



# CONSOLIDATED INTERIM REPORT OF THE DADA GROUP AT 31 MARCH 2014

Registered office: Piazza Annigoni, 9B - Florence  
Share capital Euro 2,835,611.73 fully paid-in  
Florence Company Register no. FI017- 68727 - REA no. 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 <sup>1</sup>	Chairman
Claudio Corbetta <sup>2</sup>	CEO
Lorenzo Lepri <sup>3</sup>	General Manager
Karim Galal Guirgis Beshara <sup>7</sup>	Director
Sophie Sursocq <sup>7</sup>	Director
Ragy Gamaleldin Mahmoud Soliman Elfaham <sup>7</sup>	Director
Antonio Converti <sup>7</sup>	Director
Rodolphe Aldo Mario Mareuse <sup>7</sup>	Director
Maurizio Mongardi <sup>10</sup>	Director
Vincenzo Russi <sup>4, 5, 15, 8, 18</sup>	Director
Maria Oliva Scaramuzzi <sup>6, 14, 8, 17</sup>	Director
Danilo Vivarelli <sup>6, 9, 8, 16, 19</sup>	Director
Stanislao Chimenti Caracciolo di Nicastro <sup>4, 5, 11, 8</sup>	Director

<sup>1</sup> 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.

<sup>2</sup> Appointed Chief Executive Officer and General Manager of the Company during the meeting of the Board of Directors held on 24 April 2012.

<sup>3</sup> Appointed General Manager and CFO of the Company during the meeting of the Board of Directors held on 24 April 2012.

<sup>4</sup> Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 24 April 2012.

<sup>5</sup> Appointed member of the Committee for Related Party Transactions during the meeting of the Board of Directors held on 24 April 2012.

<sup>6</sup> Appointed member of the Compensation Committee during the meeting of the Board of Directors held on 24 April 2012.

<sup>7</sup> Director appointed by the AGM held on 28 April 2014.

<sup>8</sup> Independent director pursuant to Art. 148 par. 3 of Legislative Decree n. 58/1998.

<sup>9</sup> Member and Chairman of the Supervisory Body pursuant to Legislative Decree 231/2001.

<sup>10</sup> Director appointed by the AGM held on 11 April 2013.

<sup>11</sup> Director appointed by the AGM held on 11 April 2013

<sup>12</sup> Standing Auditor appointed by the AGM held on 11 April 2013.

<sup>13</sup> Alternate Auditor appointed by the AGM held on 11 April 2013.

<sup>14</sup> Appointed member of the Control and Risk Committee during the meeting of the Board of Directors held on 15 July 2013.

<sup>15</sup> Appointed member of the Compensation Committee during the meeting of the Board of Directors held on 15 July 2013.

<sup>16</sup> Member of the Supervisory Body pursuant to Legislative Decree 231/2001.

<sup>17</sup> Member of the Committee for Related Party Transactions since 15 July 2013.

<sup>18</sup> Chairman of the Control and Risk Committee and of the Committee for Related Party Transactions.

<sup>19</sup> Chairman of the Compensation Committee.

### BOARD OF STATUTORY AUDITORS

Claudio Pastori<sup>16</sup>

Maria Stefania Sala<sup>12</sup>

Sandro Santi

Agostino Giorgi<sup>13</sup>

Mariateresa Diana Salerno

Chairman

Standing Auditor

Standing Auditor

Alternate Auditor

Alternate Auditor

### EXTERNAL AUDITORS

KPMG S.p.A.

## DADA GROUP FINANCIAL HIGHLIGHTS

### Consolidated Income Statement (3 months)\*

(€mn)	31/03/2014	31/03/2013	Total difference	% difference
Revenue	17.9	20.6	-2.7	-13%
EBITDA**	2.3	3.3	-1.0	-29%
Depreciation and amortization	-1.8	-1.6	-0.2	14%
Non-recurring charges and other impairment	-0.1	-	-0.1	-
EBIT	0.4	1.7	-1.3	-73%
Group net profit/(loss)	-0.5	0.4	-0.9	-235%

\*\*Gross of impairment losses and other non-recurring items

### Consolidated statement of financial position at 31 March 2014\*

(€mn)	31/03/2014	31/12/2013	Total difference	% difference
Non-current assets	93.9	94.0	-0.1	0%
Net Working Capital	-12.5	-11.7	-0.8	-7%
Net Capital Employed	79.7	80.5	-0.9	-1%
Shareholders' Equity	49.4	49.7	-0.3	-1%
Net short-term Financial Position	-8.9	-9.6	0.7	-7%
Total Net Financial Position	-30.3	-30.9	0.6	-2%
Number of employees	392	395	-3.0	-1%

\* For the sake of clarity, changes in percentage and absolute terms have been calculated using exact amounts.

## DIRECTORS' REPORT

### INTRODUCTION

The Interim Management Report at 31 March 2014 was prepared in accordance with IAS 34 on Interim Financial Reporting and, as regards to recognition and measurement criteria, with the IAS/IFRS issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, as required by Art. 154-ter of the Consolidated Finance Act (*Testo Unico della Finanza* or TUF). It satisfies the provisions of CONSOB Regulation no. 11971 of 14 May 1999, as subsequently amended.

### 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 for individuals and businesses, 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 the note 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 2013.

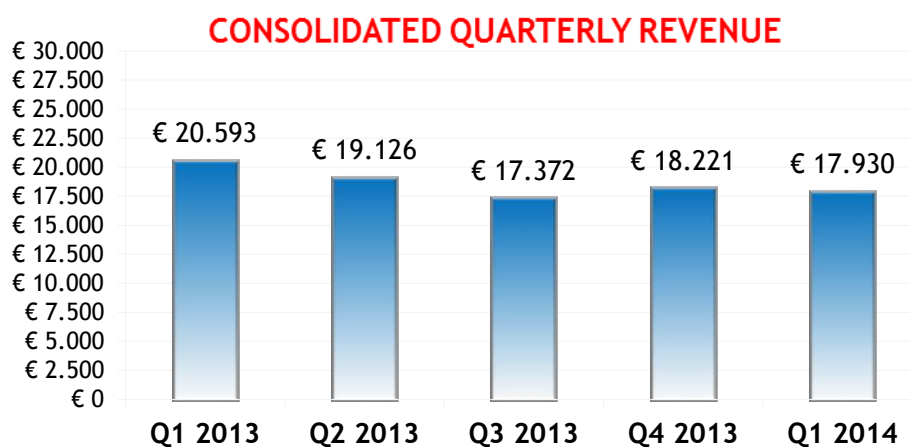
In 1Q14, the **Domain and Hosting** division strengthened its position among the top European players in the business of professional services for domain name registration, hosting, for the creation, management and visibility of web and e-commerce sites and for online brand protection, through the expansion of its product portfolio and increase in customer service quality, boasting more than 520 thousand business clients and over 1.7 million domains managed at 31 March 2014.

The **Performance Advertising** division, active in the online advertising business, operates at an international level offering a range of innovative and scalable digital solutions for online traffic monetization, thanks to proprietary technology. In the quarter under review, the division continued to strengthen its international presence, thanks mainly to the expansion of the Peeplo brand and development of the Supereva.com vertical portal, despite the sharp fall in volumes and resulting decline in margins versus 1Q13 caused by the change in Google’s global policies.

## PERFORMANCE REVIEW

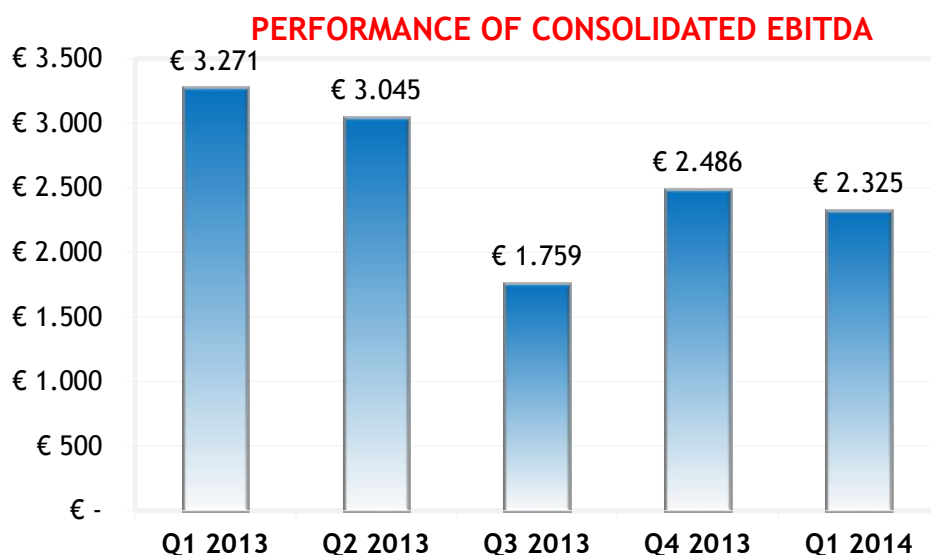
In 1Q14, the Dada Group achieved consolidated revenue of €17.9 million versus €20.6 million in 1Q13 (-13%) and €18.2 million in 4Q13 (-2%). The Group's revenue performance, as well as other financial and segment aggregates, should be considered also in light of certain operational events that marked 1Q14 with respect to 1Q13 and 4Q13. Details on these points are found in the Results section at pages 9 and 11 of this Report.

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



In 1Q14, the Dada Group's consolidated EBITDA (gross of impairment losses and other non-recurring items) came to a positive €2.3 million (13% of consolidated revenue) versus €3.3 million in 1Q13 (16% margin) and €2.5 million in 4Q13 (14% margin).

The following graph shows the performance of consolidated EBITDA over the last five quarters:

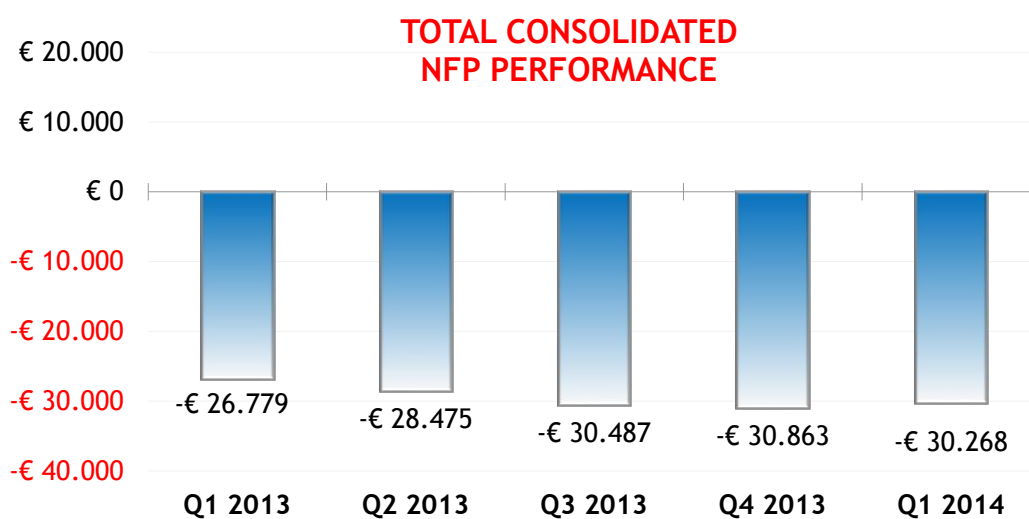


The total net financial position of the Dada Group, which includes funding to be repaid beyond one year, came to a **negative €30.3 million** at 31 March 2014 versus a negative €30.9 million at 31 December 2013.

In 1Q14, the Dada Group generated a positive cash flow of €0.6 million versus a cash absorption of €3.5 million over the 12 months prior to 31 March 2014, a result of the heavy non-recurring investments incurred by the Dada Group, mainly regarding development of the new Datacenter in the UK, and of the non-recurring outlays from the Public Tender Offer following transfer of the controlling interest of Dada S.p.A. from RCS MediaGroup to the Orascom Group.

For further details, reference should be made to the Financial Position section.

The following graph shows the performance of the net financial position at 31 March 2014 and at the end of the four previous quarters:





## Results

The following tables show the Dada Group's key results in 1Q14 versus 1Q13:

IN EUR/000	31-mar-14 3 months		31-mar-13 3 months		DIFFERENCE	
	Amount	%	Amount	%	Absolute	%
<b>Net revenue</b>	<b>17,930</b>	<b>100%</b>	<b>20,593</b>	<b>100%</b>	<b>-2,663</b>	<b>-13%</b>
Chg. in inventories & inc. in own wk. capitalized	991	6%	899	4%	92	10%
Service costs and other operating expenses	-11,240	-63%	-13,264	-64%	2,025	-15%
Payroll costs	-5,357	-30%	-4,958	-24%	-399	8%
<b>EBITDA*</b>	<b>2,325</b>	<b>13%</b>	<b>3,271</b>	<b>16%</b>	<b>-945</b>	<b>-29%</b>
Depreciation and amortization	-1,826	-10%	-1,595	-8%	-230	14%
Non-recurring income/(charges)	0	0%	0	0%	0	-
Impairment losses and other provisions	-53	0%	-21	0%	-32	156%
<b>EBIT</b>	<b>446</b>	<b>2%</b>	<b>1,654</b>	<b>8%</b>	<b>-1,208</b>	<b>-73%</b>

\*Gross of impairment losses and other non-recurring items

In 1Q14, the Dada Group achieved **consolidated revenue** of €17.9 million, down 13% versus €20.6 million in 1Q13. The result was heavily affected by the drop in performance advertising previously mentioned in the introduction (a drop of €2.2 million versus 1Q13), and to a lesser extent by the decline in Simply (the online advertising product) and the disposal in August 2013 of certain co-location services in the UK, considered no longer relevant to the Group (in 1Q13, they had generated revenue of €0.5 million).

Based on each business segment, mention should be made that:

- revenue generated by Domain and Hosting (accounting for approximately 88% of Group revenue) came to €15.8 million versus €16.1 million, posting a nominal decline of about 2%. Net of the negative contribution of Simply (€0.4 million in 1Q14 versus €0.8 million in 1Q13), and revenue generated by the co-location business in the UK (disposed of in August 2013, which had contributed approximately €0.2 million to the 1Q13 revenue), revenue was up 1.2% versus 1Q13;
- Performance Advertising contributed the remaining 12% to Group revenue, falling by about 50% versus 1Q13 (€2.1 million versus €4.3 million).

Despite the growing challenges at an international level over the period under review, Dada's **Domain and Hosting** division confirmed 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**, boasting a user base of more than **520 thousand business clients** and over **1.7 million domains managed**. Noteworthy points during the period under review:

- besides offering dedicated Online Brand Protection consulting to companies of every size and from every industry through accreditation with the Trademark Clearinghouse, the leading online brand protection service developed by ICANN, starting from February, when the new gTLDs (Generic Top Level Domains) were actually released on the market, Dada reported a steady rise in pre-registration and registration applications: the Group's stores have received so far<sup>1</sup> a total of about 6,000 registrations and the same number of pre-registrations (the most requested have been .email, .photography and .bike). To date<sup>2</sup>, about 250 extensions are ready for registration and over 750,000 registrations have been made 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 in the next three years.
- The partnership with SiteLock, international leader in advanced website protection solutions. Thanks to this agreement, DADA has developed the full range of its offering at an international level, by providing clients with new security services and a high level of stability, integrity and protection of their websites and of information stored and managed on them.
- With the primary and ongoing goal of improving customer service quality, customer care activities have been stepped up through phone support and a dedicated service launched to assist clients in the development and management of their website, by using custom content and design that enables effective communication aimed at increasing online business opportunities.

The **Performance Advertising** division continued the strategy of international expansion of its web traffic monetization solutions, specifically of the Peeplo brand, the development of its new superEva.com job search vertical portal, which marked the division's recent landing in the Classifieds Ads segment, and the fine-tuning of its proprietary algorithms. Volumes dropped sharply in 1Q14 versus 1Q13, due mainly to the changes in Google's global policies in October 2012 and later in January 2014. These changes also drove margins down versus 1Q13.

Looking at the **geographical breakdown** of the DADA Group's consolidated revenue, foreign-based activities contributed 61% in 1Q14, slightly decreasing versus the result in 1Q13 (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 by foreign operations.

In **1Q14**, consolidated **EBITDA** of the **DADA Group**, before impairment losses and other non-recurring items, came to a positive **€2.3 million** (13% margins on consolidated revenue), down 29% versus **€3.3 million** in 1Q13 (16% margins). EBITDA, too, was affected

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<sup>1</sup> At 13 May 2014.

<sup>2</sup> At 13 May 2014.

by the aforementioned drop of €0.3 million versus 1Q13 reported by the Performance business.

Specifically, based on each business segment:

- margins on revenue for the **Domain and Hosting** business dropped to 14% from 19% in 1Q13. Comparing the two quarters, mention should be made of:
  - the duplication of some costs associated with the creation of the new Datacenter in the UK (€0.6 million), arising from the charges incurred from the previous suppliers, whose procurement agreement will expire in the second half of 2014, in addition to the operating costs for the new facility. This overlapping effect is expected to dissolve in 2Q14;
  - a different corporate cost allocation method among segments, effective from 1 January 2014, which aims at allocating almost all common costs to each business. This led to a reduction of about €0.3 million in the division's margins (this has no impact on the consolidated level).

Net of these effects, Domain and Hosting margins would be basically in line with those in 1Q13 (19%).

Regarding the **Performance Advertising** business, the drop in volumes also impacted on margins, which fell to 5% in 1Q14 from 11% in 1Q13, taking account of the breakdown of fixed and variable costs of the division.

Looking at each line of the income statement:

- service costs as a percentage of revenue fell from 64% in 1Q13 to 63% in 1Q14.
- payroll costs in 1Q14 rose to €5.4 million versus €5.0 million in 1Q13, representing 30% of revenue (24% in 1Q13). The trend of this aggregate is mainly attributable to the increase in the average number of employees (as explained in detail at page 21), to the effects of the adjustments provided for in the collective bargaining agreements, and to certain salary policies.
- the item "change in inventories and increase in own work capitalized", amounting to €1.0 million in 1Q14, or 6% of consolidated revenue (€0.9 million in 1Q13, or 4% of revenue), consists of expenses incurred for the development of the proprietary platforms needed to launch and manage the services provided by the DADA Group.

In 1Q14, **consolidated EBIT of the Dada Group** came to a positive €0.5 million versus a positive €1.7 million in 1Q13, down by 1.2 million (-73%).

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

- In 1Q14, amortization amounted to €0.9 million versus €0.8 million at 31 March 2013 (+10%) and €1.1 million in 4Q13 (-22%). Depreciation amounted to €0.9 million versus €0.8 million at 31 March 2013 (+20%) and €0.8 million in 4Q13 (+11%).
- the depreciation and amortization trend - tangible assets in particular - is a direct result of the investment policy pursued by the Group starting from the prior year, which is believed to continue at a slower pace, however, also in the current year for the development of the Datacenter in the UK. These investments were completed in

3Q13 and began generating depreciation in the income statement from August, which explains its sharp rise versus 1Q13.

- Consolidated EBIT in 1Q14 was impacted by impairment losses, provisions and other non-recurring charges of €0.1 million versus €21 thousand in 1Q13 and €0.3 million in 4Q13. These charges in 1Q14 derive entirely from the impairment of receivables recognized in current assets.

In 1Q14, the DADA Group's consolidated net profit came to -€0.5 million versus +€0.4 million, decreasing by €0.9 million, and -€0.9 million in 4Q13 (improving by €0.4 million).

Overall financial activities of the Dada Group (the difference between financial income and charges) showed a negative figure of €0.8 million in 1Q14 versus a negative figure of 1 million in 1Q13. These financial aggregates were severely impacted by forex, which had been extremely adverse in 1Q13 (though recovering during the year). No effects were felt in 1Q14, thanks also to the currency forwards to hedge exchange rate risks.

Specifically, financial charges in 1Q14, which include exchange gains/losses, totaled €0.8 million (€0.7 million in 1Q13 and €0.8 million in 4Q13) and refer to:

- interest expense on bank loans to finance acquisitions made in prior years amounting to €0.3 million (€0.2 million in 1Q13);
- other bank commissions and interest owed on short-term credit lines amounting to €0.5 million (€0.4 million in 1Q13), linked primarily to bank commissions on credit card payments;
- derivative differentials, which had a very minor impact in 1Q14 (€0.1 million in 1Q13).

As in 1Q13, there was no financial income worthy to report in 1Q14.

Exchange activities produced a virtually breakeven result in 1Q14 versus a negative figure of €0.2 million in 1Q13, a period severely affected by the negative Euro/Pound trend, with an overall positive difference of €0.2 million. In 4Q13, the forex impact had been basically neutral.

To conclude, looking at tax at Group level, the overall tax burden in 1Q14 came to €0.2 million versus €0.3 million in 1Q13 and €0.3 million in 4Q13.

Breaking down tax in 1Q14 into current and deferred, current tax amounted to €0.2 million (€0.2 million in 1Q13 and 4Q13), while deferred tax amounted to a negative figure of only €47 thousand. Mention must be made that no deferred tax assets were recovered in respect of such use of this item referred to the current tax burden for the period under review.

Current tax is recognized in the financial statements even with a consolidated net loss, and refers primarily to IRAP on some Italian companies (€0.1 thousand), and to a lesser extent (€37 thousand) to the tax burden on some foreign-based companies with positive pre-tax income.

Mention should be made that the Dada Group has accrued tax losses of €38 million (€35.4 million at 31 March 2013), referring for the most part to the Italian companies and which may be fully carried forward indefinitely under the current laws for an amount equal to 80% of taxable income for each financial year. Tax losses on which deferred tax

assets have been calculated amounted to €16.5 million (€14.8 million at 31 March 2013), particularly on those deemed recoverable in a short time span, as resulting from the potential taxable income related to the operating (and financial) results of the plans adopted in the 2013 impairment tests.

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

## PERFORMANCE BY BUSINESS SEGMENT

As previously mentioned, for operational purposes, since end 2012 the DADA Group has been organized into two business divisions, “Domain and Hosting” and “Performance Advertising”.

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

This breakdown stems also from the corporate reorganization of the prior year, 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.

### Main results by segment

The following table shows the main results of the “Domain and Hosting” and “Performance Advertising” divisions in 1Q14 versus 1Q13; mention should be made that, effective from 1 January 2014, a different corporate cost allocation method among segments has been adopted, which aims at allocating almost all common costs to each business. This led to a reduction of about €0.3 million in the Domain and Hosting division’s margins (this has no impact on the consolidated level).

Segment	31/03/2014 (3 months)					31/03/2013 (3 months)				
	Revenue	EBITDA	Margin %	EBIT	Margin %	Revenue	EBITDA	Margin %	EBIT	Margin %
Domain and Hosting	15,794	2,171	14%	534	3%	16,130	3,131	19%	1,757	11%
Performance Advertising	2,136	105	5%	-30	-1%	4,295	452	11%	336	8%
Adjustments	-	50	-	-58	-	168	-312	-185%	-439	-261%
<b>Total</b>	<b>17,930</b>	<b>2,325</b>	<b>13%</b>	<b>446</b>	<b>2%</b>	<b>20,593</b>	<b>3,271</b>	<b>16%</b>	<b>1,654</b>	<b>8%</b>

## Geographical breakdown of consolidated revenue

The following table shows the breakdown of Italian and international consolidated revenue in 1Q14 and 1Q13:

	31/03/2014 (3 months)		31/03/2013 (3 months)	
	Amount	% of total	Amount	% of total
Revenue - Italy	7,065	39%	7,479	36%
Revenue - abroad	10,865	61%	13,114	64%
<b>Total</b>	<b>17,930</b>		<b>20,593</b>	

## Domain and Hosting Services

“Domain and Hosting” is the DADA Group division dedicated to self-provisioning professional digital services for management of the online presence of individuals and businesses. At 31 March 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 in Europe under the following brands, leaders in their respective geographical areas: Register.it in Italy (headquartered in Florence, with branches in Milan and Bergamo), Nominalia in Spain, Names.co.uk and Poundhost in the UK, Amen Group in Portugal, France and the Netherlands, and Register365 in Ireland.

The Group offers companies 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 and dedicated servers;
- professional solutions for website development;
- professional solutions for e-commerce website development;
- certified e-mail and e-mail services;
- digital advertising services;
- online brand protection, mostly for large enterprises.

Through a proprietary Adserver, DADA also manages its own international advertising network (Simply.com), with about 3,000 active publishers. Sales in Italy are managed on an exclusive basis by an external agency.

In 1Q14, the division's revenue amounted to €15.8 million (approximately 88% of Group revenue) versus €16.1 million in 1Q13, falling by about 2%. Excluding the negative contribution of Simply (€0.4 million in 1Q14 versus €0.8 million in 1Q13) and revenue generated by the UK business (disposed of in August 2013, which had contributed approximately €0.2 million to the 1Q13 revenue), revenue grew by 1.2% versus 1Q13; the Italian, English and Irish markets contributed 81% of the division's revenue, while the remaining 19% came from the French, Spanish, Portuguese and Dutch markets.

EBITDA came to €2.2 million versus €3.1 million in 1Q13, due mainly to the following effects:

- the duplication of some costs associated with the creation of the new Datacenter in the UK (€0.6 million), arising from the charges incurred from the previous suppliers, whose procurement agreement will expire in the second half of 2014, in addition to the operating costs for the new facility. This overlapping effect is expected to dissolve in 2Q14;
- a different corporate cost allocation method among segments, effective from 1 January 2014, which aims at allocating almost all common costs to each business. This led to a reduction of about €0.3 million in the division's margins (this has no impact on the consolidated level).

Net of these effects, Domain and Hosting margins would be basically in line with those in 1Q13 (19%).

Capitalized research and development costs amounted to €0.8 million, slightly increasing versus 1Q13.

Segment EBIT came to €0.5 million, net of depreciation and amortization, impairments and other non-operating items of €1.6 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 vertical and scalable proprietary portals and partnerships with leading global search engines.

The main proprietary brands through which it operates are Peeplo and Save'n Keep, in addition to Supereva.com, the job search vertical portal, which marks the division's recent landing in the vertical Classified Ads segment.

In 1Q14, the division's revenue amounted to €2.1 million, down €2.2 million (-50%) versus 1Q13. Almost all the revenue is generated in Ireland and, starting from 2012, an increasing portion comes from web traffic from the new generation of tablets and smartphones. Revenue was heavily impacted by the 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 ever since October 2012, and has further impacted on the revenue trend since January 2014.

EBITDA fell accordingly from €0.5 million in 1Q13 to €0.1 million in 1Q14, with margins on revenue dropping from 11% to 5%. Capitalized costs for research and development amounted to €0.2 million, in line with 1Q13.

EBIT was basically at break even, net of depreciation and amortization, impairments and other non-operating items of €0.1 million.

## Financial position

The following table shows the total Net Financial Position of the Dada Group at 31 March 2014 versus the position at 31 December 2013:

NET FINANCIAL POSITION					
(EUR/000)		31-mar-14	31-dec-13	DIFFERENCE	
				Absolute	%
A	Cash on hand	13	19	-6	-32%
B	Bank and post office deposits	2,258	1,641	617	38%
C	Liquidity (A+B)	2,271	1,660	611	37%
D	Time deposits and other receivables	-	-	-	-
E	Derivatives	7	-	7	-
F	Other financial receivables (D + E)	7	-	7	-
G	<b>Total Financial Assets (C+F)</b>	<b>2,278</b>	<b>1,660</b>	<b>618</b>	<b>37%</b>
H	Current credit lines and account overdrafts with banks	-10,298	-10,457	159	-2%
I	Current bank borrowings	-830	-716	-114	16%
L	Other current financial payables	-	-	-	-
M	Current portion of derivatives	-50	-47	-3	6%
N	Current debt (H+I+L+M)	-11,178	-11,220	42	0%
O	Non-current bank borrowings	-21,368	-21,303	-65	0%
P	Other non-current financial payables	-	-	-	-
Q	Non-current portion of derivatives	-	-	-	-
R	Non-current debt (O+P+Q)	-21,368	-21,303	-65	0%
S	<b>Total Financial Liabilities (N+R)</b>	<b>-32,546</b>	<b>-32,523</b>	<b>-23</b>	<b>0%</b>
T	<b>Total net financial position (G+S)</b>	<b>-30,268</b>	<b>-30,863</b>	<b>595</b>	<b>-2%</b>

**At 31 March 2014, the Dada Group's total net financial position, which includes short and medium/long-term funding and loans, came to a negative €30.3 million, versus a negative €30.9 million at 31 December 2013 and a negative €26.8 million at 31 March 2013.**



The current net financial position at 31 March 2014 came to a negative €8.9 million versus a negative €9.6 million at 31 December 2013 and a negative €7.6 million at 31 March 2013. These differences, especially comparing the figures with those at 31 March 2013, are explained by Group cash flows during the period and by the rescheduling in 2013 of the loan agreement with Banca Intesa. More details on the rescheduling are found in Note 10 in this Report.

The item “current portion of derivatives” refers to the financial payable related to the mark-to-market measurement of the IRS hedging the mortgage with Banca Intesa at 31 March 2014.

Non-recurring cash flows in 1Q14 showed a positive figure of €0.2 million and consist of the following elements: a) €0.3 million from the disposal of residual co-location assets of the subsidiary Namesco UK; b) payment of non-recurring employee termination indemnity charges and the instalment amount of the payment plan with the Regional Revenue Agency amounting to €0.1 million. In 1Q13, the negative effect of non-recurring items on the net financial position had amounted to €0.1 million.

Movements in cash flow in 1Q14 with respect to cash and cash equivalents and compared to the same period of the prior year are summarized below. For further details, reference should be made to the Statement of Cash Flows included in the statements of this Report and to the relevant notes:

(EUR/000)	31 March 2014 (3 months)	31 March 2013 (3 months)
Cash flow from operating activities	2,988	2,734
Cash flow from taxes and interest paid	-457	-935
Cash flow from investing activities	-1,945	-2,372
Cash flow from financing activities	71	-134
<b>Net cash flow (cash and cash equivalents)</b>	<b>657</b>	<b>-706</b>

Regarding reconciliation between cash flow of the net financial position and cash flow shown in the consolidated financial report, reference should be made to Note 16 in this Report.

The following points provide detailed information on the main aggregates in the net financial position.

#### **Investing activities**

In 1Q14, as mentioned above, investments made by the DADA Group produced an overall financial impact of approximately €2 million, decreasing versus €2.4 million in 1Q13, attributable mainly to the Datacenter in the UK. Specifically:

- investments in intangible assets in 1Q14 amounted to €1 million, in line with 1Q13. Approximately €1 million (€0.9 million in 1Q13) refers to costs for the development of the

proprietary processes and platforms needed to provide Domain & Hosting and Performance Advertising services, €37 thousand refers to the purchase of brands and licenses (€82 thousand in 1Q13) and €3 thousand refers to the purchase of software (€73 thousand in 1Q13);

- investments in property, plant and equipment in 1Q14 amounted to €0.9 million versus €1.3 million in 1Q13, decreasing by €0.4 million (-31%). As mentioned earlier, this trend is mainly attributable to the lower impact versus 1Q13 of the investments in the Datacenter project in the UK. Investments in 1Q13 referred mainly to the purchase of network servers and the installation of new equipment for enlargement purposes; the remaining €10 thousand referred to the purchase of furniture and fittings and other tangible assets.

### Financing activities

The cash flow statement shows a positive figure of €0.1 million relating to “net difference in cash flow from financing activities”, the sum of:

- the positive contribution of €0.3 million from the new lease obtained and entered into by the Italian subsidiary Register.it S.p.A. in February, to finance the purchase of new hardware;
- the negative cash flow of €0.2 million from repayment of existing loan instalments (with Hsbc) and leases (with Lombard) of the subsidiary Namesco UK;

The cash flow from financing activities in 1Q13 had come to a negative €0.1 million.

These differences impact solely on “cash, cash equivalents and current bank borrowings”, but are neutral on the “total Net Financial Position”, which includes non-current debt.

The breakdown of Net Working Capital and Net Capital Employed of the DADA Group at 31 March 2014 and at 31 December 2013 is shown below:

(in EUR/000)	31-mar-14	31-dec-13	DIFFERENCE	
			Absolute.	%
<b>Non-current assets (A)</b>	<b>93,924</b>	<b>93,981</b>	<b>-57</b>	<b>0%</b>
Current operating assets (B)	16,874	16,335	539	3%
Current operating liabilities (C)	-29,410	-28,022	-1,387	5%
<b>Net working capital (D)=(B)-(C)</b>	<b>-12,535</b>	<b>-11,687</b>	<b>-848</b>	<b>7%</b>
Provision for termination indemnities (E)	-760	-760	-1	0%
Provision for risks and charges (F)	-957	-1,007	50	-5%
Other payables due beyond one year (G)	0	0	0	-
<b>Net capital employed (A+D+E+F+G)</b>	<b>79,672</b>	<b>80,527</b>	<b>-856</b>	<b>-1%</b>

### Net working capital

The Dada Group's net working capital at 31 March 2014 was -€12.5 million versus -€11.7 million at 31 December 2013 and -€12.5 million at 31 March 2013.

A point worth mentioning is that the dynamics of net working capital over the various quarters of a year are generally linked to the performance of Group operations (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.

Looking at the single items forming the net working capital, it must be noted that trade receivables at 31 March 2014 amounted to €5.6 million, basically in line with €5.5 million at 31 December 2013, and mainly include receivables from advertising services referred to Performance Advertising and Simply, as well as certain Domain&Hosting services that have deferred payment terms. Trade payables showed a downward trend, falling from €10.3 million at 31 December 2013 to €9.8 million at 31 March 2014.

Other current liabilities include deferred income of approximately €12.3 million, originating, as mentioned, from certain services over the period; 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 €11.9 million at 31 March 2013.

Other consolidated liabilities due beyond one year include termination indemnities and provisions for risks and charges. These items are explained in the notes to this Report and to the latest half-year financial report.

The number of DADA Group employees at 31 March 2014 and at 31 December 2013 is shown in the table below:

	Italy		Abroad		Total	
	31/03/2014	31/12/2013	31/03/2014	31/12/2013	31/03/2014	31/12/2013
-	-	-	-	-	-	-
<b>Employees</b>	<b>218</b>	<b>222</b>	<b>174</b>	<b>173</b>	<b>392</b>	<b>395</b>

The average number of Dada Group employees in 1Q14 versus 1Q13 is shown in the table below:

	31/03/2014	31/03/2013
<b>Average number of employees</b>	<b>392.3</b>	<b>381.0</b>

## Alternative performance indicators:

This Interim Report provides the following economic and financial indicators in addition to those required by IFRS 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. As the composition of EBITDA and other alternative performance indicators is not governed by the relevant accounting policies, the DADA Group's calculation method may differ from the method used by others and may therefore make comparisons unreliable.

EBITDA: below is a summary of how the DADA Group calculates this aggregate:

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  
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);

*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.

## SIGNIFICANT EVENTS IN 1Q14

The events which had the most significant impact on the DADA Group in 1Q14 are described below:

On 19 March 2014, the Board of Directors of the Company, besides approving the 2013 draft financial statements, called the Shareholders' 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 bylaws. It also resolved to submit to the Shareholders' 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.

## SIGNIFICANT EVENTS AFTER 31 MARCH 2014

**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

Today's 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 bylaws

The Meeting resolved on the amendment to article 13 “AGM notice of call” of the bylaws, aimed at streamlining the procedure regarding the publication of the notice of call of future Meetings of the Company.

## OUTLOOK FOR THE YEAR

Early indications on the Group’s performance in the first three months of 2014 basically confirm the already announced forecasts for both business lines. Specifically:

- for the **Domain and Hosting** division, in the absence of any currently unforeseeable event, and despite increasing competitive pressure, it is reasonable to expect an annual “mid-single” digit average growth in revenue over the 2014-2016 period (on a like-for-like basis and net of the negative contribution of Simply), with a higher rate in the second part of the three-year period, and a more than proportional increase in profitability, thanks to a further optimization of the operating costs; specifically, the new Datacenter in the UK will allow DADA to have adequate space to support the future growth of the Group and to achieve significant benefits starting from the second half of 2014;
- for the **Performance Advertising** division, in light of the further changes in the Google network over the past few months, which impacted negatively on monetization from web traffic generated through mobile phones and tablets, further changes on a global scale cannot be ruled out to date and therefore, it is not currently possible to predict the medium to long term impact of these changes. Revenue and margins for the current year may, therefore, presumably end lower than the figures reported in 2013.

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
AT 31 MARCH 2014**

## CONSOLIDATED FINANCIAL STATEMENTS

### DADA GROUP CONSOLIDATED INCOME STATEMENT AT 31 MARCH 2014

IN EUR/000	31 March 2014	31 March 2013
<b>Net revenue</b>	<b>17,930</b>	<b>20,593</b>
Chg. in inventories & inc. in own wk. capitalized	991	899
Service costs and other operating expenses	-11,216	-13,211
Payroll costs	-5,357	-4,958
Other operating revenue and income	10	4
Other operating costs	-40	-61
Provisions and impairment losses	-48	-17
Depreciation and amortization	-1,826	-1,595
<b>EBIT</b>	<b>446</b>	<b>1,654</b>
Investment income	127	279
Financial charges	-880	-1,231
<b>Profit/(loss) before taxes</b>	<b>-307</b>	<b>702</b>
Income taxes	-215	-317
<b>Net profit/(loss)</b>	<b>-521</b>	<b>385</b>
Non-controlling interests	0	0
<b>Group net profit/(loss)</b>	<b>-521</b>	<b>385</b>
Basic earnings/(loss) per share	-0.031	0.024
Diluted earnings/(loss) per share	-0.031	0.023



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 MARCH 2014**

IN EUR/000	31 March 2014	31 March 2013
<b>Net profit/(loss) for the period (A)</b>	<b>-521</b>	<b>385</b>
<b>Other comprehensive profit/(loss) to be subsequently reclassified in profit/loss for the year (B):</b>	<b>261</b>	<b>-1,359</b>
Gains/(losses) on exchange rate derivatives (cash flow hedges)	6	61
Tax effect on other gains/(losses)	-2	-17
	5	44
Gains/(losses) from the translation of foreign currency financial statements	256	-1,404
<b>Other comprehensive profit/loss not to be subsequently reclassified in profit/(loss) for the year:</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income/(loss) (A)+(B)</b>	<b>-260</b>	<b>-974</b>
<i>Total comprehensive income/(loss) attributable to:</i> Shareholders of the parent company	-260	-974

**DADA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014**

ASSETS	31 March 2014	31 December 2013
<b><i>Non-current assets</i></b>		
Goodwill	76,497	76,220
Intangible assets	8,061	7,911
Other property, plant and equipment	9,149	9,634
Financial assets	217	217
Deferred tax assets	6,481	6,527
<b>Total non-current assets</b>	<b>100,405</b>	<b>100,508</b>
<b><i>Current assets</i></b>		
Trade receivables	5,574	5,501
Tax and other receivables	4,820	4,308
Financial assets for derivative instruments	6	0
Cash and cash equivalents	2,271	1,660
<b>Total current assets</b>	<b>12,671</b>	<b>11,468</b>
<b>TOTAL ASSETS</b>	<b>113,075</b>	<b>111,976</b>

## DADA GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

EQUITY AND LIABILITIES	31 March 2014	31 December 2013
<b>EQUITY AND LIABILITIES</b>		
<i>Capital and reserves</i>		
Share capital	2,836	2,836
Share premium reserve	33,098	33,098
Legal reserve	950	950
Other reserves	7,164	6,903
Retained earnings	5,877	7,225
Net profit/(loss)	-521	-1,348
<b>Total equity, Group share</b>	<b>49,404</b>	<b>49,664</b>
<b>Non-controlling interests</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>49,404</b>	<b>49,664</b>
<i>Non-current liabilities</i>		
Bank loans (due beyond one year)	21,368	21,302
Provision for risks and charges	957	1,007
Provision for employee termination indemnities	760	760
<b>Total non-current liabilities</b>	<b>23,085</b>	<b>23,069</b>
<i>Current liabilities</i>		
Trade payables	9,759	10,320
Other payables	17,194	15,370
Taxes payable	2,457	2,333
Financial liabilities for derivative instruments	50	47
Bank overdrafts and financial payables (due within one year)	11,127	11,173
<b>Total current liabilities</b>	<b>40,586</b>	<b>39,243</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>113,075</b>	<b>111,976</b>

## DADA GROUP CONSOLIDATED CASH FLOW STATEMENT AT 31 MARCH 2014

IN EUR/000	31 March 2014	31 March 2013
<b>Operating activities</b>		
<b>Net profit (loss) for the period</b>	<b>-521</b>	<b>385</b>
<i>Adjustments for:</i>		
Income from trading	-127	-279
Financial charges	880	1,231
Income taxes	215	317
Depreciation	943	789
Amortization	883	807
Granting of stock options	0	44
Other provisions and impairment losses	53	21
Increase/(decrease) in provisions	-50	-152
<b>Cash flow from operating activities before changes in working capital</b>	<b>2,275</b>	<b>3,163</b>
(Increase)/decrease in receivables	-517	-448
Increase/(decrease) in payables	1,230	18
<b>Cash flow from operating activities</b>	<b>2,988</b>	<b>2,734</b>
Income taxes paid	-41	-51
Interest (paid)/received	-416	-884
<b>Net cash flow from operating activities</b>	<b>2,531</b>	<b>1,799</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	-914	-1,315
Other changes in fixed assets	0	-1
Purchase of intangible assets	-40	-155
Product development costs	-991	-900
<b>Net cash flow used in investing activities</b>	<b>-1,945</b>	<b>-2,372</b>

**DADA GROUP CONSOLIDATED CASH FLOW STATEMENT AT 31 MARCH 2014**

<b>IN EUR/000</b>	<b>31 March 2014</b>	<b>31 March 2013</b>
<b>Financing activities</b>		
Change in loans	65	532
Other changes	6	-666
<b>Net cash flow from/(used in) financing activities</b>	<b>71</b>	<b>-134</b>
<b>Net increase /(Decrease) in cash and cash equivalents</b>	<b>657</b>	<b>-706</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>-9,514</b>	<b>-7,718</b>
<b>Cash and cash equivalents at end of period</b>	<b>-8,856</b>	<b>-8,424</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 MARCH 2014**

	Attributed to the shareholders of the parent company									
	Share capital	Share premium reserve	Legal reserve	Other reserves	Other equity instruments	Cash flow hedge reserve	Translation reserve	Retained earnings	Net profit / (loss)	Total equity
Balance at 1 January 2014	2,836	33,098	950	14,045	0	-26	-7,115	7,225	-1,348	49,664
Allocation of 2011 profit								-1,348	1,348	-
Profit/(loss) for the period									-521	-521
Other comprehensive income (losses)						5	256			261
<b>Total comprehensive income (losses)</b>	-	-	-	-	-	5	256	0	-521	-260
Share capital increase										-
Other equity instruments										-
<b>Balance at 31 March 2014</b>	<b>2,836</b>	<b>33,098</b>	<b>950</b>	<b>14,045</b>	<b>-</b>	<b>-22</b>	<b>-6,859</b>	<b>5,877</b>	<b>-521</b>	<b>49,404</b>

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 MARCH 2014**

	Attributed to the shareholders of the parent company									
	Share capital	Share premium reserve	Legal reserve	Other reserves	Other equity instruments	Cash flow hedge reserve	Translation reserve	Retained earnings	Net profit / (loss)	Total equity
Balance at 1 January 2013	2,756	32,070	950	14,045	213	-163	-6,252	5,839	939	50,399
Allocation of 2010 profit								939	-939	-
Profit/ (loss) for the period									385	385
Other comprehensive income (losses)						44	-1,404			-1,358
<b>Total comprehensive income / (losses)</b>	-	-	-	-	-	44	-1,404	-	385	-974
Other equity instruments					44					44
Other changes										-
<b>Balance at 31 March 2013</b>	<b>2,756</b>	<b>32,070</b>	<b>950</b>	<b>14,045</b>	<b>257</b>	<b>-119</b>	<b>-7,656</b>	<b>6,778</b>	<b>385</b>	<b>49,470</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 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 stated at page 1 of this Report.

The DADA Group ([www.dada.eu](http://www.dada.eu)) is an international leader in domain and hosting services and in advanced online advertising solutions.

For further details, reference should be made to the Directors' Report.

### 2. Preparation criteria

The condensed interim financial statements were prepared in accordance with the historical cost convention, with the exception of financial assets held for sale, measured at fair value.

These financial statements are expressed in Euro (€) as this is the 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.

They are comprised of the statement of financial position, income statement, statement of changes in equity, statement of cash flows, and these notes.

The publication of this Report was authorized by the Board of Directors on 14 May 2014.

### Statement of compliance with IAS/IFRS

The condensed quarterly report at 31 March 2014 was 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 condensed interim financial statements were prepared in summary form in accordance with IAS 34 and Art. 154 ter of the Consolidated Finance Act (Legislative Decree 58/1998). Therefore, they do not include all of the information required of annual reports and should be read together with the consolidated financial statements for the year ended 31 December 2013.

## Main accounting standards

The accounting standards adopted for the preparation of the interim financial statements at 31 March 2014 are the same as those used in the Group's annual financial statements for the year ended 31 December 2013, with the exception of the following new standards and interpretations applicable from 1 January 2014:

***Accounting standards, amendments and interpretations yet to be enforced, not adopted in advance by the Group and approved by the European Union:***

*IFRS 10 - Consolidated Financial Statements* - The standard, issued by the IASB in May 2011, 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. The new standard identifies a common control system applicable to all entities, including vehicles. It also provides guidance on determining control when control is difficult to assess. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of the standard, deferring the date of application to 1<sup>o</sup> January 2014, allowing however early adoption beginning from 1 January 2013. The Group is considering the effects from the adoption of this new standard.

*IFRS 11 - Joint arrangements* - The standard, issued by the IASB in May 2011, supersedes *IAS 31 - Interests in Joint Ventures* and *SIC 13 - Jointly controlled entities: Non-monetary contributions by venturers*. The new standard provides criteria to identify joint arrangements based on the rights and obligations arising from the agreements, rather than on their legal form. It uses only the equity method to account for interests in joint ventures in the consolidated financial statements. 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. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of the standard, deferring the date of application to 1 January 2014, allowing however early adoption beginning from 1 January 2013.

*IFRS 12 - Disclosure of interests in other entities* - The standard, issued by the IASB in May 2011, establishes the disclosure of additional information to provide on all types of interests, including those in subsidiaries, joint arrangements, associates, special purpose entities and other unconsolidated structured entities. The IASB requires retrospective application from 1 January 2013. The competent EU bodies have completed the approval process of this standard, deferring the date of application to 1 January 2014, allowing however early adoption beginning from 1 January 2013. The effects of the adoption of the new standard are limited to disclosure relating to interests in other entities, to provide in the notes to the annual consolidated financial statements.

*IAS 27 (2011) - Separate financial statements* - Following issue of *IFRS 10* in May 2011, the IASB narrowed the scope of application of *IAS 27* only to the separate financial statements.



The standard specifically governs the accounting treatment of investments in the separate financial statements and is applicable from 1 January 2014.

*IAS 28 (2011) - Investments in associates and joint ventures* - Following issue of IFRS 11 in May 2011, the IASB amended the existing standard to include in its framework investments in joint ventures, and to govern the reduction of the interest which does not result in ceasing to apply the equity method. The standard is applicable from 1 January 2014.

*Amendments to IAS 32 - Financial Instruments: Presentation* - The amendments, issued by the IASB in December 2011, clarify the application of criteria for the offsetting of financial assets and liabilities appearing in IAS 32. The amendments must be applied retrospectively from 1 January 2014.

*Amendments to IFRS 10, IFRS 11 and IFRS 12 - Transition guidance amendments* - On 28 June 2012, the IASB published the amendments to IFRS applicable, together with the relevant standards, from financial periods beginning on or after 1 January 2013, unless applied earlier. The purpose of the document, among other things, is to amend IFRS 10 to clarify how an investor must retrospectively adjust the comparative period if the conclusions on the consolidation are not the same in accordance with IAS 27/SIC 12 and IFRS 10 at the "date of initial application". In addition, the Board also amended *IFRS 11 Joint Arrangements* and *IFRS 12 Disclosure of interests in other entities* to provide a similar option for the presentation or modification of the comparative information pertaining to the periods prior to the comparative period presented in the financial statements. IFRS 12 was further amended by limiting the request of presenting comparative information for disclosures regarding unconsolidated "structured entities" in periods prior to the date of application of IFRS 12.

*Amendments to IFRS 10, IFRS 12 and IAS 27 - Investment entities* - The amendment issued by the IASB in October 2012 integrates IFRS 10 by clarifying the definition of investment entities and consolidation methods. The amendment to IFRS 12 integrates the standard by clarifying the disclosures to provide and the assessments on how to determine investment entities. The amendment to IAS 27 integrates the standard by establishing the disclosures that the investment entity is required to provide if it is also a controlling entity.

*IAS 36 - Recoverable amount disclosures on non-financial assets* - The standard, issued by the IASB in May 2013, governs the disclosures to provide on the recoverable amount of impaired assets, if the amount is based on the fair value less costs of disposal. The amendments must be applied retrospectively to financial periods beginning on or after 1 January 2014. Early application is allowed for periods in which the entity has already applied IFRS 13.

*IAS 39 - Financial instruments: recognition and measurement: "Novation of derivatives and continuation of hedge accounting"* - The standard, issued by the IASB in June 2013, clarifies that the amendments allow continuation of hedge accounting in the circumstance in which the derivative, which has been designated as an hedging instrument, is novated as a consequence of laws or regulations in order to replace the original counterparty to ensure performance of the obligation if certain conditions are met. The same amendment will also

be included in IFRS 9 Financial instruments. These amendments must be applied retrospectively to financial periods beginning on or after 1 January 2014.

***Accounting standards, amendments and interpretations yet to be enforced, not adopted in advance by the Group and not approved by the European Union***

*IFRIC 21 - Levies, an interpretation of IAS 37 Provisions, contingent liabilities and contingent assets.* The interpretation provides guidance on when to recognize liabilities for a levy imposed by a government, with the exception of those governed by other standards (i.e. IAS 12 - Income tax). IAS 37 establishes the recognition criteria of liabilities, one of which is the existence of a present obligation on an entity resulting from past events (obligating event). The interpretation clarifies that the obligating event that gives rise to liability for payment of a levy is explained by the relevant legislation that gives rise to its payment. IFRIC 21 must be applied to financial years beginning on or after 1° January 2014.

*Improvement to IAS 19 - Employee benefits* - The amendment, issued by the IASB in November 2013, applies to employee contributions or defined benefit plans. The purpose of the amendments is to simplify the accounting of contributions that are independent of the number of years of service. The amendments are effective as from 1 July 2014; early application is allowed.

*Improvement to IFRS 2010-2012 Cycle* - The amendment issued by IASB in December 2013 contains a set of amendments to IFRS (IFRS2, IFRS3, IFRS 8, IFRS13, IAS 16, IAS 24 and IAS 28). These amendments arise from proposals contained in the Draft Annual Improvements to IFRS 2010-2012 Cycle, published in May 2012. The amendments are effective as from 1 July 2014; early application is allowed.

*Improvement to IFRS 2011-2013 Cycle* - The amendment, issued by the IASB in December 2013, contains a set of amendments to IFRS (IFRS1, IFRS 3, IFRS 13, and IAS 40). These amendments derive from proposals contained in the Exposure Draft Annual Improvements to IFRS 2011-2013 Cycle, published in November 2012. The amendments are effective as from 1 July 2014; early application is allowed.

## Consolidation procedures

The condensed Interim Report includes the results of the Parent Company DADA S.p.A. and of its subsidiaries at 31 March 2014.

The results of subsidiaries acquired or sold during the period 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.

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.

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

Currency	Exchange rate on 31.03.2014	Average exchange rate 3 months 2014
US dollar	1.3788	1.3705
British pound	0.8282	0.8207

Currency	Exchange rate on 31.03.2013	Average exchange rate 3 months 2013
US dollar	1.2805	1.320629
British pound	0.8456	0.851107

## Scope of consolidation

There were no changes in the scope of consolidation with respect to the prior year.

## Risks

### 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, as well. The relationship with Google, in fact, represents almost all the Performance Advertising business's costs and revenue. If the relationship with this commercial partner deteriorates or if the contract with Google should fail to be renewed, this business would be impacted. 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 2012 and 2013. 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 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 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 apply from 2014.

The Dada Group pays special attention to arranging solid reporting and monitoring procedures for exchange risk and interest rate/liquidity risk, and on reinforcing the corporate division in charge of financial risk management.

Mention must be made that to hedge interest rate risk, the subsidiary Register.it took out a 3.81% IRS with a major bank, with an amortizing notional amount at 31 March 2014 of €2.1 million and maturity on 30 June 2014. In 1Q14, a new 0.7775% IRS was taken out with a major bank, with an amortizing notional amount at 31 March 2014 of €5 million. 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). Two interest rate caps (still in effect) were also arranged with major banks: one with a strike rate of 3.5% on principal of €0.8 million, and one with a strike rate of 3% on principal of €1.5 million. 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 S.r.l. with MOQU ADV Ireland Ltd.. At 31 March 2014, the Group had bank credit lines (excluding unsecured credit and exchange and interest rate derivatives) of €38 million, approximately €32.5 million of which drawn down.

### *Exchange risk*

The Group's international expansion and scope of operations now 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 2% of the Group's sales are denominated in a currency other than the primary one (the euro), while about 26% of its service costs are expressed in foreign currency (USD). In 1Q14, the Group engaged 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, 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 that has an existing contract with a DADA Group company and an exposure of approximately €0.5 million at 31 March 2014, net of the write-down made in the 2013 financial statements, was in financial distress and has thus applied for admission to the composition with creditors procedure (blank option); the relevant information is found in Note 9.

### *Price risk*

The Group is not exposed to significant price volatility risk. For further details, reference should be made to the annex on information under IFRS 7, appearing in the financial statements at 31 December 2013.

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

*Terms of payment*

Out of the full provisional price for the sale of Dada.net, an instalment of €30,112,000 was paid in cash on 31 May 2011. By contract, the remainder will be paid after the closing. More specifically:

(i) a second instalment of €1,000,000 must be paid at a later date to be determined on the basis of criteria established in the contract, but in any case no later than 24 months from the date of closing (31 May 2013, when the amount was fully and effectively paid to the seller)

(ii) €2,750,000.00 was placed in an escrow account on the date of closing and remained in that account for the subsequent twelve months, to service the standard representations and warranties. As no disputes emerged relating to declarations made or guarantees granted, the €2,750,000 was paid in full to the seller on 31 May 2012.

*Earn-out*

In addition to the final price, the contract also requires the buyer to pay an earn-out if, within three years of the closing, all or part of Dada.net’s interest in Giglio is sold or some of Giglio’s operations are disposed of such that a capital gain is realized with respect to an established amount, as detailed in the Contract.

In this case, the buyer shall pay the seller a sum in proportion to the capital gain realized from the disposal of Giglio, up to a maximum earn-out of €2,500,000. However, the disposal of Giglio could fail to take place or could occur under conditions that fail to produce a capital gain or otherwise to satisfy the conditions requiring the earn-out to be paid. The Dada Group will recognize the earn-out only when the conditions for its payment have been met.

*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.

*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 from reconciliation with telephone companies and aggregators*

The contract with Buongiorno S.p.A. includes a reconciliation clause with respect to the amounts due by Dada.net and its wholly-owned subsidiaries to telephone companies or aggregators and vice versa, for reconciliations carried out by telephone companies or aggregators in the twelve months following 31 May 2011 on amounts paid or received, as applicable, by Dada.net or its wholly-owned subsidiaries in the twelve months preceding 31 May 2011, on the basis of statements shared between the parties. Therefore, by virtue and within the limits of such provisions, the Group may be required to pay the buyer any amount it may be due as a result of such reconciliations by telephone companies or aggregators.

It should be noted that Buongiorno S.p.A. has not sent any request for reconciliation pursuant to the above provision, and that the time limits by contract for any such request have expired.

*Risks relating to the non-compete clause of the seller*

By contract the seller is prohibited from doing significant business, directly or indirectly, that competes with the business currently performed by Dada.net S.p.A. and/or its wholly-owned subsidiaries, in Italy and the United States for a period of 18 months from the date of closing. The seller has also agreed not to hire individuals who, as of the contract date or during the preceding 30 days, were employees or contract workers of Dada.net, its wholly-owned subsidiaries or other companies in the Buongiorno group, or who become such in the 18 months following 31 May 2011. The buyer has agreed to the same restrictions concerning the personnel of the Dada Group.

It must be noted that the above 18-month period has expired.

*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. That said, Dada.net is active in extremely competitive business environments and has suffered decreasing performance in recent years.

*Risks associated with changes in the Dada Group due to the sale*

The sale of Dada.net resulted in significant changes in the Dada Group's business, corporate structure, organization and ownership of assets tangible and intangible, and therefore it is exposed to the problems, expenses and execution risks in connection with the refocusing process mentioned above.

Moreover, by contract, any events arising from such risks that concern the Dada.net companies being sold could generate liabilities or price adjustments for Dada.

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, wholly-owned by Dada.net, and relating to the 2008 tax return for a total disputed amount of 13.4 million Brazilian Reais (approximately €4.1 million). The Company, under the sale contract and in conjunction with the buyer, has established defense against such claim and has reserved the right, 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.

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 along with Dada.net; 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). Regarding these claims, in respect of which the likelihood that the Group may incur liabilities cannot currently be quantified, the Company has reserved the right to rebut, more specifically, the claim for compensation received from the buyer. 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.

## 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.

### Seasonal trends

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

## 3. 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., Amen Portogallo LDA, Amen France 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 S.r.l. (wholly-owned by Dada S.p.A.) and the Irish company MOQU Adv. Ireland Ltd, wholly-owned by MOQU Adv S.r.l..

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 at 31 March 2014

31/03/2014				
Segment reporting	D&H	Performance	Adjustments	Consolidated
Revenue - Italy	7,058	6	-	7,065
Revenue - international	8,735	2,130		10,865
<b>Net revenue</b>	<b>15,794</b>	<b>2,136</b>	<b>-</b>	<b>17,930</b>
Increase in own work capitalized	826	165		991
Cost of services	-10,137	-1,818	-	-11,955
Payroll costs	-4,312	-379		-4,691
<b>Segment EBITDA</b>	<b>2,171</b>	<b>105</b>	<b>-</b>	<b>2,276</b>
Depreciation and amortization	-1,584	-135	-	-1,718
Impairment, provisions and non-recurring income/charges	-53		-	-53
<b>Segment EBIT</b>	<b>534</b>	<b>-30</b>	<b>-</b>	<b>504</b>
				-107
				-
				50
				<b>446</b>
				-753
				<b>-306</b>
				-215
				<b>-521</b>
				-
				<b>-521</b>

## Income statement by business segment at 31 March 2013

31/03/2013				
Segment reporting	D&H	Performance	Adjustments	Consolidated
Revenue . Italy	7,223	88	168	7,479
Revenue - abroad	8,907	4,207	-	13,114
<b>Net revenue</b>	<b>16,130</b>	<b>4,295</b>	<b>168</b>	<b>20,593</b>
Increase in own work capitalized	724	175	-	899
Cost of services	-9,870	-3,608	-167	-13,645
Payroll costs	-3,853	-410	-	-4,263
<b>Segment EBITDA</b>	<b>3,131</b>	<b>452</b>	<b>1</b>	<b>3,583</b>
Depreciation and amortization	-1,353	-116	-	-1,469
Depreciation of fixed assets	-21	-	-	-21
<b>Segment EBIT</b>	<b>1,757</b>	<b>336</b>	<b>1</b>	<b>2,093</b>
				-127
				-
				-312
				<b>1,654</b>
				-952
				<b>702</b>
				-317
				<b>385</b>
				-
				<b>385</b>

## Geographical breakdown of DADA Group revenue

	31/03/2014 (3 Months)		31/03/2013 (3 Months)	
	Amount	% of total	Amount	% of total
Revenue - Italy	7,065	39%	7,479	36%
Revenue - abroad	10,865	61%	13,114	64%
<b>Total</b>	<b>17,930</b>		<b>20,593</b>	

### 4. Related-party transactions

Transactions with related parties are within the normal scope of operations and are carried out at arm's length. They are similar to those described in the notes to the consolidated financial statements for the year ended 31 December 2013, to which reference is made. Related-party transactions are governed by a specific procedure approved by DADA S.p.A.'s Board of Directors.

For further information, reference should be made to the section on significant events during the quarter.

### 5. Non-recurring income and charges

None were reported at 31 March 2014, as at 31 March 2013.

### 6. Property, plant and equipment

Investments in plant and equipment in 1Q14 amounted to €0.4 million versus €1.3 million in 1Q13. These are largely explained by the purchase of network servers and installation of new equipment to enhance the server farm, as well as the networking and storage systems pertaining primarily to the UK subsidiaries Namesco and Poundhost.

Investments continue in the new Datacenter in the UK, which started operations at the end of July 2013. Depreciation runs, therefore, from that date.

The applicable depreciation rate for the investments is between 20% and 33%, whereas the Datacenter setup fee is amortized over 10 years.

Furniture and fittings refer to expenses incurred in prior years for the new headquarters of DADA Group companies both in Italy and abroad. No significant increases were reported in 1Q14. The depreciation rate here is mainly 12%.

Other fixed assets under development and advances were written off, following entry into service of Register.it plants as from January 2014.

## 7. Intangible assets

Increases in 1Q14 in intangible assets came to €1 million versus €1.1 million in 1Q13. The investments mainly regarded the development of products and internal processes, which amounted to €1 million (€0.9 million in 1Q13).

Specifically, increases for "product/service development costs" refer to the capitalization of internal expenses incurred by the Group to develop new products and services concerning the domain and hosting and performance advertising services.

More specifically, these activities in 1Q14 referred to:

- the gradual development of the Dedicated Servers, the new developments on hosting products, email, the new General Top Level Domains released by ICANN in 2014, and the Dada store for domain and hosting activities;
- the ongoing development of the Save'n keep platform and the Peeplo, Kuidle and Supereva search engines in the performance advertising segment.

The recognition of intangible assets is based on the future profitability calculated in accordance with the applicable international accounting standards.

Their recognition was supported by careful evaluation of the future economic benefits of these services.

Amortization is made mainly on a straight-line basis over five years, which represents the estimated useful life of these projects.

## 8. Equity investments, financial assets and deferred tax assets

The following table shows financial assets and deferred tax assets at 31 March 2014 and at 31 December 2013:

	31/03/14	31/12/13	Change	% change
Financial receivables and other non-current assets	217	217	0	0%
<b>Total financial assets</b>	<b>217</b>	<b>217</b>	<b>0</b>	<b>0%</b>
<b>Deferred tax assets</b>	<b>6,481</b>	<b>6,527</b>	<b>-46</b>	<b>-1%</b>

Movements in deferred tax assets between 31 December 2013 and 31 March 2014 are shown below:

	31/12/2013	Increases	Utilizations	Exchange differences	Other movements	31/03/2014
Deferred tax assets	6,527	-	-47	4	-2	6,481
<b>Total</b>	<b>6,527</b>	<b>-</b>	<b>-47</b>	<b>4</b>	<b>-2</b>	<b>6,481</b>

"Financial receivables and other non-current assets" consist of security deposits which include those for the rental of business premises.

Deferred tax assets of €6.5 million stem from both prior fiscal losses and temporary differences shown in tax returns to be recovered in the future. Fiscal losses that can be carried forward to subsequent years amount to €38 million. These can be fully carried forward indefinitely and are 80% recoverable in each financial year (under the new Italian law).

The fiscal losses based on which the deferred tax assets were calculated amount to €16.5 million.

For the sake of prudence, deferred tax assets have been recognized in the amount for which they will likely be recovered.

## 9. Trade receivables

Consolidated trade receivables at 31 March 2014 amounted to €5.6 million, basically in line with the €5.5 million recorded 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 Dada Group 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.

There are no 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.

In 1Q14, the provision for doubtful accounts increased by €48 thousand, reflecting the need to write down a few positions which arose during the year as a result of the financial problems of a number of clients.

The provision, which amounted to €3.4 million at 31 March 2014, was deemed sufficient to cover potential losses on trade receivables.

Trade receivables include those from Seat PG Italia S.p.A., which amount to €1.1 million gross (€0.6 million net of the write down) at 31 March 2014. Specifically:

a) €0.37 million refers to unexpired receivables for services provided in February and March 2014 and collected in mid-April 2014; b) €0.7 million (€0.25 million net of the write down) expired at the date of approval of this Report and refers to services provided at 6 February 2013, the date the company applied for admission to the composition with creditors procedure (blank option).

On 7 July 2013, Seat P.G. announced that the Turin court had opened the composition procedure by appointing the relevant bodies. The creditors were initially scheduled to meet on 30 January 2014, but the meeting has been postponed to 15 July 2014.

On 20 December 2013, Seat P.G. informed Register.it S.p.A. of the inclusion of the trade receivables in unsecured credit and the proposal to pay up to 20% in a period of 4 months from the approval of the agreement. At the 2013 balance sheet date and based on the above, the Dada Group adjusted the impairment loss on the receivable from Seat P.G. to an amount corresponding to the uncollected portion in the event of approval of the

agreement (80%), without prejudice to the potential recovery of the related portion of VAT.

## 10. Cash and cash equivalents and net debt

Total liquidity, which comprises liquidity at major banks, cash on hand and current financial receivables, amounted to €2.3 million at 31 March 2014 versus €1.7 million at 31 December 2013. Italian bank deposits, concentrated mainly at two banks, pay interest at the one-month Euribor less a spread of 0.1%-0.25%.

The table below details loans and borrowings and their movements between 31 December 2013 and 31 March 2014:

	Balance at 31/12/13	Increases	Decreases	Other changes	Balance at 31/03/14
<b>PAYABLES</b>					
Non-current portion of loans due to banks	21,304	242	-178	-	21,368
Current portion of loans due to banks	715	100	-	14	829
<b>Subtotal</b>	<b>22,020</b>	<b>342</b>	<b>-178</b>	<b>14</b>	<b>22,198</b>
Account overdrafts	10,456	693	-851		10,298
<b>Subtotal</b>	<b>10,456</b>	<b>693</b>	<b>-851</b>	<b>0</b>	<b>10,298</b>
<b>Grand total</b>	<b>32,476</b>	<b>1,035</b>	<b>-1,029</b>	<b>14</b>	<b>32,495</b>

Financial payables and liabilities include Dada Group's non-current amortizing loans, amounting to €22.2 million, which increased by €0.24 million versus 31 December 2013, as a result of the new lease entered into by the subsidiary Register.it S.p.A. and overdraft facilities and credit lines of €10.3 million.

The Dada Group's current loan agreements include those entered into to finance the acquisitions made over the last few years, the investment in the new Datacenter of Namesco ltd, and the finance leases by Register.it and Poundhost.

### ***Description of loans held by the Dada Group at 31 March 2014:***

- Register.it S.p.A.  
On 23 December 2013 the subsidiary Register.it S.p.A. amended the loan agreement with Intesa Sanpaolo. The loan has a remaining balance at 31 March 2014 of €20.0



million, in line with the figure at 31 December 2013. Here are the main points of the new agreement:

- the new 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%. The loan is partly hedged by two interest-rate swaps at the rate of 3.81% with the underlying amounts expiring on 30 June 2014 and amortizing notional amount, and by an interest-rate swap at the rate of 0.7775% with amortizing notional amount on €5 million; the interest-rate hedge agreement in this case provides for the signing by 30 June 2014 of new derivatives amounting to at least 50% of the loan. Two interest-rate caps are still in effect, with respective strike rates of 3.5% and 3%; the caps failed to qualify as hedges in 2013, therefore the rules of hedge accounting do not apply
- In 1Q14, to finance the purchase of hardware, Register.it S.p.A. entered into a finance lease of €0.4 million with a major financial institute, with payment of a maxi initial instalment of €0.1 million and duration of 42 months.
- Dada S.p.A.  
Dada S.p.A. has only account overdrafts with major banks, which amount to €10.3 million, with interest charged at one-month Euribor plus a spread of between 3% and 6%.
- Namesco Ltd: two loans of an initial amount of £1.4 million (about €1.6 million) taken out on 24 October 2012 and 13 November 2013, with maturity respectively on 6 August 2016 and 1 May 2016, and payment of the first monthly instalment respectively in August 2013 and January 2014; the interest rate applied is the Bank of England Base Rate plus a spread of 3%. The residual debt at 31 March 2014 is approximately £1.1 million (about €1.4 million).
- Poundhost: finance leases with a residual amount of £0.4 million (€0.5 million) at 31 March 2014, to be fully repaid by December 2016. No new leases were entered into in 1Q14.

Some of the above loans include covenants requiring the Group to satisfy certain financial ratios, starting from 31 December 2014, tied to EBITDA and net financial position aggregates. A breach of covenant entitles the lending bank to request forfeiture of the acceleration clause and to call in the loan. These obligations were fully met at the close of this Report.

The other changes refer to adjustments in the short-term portion due within one year with respect to the medium/long term portion.

For further information on liquidity movements during the period, reference should be made to the analysis contained in the Directors' Report on the financial position and the details appearing in the consolidated statement of cash flows.

## 11. Provisions for payroll, risks and charges

The table below shows movements in the provision for employee termination indemnities from 31 December 2013 to 31 March 2014:

	31/12/2013	Increases	Utilizations	Advances	Other movements	31/03/2014
Provision for termination indemnities	760	125	-	-3	-121	760
<b>Total</b>	<b>760</b>	<b>125</b>	<b>-</b>	<b>-3</b>	<b>-121</b>	<b>760</b>

At 31 March 2014, the provision amounted to €0.8 million, and reflects the total liability to employees, in accordance with the law and the terms of the collective employment contract. "Other movements" refer to payments made to INPS (social security).

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 accrued obligation.

The table below shows movements in the provision for risks and charges between 31 December 2013 and 31 March 2014:

	31/12/2013	Increases	Utilizations	Exchange differences	31/03/2014
Provision for risks and charges	1,007	-	-50	-	957
<b>Total</b>	<b>1,007</b>	<b>-</b>	<b>-50</b>	<b>-</b>	<b>957</b>

At 31 March 2014, the provision amounted to €1 million, slightly decreasing versus 31 December 2013 for utilizations over the period under review regarding the settlement of legal disputes and staff reorganization charges.

In 1Q14, no more accruals were made to this item.

At 31 March 2014, the provision for risks and charges was made up of €0.3 million for re-organization charges, €0.6 million for business/legal disputes, and €0.1 million for tax disputes.

No detailed information is given on the specific positions covered, in order not to prejudice the outcome of proceedings.

## 12. Trade payables

Trade payables are amounts due for purchases of a commercial nature and other costs strictly related to the Group's operations. At 31 March 2014, they amounted to €9.8 million versus €10.3 million at 31 December 2013, decreasing by about 5%.

The Company estimates that the carrying value of trade and other payables approximates their fair value.

### 13. Other payables and liabilities

Taxes payable, amounting to €2.5 million (€2.3 million at 31 December 2013), include withholding tax on salaries and consultants' pay for the month of March and income taxes pertaining to the period. The latter consist mainly of IRAP (regional tax) for the Group's Italian companies and of local taxes for subsidiaries abroad.

“Other payables”, amounting to €17.2 million, mainly comprises:

- bonus salaries due to employees (*tredicesima* and *quattordicesima*), pay in lieu of holiday, and other amounts payable for a total of €4.5 million, as well as €0.4 million in social security payments due;

- deferred income of €12.3 million (€11.3 million at 31 December 2013), originating from contract revenue on domain, hosting, and other resale services pertaining to future periods. The increase is explained by the higher amount of cash-based revenue versus accrual-based revenue.

The Company estimates that the carrying value of trade and other payables approximates their fair value.

## 14. Non-current assets of relevance to the cash flow statement

The table below shows movements in non-current intangible and tangible assets:

	Balance at 31/12/13	Increases	Decreases	Exchanges differences	Amort./ deprec.	Balance at 31/03/14
Goodwill	76,220			277		76,497
<b>Total goodwill</b>	<b>76,220</b>	<b>-</b>	<b>-</b>	<b>277</b>	<b>-</b>	<b>76,497</b>
Product/service development costs	6,915	991	-	-	-723	7,184
Concessions, licenses, brands	165	37	-	2	-72	132
Other	831	3	-	-	-88	745
<b>Total intangible assets</b>	<b>7,911</b>	<b>1,031</b>	<b>-</b>	<b>2</b>	<b>-883</b>	<b>8,061</b>
<b>Total</b>	<b>84,131</b>	<b>1,031</b>	<b>-</b>	<b>279</b>	<b>-883</b>	<b>84,559</b>

	Balance at 31/12/13	Increases	Decreases	Other movements	Exchange differences	Amort./ deprec.	Balance at 31/03/14
Plant and EDP machines	8,526	413	-	428	34	-888	8,513
Furniture and fittings	327	2	-	-	-	-29	301
Other	353	8	-	-	1	-26	335
Other under development	428	-	-	-428	-	-	-
<b>TOTAL</b>	<b>9,634</b>	<b>423</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>-943</b>	<b>9,149</b>

Regarding goodwill:

the increase in “exchange differences” relating to goodwill is explained by exchange differences on goodwill expressed in other currencies, in particular for the UK company Namesco Ltd. (in British pounds), offset by the translation reserve recognized under consolidated equity reserves.

In this regard, at the end of 1Q14, an assessment was made to verify the absence of substantial differences between the quarterly forecasts used in the annual impairment test at 31 December 2013 and the actual results of the Dada Group at 31 March 2014. For further details, reference should be made to the consolidated financial statements at 31 December 2013.

With regard to the main increases in non-current intangible and tangible assets, reference should be made to the above section relating to increases in property, plant and equipment and intangible assets (Notes 6 and 7, respectively).

For the purposes of the cash flow statement, mention should be made that cash used in investing activities amounted to €1.9 million and refers to investments made in 1Q14 (€1 million in intangible assets and €0.4 million in property, plant and equipment), excluding purchases not resulting in changes in cash flows, increased by investments made in the prior year and paid during the period under review.

## 15. Changes in equity reserves

At 31 March 2014, Dada S.p.A.'s share capital was comprised of n. 16,680,069 ordinary shares with a par value of Euro 0.17 each, for a total of €2,836 thousand. There were no increases in 1Q14.

Movements in equity items in 1Q14 are shown in the statements at page 31.

Here is a description of the main equity reserves together with their changes:

Share premium reserve: this is a capital reserve generated by contributions from shareholders. There is no specific limit on its use, once the legal reserve has reached one fifth of the share capital. At 31 March 2014, it had a balance of €33.1 million.

There were no increases in 1Q14.

Other equity instruments: this item includes payroll costs accrued from the stock option plans issued by the Group. At 31 March 2014, as at 31 December 2013, it amounted to zero as a result of the disposal of the Dada Group in 2013, which resulted in the accelerated execution of the Stock Option plan in October 2013.

Composition of other reserves:

- *FTA reserve:* built for the first-time adoption of IFRS, at 31 March 2014, it had a negative balance of €6.2 million.
- *Extraordinary reserve* of €19.1 million, unchanged in 1Q14.
- *Cash flow hedge reserve*, net of tax effects, it shows a negative balance of €22 thousand at 31 March 2014, with a net change of €5 thousand versus 31 December 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 of €6.9 million at 31 March 2014 (versus a negative balance of €7.1 million at 31 December 2013). Movements in the period, totaling roughly €0.2 million, arose mostly from the translation of the financial statements and goodwill of the subsidiaries Poundhost and Namesco.
- *Other reserves*, these are the reserves produced by the deconsolidation of the Dada.net Group, amounting to €1.1 million.

## 16. 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:

	31/03/14	31/03/13
Change in net financial position	595	-572
Change in long-term loans	65	532
Change in non-cash derivatives	-4	-105
Current account with RCS	-	-561
Change in other receivables	-	-
<b>Change in cash and cash equivalents per statement of cash flows</b>	<b>657</b>	<b>-706</b>

Current account overdrafts, in accordance with the accounting policies, are counted as part of the change in cash and cash equivalents.

In 1Q14, no significant changes were reported between the two financial aggregates, while in 2013 the changes had involved repayment of the current account with the former controlling entity RCS MediaGroup S.p.A. and increase in long-term loans.

## 17. Commitments

The table below shows changes in commitments between 31 December 2013 and 31 March 2014:

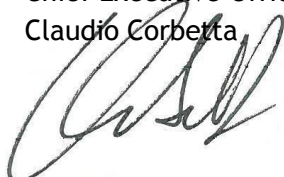
	Balance at 31/12/2013	Increase for the period	Decrease for the period	Other changes	Balance at 31/03/2014
Guarantees	3,648	-	-	11	3,660
<b>Total</b>	<b>3,648</b>	<b>-</b>	<b>-</b>	<b>11</b>	<b>3,660</b>

No increases or decreases were reported in 1Q14 versus 31 December 2013. Other changes include the net effects of the exchange adjustments of the guarantees issued in currencies other than the euro.

There are no potential commitments that are not recorded in the statement of financial position.

Florence, 14 May 2014

For the Board of Directors  
Chief Executive Officer  
Claudio Corbetta



Statement by the Financial Reporting Officer

Pursuant to Art. 154 bis (2) of the Consolidated Finance Act (Testo Unico della Finanza), it is hereby declared that the figures contained in this interim management statement correspond to the company's records, ledgers and accounting entries.

Financial Reporting Officer

Federico Bronzi

A handwritten signature in black ink, appearing to read 'Federico Bronzi', written over the printed name.

## ANNEX 1

### RECLASSIFIED CONSOLIDATED INCOME STATEMENT AT 31 MARCH 2014

In EUR/000	31-mar-14		31-mar-13		DIFFERENCE	
	3 months		3 months		Absolute	%
	Amount	%	Amount	%		
<b>Net revenue</b>	<b>17,930</b>	<b>100%</b>	<b>20,593</b>	<b>100%</b>	<b>-2,663</b>	<b>-13%</b>
Chg. in inventories & inc. in own wk. capitalized	991	6%	899	4%	92	10%
Service costs and other operating expenses	-11,240	-63%	-13,264	-64%	2,025	-15%
Payroll costs	-5,357	-30%	-4,958	-24%	-399	8%
<b>EBITDA*</b>	<b>2,325</b>	<b>13%</b>	<b>3,271</b>	<b>16%</b>	<b>-945</b>	<b>-29%</b>
Depreciation and amortization	-1,826	-10%	-1,595	-8%	-230	14%
Impairment losses and other provisions	-53	0%	-21	0%	-32	156%
<b>EBIT</b>	<b>446</b>	<b>2%</b>	<b>1,654</b>	<b>8%</b>	<b>-1,208</b>	<b>-73%</b>
Financial income	127	1%	279	1%	-152	-54%
Financial charges	-880	-5%	-1,231	-6%	352	-29%
<b>Profit/(loss) before taxes</b>	<b>-307</b>	<b>-2%</b>	<b>702</b>	<b>3%</b>	<b>-1,009</b>	<b>-144%</b>
Income taxes	-215	-1%	-317	-2%	102	-32%
<b>Group Net Profit/ (loss)</b>	<b>-521</b>	<b>-3%</b>	<b>385</b>	<b>2%</b>	<b>-907</b>	<b>-235%</b>

\*Gross of impairment losses and other non-recurring items



## ANNEX 2

<b>DADA GROUP NET WORKING CAPITAL AND NET FINANCIAL POSITION AT 31 MARCH 2014</b>				
(EUR/000)	31-mar-14	31-dec-13	DIFFERENCE	
			Absolute	%
<b>Fixed assets</b>	<b>93,924</b>	<b>93,981</b>	<b>-57</b>	<b>0%</b>
Current operating assets	16,874	16,335	539	3%
Current operating liabilities	-29,410	-28,022	-1,387	5%
<b>Net working capital</b>	<b>-12,535</b>	<b>-11,687</b>	<b>-848</b>	<b>7%</b>
Provision for termination indemnities	-760	-760	-1	0%
Provision for risks and charges	-957	-1,007	50	-5%
Other payables due beyond one year	0	0	0	-
<b>Net capital employed</b>	<b>79,672</b>	<b>80,527</b>	<b>-856</b>	<b>-1%</b>
Bank loans (due beyond one year)	-21,368	-21,302	-65	0%
<b>Shareholders' equity</b>	<b>-49,404</b>	<b>-49,664</b>	<b>260</b>	<b>-1%</b>
Current bank borrowings	-11,127	-11,173	46	0%
Current financial receivables and derivatives	6	0	6	n.m.
Current financial payables and derivatives	-50	-47	-3	6%
Cash and cash equivalents	2,271	1,660	611	37%
<b>Current net financial position</b>	<b>-8,900</b>	<b>-9,561</b>	<b>661</b>	<b>-7%</b>
<b>Total net financial position</b>	<b>-30,268</b>	<b>-30,863</b>	<b>595</b>	<b>-2%</b>

**ANNEX 3****Dada Group consolidation scope at 31 March 2014**

NAME	REGISTERED OFFICE	CURRENCY	SHARE CAPITAL	HELD BY	% held	Consolidation period
Dada S.p.A. (Parent company)	Florence	Euro	2,835,612	Parent company		Jan. - Mar.2014
Agence des Medias Numerique Sas	Paris	Euro	1,935,100	Register.it S.p.A.	100	Jan. - Mar.2014
Amen Ltd.	London	GBP	2	Register.it S.p.A.	100	Jan. - Mar.2014
Amen Nederland B.V.	Amsterdam	Euro	18,000	Register.it S.p.A.	100	Jan. - Mar.2014
Amenworld Servicios internet	Lisbon	Euro	10,000	Register.it S.p.A.	100	Jan. - Mar.2014
Clarence S.r.l.	Florence	Euro	21,000	Dada S.p.A.	100	Jan. - Mar.2014
Fueps S.p.A.	Florence	Euro	1,500,000	Dada S.p.A.	100	Jan. - Mar.2014
Namesco Inc.	New York (USA)	USD	1,000	Namesco Ltd.	100	Jan. - Mar.2014
Namesco Ltd.	Worcester	GBP	100	Register.it S.p.A.	100	Jan. - Mar.2014
Namesco Ireland Ltd	Dublin	Euro	1	Namesco Ltd.	100	Jan. - Mar.2014
Nominalia Internet S.L.	Barcelona	Euro	3,000	Register.it S.p.A.	100	Jan. - Mar.2014
Poundhost Internet Ltd	Worcester	GBP	200	Namesco Ltd.	100	Jan. - Mar.2014
Register.it S.p.A.	Florence	Euro	8,401,460	Dada S.p.A.	100	Jan. - Mar.2014
Simply Virtual Servers Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan. - Mar.2014
Simply Transit Limited	Worcester	GBP	2	Namesco Ltd.	100	Jan. - Mar.2014
Moqu Adv S.r.l.	Florence	Euro	10,000	Dada S.p.A.	100	Jan. - Mar.2014
Moqu Adv Ireland Ltd	Dublin	Euro	1	Moqu Adv S.r.l.	100	Jan. - Mar.2014