:

Description	31/12/13	Increase for the year	Utilizations for the year	Other movements	31/12/14
Deferred tax assets	5,404	150	-88	7	5,472
Total	**5,404**	**150**	**-88**	**7**	**5,472**

Deferred tax assets in 2014 were recognized in the amount of €5.5 million versus €5.4 million in 2013 and originate from temporary differences and tax losses expected to be recovered in the short to medium term.

More specifically, deferred tax assets are justified by the future deductibility of provisions for doubtful accounts and provisions for risks and charges, and by all other adjustments for tax purposes that will be recovered in subsequent years ("temporary differences"). Account was also taken of the partial recovery of tax losses included in the consolidation by way of the profits earned by other Group companies. The computation reflects the new tax laws on the recovery of fiscal losses, which can now be carried forward at 80% per year for an unlimited amount of time.

More specifically, assessment of the recoverability of deferred tax assets was determined using the same prior-year criteria and based on the 2015 budget and 2016-2019 plan approved and adopted, for the purposes of the impairment test, by the boards of directors of the companies participating in the tax consolidation scheme and by the board of directors of the parent Dada S.p.A..

Over this time period, the projections show that Register.it in particular will generate increasing taxable income and that the portion of recognized deferred taxes will be fully recovered basically during the five-year period above. This assessment and the above-mentioned laws allowing full recovery of tax losses indefinitely give reasons to conclude that the recognition of deferred tax assets complies with the requirements of the relevant accounting standard.

This method of assessment was the same adopted in 2013 and before that.

The losses on which deferred tax assets were calculated amount to €17 million, while total tax losses of Dada S.p.A. that can be carried forward to subsequent years amount to €24.6 million.

Deferred tax assets have been recognized in proportion to the income the company is likely to achieve.

The following table reconciles the actual and theoretical tax charge:

RECONCILIATION BETWEEN TAX CHARGE SHOWN IN THE FINANCIAL STATEMENTS AND THEORETICAL TAX CHARGE AT 31 DECEMBER 2014

(EUR/000)

Description	2014	2013
Pre-tax profit	-1,283	-2,376
Theoretical tax charge	**353**	**654**
Permanent differences	86	191
Temporary differences	234	212
Taxable income	**-963**	**-1,973**
Actual tax charge	**0**	**0**
Ires	**0**	**0**
Prior-years' taxes	**-26**	**-160**
Other tax costs/recovery of other tax costs	**0**	**0**
Tax consolidation income	**0**	**110**
Irap	**-57**	**-26**
Current taxes	**-83**	**-76**

Deferred tax assets are broken down below:

	IRES		IRES	
	2014		2013	
	Amount of temporary differences	Tax effect (at 27.5%)	Amount of temporary differences	Tax effect (at 27.5%)
Deferred tax assets:				
Taxed provision for doubtful accounts	1,487	409	1,498	412
Provisions for risks and charges	312	86	538	148
Non-current assets	814	224	895	246
Other temporary differences	74	20	48	13
Total	**2,687**	**739**	**2,979**	**819**
Tax losses from consolidated tax consolidation scheme on which deferred tax assets have been calculated	**17,016**	**4,679**	**16,470**	**4,529**
Net	**19,703**	**5,418**	**19,449**	**5,348**

	IRAP		IRAP	
	2014		2013	
	Amount of temporary differences	Tax effect (at 4.82%)	Amount of temporary differences	Tax effect (at 3.9%)
Deferred tax assets:				
Provisions for risks and charges	312	15	525	21
Non-current assets	814	39	895	35
Net	**1,127**	**54**	**1,420**	**56**

Dada S.p.A. serves as the consolidating company for the Italian tax consolidation scheme, which includes the subsidiaries Register.it S.p.A., Clarence S.r.l., Fueps S.p.A. and Moqu Adv Srl. This option has a 2013-2015 three-year term.

6. Intangible assets

Movements in intangible assets from 31 December 2013 to 31 December 2014 are reported below:

Description	Balance at 31/12/13	Increases	Decreases	Amortization	Balance at 31/12/14
Other	443	58	0	-216	284
Total	**444**	**58**	**0**	**-217**	**286**

Following the reorganization of prior years, as a result of which investments pertain directly to the subsidiaries, Dada S.p.A. now invests only in intangible assets which exclusively regard management software and technology needed to provide corporate services.

7. Property, plant and equipment

Movements in property, plant and equipment from 31 December 2013 to 31 December 2014 are reported below:

Description	Balance at 31/12/13	Increases	Decreases	Depreciation	Balance at 31/12/14
Plant and EDP machines	204	10	-2	-115	97
Furniture and fittings	236	15	0	-83	168
Other	138	5	0	-14	130
Total	**578**	**30**	**-2**	**-212**	**395**

The increase in 2014 is due to the improvements made to the Florence premises and to purchases made in hardware essential to Dada S.p.A.'s business activities.

8. Equity investments and financial assets

The following table shows movements in equity investments from 31 December 2013 to 31 December 2014:

Description	31/12/13	Increases	Decreases	Impairment	Other movements	31/12/14
Equity investments in subsidiaries	30,173			-17	29	30,185
Total equity investments in subsidiaries	**30,173**	**0**	**0**	**-17**	**29**	**30,185**
Security deposits	13	1	-3			12
Total financial assets	**13**	**1**	**-3**	**0**	**0**	**12**
Total	**30,186**	**1**	**-3**	**-17**	**29**	**30,196**

Impairment losses recognized in the income statement amounted to €17 thousand for Fueps and to €3 thousand for Clarence, while other movements concerning Register.it S.p.A. and Moqu Adv S.r.l. include provisions of €23 thousand and €6 thousand respectively for stock options granted to the managers of the companies, as a balancing entry to "equity instruments", in accordance with IFRS 2.

Movements in equity investments in subsidiaries are summarized below:

Name	Balance at 31/12/13	Increases	Impairment	Other movements	Balance at 31/12/14	% held
Register.it SpA	27,960			23	27,983	100%
MOQU Adv S.r.l.	10			6	16	100%
Fueps SpA	1,850		-15		1,835	100%
Clarence Srl	353		-2		351	100%
Total	**30,174**	**0**	**-17**	**29**	**30,185**	

As required by the accounting standards, the investments held by Dada S.p.A. have been tested for impairment. Impairment testing is carried out once a year upon preparation of the consolidated financial statements. The recoverable amount of the investments is verified by determining value in use based on the Discounted Cash Flow; the values recognized in the financial statements have been confirmed by impairment testing.

With regard to the main assumptions and parameters adopted by management in the impairment test, see Note 9 to the consolidated financial statements.

Regarding Dada S.p.A. investments, technically speaking, the value in use of the CGUs comprised of the investments in Register.it S.p.A. and Moqu Adv S.r.l. was estimated on the basis of expected cash flows and their discounting at an appropriate rate. More specifically, value in use was estimated by discounting the company's operating cash flow projections for 2015-2019 at a rate equal to the weighted average cost of capital (WACC).

Cash flows for 2015-2019 were based on the above projections. The recoverable amount was estimated as the sum of the present value of cash flows over the explicit forecast period and the terminal value, assuming g=0 beyond the explicit forecast period.

Valuations were reached with assistance from a major consulting firm specialized in this activity.

Cash Generating Unit	Explicit forecast period	Terminal value period	Growth rate (g) during terminal value period
	31/12/2014	31/12/2014	
D&H EU CGU	5 years	Perpetual	Zero
D&H UK CGU	5 years	Perpetual	Zero
Performance Adv. CGU	5 years	Perpetual	Zero

The following table shows the main assumptions adopted in preparing the impairment test:

CGU Growth rate:	**D&H EU**	**D&H UK**	**Performance Advertising**
Revenue	2014 figures from actual results approved by the BoD of each company forming the CGU; 2015 figures from consolidated budget of the D&H EU CGU approved by the BoD of Register.it SpA as the head of the CGU, which also includes the Amen Group and Nominalia; 2016-2017 two-year period determined by using growth rates envisaged in the Group's previous plan approved in 2013, updating them on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2018 and 2019, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Register.it SpA.	2014 figures from actual results approved by the BoD of each company forming the CGU; 2015 figures from consolidated budget of the D&H UK CGU approved by the BoD of Namesco UK Ltd. as the head of the CGU, which also includes the Poundhost Group and Namesco Ireland; 2016-2017 two-year period determined by using growth rates envisaged in the Group's previous plan approved in 2013, updating them on the basis of further and latest business and target market information regarding growth rates; further two-year horizon covering 2018 and 2019, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Namesco Uk Ltd.	2014 figures from actual results approved by the BoD of each company forming the CGU; 2015 figures from consolidated budget of the Performance Advertising CGU approved by the BoD of Moqu Ita Srl as the head of the CGU, which also includes Moqu Ireland; 2016-2017 two-year period determined by using growth rates envisaged in the Group's previous plan approved in 2013, updating them on the basis of further and latest business and target market information regarding future trends; further two-year horizon covering 2018 and 2019, based on growth rates of main economic and financial aggregates extrapolated from the best available information on the specific business of the CGU and reviewed by the BoD of Moqu Italia.

Growth rate:			
EBITDA	For the EBITDA trend of the D&H EU CGU over the period of the plan, see considerations above.	For the EBITDA trend of the D&H UK CGU over the period of the plan, see considerations above.	For the EBITDA trend of the Performance Adv. CGU over the period of the plan, see considerations above.

With regard to the investment in Register.it S.p.A. and Moqu Adv S.r.l. the main assumptions used to build plans for the purposes of impairment testing are described below.

D&H EU CGU: the 2015-2019 revenue trend of the D&H EU CGU was estimated based primarily on the following considerations:

• development and growth of the current customer base thanks to the pre-registration, monitoring and registration of new gTLDs to be released (roughly 700 new extensions in the coming years), and of brand protection and Internet Brand Intelligence tools;

• increase in Domain & Hosting sales to potential customers; average 10% price increase on retail customer base, increase in renewal rates thanks to greater investment in service and consulting to new and existing customers;

• increase in the customer base through implementation of projects geared towards the optimization and revision of the free trial path and simplification of the free evaluation path by improving the conversion rate from trial to purchase product, in addition to the launch of new solutions on the domain product aimed at the repositioning on a number of foreign markets;

• rollout of new products in the Domain & Hosting segment with a view to increased assistance to the customer base, with positive effects on upselling volumes on existing customers.

Expanded offer of virtual and dedicated servers (also in managed mode) and cloud-based solutions, as well as products and services for the safety of websites and online transactions, in order to meet the needs of business expansion and protection from growing cyber attacks.

The growing margin trend over the period of the plan is also the result of the centralization process regarding overhead costs and of the optimization of premises and datacenters, with a consequent reduction in these costs. This applies to the Italian company and to the foreign subsidiaries under this CGU.

Performance Advertising CGU: the revenue and margin trend of the ADV Scalable CGU over the period of the Plan was affected by the sharp drop in the revenue sharing percentage decided single-handedly by Google at the end of 2013 which impacted negatively on monetization from web traffic generated by users through mobile phones and tablets.

Specifically, the 2015-2019 revenue trend was estimated based primarily on the following considerations:

• focus on market segments with higher-value keywords;

• development of vertical search solutions, related in particular to SuperEva, allowing monetization through feeds alternative to Google;

• planning and launch of new products in the automotive, shopping and travel segments, addressing advertising campaign needs while offering more appealing services to end users;

• sharper focus on SEO and branding to increase the share of organic traffic;

• improvement in structural efficiency and minimization of risks related to each product.

Finally, the analysis of the growth rates of revenue (which show a more coherent trend versus prior years) regarding the two Domain & Hosting CGUs was also based on the average growth rates achieved by the Domain and Hosting segment in previous years. In light of the above considerations, the compound annual growth rate (CAGR) of Dada Group revenue was 10%.

The discount rate used for future cash flows is the weighted average cost of capital (WACC). It was determined separately for the individual CGUs and takes account of the following parameters (among others): cost of money, market risk premium, risk-free rate of return, and marginal income tax rate. It respects the operations performed by each CGU, while also taking account of the trend in market rates and in the overall macroeconomic scenario.

These considerations led to the calculation of the following rates, which are shown along with the prior-year rates below:

CASH GENERATING UNIT	WACC	
	31/12/2014	31/12/2013
D&H EU	7.07%	7.99%
D&H UK	7.07%	6.49%
Performance Advertising	7.25%	6.49%

The impairment test conducted at 31 December 2014 confirmed that there is no need to adjust the values recognized in the financial statements for the investment in Register.it S.p.A. and in Moqu Adv Srl which, however, has no goodwill. For further details of the analyses, see Note 9 of the consolidated financial statements of the Dada Group.

9. Trade and other receivables

The following table breaks down “trade receivables” at the end of 2014 and 2013:

Description	Balance at 31/12/14	Balance at 31/12/13	Change	% change
Due from customers: Italy	1,572	1,621	-49	-3%
Trade receivables due from subsidiaries	6,451	6,308	142	2%
Trade receivables due from parents	0	15	-15	-100%
Less: provision for doubtful accounts	-1,567	-1,612	45	-3%
Total	**6,456**	**6,332**	**123**	**2%**

Trade receivables are due mainly from subsidiaries. Related party receivables refer to Dada S.p.A. business activities prior to contribution and for the most part have been written down.

For receivables from subsidiaries, see the section on related parties.

Movements in the provision for doubtful accounts are shown in the following table:

Description	Balance at 31/12/2013	Increase for the year	Utilizations for the year	Balance at 31/12/2014
Provision for doubtful accounts	1,612	0	-45	1,567
Total	**1,612**	**0**	**-45**	**1,567**

At 31 December 2014, the provision was sufficient to cover potential losses on all trade receivables. The write-downs were charged on receivables overdue by more than three years when the Company still did business with third parties, and not exclusively within the Group, as is now the case.

There are no new trade receivables due beyond one year that would require an assessment of financial loss.

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

No receivables have a residual maturity over 5 years.

The following table shows "Other receivables" at 31 December 2014 at the end of 2013:

Description	Balance at 31/12/14	Balance at 31/12/13	Change	% change
Tax receivables	205	217	-12	-5%
Advances paid to suppliers	0	8	-8	-100%
Other receivables	79	104	-25	-24%
Other from Group companies	10,906	7,303	3,603	49%
Accrued income and prepayments	116	250	-134	-54%
Total	**11,305**	**7,882**	**3,424**	**43%**

“Accrued income and prepayments” include the year's share of telephone line charges and other costs pertaining to both periods.

"Other receivables" includes down payments or advances.

Tax receivables cover the IRAP advance payment and withholding and other tax receivables, resulting from the latest tax return.

Other receivables from Group companies relate to receivables from Group-wide VAT with subsidiaries.

10. Current financial receivables and cash and cash equivalents

The table below shows current financial receivables at the close of 31 December 2014 and 2013:

Description	Balance at 31/12/14	Balance at 31/12/13	Change	% change
Financial receivables from Group companies	35,406	31,232	4,173	12%
Financial receivables	0	0	0	
Total	**35,406**	**31,232**	**4,173**	**12%**

Financial receivables from Group companies derive from the Group cash pooling account, which at 31 December 2014 had a balance in the Company's favor of €35,406 thousand. Interest is charged at market rates.

The table below presents cash and cash equivalents at the close of 2014 and 2013:

Description	Balance at 31/12/14	Balance at 31/12/13	Change	% change
Bank and post office deposits	203	0	203	100%
Cash and valuables on hand	3	2	1	31%
Total	**207**	**2**	**204**	**99%**

The total represents liquidity and cash balances at the end of 2014.

11. Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year. Diluted earnings per share is calculated by dividing the net profit attributable to owners of the parent company by the weighted average number of shares outstanding during the year plus those potentially originating from the exercise of all options outstanding.

Details of profit and number of shares used to calculate basic and diluted earnings per share are provided below:

EUR/000 PROFIT	**31/12/2014**	**31/12/2013**
Profit/ (loss) for the calculation of earnings per share	-1,305	-2,060
Total	**-1,305**	**-2,060**

NUMBER OF SHARES	**31/12/2014**	**31/12/2013**
Number of shares for the calculation of earnings per share	16,680,069	16,680,070
Dilutive effect (options on shares)	705,000	0
Total	**17,385,069**	**16,680,070**

EARNINGS/(LOSS) PER SHARE	**31/12/2014**	**31/12/2013**
Basic earnings/(loss) per share	-0.078	-0.123
Diluted earnings/(loss) per share	-0.075	-0.123
Total	**16,680,069**	**16,680,069**

12. Share capital and reserves

At 31 December 2014, Dada S.p.A.'s share capital was comprised of n. 16,680,069 ordinary shares with a par value of €0.17 each, for a total of €2,836 thousand.

Movements in equity items are shown on page 200.

Description	Amount	Eligibility for use:	Amount available	Utilizations in the last three years	
				for loss coverage	for other reasons
Share capital	**2,836**				
Share premium reserve	**33,098**	A-B-C	33,098	0	
Other equity instruments	**89**	A			
- Other reserves:					
Extraordinary reserve	19,143	A-B-C	19,143		
FTA reserve	3,085				
Write-up of termination indemnities	-19				
Total other reserves	**22,209**				
Profit reserves:					
Legal reserve	**950**	B	950		
Profit/(loss) carried forward	**-3,723**			4,053	
Net profit/ (loss) for the year	**-1,305**				
Total	**54,155**		**53,191**		
Non-distributable portion*			5,595		
Remaining distributable portion			**47,596**		

The non-distributable portion consists of €5,028 thousand related to the portion of reserves used to cover loss carried forward and loss for the current year, and €567 thousand to the legal reserve covering one fifth of the share capital.

***Eligibility for use:**
Legend:
A: for capital increases
B: for loss coverage
C: for dividends

Here is a description of the main equity reserves together with their changes:

Legal reserve: this is a profit reserve built through allocation of net profit for the year from the approved separate financial statements. It can only be used in the amount exceeding one fifth of the share capital.

At 31 December 2014, it had a balance of roughly €1 million. There was no change versus the prior year.

Share premium reserve: this is a capital reserve generated by contributions from shareholders or the conversion of bonds into shares. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 December 2014, it had a balance of roughly €33.1 million, unchanged versus 2013.

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group. At 31 December 2014, it had a balance of €89 thousand versus zero at 31 December 2013. Movements in the year refer to the portion amounting to €61 thousand of the Stock Option Plan of Dada S.p.A. recognized in the income statement. The remaining €28 thousand refer to the part attributable to the stock options granted to executives of other companies of the Dada Group, and attributed to the equity investments.

Other reserves:

- *FTA reserve:* built for the first-time adoption of IFRS, at the end of 2014 it had a balance of €3.1 million, unchanged versus 2013.
- *Extraordinary reserve* of €19.1 million, unchanged versus 2013.
- *Termination indemnity discounting reserve,* net of tax effects, it shows a negative balance of -€19 thousand at 31 December 2014 versus zero in 2013.

13. Provisions for risks and charges

The table below shows movements in provisions in 2014:

Description	**Balance at 31/12/2013**	**Increase for the year**	**Utilizations for the year**	**Recognition in the income statement**	**Balance at 31/12/2014**
Provision for risks and charges	473	0	-158	-2	312
Provisions for tax disputes	86		-5		81
Total	**559**	**0**	**-163**	**-2**	**394**

At 31 December 2014, these amounted to €394 thousand and covered potential liabilities from pending contractual and legal disputes, as well as corporate restructuring costs.

No further provisions were made, while €2 thousand were recognized in the income statement for positively solved legal disputes. Utilizations refer to €71 thousand for severance to employees who left, to €87 thousand for legal disputes settled in 2014, and to €5 thousand for updates on tax disputes.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

14. Stock options

On 28 April 2014, the General Meeting of Dada approved the share-based incentive plan for 2014-2016, proposed by the Board of Directors and intended for Dada Group employees, in particular, for executives and/or managers of Dada S.p.A. and/or Subsidiaries, excluding option rights, pursuant to art. 2441, par. 8 of the Italian Civil Code, and authorizing the Board of Directors of the Company to execute the plan for a maximum nominal amount of €127,500 through issue of a maximum of 750,000 ordinary shares for a par value of €0.17 each.

On 4 August 2014, the Board of Directors of Dada S.p.A., exercising the powers it was granted, gave effect to the share-based incentive plan. The Board, upon proposal of the Company's Compensation Committee, approved the Regulations of the Plan and assigned a maximum of n. 705,000 options on the same amount of Dada ordinary shares at a subscription price of €3.596 per share, equal to the average official prices of Dada S.p.A. ordinary shares recorded at the close of each Italian Stock Exchange trading session in the previous calendar month.

The Board also determined that the exercise of the vested options is, inter alia, conditional upon achieving a Performance Condition, i.e. that the beneficiaries have successfully passed the variable incentive system (in the form of MBO) for 2016, and have successfully passed at least one of the MBOs for 2014 and/or 2015. For further information, see the Regulations of the Plan on the corporate website www.dada.eu.

Below are the key points of the Dada Group plan:

Main features	**Plan of 04/08/2014**
Term	2014-2016
Total options on issue date	705,000
Total remaining options at 31/12/2014	705,000
Issue price	3.596
Market price	3.284

The plan had undergone valuation by an independent actuary. The following table presents the data used for those calculations:

Data used for valuation	Plan of 04/08/2014
Valuation date	Issue of the plan
Model used	Binomial
Risk-free interest rate	0.6964%
Expected volatility	30%
Estimated dividends	Zero
Vesting conditions	Individual performance condition associated with the MBO plan of each beneficiary
Vesting period	04/08/2014 – 31/03/2017

Expected volatility reflects the assumption that historical volatility is indicative of future trends, although actual outcomes may differ.

The fair value of the plan is measured as of the grant date. See the Directors' report for a detailed description of the plan.

The valuation of stock options in accordance with IFRS 2 had an impact in 2014 of €89 thousand, accounted for under payroll costs with a balancing entry in a separate equity reserve. This is due to the fact that under the existing plan, the non-market vesting condition linked to the company’s business results is expected to be achieved. As a vesting condition, the beneficiaries are to remain with the Company until the vesting date.

15. Retirement and other post-employment benefits

Movements in the provision for employee termination indemnities from 31 December 2013 to 31 December 2014 are shown in the table below:

Description	Balance at 31/12/2013	Increase for the year	Utilizations for the year	Advances	Termination indemnity discounting to equity	Other movements	Balance at 31/12/2014
Provision for termination indemnities	217	112	-1	-20	26	-110	224
Total	**217**	**112**	**-1**	**-20**	**26**	**-110**	**224**

At 31 December 2014, the provision for termination indemnities (or TFR, *trattamento di fine rapporto*) amounted to €224 thousand, and covers the liability accrued to the employees of the Company, in accordance with the law and the collective employment contract.

"Other movements" refer to the payment to INPS (Italian Social Security) of the TFR accrued in 2014, which in turn was included in the increase for the year.

Decreases also include utilizations of prior-year provisions for employees who left in 2014, and payment of TFR advances.

The item "Termination Indemnity Discounting to Equity" includes the portion of the change referring to the "Remeasurement of actuarial profits and losses from defined benefit plans, resulting from changes in actuarial assumptions. The offsetting item of this change is a specific reserve in equity reclassified under other reserves, net of the related tax effect, which is reflected in Other profit/loss in the statement of comprehensive income.

As required by international accounting standards, the liability was determined using the Projected Unit Credit method, which treats every period of employment as the source of an additional unit of benefits and measures each unit separately when calculating the total obligation.

In accordance with Finance Act no. 296 of 27 December 2006, for the purposes of IAS 19R only the liability for accrued TFR remaining with the company was considered, as the amount accruing later is paid to a separate entity.

This calculation was performed by an independent actuary using the following method:

- o projection for each employee on the payroll at 31 December 2014 of the TFR accrued until estimated retirement age;
- o computation, for each employee on the payroll at 31 December 2014 and for each year until estimated retirement age, of the probable TFR benefits the Company will have to pay in case of dismissal, requests for advances, voluntary resignation, death or retirement;
- o discounting of each probable payment to present value;
- o re-proportioning for each employee on the payroll at 31 December 2014 of the probable, discounted benefit payments on the basis of seniority on the valuation date with respect to seniority on the date each payment is made.

Specifically, the following assumptions were used:

MEASUREMENT DATE	31/12/2014	31/12/2013
Mortality table	ISTAT 2004	ISTAT 2004
Disability	INPS (national statistics) by age and gender	INPS (national statistics) by age and gender
Retirement age	Achievement of retirement age under mandatory general insurance	Achievement of retirement age under mandatory general insurance
Advance request rate	2.00%	2.00%
Annual discount rate	1.49%	3.17%
Leaving rate	3.8%	3.8%

The method used to select the valuation rate complies with the provisions of the accounting standard set out at section 83.

As for 2013, the value was determined based on the time series of yields at 31 December 2014 of the iBoxx Corporate AA with a duration of over 10 years, which was 1.49% at end December 2014.

By way of comparison, the yield on Italian government bonds at end December 2014, in particular the 10Y BTP benchmark, was 1.9175% with a spread of about 45bp compared to the iBoxx AA10+, dropping further sharply versus 2013.

16. Other payables due beyond one year

There were no payables due beyond one year in 2014, as in 2013.

17. Trade and other payables

The following table shows “trade payables” and “other payables” at 31 December 2014 and the previous year:

Description	31/12/14	31/12/13	Change	% change
due to banks	12,151	10,455	1,697	16%
due to subsidiaries	19,912	12,584	7,328	58%
Account overdrafts, loans and other financial payables within one year	**32,063**	**23,039**	**9,024**	**39%**
due to suppliers	874	1,334	-460	-34%
due to subsidiaries	1	52	-50	-97%
due to other related parties	63	108	-46	-42%
Trade payables	**938**	**1,494**	**-556**	**-37%**
Taxes	163	297	-134	-45%
Taxes payable	**163**	**297**	**-134**	**-45%**
Other	474	515	-41	-8%
Other to subsidiaries	52	56	-4	-7%
Other to other related parties	391	310	81	26%
due to social security institutions	71	84	-13	-16%
Deferred income	122	103	20	19%
Other payables	**1,110**	**1,068**	**42**	**4%**
Total	**34,274**	**25,897**	**8,377**	**32%**

The following table shows non-current financial payables:

Description	31/12/14	31/12/13	Change
Non-current financial payables	677	0	677
Total	**677**	**0**	**677**

Dada S.p.A. has account overdrafts and short-term loans with major banks which amount to a total of €12.2 million, with interest charged at one-month Euribor plus a spread of between 2% and 6%. On 3 June 2014, Dada entered into a non-earmarked loan in euro with a major bank up to 28 February 2015 for the amount of €2 million with a 2.8% spread, fully drawn down at 30 September 2014 and renegotiated up to 31 May 2015.

In November 2014, a long-term loan of €2 million was initiated with Cassa di Risparmio di Parma with an 18-month duration and repayment in quarterly instalments and maturity at end May 2016. The interest rate applied is the 3-month Euribor +295bps.

Financial payables to subsidiaries refer to the Group's cash pooling arrangement. They charge interest at market rates.

Trade payables are amounts due for purchases of a commercial nature and other types of costs, which mainly include costs, overheads and fixed costs. Management estimates that the carrying value of trade and other payables approximates their fair value.

Taxes payable (€163 thousand) include withholding tax on salaries and consultants' pay for the month of December and the VAT payment due for December. The decrease versus 2013 is ascribable to the payments made to close the tax assessment defined in 2012.

"Other payables" refers mainly to accruals for the "14th month" bonus, amounts due for pay in lieu of holiday, and performance bonuses recognized during the year that will be paid in May 2015 in accordance with internal procedures.

"Other to subsidiaries" refers to payables generated by the management of Group-wide VAT and tax consolidation with subsidiaries.

18. Commitments and risks

Commitments and risks at the close of 2014 and 2013 are presented below:

Description	Balance at 31/12/2014	Balance at 31/12/2013	Change	% change
Guarantees	22,988	23,648	-660	-3%
Total	**22,988**	**23,648**	**-660**	-3%

At 31 December 2014, guarantees issued amounted to €23 million (versus €23.6 million at 31 December 2013), decreasing by €0.7 million. The most significant regarded the one-year guarantee of £0.9 million (approximately €1.1 million) issued on behalf of Namesco Ltd to HSBC, which replaced the previous guarantee issued to take out a loan for the new Datacenter, which amounted to £1.3 million (approximately €1.6 million). A guarantee of €0.3 million was

also issued to the new owners of the premises hosting the Florence offices, which replaced the previous guarantee of €0.5 million following the renegotiation of the lease.

Increases also include the new guarantee of €0.1 million to the tax authorities regarding prior-years' VAT refunds to Fueps.

The following table shows movements in guarantees during the year:

Description	Balance at 31/12/2013	Increase for the period	Decrease for the period	Other changes	Balance at 31/12/2014
Guarantees	23,648	1,534	-2,322	128	22,988
Total	**23,648**	**1,534**	**-2,322**	**128**	**22,988**

19. Related party transactions

Pursuant to the Regulations for Related Party Transactions, a related party of Dada S.p.A. is one that:

(a) directly or indirectly, including through subsidiaries, trustees or other intermediaries:

(i) controls the company, is controlled by it, or is an entity under common control;

(ii) holds a large enough share of the company to exercise a significant influence over it;

(iii) controls the company jointly with other parties;

(b) is an associate of the company;

(c) is a joint venture partly owned by the company;

(d) is a key executive of the company or its parent;

(e) is a close relation of a person falling under letter (a) or (d);

(f) is an entity over which a person falling under letter (d) or (e) has control, joint control or significant influence or directly or indirectly holds a significant share (no less than 20%) of voting rights;

(g) is a complementary, collective or individual pension fund, Italian or foreign, that covers employees of the company or of any other entity with which it is affiliated.

For these purposes, "key executives" are persons with authority and responsibility for planning, directing, and controlling the activities of Dada S.p.A., directly or indirectly, i.e. those directors of Dada S.p.A. or its direct and indirect subsidiaries included on a list of persons who have been expressly designated as such by Dada S.p.A.'s chief executive officer, as well as other directors (whether executive or otherwise) of Dada and all standing members of the board of statutory auditors.

Transactions carried out by the Dada S.p.A. with related parties during 2014 fall within the normal scope of operations and are settled at arm's length.

Dada S.p.A.'s transactions with Orascom Group companies relate mainly to charge-back contracts for the provision of services.

Dada S.p.A.'s transactions with its own subsidiaries (direct and indirect) concern:

- corporate services: legal, administrative, taxation, purchasing, etc.

- centralized treasury management (cash pooling)
- Group-wide VAT and tax consolidation.

Company	Trade receivables	Other receivables	Financial receivables	Total receivables
Clarence Srl	-	.	5	5
Register.it SpA	5,172	10,906	29,154	45,232
Nominalia SL	209	-	-	209
Namesco Ltd	280	-	-	280
Namesco Ireland	6	-	-	6
Poundhost	18	-	-	18
Amen Group	276	-	-	276
Fueps S.r.l.	-	-	1,917	1,917
Moqu Adv Srl	166	-	-	166
Moqu Ireland	325	-	4,330	4,655
Total	**6,451**	**10,906**	**35,406**	**52,762**
Orascom Group	-			-
Total	**6,451**	**10,906**	**35,406**	**52,762**

Company	Trade payables	Other payables	Financial payables	Total payables
Clarence Srl	0	4	303	307
Register.it SpA	1	0	13,095	13,096
Fueps S.r.l.	-	-	3,808	3,808
Moqu Adv Srl	-	49	2,705	2,754
Total	**1**	**52**	**19,912**	**19,965**
Orascom Group	-			-
Total	**1**	**52**	**19,912**	**19,965**

Intercompany transactions mainly consist of the provision of services, the lending and borrowing of funds, and tax pooling arrangements (Group-wide VAT and tax consolidation) and take place at arm's-length. In this regard the parent, Dada S.p.A., acts as centralized treasury for the main Group companies.

In accordance with IAS 24 and the new related party procedure, related parties include the directors of the Parent Company as well as executives with strategic responsibilities. Mention must be made that in 2014, there were no other executives with strategic responsibilities aside of the CEO and the General Manager.

Description	31/12/2014		
	Cost of services	Payroll costs	Other equity instruments
Board of Directors – fees	72		-
Board of Statutory Auditors - fees	45		-
CEOs and General Managers – other fees	-	607	49
Other executives with strategic responsibilities	-		-
			-
Total related parties	**117**	**607**	**49**

21. Information pursuant to Art. 149-duodecies of the Consob Listing Rules

The following chart, prepared in accordance with Art. 149-duodecies of the Consob Listing Rules, shows the fees pertaining to 2014 for external auditing and for services other than auditing rendered by the audit firm or by entities in its network.

Type of service	Performed by	Recipient	Fees
Auditing	KPMG SPA	Parent	157,800
Other services	KPMG SPA (1)	Parent	60,000
TOTAL			217,800

(1) Assistance with testing carried out in accordance with law 262/2005

22. Disclosures pursuant to IFRS 7: Dada S.p.A.

The disclosures required by IFRS 7 are provided below.

Classification of financial instruments

IFRS 7 requires disclosures on available-for-sale financial assets measured at fair value, held-to maturity investments, loans and receivables, financial liabilities measured at fair value, and liabilities measured at amortized cost. Details for Dada S.p.A. are reported below:

	Loans and receivables		Total		of which: current		of which: non-current	
	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
ASSETS								
- Cash and cash equivalents	3	2	3	2	3	2		
- Financial assets	215	13	215	13	203	-	12	13
- Financial assets – intercompany	35,406	31,232	35,406	31,232	35,406	31,232		
- Trade receivables - third parties	25	25	25	25	25	25		
- Trade receivables - intercompany	6,456	6,308	6,456	6,308	6,456	6,308		
- Other receivables	195	362	195	362	195	362		
Total financial assets	42,300	37,942	42,300	37,942	42,288	37,929	12	13
LIABILITIES	Loans and receivables		Total		of which: current		of which: non-current	
	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
- Bank account overdrafts and other financial payables	5,828	10,455	5,828	10,455	5,828	10,455		
- Loans and borrowing	7,000	-	7,000	-	6,323		677	
- Financial liabilities . intercompany	19,912	12,584	19,912	12,584	19,912	12,584		
- Trade payables - third parties	938	1,494	938	1,494	938	1,494		
- Trade payables – intercompany	-	-	-	-				
- Other payables	122	103	122	103	122	103		
Total financial liabilities	33,800	24,635	33,800	24,635	33,123	24,635	677	-

- In the "Loans and receivables" class, "Financial assets" include the positive balance at a major bank.
- In the "Loans and receivables" class, "Intercompany financial assets" include the cash pooling arrangements with Group companies.
- In the "Loans and receivables" class, "Other Receivables" do not include the tax and social security receivables that are outside the scope of IAS 39.
- On the liabilities side, in addition to trade payables:
- In the "Liabilities at amortized cost" class, "bank account overdrafts and other financial payables" include €5.8 million in current account overdrafts with major banks; "loans and borrowing" refer to fixed-term and revocable credit lines, and to a loan with quarterly repayments for 18 months amounting to €2 million granted by a major bank; "intercompany financial liabilities" originate from cash pooling arrangements of €19.9 million.

Collateral

IFRS 7 requires disclosures in the case of financial assets pledged as collateral and third-party assets held as collateral. Because the Dada Group has given numerous security deposits but the amount in each case is immaterial, the following table shows only the total carrying amount at the end of 2014 and 2013. Dada S.p.A. has no liabilities for collateral received from third parties:

Collateral pledged (€/000)	Carrying amount	
	Dec-14	Dec-13
Security deposits	12	13

Allowance for credit losses

The table below summarizes movements in the provision for doubtful accounts in 2014 and 2013:

	Provision for doubtful accounts	
	Dec-14	Dec-13
Balance at start of year	-1,612	-1,617
Allocation for the year		
- for individual write downs		
- for collective write downs		
Utilizations	45	5
Balance at end of year	-1,567	-1,612

Income, expense, gains, and losses on financial instruments

Interest income and expense are presented below:

	Carrying amount	
INTEREST INCOME	Dec-14	Dec-13
Interest income on financial assets not measured at fair value		
Bank and post office deposits		
Other financial receivables		
Intercompany loans		
Intercompany financial receivables	35	44
TOTAL	35	44
INTEREST EXPENSE	Dec-14	Dec-13
Interest expense on financial liabilities not measured at fair value		
- Bank and post office deposits	-465	-393
- Loans	-37	
- Other financial payables		-5
- Intercompany financial payables	-3	-2
TOTAL	-504	-400
GRAND TOTAL	-469	-356

- Interest income on intercompany financial receivables includes interest on the cash pooling accounts with Group companies. The most significant item in interest expense is the interest from overdrafts amounting to €0.5 million.

Bank fees and charges are reported below:

Fees and charges not included in the effective interest rate	Carrying amount	
	Dec-14	Dec-13
- Bank charges	-126	-97
TOTAL	-126	-97

Qualitative disclosures about risk

Dada is exposed to credit risk, liquidity risk, and (to a very small degree) market risk.

- *Credit risk*

Dada S.p.A.'s credit risk is more or less concentrated depending on the particular business. The following table shows maximum exposure to credit risk for counterparty default (excluding amounts receivable from employees, social security institutions, and the tax authorities, employee benefits and all instruments governed by IAS 12 and 19 that are outside the scope of IAS 39):

Maximum exposure to credit risk	Dec-14	Dec-13
Bank and other deposits	203	-
Trade receivables - third parties	25	25
Trade receivables – intercompany	6,456	6,308
Financial assets – intercompany	35,406	31,232
Other receivables	195	362
Other receivables due beyond one year	12	13
Total	42,296	37,940

"Intercompany financial assets" refers exclusively to receivables from cash pooling arrangements with Group companies.
The aging analysis of overdue trade receivables is presented below:

Aging analysis of overdue trade receivables	Carrying amount	
	Dec-14	Dec-13
Trade receivables from third parties		
- Not overdue		17
- Overdue by less than 30 days		
- Overdue by 30-90 days		8
- Overdue by 90-180 days		
- Overdue by 180-365 days		
- Overdue by 1-2 years		
Total overdue trade receivables from third parties	-	25
Intercompany trade receivables		
- Not overdue	770	1,366
- Overdue by less than 30 days		
- Overdue by 30-90 days	1,730	1,199
- Overdue by 90-180 days	1,563	1,101
- Overdue by 180-365 days	2,418	1,589
- Overdue by 1-2 years		1,053
Total overdue intercompany trade receivables	6,481	6,308
Grand total	6,481	6,333

The table below shows the composition of trade receivables and use of the provision for doubtful accounts:

Credit quality analysis	Dec-14	Dec-13
Intercompany trade receivables not overdue and not impaired	770	1,383
Intercompany trade receivables overdue and not impaired	5,711	4,950
Intercompany trade receivables overdue and impaired	1,567	1,612
Provision for doubtful accounts	-1,567	-1,612
Total	6,481	6,333

- Liquidity risk

Liquidity risk may arise due to the difficulty of obtaining loans to support operating activities when needed.

IFRS 7 requires a maturity analysis for financial liabilities (including trade payables), as in the following tables for 2014 and 2013:

Maturity analysis at 31 December 2014	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES							
Trade payables - third parties		938					938
Trade payables - Intercompany		-					-
Financial liabilities - principal		11,484	667	677			12,828
Financial liabilities - interest		336					336
Intercompany financial liabilities - principal		19,912					19,912
Intercompany financial liabilities - interest		28					28
Other payables		122					122
Total		32,820	667	677	-	-	34,164

Maturity analysis at 31 December 2013	Notes	Less than 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years	Total
LIABILITIES							
Trade payables - third parties		1,494					1,494
Trade payables - Intercompany		-					-
Financial liabilities - principal		10,455					10,455
Financial liabilities - interest		539					539
Financial liabilities – intercompany		12,584					12,584
Intercompany financial liabilities - interest		16					16
Other payables		103					103
Total		25,191	-	-	-	-	25,191

The above maturity analysis presents financial and trade liabilities at year end, with estimated payment timeframes.

The funding requirements and liquidity of Dada S.p.A. and the other Group companies are monitored or managed centrally under the control of the Group Treasury, to ensure the efficient and effective management of financial resources.

- *Market risk*

At present there is no exchange risk or price risk for Dada S.p.A. There is an interest rate risk, as shown in the following table, which summarizes the impact on the income statement of an increase or decrease in the key rate:

Shock		
Key rate:	UP	DOWN
Euribor	1 point %	-1 point %

Interest rate sensitivity analysis	Key rate	Carrying amount		Income statement			
				Shock up		Shock Down	
		Dec-14	Dec-13	Dec-14	Dec-13	Dec-14	Dec-13
Financial assets	Euribor 1M	203	0	0	0	0	0
Intercompany financial assets	Euribor 1M	0	0	0	0	0	0
Intercompany financial assets from cash pooling	Euribor 1M	35,406	31,232	298	254	-71	-88
Financial liabilities	Euribor 1M	-12,828	-10,455	385	303	618	483
Intercompany financial liabilities from cash pooling	Euribor 1M	-19,912	-12,584	-160	-91	5	4
Total		2,869	8,194	523	466	552	399

Interest-bearing assets include current accounts with major banks, restricted current accounts, and the cash pooling current accounts at the one-month Euribor. Variable-rate financial liabilities include current accounts payable with major banks and cash pooling arrangements with Group companies that generate interest at the one-month Euribor.

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STATEMENT ON THE SEPARATE FINANCIAL STATEMENTS AT DECEMBER 31, 2014

(pursuant to Article 81-ter of CONSOB Regulation n. 11971 of May 14, 1999 as subsequently amended)

- The undersigned, Claudio Corbetta, as Chief Executive Officer, and Federico Bronzi, as Manager in charge of preparing Company's Financial Reports, hereby certify, also with due regard for the provisions of Article 154-bis (paragraphs 3 and 4) of Legislative Decree No. 58 dated February 24, 1998:

  - the adequacy with respect to the Company's characteristics, and
  - the actual application

  of administrative and accounting procedures during 2014 for the preparation of the 2014 Separate Financial Statements approved by the Board of Directors on March, 12 2015.

- It is also stated that:
  1. the Financial Statements of DADA S.p.A. at December 31, 2014:
     - correspond to the Company's records, ledgers and accounting entries;
     - were prepared in accordance with applicable IFRS endorsed by the European Union were prepared in accordance with applicable IFRS endorsed by the European Union and with the provisions issued to implement art. 9 Legislative Decree No. 35/2005;
     - are suitable for providing a true and fair view of the financial position and results of operations of the issuer and all companies included in consolidation;
  2. the report on operations contains a reliable analysis of operating performance and results and of the position of the issuer and all companies included in consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Florence, March 12, 2015

Chief Executive Officer	Manager in charge of preparing Company's Financial Reports
Claudio Corbetta (signed on the original)	Federico Bronzi (signed on the original)

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(Translation from the Italian original which remains the definitive version)

Report of the auditors in accordance with articles 14 and 16 of Legislative decree no. 39 of 27 January 2010

To the shareholders of
DADA S.p.A.

1 We have audited the separate financial statements of DADA S.p.A. as at and for the year ended 31 December 2014, comprising the income statement, statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes thereto. The company's directors are responsible for the preparation of these financial statements in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Our responsibility is to express an opinion on these financial statements based on our audit.

2 We conducted our audit in accordance with the auditing standards recommended by Consob, the Italian Commission for Listed Companies and the Stock Exchange. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free of material misstatement and are, as a whole, reliable. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by directors. We believe that our audit provides a reasonable basis for our opinion.

Reference should be made to the report dated 2 April 2014 for our opinion on the prior year separate financial statements, which included the corresponding figures presented for comparative purposes.

3 In our opinion, the separate financial statements of DADA S.p.A. as at and for the year ended 31 December 2014 comply with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05. Therefore, they are clearly stated and give a true and fair view of the financial position of DADA S.p.A. as at 31 December 2014, the results of its operations and its cash flows for the year then ended.

4 The directors of DADA S.p.A. are responsible for the preparation of a directors' report on the financial statements in accordance with the applicable laws and regulations. Our responsibility is to express an opinion on the consistency of the directors' report and its specific section on corporate governance and shareholding structure, to the extent of the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 with the financial statements to which they refer, as required by the law.

For this purpose, we have performed the procedures required by the Italian Standard on Auditing 001 issued by the Italian Accounting Profession and recommended by Consob. In our opinion, the directors' report and the information required by article 123-bis.1.c/d/f/l/m and article 123-bis.2.b of Legislative decree no. 58/98 disclosed in the specific section of such report are consistent with the separate financial statements of DADA S.p.A. as at and for the year ended 31 December 2014.

Florence, 2 April 2015

KPMG S.p.A.

(signed on the original)

Alberto Mazzeschi
Director of Audit

REPORT OF THE BOARD OF STATUTORY AUDITORS TO DADA S.p.A. SHAREHOLDERS' MEETING

(pursuant to art. 153, Legislative Decree no. 58 of February 24, 1998)

DADA S.p.A.
Registered office: Viale della Giovine Italia, 17 – Florence
Share capital: EUR 2,755,711.73 fully paid-in
Florence Company Register no. FI017- 68727 - REA no. 467460
Tax ID/VAT code no. 04628270482

Dear Shareholders,

the Draft Statutory Financial Statements of Dada Spa for the year ended 31 December 2014, prepared and approved by the Board of Directors on 12 March 2015 and submitted for your approval, closed with a net loss of €1,305 thousand. The Consolidated Financial Statements, attached to these financial statements, closed instead with a Group net loss of €2,192 thousand.

The statutory and consolidated financial statements were prepared in accordance with IAS/IFRS International Accounting Standards approved by the European Commission, and with the additional Consob provisions.

In the Report on Operations and in the Financial Statements and accompanying Notes, the Directors analyzed the business performance in 2014, and the transactions that had a significant influence on the income statement and statement of financial position. The Directors also provided information on the significant events that took place after the close of the year, and on the business outlook, highlighting those aspects that are likely to generate uncertainties, unpredictable events or risks.

On 12 March 2015, the Board of Directors confirmed the non-existence of direction and coordination of the Orascom Group on Dada Spa pursuant to art. 2497 of the Italian Civil Code. It also approved the impairment test process, authorizing the Chairman and General Manager to make, if need be, only formal amendments. This process, with regard to 2013, had been analyzed at the meeting of the Board of Directors on 4 August 2014 for the existence of indicators that could call for updating of the impairment tests.

The Board of Statutory Auditors wishes to point out that no derogation was required to prepare the draft financial statements.

During the year, the Board of Statutory Auditors performed its oversight duties pursuant to law, also in accordance with the indications of the Corporate Governance Code for Listed Companies, which the Company complies with.

In brief, we performed our duties by:

- attending the meetings of the Board of Directors,

- being invited to almost all of the meetings of the Control and Risk Committee and the Compensation Committee,
- meeting regularly with Company managers to gather information on the organizational structure, the administrative-accounting system, the internal audit system, on performance and on the transactions that had a significant influence on the income statement and statement of financial position, all while the Board of Directors had kept us regularly informed on the business performance and, in particular, on forecasts,
- meeting regularly or exchanging information with Mr. Bronzi, the Financial Reporting Manager, the Independent Auditors, and the Internal Audit Manager, also in the capacity as Internal Control Officer and as member of the Supervisory Body, pursuant to Legislative Decree 231 of 2001,
- acknowledging the intervention plan and the outcome of Internal Auditing assessments,
- assessing the procedures adopted by the Board of Directors to evaluate the independence of the Independent Directors,
- overseeing compliance with the law and bylaws and observance of the principles of proper governance,
- overseeing the financial reporting process,
- overseeing audit activities,
- conducting direct assessments to the extent deemed necessary or appropriate.

In performing its duties, the Board of Statutory Auditors determined that there were no transactions that could jeopardize the Company, and monitored the main transactions, receiving clarifications requested on each occasion, ensuring their compliance with the law and bylaws and consistency with the Company's interests. The most significant transactions made by the Company and its subsidiaries are detailed in the Report on Operations and in the Notes.

Based on the information gathered through its oversight activities, the Board of Statutory Auditors believes that the transactions made by the Company were conducted in accordance with the principles of proper governance, were approved and implemented in accordance with the law and bylaws, meet the Company's interests and are not manifestly imprudent or risky. They are not in conflict with the resolutions adopted by the Annual General Meeting, nor do they appear to compromise the integrity of the Company's assets.

From the analyses performed, no transactions that could be considered atypical and/or unusual were noted.

Regarding related-party transactions, which are explained in detail in the Notes, the Board of Statutory Auditors found that they were fair and had been conducted in the Company's interests, and that the procedures adopted by the Company for related-party transactions - approved by the Board of Directors of Dada SpA on 8 November 2010 - are consistent with the principles set out in Consob Regulation no. 17221 of 12 March 2010.

From the information gathered, it is believed that the instructions given by the Company to its subsidiaries, pursuant to art. 114, par. 2 of Legislative Decree n. 58/98, were adequate.

The Board of Statutory Auditors verified the effectiveness and, therefore, the reliability of the persons and the procedures adopted in the financial reporting process and believes that there are no observations to be made to the Annual General Meeting.

The Board of Statutory Auditors also met regularly with the Independent Auditors and found that there were no significant deficiencies to be reported to the Annual General Meeting.

The Board reviewed with the Independent Auditors the report outlining the fundamental issues pursuant to art. 19, par. 3 of Legislative Decree 39/2010, without reporting significant observations.

The Board of Statutory Auditors verified the proper application of criteria and procedures adopted by the Board of Directors to assess the existence of the requirements of independence of the directors and verified that the requirements of independence of each of its own members had been met.

The obligation to provide information to the Board of Statutory Auditors pursuant to art. 150, par. 1 of Legislative Decree 58/1998 was adequately fulfilled by the Directors as regularly required, primarily with the information and data presented during the meetings of the Board of Directors, which the Board of Statutory Auditors always attended.

During the year, the Company assigned KPMG S.p.A. or the companies within the KPMG network, a number of tasks other than the audit of financial statements, the fees for which are given below:

ATTESTATION SERVICES	EURO/000
Other services:	
Assistance with testing carried out in accordance with law 262/2005	60,000
Ordinary fiscal assistance	29,000
Other non-recurring assistance	35,000
Total services other than auditing	**124,000**

The Board of Statutory Auditors does not identify any critical aspects on the independence of the Independent Auditors in these additional tasks.

The Board of Statutory Auditors today received the independence declaration of the Independent Auditors KPMG, pursuant to art. 17, par. 9 a) of Legislative Decree 39/2010.

In 2014, the Board of Statutory Auditors issued the following positive opinions to the Board of Directors:

1) Meeting of the Board of Directors, 19 March 2014: (i) confirmation of the Board of Statutory Auditors' positive opinion on the Report and Audit Plan of 2014 previously given in the Control and Risk Committee; (ii) positive opinion on the proposal regarding the final balance of the 2013 MBO of

Directors with special duties; (iii) positive opinion on the proposal regarding the structure and single forms of the 2014 MBO of Directors with special duties; (iv) positive opinion on the points of the proposal for the guidelines of the 2014-2016 stock option plan;

2) Meeting of the Board of Directors, 4 August 2014: (i) Board of Statutory Auditors' positive opinion on the established 2014 stock option plan.

The Board of Directors met n. 5 (five) times and the Board of Statutory Auditors met n. 5 (five) times.

The Board of Statutory Auditors has no proposals to formulate to the Annual General Meeting on the financial statements and their approval pursuant to art. 153, par. 2 of Legislative Decree 58/98.

We acknowledge that in the course of our duties, as briefly described above, we found no omissions or blameworthy facts or irregularities, nor any inadequacies in the organizational structure, the internal audit system or the administrative-accounting system, and the reliability of this system to fairly present the business events that need to be reported to you or to the Supervisory Body, and that we received no complaints from the Shareholders pursuant to art. 2408 of the Italian Civil Code, nor any objections.

Based on the above, the Board of Statutory Auditors, after examining the content of the reports prepared by the External Auditors KPMG S.p.A., as well as the positive report pursuant to articles 14 and 16 of Legislative Decree n. 39 of 27 January 2010, and acknowledging the attestations jointly issued by the Chairman of the Board of Directors and the Financial Reporting Manager, within the scope of its responsibilities, was not aware of any obstacles to the approval of the proposed financial statements for the year ended 31 December 2014 formulated by the Board of Directors, as well as of the allocation of the loss.

Florence, 2nd April 2015

The Board of Statutory Auditors

CLAUDIO PASTORI
(signed on the original)

MARIA STEFANIA SALA
(signed on the original)

SANDRO SANTI
(signed on the original)