CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

MAILUP GROUP

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Corporate bodies

Board of Directors
(Expiry of terms for approval of the annual financial statements as at 31 December 2016)

Name and surname	Office
Matteo Monfredini	Chairman of the BoD with powers
Luca Azzali	Deputy Chairman of the BoD with powers
Domenico Alberto Miscia	Director with powers
Nazzareno Gorni	Director with powers
Matteo Bettoni	Director with powers*
Valerio De Molli	Independent director
Gian Domenico Sica	Director

* the director resigned on 28 March 2017, with effect as from 30 March 2017

Board of Statutory Auditors
(Expiry of terms for approval of the annual financial statements as at 31 December 2016)

Name and surname	Office
Michele Manfredini	Chairman of the Board of Auditors
Fabrizio Ferrari	Regular Auditor
Giovanni Rosaschino	Regular Auditor

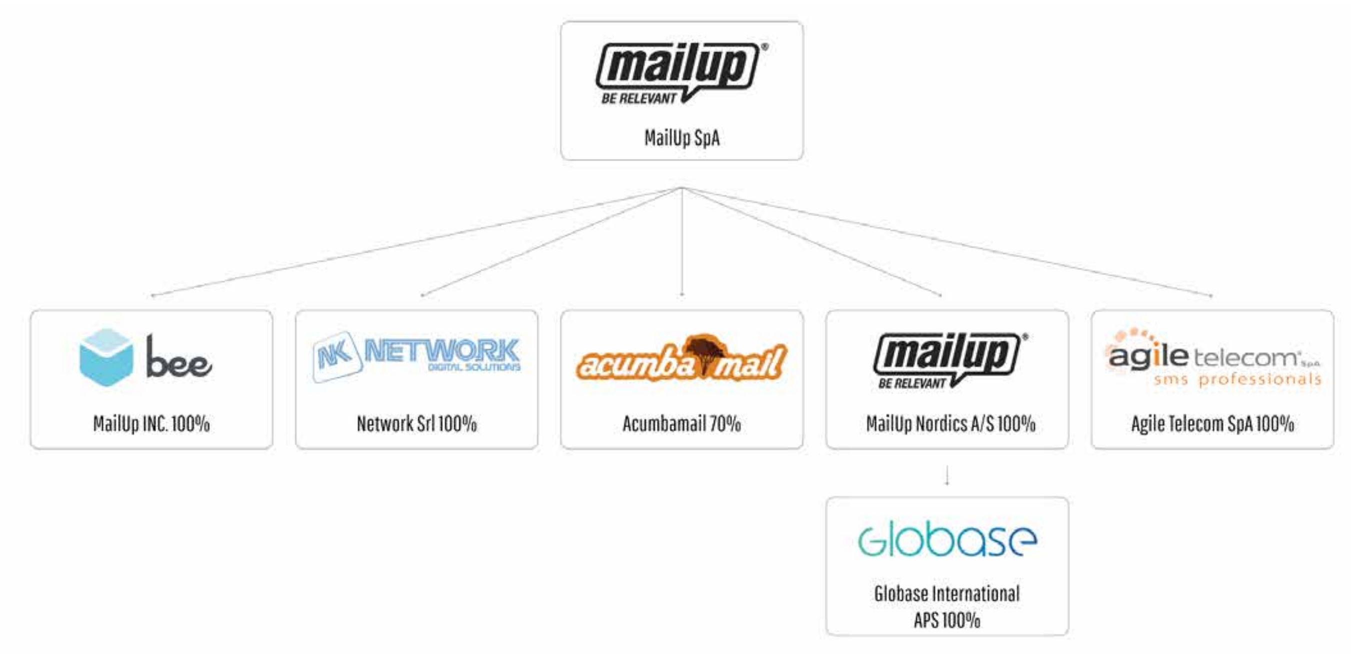
Independent auditing company
BDO Italia S.p.A.
(Expiry of terms for approval of the annual financial statements as at 31 December 2016)

MailUp S.p.A. Leader in the sending of e-mail and text messages

MailUp is a legal entity organised according to the law of the Italian Republic, which operates in the sector of marketing technology on the cloud (newsletters/e-mails, text messages, social networks). It is a technological company that has developed a digital cloud computing platform chosen by SMEs and large enterprises to create, send and monitor newsletters, e-mails and text messages. MailUp is the leading solution in Italy in the ESP sector and has approximately 10,500 customers and 900 dealers spread across more than 50 countries. On a consolidated level, the Group operates with more than 16,000 customers and retailers. Founded in 2002 in Cremona, MailUp is also based in Milan and San Francisco. After the IPO in 2014 on the AIM market operated by the Italian Stock Exchange, starting from the second half of 2015, MailUp added to the organic growth a new business line, consisting of the BEE editor in its various versions (beefree.io), which already has thousands of customers worldwide and a growth path for external lines, acquiring established and emerging businesses in the same market segment or with complementary business: Acumbamail (Spanish market and LATAM), Globase (Nordics market) and Agile Telecom (SMS wholesale market).

MailUp Group structure

Below is the organisational structure of the group as at 31 December 2016:



MailUp Inc., established in San Francisco by the parent company in November 2011, it operated until 31 December 2016, aiming to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. In December 2016, the parent company conferred the intangible assets relating to the product BEEPlugin and BEEPro. The subsidiary therefore resolved, in service of the conferral made during FY 2016, to increase its capital reserves in accordance with local regulations. As from 2017, MailUp Inc will be responsible for the exclusive marketing of the different versions of the BEE editor.

Network Srl has historically handled all the technical services relative to the MailUp® platform for the parent company (software development and maintenance, help-desk, deliverability and abuse, IT infrastructure). In a residual manner, the company also designs, develops and retails video surveillance and intelligent video analysis solutions. On 27 February 2017, the merger by acquisition took place of Network into MailUp. The merger took effect on 20 March 2017, the date on which both companies were registered with Companies House, whilst the accounting and tax effects applied as from 1 January 2017, as envisaged by specific regulations. The merger is justified by the need to simplify the company and production structure of MailUp and allowed for the simplification of administrative processes thanks to the elimination of duplications and overlapping.

Acumbamail S.L., a start-up founded in 2012 with registered office in Ciudad Real, Spain, has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees.

MailUp Nordics A/S controls 100% of the capital of the company **Globase International ApS**, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. The acquisition of the Danish companies aims to position the MailUp® platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, both by offering the MailUp® platform to new customers and by progressively migrating Globase platform users to MailUp.

Agile Telecom SpA with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public communication service and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCom). Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services, particularly on the wholesale SMS market. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing its business customers the best possible sending quality at the lowest possible price.

Summary data

Main events taking place in FY 2016

Second closing of the Agile Telecom acquisition: on 09 February 2016, the acquisition of the controlling share of 100% of Agile Telecom S.p.A. was definitively completed, with effect as from 29 December 2015.

Resolution of the stock option plan: The Board of Directors of MailUp on 29 March 2016 approved a stock option plan and related regulation, aimed at employees of the Company and/or its subsidiaries. The Plan aims to: (i) encourage the resources making a key contribution to the success of the company and the group to stay with the group; and (ii) encourage the loyalty of the beneficiaries, developing their sense of belonging to the company and group. On 07 July 2016, the letters of assignment were signed by the addressees of the SOP. Again, in July, the first tranche of options assigned was exercised.

In April, MailUp launched the **new commercial offer**, further simplified. The MailUp® platform is now available in three editions: WEB, for those who prefer to use the platform in a fully autonomous mode, buying online with a credit card. PRO, for companies that need more sophisticated features as well as dedicated technical support. ENTERPRISE, for medium to large-sized companies that need a more articulated platform that is managed by multiple administrators and company departments with very sophisticated needs for customization and integration, as well as a dedicated consultancy channel on various topics, from the design of e-mail campaigns to the setting of ad hoc configurations to maximize the rate of e-mail delivery. With the Enterprise edition, MailUp is enhanced with new services and tailored consultancy to maximize performance in terms of delivery rate and achieve the best sending quality.

On 29 April 2016, the Directorate General for Economic Development of the Lombardy Region (operating unit "Entrepreneurship and access to credit") approved the funding of the project "**Innovative system for Big Data Analytics**", presented by MailUp as leader of a consortium that involves a number of excellence companies adhering to the Technologies Centre of Cremona and the CRIT Consortium (Cremona Information Technology): Microdata Service, Lineacom and Politecnico di Milano. The focus of the project is the development of a new Big Data Analytics system for small and medium-sized companies. It is a project with a major impact on the future business of MailUp in the medium to long term, having a market potential also at international level, in particular in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, due to the complexity of the technologies and high specialization of resources that need to be put in place. MailUp will receive up to a maximum of Euro 860,122 non-repayable in 24 months with respect to a total investment of Euro 2,045,648 in the period. The funding will cover costs for personnel, training, tools and equipment and consultancy services needed for the realization of the investments, which will be implemented over the next 24 months.

BEEPlugin has been enhanced with new features requested by users. The BEEPlugin service is now considered a global market leader, with an international clientèle including many Silicon Valley companies. The first few months of this year saw the launch, with a very low entry fee, of **BEEPro**, a version dedicated to e-mail designers and digital agencies, which includes some additional functions with respect to the free version (freemium), already proving to be extremely popular with the community of users. We are currently recording a monthly volume growth at particularly interesting rates. To this end, please note that in fulfilment of the resolution passed by the MailUp BoD on 13 December 2016, and by the acceptance resolved by the Board of the subsidiary MailUp Inc on 20 December 2016, MailUp conferred the BEE editor owned and developed by the parent company, to the American subsidiary, for a value of Euro 462,160. The subsidiary therefore resolved, in service of the conferral, to increase its capital reserves in accordance with local regulations. As from 2017, MailUp Inc will be responsible for the exclusive marketing of the different versions of the BEE editor.

In September 2016, MailUp joined the **Anti-Phishing Working Group (APWG)**. Consisting of financial institutions, ISPs, ESPs, online retailers and solution providers, APWG is the international association dedicated to fighting cybercrime in the public and private sector, at entrepreneurial, governmental, legal and diplomatic level. With over 3,200 members from around the world, the Anti-Phishing Working Group includes companies such as Microsoft, Salesforce, Facebook and VISA. MailUp is the first Italian company to join the project, with the aim of joining efforts in the fight against phishing and cyber abuse, thanks to the sharing of data, experience and technology. Coined in 1996, the term "phishing" refers to the kind of e-mail scam aimed at acquiring sensitive information of the recipient (personal and financial data and access codes) through deception and links to fake websites. According to phishing.org, phishing episodes have multiplied exponentially since 1996. The prevention of abuse is one of the most difficult challenges that the deliverability & compliance team of MailUp has to deal with on a daily basis. Thanks to the partnership with APWG, MailUp can combine the results, expertise and tools of its research with those of other companies (ISPs, ESPs, vendors, security firms) interested in combating phishing and all cases of harmful use of marketing technology. For MailUp customers, this translates into greater security in sending communications to its customers: an increasingly important issue not only in the financial sector, but also for those that manage e-commerce websites.

The Parent Company's management has embarked on a path of organizational rethinking of the MailUp Group structure in order to pursue the optimization of intercompany processes. Such analysis focused in particular on the role of the subsidiary **Network Srl**, for years a technology partner that has exclusive management of all functions and technical services related to the MailUp® platform. In these areas, Network has developed consolidated expertise and professionalism. On 27 September 2016, the Board of Directors of MailUp approved the plan for the merger by incorporation of Network Srl in MailUp S.p.A. As it is a fully-owned company, under the first paragraph of Art. 2505 of the Italian Civil Code, the draft merger was prepared in a simplified form. The merger is justified by the need to simplify the company and production structure of MailUp and also involves the simplification of administrative processes and the elimination of duplications and overlapping.

During the same Board of Directors of 27 September 2016, the Company also resolved to adopt, starting from the current consolidated financial statements, the **IAS/IFRS accounting standards** for the preparation of the financial statements, as already mentioned above. The transition to international accounting standards will also make communication towards international stakeholders more effective and transparent. The internationalization process on which MailUp S.p.A. is focused, imposes a convergence of content and means of exposure and assessment of the economic, equity and financial position towards those of other international groups of companies.

Summary report

Consolidated managerial income statement as at 31 December 2016

Description	31/12/2016	%	31/12/2015	%	Delta	Delta %
E-mail revenues	8,505,410	*39.30%*	6,911,710	*73.08%*	1,593,699	23%
SMS revenues	11,305,163	*52.24%*	2,198,108	*23.24%*	9,107,055	414%
BEE revenues	150,160	*0.69%*	6,899	*0.07%*	143,261	2077%
Professional services revenues	1,129,279	*5.22%*	101,133	*1.07%*	1,028,146	
Other revenues	551,826	*2.55%*	239,637	*2.53%*	312,189	130%
Total revenues	**21,641,838**	***100.00%***	**9,457,487**	***100.00%***	**12,184,351**	**129%**
COGS	11,562,589	*53.43%*	3,800,717	*40.19%*	7,761,873	204%
Gross profit	**10,079,249**	***46.57%***	**5,656,770**	***59.81%***	**4,422,478**	**78%**
S&M costs	3,101,731	*14.33%*	2,160,480	*22.84%*	941,252	44%
R&D costs	548,433	*2.53%*	112,037	*1.18%*	436,396	390%
- Capitalised R&D payroll cost	*(1,254,487)*	*-5.80%*	*(1,541,677)*	*-16.30%*	*287,190*	*-19%*
- R&D costs	*1,802,921*	*8.33%*	*1,653,714*	*17.49%*	*149,206*	*9%*
General costs	4,014,873	*18.55%*	2,709,808	*28.65%*	1,305,065	48%
Total costs	***7,665,037***	***35.42%***	***4,982,325***	***52.68%***	***2,682,713***	***54%***
EBITDA	**2,414,211**	***11.16%***	**674,446**	***7.13%***	**1,739,766**	**258%**
Amortisation, depreciation and provisions	1,228,268	*5.68%*	815,659	*8.62%*	412,609	51%
EBIT	**1,185,943**	***5.48%***	**(141,214)**	***-1.49%***	**1,327,157**	**-940%**
Financial operations	(58,142)	*-0.27%*	24,505	*0.26%*	(82,647)	-337%
EBT	**1,127,801**	***5.21%***	**(116,709)**	***-1.23%***	**1,244,510**	**-1066%**
Income tax	495,981	*2.29%*	87,576	*0.93%*	408,406	466%
Prepaid tax	(193,961)	*-0.90%*	(127,890)	*-1.35%*	(66,071)	52%
Deferred tax	13,412	*0.06%*	24,097	*0.25%*	(10,685)	-44%
Period profit (loss)	**812,367**	***3.75%***	**(100,492)**	***-1.06%***	**912,859**	**-908%**
Group profit (loss)	***780,483***		***(114,821)***			
Minority interest profit (loss)	***31,885***		***14,330***			

Consolidated balance sheet with determination of NWC as at 31 December 2016

Description	31/12/2016	31/12/2015	Delta	Delta %
Intangible fixed assets	3,835,490	3,186,211	649,279	20%
Consolidation differences	10,308,159	10,308,159	-	0%
Tangible fixed assets	709,130	754,331	(45,201)	-6%
Financial fixed assets	171,653	136,348	35,305	26%
Fixed assets	**15,024,431**	**14,385,049**	**639,383**	**4%**
Trade receivables	3,396,264	2,866,722	529,542	18%
Trade payables	(2,947,547)	(2,320,262)	(627,285)	27%
Commercial working capital	**448,717**	**546,460**	**(97,743)**	**-18%**
Tax receivables and payables	416,106	(323,722)	739,828	-229%
Accruals and deferrals	(5,120,696)	(3,794,698)	(1,325,999)	35%
Other receivables and payables	(3,679,200)	(4,787,971)	1,108,771	-23%
Net working capital	**(7,935,073)**	**(8,359,931)**	**424,858**	**-5%**
Provisions for risks and charges	(57,739)	(117,739)	60,000	-51%
Staff funds	(933,526)	(698,650)	(234,876)	34%
Deferred tax liabilities	(31,287)	(33,345)	2,058	-6%
Net invested capital	**6,066,806**	**5,175,384**	**891,422**	**17%**
Share capital	283,266	216,667	66,599	31%
Reserves	5,896,510	6,068,373	(171,864)	-3%
Period profit (loss)	780,519	(114,821)	895,340	-780%
Shareholders’ equity of minority interests	59,959	29,010	30,949	107%
Shareholders’ equity	**7,020,253**	**6,199,229**	**821,024**	**13%**
Short-term payables/(cash)	(2,215,074)	(2,594,679)	379,605	-15%
Medium/long-term payables	1,261,627	1,570,835	(309,208)	-20%
Net financial position	**(953,447)**	**(1,023,845)**	**70,398**	**-7%**
Total sources	**6,066,806**	**5,175,384**	**891,422**	**17%**

MailUp S.p.A. managerial income statement as at 31 December 2016

Description	31/12/2016	%	31/12/2015	%	delta	delta %
E-mail revenues	6,806,842	*66.31%*	6,213,970	*70.02%*	592,872	9.54%
SMS revenues	2,516,235	*24.51%*	2,170,530	*24.46%*	345,705	15.93%
Professional services revenues	174,033	*1.70%*	-	*0.00%*	174,033	
Other revenues	767,446	*7.48%*	490,545	*5.53%*	276,901	56.45%
Total revenues	**10,264,556**	***100.00%***	**8,875,044**	***100.00%***	**1,389,511**	**15.66%**
COGS	3,856,512	*37.57%*	3,637,568	*40.99%*	218,944	6.02%
Gross profit	**6,408,044**	***62.43%***	**5,237,476**	***59.01%***	**1,170,567**	**22.35%**
S&M costs	2,295,219	*22.36%*	2,083,126	*23.47%*	212,093	10.18%
R&D costs	319,954	*3.12%*	63,276	*0.71%*	256,678	405.65%
General costs	2,514,935	*24.50%*	2,425,065	*27.32%*	89,870	3.71%
Total costs	***5,130,108***	***49.98%***	***4,571,467***	***51.51%***	***558,641***	***12.22%***
EBITDA	**1,277,935**	***12.45%***	**666,010**	***7.50%***	**611,926**	**91.88%**
Amortisation, depreciation and provisions	1,239,246	*12.07%*	842,348	*9.49%*	396,898	47.12%
EBIT	**38,690**	***0.38%***	**(176,339)**	***-1.99%***	**215,028**	**-121.94%**
Financial operations	1,153,865	*11.24%*	33,278	*0.37%*	1,120,587	3367.38%
EBT	**1,192,554**	***11.62%***	**(143,061)**	***-1.61%***	**1,335,615**	**-933.60%**
Income tax	8,955	*0.09%*	40,918	*0.46%*	- 31,963	-78.11%
Prepaid tax	(26,188)	*-0.26%*	(127,262)	*-1.43%*	101,074	-79.42%
Deferred tax	(15,125)	*-0.15%*	9,625	*0.11%*	- 24,750	-257.14%
Period profit (loss)	**1,224,912**	***11.93%***	**(66,342)**	***-0.75%***	**1,291,254**	**-1946.35%**

MailUp S.p.A. balance sheet with determination of NWC as at 31 December 2016

Description	31/12/2016	31/12/2015	delta	delta %
Intangible fixed assets	3,660,657	3,361,555	299,102	8.90%
Tangible fixed assets	629,282	651,083	(21,801)	-3.35%
Financial fixed assets	11,416,878	10,894,241	522,637	4.80%
Fixed assets	**15,706,817**	**14,906,878**	**799,938**	**5.37%**
Trade receivables	1,156,163	1,083,040	73,123	6.75%
Receivables from subsidiaries	273,735	199,572	74,164	37.16%
Receivables from associated companies	49,554	-	49,554	
Trade payables	(691,622)	(685,022)	(6,600)	0.96%
Amounts due to subsidiaries	(2,207,811)	(2,064,399)	(143,411)	6.95%
Amounts due to associated companies	(4,921)	-	(4,921)	
Commercial working capital	**(1,424,901)**	**(1,466,810)**	**41,908**	**-2.86%**
Tax receivables and payables	423,436	414,493	8,943	2.16%
Accruals and deferrals	(4,949,607)	(3,610,430)	(1,339,177)	37.09%
Other receivables and payables	(3,314,133)	(4,372,923)	1,058,790	-24.21%
Net working capital	**(9,265,205)**	**(9,035,669)**	**(229,536)**	**2.54%**
Provisions for risks and charges	(60,489)	(135,614)	75,125	-55.40%
Provision for severance indemnity (TFR)	(387,921)	(278,290)	(109,632)	39.39%
Net invested capital	**5,993,202**	**5,457,306**	**535,896**	**9.82%**
Share capital	283,266	216,667	66,599	30.74%
Legal reserve	60,000	40,000	20,000	50.00%
Other reserves	4,252,492	4,301,095	(48,603)	-1.13%
Profits/losses carried forward	(178,029)	-	(178,029)	
Period profit (loss)	1,224,912	(66,342)	1,291,254	-1946.35%
Shareholders' equity	**5,642,640**	**4,491,419**	**1,151,221**	**25.63%**
Short-term payables/(cash)	(1,833,084)	(542,448)	(1,290,636)	237.93%
Medium/long-term payables	2,183,645	1,508,335	675,310	44.77%
Net financial position	**350,561**	**965,887**	**(615,326)**	**-63.71%**
Total sources	**5,993,202**	**5,457,306**	**535,895**	**9.82%**

MAILUP GROUP

Report on operations accompanying the annual and consolidated financial statements as at 31 December 2016

Dear Shareholders,

The year ended on 31 December 2016 records a positive Group result of Euro 812,367, of which Euro 31,849 pertain to minorities, after amortisation, depreciation and impairment applied for a total of Euro 1,228,268 and provisions made for current and deferred tax in the amount of Euro 315,433. The separate financial statements of the parent company MailUp S.p.A. (hereinafter "MailUp") for the same period, recorded a positive result of Euro 1,224,912.
Below is the analysis of the company's position and the trend of operations relative to the year just ended.

1. Introduction

In accordance with Art. 40 of Italian Legislative Decree no. 127/1991, amended by Art. 2, letter d) of Italian Legislative Decree no. 32/2007, this report is presented as a single document for the purpose of the consolidated financial statements of the MailUp Group (hereinafter the "MailUp Group" or the "Group") and the annual financial statements of the parent company, MailUp, drafted in accordance with international accounting standards (IAS/IFRS).

Although not having met the requirements laid down by Art. 27 of Italian Legislative Decree no. 127/1991, the administrative body of MailUp resolved to draft the consolidated and annual financial statements of the parent company on a voluntary basis, in accordance with international accounting standards (IAS/IFRS) insofar as MailUp (and the Group it heads) has exercised the faculty envisaged by Arts. 2-3 of Italian Legislative Decree no. 38/2005.

This document provides you with information on the consolidated position of the Group and on operating performance of both the group and individually of MailUp. This report, drawn up with balances expressed in Euro, is presented so as to accompany the consolidated financial statements for the purpose of providing income-related, equity, financial and operating information on the company accompanied, where possible, by historic elements and forecasts valuations.
The consolidated financial statements for 2015 are also provided for comparison, reprocessed in application of the international accounting standards (IAS/IFRS). As an appendix to the explanatory notes to this year's separate and consolidated financial statements, a detailed table is given showing the effects of the adoption of the IAS/IFRS accounting standards (FTA - first time adoption) on the individual and consolidated statement of financial position as at 1 January 2015 and as at 31 December 2015, as prescribed by IFRS 1.
As regards the consolidated financial statements, which strive to ensure standardised measurement criteria and have been prepared on the basis of full consolidation, please note that the consolidation scope is as shown below:

Company name	Registered office	Share capital	%
MAILUP S.P.A.	Milan	283,266	parent company
NETWORK S.R.L.	Cremona (CR)	10,500	100%
MAILUP INC.	United States of America	47,434*	100%
MAILUP NORDICS AS	Denmark	67,255*	100%
AGILE TELECOM SPA	Carpi (Mo)	500,000	100%
ACUMBAMAIL SL	Spain	4,500	70%

The financial data includes, in this year for the first time, the results relative to Agile Telecom SpA and MailUp Nordics AS/Globase International ApS.
(* figures in US dollars and Danish Krone converted at the exchange rate of 31 December 2016)

2. 2016 economic scenario

In the last quarter of 2016, the Italian economy did better than expected, recording a growth outlook of 0.2%, taking the growth rate trends of the GDP to +1.1%. According to the preliminary estimate of the GDP disseminated by Istat on 14 February 2017, the Italian GDP for 2016 grew by 0.9% in raw terms and by 1% if the effects of the calendar are considered.

The figure, which is slightly better than expected, for the Italian GDP and which is associated with the improvement seen in family spending power and the increase in investment, clashes with the more positive data obtained by other European countries, in particular the United Kingdom (+0.6% and +2.2%) and France (+0.4% and +1.1%). The current Italian recovery therefore remains mediocre if compared with that of the other main European countries and shows the existence of a systematic gap that remains, despite the latest government reforms.
In terms of outlook, the Italian indicators of faith show different trends, which are mainly negative apart from the faith of businesses, which gains ground on all fronts except for trade businesses.
Instead, the data on the new openings of VAT numbers is very negative, having taken a dive in December by 38% and reduced by 3.3% in 2016 with respect to 2015.
In more recent months, growth of credit to the non-financial private sector continued, with an increase also seen in loans to businesses; growth does, however, remain modest. The quality of credit of Italian banks continues to benefit from the improvement to the outlook, recording a further reduction in the flow of new impaired loans.
The Bank of Italy believes that risks to growth are heading down even further. The main factors of uncertainty come from the world context, as well as from financial conditions. The risk that the expansion of the global economy, with respect to that incorporated into forecasts, may suffer the onset and spread of protectionist drives, as well as possible turbulence in the emerging economies, is particularly high.

The Group

MailUp is a legal entity organised according to the law of the Italian Republic, which operates in the sector of marketing technology on the cloud (newsletters/e-mails, text messages, social networks). It is a technological company that has developed a digital cloud computing platform chosen by SMEs and large enterprises to create, send and monitor newsletters, e-mails and text messages. MailUp is the leading solution in Italy in the ESP sector and has approximately 10,500 customers and 900 dealers spread across more than 50 countries. On a consolidated level, the Group operates with more than 16,000 customers and retailers. Founded in 2002 in Cremona, MailUp is also based in Milan and San Francisco. After the IPO in 2014 on the AIM market operated by the Italian Stock Exchange, starting from the second half of 2015, MailUp added to the organic growth a new business line, consisting of the BEE editor in its various versions (beefree.io), which already has thousands of customers worldwide and a growth path for external lines, acquiring established and emerging businesses in the same market segment or with complementary business: Acumbamail (Spanish market and LATAM), Globase (Nordics market) and Agile Telecom (SMS wholesale market).

In accordance with Art. 2428, we would point out that business of the parent company is carried out in the registered office of Milan, at Viale Restelli 1, and in the administrative office of Cremona, at Via Dei Comizi Agrari, 10.

During FY 2016, from a legal viewpoint, MailUp played the role of parent company of the following companies, which carry out complementary and/or functional activities to the group’s core business:

MailUp Inc

Network Srl

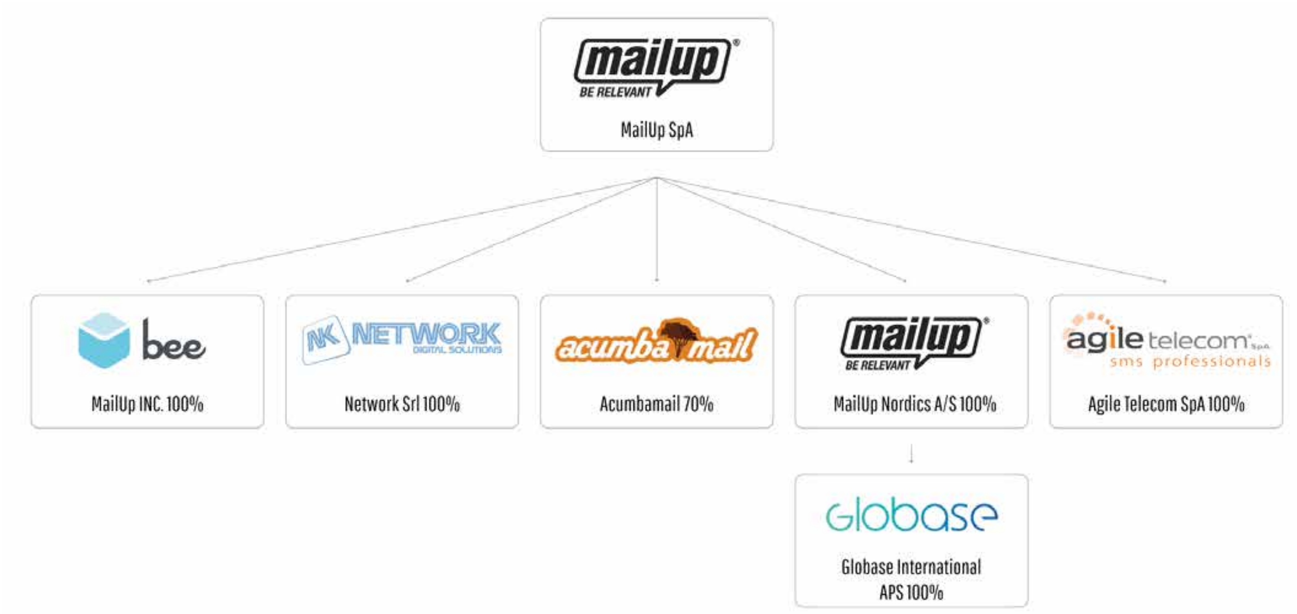
Acumbamail SL

MailUp Nordics AS

Agile Telecom spa

On 27 February 2017, the merger by acquisition took place of Network Srl into MailUp. The merger will take effect as from the last of the entries made with Companies House dated 20 March 2017, whilst the accounting and tax effects applied as from 1 January 2017, in compliance with the provisions of specific regulations. The merger is justified by the need to simplify the company and production structure of MailUp and allowed for the simplification of administrative processes thanks to the elimination of duplications and overlapping.

Below is the Group’s participation structure.



Main events

In 2016, the activities of the MailUp Group were characterised by the events indicated below:
Second closing of the Agile Telecom acquisition: on 09 February 2016, the acquisition of the controlling share of 100% of Agile Telecom S.p.A. was definitively completed, with effect as from 29 December 2015.

Resolution of the stock option plan: The Board of Directors of MailUp on 29 March 2016 approved a stock option plan and related regulation, aimed at employees of the Company and/or its subsidiaries. The Plan aims to: (i) encourage the resources making a key contribution to the success of the company and the group to stay with the group; and (ii) encourage the loyalty of the beneficiaries, developing their sense of belonging to the company and group. On 07 July 2016, the letters of assignment were signed by the addressees of the SOP. Again, in July, the first tranche of options assigned was exercised.

In April, MailUp launched the **new commercial offer**, further simplified. The MailUp® platform is now available in three editions: WEB, for those who prefer to use the platform in a fully autonomous mode, buying online with a credit card. PRO, for companies that need more sophisticated features as well as dedicated technical support. ENTERPRISE, for medium to large-sized companies that need a more articulated platform that is managed by multiple administrators and company departments with very sophisticated needs for customization and integration, as well as a dedicated consultancy channel on various topics, from the design of e-mail campaigns to the setting of ad hoc configurations to maximize the rate of e-mail delivery. With the Enterprise edition, MailUp is enhanced with new services and tailored consultancy to maximize performance in terms of delivery rate and achieve the best sending quality.

On 29 April 2016, the Directorate General for Economic Development of the Lombardy Region (operating unit "Entrepreneurship and access to credit") approved the funding of the project "**Innovative system for Big Data Analytics**", presented by MailUp as leader of a consortium that involves several excellence companies adhering to the Technologies Centre of Cremona and the CRIT Consortium (Cremona Information Technology): Microdata Service, Lineacom and Politecnico di Milano. The focus of the project is the development of a new Big Data Analytics system for small and medium-sized companies. It is a project with a major impact on the future business of MailUp in the medium to long term, having a market potential also at international level, in particular in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, due to the complexity of the technologies and high specialization of resources that need to be put in place. MailUp will receive up to a maximum of Euro 860,122 non-repayable in 24 months with respect to a total investment of Euro 2,045,648 in the period. The funding will cover costs for personnel, training, tools and equipment and consultancy services needed for the realization of the investments, which will be implemented over the next 24 months.

BEEPlugin has been enhanced with new features requested by users. The BEEPlugin service is now considered a global market leader, with an international clientèle including many Silicon Valley companies. The first few months of this year saw the launch, with a very low entry fee, of **BEEPro**, a version dedicated to e-mail designers and digital agencies, which includes some additional functions with respect to the free version (freemium), already proving to be extremely popular with the community of users. We are currently recording a monthly volume growth at particularly interesting rates. To this end, please note that in fulfilment of the resolution passed by the MailUp BoD on 13 December 2016, and by virtue of the acceptance resolved by the Board of the subsidiary MailUp Inc on 20 December 2016, MailUp conferred the BEE editor owned and developed by the parent company, to the American subsidiary, for a value of Euro 462,160. The subsidiary therefore resolved, in service of the conferral, to increase its capital reserves in accordance with local regulations. As from 2017, MailUp Inc will be responsible for the exclusive marketing of the different versions of the BEE editor.

In September 2016, MailUp joined the **Anti-Phishing Working Group (APWG)**. Consisting of financial institutions, ISPs, ESPs, online retailers and solution providers, APWG is the international association dedicated to fighting cybercrime in the public and private sector, at entrepreneurial, governmental, legal and diplomatic level. With over 3,200 members from around the world, the Anti-Phishing Working Group includes companies such as Microsoft, Salesforce, Facebook and VISA. MailUp is the first Italian company to join the project, with the aim of joining efforts in the fight against phishing and cyber abuse, thanks to the sharing of data, experience and technology. Coined in 1996, the term "phishing" refers to the kind of e-mail scam aimed at acquiring sensitive information of the recipient (personal and financial data and access codes) through deception and links to fake websites. According to phishing.org, phishing episodes have multiplied exponentially since 1996. The prevention of abuse is one of the most difficult challenges that the deliverability & compliance team of MailUp has to deal with on a daily basis. Thanks to the partnership with APWG, MailUp can combine the results, expertise and tools of its research with those of other companies (ISPs, ESPs, vendors, security firms) interested in combating phishing and all cases of harmful use of marketing technology. For MailUp customers, this translates into greater security in sending communications to its customers: an increasingly important issue not only in the financial sector, but also for those that manage e-commerce websites.

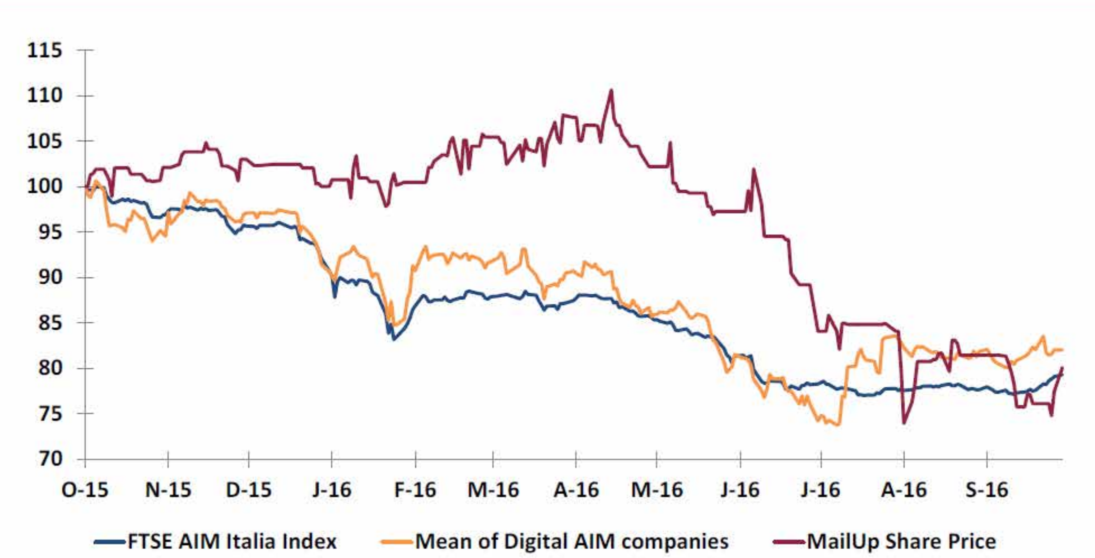
The Parent Company's management has embarked on a path of organizational rethinking of the MailUp Group structure in order to pursue the optimization of intercompany processes. Such analysis focused in particular on the role of the subsidiary **Network Srl**, for years a technology partner that has exclusive management of all functions and technical services related to the MailUp® platform. In these areas, Network has developed consolidated expertise and professionalism. On 27 September 2016, the Board of Directors of MailUp approved the plan for the merger by incorporation of Network Srl in MailUp S.p.A. As it is a fully-owned company, under the first paragraph of Art. 2505 of the Italian Civil Code, the draft merger was prepared in a simplified form. The merger is justified by the need to simplify the company and production structure of MailUp and involves the simplification of administrative processes and the elimination of duplications and overlapping.

During the same Board of Directors of 27 September 2016, the Company also resolved to adopt, starting from the current consolidated financial statements, the **IAS/IFRS accounting standards** for the preparation of the financial statements, as already mentioned above. The transition to international accounting standards will also make communication towards international stakeholders more effective and transparent. The internationalization process on which MailUp S.p.A. is focused, imposes a convergence of content and means of exposure and assessment of the economic, equity and financial position towards those of other international groups of companies.

Below is some data on the prices and volumes of the MailUp security during 2016.

Placing price	Euro 2.50	29/07/2014
Maximum annual price	Euro 2.50	02/05/2016
Minimum annual price	Euro 1.6180	08/12/2016

Market performance



Source: EnVent Equity Research 18/10/2016

Performance of the MailUp security in 2016: prices and volumes - Source: www.borsaitaliana.it

Volumes traded in 2016 recorded a daily average of around 2,083 pieces (Source: EnVent Equity Research 18/10/2016) with a maximum of 27,300 pieces recorded on 11 April 2016.

Growth in demand and trends of the markets on which the company operates

The cloud computing market

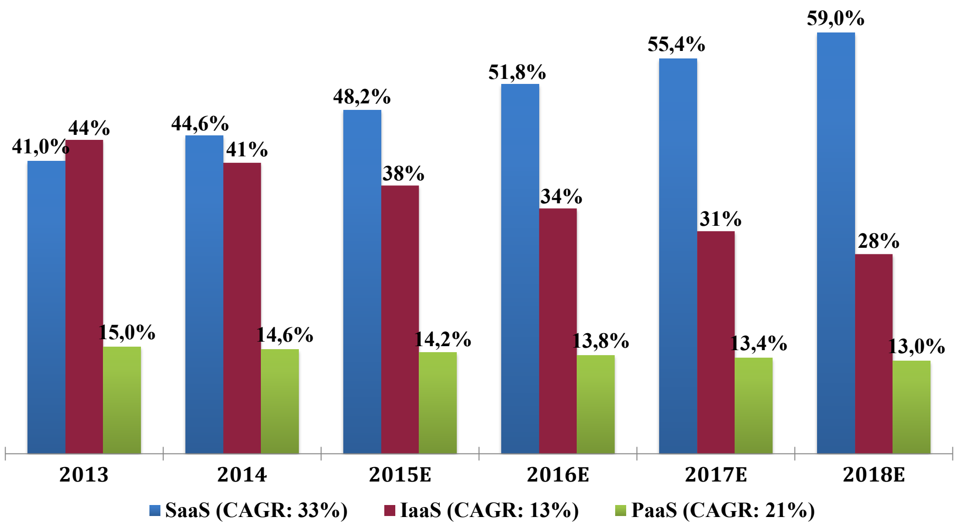
The cloud consists of a set of hardware and software resources that provide services on request, through the internet. Cloud services can be classified on the basis of the method by which the contents made available to the end users are used; more specifically, the offer can be made in three ways:

- **IaaS (Infrastructure as a Service)**: This consists of using the infrastructure made available by providers to run your own application in exchange for payment that is proportional to the use of the infrastructure. The end user pays for the installation and management of the operating system and specific applications.

- **PaaS (Platform as a Service)**: In this case, the provider also supplies the operating system, middleware and Runtime environment necessary to run the application, hence the end user pays for the development, implementation and management of the specific applications.
- **SaaS (Software as a Service)**: The client pays the fee for use not only of the hardware and software structure as in PaaS, but also of the specific applications made available by the provider. The only liability of the end user is to manage the number of licences required according to the number of users.

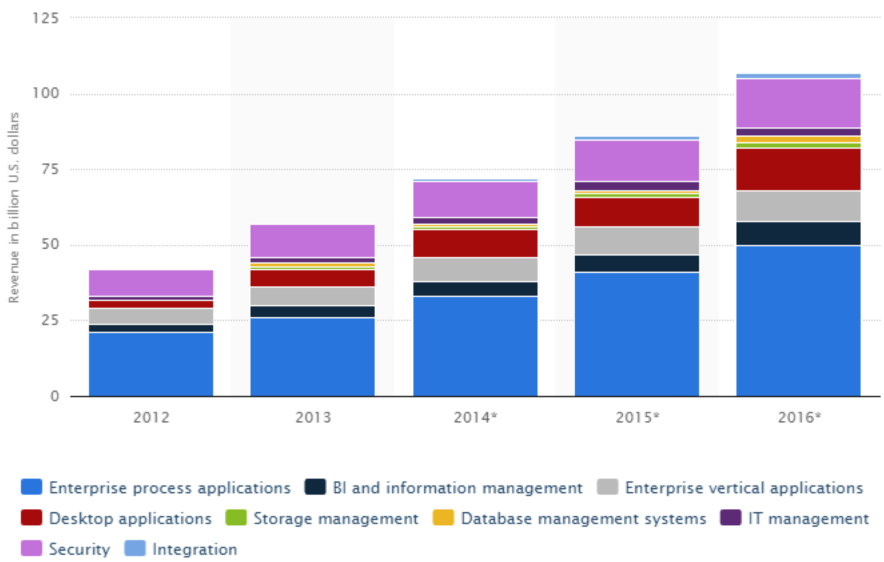
According to the estimates of Goldman Sachs, the expenses for the cloud computing platforms and infrastructures will grow at a rate of 33% (CAGR) between 2013 and 2018, despite the fact that growth of the entire IT corporate market will not exceed 5%. By 2018, 59% of cloud services will be SaaS, as compared with 41% in 2013.

World expense for cloud computing



Source: Forbes 24/01/2015

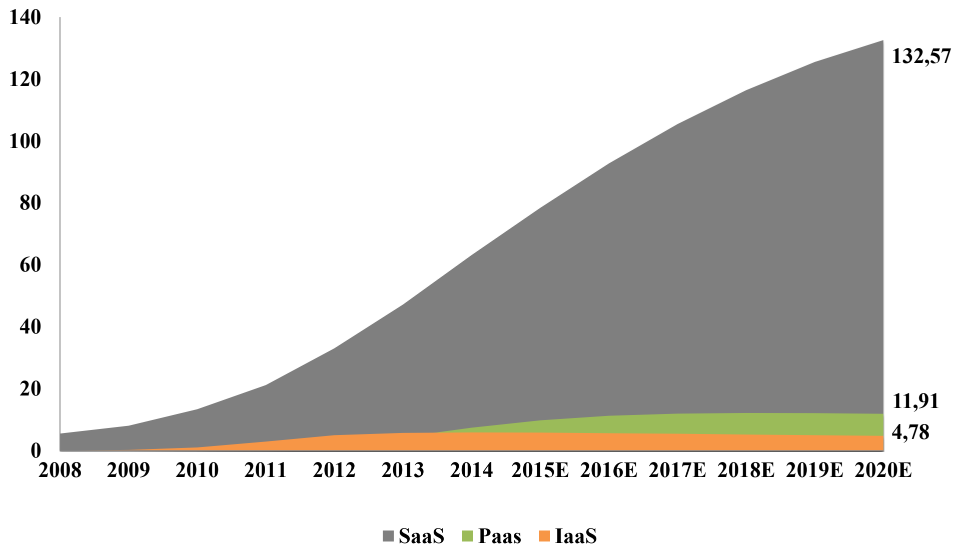
In 2016, world revenues generated from subscriptions in the SaaS sector respected the extremely positive forecasts of sector analysts, thereby coming in at around US $106 billion as a result of the 21% growth on 2015.



Source: SaaS subscription revenues by category worldwide – www.statista.com

Growth expectations of the world market of SaaS are confirmed as extremely positive, forecasting reaching the figure of US $132.57 billion in 2020, with a CAGR of 9.14%.

Dimension of the world market of the public cloud (US $ bln)



Source: Forbes 24/01/2015

MailUp products are developed and marketed in SaaS mode and can be classified in the segment of digital marketing known precisely as “digital marketing”. Today companies invest far more in internet marketing than in the more traditional channels of television, radio and newspapers.

In the last update of the index that monitors the performance of software as a service companies listed on Nasdaq, Bessemer Venture Partners, an international venture capital operator and protagonist of 113 IPOs in the technology and digital context (investor, amongst others, in successful businesses like Skype, LinkedIn, Gartner, Wix, Yelp and VerySign), envisages average growth (2016 on 2015) of turnover of the main companies in the segment listed on Nasdaq - such as, for example, Shopify, Marketo, SalesForce, Wix and ZenDesk - of 26%, with an average valuation on analysts’ forecasts of approximately 4.5x EV/Rev 2016 (Enterprise Value/Revenues) and 27x EV/EBITDA 2016.

On AIM UK, dotDigital Group, a leading company in the field of software as a service and focussed particularly on e-mail marketing, grew in line with the segment average on Nasdaq (approximately 29% growth of turnover) and is valued at 5.3x EV/Rev 2016 and approximately X EV/EBITDA 2016.

Growth forecasts of the e-mail marketing market

The e-mail marketing market does not only regard the marketing of SaaS platforms to provide the service, but rather a more extensive range of products with a high technological content, such as landing pages, graphic design, list building, business intelligence, integration systems, hosting and housing, CRM and other software applications that rely on and exploit the technological potential of the platforms.

According to a study by the Radicati Group, an American research company specialised in information technology, in 2017, the total daily number of e-mails sent and received will reach 269 billion, with an average growth rate of around 4.4% in the next 4 years, until reaching 319.6 billion in 2021.

Daily Email Traffic	2017	2018	2019	2020	2021
Total Worldwide Emails Sent/Received Per Day (B)	269.0	281.1	293.6	306.4	319.6
% Growth		*4.5%*	*4.4%*	*4.4%*	*4.3%*

Table 1: Worldwide Daily Email Traffic (B), 2017-2021

Source: The Radicati Group Email Statistics Report, 2017-2021 – Executive Summary

In 2017, the number of e-mail users worldwide will exceed 3.7 billion. Forecasts stand at around 4.1 billion users in 2021. Approximately half the world's population will use e-mail as a communication tool.

	2017	2018	2019	2020	2021
Worldwide Email Users* (M)	3,718	3,823	3,930	4,037	4,147
% Growth		*3%*	*3%*	*3%*	*3%*

Table 2: Worldwide Email User Forecast (M), 2017–2021

Source: The Radicati Group Email Statistics Report, 2017-2021 – Executive Summary

It is also estimated that the total number of e-mail accounts per user will grow at a rate that just exceeds the number of users. More specifically, this trend will be seen in the consumer area, where different accounts are habitually used, according to the specific purpose (e.g. shopping, friends and family, banking, etc.). Over the next four years, the average number will rise from 1.7 accounts per user to 1.86. Against the increasing use of instant messaging (IM) services, chat, social networking and other forms of communication, e-mail continues to show continuous, solid growth, also due to the fact that other communication methods require an e-mail address, as in all e-commerce transactions where a valid e-mail contact address is required.

Competitors' behaviour

The ESP (Email Service Provider) market brings together dozens of operators both in Italy and abroad, although only a few operators are purely technological (i.e. with an offer that is only linked to the supply of Software-as-a-Service): more often, the technological offer of competitors is flanked by a wide range of complementary services (such as, for example, strategic consultancy, graphic design, development of contests, landing pages (i.e. the web pages to which the addressee is guided to "conversion", i.e. purchase), media planning, list building (i.e. marketing aimed at acquiring new clients or potential clients), operative consultancy, business intelligence, system integration, hosting/housing, CRM, full-managed send management (i.e. when the client does not independently access the sending platform, but rather uses the consultancy service of the supplier, which then deals with all stages of creation, sending and campaign analysis) and/or the supply of other software applications.

This variety of offer makes it difficult to precisely outline the specific sector of ESPs in terms of market dimension, sector operators, services offered, etc.

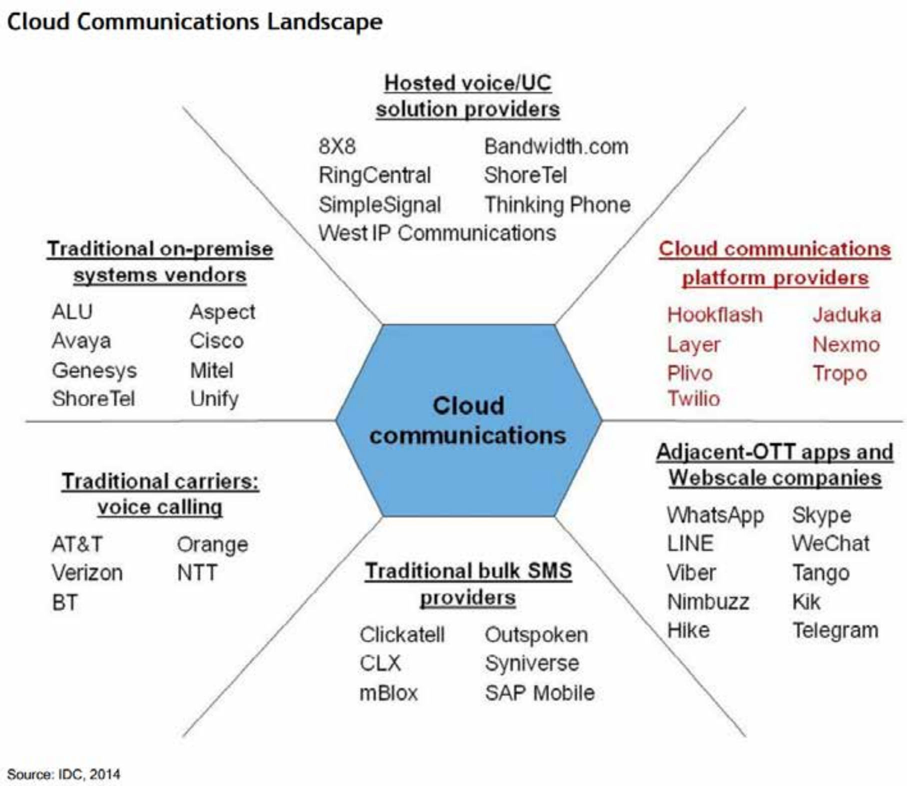
However, there is no doubt that MailUp S.p.A. is one of Italy's most important operators (in terms of the volumes of e-mails sent and number of customers) in the E-mail Service Provider industry.

On export markets, on a par with Italy, each country has various operators with the above-described articulated offer characteristics, but far more rarely, purely technological players. These latter are mainly concentrated on the more evolved markets, like in the English-speaking markets as well as France, Germany and Poland.

On Anglo-Saxon markets, competition numbers hundreds of operators, some of which are already listed or have been recently acquired. Some of these have achieved a customer base of dozens of thousands of units and in some cases even millions of users (only partly paying).

MailUp is one of the few solutions worldwide to associate the typical functions of ESP (E-mail Service Provider) with the possibility of sending transaction e-mails via the SMTP Relay or API/Web Service channel, plus the possibility of having the platform in whitelabel (i.e. resalable to third party brand), multi-lingual and integrated with the SMS/Social/Fax channels.

The SMS sector comes under the scope of Cloud Communication technologies, which worldwide sees these main operators (see IDC scheme).



This market is expected to grow with a CAGR of 127.5% in the period 2013-2018, according to the Worldwide Cloud Communications Platforms 2014-2018 Forecast: The Resurgence of Voice and SMS of IDC and in particular as regards "SMS messages", are expected to reach a value of US $3.5 billion in 2018.

Social, political and union climate

The internal social climate, both in Milan and in the office of Cremona, as well as at the offices of subsidiaries, is positive and focused on full collaboration.

Operating performance in company sectors

In 2016, the MailUp Group recorded extremely positive results. Consolidated total revenues went from Euro 9.4 million to 21.6 million, up 129% following growth by external lines consequent to the acquisitions of the second half of 2015; for the first time in the period in question, in fact, consolidation has applied to the new scope, extended to include six companies, which came in addition to the organic growth of the MailUp® platform, of more than 10% in FY 2016 too. Moving onto the main lines of business, consolidated revenues of the e-mail segment showed a total increase of 23%, from Euro 6.9 million to Euro 8.5 million in 2016, whilst SMS sales grew in the same period by Euro 9.1 million, to a large extent thanks to the contribution made by the subsidiary Agile Telecom. The contribution made by the new business lines was positive, even if less noticeable in absolute value. More specifically, sales of the various versions of the BEE editor highlighted an interesting month on month growth trend.

EBITDA increased to Euro 2.4 million as compared with the Euro 0.67 million booked the previous period, + 258% equal to Euro 1.74 million in absolute value, whilst net profits for the year came in at Euro 812 thousand as compared with a loss of Euro 100 thousand at end 2015. The pre-tax result (EBT) also increases by Euro 1.24 million, coming in at Euro 1.13 million.

2016 results for the parent company MailUp are equally positive. Total value of production increased by 15.66% to Euro 1.39 million, exceeding Euro 10 million. The SMS segment is livelier, with a year-on-year increase of 15.93% and total revenues of Euro 2.5 million, with respect to the trend of e-mail, whose growth falls just short of 10% for total revenues of Euro 6.8 million. The e-mail sector is without doubt more consolidated and, by nature, guarantees more gradual, progressive growth over time, essentially being annual charges subject to automatic renewal save for termination, the churn rate of which is easily offset by the acquisition of new customers and up-selling to existing customers, who are extremely loyal and sensitive to quality of service. The SMS market is more volatile and focussed above all on pricing, subject, therefore, to more rapid growth but also greater uncertainty and variability.
2016 EBITDA has basically doubled on the same figure of the previous year, Euro 1.28 million as compared with Euro 666 thousand, with percentage growth coming in as plus 92%. EBT benefited from dividends distributed by the subsidiary Agile Telecom relative to FY 2015 for Euro 1.192 million, recording an increase of more than Euro 1.3 million. The Net profit for the period came to Euro 1,224,912 as compared with the - 66,342 of the previous year.

It should be recalled that, by virtue of the adoption of international accounting standards IAS/IFRS in these consolidated and separate financial statements, as resolved by the parent company BoD on 27 September 2016, the comparative figures for finances and equity for 2015 given below have been restated according to said international standards to allow for greater homogeneity of comparison and significance in reading the figures given. For this same reason, the choice has been made not to present comparisons with the 2014 data calculated according to the national accounting standards (OIC).

Main economic figures for the MailUp Group

The table below summarises the results consolidated in the last two years in terms of total revenues, EBITDA and pre-tax result (EBT).

	31/12/2016	31/12/2015
Total revenues	21,641,838	9,457,487
EBITDA	2,414,212	674,446
Pre-tax result (EBT)	1,127,801	(116,709)

The consolidated reclassified income statement has undergone the following changes with respect to that of the previous year (amounts are stated in euros):

Description	31/12/2016	%	31/12/2015	%	Delta	Delta %
E-mail revenues	8,505,410	*39.30%*	6,911,710	*73.08%*	1,593,699	23%
SMS revenues	11,305,163	*52.24%*	2,198,108	*23.24%*	9,107,055	414%
BEE revenues	150,160	*0.69%*	6,899	*0.07%*	143,261	2077%
Professional services revenues	1,129,279	*5.22%*	101,133	*1.07%*	1,028,146	
Other revenues	551,826	*2.55%*	239,637	*2.53%*	312,189	130%
Total revenues	**21,641,838**	***100.00%***	**9,457,487**	***100.00%***	**12,184,351**	**129%**
COGS	11,562,589	*53.43%*	3,800,717	*40.19%*	7,761,873	204%

Gross profit	**10,079,249**	***46.57%***	**5,656,770**	***59.81%***	**4,422,478**	**78%**
S&M costs	3,101,731	*14.33%*	2,160,480	*22.84%*	941,252	44%
R&D costs	548,433	*2.53%*	112,037	*1.18%*	436,396	390%
- Capitalised R&D payroll cost	*(1,254,487)*	*-5.80%*	*(1,541,677)*	*-16.30%*	*287,190*	*-19%*
- R&D costs	*1,802,921*	*8.33%*	*1,653,714*	*17.49%*	*149,206*	*9%*
General costs	4,014,873	*18.55%*	2,709,808	*28.65%*	1,305,065	48%
Total costs	***7,665,037***	***35.42%***	***4,982,325***	***52.68%***	***2,682,713***	***54%***
EBITDA	**2,414,211**	***11.16%***	**674,446**	***7.13%***	**1,739,766**	**258%**
Amortisation, depreciation and provisions	1,228,268	*5.68%*	815,659	*8.62%*	412,609	51%
EBIT	**1,185,943**	***5.48%***	**(141,214)**	***-1.49%***	**1,327,157**	**-940%**
Financial operations	(58,142)	*-0.27%*	24,505	*0.26%*	(82,647)	-337%
EBT	**1,127,801**	***5.21%***	**(116,709)**	***-1.23%***	**1,244,510**	**-1066%**
Income tax	495,981	*2.29%*	87,576	*0.93%*	408,406	466%
Prepaid tax	(193,961)	*-0.90%*	(127,890)	*-1.35%*	(66,071)	52%
Deferred tax	13,412	*0.06%*	24,097	*0.25%*	(10,685)	-44%
Period profit (loss)	**812,367**	***3.75%***	**(100,492)**	***-1.06%***	**912,859**	**-908%**
Group profit (loss)	***780,483***		***(114,821)***			
Minority interest profit (loss)	***31,885***		***14,330***			

The following table showing some Group profitability indexes, compared with the same indexes relating to the financial statements of previous years, provides a better illustration of the income situation.

	31/12/2016	**31/12/2015**
Net ROE (Net result/Net capital)	0.13	(0.02)
Gross ROE (EBT/Net capital)	0.18	(0.02)
ROI (EBITDA/Net capital)	0.10	0.03
ROS (EBITDA/Income from sales)	0.11	0.07

Consolidated income indexes all show a clear improvement on the previous year, thereby further confirming the positive performance of the year just ended, as indeed stressed in the introduction to this paragraph.

Main equity figures for the MailUp Group

The Group's reclassified balance sheet, as compared with that of the previous year, is as follows (figures are expressed in euros):

Description	31/12/2016	31/12/2015	Delta	Delta %
Intangible fixed assets	3,835,490	3,186,211	649,279	20%
Consolidation differences	10,308,159	10,308,159	-	0%

Tangible fixed assets	709,130	754,331	(45,201)	-6%
Financial fixed assets	171,653	136,348	35,305	26%
Fixed assets	**15,024,431**	**14,385,049**	**639,383**	**4%**
Trade receivables	3,396,264	2,866,722	529,542	18%
Trade payables	(2,947,547)	(2,320,262)	(627,285)	27%
Commercial working capital	**448,717**	**546,460**	**(97,743)**	**-18%**
Tax receivables and payables	416,106	(323,722)	739,828	-229%
Accruals and deferrals	(5,120,696)	(3,794,698)	(1,325,999)	35%
Other receivables and payables	(3,679,200)	(4,787,971)	1,108,771	-23%
Net working capital	**(7,935,073)**	**(8,359,931)**	**424,858**	**-5%**
Provisions for risks and charges	(57,739)	(117,739)	60,000	-51%
Staff funds	(933,526)	(698,650)	(234,876)	34%
Deferred tax liabilities	(31,287)	(33,345)	2,058	-6%
Net invested capital	**6,066,806**	**5,175,384**	**891,422**	**17%**
Share capital	283,266	216,667	66,599	31%
Reserves	5,896,510	6,068,373	(171,864)	-3%
Period profit (loss)	780,519	(114,821)	895,340	-780%
Shareholders’ equity of minority interests	59,959	29,010	30,949	107%
Shareholders’ equity	**7,020,253**	**6,199,229**	**821,024**	**13%**
Short-term payables/(cash)	(2,215,074)	(2,594,679)	379,605	-15%
Medium/long-term payables	1,261,627	1,570,835	(309,208)	-20%
Net financial position	**(953,447)**	**(1,023,845)**	**70,398**	**-7%**
Total sources	**6,066,806**	**5,175,384**	**891,422**	**17%**

In order to provide a better description of the Group’s equity solidity, the table below shows a few balance sheet indexes relating to both (i) the method of financing medium/long-term commitments and (ii) the breakdown of the sources of finance, compared with the same balance sheet indicators for the previous year.

	31/12/2016	31/12/2015
Primary structure margin (Own funds - Fixed assets)	(8,897,379)	(8,833,198)
Primary structure ratio (Own funds/Fixed assets)	0.44	0.41
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(5,528,681)	(6,412,629)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.65	0.57

Hedging of investments has improved slightly, affected by the considerable financial efforts connected with growth by external lines. The effect has been partially offset by the focussed recourse to medium-term bank debt on the basis of favourable market economic conditions and credit rating extensively recognised to the Group by the banks.

Main financial figures for the MailUp Group

The consolidated net financial position as of 31 December 2016 was as follows (in euros):

NET FINANCIAL POSITION	31/12/2016	31/12/2015	DELTA	% DELTA
Current financial assets	**4,461,219**	**3,265,717**	**1,195,502**	**37%**
Third parties	-	-	-	0%
Liquid funds	4,461,219	3,265,717	1,195,502	37%
Current financial liabilities	**1,261,627**	**671,038**	**590,590**	**88%**
Third parties	1,244,878	637,622	607,256	95%
Other lenders	16,750	33,416	(16,666)	0%
CURRENT FINANCIAL POSITION	**(3,199,592)**	**(2,594,679)**	**(604,912)**	**23%**
Non-current financial assets	**-**	**-**	**-**	**0%**
Third parties	-	-	-	0%
Liquid funds	-	-	-	0%
Non-current financial liabilities	**2,246,145**	**1,570,835**	**675,310**	**43%**
Third parties	2,246,145	1,570,835	675,310	43%
Other lenders	-	-	-	0%
NON-CURRENT FINANCIAL POSITION	**2,246,145**	**1,570,835**	**675,310**	**43%**
NET FINANCIAL POSITION	**(953,447)**	**(1,023,845)**	**70,398**	**-7%**

The following table showing some balance sheet indicators, compared with the same indicators relating to the previous year, provides a better illustration of the consolidated financial position.

	31/12/2016	31/12/2015
Primary liquidity (Immediate and deferred liq./Current liabilities)	0.61	0.49
Secondary liquidity (Current assets/Current liabilities)	0.63	0.52
Debt (Net debt/Shareholders' equity)	2.46	2.39
Fixed asset hedging rate (Own capital + Consolidated liabilities)/Fixed assets	0.63	0.60

The allocation is seen of part of the sources of finance deriving from the core business in support of acquisitions of subsidiaries, flanked in a focussed manner by recourse to bank debt. As in the past, the Group does not use external debt to finance the core business.

Main economic figures for MailUp

The table below summarises the company's results in the last two years in terms of total revenues, EBITDA and pre-tax result (EBT).

	31/12/2016	31/12/2015
Total revenues	10,264,556	8,875,044
EBITDA	1,277,935	666,010
Pre-tax result (EBT)	1,192,554	(176,339)

The separate reclassified income statement has undergone the following changes with respect to that of the previous year (amounts are stated in euros):

Description	31/12/2016	%	31/12/2015	%	delta	delta %
E-mail revenues	6,806,842	*66.31%*	6,213,970	*70.02%*	592,872	9.54%
SMS revenues	2,516,235	*24.51%*	2,170,530	*24.46%*	345,705	15.93%
Professional services revenues	174,033	*1.70%*	-	*0.00%*	174,033	
Other revenues	767,446	*7.48%*	490,545	*5.53%*	276,901	56.45%
Total revenues	**10,264,556**	***100.00%***	**8,875,044**	***100.00%***	**1,389,511**	**15.66%**
COGS	3,856,512	*37.57%*	3,637,568	*40.99%*	218,944	6.02%
Gross profit	**6,408,044**	***62.43%***	**5,237,476**	***59.01%***	**1,170,567**	**22.35%**
S&M costs	2,295,219	*22.36%*	2,083,126	*23.47%*	212,093	10.18%
R&D costs	319,954	*3.12%*	63,276	*0.71%*	256,678	405.65%
General costs	2,514,935	*24.50%*	2,425,065	*27.32%*	89,870	3.71%
Total costs	***5,130,108***	***49.98%***	***4,571,467***	***51.51%***	***558,641***	***12.22%***
EBITDA	**1,277,935**	***12.45%***	**666,010**	***7.50%***	**611,926**	**91.88%**
Amortisation, depreciation and provisions	1,239,246	*12.07%*	842,348	*9.49%*	396,898	47.12%
EBIT	**38,690**	***0.38%***	**(176,339)**	***-1.99%***	**215,028**	**-121.94%**
Financial operations	1,153,865	*11.24%*	33,278	*0.37%*	1,120,587	3367.38%
EBT	**1,192,554**	***11.62%***	**(143,061)**	***-1.61%***	**1,335,615**	**-933.60%**
Income tax	8,955	*0.09%*	40,918	*0.46%*	- 31,963	-78.11%
Prepaid tax	(26,188)	*-0.26%*	(127,262)	*-1.43%*	101,074	-79.42%
Deferred tax	(15,125)	*-0.15%*	9,625	*0.11%*	- 24,750	-257.14%
Period profit (loss)	**1,224,912**	***11.93%***	**(66,342)**	***-0.75%***	**1,291,254**	**-1946.35%**

The following table showing some profitability indexes, compared with the same indexes relating to the financial statements of the previous year, provides a better illustration of the income situation.

	31/12/2016	31/12/2015
Net ROE (Net result/Net capital)	0.28	(0.01)
Gross ROE (EBT/Net capital)	0.27	(0.03)

ROI (EBITDA/Net capital)	0.06	0.04
ROS (EBITDA/Income from sales)	0.13	0.08

The company's income indexes all show a clear improvement on the previous period, thereby further confirming the positive performance of the year just ended, as indeed stressed in the introduction to this paragraph.

Main equity figures for MailUp

The reclassified balance sheet of the company, as compared with that of the previous year, is as follows (figures are expressed in euros):

Description	31/12/2016	31/12/2015	delta	delta %
Intangible fixed assets	3,660,657	3,361,555	299,102	8.90%
Tangible fixed assets	629,282	651,083	(21,801)	-3.35%
Financial fixed assets	11,416,878	10,894,241	522,637	4.80%
Fixed assets	**15,706,817**	**14,906,878**	**799,938**	**5.37%**
Trade receivables	1,156,163	1,083,040	73,123	6.75%
Receivables from subsidiaries	273,735	199,572	74,164	37.16%
Receivables from associated companies	49,554	-	49,554	
Trade payables	(691,622)	(685,022)	(6,600)	0.96%
Amounts due to subsidiaries	(2,207,811)	(2,064,399)	(143,411)	6.95%
Amounts due to associated companies	(4,921)	-	(4,921)	
Commercial working capital	**(1,424,901)**	**(1,466,810)**	**41,908**	**-2.86%**
Tax receivables and payables	423,436	414,493	8,943	2.16%
Accruals and deferrals	(4,949,607)	(3,610,430)	(1,339,177)	37.09%
Other receivables and payables	(3,314,133)	(4,372,923)	1,058,790	-24.21%
Net working capital	**(9,265,205)**	**(9,035,669)**	**(229,536)**	**2.54%**
Provisions for risks and charges	(60,489)	(135,614)	75,125	-55.40%
Provision for severance indemnity (TFR)	(387,921)	(278,290)	(109,632)	39.39%
Net invested capital	**5,993,202**	**5,457,306**	**535,896**	**9.82%**
Share capital	283,266	216,667	66,599	30.74%
Legal reserve	60,000	40,000	20,000	50.00%
Other reserves	4,252,492	4,301,095	(48,603)	-1.13%
Profits/losses carried forward	(178,029)	-	(178,029)	
Period profit (loss)	1,224,912	(66,342)	1,291,254	-1946.35%
Shareholders' equity	**5,642,640**	**4,491,419**	**1,151,221**	**25.63%**
Short-term payables/(cash)	(1,833,084)	(542,448)	(1,290,636)	237.93%
Medium/long-term payables	2,183,645	1,508,335	675,310	44.77%
Net financial position	**350,561**	**965,887**	**(615,326)**	**-63.71%**

Total sources	5,993,202	5,457,306	535,895	9.82%

In order to provide a better description of the company's equity solidity, the table below shows a few balance sheet indexes relating to both (i) the method of financing medium/long-term commitments and (ii) the breakdown of the sources of finance, compared with the same balance sheet indicators for the previous years.

	31/12/2016	31/12/2015
Primary structure margin (Own funds - Fixed assets)	(10,666,964)	(10,889,953)
Primary structure ratio (Own funds/Fixed assets)	0.35	0.29
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(7,934,906)	(8,967,715)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.51	0.42

Data for MailUp alone better reveals the impact of acquisitions on the Balance Sheet structure than that of the Group. Equity investments in fact account for 69% of fixed assets and more than 50% of total assets. The growth path for external lines has made a key contribution towards achieving the excellent economic results booked by the parent company and Group this year.

Main financial figures for MailUp

The company's net financial position as of 31 December 2016 was as follows (in euros):

NET FINANCIAL POSITION	31/12/2016	31/12/2015	DELTA	% DELTA
Current financial assets	**3,023,456**	**1,086,336**	**1,937,120**	**178%**
Third parties	-	-	-	0%
Liquid funds	3,023,456	1,086,336	1,937,120	178%
Current financial liabilities	**1,190,373**	**543,889**	**646,484**	**119%**
Third parties	1,173,623	510,473	663,151	130%
Other lenders	16,750	33,416	(16,666)	0%
CURRENT FINANCIAL POSITION	**(1,833,084)**	**(542,448)**	**(1,290,636)**	**238%**
Non-current financial assets	**-**	**-**	**-**	**0%**
Third parties	-	-	-	0%
Liquid funds	-	-	-	0%
Non-current financial liabilities	**2,183,645**	**1,508,335**	**675,310**	**45%**
Third parties	2,183,645	1,508,335	675,310	45%
Other lenders			(16,666)	-50%
NON-CURRENT FINANCIAL POSITION	**2,183,645**	**1,508,335**	**675,310**	**45%**
NET FINANCIAL POSITION	**350,561**	**965,887**	**(615,326)**	**-64%**

The following table showing some balance sheet indicators of the company, compared with the same indicators relating to previous years, provides a better illustration of the financial situation.

	31/12/2016	31/12/2015
Primary liquidity (Immediate and deferred liq./Current liabilities)	0.33	0.20
Secondary liquidity (Current assets/Current liabilities)	0.42	0.25

Debt (Net debt/Shareholders' equity)	2.81	2.98
Fixed asset hedging rate (Own capital + Consolidated liabilities)/Fixed assets	0.45	0.43

In addition to that already recalled previously on the consolidated financial indicators, and stressed again here, please note that the company has at length benefited from the liquidity generated by its core business. More specifically, the collection of annual fees in advance and the consequent deferred income on the part of future accounting competency mechanism, have represented, and indeed continue to represent the main source of finance, which, moreover, is inexpensive and rises proportionally according to the systematic growth of turnover seen over time. Part of these resources have been allocated, together with those deriving from funding on the AIM market and the medium-term bank debt leverage, in support of the strategic growth project by external lines and globalisation that the company has pursued since its listing.

Information pertaining to the environment and workforce

Considering the social role played by the business, we believe it appropriate to provide the following information on the environment and staff.

Workforce

During the year, no incidents took place nor any injuries at work involving staff on the payroll nor indeed were any charges recorded with regards to occupational diseases on employees or former employees and mobbing cases.
As at 31 December 2016, the Group's workforce numbers 142 employees, of whom 2 managers, 7 middle managers, 132 white-collar workers and 1 labourer.
As at 31 December 2015, the Group's workforce numbered 132 employees, of whom 2 managers, 4 middle managers, 125 white-collar workers and 1 labourer.
At year end, the MailUp workforce totalled 58 employees, of whom 2 middle managers and 56 white-collar workers.
The Group has always been committed to safeguarding relations with employees; at present, there are no employment law disputes in progress.

Environment

Please note that the type of business carried out by the company does not entail risks nor any onset of situations that may damage the environment.

Investments

During the year, consolidated investments were made in the following areas:

Fixed assets	Period acquisitions
Platform development costs	1,318,109
Development of BEE software	211,694
Third party software	51,656
Trademarks	9,668
IT infrastructure, electronic office machines and office furniture	254,174

of which investments pertaining to the parent company alone, as follows:

Fixed assets	Period acquisitions
Platform development costs	1,439,450
Third party software	42,156
Trademarks	9,668
IT infrastructures and electronic office machines	243,440

Given the nature of its business, the investments made by MailUp are historically concentrated on intangible assets and, in particular, on the incremental development of the proprietary digital marketing platform, of which, for 2016, specific details are given in the next paragraph. Development projects still in progress at year end are included, entered under Platform development costs, amortisation of which will start upon completion of the related project.

Research and development

In accordance with Art. 2428, paragraph 2, number 1, it is specified that during the year, MailUp entered development costs in the amount of Euro 1,439,450. At year end, net of amortisation/depreciation, these were Euro 3,484,273. The parent company mainly pursues the incremental development of the MailUp® platform for the management and professional sending of newsletters, e-mails and text messages, accessible over the internet in SaaS (Software-as-a-Service) mode. The costs incurred for this development were capitalised by virtue of the future economic use, certifying the potential economic and financial recovery of the investment. Within the Group, the parent company alone carries out research and development. 2016 developments relative to BEE software for Euro 211,694 net of the inter-company margin, are also worthy of notice, conferred to the subsidiary MailUp Inc at end 2016.

Below is a summary of the main development activities carried out.

New functionalities were included in the MailUp® platform as part of the systematic incremental development, updating and innovation process, which has always been a strong point of the platform. Development activities have focused on the analysis of usability of the platform and revision of the user interface, resulting in the release, in February 2017, of the version MailUp 9 of the platform, as well as on the development of innovative new modules based on the philosophy of "embeddable plugin", that is, the creation of services that may be offered separately in the future, as was the case for BEEPlugin and BEEPro. New features were also developed:

- "Simplified Automation" that allows creating automation with a simplified "drag and drop" interface. This function can be used for example to create "Welcome series", i.e. a series of automated e-mails timed from the date of registration, happy birthday e-mail or automatic e-mail following the abandonment of a cart on an e-commerce website. This type of e-mail is referred to as "transactional" because it is not sent as mass e-mail but only after a specific event related to a specific recipient and is among the most effective e-mail marketing methods as evidenced by the 2016 E-mail Marketing Observatory Research.
- "Landing page" that allows using the same "editor" to create e-mails also for the creation of landing web pages, useful not only following the sending of marketing e-mails, but also suitable for those who send SMS marketing campaigns. In fact, it resolves with simplicity the need to have "responsive" landing pages, i.e. suitable to be displayed effectively even on mobile devices, adapting the content and layout to the type of display.
- New API (application programming interface) methods that allow more sophisticated integrations between the MailUp® platform and customer digital applications and activate the positive externalities of the digital ecosystem, with several companies and programmers that have decided to independently develop integrations between the MailUp service and third-party applications/services. This led to the creation of Pymailup, a library in Python language that simplifies integration with Python, Prestashop systems, one of the most popular e-commerce platforms, MS Dynamics CRM, Drupal SMS and others such as the new integration with Magento that will be released in open-source mode.

As mentioned above, in FY 2016, development focussed mainly on the launch of **MailUp 9**, the completely redesigned version of the platform, enriched with new functions for the automation of e-mail and SMS marketing. MailUp 9 is one of the most important releases of the platform, the result of a major intervention on the user experience and comes with an all-new interface, thanks to the graphical redesign and reorganisation according to functional areas, with the aim of offering businesses an even simpler, more user-friendly browsing. Research continues on Marketing Automation technology, with MailUp 9 introducing new functions for the creation of work flows: as from today, users can now create automatic processes to deliver multi-channel campaigns in a timely, customised fashion. In the area dedicated to the creation of e-mails, MailUp 9 then introduces Collaboration, an innovative tool by which to share pre-launch stages of the campaign, allowing colleagues or customers to collaborate on all aspects of the message, through to final approval.

Again, under the scope of research and development, a significant amount of the work carried out regarded the development of the "**Innovative Big Data Analytics System**", as discussed previously in the part on the significant events of the year.

Transactions with subsidiaries, associates, parents and other related companies

During the year, transactions were implemented with subsidiaries coming under the Group scope and with other related parties, as part of the company’s core business. Interventions all aimed to promote the development in a synergic context that enables positive integrations in the Group environment. No atypical or unusual operations were carried out with respect to normal business management. Operations essentially regard the exchange of assets, the provisions of services, the supply and use of financial means. Said relations come under the scope of ordinary business management and are stipulated at arm's length, or at the conditions that would have been established between independent parties.

Company name	Fixed receivables	Trade receivables	Trade payables	Other payables	Dividends	Sales	Purchases
Network Srl		20,000	885,475			40,000	2,317,787
Agile Telecom SpA		100,721	496,901	814,372	1,192,140	90,355	735,301
Globase International ApS		2,491				2,891	
Mailup Inc	142,301	150,523	11,063			236,601	123,950
Subsidiaries	**142,301**	**273,735**	**1,393,439**	**814,372**	**1,192,140**	**369,847**	**3,177,037**
Consorzio CRIT Scarl	14,641	49,554	4,921			38,240	10,134
Associates	**14,641**	**49,554**	**4,921**	**-**	**-**	**38,240**	**10,134**
Grafo Ventures di Giandomenico Sica		-	9,818				40,931
Zoidberg Srl				3,778,324			
Other related parties	**-**	**-**	**9,818**	**3,778,324**	**-**	**-**	**40,931**

With regards to the table above, please note that other payables due to Agile Telecom (Euro 814,372 vs the original Euro 1,206,512) are represented by the residual assumption of debt by the seller with regards to Agile, which took place when the controlling share was acquired by the parent company. The amount payable to Zoidberg of Euro 3,778,324 is the estimated earn out to be recognised by 30 June 2016 to the seller of Agile Telecom, under the purchase and sale contract stipulated by the parties on 29 December 2015.
An interest-bearing loan is also in place, disbursed in 2016 by the parent company MailUp Nordics, in turn a 100% subsidiary of MailUp, in favour of the Swedish subsidiary Globase International ApS, for Euro 203,693 as at 31 December 2016.

Treasury stock and shares/holdings in parent companies

MailUp owns 42,420 own shares, for a total of Euro 112,466, purchased partly in 2015, for a price of Euro 57,502 and for the remainder, in FY 2016, for the price of Euro 54,964. Following the completion of the first own share purchase programme, on 28 April 2016, the shareholders' meeting resolved to authorise purchases and disposals of own shares as from the same date of the meeting and for 18 months of that date, in an amount that can be freely decided by the Board, up to a maximum number of shares that shall not exceed 10% of the share capital. The purchase price of each share must be no less and no more than 15% of the reference price recorded by the share during the stock market session of the day prior to each individual transaction. Due to the limited liquidity and reduced trade typical of the AIM market, which could have compromised and/or prevented the achievement of the objectives envisaged of the own share purchase programme, the company availed itself of the faculty to purchase daily volumes of up to 50% of the average daily volume of shares traded on the market, always in compliance with Regulation (EC) no. 2273/2003 of 22 December 2003.

Disclosure relative to risks and uncertainties pursuant to Art. 2428, subsection 2, point 6-bis of the Italian Civil Code

The company is exposed to various types of risks. The company's strategy aims to limit exposure to these risks by means of suitable, specific risk management policies that envisage analyses, monitoring and control of the risks. The following is a series of quantitative information on aimed at providing indications as to the dimension of company risk exposure.

Risk connected with the general economic trend

The economic-financial position of the companies belonging to the Group, is influenced by all factors comprising the Italian and international macroeconomic context. During the reporting period, despite the modest signs of recovery, situations of uncertainty continue to persist in economic terms in general. This phase is following a long period of recession that has resulted in a significant deterioration of the economy. In Italy, like in other EU countries, widespread austerity measures have been adopted, which have negatively influenced consumer trust, their buying power and spending capacity. In this difficult macroeconomic situation, the MailUp Group has successfully grown and achieved important objectives, but the crisis of the Eurozone countries and unforeseeable effects of its continuation, may in any case have negative effects on the Group business.

Market risks

The sectors in which MailUp and the Group operates are characterised by rapid technological development and suffer the competitive pressure deriving from the development of technology. The Group and company's success depends, amongst other aspects, on the capacity to innovative and strengthen its technologies, in order to respond to the technological progress in the sector in which it operates. The Group consequently finds itself having to cope with a more acute competition by virtue of the emerging technologies and services that may be introduced or implemented in the future. The new technologies, in fact, may limit or reduce the company's business and/or encourage the development and growth of new operators. In particular, the SMS system may be surpassed by other network-based systems (such as Messenger, WhatsApp, WeChat, Push Notifications), with the consequence that the company may not be able to successfully and/or quickly manage any transition to the use of these platforms.

If the solutions offered by the Group should be unable to satisfy the needs of clients and/or respond to technological progress, the company will need to be able to improve its technological platform quickly and develop and introduce new services, new applications and new solutions onto the market quickly and at competitive prices. The Group's incapacity to improve, develop, introduce and supply services quickly that are able to satisfy market demands, including in technological terms, may have a negative impact on operating results or may make the services offered by the Group obsolete. In order to maintain its competitiveness on the market, the Group will therefore need to invest in research and development, with a high capacity to adjust to continue to respond to the rapid technological changes and constantly develop the characteristics of its services so as to respond to the changing market demands.

If the Group should be unable to adjust promptly to the technological evolution and/or the introduction of a new technology, negative effects may be seen on the consolidated economic, equity and financial position.

Credit risk

The credit risk is the exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the finance and administration department, which, on the basis of formalised assessment and appointment procedures of commercial partners, seeks to minimise the risk. Following the economy's difficulties, stricter procedures have been adopted to quantify and control client risk levels. In order to reduce the risk of insolvency deriving from trade receivables, a series of measures has been introduced aiming to encourage the use of electronic payment systems (credit cards, PayPal) by customers, for example strengthening and innovating the e-commerce sale system. This choice resulted in the constant growth of collections made by electronic payment systems, improving the quality of trade receivables and reducing the impact of the costs of debt collection.
It must be considered that the financial assets of the Group have a good credit standing.

Liquidity risk

The liquidity risk consists of the impossibility of respecting payment commitments due to difficulties in obtaining funds or liquidating assets on the market. The consequence is a negative impact on the economic results if the Group is forced to incur additional costs to fulfil its commitments or, as an extreme consequence, a situation of insolvency that risks the company as a going concern. At present, also thanks to its listing on the AIM market and the excellent relations with the

banking system, the MailUp Group enjoys a good level of liquidity and reduced debt, aimed exclusively at growth by external lines, implemented through acquisitions, during the second half of 2015, of subsidiaries. This process enabled the doubling up of volumes of revenues with respect to the previous year and the booking of excellent results for 2016.
In order to optimise the management of financial resources, reducing the liquidity risk, the Group has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with the business planning process. The foreseeable cash flow for FY 2017 includes, in addition to the dynamics of working capital and investments, also the effects of the maturity of current liabilities. The Group expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that in FY 2017, financial resources can be generated that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.
It is considered that the liquidity risk is not significant.
With reference to the requirements laid down by Art. 2428, paragraph 3, point 6-*bis* of the Italian Civil Code in connection with the company's use of financial instruments, it is specified that no contracts have been stipulated in relation to financial instruments.

Interest rate risk
At end 2015 and in the first half of 2016, the parent company obtained financial resources through banks to cope with extraordinary operations of growth by external lines. As at 31 December 2016, consolidated bank debt is Euro 3,491,022, of which Euro 1,244,878 in the short-term, as compared with liquid funds of Euro 4,461,219.
The underlying loan contracts envisage terms and conditions that are in line with market practice.
The loans are connected with the risk of interest rate changes, as they are negotiated at variable rates. It cannot be excluded that growth of interest rates may result in an increase in costs connected with the financing of debt, with consequent negative effects on the company's economic-financial position.

Exchange rate risk
There are trade receivables and payables held in foreign currencies by MailUp, for limited amounts, mainly with regards to the American subsidiary MailUp Inc., as well as marginal amounts for trade payables in foreign currencies with third party suppliers. The companies relating to the subsidiary MailUp Nordics, in particular, Globase International, operate on the Danish and Northern European market and the consolidated assets and liabilities on these financial statements are originally held in Danish Krone. The Danish Krone/Euro exchange rate is extremely stable and historically oscillates only minimally. Exposure to risks connected with exchange rate fluctuation is therefore very limited. Under this scope, we also note the presence of a financial receivable held in US dollars due to MailUp Inc., in the amount of Euro 142,301 as at 31 December 2016, for a loan disbursed by the parent company in lieu of a previous loan that had been fully repaid during the year, as per specific contract provisions.

Conversion exchange rate risk
MailUp holds an equity investment in MailUp Inc. with registered office in San Francisco, the USA. The equity investment is booked for a value of Euro 499,514 and is therefore subject to changes in the Euro/Dollar exchange rate, noted on the consolidated financial statements in the "conversion" reserve. It also has a shareholding in the subsidiary MailUp Nordics for a total amount of Euro 800,000 subject to the Danish Krone/Euro exchange rate risk. It is pointed out, as already mentioned above, that the Danish Krone/Euro exchange rate is extremely stable and presents very low volatility risks. Although it monitors exposure to the risk of conversion exchange rates, the Group is only slightly subject to it.

Risk of recovery/impairment assets
The risk of recovering the value of the assets held by the Group takes concrete form in connection with the economic performance of the companies consolidated and the capacity to produce sufficient cash flow to guarantee recovery of the investment value.
This risk is monitored by the management through the regular verification of economic results, including under the scope of specific valuation procedures, such as, for example, by carrying out impairment tests at least once a year.

Significant events after the end of the accounting period

Thanks to the access to six new geographic areas, including countries and territories overseas, MailUp has achieved **global cover for its SMS messaging service**, enabling its customers in all sectors to send SMS messages to all countries worldwide. A capillary presence in 226 networks that guarantees the MailUp® platform delivery of text messages on any mobile carrier. Achieving global coverage comes as part of the aim of strengthening and developing the SMS channel, a MailUp asset that grows constantly, as confirmed by the organic growth and acquisition of Agile Telecom.

On 27 February 2017, the **merger by acquisition took place of Network Srl into MailUp**, as mentioned previously. There was no opposition to the merger decision. In accordance with Art. 2504-*bis* of the Italian Civil Code, the merger will take effect as from the date of the last of the entries prescribed by Art. 2504 of the Italian Civil Code, which took place on 20 March 2017. In compliance with the faculty admitted by Art. 2504-*bis* of the Italian Civil Code and paragraph 9 of Art. 172 of the Consolidated Income Tax Act, the effects of the merger, both on the accounts and tax, shall apply as from 1 January of the year in which the last entry is made with Companies House of the merger deed, as envisaged by Art. 2504 of the Italian Civil Code.
On 01 February 2017, **MailUp 9** was launched, the all-new design version of the platform, enriched with new functions for automation and e-mail and SMS marketing. MailUp 9 is one of the most important releases of the platform, the result of a major intervention on the user experience. MailUp 9 comes with an all-new interface, thanks to the graphical redesign and reorganisation according to functional areas, with the aim of offering businesses an even simpler, more user-friendly browsing.

MailUp has also launched the new institutional website www.mailupgroup.com, a meeting point of the corporate dimension of MailUp and the community of investors, analysts and media, the new website offers complete news, financial data and investors documents released by the Group. The website represents the communication and meeting space between the parent company and its subsidiaries - Acumbamail, Globase, Agile Telecom and the BEE business unit, to describe the corporate evolution of MailUp S.p.A., in the recent past and in developments to come.

Outlook

The Group intends to continue to further develop its business and services through a profitable growth process, in order to successfully gain standing and reinforce its position in the reference sector. To this end, in particular, the aim is to proceed with the following:

- the incremental improvement of the MailUp® platform, in particular with the introduction of new functionalities and the simplification of existing ones; more specifically, the evolution will regard mobile marketing, single customer view supported by big data and artificial intelligence systems, customer journey management and the introduction of new, innovative communication channels;
- investments in marketing & sales as necessary to increase the customer base, both in Italy and abroad, through international marketing campaigns and business development in select contexts;
- the incremental improvement of the Acumbamail platform, with the introduction of the new SMS channel and the localization in other markets;
- the incremental improvement of the Agile Telecom platform, with the introduction of new SMS price calculation automation systems of the various suppliers and the stipulation of new interconnection agreements;
- the progressive migration of Globase customers to the MailUp® platform;
- focussed business development aimed, amongst others, at developing new contacts with partners (suppliers of SaaS cloud systems, software and digital services) and retailers (such as, for example, hosting and telecommunications providers), which can speed up market penetration;
- focussed investments on improving performance in order to reduce the rate of clients lost and improve the use of its services, the on-boarding (i.e. service activation) process, the functions and integrations with external systems in order to improve the client conversion rate (intended as the ratio of potential clients and clients acquired);
- the introduction of new services, which should allow for an increase in client spending, despite the fact that it is already driven to upgrade the service following the increase in the list of addressees and consequent increase of sending time. These also include strengthening the SMS services;
- investments aiming to develop integrations between the services supplied and other e-commerce systems, CRM and CMS;
- acquisition of systems, software and technologies under the scope of marketing technologies on cloud, which enable a rapid expansion of the service portfolio or the attack of market brackets that have thus far not been overly targeted;
- corporate acquisitions in foreign countries in order to speed up the entry into new markets.

The Group does not, moreover, exclude the possibility of potentially increasing its market share in the medium-term for external lines by acquiring or collaborating on a commercial level with other companies operating on the reference market or other related markets, assessing the relevant value of such both in strategic and financial terms.

Organisation and management models of Italian Legislative Decree no. 231/2001

In 2015, MailUp adopted its own organisation and management model compliant with the requirements laid down by Italian Legislative Decree 231/2001. More specifically, in 2016, it implemented the above, providing specific training to its employees and implementing the related operating procedures. The newly-acquired companies have not yet adopted the Issuer's model.

Personal data processing

In compliance with Italian Legislative Decree no. 196 of 30/06/2003, in relation to the Personal Data Protection Code ("Consolidated Privacy Law"), the Group has, through formal communications, appointed the data controllers and data supervisors. MailUp has always paid particularly close attention to the correct application of the Privacy Code, even outside normal legislative obligations, in view of the strategic importance, for its business, of the impeccable management of client databases included on the MailUp® platform. MailUp is in fact appointed by clients as External Controller for the processing of personal data as required in order to send out commercial communications in the form of newsletters, e-mails, text messages and social messages, through the platform. The internal procedures on these matters are constantly formalised, monitored and updated, as is specific training of employees. The Group has also for years been assisted by legal advisors of proven competence and experience, on both a national and international level, on the specific matters of privacy and digital marketing. The prevention and fight against potential abuse by clients in this area is also closely monitored, thanks to a dedicated technical department and the adoption of particularly strict, protective contractual regulations.

Allocation of the year's result

We propose to the shareholders' meeting that the MailUp period result be allocated as follows:

Period result as at 31/12/2016	**Euro**	**1,224,912**
to the extraordinary reserve	Euro	1,224,912

We thank you for your confidence and we request that you approve the financial statements presented here.

Chairman of the Board of Directors
Matteo Monfredini

Group consolidated financial statements as at 31 December 2016

Balance Sheet	Notes	31/12/2016	31/12/2015
Non-current assets			
Tangible assets	1	709,130	754,331
Intangible assets	2	3,756,336	3,107,057
Goodwill	3	10,387,313	10,387,312
Equity investments in associates and joint ventures	4	102,000	-
Other non-current assets	5	69,653	136,348
Prepaid tax assets	6	785,139	647,377
Total non-current assets		**15,809,570**	**15,032,426**
Current assets			
Trade and other receivables	7	3,396,264	2,866,722
Other current assets	8	1,742,954	729,462
Liquid funds and equivalent	9	4,461,219	3,265,717
Total current assets		**9,600,437**	**6,861,901**
Total assets		**25,410,007**	**21,894,327**

Balance sheet - Liabilities		31/12/2016	31/12/2015
Group Shareholders' Equity			
Share capital	10	283,266	216,667
Reserves	11	5,896,510	6,068,373
Period result		780,519	(114,822)
Shareholders' equity of minority interests	12	59,959	29,010
Total shareholders' equity		**7,020,253**	**6,199,228**
Non-current liabilities			
Amounts due to banks and other lenders	13	2,246,145	1,570,836
Other non-current liabilities		-	-
Provisions for risks and charges	14	57,739	117,739
Staff funds	15	933,526	698,650
Deferred tax liabilities	16	31,287	33,345
Total non-current liabilities		**3,268,697**	**2,420,569**
Current liabilities			
Trade and other payables	17	2,947,547	2,320,263
Amounts due to banks and other lenders	18	1,261,627	671,038
Other current liabilities	19	10,911,883	10,283,230
Total current liabilities		**15,121,057**	**13,274,530**

Total liabilities		**25,410,007**	**21,894,327**
Income Statement	**Notes**	**31/12/2016**	**31/12/2015**
Revenues	20	21,114,120	9,309,629
Other income	21	527,718	147,282
Total revenues		**21,641,838**	**9,456,911**
Costs for services	22	(13,358,194)	(5,623,677)
Payroll costs	23	(6,761,317)	(4,531,071)
Capitalisation of payroll costs for development activities	24	1,254,487	1,541,677
Other operating expenses	25	(362,603)	(169,395)
EBITDA		**2,414,212**	**674,445**
Amortisation, depreciation and impairment	26	(1,228,268)	(815,660)
EBIT		**1,185,944**	**(141,214)**
Financial expense	27	(70,639)	(16,392)
Financial income	28	12,496	40,898
Portion of result pertaining to associates and joint ventures		-	-
Impairment of non-current assets		-	-
Pre-tax profit		**1,127,801**	**(116,709)**
Income tax	29	(315,433)	16,218
Net period result		**812,367**	**(100,491)**
of which net result pertaining to minorities		31,489	14,330
Net Group result		**780,519**	**(114,821)**
Other items of the statement of comprehensive income			
Profit/(loss) that will not be subsequently reclassified to the period result			
Actuarial profit (loss) net of the tax effect		(49,924)	(40,272)
Profit/(loss) that will be subsequently reclassified to the period result			
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the euro		6,697	(16,501)
Comprehensive period profit/(loss)		**769,140**	**(157,264)**
Period profit to be assigned to:			
Shareholders of the parent company		737,292	(171,594)
Minority shareholders		31,849	14,330
Earnings per share:			
basic	30	0.074	(0.017)

diluted	30	0.072	(0.017)

Consolidated statement of changes in equity

Figures in euros	01/01/2015	Allocation of MailUp result	Share capital increase (*)	Change to share premium reserve (*)	Purchase of own shares	Comprehensive IS result	Stock option plan	Other transactions linked to the transition to IAS	Period result	31/12/2015
Share capital	200,000		16,667							216,667
Share premium reserve	2,751,664			1,983,333				(41,323)		4,693,674
Legal reserve	5,656	34,344								40,000
Extraordinary reserve	125,866	168,361								294,226
Reserve for treasury stock	-				(57,502)					(57,502)
Reserve for exchange rate gains	-									-
Profit/(loss) carried forward	47,638							1,707,347		1,754,985
Stock option reserve	-									-
OCI reserve	19,423					(86,117)				(66,694)
FTA reserve	(590,317)									(590,317)
Other reserves	(139,287)							139,287		-
Period result		-							(114,821)	(114,821)
Shareholders' equity	**2,420,642**	**202,704**	**16,667**	**1,983,333**	**(57,502)**	**(86,117)**	**-**	**1,805,311**	**(114,821)**	**6,170,218**

(*) As resolved by the ordinary shareholders' meeting on 23 December 2015

Figures in euros	31/12/2015	Allocation of MailUp result	Share capital increase (*)	Change to share premium reserve	Purchase of own shares	Comprehensive IS result	Stock option plan	Other transactions linked to the transition to IAS	Period result	31/12/2016
Share capital	216,667		65,000				1,599			283,266
Share premium reserve	4,693,674							(85,953)		4,607,721
Legal reserve	40,000	20,000								60,000
Extraordinary reserve	294,226	66,397	(65,000)							295,624
Reserve for treasury stock	(57,502)				(54,964)					(112,466)
Reserve for exchange rate gains	-	25,289								25,289
Profit/(loss) carried forward	1,754,985	(114,821)						(166,192)		1,473,972
Stock option reserve	-						243,316			243,316
OCI reserve	(66,694)					(43,227)		3,293		(106,628)
FTA reserve	(590,317)									(590,317)
Period result	(114,821)	114,821							780,519	780,519
Shareholders' equity	**6,170,218**	**111,686**	**-**	**-**	**(54,964)**	**(43,227)**	**244,915**	**(248,852)**	**780,519**	**6,960,294**

(*) As resolved by the ordinary shareholders' meeting on 29 March 2016

Please note that "Other transactions linked to the transition to IAS" derive from the application of the international accounting standards IAS/IFRS, which have affected the make-up of shareholders' equity, both for FY 2015 and the year under review. More specifically, it regards the allocation of the FY 2015 profit, deriving from the application of the Italian Accounting Standards (OIC) and the costs connected with share capital increases reclassified under items of shareholders' equity in compliance with IAS/IFRS standards.

Consolidated statement of cash flows

	Description	31/12/2016	31/12/2015
	Period profit (loss)	812,367	(100,491)
	Income tax	495,981	87,576
	Deferred/(prepaid) tax	(180,548)	(103,793)
	Interest expense/(interest income)	48,165	(24,505)
	Exchange (gains)/losses	9,978	
1	**Period profit (loss) before income tax, interest, dividends and capital gains/losses on disposals**	**1,185,944**	**(141,214)**
	Value adjustments for non-monetary elements that have no equivalent item in net working capital		
	Provisions for TFR	301,519	151,372
	Other provisions	-	63,799
	Amortisation and depreciation of fixed assets	1,206,869	815,660
	Impairment		
	Other adjustments for non-monetary items		578,334
2	**Cash flow before changes in NWC**	**2,694,331**	**1,467,950**
	Changes to net working capital		
	Decrease/(increase) in trade receivables	(529,542)	(1,472,957)
	Increase/(decrease) in trade payables	627,285	1,547,203
	Decrease/(increase) in accrued income and prepaid expenses	24,410	(99,369)
	Increase/(decrease) in accrued liabilities and deferred income	1,301,589	624,358
	Other changes in net working capital	(1,206,529)	5,391,843
3	**Cash flow after changes in NWC**	**2,911,544**	**7,459,029**
	Other adjustments		
	Interest collected/(paid)	(29,016)	5,082
	(Income tax paid)	(981,375)	(206,911)
	(Use of provisions)	(70,334)	(52,616)
4	**Cash flow after other adjustments**	**1,830,818**	**7,204,582**
A	**Cash flow from operations**	**1,830,818**	**7,204,582**
	Tangible fixed assets	(254,175)	(307,723)
	(Investments)	*(254,175)*	*(307,723)*
	Divestment realisation price		
	Intangible fixed assets	(1,556,772)	(9,027,725)
	(Investments)	*(1,556,772)*	*(9,027,725)*
	Divestment realisation price		
	Financial fixed assets	(35,305)	(89,413)
	(Investments)	*(35,305)*	*(89,413)*
	Divestment realisation price		
B	**Cash flow from investments**	**(1,846,251)**	**(9,424,860)**
	Minority interest funds	1,265,900	2,182,840
	Increase (decrease) in short-term payables to banks	*2,806*	*11,924*
	Stipulation of loans	*2,000,000*	*2,187,500*
	Repayment of loans	*(736,906)*	*(16,584)*

Own funds	(54,964)	(40,835)
Share capital increase		*16,667*
Sale (purchase) of treasury shares	*(54,964)*	*(57,502)*
C Cash flow from loans	**1,210,936**	**2,142,005**
Increase (decrease) in liquid funds (A ± B ± C)	**1,195,502**	**(78,273)**
Liquid funds as at 01/01/2016	3,265,717	3,343,990
Liquid funds as at 31/12/2016	4,461,219	3,265,717
	1,195,502	**(78,273)**

MAILUP GROUP

Explanatory notes to the consolidated financial statements as at 31 December 2016

General information

The MailUp Group (hereinafter the "Group" or "MailUp Group") is an established business in the marketing technology on the cloud sector (newsletters/e-mails, text messages, social networks). It leads Italy in the ESP sector in terms of the number of e-mails sent and number of clients. The parent company MailUp S.p.A. (hereinafter "MailUp") has been listed, since July 2014, on the Borsa Italiana AIM Italia market.

Accounting standards

Criteria for the preparation of the Group consolidated financial statements

In accordance with Art. 4 of Italian Legislative Decree no. 38 of 28 February 2005,which regulates the exercise of options envisaged by Art. 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 relative to the application of international accounting standards, the parent company has exercised the faculty to voluntarily adopt, within the Group, the international financial reporting standards (hereinafter also referred to as the "IFRS"), issued by the International Accounting Standards Board (the "IASB") and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31 December 2016. The term "IFRS" is used to refer to the International Financial Reporting Standards, the revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The date of transition to the IFRS, as defined by IFRS 1 "First time adoption of IFRS" is 01 January 2015, and these 2016 financial statements present a comparative year (FY 2015). In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31 December 2016 are those in force on that date and are compliant with those adopted for preparing the opening balance sheet as at 01 January 2015, as well as the financial statements as at 31 December 2015, as restated in accordance with the IFRS and reported in the specific Appendix attached to these Notes, to which reference is made. This Appendix gives the reconciliation of the period result and shareholders' equity resulting from the financial statements prepared in accordance with the accounting standards used during the previous years (Italian Accounting Standards) and the period result and shareholders' equity according to the IFRS for the previous periods presented for comparison, as required by IFRS 1 "First time adoption of IFRS" and the related explanatory notes.

For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.

With reference to IAS 1, paragraphs 25 and 26, the directors confirm that, in view of the economic prospects, the capitalisation and financial position of the company, there is no uncertainty as the fact that the Group can operate as a going concern and that, consequently, in preparing the financial statements as at 31 December 2016, it should adopt accounting standards precisely under these terms.

The consolidated financial statements closed as at 31 December 2016 have been submitted for voluntary audit by BDO Italia S.p.A., under the appointment conferred upon it for the period 2014-2016, as the Group respects the cases for exoneration from the obligation to draw up consolidated financial statements pursuant to Art. 27 of Italian Legislative Decree no. 127/1991.

Please note that despite it holds controlling investments in Network Srl, MailUp Inc., Agile Telecom S.p.A., Acumbamail SL and MailUp Nordics A/S, MailUp is not required to prepare consolidated financial statements. However, as the parent company of subsidiaries, strictly linked in terms of the creation of value within the Group business and in connection with the AIM issuers' regulation, MailUp S.p.A. has chosen as from FY 2014 to also prepare consolidated annual accounts, this year prepared in compliance with the IAS/IFRS.

Consolidation standards applied in preparing the consolidated financial statements

The consolidated financial statements have been prepared consolidating the financial statements of the parent company on a line-by-line basis, and those of all companies in which the company directly or indirectly holds the majority of voting rights as at 31 December 2016.

Companies are defined as subsidiaries when the Parent company has the power, directly or indirectly, to manage them so as to obtain benefits from the exercise of said activities. The financial statements of subsidiaries are consolidated as from the date on which the Group acquires control of such and deconsolidated as from the date on which said control eases.

Acquisition of subsidiaries is booked according to the purchase method (purchase account).
The cost of acquisition corresponds to the current value of the assets acquired, shares issued or liabilities assumed as at the date of acquisition.
The equity investment in the associate that is scarcely significant within the Group has been accounted for using the purchase cost method.
In preparing these consolidated financial statements, the items of the assets and liabilities, as well as income and expenses of the businesses included in the consolidation area, have been stated on a line-by-line basis.
The following have then been eliminated:

- the book value of the investments held by the parent company in subsidiaries included in the consolidation area and the corresponding portions of the companies' equity;
- intra-group financial and trade receivables and payables;
- income and expenses relating to transactions implemented between consolidated companies;
- dividends distributed between group companies;
- intra-group guarantees;
- the surplus acquisition cost with respect to the current value of the shares pertaining to the group of the equity investments, is booked amongst the assets as goodwill. Any negative goodwill is booked on the income statement;
- portions of shareholders' equity and the period result pertaining to minority shareholders are highlighted separately, respectively in a specific item of the consolidated balance sheet and income statement.

The tax effects deriving from the consolidation adjustments made to the financial statements of the companies consolidated are booked, where necessary, to the provision for deferred tax or prepaid tax assets.

Full subsidiaries consolidated on a line-by-line basis

The line-by-line consolidation concerned the shareholdings of the companies listed below, for which the parent company directly holds control:

Company name	City or foreign country	Share capital	Shareholders' equity	Profit/ Loss	% held	Book value
NETWORK Srl	CREMONA (CR)	10,500	208,068	15,638	100	75,000
MAILUP INC	UNITED STATES OF AMERICA	41,183*	459,113	932	100	499,514
ACUMBAMAIL SL	SPAIN	4,500	199,862	106,162	70	499,177
MAILUP NORDICS A/S	DENMARK	67,001*	1,027,890	(5,375)	100	800,000
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	1,481,934	881,934	100	9,278,325
Total						**11,152,016**

(* historic exchange rate applied as at the date of first consolidation)

Network Srl has historically handled all the technical services relative to the MailUp® platform for the parent company (software development and maintenance, help-desk, deliverability and abuse, IT infrastructure). In a residual manner, the company also designs, develops and retails video surveillance and intelligent video analysis solutions. On 27 February 2017, the merger by acquisition took place of Network into MailUp. The merger took effect on 20 March 2017, the date on which both companies were registered with Companies House, whilst the accounting and tax effects applied as from 1 January 2017, as envisaged by specific regulations. The merger is justified by the need to simplify the company and production structure of MailUp and allowed for the simplification of administrative processes thanks to the elimination of duplications and overlapping.

MailUp Inc., established in San Francisco by the parent company in November 2011, it operated until 31 December 2016, aiming to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. In December 2016, the parent company conferred the intangible assets relating to the product BEEPlugin and BEEPro. The subsidiary therefore resolved, in service of the conferral made during FY 2016, to increase its capital reserves in accordance with local regulations. As from 2017, MailUp Inc will be responsible for the exclusive marketing of the different versions of the BEE editor.

Acumbamail S.L., a start-up founded in 2012 with registered office in Ciudad Real, Spain, has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees.

MailUp Nordics A/S controls 100% of the capital of the company **Globase International ApS**, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. The acquisition of the Danish companies aims to position the MailUp® platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, both by offering the MailUp® platform to new customers and by progressively migrating Globase platform users to MailUp.

Agile Telecom SpA with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public communication service and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCom). Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services, particularly on the wholesale SMS market. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing its business customers the best possible sending quality at the lowest possible price.

The financial statements used for the consolidation are those approved or definitively prepared by the Boards of Directors of the individual companies for approval by the respective shareholders' meetings.
The consolidated financial statements refer to the same closing date of the Parent Company.

Criteria for converting financial statements not prepared in euros

The conversion of the financial statements of the subsidiaries prepared in a currency other than the euro, the currency in which the consolidated financial statements are prepared, is carried out using the following procedures:

* the assets and liabilities have been converted at exchange rates current as at 31 December 2016;
* the items of the income statement have been converted at average exchange rates for FY 2016;
* the emerging exchange differences have been debited or credited to a specific reserve of consolidated equity named "Reserve from conversion differences";
* the exchange differences originating from the conversion of the items of equity are allocated to a specific item of equity together with those deriving from the conversion of the income statement at average exchange rates with respect to the year-end exchange rate;
* where such exists, goodwill and adjustments to fair value connected with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the exchange rate in force on the date of first consolidation.

Tables of the financial statements

The tables of the financial statements used have the following characteristics:
a) on the Balance Sheet - Statement of financial position, the assets and liabilities are stated in increasing order of liquidity; an asset/liability is classified as current when it meets one of the following criteria:
- it is expected to be realised/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realised/extinguished within 12 months of year end.
If none of these three conditions are met, the assets/liabilities are classified as not current;
b) on the Income Statement, the positive and negative items of income are stated according to nature;
c) Other comprehensive income highlights all changes to Other comprehensive profits (losses) occurring during the year, generated by transactions other than those implemented with Shareholders and in accordance with the specific IAS/IFRS accounting standards. The Company has chosen to show said changes in a separate statement with respect to the Income Statement. Changes to Other comprehensive profits (losses) are stated net of the related tax effects, separately identifying,

in accordance with IAS 1R in force as from 01 January 2013, the components intended to be reversed on the income statement in subsequent years and those for which there is no provision for any reversal on the income statement;
d) the Statement of changes to shareholders' equity, as required by international accounting standards, provides separate evidence of the period result and all other changes not carried on the Income Statement, but instead allocated directly to Other comprehensive profits (losses) on the basis of specific IAS/IFRS accounting standards and transactions with Shareholders in their capacity as Shareholders;
e) the Statement of Cash Flows is prepared applying the indirect method.

Measurement criteria

Tangible assets

These mainly consist of:

a) Plants and machinery
b) Furniture and fittings
c) Electronic office machines

Tangible assets are booked at the cost of purchase or production, including accessory expenses and net of the related depreciation.
Routine maintenance costs are charged in full to the income statement. Costs for improvements, modernisation and transformations intended to increase value are carried as assets.

Depreciation starts when the assets become available for use.
Depreciation is calculated on a straight-line basis, according to the estimated useful life of the related assets, revised from time to time if necessary, applying the following percentages, which have not changed from the previous year and with application of monthly depreciation according to the month of purchase or commissioning of the asset:

- Plant and machinery:
  - Generic and specific plants: 20%
  - Anti-break-in systems: 30%
- Other assets:
  - Furniture and fittings: 12%
  - Electronic office machines: 20%
  - Signs: 20%

Assets with a unit value of less than Euro 516.46, susceptible to autonomous use, are registered in full to the income statement.

Intangible assets

An intangible asset is booked only when it can be identified, it is subject to the company's control, it is destined to generate future economic benefits and if its cost can be determined.

Intangible fixed assets are initially recorded at historic purchase cost or cost of internal production and stated net of the amortisation charged over the years, charged directly to the individual items.
If impairment is noted, the intangible asset is written down accordingly, in line with the criteria set forth in the next standard "Impairment of intangible assets and equity investments".

Amortisation rates are revised annually and altered if the estimated useful life differs from that estimated previously. The estimated useful life is five years for development costs; five years for third party software; five years for trademarks and other intangible fixed assets.
Development of the platform, third party software and trademarks are amortised according to their assumed possible use, so as to ensure that the net value at period end corresponds to their residual possible use. Amortisation/depreciation starts when an asset becomes available for use and the corresponding development project completed. Platform development, recorded with the consent of the Board of Auditors, includes the development costs incurred internally to create and innovate the MailUp® platform. Costs are capitalised only when the following can be shown:

- the intention to implement the intangible asset for use or sale;
- the capacity to use or sell the intangible asset;

- the capacity to reliably value the cost attributable to the intangible asset during its development;
- the availability of technical, financial or other resources, suitable to complete the development and use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.

Other fixed assets, registered with the consent of the Board of Auditors, relate to the costs of translating platform components incurred to make it usable on the export markets.

Fixed assets under construction and advances relate to costs incurred for development projects on the MailUp® platform, which as at 31 December 2016 had not been completed and, therefore, could not be used.

Equity investments in associates

These are recorded at purchase cost, including accessory expenses, at the time of initial booking; thereafter, in the event of evidence that an equity investment may have suffered a loss in value, the estimated value that can be recovered on the equity investment is calculated. If impairment is noted, the equity investment is written down accordingly, in line with the criteria set forth in the next paragraph “Impairment of intangible assets and equity investments”.
Companies over which another company exerts significant influence, are considered as associates. Influence is assumed when in the ordinary shareholders' meeting at least one fifth of votes can be cast or one tenth, if the company has shares listed on the stock exchange.

Other current and non-current assets, trade receivables and other receivables

Trade receivables, other current and non-current assets and other receivables are intended as financial instruments, mainly relative to receivables due from customers, not derivatives and not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified on the balance sheet of current assets, apart from those with a contractual due date that exceeds twelve months after the reporting date, which are classified as non-current assets.
These assets are valued at the time of first booking at fair value and, thereafter, at amortised cost, using the effective interest rate, less impairment. An exception is made for receivables for which the brief duration makes discounting insignificant.
Impairment of receivables is booked on the income statement when objective evidence is seen that the Company will be unable to collect the receivable due from the counterparty under the terms of the contract.
The value of the receivables is stated net of the related impairment.

Prepaid tax assets

Prepaid tax assets are booked at nominal value. They are booked when their collection is deemed to be “likely”. See also the comment given under “Income tax”.

Cash and liquid funds

Liquid funds include cash in hand, cheques and bank current accounts and deposits that can be reimbursed on demand, which are readily convertible into cash and subject to an insignificant risk of a change in value. They are booked at nominal value.

Own shares

Own shares are booked at purchase cost, including accessory expenses of the sale and are stated reducing shareholders' equity. The financial effects deriving from any subsequent sales are noted as shareholders' equity. Following the completion of the first own share purchase programme, on 28 April 2016, the shareholders' meeting resolved to authorise purchases and disposals of own shares as from the same date of the meeting and for 18 months of that date, in an amount that can be freely decided by the Board, up to a maximum number of shares that shall not exceed 10% of the share capital. The purchase price of each share must be no less and no more than 15% of the reference price recorded by the share during the stock market session of the day prior to each individual transaction.

Assets held for sale

According to the provisions of IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations”, non-current assets whose book value will mainly be recovered through a sale rather than continuous use, if the requirements are met as envisaged by the specific standard, are classified as held for sale and valued at the lesser of book value and fair value, net of the costs of sale. As from the date on which said assets are classified as non-current assets held for sale, the related amortisation is suspended. Liabilities connected with said assets are classified under "Liabilities relating to assets held for sale", whilst the economic result relating to said assets is noted under "Other income".

Non-current financial liabilities

Financial liabilities are initially recorded at cost, corresponding to the fair value of the price received net of the transaction costs directly attributable to the loan. After initial booking, loans are measured using the amortised cost criterion and the effective interest rate method. The amortised cost is calculated considering the issue costs and any discount or premium envisaged at the time of settlement.

Employee benefits

Staff provisions disbursed at or following termination of the contract of employment mainly consist of Severance Indemnity ("TFR"), which is regulated by Italian legislation under Art. 2120 of the Italian Civil Code. TFR is a defined benefits plan, i.e. a formalised programme of post-employment benefits that constitutes a future obligation and one for which the Group will bear the actuarial and related investment risks. As required by IAS 19R, the Group uses the Projected Unit Credit Method to determine the current value of the obligations and the related social security cost of the current provisions; this method of calculation requires the use of objective actuarial hypotheses that are compatible with demographic (mortality rate, staff turnover rate) and financial (discounting rate, future increases in salary levels) variables. Actuarial gains and losses are immediately recognised in full on the statement of comprehensive income in compliance with IAS 19R.
Following the social security reform, as from 1 January 2007, the TFR accrued following the coming into force of said reform, is allocated to pension funds or treasury funds established by INPS for companies with more than 50 employees or, for companies with fewer than 50 employees, may remain in the company as for previous years, or alternatively allocated to pension funds. On this, the allocation of the accruing portions of TFR in pension funds or INPS means that a portion of the TFR accruing is classified as a defined contributions plan, insofar as the company obligation consists exclusively of paying the contributions to the pension provision or INPS. The liability relative to previous TFR continues to constitute a defined benefits plan, to be assessed according to actuarial hypotheses.
From an accounting viewpoint, through the actuarial valuation, the interest cost that constitutes the figurative expense that the company would incur in asking the market for a loan in the amount of the TFR is carried under "Financial income/expense" on the income statement, and the current service cost, which defines the amount of rights accrued during the year by the employees who have not transferred the portions accrued as from 01 January 2007 to complementary welfare, under "payroll costs". Actuarial gains and losses that reflect the effects deriving from changes to the actuarial hypotheses used are booked directly as shareholders' equity, without being carried on the income statement and are stated on the Statement of Comprehensive Income.

Benefits incentive plan for senior management

Additional benefits are recognised to the management team of MailUp S.p.A. through capital sharing plans. These plans are booked in accordance with the provisions of IFRS 2 (Share-based payments). According to the provisions of IFRS 2, these plans are a component of the remuneration of beneficiaries; hence, for plans where remuneration takes the form of capital instruments, the cost is represented by the fair value of these instruments as at the date of assignment and is carried on the consolidated income statement as "Payroll costs" throughout the period running between the date of assignment and of accrual, with a counter-entry into an equity reserve called "Stock option plan reserve". Changes in fair value subsequent to the date of assignment have no effect on initial valuation. At the end of each year, the estimated number of rights to be accrued through to maturity, is updated. The change in estimate reduces the "Stock option plan reserve", with a counter-entry under "Payroll costs".

Provisions for risks and charges

Provisions for risks and charges include provisions deriving from current obligations (legal or implicit) deriving from a past event, in order to fulfil which it is likely that resources will need to be used, the amount of which can be reliably estimated.
If forecast use of resources goes beyond the year after, the obligation is registered at current value, determined through the discounting of forecast future flows, discounted at a rate that also considers the cost of money and risk of the liability.
Instead, no provision is made against risks for which the onset of a liability is merely possible. In this event, a specific disclosure is given in the specific information section on commitments and risks and no provision is made.

Trade payables

Payables are booked at nominal value. When, considering the payment terms agreed, a financial transaction is implemented, payables are measured at current value, allocating the discount as a financial expense according to competence.

Other current liabilities

These refer to various types of transactions and are booked at nominal value.

Booking of revenues

Revenues are booked to the extent to which it is probable that the economic benefits are achieved and the related amount can be reliably determined. The following specific criteria in the booking of revenues must be respected before making the allocation to the income statement:

Sales of goods - The revenue is recognised, in accordance with that established by IAS 18, when all significant risks and benefits connected with the ownership of the asset are transferred to the buyer.

Provision of services - Revenues are recognised at the time of effective disbursement with reference to completion of the service supplied and in respect of total services still to be provided.

Interest - This is noted according to competence.

Costs

Costs and other operating expenses are noted on the income statement when they are incurred according to an accruals basis and correlation with revenues, when they do not produce future economic benefits or do not meet the requirements for booking as assets on the statement of financial position. Financial expenses are noted according to maturity, on the basis of the start of the terms, using the effective rate.

Impairment of intangible assets and equity investments

At least once a year, the management verifies the net book value of intangible assets and goodwill, so as to determine if there is any indication that these assets may have suffered a loss in value. If there is any such evidence, the value that can be recovered on the assets is estimated.

As the intangible assets, and in particular the main item, the costs for developing the MailUp® platform, are almost exclusively concentrated with the parent company, the verification of their economic-financial recovery is carried out at least once a year in the separate financial statements of the parent company. Reference is made to the explanatory notes to the separate financial statements of MailUp, for full details.

Goodwill connected with equity investments in subsidiaries is subject to impairment testing each year, even where there are no indicators of loss in value or, more frequently, each time there is an indication that the asset may have lost value, if necessary.

The recoverable value of goodwill is defined as the greater of its fair value less the costs of sale and value in use, calculated as the current value of future cash flow that is expected to stem from an asset or cash generating unit (CGU). The cash flow forecast is based on corporate plans and reasonable, documented assumptions regarding the future results of the CGU and macroeconomic conditions, also as regards the discounting rate used in the discounting process.

When it is not possible to estimate the value that can be recovered on an individual assets, the value that can be recovered on the cash generating unit to which the asset pertains, is estimated. In the event of goodwill on equity investments in associates, reference was made to the discounted cash flows of the specific subsidiary, in accordance with the forecasts prepared in the three-year business plans approved by the related administrative bodies.

Each time the recoverable value of an asset (or cash generating unit) is less than the book value, the latter is reduced to the recoverable value and the loss is carried on the income statement. Thereafter, if a loss previously noted on assets other than goodwill should cease to apply or reduce, the book value of the asset (or cash generating unit) is increased up to the new estimated recoverable value (which shall not, in any case, exceed the net carrying amount of the asset had no impairment been applied).

Taxes

Period tax includes current and deferred tax. Income tax is generally carried on the income statement, except when relative to situations booked directly as equity.

Current tax is tax expected to be paid on taxable period income and calculated in compliance with current tax regulations and considering the exemptions applicable and any tax credits due.

Deferred tax is calculated using the liability method on temporary differences between the amount of assets and liabilities on the financial statements and the corresponding tax values. Deferred tax is calculated according to the tax rate expected to be in force at the time the asset is realised or the liability is extinguished.

Deferred tax assets are only noted if it is likely that in following years, sufficient taxable income will be generated to realise said assets.

Deferred tax assets and liabilities are only offset when there is a legal right to compensation and when they refer to tax due to the same tax authority.

Income tax relative to previous years includes expenses and income noted during the year for income tax relative to previous years.

Profit/(loss) per share

Basic

Profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any own shares.

Diluted

Diluted profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any own shares. In order to calculate the diluted earnings per share, the weighted average of shares in issue is altered, assuming the conversion of all potential shares with a diluting effect, whilst the Group's economic result is adjusted to consider the effects, net of tax, of the conversion.

Discretionary valuations and significant accounting estimates

The preparation of the consolidated financial statements in compliance with the IFRS requires, from directors, the application of accounting standards and methods that, in some circumstances, are based on valuations and estimates based on past experience and assumptions that are considered reasonable and realistic at the time, according to the related circumstances. The application of these estimates and assumptions influences the amounts booked and the information supplied. The end effective results of the items for which said estimates and assumptions were used, may differ from that reported on the financial statements, which note the effects of the onset of the event estimated, due to the uncertainty that characterises the assumptions and conditions on which the estimates are based.

Below is a brief list of items requiring a greater degree of subjectivity from the directors in preparing the estimates and for which a change in the conditions underlying the assumptions used may have a significant impact on the Group's financial results.

Provision for doubtful debt

The provision for doubtful debt reflects the best estimate of the directors as to the losses relative to the loans portfolio with regards to customers. This forecast is based on the losses expected by directors, determined according to previous experience with similar receivables, current and historic past due positions, careful monitoring of credit quality and forecasts regarding the economic and market conditions.

Prepaid tax

Prepaid tax is booked on the basis of expectations of taxable income in future years, which will allow for its recovery. The assessment of forecast taxable income for the purpose of booking prepaid tax depends on factors that may vary over time and determine significant effects on the potential recovery of prepaid tax receivables.

Provisions for risks and charges

Against legal and tax risks, provisions are made to represent the risk of a negative outcome. The value of provisions booked relative to said risks is the best estimated as at the date, prepared by the directors. This estimate entails the adoption of assumptions that depend on factors that may change over time and which may, therefore, have significant effects on current estimates prepared by directors in order to prepare the consolidated financial statements.

Conversion of amounts denominated in foreign currency

Functional currency

The financial statements are prepared in accordance with the currency used in Italy. The functional currency is the euro, which is the currency in which the consolidated and separate financial statements are presented.

Transactions and accounting entries

Transactions performed in foreign currencies are initially booked at the exchange rate as at the transaction date.

As at the account closing date, monetary assets and liabilities held in foreign currency are reconverted according to the exchange rate in force as at that date.

Non-monetary items measured at historic cost in foreign currency are converted using the exchange rate in force on the date of the transaction.

Non-monetary items registered at fair value are converted using the exchange rate in force as at the date on which the value was determined.

Accounting standards applicable as from 2016

Below are the accounting standards, amendments and interpretations issued by the IASB applicable as from 31 January 2016.

IAS 16 - IAS 38 amendment - Clarifications on acceptable methods of amortisation/depreciation

By Regulation no. 2015/2231 issued by the European Commission on 02 December 2015, the amendments to IAS 16 and IAS 38 were approved aiming to clarify that a revenue-based amortisation/depreciation method is not considered appropriate insofar as it only reflects the flow of revenues generated by said activities and not, instead, the method by which the economic benefits incorporated into the asset are consumed. This amendment had no impact on the financial position and consolidated profitability.

IFRS 11 amendment - Booking of interests in joint operations

By Regulation no. 2015/2173 issued by the European Commission on 24 November 2015, the amendment to IFRS 11 "Booking of acquisitions of equity investments in joint operations" was approved, which establishes that an entity shall adopt the standards set out in IFRS 3 to record the accounting effects consequent to the acquisition of an interest in a joint operation that constitutes a business. Specifically, when acquiring a joint operation, the investor must measure the assets and liabilities acquired at the related fair value, book the expenses connected with the acquisition, define the deferred tax impacts deriving from the reallocation of the price paid on the values acquired and, finally, identify any goodwill as a residual element deriving from the exercise of purchase price allocation as described above.

The amendment to IFRS 11 applies to both the acquisition of an initial interest and subsequent acquisitions. However, an equity investment held previously is not measured at fair value when the acquisition of a subsequent portion keeps the joint control unchanged (i.e. the additional acquisition does not result in control over the subsidiary). This amendment had no impact on the financial position and consolidated profitability.

IAS 16 - IAS 41 amendment - Changes to the standard applicable to assets represented by plantations (applicable as from 01 January 2016)

The amendment, published in June 2014, aims to alter the method by which to measure assets represented by fruit-bearing plants, such as vines, rubber trees and oil palms. The amendment envisages the application of the same accounting method as existing for tangible fixed assets, thereby allowing for the booking at cost as an alternative to the fair value model method pursuant to IAS 41, which originally applied to all biological assets. Plantations are, in fact, comparable with other production plants or activities. This amendment had no impact on the financial position and consolidated profitability. The new standard does not apply to the Group.

IAS 1 amendment - Clarifications on the disclosure

Regulation no. 2015/2406 issued by the European Commission on 18 December 2015 approved the amendments to IAS 1 given in the document "disclosure initiative", essentially containing clarifications on the method by which financial statements disclosures should be presented, drawing attention to the use of the concept of meaning and aggregation. This amendment had no impact on the financial position and consolidated profitability.

IFRS 10 - 12 - IAS 28 amendment - Investment companies: exception to the application of the consolidation obligation

The amendment, which was published in December 2014, establishes that investment companies that may come under the scope of the definition established by the standard, shall be exempt from submitting consolidated financial statements and instead required to value subsidiaries using the fair value method envisaged by IFRS 9. The new standard does not apply to the Group.

IAS 19 amendment - Defined Benefit Plans: Employee Contributions

Regulation no. 2015/29 issued by the European Commission on 17 December 2014 approved the amendment to IAS 19 "Defined Benefit Plans: Employee Contributions". The amendment comes into effect starting from years starting on or after 1 February 2015. In some countries, pension plans require employees or third parties to make contributions to the pension plan and these contributions reduce the cost incurred by the employer. The change introduces a simplification on which basis the employee contributions (or those paid by third parties), when not depending on the number of years of service, can be recognised as a reduction of the cost of labour in the period in which the related service is provided, rather than being attributed to the entire "period of work". The booking of voluntary contributions has not changed with respect to the current version of IAS 19 (they are recognised as reducing the cost of labour at the time payment is made). This amendment had no impact on the financial position and consolidated profitability.

Annual Improvements to IFRSs 2010-2012 Cycle
Regulation no. 2015/28 issued by the European Commission on 17 December 2014 approved the document "Annual Improvements to IFRSs 2010-2012 Cycle" containing amendments, which are mainly technical and editorial, to some international financial reporting standards. The changes specified in said document take effect as from years starting on or after 1 February 2015. The following amendments are included in the 2010-2012 improvements cycle:
IFRS 2 "Share-based payments": the definition of "vesting condition" has been clarified and definitions of "service condition" and "performance condition" introduced;
IFRS 3 "Business combinations": the standard has been amended to clarify that the obligation to pay a potential price comes under the definition of a financial instrument and must be classified as a financial liability or an item of shareholders' equity on the basis of indications given in IAS 32. It has also been clarified that obligations to pay a potential price, different from those coming under the scope of the definition of an equity instrument, are measured at fair value at each reporting date, with changes noted on the income statement;
IFRS 8 "Operating segments": the change made requires a disclosure to be given on the assessments made in the aggregation of operating segments, describing the segments that have been aggregated and the economic indicators measured to determine that the aggregated segments have similar economic characteristics;
IAS 16 "Property, plant and machinery" and IAS 38 "Intangible assets": both standards have been amended to clarify the way in which historic cost and the provision for amortisation/depreciation of a fixed asset should be booked, when an entity applies the revalued cost model;
IAS 24 "Related party disclosure": the change made establishes the information to be supplied when there is a third-party entity supplying services relative to the management of managers with strategic functions in the entity drafting the financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle
Regulation no. 2015/2343 issued by the European Commission on 15 December 2015 approved the document "Annual Improvements to IFRSs 2012-2014 Cycle" containing amendments, which are mainly technical and editorial, to some international financial reporting standards. The main changes are as follows:
IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": the amendment clarifies that when a non-current asset (or group held for disposal) is reclassified from "held for sale" to "held for distribution" or vice versa, this reclassification does not constitute a change to a plan for sale or distribution. It has also been clarified that the standards of IFRS 5 on changes to a sales plan apply to an asset (or group held for disposal) that ceases being held for distribution but is not reclassified as "held for sale";
IFRS 7 "Service contracts": if an entity transfers a financial asset to third parties and the conditions of IAS 39 are respected for the derecognition from the accounts of the asset, the amendment to IFRS 7 supplies indications on what is meant by "residual involvement" and adds a specific guide to help the company management determine if the terms of an agreement for the provision of services that regard the asset transferred do or do not give rise to a residual involvement;
IFRS 7 "Interim financial statements": it clarifies that the disclosure required by the previous amendment to IFRS 7 "Disclosure - Offsetting financial assets and financial liabilities" need not be supplied in interim financial statements, unless specifically required by IAS 34;
IAS 19 "Employee benefits": the standard requires the discounting rate used to discount obligations for benefits subsequent to termination of the contract of employment to be determined with reference to the market performance of bonds of primary companies and in countries where there is no "deep market" for said securities, the market returns of securities of public entities must be used. The change introduced with the 2012-2014 improvements cycle establishes that in assessing if there is a "deep market" of bonds of primary companies, it is important to consider the market on a level of currency and not of individual country;
IAS 34 "Interim financial statements": it lists the information that must be given in interim financial statements, unless given elsewhere in the interim financial statements. The amendment clarifies the meaning of "disclosure given elsewhere in the interim financial statements", explaining that reference is made to other documents that must be made available to users, together with the interim financial statements (e.g. the Report on operations).

Accounting standards, amendments and interpretations approved, but not yet applicable/not applied early by the Group

IFRS 9 - Financial instruments (applicable as from 01 January 2018)
The new document represents the first part of a process in stages, which aims to fully replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. More specifically, the criteria for the recognition and measurement of financial assets and the related classification in the financial report, have been amended. The new provisions establish a model for the classification and valuation of financial assets based exclusively on the following categories: assets valued at amortised cost and assets valued at fair value. The new

provisions also establish that equity investments other than those held in subsidiaries, joint operations or associates, shall be measured at fair value with the allocation of the effects to the income statement. If said equity investments are not held for trading, the changes in fair value can be noted in the statement of comprehensive income, maintaining only the effects connected with the distribution of dividends on the income statement. Upon disposing of the equity investment, the amounts noted in the statement of comprehensive income shall not be booked to the income statement. On 28 October 2010, the IASB supplemented the provisions of IFRS 9, including the criteria for the recognition and measurement of financial liabilities. More specifically, the new provisions require that, if measuring a financial liability at fair value with allocation of the effects on the income statement, the changes in fair value connected with changes to the credit risk of the issuer (the "own credit risk") shall be noted on the statement of comprehensive income; this item shall be allocated to the income statement so as to ensure the symmetrical representation with other items connected with the liability, avoiding any accounting mismatch.
Moreover, in November 2013, an amendment was published that introduced three important changes. The most important regards hedge accounting and introduces a new model that incorporates a series of improvements aimed at aligning accounting treatments with the management of risk applied by the company. The other two changes regard the period of first-time application of the standard, offering the possibility of immediate adoption and recording directly on the statement of comprehensive income of the effects deriving from the changes in the issuer credit risk (the "own credit risk"). The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IFRS 15 - Revenue from Contracts with Customers (applicable as from 01 January 2018)
The new standard aims to improve the quality and standardisation in the recording of revenues and comparability of financial statements prepared in accordance with the IFRS and the American accounting standards. According to the new standard, the model for recognising revenues can no longer be based on the earning method, but rather must use the asset-liability method that draws attention to the time of transfer of control over the asset sold. The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

Accounting standards, amendments and interpretations not yet approved

IFRS 16 - Leasing (applicable as from 01 January 2019, with the possibility of early application)
On 13 January 2016, the IASB published the new accounting standard IFRS 16 Leasing. The new standard replaces IAS 17 and provides accounting representation methods that are more suitable in terms of reflecting the nature of the lease in the financial statements. The new IFRS 16 applies as from 01 January 2019, but early application is permitted for companies also applying IFRS 15 - Revenue from Contracts with Customers. The Group is still finalising its measurement of the impact of the new standard on its equity and financial structure. According to the provisional analyses currently being finalised, the greatest impact will regard contracts in place relative to: properties, cars and electronic machines.
The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IAS 12 amendment - Income tax (applicable as from 01 January 2017, with the possibility of early application)
On 19 January 2016, the IASB published some amendments to IAS 12. The amendment aims to clarify how to book deferred tax assets relative to debt instruments measured at fair value. The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IAS 7 amendment - Statement of Cash Flows (applicable as from 01 January 2017)
On 29 January 2016, the IASB issued amendments to IAS 7 "Statement of Cash Flows": The change requires the financial statements to provide information on the changes to financial liabilities with the aim of improving the disclosure given to investors to help them better understand the changes affecting these payables. This amendment, acting only on the presentation, will have no impact on the financial position and Group profitability.

IFRS 14- Regulatory Deferral Accounts (applicable as from 01 January 2016)
The new standard allows only those adopting IFRS for the first time to continue to book amounts relating to rate regulation according to the previous accounting standards adopted. In order to improve the comparability with entities applying IFRS and that do not book said amounts, the standard requires the effect of rate regulation to be presented separately from the other items. The European Commission has decided not to start the approval process of this standard ad interim, and instead to await the final standard. The new standard does not apply to the consolidated financial report.

IFRS 10 - IAS 28 amendment - Sale or contribution of assets between an investor and its associate or joint venture (applicable as from 01 January 2016)

The amendment, which was published in September 2014, aims to solve a conflict between the provisions of IFRS 10 and IAS 28 if an investor sells or contributes a business or associate or joint venture. The main change made to the amendment is the fact that the capital gain or loss consequent to the loss of control must be recorded in full at the time of the sale or contribution of the business. A partial capital gain or loss will be recorded only in the event of a sale or contribution involving individual assets only. The IASB has suspended publication and approval of said amendment to a date to be defined.

IFRS 2 amendment Classification and measurement of share-based payments (issued on 29 June 2016)
It includes clarifications on the accounting of stock options subject to vesting conditions connected with performance. The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IFRS 4 amendment: Application of IFRS 9 Financial instruments to IFRS 4 Insurance contracts (issued on 12 September 2016)
The amendment introduces different methods of booking for insurance contracts coming under the scope of application of IFRS 4. The amendment does not apply to the consolidated financial report.

Specifications on IFRS 15 - Revenue from Contracts with Customers (issued on 12 April 2016)
The IASB has provided practical indications on certain subjects covered by IFRS 15 (identification of performance obligations, main considerations versus agent and licensing). The analysis of the potential impact of this amendment will be considered at the same time as the application of IFRS 15, described above.

Annual Improvements to IFRSs 2014-2016 Cycle
The document “Annual Improvements to IFRSs 2014-2016 Cycle”, not yet approved, containing amendments, which are mainly technical and editorial, to some international financial reporting standards. The main clarifications regard IFRS 1, IAS 28 and IFRS 12. We believe that these improvements will not impact the Group’s financial position.

IFRIC 22 interpretation - Foreign Currency Transactions and Advance Consideration (issued on 08 December 2016)
IFRIC 22 aims to clarify the booking of operations involving the receipt or payment of advances in foreign currency, in particular when an entity records a non-monetary asset or liability before booking the related asset, revenue or cost. IFRIC 22 applies as from 01 January 2018; early application is permitted.

IAS 40 amendment - Transfers of Investment Property (issued on 08 December 2016)
The main changes introduced by the amendment include the change in intended purpose of an investment property only being able to take place when there is evidence of a change in use.

Risk analysis
In going about its business, the Company is exposed to risks and uncertainties, deriving from exogenous factors connected with the general macroeconomic context or the specific context to the operating segments in which it goes about its business, as well as to risks deriving from strategic choices or internal operating risks.
The identification and mitigation of such risks has been carried out systematically, allowing for the monitoring and timely overseeing of the risk levels detected.
Under the scope of the business risks, the main risks identified, monitored and managed by the company are as follows:
- risk connected with the general economic trend;
- market-related risks;
- risks connected with financial operations

Risk connected with the general economic trend
The economic-financial position of the companies belonging to the Group, is influenced by all factors comprising the Italian and international macroeconomic context. During the reporting period, despite the modest signs of recovery, situations of uncertainty continue to persist in economic terms in general. This phase is following a long period of recession that has resulted in a significant deterioration of the economy. In Italy, like in other EU countries, widespread austerity measures have been adopted, which have negatively influenced consumer trust, their buying power and spending capacity. In this difficult macroeconomic situation, the Group has successfully grown and achieved important objectives, but the crisis of the Eurozone countries and unforeseeable effects of its continuation, may in any case have negative effects on the company business.

Market risks

The sectors in which the Group operates are characterised by rapid technological development and suffer the competitive pressure deriving from the development of technology. The company's success depends, amongst other aspects, on the capacity to innovative and strengthen its technologies, in order to respond to the technological progress in the sector in which it operates. MailUp consequently finds itself having to cope with a more acute competition by virtue of the emerging technologies and services that may be introduced or implemented in the future. The new technologies, in fact, may limit or reduce the Group's business and/or encourage the development and growth of new operators. In particular, the SMS system may be surpassed by other network-based systems (such as Messenger, WhatsApp, WeChat, Push Notifications), with the consequence that the Group may not be able to successfully and/or quickly manage any transition to the use of these technological solutions.

If the solutions offered by the Group should be unable to satisfy the needs of clients and/or respond to technological progress, the Group will need to be able to improve and develop and introduce new services, new applications and new solutions onto the market quickly and at competitive prices. The incapacity to improve, develop, introduce and supply services quickly that are able to satisfy market demands, including in technological terms, may have a negative impact on operating results or may make the technology offered obsolete. In order to maintain its competitiveness on the market, investments will therefore be needed in research and development, with a high capacity to adjust to continue to respond to the rapid technological changes and constantly develop the characteristics of its services so as to respond to the changing market demands.

If the Group should be unable to adjust promptly to the technological evolution and/or the introduction of a new technology, negative effects may be seen on the company's economic, equity and financial position.

Credit risk
The credit risk is the exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the finance and administration department, which, on the basis of formalised assessment and appointment procedures of commercial partners, seeks to minimise the risk. Following the economy's difficulties, stricter procedures have been adopted to quantify and control client risk levels. In order to reduce the risk of insolvency deriving from trade receivables, a series of measures has been introduced aiming to encourage the use of electronic payment systems (credit cards, PayPal) by customers, for example strengthening and innovating the e-commerce sale system. This choice resulted in the constant growth of collections made by electronic payment systems, improving the quality of trade receivables and reducing the impact of the costs of debt collection.
It must be considered that the financial activities of the Company have a good credit standing.

Liquidity risk
The liquidity risk consists of the impossibility of respecting payment commitments due to difficulties in obtaining funds or liquidating assets on the market. The consequence is a negative impact on the economic results if the Group is forced to incur additional costs to fulfil its commitments or, as an extreme consequence, a situation of insolvency that risks the company as a going concern. At present, also thanks to its listing on the AIM market and the excellent relations with the banking system, the MailUp Group enjoys a good level of liquidity and reduced debt, aimed exclusively at growth by external lines, implemented through acquisitions, during the second half of 2015, of subsidiaries. This process enabled the confirmation of the organic growth seen for several years now and the booking of excellent results for 2016.
In order to optimise the management of financial resources, reducing the liquidity risk, the Group has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with the business planning process. The foreseeable cash flow for FY 2017 includes, in addition to the dynamics of working capital and investments, also the effects of the maturity of current liabilities. The management expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that in FY 2017, the Group will be able to generate financial resources that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.
It is considered that the liquidity risk is not significant.

Interest rate risk
The Group and in particular MailUp has obtained financial resources through banks to cope with extraordinary operations. As at 31 December 2016, the consolidated net financial position is in any case positive for more than Euro 950 thousand. Short-term amounts due to banks and other lenders comes to Euro 1,262 thousand, whilst the medium-term debt is Euro 2,246 thousand. The underlying loan contracts envisage terms and conditions that are in line with market practice.

The loans are connected with the risk of interest rate changes, as they are negotiated at variable rates. It cannot be excluded that growth of interest rates may result in an increase in costs connected with the financing of debt, with consequent negative effects on the consolidated economic-financial position.

Risk of recovery/impairment assets

The risk of recovering the value of the goodwill held takes concrete form in connection with the economic performance and the capacity to produce sufficient cash flow to guarantee recovery of the investment value. This risk is monitored by the management through the regular verification of economic results, including under the scope of specific valuation procedures, such as, for example, by carrying out impairment tests at least once a year.

Disclosure on the book value of financial instruments

Below is the disclosure on the book value of the financial instruments for the financial year ended on 31 December 2016:

31 December 2016 MailUp Group				
(in units of euros)	**Fair value instruments measured through profit or loss (FVTPL)**	**Receivables, payables and loans**	**Fair value**	**Fair value hierarchy**
Other financial assets				
Other non-current financial assets		69,653	**69,653**	Level 3
Other current financial assets		108,062	**108,062**	Level 3
Financial assets not held as fixed assets	40,404		**40,404**	Level 1
Trade receivables				
Trade receivables		3,346,710	**3,346,710**	Level 3
Liquid funds and equivalent				
Cash at bank and post office		4,461,219	**4,461,219**	Level 1
Non-current financial liabilities and payables				
Amounts due to banks		2,246,145	**2,246,145**	Level 1
Current liabilities				
Amounts due to banks and other lenders		1,261,627	**1,261,627**	Level 1
Trade payables		2,942,626	**2,942,626**	Level 3

Potential liabilities

In addition to that indicated in the paragraph on Provisions for risks, no legal or tax disputes are currently underway involving the Group companies.

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
709,130	754,331	(45,201)

Description	31/12/2016	31/12/2015	Changes
Plants and machinery	3,669	8,919	(5,250)
Other assets	705,461	745,412	(39,951)
Total	**709,130**	**754,331**	**(45,201)**

"Other assets" relates to the cost for the purchase of office furniture and fittings, the purchase of electronic office machines, miscellaneous equipment, signs and costs for the purchase of mobile telephones, booked net of period amortisation/depreciation and consolidation adjustments.
No impairment or write-backs were applied this year or during previous years.

Intangible assets (2)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
3,756,336	3,107,057	649,279

Description	31/12/2016	31/12/2015	Changes
Platform development	3,502,145	2,837,471	664,674
Third party software	165,900	159,473	6,427
Trademarks	22,566	20,644	1,922
Other	65,725	89,469	(23,744)
total	**3,756,336**	**3,107,057**	**649,279**

"Platform development" includes costs for the development of the MailUp® platform, net of relevant amortisation/depreciation, of which details are given below on the activities carried out; this same item also includes costs for projects to develop the MailUp® platform currently in progress, activities not yet completed at year end and which have not, therefore, been amortised. The capitalised developments relative to the BEE software should also be mentioned. This asset was then conferred by the parent company to the subsidiary MailUp Inc, as from 31 December 2016, at the value of Euro 462,162.
"Third party software" includes costs relative to software owned by third parties. "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp trademark in Italy and in other countries considered as strategic in commercial terms.
"Other" fixed assets consist of the costs for translating platform components of multiple-year use, incurred into order to

allow for its use on export markets (e.g. English, Spanish, Japanese, Bahasa) under the scope of the general strategic international growth project pursued by the Group. They also include, for residual amounts, improvements to leased properties owned by third parties.
As regards the potential recovery of the value of intangible assets, please remember that the parent company directors tested them for impairment, on the basis of the latest economic-financial forecasts for future years (2017-2019) and verifying that the recoverable value, determined by the discounted cash flows of MailUp exceeds the net book value of the intangible fixed assets. The value of the intangible assets held by MailUp is by far the greatest of the total of the consolidated financial statements, hence the test of potential recovery was limited to the parent company only. Reference is therefore made to the specific paragraph of the separate financial statements for details of impairment testing.

Below is a summary of the main development activities carried out in 2016.

New functions were added to the MailUp® platform in 2016. Development activities have focused on the analysis of usability of the platform and revision of the user interface, resulting in the release, in February 2017, of the version MailUp 9 of the platform, as well as on the development of innovative new modules based on the philosophy of "embeddable plugin", that is, the creation of services that may be offered separately in the future, as was the case for BEEPlugin and BEEPro. New features were also developed:

- "Simplified Automation" that allows creating automation with a simplified "drag and drop" interface. This function can be used for example to create "Welcome series", i.e. a series of automated e-mails timed from the date of registration, happy birthday e-mail or automatic e-mail following the abandonment of a cart on an e-commerce website. This type of e-mail is referred to as "transactional" because it is not sent as mass e-mail but only after a specific event related to a specific recipient and is among the most effective e-mail marketing methods as evidenced by the 2016 E-mail Marketing Observatory Research;
- "Landing page" that allows using the same "editor" to create e-mails also for the creation of landing web pages, useful not only following the sending of marketing e-mails, but also suitable for those who send SMS marketing campaigns. In fact, it resolves with simplicity the need to have "responsive" landing pages, i.e. suitable to be displayed effectively even on mobile devices, adapting the content and layout to the type of display;
- New API (application programming interface) methods that allow more sophisticated integrations between the MailUp® platform and customer digital applications and also activate the positive externalities of the digital ecosystem, with several companies and programmers that have decided to independently develop integrations between the MailUp service and third-party applications/services. This led to the creation of Pymailup, a library in Python language that simplifies integration with Python, Prestashop systems, one of the most popular e-commerce platforms, MS Dynamics CRM, Drupal SMS and others such as the new integration with Magento that will be released in open-source mode.

In FY 2016, development focussed mainly on the launch of **MailUp 9**, the completely redesigned version of the platform, enriched with new functions for the automation of e-mail and SMS marketing. MailUp 9 is one of the most important releases of the platform, the result of a major intervention on the user experience and comes with an all-new interface, thanks to the graphical redesign and reorganisation according to functional areas, with the aim of offering businesses an even simpler, more user-friendly browsing. Research continues on Marketing Automation technology, with MailUp 9 introducing new functions for the creation of work flows: as from today, users can now create automatic processes to deliver multi-channel campaigns in a timely, customised fashion. In the area dedicated to the creation of e-mails, MailUp 9 then introduces Collaboration, an innovative tool by which to share pre-launch stages of the campaign, allowing colleagues or customers to collaborate on all aspects of the message, through to final approval.

Again under the scope of development, a significant amount of the work carried out regarded the "**Innovative Big Data Analytics System**" project. The focus of the project is the development of a new Big Data Analytics system for small and medium-sized companies. It is a project with a major impact on the future business of MailUp in the medium to long term, having a market potential also at international level, in particular in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, due to the complexity of the technologies and high specialization of resources that need to be put in place. On 29 April 2016, the Directorate General for Economic Development of the Lombardy Region approved the funding of the project presented by MailUp as leader of a consortium that involves a number of excellence companies adhering to the Technologies Centre of Cremona and the CRIT Consortium (Cremona Information Technology): Microdata Service, Lineacom and Politecnico di Milano. MailUp will receive up to a maximum of Euro 860,122 non-repayable in 24 months with respect to a total investment of Euro 2,045,648 in the period.

The funding will cover costs for personnel, training, tools and equipment and consultancy services needed for the realization of the investments, which will be implemented over the next 24 months.

Goodwill (3)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
10,387,313	10,387,313	-

Goodwill deriving from the acquisition of companies is detailed as follows:

Description	31/12/2016
MailUp Inc	162,418
Acumbamail SL	464,923
MailUp Nordics A/S	485,636
Mailup Nordics /Globase	460,137
Agile Telecom S.p.A.	8,735,044
Total	**10,308,158**

Goodwill is also booked relative to the business line faxator, managed by Agile Telecom, for Euro 79,155.

Impairment testing of goodwill

The directors, as recalled in the section on the accounting standards adopted, verify the potential recovery of goodwill recorded on the consolidated financial statements at least once a year, using specific assessments (impairment tests) on each cash generating unit (or "CGU"). Goodwill is calculated as the difference in purchase value of the equity in subsidiaries and shareholders' equity of the subsidiary at the time of first consolidation. In the specific case, the CGUs are represented by the specific subsidiary to which goodwill refers. The potential recovery of the investment is determined with reference to forecast cash flow.
Impairment testing was carried out considering the latest economic-financial forecasts for future years (2017-2019), as resulting from the budget data for FY 2017 and applying the forecasts of data contained therein for FYs from 2017 to 2018. These forecasts prepared for impairment testing have been approved by the administrative bodies of the subsidiaries and consider the effects envisaged for the application of the reference IAS/IFRS accounting standards.
The potential recovery of the value of goodwill recorded is checked through a comparison of the book value with the related value for recovery, determined as the value in use (recoverable amount). This recoverable amount is represented by the current value of future cash flows of the subsidiaries, both for the specific flow period and in terms of the specific forecasting time frame, on the basis of the determination of the terminal value (or "TV") in application of the perpetuity method.
In light of the Group's operations and valuation practice relative to similar operations in Italy and abroad, reference was made to the following valuation methods, commonly recognised by professional practice for operations of this type and companies operating in the reference sectors:

- Analytical methods (discounted cash flow), as main method;
- Market multiples method, as control method.

The discounted cash flow (DCF) method applied to the forecasts of the 2017-2019 Plan approved by the administrative bodies of the subsidiaries and terminal value of the business estimated at the end of the specific period of the reference business plan, was based on the application of a WACC (weighted average cost of capital) discounting rate.
The calculation of the weighted average cost of capital is performed on the basis of the following variables:

- Risk free rate: Implicit risk-free rate of return determined according to the three-year average return of the ten-year Italian BTP;
- Risk premium: return expected by investors on a specific market according to the specific country risk and average cost of debt (spread);

- Sector-specific beta that measures the expected variability of returns upon a 1% variation in the market prices;
- The cost of debt is also considered net of the specific tax rate;
- The final value of the WACC is weighted according to the company's specific debt/equity ratio, to express the weight of recourse to own capital and third party financial capital.

In order to further stress the results of the impairment test and verify that it holds out even in the worst hypotheses of expected results, the directors applied prudent sensitivity hypotheses that simulate a reduction in EBITDA. Again, for reasons of prudence, in some cases, the prospective growth rate of the terminal value has zeroed. The sensitivity and growth rate hypotheses have been modulated according to the specific business of the subsidiaries: in the case of Acumbamail and MailUp Inc, as the business is still in the initial or launch stages, sensitivity was raised to 15% of revenues, to reflect the greater uncertainty surrounding the brilliant forecasts of the business plan, just like, against the significant growth potential of the two companies, a growth rate has been entered, albeit prudent, of 1%, to be applied to the terminal value. In the presence of a more consolidated, mature business, as in the case of Agile Telecom, the growth rate of the terminal value has been zeroed and sensitivity adjusted to 2016 turnover that was already considerable in absolute terms. For the Danish subsidiaries MailUp Nordics/Globase, the three-year plan working hypothesis envisages the gradual replacement of the Globase platform with MailUp, a process that should flank the maintenance of existing customers with the dissemination of MailUp amongst new customers in Northern Europe, thereby allowing for the achievement of interesting development rates in the medium-term, a hypothesis that is included in the tests albeit with a prudent 1% in growth.
The multiple prospects of comparable listed companies are taken from the last Equity Research published by EnVent Research and Analysis, dated 18 October 2016, with reference to listed digital companies, like MailUp, on the AIM Italy market. More specifically, reference was made to the prospective average for 2016, of the multiples relating to the sales revenues of a sample of reference companies, Enterprise Value EV/Sales and, by way of a further method of comparison, the average of EV/EBITDA multiples, then calculating the average of the values thus obtained.

Following the assessments performed, confirmed by the positive outcome of the test performed with both methods described above, no need was seen to apply any impairment to the book values and intangible fixed assets booked.

Equity investments in associates (4)

Company name	Country	31/12/2015	Revaluations	Write-downs	Purchases	31/12/2016
CRIT Cremona information Technology	Italy				102,000	102,000
Total					**102,000**	**102,000**

The amount booked amongst the assets of the balance sheet refers to the equity investment of MailUp S.p.A. in Consorzio CRIT (CRemona Information Technology).
The purpose of the CRIT is to develop a technological pole in Cremona that enables synergies to be achieved between consortium members, to develop services of mutual interest, both managerial and operative in nature (co-working, start-up incubator, common training structures, canteen, meeting room). The consortium also developed a building complex, the "Digital innovation pole", where Cremona-based ICT companies, starting from the consortium members themselves, can operate at their best and construct a centre of excellence that can generate new businesses and transfer economic opportunities and better quality of life to the local world of businesses and communities, deriving from the use of new communication and information technologies. MailUp will be moving its operative headquarters to Cremona, at the Pole, during the first half of 2017.

Other non-current assets (5)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes

69,653	136,348	(66,695)

Description	31/12/2015	Increase	Decrease	Reclassifications	31/12/2016
Equity investments in other companies	2,000			(2,000)	-
Receivables from associated companies				14,641	14,641
Other receivables	134,348	2,316	(2,422)	(79,230)	55,012
Total	**136,348**	**2,316**	**(2,422)**	**(66,589)**	**69,653**

The column on reclassifications relates to the amount receivable from the CRIT Consortium, which became an associate in 2016, for Euro 14,641, whilst for the remaining amount, reference is made to the receivables deriving from the TFM policy, reclassified amongst current assets insofar as it will be liquidated at expiry of the mandate of the parent company BoD, during approval of the annual financial statements. Equity investments in other companies have been reclassified in the investments account towards associates.

Receivables all have a maturity in excess of 12 months.

“Receivables due from others” relate to caution deposits due beyond the year.

Prepaid tax assets (6)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
785,139	647,377	137,761

Prepaid tax assets refer to temporary differences recorded in the individual financial statements and consolidation differences that will reverse over the next few years.

Details in connection with each group company can be summarised as follows:

Description	31/12/2016
MailUp S.p.A.	494,723
Network Srl	17,841
MailUp Inc	116,172
Acumbamail SL	2,035
MailUp Nordics A/S	82,051
Mailup Nordics /Globase	21,522
Agile Telecom S.p.A.	2,938
Prepaid tax for consolidation differences	47,857
Total	**785,139**

Current assets

Trade and other receivables (7)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
3,396,264	2,866,722	529,542

Description	31/12/2016	31/12/2015	Changes
Trade receivables	3,346,710	2,866,722	479,988
Associated companies	49,554	-	49,554
	3,396,264	**2,866,722**	**529,542**

Below is the breakdown of receivables by geographic area:

Receivables divided by Geographic Area	Trade accounts	Associated companies	Total
Italy	1,953,295	49,554	2,002,849
EU	985,527		985,527
Non-EU	407,888		407,888
Total	**3,346,710**	**49,554**	**3,396,264**

Other current assets (8)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
1,742,954	729,462	1,013,492

Description	31/12/2016	31/12/2015	Changes
Inventories	4,847	22,505	(17,658)
Tax receivables	355,784	246,426	109,358
Other receivables	1,077,272	131,581	945,691
Financial assets not held as fixed assets	40,404	39,893	511
Accruals and deferrals	264,647	289,057	(24,410)
	1,742,954	**729,462**	**1,013,492**

Liquid funds (9)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
4,461,219	3,265,717	1,195,502

Description	31/12/2016	31/12/2015
Cash at bank and post office	4,460,497	3,264,705
Cash and cash equivalents	722	1,012
	4,461,219	**3,265,717**

The balance represents liquid funds and cash as well as valuables held on the closing date of the year.

Liabilities

Group Shareholders' Equity

Share capital (10)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
283,266	216,667	(66,599)

The share capital of the parent company MailUp S.p.A. is entirely paid in and is represented as at 31 December 2016 by 11,330,627 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

The share capital changed following the:
- execution during the meeting of the Board of Directors held on 29 March 2016, of the delegation conferred by the extraordinary shareholders' meeting held on 23 December 2015, to increase the share capital free of charge. The capital increase took place with effect as from 11 April 2016, for a nominal figure of Euro 65,000, by means of the issue of 2,600,000 free shares, with the same characteristics as those in issue, assigned to shareholders in the amount of 3 new shares per every 10 shares in issue. The capital increase was made by means of allocation to capital of a corresponding amount of the extraordinary reserve;
- execution during the meeting of the Board of Directors held on 29 March 2016 of the delegation conferred by the extraordinary shareholders' meeting held on 23 December 2015, to increase the share capital in a divisible manner, in exchange for payment, with exclusion of option rights, to the service of the Stock Option Plan, intended for employees of MailUp and subsidiaries. Subscription on 06 July 2016 of 63,960 ordinary shares at the unit issue price of Euro 0.025 and subsequent payment of the related capital in the amount of Euro 1,599.
All shares issued are ordinary. There are no debenture loans in place.

Reserves (11)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
5,896,510	6,068,373	(171,864)

Description	31/12/2015	Increases	Decreases	31/12/2016
Share premium reserve	4,963,674		85,953	4,607,721
Stock option reserve		243,316		243,316
Legal reserve	40,000	20,000		60,000
Extraordinary or optional reserve	294,226	66,398	65,000	295,624
Reserve for exchange rate gains		25,289		25,289
FTA reserve	(590,317)			(590,317)
OCI reserve	(56,773)		33,423	(90,196)
Negative reserve for treasury stock	(57,502)		54,964	(112,466)
Translation reserve	(9,921)		6,511	(16,432)
Rounding off			1	(1)
Profit/(loss) carried forward	1,754,986		281,014	1,473,972
Total	**6,068,373**	**174,152**	**346,015**	**5,896,510**

The FTA reserve was generated during the transition to the IFRS of the individual and consolidated financial statements:
The OCI reserve represents the effects deriving from the remeasuring of the defined benefits plan, as represented in the statement of comprehensive income.
The stock options reserve originates from the incentive plan to the benefit of senior management.

Amongst other aspects, the main aim of the Incentive Plan is to help strengthen the involvement of the people holding key positions in the pursuit of the Company and Group's operative objectives.
The negative reserve for treasury stock corresponds to the purchase price of own shares in the parent company held as at 31 December 2016.
The translation reserve expresses the net effect of the conversion in the consolidated financial statements of the financial statements of foreign subsidiaries held in currencies other than the euro (MailUp Inc and Mailup Nordics/Globase).

Period result
The net period result is positive and comes to Euro 812,367 with respect to a loss of 100,491 as at 31 December 2015, including the minority share of Euro 31,489.

Other comprehensive income
The section of the accounting schedules includes the Statement of Comprehensive Income, which highlights the other components
of the comprehensive economic results, net of the tax effect.

Shareholders' equity of minority interests (12)

Description	31/12/2016	31/12/2015	Changes
Minority interests in capital and reserves	28,110	14,680	13,430
Third party income	31,849	14,330	17,519
Shareholders' equity of minority interests	**59,959**	**29,010**	**30,949**

Non-current liabilities

Amounts due to banks and other lenders (13)

Description	31/12/2016	31/12/2015	Changes
Amounts due to banks	2,246,145	1,570,836	675,309
	2,246,145	**1,570,836**	**675,309**

"Amounts due to banks" can be broken up as follows amongst the Group companies:

Description	31/12/2016	31/12/2015	Changes
MailUp S.p.A.	2,183,645	1,508,336	675,309
Agile Telecom S.p.A.	62,500	62,500	-
Total	**2,246,145**	**1,570,836**	**675,309**

Please note that the Group debt as at 31 December 2016 is expressed entirely at variable rates and is represented by unsecured loans.

Provisions for risks and charges (15)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
57,739	117,739	(60,000)

Description	31/12/2015	Increases	Decreases	Reclassifications	31/12/2016
Provision for legal disputes	57,739				57,739
Provision for pensions	60,000			(60,000)	0
	117,739			**(60,000)**	**57,739**

A provision has been established for current legal disputes. The parent company currently has a lawsuit underway with the Financial Administration in connection with the companies' income tax, regional production tax and value added tax for 2004.
The office has issued a notice of assessment on the basis of the use of the results of the sector studies' calculation; the reconstruction of revenues prepared by the Authority entailed greater tax, totalling Euro 58,468 and sanctions for Euro 49,344, already paid in full.
The petition proposed by the company has been rejected on a first and second instance and the company has submitted an appeal in cassation. The company's lawyers believe that they are likely to be successful in the last instance of proceedings. An amount has been allocated on the financial statements considering the reduction, by the tax courts, of the office claims. In the petitions submitted, it has, amongst other aspects, been shown that the recalculation of the sector study with a more evolved study, brings about a more favourable result for the company. Therefore, a provision for risks has been allocated, in accordance with Art. 2423-*bis* of the Italian Civil Code and accounting standard OIC 19, for an amount equal to the greater tax deriving from the application of said study.

The provision for pensions, established by the parent company with reference to the indemnities due to directors upon termination of their appointment, has been reclassified to other current liabilities insofar as it will be liquidated at expiry of the mandate of the current parent company BoD, during approval of the annual financial statements.

Staff funds (16)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
933,526	698,650	234,876

The change is as follows.

Description	31/12/2015	Increases	Decreases	Actuarial gains/losses	31/12/2016
Staff funds	698,650	243,111	(73,924)	65,689	933,526
	698,650	**243,111**	**(73,924)**	**65,689**	**933,526**

The increases relate to year provisions. The decreases relate to year uses.

Deferred tax liabilities (17)

Description	31/12/2015	Increases	Decreases	31/12/2016
Deferred tax provision	33,345	28,537	30,595	31,287
	33,345	**28,537**	**30,595**	**31,287**

The deferred tax provision relates to:

- contributions on capital account, taxation of which has been deferred to future years;
- consolidation differences deriving from the elision of infra-group amortisation/depreciation.

Current liabilities

Trade and other payables (18)

Description	31/12/2016	31/12/2015	Changes
Trade payables	2,942,626	2,320,263	622,363
Amounts due to associates	4,921		4,921
	2,947,547	**2,320,263**	**627,284**

Trade payables are stated net of commercial discounts.

Below is a breakdown of trade payables according to geographic area

Receivables divided by Geographic Area	Trade accounts	Associated companies	Total
Italy	2,282,830	4,921	2,287,751
EU	491,965		491,965
Non-EU	167,831		167,831
Total	**2,942,626**	**4,921**	**2,947,547**

Amounts due to banks and other lenders (19)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
1,261,627	671,038	590,590

Description	31/12/2016	31/12/2015	Changes
Amounts due to banks	1,244,877	637,622	607,256
Amounts due to other providers of finance	16,750	33,416	(16,666)
	1,261,627	**671,038**	**590,590**

Amounts due to banks relates to the residual short-term portions of unsecured variable-rate loans stipulated by the parent company with Banco Popolare and Credito Valtellinese and by the subsidiary Agile Telecom with Deutsche Bank.
“Amounts due to other providers of finance” relates to the residual amount of a beneficial-rate loan obtained by the Parent Company MailUp and disbursed by Finlombarda, following participation in the tender “Development of innovation of Lombardy businesses in the tertiary sector” aimed at presenting and developing projects seeking to innovate the Lombardy production system.

Other current liabilities (20)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
10,911,883	10,283,230	628,653

Below is the breakdown of current liabilities:

Description	31/12/2016
Advances	7,128
Tax payables	515,357
Amount payable to social security institutions	209,459
Amounts due to directors for emoluments	50,715
Amounts due to employees for salaries, holidays, permits and additional months' salaries	844,979
Amounts due to Zoidberg s.r.l.	3,778,324
Amounts due for TFM (directors' severance indemnities)	100,000
Accrued liabilities	8,601
Deferred income	5,376,742
Sundry	20,578
Total	**10,911,883**

Tax payables mainly refer to withholdings applied to income from employment and autonomous work to be paid during the following year, and the balance, for direct tax due and VAT.
Amount payable to social security institutions mainly relate to various types of social charges to be paid during the following year with reference to the remuneration of the month of December, the thirteenth month's salary and holiday accrued and not taken.
Amounts due to employees refer to remuneration for the month of December liquidated in January, holiday accrued and not taken and staff premiums.
The amount due to Zoidberg S.r.l. relates to the acquisition of the company Agile Telecom on 29 December 2015. The contract of purchase and sale envisages payment to the seller, by 30 June 2017, of a variable price (earn out) according to the average EBITDA of the company acquired in the last two years, which has been estimated there. The agreement envisages, at the discretion of MailUp, payment of up to 75% of the amount in shares in MailUp, to be released through share capital increase.
The amounts due for TFM (directors' severance indemnities) allocated by the parent company refer to the indemnities due to directors at conclusion of their appointment, as detailed above.
Deferred income: approximately 75% of the revenues of MailUp come from recurring charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges is used to form the year's income, whilst the part of future competence is used as a basis for the following year's income.

Income statement

Revenues (21)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
21,114,120	9,309,629	11,804,491

Description	31/12/2016	31/12/2015	Changes
Revenues from sales of mail	8,505,410	6,911,710	1,593,700
Revenues from sales of SMS	11,305,163	2,198,108	9,107,055
Revenues from sales of BEE	150,160	6,899	143,261
Revenues from sales of professional services	1,129,279	101,133	1,028,146
Other	24,108	91,779	(67,671)
Total	**21,114,120**	**9,309,629**	**11,804,491**

The increase in turnover with respect to the previous year is mainly due to the economic consolidation of the revenues of subsidiaries acquired in 2015 and, in particular, Agile Telecom, consolidated only in terms of equity in the previous consolidated financial statements. The significant increase in revenues by external lines comes in addition to the organic growth of turnover in any case also exceeding 2016 at 12%.

Other income (22)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
527,718	147,282	380,437

The item includes:
- operating grants, Euro 55,108;
- rental income from leased properties, Euro 38,236;
- contributions relative to tax credit for research and development, Euro 111,504;
- contribution disbursed by the Region of Lombardy as part of the “competitiveness agreements” tender, Euro 240,654;
- contingent assets, Euro 69,704;
- other residual revenues, Euro 12,512.

Costs for services (23)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
13,358,194	5,623,677	7,734,517

The item includes:
- costs relative to the purchase of SMS, Euro 7,462,027;
- costs relative to directors’ emoluments and severance indemnity upon termination of office, Euro 1,138,606;
- costs for consultancy, Euro 1,084,021;
- costs for the use of third party assets, Euro 825,674
- IT infrastructure and other industrial service expenses, Euro 591,503;
- marketing and advertising services expenses, Euro 468,170;
- software licences, Euro 284,218;
- housing and hosting services expenses, Euro 242,719;
- expenses for taking part in event and trade fairs, Euro 147,765;
- bank expenses, Euro 141,960;
- expenses for transfers, Euro 116,397;
- costs relating to the AIM Italy market, Euro 88,594;
- costs for utilities and office facilities, Euro 154,551;
- telephone costs, Euro 71,379;
- insurance, Euro 68,233;
- reimbursement of expenses and mileage, Euro 62,849;
- costs for staff searches and training, Euro 58,947;
- costs for hardware material that cannot be capitalised, Euro 57,844;
- internet connection costs, Euro 56,355;
- costs for mergers and acquisitions, Euro 49,666;
- emoluments to the Board of Auditors, Euro 38,943;
- employee benefits, Euro 34,444;
- financial communication costs, Euro 24,630;
- miscellaneous administrative services expenses, Euro 22,487;
- entertainment expenses, Euro 19,377;
- maintenance of own or third party property, Euro 12,102;
- Supervisory body fees, Euro 7,500;
- other residual costs, Euro 27,233.

Payroll costs (24)

This item includes all expenses for employees, including performance promotions, category promotions, cost of living bonuses, costs for unpaid holidays and allocations required by law and collective employment contracts.

The cost for employees is shown in the table below:

Description	31/12/2016	31/12/2015	Changes
Wages and salaries	5,130,080	3,499,479	1,630,601
Stock options	243,347		243,347
Welfare and social security	1,086,371	876,649	209,722
Employee severance indemnities	301,519	154,943	146,576
	6,761,317	**4,531,071**	**2,230,246**

The table below shows the group workforce, broken down according to geographic area:

Level of classification	Total number	%	Italy	United States of America	Spain	Denmark
Labourers	1	1%	1			
Office workers	132	93%	111	1	7	13
Middle managers	7	5%	6			1
Managers	2	1%		1		1
Total	**142**	**100%**	**118**	**2**	**7**	**15**

Capitalisation of payroll costs for development activities (25)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
1,254,487	1,541,677	(287,190)

These are the costs of staff involved in development activities capitalised in 2016, the year in which said costs were incurred. The expenses span several years and the related benefits are also seen in several years.
The capitalisation of the costs of staff involved in development is subject to the requirements already specified amongst the measurement criteria. For an in-depth analysis of the development projects, please refer to the information given on the paragraph on intangible assets.

Other operating expenses (26)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
362,603	169,395	193,208

Costs for services	31/12/2016	31/12/2015	Changes
Change in inventories of finished products and goods	17,658	16,253	1,405
Sundry operating expenses	344,945	153,142	191,803
Total	**362,603**	**169,395**	**193,208**

The balance booked for sundry operating expenses is detailed below:

- losses on receivables, Euro 188,092;
- contingent liabilities, Euro 66,795;
- miscellaneous tax and duties (registration, waste, signs, government concession rate, etc.), Euro 48,930;
- association fees, Euro 21,142;
- subscriptions to books and magazines, Euro 4,174;
- other miscellaneous expenses, Euro 15,812.

Amortisation, depreciation and impairment (27)

The details are shown below:

Provisions and impairment	31/12/2016	31/12/2015	Changes
Amortisation of intangible fixed assets	907,493	540,383	367,110
Depreciation of tangible fixed assets	299,376	269,909	29,467
Provisions for doubtful debt	21,399	5,368	16,031
Total amortisation, depreciation and provisions	1,228,268	815,660	412,608

Financial expense (28)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
(70,639)	(16,392)	(54,247)

The amount consists of interest expense on bank loans and exchange losses. It also includes the interest cost deriving from the actuarial valuation according to IAS 19R.

Financial income (29)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
12,496	40,898	(28,402)

The amount consists of interest income on bank current accounts, income on Agile Telecom securities and exchange gains.

Period income tax (30)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
(315,433)	16,218	(331,651)

Current and prepaid tax	31/12/2016	31/12/2015	Changes

Current tax	(495,982)	(87,576)	(408,406)
Deferred (prepaid) tax	180,549	103,793	76,755
Total	**(315,433)**	**16,218**	**(331,651)**

The Group companies have set up year taxes on the basis of the application of current tax regulations in force in the relevant country. The year's taxes are made up of current tax, deferred tax and prepaid tax, relating to positive and negative items of income respectively subject to imposition or deductions in years other than those during which they are booked. Prepaid/deferred tax connected with the consolidation entries deriving from the elisions of intra-group margins and the related effect on the consolidation amortisation/depreciation shares, have also been calculated.

Related party transactions

Transactions implemented by the Group with related parties, identified according to the criteria defined by IAS 24 - Related party disclosure - are carried out at arm's length.
Below are the equity and economic balances relative to Group transactions with related parties for the year ended on 31 December 2016-

Company name	Fixed receivables	Trade receivables	Trade payables	Other payables	Dividends	Sales	Purchases
Consorzio CRIT Scarl	14,641	49,554	4,921			38,240	10,134
Associates	**14,641**	**49,554**	**4,921**	**-**	**-**	**38,240**	**10,134**
Grafo Ventures di Giandomenico Sica		-	9,818				40,931
Zoidberg Srl				3,778,324			
Other related parties	**-**	**-**	**9,818**	**3,778,324**	**-**	**-**	**40,931**

The most significant amount relates to the extraordinary purchase of the controlling stake in Agile Telecom. This corresponds to the estimated variable fee to be paid, in accordance with the contract of purchase and sale, to Zoidberg as seller, for Euro 3,278 thousand, and for Euro 500 thousand by way of deposit in guarantee of contractual obligations, by said same seller.

The additional amounts relate to commercial transactions and loans to the associate consortium CRIT, for Euro 14,641.

Potential assets and liabilities

The company has no potential assets and liabilities as at 31 December 2016.

Fees to directors and auditors

Directors' fees came to Euro 1,098,606, whilst the fees to the Boards of Auditors, where present, came to Euro 38,943.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-*bis* of Art. 2427 of the Italian Civil Code - the total amount of fees due to the independent auditing firm included in the 2016 financial statements was Euro 73,950, including costs and expenses.

Disclosure regarding coordination and management activities

In accordance with Art. 2497-*bis* of the Italian Civil Code, we would specify that the company is not subject to third party coordination and management.

Subsequent events

Thanks to the access to six new geographic areas, including countries and territories overseas, MailUp has achieved **global cover for its SMS messaging service**, enabling its customers in all sectors to send SMS messages to all countries worldwide. A capillary presence in 226 networks that guarantees the MailUp® platform delivery of text messages on any mobile carrier. Achieving global coverage comes as part of the aim of strengthening and developing the SMS channel, a MailUp asset that grows constantly, as confirmed by the organic growth and acquisition of Agile Telecom.

On 27 February 2017, the **merger by acquisition took place of Network Srl into MailUp**, as mentioned previously. There was no opposition to the merger decision. In accordance with Art. 2504-*bis* of the Italian Civil Code, the merger will take effect as from the date of the last of the entries prescribed by Art. 2504 of the Italian Civil Code, which took place on 20 March 2017. In compliance with the faculty admitted by Art. 2504-*bis* of the Italian Civil Code and paragraph 9 of Art. 172 of the Consolidated Income Tax Act, the effects of the merger, both on the accounts and tax, shall apply as from 1 January of the year in which the last entry is made with Companies House of the merger deed, as envisaged by Art. 2504 of the Italian Civil Code.
On 01 February 2017, **MailUp 9** was launched, the all-new design version of the platform, enriched with new functions for automation and e-mail and SMS marketing. MailUp 9 is one of the most important releases of the platform, the result of a major intervention on the user experience. MailUp 9 comes with an all-new interface, thanks to the graphical redesign and reorganisation according to functional areas, with the aim of offering businesses an even simpler, more user-friendly browsing.

MailUp has also launched the new institutional website www.mailupgroup.com, a meeting point of the corporate dimension of MailUp and the community of investors, analysts and media, the new website offers complete news, financial data and investors documents released by the Group. The website represents the communication and meeting space between the parent company and its subsidiaries - Acumbamail, Globase, Agile Telecom and the BEE business unit, to describe the corporate evolution of MailUp S.p.A., in the recent past and in developments to come.

Net financial position

Below is a breakdown of the consolidated net financial position that ensues from a comparison of liquid funds as at 31 December 2016 with financial debt contracted with regards to banks and other institutional lenders, in the specific case Finlombarda, for the residual portion of a special-rate loan.

NET FINANCIAL POSITION	31/12/2016	31/12/2015	DELTA	% DELTA
Current financial assets	**4,461,219**	**3,265,717**	**1,195,502**	**37%**
Third parties	-	-	-	0%
Liquid funds	4,461,219	3,265,717	1,195,502	37%
Current financial liabilities	**1,261,627**	**671,038**	**590,590**	**88%**
Third parties	1,244,878	637,622	607,256	95%
Other lenders	16,750	33,416	(16,666)	0%
CURRENT FINANCIAL POSITION	**(3,199,592)**	**(2,594,679)**	**(604,912)**	**23%**
Non-current financial assets	**-**	**-**	**-**	**0%**
Third parties	-	-	-	0%

Liquid funds	-	-	-	0%
Non-current financial liabilities	**2,246,145**	**1,570,835**	**675,310**	**43%**
Third parties	2,246,145	1,570,835	675,310	43%
Other lenders	-	-	-	0%
NON-CURRENT FINANCIAL POSITION	**2,246,145**	**1,570,835**	**675,310**	**43%**
NET FINANCIAL POSITION	**(953,447)**	**(1,023,845)**	**70,398**	**-7%**

Reference is made to the section on “Other current liabilities” above, and to related party transactions, for more information on other payables not included in the NFP and in particular the non-costly debt due to the seller of the controlling stake in Agile Telecom, Zoidberg Srl, corresponding to the estimated variable fee to be paid in accordance with the contract of sale for Euro 3,278 thousand and for Euro 500 thousand by way of deposit as guarantee of contractual obligations lying with the seller. We would remind you that by way of financial receivable not shown in the table below, we also have the receivable deriving from the TFM policy, which will be liquidated upon expiry of the appointment of the current parent company Board of Directors, for Euro 108 thousand, which, however, is offset by the respective payable due to the directors for TFM, equal to Euro 100 thousand.

Milan, 28 March 2017

The Chairman of the Board of Directors

Matteo Monfredini

Appendix 1

Effects of the adoption of the IAS/IFRS accounting standards on the Consolidated Statement of financial position as at 1 January 2015

General standard

In accordance with Art. 4 of Italian Legislative Decree no. 38 of 28 February 2005, which regulates the exercise of options envisaged by Art. 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 relative to the application of international accounting standards, the directors of MailUp S.p.A. have exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the "IFRS"), issued by the International Accounting Standards Board (the "IASB") and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31 December 2016. The term "IFRS" is used to refer to the International Financial Reporting Standards, the revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

This faculty has also been adopted for the Consolidated financial statements of the MailUp Group prepared on a voluntary basis, in accordance with Art. 19, Part One of the AIM Italy Issuers' Regulation, as the requirements are not met as laid down by Italian Legislative Decree no. 127/1991.

The date of transition to the IFRS, as defined by IFRS 1 "First time adoption of IFRS", is 01 January 2015, and these 2016 consolidated financial statements present a comparative year (FY 2015). The Group's financial statements as at 31 December 2016 are therefore the first consolidated financial statements prepared in compliance with the international accounting standards approved by the European Commission. In this regard, please note that the IFRS accounting standards applied in drafting the Consolidated financial statements closed as at 31 December 2016 are those in force on that date and are compliant with those adopted for preparing the opening Consolidated Statement of financial position as at 01 January 2015, as well as the financial statements as at 31 December 2015, as restated in accordance with the IFRS.

This Appendix offers a reconciliation of the Consolidated Shareholders' equity determined in accordance with the Italian Accounting Standards and the Consolidated Shareholders' equity determined in accordance with the IFRS as at the transition date of 01 January 2015, as well as a reconciliation of the period result and Consolidated shareholders' equity at year end determined according to the Italian Accounting Standards and the period result and consolidated shareholders' equity at year end, determined according to the IFRS for FY 2015 presented for comparison in these financial statements. A description is also given of the important adjustments made to the Consolidated Statement of financial position and the Consolidated income statement together with the related explanatory notes, as required by IFRS 1 First time adoption of IFRS.

Reconciliation tables required by IFRS 1

IFRS 1 identifies the transition procedure to be adopted when the International accounting standards are adopted for the first time. The first financial statements of an entity drafted in accordance with the IFRS are those in which the entity clearly declares, without reservation, complete compliance with the IFRS.

Effects of the adoption of the IAS/IFRS accounting standards on the Consolidated Statement of financial position as at 1 January 2015

Below is a summary statement of the Consolidated Statement of financial position as at the date of transition to the international accounting standards as established by accounting standard IFRS 1, reclassified considering the nature and degree of liquidity of the asset, the intended purpose and due date of the liability.

To better understand the effects, the most significant changes are analysed for each line of the financial statements.

MAILUP GROUP CONSOLIDATED BALANCE SHEET as at 01 January 2015				
(figures in Euro thousands)	**Notes**	**Italian Accounting Standards (*)**	**FTA adjustments/reclassifications**	**IAS/IFRS accounting standards**
ASSETS				
Non-current assets				
Tangible assets		716		716
Intangible assets	(1)	2,404	(618)	1,786
Goodwill		-		-
Equity investments in associates and joint ventures				
Other non-current assets		47		47
Deferred tax assets	(2)	59	326	385
Total non-current assets		**3,226**	**(291)**	**2,934**
Current assets				
Trade and other receivables		1,394	-	1,394
Other current assets	(3)	791	(277)	514
Liquid funds and equivalent		3,344	-	3,344
Total current assets		**5,529**	**(277)**	**5,252**
TOTAL ASSETS		**8,755**	**(569)**	**8,186**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

MAILUP GROUP CONSOLIDATED BALANCE SHEET as at 01 January 2015				
(figures in Euro thousands)	**Notes**	**Italian Accounting Standards (*)**	**FTA adjustments/reclassifications**	**IAS/IFRS accounting standards**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Group Shareholders' Equity				
Share capital		200		200
Reserves	(4)	2,995	(843)	2,152
Period result		68		68
Shareholders' equity of minority interests				
Total shareholders' equity		**3,264**	**(843)**	**2,421**
Non-current liabilities				
Amounts due to banks and other lenders				
Other non-current liabilities				
Provisions for risks and charges		78	-	78
Staff funds	(5)	425	16	441
Deferred tax liabilities		10	-	10
Total non-current liabilities		**512**	**16**	**528**
Current liabilities				
Trade and other payables		773	-	773
Amounts due to banks and other lenders		79	-	79
Other current liabilities	(6)	4,126	259	4,385
Total current liabilities		**4,979**	**259**	**5,237**
TOTAL LIABILITIES		**8,755**	**(569)**	**8,186**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

1. *Other intangible fixed assets (IAS 38)*

Some types of multi-year costs, mainly costs incurred during the start-up phase, costs relative to the IPO and other costs spanning several years, are not capitalised for the purpose of IAS/IFRS; the net book values as at the transition date have therefore been reversed with a counter-entry in the FTA reserve.

2. *Prepaid tax assets and deferred tax liabilities (IAS 12)*

The adjustment relates to the booking of tax effects of the adjustments necessary to make the move from the financial statements drafted on the basis of the Italian Accounting Standards to those drafted on the basis of the IFRS.

3. *Other current assets - Revenue recognition (IAS 18)*

The adjustment relates to the different booking of costs connected with marketing and provision fees linked to revenue recognition. For the item in question, a reduction in deferred assets was noted in the amount of Euro 277 thousand.

4. *Other reserves and results carried forward (IFRS 1 - IAS 39)*

The item mainly reduces following the booking of the "FTA reserve" established, net of the tax effect, for a total negative value of Euro 611 thousand, as a counter-entry of adjustments made as at the date of transition to international accounting standards (01 January 2015), stated in these notes and as detailed in the reconciliation table below of the Consolidated shareholders' equity as at 1 January 2015. For the remaining Euro 231 thousand, the difference is due to costs connected with the IPO on the AIM Italy market, directly reducing the share premium reserve, as established by IAS

39.

5. *Provision for severance indemnity and other benefits (IAS 19R)*

The provision for severance indemnity and other employee benefits has been recalculated according to the actuarial methods envisaged by IFRS 19R. The application of these methods generated a negative effect (following the increase in the liability booked) of Euro 18 thousand.

6. *Other current liabilities – Revenue recognition (IAS 18)*

The adjustment relates to the different booking of revenues relating to SMS. For the item in question, a reduction in deferred income was noted in the amount of Euro 259 thousand.

Reconciliation table of Consolidated shareholders' equity as at 1 January 2015

Below is the reconciliation of Consolidated shareholders' equity as at 01 January 2015, drafted according to the Italian Accounting Standards and that as at the same date drafted in accordance with the IFRS, complete with specific explanatory notes.

The amounts are stated in Euro thousands and adjustments are grouped according to type.

(figures in Euro thousands)	**As at 01 January 2015**
Consolidated Shareholders' equity according to the Italian Accounting Standards	**3,264**
IAS 38 - Reversal of capitalisation of start-up costs	(4)
IAS 38 - Reversal of capitalisation of research costs	(123)
IAS 38 - Reversal of capitalisation of listing costs and other multi-year expenses	(317)
IAS 18 - Revenue Recognition	(386)
IAS 19R - Discounting of provision for severance indemnity (TFR) and other pension benefits	(12)
Consolidated shareholders' equity according to IAS/IFRS (net of the tax effect according to IAS 12)	**2,421**

For a description of the main items of the comprehensive reduction in Consolidated shareholders' equity, please refer to the information given in the paragraphs above commenting on the individual items of counter-entries of the FTA reserve.

Reconciliation of the Consolidated Statement of financial position and the Consolidated income statement as at 31 December 2015

Below is the summary table of the Consolidated Statement of financial position as at 31 December 2015, as resulting from the adjustments made as at the date of transition and those made on the period Consolidated income statement.
The adjustment of the Consolidated statement of financial position as at 31 December 2015 according to the IFRS implies the same structural logics and use of the accounting standards adopted for the opening Consolidated Statement of financial position.
To better understand the effects, the most significant changes are analysed for each line of the financial statements.

MAILUP GROUP CONSOLIDATED BALANCE SHEET as at 31 December 2015				
(figures in Euro thousands)	**Notes**	**Italian Accounting Standards (*)**	**FTA adjustments/reclassifications**	**IAS/IFRS accounting standards**
ASSETS				
Non-current assets				
Tangible assets		754		754
Intangible assets	(1)	4,039	(932)	3,107
Goodwill	(2)	7,025	3,362	10,387
Equity investments in associates and joint ventures				
Other non-current assets		136		136
Deferred tax assets	(3)	225	423	647
Total non-current assets		**12,179**	**2,853**	**15,032**
Current assets				
Trade and other receivables		2,867		2,867
Other current assets	(4)	1,030	(300)	729
Liquid funds and equivalent		3,266		3,266
Total current assets		**7,162**	**(300)**	**6,862**
TOTAL ASSETS		**19,342**	**2,553**	**21,894**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

MAILUP GROUP CONSOLIDATED BALANCE SHEET **as at 31 December 2015**				
(figures in Euro thousands)	**Notes**	**Italian Accounting Standards (*)**	**FTA adjustments/ reclassifications**	**IAS/IFRS accounting standards**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Group Shareholders' Equity				
Share capital		217		217
Reserves	(5)	7,034	(966)	6,068
Period result		(12)	(102)	(115)
Shareholders' equity of minority interests		29		29
Total shareholders' equity		**7,267**	**(1,068)**	**6,199**
Non-current liabilities				
Amounts due to banks and other lenders		1,571		1,571
Other non-current liabilities				
Provisions for risks and charges		118		118
Staff funds	(6)	670	28	699
Deferred tax liabilities		33		33
Total non-current liabilities		**2,392**	**28**	**2,421**
Current liabilities				
Trade and other payables		2,320		2,320
Amounts due to banks and other lenders		671		671
Other current liabilities	(7)	6,691	3,593	10,284
Total current liabilities		**9,682**	**3,593**	**13,275**
TOTAL LIABILITIES		**19,342**	**2,553**	**21,894**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

MAILUP GROUP CONSOLIDATED INCOME STATEMENT as at 31 December 2015				
(figures in Euro thousands)	**Notes**	**Italian Accounting Standards (*)**	**FTA adjustments/ reclassifications**	**IAS/IFRS accounting standards**
Revenues	(8)	9,366	(57)	9,310
Other income		147		147
Costs for services	(9)	(5,233)	(391)	(5,624)
Payroll costs	(6)	(4,573)	42	(4,530)
Capitalisation of payroll costs for development activities		1,541		1,541
Other operating expenses		(169)		(169)
EBITDA		**1,079**	**(405)**	**674**
Amortisation, depreciation and impairment	(10)	(1,061)	245	(816)
EBIT		**18**	**(160)**	**(141)**
Financial income / (expense)	(6)	33	(9)	25
Pre-tax profit		**51**	**(169)**	**(117)**
Income tax	(11)	(49)	67	16
Net period result		**2**	**(102)**	**(100)**
of which net result pertaining to minorities		14		14
Net Group result		**(12)**	**(102)**	**(114)**
Other items of the statement of comprehensive income				
Profit/(loss) that will not be subsequently reclassified to the period result				
Actuarial profit (loss) net of the tax effect				(40)
Profit/(loss) that will be subsequently reclassified to the period result				
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the euro				(17)
Comprehensive period profit/(loss)				**(157)**
Period profit attributable to:				
Shareholders of the parent company				(114)
Minority shareholders				14
Earnings:				
per share				(0.001)
per share (diluted)	(12)			(0.001)

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

1. *Other intangible fixed assets (IAS 38)*

Some types of multi-year costs, mainly costs incurred during the start-up phase, costs relative to the IPO and other costs spanning several years, are not capitalised for the purpose of IAS/IFRS; the net book values as at the transition date have therefore been reversed with a counter-entry respectively in the share premium reserve and in the FTA reserve.

2. *Goodwill and business combination (IFRS 3 – IAS 36)*

In application of accounting standard IAS 36, goodwill booked is no longer systematically amortised in the Consolidated income statement but rather is measured at least once a year, in order to identify any loss of value (impairment testing).

Moreover, the Group has retroactively booked the estimated earn out envisaged in the purchase contract for 100% of Agile Telecom S.p.A. stipulated on 29 December 2015.

3. *Prepaid tax assets and deferred tax liabilities (IAS 12)*

The adjustment relates to the booking of tax effects of the adjustments necessary to make the move from the financial statements drafted on the basis of the Italian Accounting Standards to those drafted on the basis of the IFRS.

4. *Other current assets - Revenue recognition (IAS 18)*

The adjustment relates to the different booking of costs connected with marketing and provision fees linked to revenue recognition. For the item in question, a reduction in prepaid expenses was noted.

5. *Other reserves and results carried forward (IFRS 1 – IFRS 2 – IFRS 10 – IAS 39)*

The item in question includes an adjustment relative to the combined effect of:

- reduction relating to the booking of the "FTA reserve", which includes the effect, net of the tax effect, of the adjustments made during the first conversion to the IFRS (01 January 2015), unchanged with respect to that date (equal to Euro 611 thousand);
- increase relative to the effects of adjustments relative to the adoption of IFRS of competence of FY 2015, which have impacted, according to the respective reference standards, directly the Group's shareholders' equity - in particular with reference to:
  - booking of costs connected with the reverse takeover of Agile Telecom in December 2015, used to directly reduce the share premium reserve in accordance with the provisions of IAS 39;
  - booking of changes to the Statement of Comprehensive Income, recorded in the OIC reserve;
  - application of IAS 32, which considers the operations performed on own shares as changes to shareholders' equity in the total amount of Euro 57 thousand;
  - booking of the impacts on the Income statement, for which reference is made to the related notes.

6. *Provision for severance indemnity and other benefits (IAS 19R)*

The provision for severance indemnity and other employee benefits has been recalculated according to the actuarial methods envisaged by IFRS 19R. More specifically, actuarial gains and losses have been entered under other items of the statement of comprehensive income, the service cost has been entered under "payroll costs" and the interest cost has been entered as "financial expense". The application of these methods generated a negative effect (following the increase in the liability booked) of Euro 28 thousand.

7. *Other current liabilities (IAS 18 – IFRS 3)*

The adjustment is detailed below:

- positive change for Euro 314 thousand relative to deferred income following the different booking of revenues relating to SMS;
- positive change for Euro 3,278 thousand relative to the earn-out to be paid under the scope of the contract of purchase of Agile Telecom S.p.A.

8. *Revenues (IAS 18)*

The adjustment relates to the different booking of revenues relating to SMS. For 2015, the economic effect was Euro 56 thousand.

9. *Costs for services (IAS 38)*

Some types of multi-year costs, mainly costs incurred during the start-up phase, costs relative to the IPO and other costs spanning several years, are not capitalised for the purpose of IAS/IFRS; the increases in 2015 have therefore been reclassified as costs for services.

10. Amortisation/depreciation (IAS 38)

The adjustment, for the total amount of Euro 245 thousand, is shown below:

- Euro 185 thousand relative to the reversal of amortisation/depreciation on assets that can no longer be capitalised under IAS 38;
- Euro 60 thousand relative to the reversal of amortisation of goodwill. Goodwill is an asset that, under the IFRS, has an undefined useful life. These assets are therefore not amortised, differently to that envisaged by the provisions and Italian Accounting Standards, but rather impairment tested (IAS 36).

11. Period tax (IAS 12)

The item is impacted (total reduction in expense for Euro 67 thousand) by the deferred tax effect (where applicable and for the portion relative to the impacts recorded on the income statement), determined in connection with the adjustments made and described above.

12. Diluted earnings per share (IAS 33R)

According to IAS 33R, in calculating earnings per share, the effects of the Stock Option Plan resolved on 07 July 2016 have been calculated retroactively.

Reconciliation table of Consolidated shareholders' equity as at 31 December 2015

Below is the reconciliation of Consolidated shareholders' equity as at 31 December 2015, drafted according to the Italian Accounting Standards and that as at the same date drafted in accordance with the IFRS, complete with specific explanatory notes.

The amounts are stated in Euro thousands and adjustments are grouped according to type.

	As at 31 December 2015		
(figures in Euro thousands)	**Net result**	**OCI**	**Shareholders' equity**
Italian Accounting Standards - Consolidated financial statements	2		**7,238**
IAS 38 - Reversal of capitalisation of start-up costs	1		(3)
IAS 38 - Reversal of capitalisation of research costs	34		(89)
IAS 38 - Reversal of capitalisation of listing costs and other multi-year expenses	(220)		(578)
IAS 38 - Reversal of amortisation of consolidation difference	60		60
IAS 18 - Revenue Recognition	(15)		(402)
IFRS 10 - Consolidation difference - Network Srl			23
IAS 19R - Discounting of provision for severance indemnity (TFR) and other pension benefits	38	(40)	(23)
IAS 32 - Classification of treasury shares			(58)
IAS/IFRS accounting standards (net of the tax effect according to IAS 12) - Consolidated financial statements	**(100)**	**(40)**	**6,170**

For a description of the main items of the comprehensive reduction in Consolidated shareholders' equity, please refer to the information given in the paragraphs above commenting on the individual items.

Milan, 28 March 2017

The Chairman of the BoD
Matteo Monfredini

Independent Auditors' Report on the consolidated financial statements as at 31 December 2016

MailUp S.p.A.

Independent Auditors' report for the purpose of the AIM Italy
Rules for Companies

Consolidated Financial Statements as of December 31, 2016

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
MailUp S.p.A.

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of MailUp S.p.A. and its subsidiaries (hereinafter the "MailUp Group"), which comprise the statement of financial position as of December 31, 2016, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended and other explanatory notes.

Directors' responsibility for the consolidated financial statements

The directors of MailUp S.p.A. are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree No. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of MailUp Group as of December 31, 2016, and of the result of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matters

The consolidated financial statements of the year present for comparative purposes the corresponding amounts of the prior year that were prepared in accordance with the International Financial Reporting Standards that derive from the consolidated financial statements of the year ended December 31, 2015 prepared in accordance with the Italian regulations and accounting principles governing financial statements. We expressed a clean opinion on these consolidated financial statements dated April 12, 2016. The explanatory

Aosta, Bari, Bergamo, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Novara, Padova, Palermo, Pescara, Potenza, Roma, Torino, Treviso, Trieste, Verona, Vicenza

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note "Impacts deriving from the adoption of the International Financial Reporting Standards on the consolidated statement of financial position as of January 1, 2015" included in Appendix 1 describes the effects deriving from the transition to International Financial Reporting Standards as adopted by European Union and includes all disclosures related to the reconciliations required by International Financial Reporting Standard IFRS 1.

This report is not issued in accordance with law because directors of MailUp S.p.A. have prepared on voluntary basis the consolidated financial statements for the purposes of the AIM Italy Rules for Companies.

Milan, April 12, 2017

BDO Italia S.p.A.

Signed by
Manuel Coppola
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.

Separate financial statements of MailUp as at 31 December 2016

Balance Sheet	Notes	31/12/2016	31/12/2015
Non-current assets			
Tangible assets	1	629,282	651,083
Intangible assets	2	3,660,657	3,361,555
Equity investments in subsidiaries	3	11,152,016	10,689,854
Equity investments in associates and joint ventures	4	102,000	-
Other non-current assets	5	162,862	204,387
Prepaid tax assets	6	494,723	474,494
Total non-current assets		**16,201,539**	**15,381,372**
Current assets			
Trade and other receivables	7	1,156,163	1,083,040
Receivables from subsidiaries	8	273,735	199,572
Receivables from associates	8	49,554	-
Other current assets	9	1,347,776	550,432
Liquid funds and equivalent	10	3,023,456	1,086,336
Total current assets		**5,850,654**	**2,919,381**
Total assets		**22,052,223**	**18,300,753**

Balance sheet - Liabilities		31/12/2016	31/12/2015
Shareholders' equity			
Share capital	11	283,266	216,667
Reserves	12	4,134,463	4,341,095
Period result		1,224,912	(66,342)
Total shareholders' equity		**5,642,640**	**4,491,419**
Non-current liabilities			
Amounts due to banks and other lenders	13	2,183,645	1,508,335
Other non-current liabilities		-	-
Provisions for risks and charges	14	57,739	117,739
Staff funds	15	387,921	278,290
Deferred tax liabilities	16	2,750	17,875
Total non-current liabilities		**2,632,055**	**1,922,238**
Current liabilities			
Trade and other payables	17	691,622	685,022
Payables to subsidiaries	18	2,207,811	2,064,399
Payables to associates	18	4,921	-

Amounts due to banks and other lenders	19	1,190,373	543,889
Other current liabilities	20	9,682,803	8,593,786
Total current liabilities		**13,777,528**	**11,887,097**
Total liabilities		**22,052,223**	**18,300,753**

Income Statement	**Notes**	**31/12/2016**	**31/12/2015**
Revenues	21	9,703,633	8,608,331
Other income	22	560,923	266,713
Total revenues		**10,264,556**	**8,875,044**
Costs for services	23	(6,240,207)	(5,909,369)
Payroll costs	24	(2,606,077)	(2,163,760)
Other operating expenses	25	(140,336)	(135,906)
EBITDA		**1,277,935**	**666,010**
Amortisation, depreciation and impairment	26	(1,239,246)	(842,348)
EBIT		**38,689**	**(176,339)**
Financial expense	27	(49,743)	(11,248)
Income from subsidiaries	28	1,192,140	-
Financial income	29	11,468	44,526
Portion of result pertaining to associates and joint ventures		-	-
Impairment of non-current assets		-	-
Pre-tax profit		**1,192,554**	**(143,061)**
Income tax	30	32,358	76,719
Net period result		**1,224,912**	**(66,342)**
Other items of the statement of comprehensive income			
Profit/(loss) that will not be subsequently reclassified to the period result			
Actuarial profit (loss) net of the tax effect		(28,377)	(21,238)
Profit/(loss) that will be subsequently reclassified to the period result			
Comprehensive period profit/(loss)		**1,196,535**	**(87,580)**
Earnings per share:			
basic	31	0.120	(0.009)
diluted	31	0.117	(0.009)

Separate statement of changes in equity

Figures in euros	01/01/ 2015	Allocation of result	Share capital increase (*)	Change to share premium reserve (*)	Purchase of own shares	OCI reserve	Subscription of stock options	Other transactions linked to the transition to IAS	Period result	31/12/ 2015
Share capital	200,000		16,667							216,667
Share premium reserve	2,751,664			1,983,333				(41,323)		4,693,674
Legal reserve	5,656	34,344								40,000
Extraordinary reserve	125,866	168,361								294,226
Reserve for treasury stock	-				(57,502)					(57,502)
Reserve for exchange rate gains	-									-
Profit/(loss) carried forward	-									-
Stock option reserve	-									-
OCI reserve						(21,238)				(21,238)
FTA reserve	(608,066)									(608,066)
Period result	202,704	(202,704)							(66,342)	(66,342)
Shareholders' equity	**2,677,825**	**-**	**16,667**	**1,983,333**	**(57,502)**	**(21,238)**			**(66,342)**	**4,491,419**

(*) As resolved by the ordinary shareholders' meeting on 23 December 2015

Figures in euros	31/12/2015	Allocation of result	Share capital increase (*)	Purchase of own shares	OCI reserve	Subscription of stock options	Other transactions linked to the transition to IAS	Period result	31/12/2016
Share capital	216,667		65,000			1,599			283,266
Share premium reserve	4,693,674						(85,953)		4,607,721
Legal reserve	40,000						20,000		60,000
Extraordinary reserve	294,226		(65,000)				66,397		295,624
Reserve for treasury stock	(57,502)			(54,964)					(112,466)
Reserve for exchange rate gains	-						25,289		25,289
Profit/(loss) carried forward	-	(66,342)					(111,686)		(178,028)
Stock option reserve	-					94,005			94,005
OCI reserve	(21,238)				(28,377)				(49,615)
FTA reserve	(608,066)								(608,066)
Period result	(66,342)	66,342						1,224,912	1,224,912
Shareholders' equity	**4,491,419**	**-**	**-**	**(54,964)**	**(28,377)**	**95,604**	**(85,953)**	**1,224,912**	**5,642,641**

(*) As resolved by the ordinary shareholders' meeting on 29 March 2016

Please note that "Other transactions linked to the transition to IAS" derive from the application of the international accounting standards IAS/IFRS, which have affected the make-up of shareholders' equity, both for FY 2015 and the year under review. More specifically, it regards the allocation of the FY 2015 profit, deriving from the application of the Italian Accounting Standards (OIC) and the costs connected with share capital increases reclassified under items of shareholders' equity in compliance with IAS/IFRS standards.

Separate statement of cash flows

	Description	31/12/2016	31/12/2015
	Period profit (loss)	1,224,912	(66,342)
	Income tax	8,955	40,918
	Deferred/(prepaid) tax	(41,313)	(117,637)
	Interest expense/(interest income)	30,066	(232)
	Exchange (gains)/losses	8,209	(33,046)
	(Dividends)	(1,192,140)	
	(Capital gains)/capital losses deriving from the disposal of assets		
1	**Period profit (loss) before income tax, interest, dividends and capital gains/losses on disposals**	**38,689**	**(176,339)**
	Value adjustments for non-monetary elements that have no equivalent item in net working capital		
	Provisions for TFR	122,225	76,864
	Other provisions		49,625
	Amortisation and depreciation of fixed assets	1,233,546	837,412
	Impairment		
	Other adjustments for non-monetary items		(1,294,991)
2	**Cash flow before changes in NWC**	**1,394,460**	**(507,429)**
	Changes to net working capital		
	Decrease/(increase) in trade receivables	(196,840)	111,700
	Increase/(decrease) in trade payables	154,931	1,358,441
	Decrease/(increase) in accrued income and prepaid expenses	77,580	(70,179)
	Increase/(decrease) in accrued liabilities and deferred income	1,261,597	409,779
	Decrease/(increase) in tax receivables	68,687	95,436
	Increase/(decrease) in tax payables	(28,830)	76,551
	Decrease/(increase) in other receivables	(909,243)	(47,019)
	Increase/(decrease) in other payables	(209,547)	4,156,338
	Other changes in net working capital		
3	**Cash flow after changes in NWC**	**1,612,795**	**5,583,619**
	Other adjustments		
	Interest collected/(paid)	(23,833)	5,082
	(Income tax paid)	(24,550)	(168,916)
	(Capital gains)/capital losses deriving from the disposal of assets		
	Dividends collected	1,192,140	
	(Use of provisions)	(52,778)	(31,171)
4	**Cash flow after other adjustments**	**2,703,774**	**5,388,613**
A	**Cash flow from operations**	**2,703,774**	**5,388,613**
	Tangible fixed assets	(243,440)	(238,193)
	(Investments)	*(243,440)*	*(238,193)*
	Divestment realisation price		
	Intangible fixed assets	(1,729,569)	(1,994,365)
	(Investments)	*(1,729,569)*	*(1,994,365)*
	Divestment realisation price		
	Financial fixed assets	(60,475)	(4,515)
	(Investments)	*(60,475)*	*(4,515)*
	Divestment realisation price		
	Acquisition or disposal of subsidiaries		(7,299,177)

B	**Cash flow from investments**	**(2,033,484)**	**(9,536,249)**
	Minority interest funds	1,321,794	1,993,191
	Increase (decrease) in short-term payables to banks	*(3,800)*	*9,775*
	Stipulation of loans	*2,000,000*	*2,000,000*
	Repayment of loans	*(674,406)*	*(16,584)*
	Own funds	(54,964)	(40,835)
	Capital increase by payment		*16,667*
	Sale (purchase) of treasury shares	*(54,964)*	*(57,502)*
	Change to share premium reserve		
C	**Cash flow from loans**	**1,266,830**	**1,952,356**
	Increase (decrease) in liquid funds (A ± B ± C)	**1,937,120**	**(2,195,280)**
	Liquid funds as at 01/01/2016	1,086,336	3,281,617
	Liquid funds as at 31/12/2016	3,023,456	1,086,336
		1,937,120	**(2,195,280)**

Explanatory notes to the separate financial statements as at 31 December 2016

General information

Business

MailUp S.p.A. (hereinafter "MailUp") is a legal entity organised according to the law of the Italian Republic, which operates in the sector of marketing technology on the cloud (newsletters/e-mails, text messages, social networks). It is a technological company that has developed a digital cloud computing platform chosen by SMEs and large enterprises to create, send and monitor newsletters, e-mails and text messages. MailUp is the leading solution in Italy in the ESP sector and has approximately 10,500 customers and 900 dealers spread across more than 50 countries. Founded in 2002 in Cremona, MailUp has its registered office in Milan. After the IPO in 2014 on the AIM market operated by the Italian Stock Exchange, MailUp added to the organic growth, as from the second half of 2015, a growth path for external lines, acquiring established and emerging businesses in the same market segment or with complementary business: Acumbamail (Spanish market and LATAM), Globase (Nordics market) and Agile Telecom (SMS wholesale market).

Accounting standards

Criteria for the preparation of the separate financial statements

In accordance with Art. 4 of Italian Legislative Decree no. 38 of 28 February 2005,which regulates the exercise of options envisaged by Art. 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 relative to the application of international accounting standards, the company has exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the "IFRS"), issued by the International Accounting Standards Board (the "IASB") and approved by the
European Commission for the preparation of its financial statements starting from the year ended 31 December 2016.
The term "IFRS" is used to refer to the International Financial Reporting Standards, the revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").
The date of transition to the IFRS, as defined by IFRS 1 "First time adoption of IFRS" is 01 January 2015, and these 2016 financial statements present a comparative year (FY 2015). In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31 December 2016 are those in force on that date and are compliant with those adopted for preparing the opening balance sheet as at 01 January 2015, as well as the financial statements as at 31 December 2015, as restated in accordance with the IFRS and reported in the specific Appendix attached to these Notes, to which reference is made. This Appendix gives the reconciliation of the period result and shareholders' equity resulting from the financial statements prepared in accordance with the accounting standards used during the previous years (Italian Accounting Standards) and the period result and shareholders' equity according to the IFRS for the previous periods presented for comparison, as required by IFRS 1 "First time adoption of IFRS" and the related explanatory notes.
For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.
With reference to IAS 1, paragraphs 25 and 26, the directors confirm that, in view of the economic prospects, the capitalisation and financial position of the company, there is no uncertainty as the fact that the Company can operate as a going concern and that, consequently, in preparing the financial statements as at 31 December 2016, it should adopt accounting standards precisely under these terms.
The financial statements for the year ended on 31 December 2016 have been subject to statutory auditing by BDO Italia S.p.A., under the appointment made upon it for the period 2014-2016.
Please note that despite it holds controlling investments in Network Srl, MailUp Inc., Agile Telecom S.p.A., Acumbamail SL and MailUp Nordics A/S, MailUp is not required to prepare consolidated financial statements. However, as the parent company of subsidiaries, strictly linked in terms of the creation of value within the Group business and in connection with the AIM issuers' regulation, it has chosen as from FY 2014 to also prepare consolidated annual accounts, this year prepared in compliance with the IAS/IFRS.

Tables of the financial statements

The tables of the financial statements used have the following characteristics:
a) on the Balance Sheet - Statement of financial position, the assets and liabilities are stated in increasing order of liquidity; an asset/liability is classified as current when it meets one of the following criteria:
- it is expected to be realised/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realised/extinguished within 12 months of year end.
If none of these three conditions are met, the assets/liabilities are classified as not current;
b) on the Income Statement, the positive and negative items of income are stated according to nature;
c) Other comprehensive income highlights all changes to Other comprehensive profits (losses) occurring during the year, generated by transactions other than those implemented with Shareholders and in accordance with the specific IAS/IFRS accounting standards. The Company has chosen to show said changes in a separate statement with respect to the Income Statement. Changes to Other comprehensive profits (losses) are stated net of the related tax effects, separately identifying, in accordance with IAS 1R in force as from 01 January 2013, the components intended to be reversed on the income statement in subsequent years and those for which there is no provision for any reversal on the income statement;
d) the Statement of changes to shareholders' equity, as required by international accounting standards, provides separate evidence of the period result and all other changes not carried on the Income Statement, but instead allocated directly to Other comprehensive profits (losses) on the basis of specific IAS/IFRS accounting standards and transactions with Shareholders in their capacity as Shareholders;
e) the Statement of Cash Flows is prepared applying the indirect method.

Measurement criteria

Tangible assets

These mainly consist of:

d) Plants and machinery
e) Furniture and fittings
f) Electronic office machines

Tangible assets are booked at the cost of purchase or production, including accessory expenses and net of the related depreciation.
Routine maintenance costs are charged in full to the income statement. Costs for improvements, modernisation and transformations intended to increase value are carried as assets.
Depreciation starts when the assets become available for use.
Depreciation is calculated on a straight-line basis, according to the estimated useful life of the related assets, revised from time to time if necessary, applying the following percentages, which have not changed from the previous year and with application of monthly depreciation according to the month of purchase or commissioning of the asset:

- Plant and machinery:
  - Generic and specific plants: 20%
  - Anti-break-in systems: 30%
- Other assets:
  - Furniture and fittings: 12%
  - Electronic office machines: 20%
  - Signs: 20%

Assets with a unit value of less than Euro 516.46, susceptible to autonomous use, are registered in full to the income statement.

Intangible assets

An intangible asset is booked only when it can be identified, it is subject to the company's control, it is destined to generate future economic benefits and if its cost can be determined.

Intangible fixed assets are initially recorded at historic purchase cost or cost of internal production and stated net of the amortisation charged over the years, charged directly to the individual items.

If impairment is noted, the intangible asset is written down accordingly, in line with the criteria set forth in the next standard "Impairment of intangible assets".

Amortisation rates are revised annually and altered if the estimated useful life differs from that estimated previously. The estimated useful life is five years for development costs; five years for third party software; five years for trademarks and other intangible fixed assets.
Development of the platform, third party software and trademarks are amortised according to their assumed possible use, so as to ensure that the net value at period end corresponds to their residual possible use. Amortisation/depreciation starts when an asset becomes available for use and the corresponding development project completed. Platform development, recorded with the consent of the Board of Auditors, includes the development costs incurred internally to create and innovate the MailUp® platform. Costs are capitalised only when the following can be shown:

- the intention to implement the intangible asset for use or sale;
- the capacity to use or sell the intangible asset;
- the capacity to reliably value the cost attributable to the intangible asset during its development;
- the availability of technical, financial or other resources, suitable to complete the development and use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits.

Other fixed assets, registered with the consent of the Board of Auditors, relate to the costs of translating platform components incurred to make it usable on the export markets.

Fixed assets under construction relate to costs incurred for development projects on the MailUp® platform, which as at 31 December 2016 had not been completed and, therefore, could not be used.

Equity investments
Subsidiaries are companies in which the Company simultaneously holds the following three elements: (a) power over the business; (b) exposure, or rights, to variable returns deriving from the involvement with it; (c) capacity to use power to influence the amount of said variable returns.
All equity investments are recorded at purchase cost, including accessory expenses, at the time of initial booking; thereafter, in the event of evidence that an equity investment may have suffered a loss in value, the estimated value that can be recovered on the equity investment is calculated. If impairment is noted, the equity investment is written down accordingly, in line with the criteria set forth in the next paragraph "Impairment of tangible and intangible assets and equity investments".

Companies over which another company exerts significant influence, are considered as associates. Influence is assumed when in the ordinary shareholders' meeting; at least one fifth of votes can be cast or one tenth, if the company has shares listed on the stock exchange.

Other current and non-current assets, trade receivables and other receivables
Trade receivables, other current and non-current assets and other receivables are intended as financial instruments, mainly relative to receivables due from customers, not derivatives and not listed on an active market, from which fixed or determinable payments are expected. Trade receivables and other receivables are classified on the balance sheet of current assets, apart from those with a contractual due date that exceeds twelve months after the reporting date, which are classified as non-current assets.
These assets are valued at the time of first booking at fair value and, thereafter, at amortised cost, using the effective interest rate, less impairment. An exception is made for receivables for which the brief duration makes discounting insignificant.
Impairment of receivables is booked on the income statement when objective evidence is seen that the Company will be unable to collect the receivable due from the counterparty under the terms of the contract.
The value of the receivables is stated net of the related impairment.

Prepaid tax assets
Prepaid tax assets are booked at nominal value. They are booked when their collection is deemed to be "likely". See also the comment given under "Income tax".

Cash and liquid funds
Liquid funds include cash in hand, cheques and bank current accounts and deposits that can be reimbursed on

demand, which are readily convertible into cash and subject to an insignificant risk of a change in value. They are booked at nominal value.

Own shares

Own shares are booked at purchase cost, including accessory expenses of the sale and are stated reducing shareholders' equity. The financial effects deriving from any subsequent sales are noted as shareholders' equity. Following the completion of the first own share purchase programme, on 28 April 2016, the shareholders' meeting resolved to authorise purchases and disposals of own shares as from the same date of the meeting and for 18 months of that date, in an amount that can be freely decided by the Board, up to a maximum number of shares that shall not exceed 10% of the share capital. The purchase price of each share must be no less and no more than 15% of the reference price recorded by the share during the stock market session of the day prior to each individual transaction.

Assets held for sale

According to the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", non-current assets whose book value will mainly be recovered through a sale rather than continuous use, if the requirements are met as envisaged by the specific standard, are classified as held for sale and valued at the lesser of book value and fair value, net of the costs of sale. As from the date on which said assets are classified as non-current assets held for sale, the related amortisation is suspended. Liabilities connected with said assets are classified under "Liabilities relating to assets held for sale", whilst the economic result relating to said assets is noted under "Other income".

Non-current financial liabilities

Financial liabilities are initially recorded at cost, corresponding to the fair value of the price received net of the transaction costs directly attributable to the loan. After initial booking, loans are measured using the amortised cost criterion and the effective interest rate method. The amortised cost is calculated considering the issue costs and any discount or premium envisaged at the time of settlement.

Employee benefits

Staff provisions disbursed at or following termination of the contract of employment mainly consist of Severance Indemnity ("TFR"), which is regulated by Italian legislation under Art. 2120 of the Italian Civil Code. TFR is a defined benefits plan, i.e. a formalised programme of post-employment benefits that constitutes a future obligation and one for which the Group will bear the actuarial and related investment risks. As required by IAS 19R, MailUp uses the Projected Unit Credit Method to determine the current value of the obligations and the related social security cost of the current provisions; this method of calculation requires the use of objective actuarial hypotheses that are compatible with demographic (mortality rate, staff turnover rate) and financial (discounting rate, future increases in salary levels) variables. Actuarial gains and losses are immediately recognised in full on the statement of comprehensive income in compliance with IAS 19R.
Following the social security reform, as from 1 January 2007, the TFR accrued following the coming into force of said reform, is allocated to pension funds or treasury funds established by INPS for companies with more than 50 employees or, for companies with fewer than 50 employees, may remain in the company as for previous years, or alternatively allocated to pension funds. On this, the allocation of the accruing portions of TFR in pension funds or INPS means that a portion of the TFR accruing is classified as a defined contributions plan, insofar as the company obligation consists exclusively of paying the contributions to the pension provision or INPS. The liability relative to previous TFR continues to constitute a defined benefits plan, to be assessed according to actuarial hypotheses.
From an accounting viewpoint, through the actuarial valuation, the interest cost that constitutes the figurative expense that the company would incur in asking the market for a loan in the amount of the TFR is carried under "Financial income/expense" on the income statement, and the current service cost, which defines the amount of rights accrued during the year by the employees who have not transferred the portions accrued as from 01 January 2007 to complementary welfare, under "payroll costs". Actuarial gains and losses that reflect the effects deriving from changes to the actuarial hypotheses used are booked directly as shareholders' equity, without being carried on the income statement and are stated on the Statement of Comprehensive Income.

Benefits incentive plan for senior management

Additional benefits are recognised to the management team of MailUp through capital sharing plans. These plans are booked in accordance with the provisions of IFRS 2 (Share-based payments). According to the provisions of IFRS 2, these plans are a component of the remuneration of beneficiaries; hence, for plans where remuneration takes the form of capital instruments, the cost is represented by the fair value of these instruments as at the date of assignment and is carried on the consolidated income statement as "Payroll costs" throughout the period running between the date of assignment and of accrual, with a counter-entry into an equity reserve called "Stock option plan reserve".

Changes in fair value subsequent to the date of assignment have no effect on initial valuation. At the end of each year, the estimated number of rights to be accrued through to maturity, is updated. The change in estimate reduces the "Stock option plan reserve", with a counter-entry under "Payroll costs".

Provisions for risks and charges
Provisions for risks and charges include provisions deriving from current obligations (legal or implicit) deriving from a past event, in order to fulfil which, it is likely that resources will need to be used, the amount of which can be reliably estimated.
If forecast use of resources goes beyond the year after, the obligation is registered at current value, determined through the discounting of forecast future flows, discounted at a rate that also considers the cost of money and risk of the liability.
Instead, no provision is made against risks for which the onset of a liability is merely possible. In this event, a specific disclosure is given in the specific information section on commitments and risks and no provision is made.

Trade payables
Payables are booked at nominal value. When, considering the payment terms agreed, a financial transaction is implemented, payables are measured at current value, allocating the discount as a financial expense according to competence.

Other current liabilities
These refer to various types of transactions and are booked at nominal value.

Booking of revenues
Revenues are booked to the extent to which it is probable that the economic benefits are achieved and the related amount can be reliably determined. The following specific criteria in the booking of revenues must be respected before making the allocation to the income statement:
Sales of goods - The revenue is recognised, in accordance with that established by IAS 18, when all significant risks and benefits connected with the ownership of the asset are transferred to the buyer.
Provision of services - Revenues are recognised at the time of effective disbursement with reference to completion of the service supplied and in respect of total services still to be provided.
Interest - This is noted according to competence.

Costs
Costs and other operating expenses are noted on the income statement when they are incurred according to an accruals basis and correlation with revenues, when they do not produce future economic benefits or do not meet the requirements for booking as assets on the statement of financial position. Financial expenses are noted according to maturity, on the basis of the start of the terms, using the effective rate.

Impairment of intangible assets
At least once a year, the company verifies the net book value of tangible and intangible assets, so as to determine if there is any indication that these assets may have suffered a loss in value. If there is any such evidence, the value that can be recovered on the assets is estimated.
Intangible assets are subject to impairment testing each year, even where there are no indicators of loss in value or, more frequently, each time there is an indication that the asset may have lost value, if necessary.
The recoverable value of a tangible or intangible asset is defined as the greater of its fair value less the costs of sale and value in use, calculated as the current value of future cash flow that is expected to stem from an asset or cash generating unit (CGU). The cash flow forecast is based on corporate plans and reasonable, documented assumptions regarding the future results of the company and macroeconomic conditions, also as regards the discounting rate used in the discounting process.
When it is not possible to estimate the value that can be recovered on an individual asset, the company estimates the value that can be recovered on the cash generating unit to which the asset pertains. More specifically, with reference to MailUp, a single CGU has been identified as coinciding with the legal entity, whose assets include tangible and intangible assets as at the testing date.
Each time the recoverable value of an asset (or cash generating unit) is less than the book value, the latter is reduced to the recoverable value and the loss is carried on the income statement. Thereafter, if a loss previously noted on assets other than goodwill should cease to apply or reduce, the book value of the asset (or cash generating unit) is increased up to the new estimated recoverable value (which shall not, in any case, exceed the net carrying amount of the asset had no impairment been applied).

Dividends

Income for dividends is recorded when the right to collection matures, which normally coincides with the meeting resolution to distribute the dividends.
The dividends resolved are recognised as amounts due to Shareholders at the time the distribution is resolved.

Taxes

Period tax includes current and deferred tax. Income tax is generally carried on the income statement, except when relative to situations booked directly as equity.
Current tax is tax expected to be paid on taxable period income and calculated in compliance with current tax regulations and considering the exemptions applicable and any tax credits due.
Deferred tax is calculated using the liability method on temporary differences between the amount of assets and liabilities on the financial statements and the corresponding tax values. Deferred tax is calculated according to the tax rate expected to be in force at the time the asset is realised or the liability is extinguished.
Deferred tax assets are only noted if it is likely that in following years, sufficient taxable income will be generated to realise said assets.
Deferred tax assets and liabilities are only offset when there is a legal right to compensation and when they refer to tax due to the same tax authority.
Income tax relative to previous years includes expenses and income noted during the year for income tax relative to previous years.

Profit/(loss) per share

Basic

Profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any own shares.

Diluted

Diluted profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any own shares. In order to calculate the diluted earnings per share, the weighted average of shares in issue is altered, assuming the conversion of all potential shares with a diluting effect, whilst the economic result is adjusted to consider the effects, net of tax, of the conversion.

Discretionary valuations and significant accounting estimates

The preparation of the consolidated financial statements in compliance with the IFRS requires, from directors, the application of accounting standards and methods that, in some circumstances, are based on valuations and estimates based on past experience and assumptions that are considered reasonable and realistic at the time, according to the related circumstances. The application of these estimates and assumptions influences the amounts booked and the information supplied. The end effective results of the items for which said estimates and assumptions were used, may differ from that reported on the financial statements, which note the effects of the onset of the event estimated, due to the uncertainty that characterises the assumptions and conditions on which the estimates are based.
Below is a brief list of items requiring a greater degree of subjectivity from the directors in preparing the estimates and for which a change in the conditions underlying the assumptions used may have a significant impact on the financial results.

Provision for doubtful debt

The provision for doubtful debt reflects the best estimate of the directors as to the losses relative to the loans portfolio with regards to customers. This forecast is based on the losses expected by the Company, determined according to previous experience with similar receivables, current and historic past due positions, careful monitoring of credit quality and forecasts regarding the economic and market conditions.

Prepaid tax

Prepaid tax is booked on the basis of expectations of taxable income in future years, which will allow for its recovery. The assessment of forecast taxable income for the purpose of booking prepaid tax depends on factors that may vary over time and determine significant effects on the potential recovery of prepaid tax receivables.

Provisions for risks and charges

Against legal and tax risks, provisions are made to represent the risk of a negative outcome. The value of provisions booked relative to said risks is the best estimated as at the date, prepared by the directors. This estimate entails the adoption of assumptions that depend on factors that may change over time and which may, therefore, have significant effects on current estimates prepared by directors in order to prepare the Company's financial statements.

Conversion of amounts denominated in foreign currency

Functional currency
The Company prepares the financial statements in accordance with the currency used in Italy. The functional currency of the company is the euro, which is the currency in which the separate financial statements are presented.
Transactions and accounting entries
Transactions performed in foreign currencies are initially booked at the exchange rate as at the transaction date.
As at the account closing date, monetary assets and liabilities held in foreign currency are reconverted according to the exchange rate in force as at that date.
Non-monetary items measured at historic cost in foreign currency are converted using the exchange rate in force on the date of the transaction.
Non-monetary items registered at fair value are converted using the exchange rate in force as at the date on which the value was determined.

Accounting standards applicable as from 2016

Below are the accounting standards, amendments and interpretations issued by the IASB applicable as from 31 January 2016.
IAS 16 - IAS 38 amendment - Clarifications on acceptable methods of amortisation/depreciation
By Regulation no. 2015/2231 issued by the European Commission on 02 December 2015, the amendments to IAS 16 and IAS 38 were approved aiming to clarify that a revenue-based amortisation/depreciation method is not considered appropriate insofar as it only reflects the flow of revenues generated by said activities and not, instead, the method by which the economic benefits incorporated into the asset are consumed. This amendment had no impact on the financial position and consolidated profitability.

IFRS 11 amendment - Booking of interests in joint operations
By Regulation no. 2015/2173 issued by the European Commission on 24 November 2015, the amendment to IFRS 11 "Booking of acquisitions of equity investments in joint operations" was approved, which establishes that an entity shall adopt the standards set out in IFRS 3 to record the accounting effects consequent to the acquisition of an interest in a joint operation that constitutes a business. Specifically, when acquiring a joint operation, the investor must measure the assets and liabilities acquired at the related fair value, book the expenses connected with the acquisition, define the deferred tax impacts deriving from the reallocation of the price paid on the values acquired and, finally, identify any goodwill as a residual element deriving from the exercise of purchase price allocation as described above.
The amendment to IFRS 11 applies to both the acquisition of an initial interest and subsequent acquisitions. However, an equity investment held previously is not measured at fair value when the acquisition of a subsequent portion keeps the joint control unchanged (i.e. the additional acquisition does not result in control over the subsidiary). This amendment had no impact on the financial position and consolidated profitability.

IAS 16 - IAS 41 amendment - Changes to the standard applicable to assets represented by plantations (applicable as from 01 January 2016)
The amendment, published in June 2014, aims to alter the method by which to measure assets represented by fruit-bearing plants, such as vines, rubber trees and oil palms. The amendment envisages the application of the same accounting method as existing for tangible fixed assets, thereby allowing for the booking at cost as an alternative to the fair value model method pursuant to IAS 41, which originally applied to all biological assets. Plantations are, in fact, comparable with other production plants or activities. This amendment had no impact on the financial position and consolidated profitability. The new standard does not apply to the Group.

IAS 1 amendment - Clarifications on the disclosure
Regulation no. 2015/2406 issued by the European Commission on 18 December 2015 approved the amendments to IAS 1 given in the document "disclosure initiative", essentially containing clarifications on the method by which

financial statements disclosures should be presented, drawing attention to the use of the concept of meaning and aggregation. This amendment had no impact on the financial position and consolidated profitability.

IFRS 10 - 12 - IAS 28 amendment - Investment companies: exception to the application of the consolidation obligation
The amendment, which was published in December 2014, establishes that investment companies that may come under the scope of the definition established by the standard, shall be exempt from submitting consolidated financial statements and instead required to value subsidiaries using the fair value method envisaged by IFRS 9. The new standard does not apply to the Group.

IAS 19 amendment - Defined Benefit Plans: Employee Contributions
Regulation no. 2015/29 issued by the European Commission on 17 December 2014 approved the amendment to IAS 19 "Defined Benefit Plans: Employee Contributions". The amendment comes into effect starting from years starting on or after 1 February 2015. In some countries, pension plans require employees or third parties to make contributions to the pension plan and these contributions reduce the cost incurred by the employer. The change introduces a simplification on which basis the employee contributions (or those paid by third parties), when not depending on the number of years of service, can be recognised as a reduction of the cost of labour in the period in which the related service is provided, rather than being attributed to the entire "period of work". The booking of voluntary contributions has not changed with respect to the current version of IAS 19 (they are recognised as reducing the cost of labour at the time payment is made). This amendment had no impact on the financial position and consolidated profitability.

Annual Improvements to IFRSs 2010-2012 Cycle
Regulation no. 2015/28 issued by the European Commission on 17 December 2014 approved the document "Annual Improvements to IFRSs 2010-2012 Cycle" containing amendments, which are mainly technical and editorial, to some international financial reporting standards. The changes specified in said document take effect as from years starting on or after 1 February 2015. The following amendments are included in the 2010-2012 improvements cycle:
IFRS 2 "Share-based payments": the definition of "vesting condition" has been clarified and definitions of "service condition" and "performance condition" introduced;
IFRS 3 "Business combinations": the standard has been amended to clarify that the obligation to pay a potential price comes under the definition of a financial instrument and must be classified as a financial liability or an item of shareholders' equity on the basis of indications given in IAS 32. It has also been clarified that obligations to pay a potential price, different from those coming under the scope of the definition of an equity instrument, are measured at fair value at each reporting date, with changes noted on the income statement;
IFRS 8 "Operating segments": the change made requires a disclosure to be given on the assessments made in the aggregation of operating segments, describing the segments that have been aggregated and the economic indicators measured to determine that the aggregated segments have similar economic characteristics;
IAS 16 "Property, plant and machinery" and IAS 38 "Intangible assets": both standards have been amended to clarify the way in which historic cost and the provision for amortisation/depreciation of a fixed asset should be booked, when an entity applies the revalued cost model;
IAS 24 "Related party disclosure": the change made establishes the information to be supplied when there is a third-party entity supplying services relative to the management of managers with strategic functions in the entity drafting the financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle
Regulation no. 2015/2343 issued by the European Commission on 15 December 2015 approved the document "Annual Improvements to IFRSs 2012-2014 Cycle" containing amendments, which are mainly technical and editorial, to some international financial reporting standards. The main changes are as follows:
IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations": the amendment clarifies that when a non-current asset (or group held for disposal) is reclassified from "held for sale" to "held for distribution" or vice versa, this reclassification does not constitute a change to a plan for sale or distribution. It has also been clarified that the standards of IFRS 5 on changes to a sales plan apply to an asset (or group held for disposal) that ceases being held for distribution but is not reclassified as "held for sale";
IFRS 7 "Service contracts": if an entity transfers a financial asset to third parties and the conditions of IAS 39 are respected for the derecognition from the accounts of the asset, the amendment to IFRS 7 supplies indications on what is meant by "residual involvement" and adds a specific guide to help the company management determine if the terms of an agreement for the provision of services that regard the asset transferred do or do not give rise to a residual involvement;

IFRS 7 "Interim financial statements": it clarifies that the disclosure required by the previous amendment to IFRS 7 "Disclosure - Offsetting financial assets and financial liabilities" need not be supplied in interim financial statements, unless specifically required by IAS 34;

IAS 19 "Employee benefits": the standard requires the discounting rate used to discount obligations for benefits subsequent to termination of the contract of employment to be determined with reference to the market performance of bonds of primary companies and in countries where there is no "deep market" for said securities, the market returns of securities of public entities must be used. The change introduced with the 2012-2014 improvements cycle establishes that in assessing if there is a "deep market" of bonds of primary companies, it is important to consider the market on a level of currency and not of individual country;

IAS 34 "Interim financial statements": it lists the information that must be given in interim financial statements, unless given elsewhere in the interim financial statements. The amendment clarifies the meaning of "disclosure given elsewhere in the interim financial statements", explaining that reference is made to other documents that must be made available to users, together with the interim financial statements (e.g. the Report on operations).

Accounting standards, amendments and interpretations approved, but not yet applicable/not applied early by the Group

IFRS 9 - Financial instruments (applicable as from 01 January 2018)

The new document represents the first part of a process in stages, which aims to fully replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. More specifically, the criteria for the recognition and measurement of financial assets and the related classification in the financial report, have been amended. The new provisions establish a model for the classification and valuation of financial assets based exclusively on the following categories: assets valued at amortised cost and assets valued at fair value. The new provisions also establish that equity investments other than those held in subsidiaries, joint operations or associates, shall be measured at fair value with the allocation of the effects to the income statement. If said equity investments are not held for trading, the changes in fair value can be noted in the statement of comprehensive income, maintaining only the effects connected with the distribution of dividends on the income statement. Upon disposing of the equity investment, the amounts noted in the statement of comprehensive income shall not be booked to the income statement. On 28 October 2010, the IASB supplemented the provisions of IFRS 9, including the criteria for the recognition and measurement of financial liabilities. More specifically, the new provisions require that, if measuring a financial liability at fair value with allocation of the effects on the income statement, the changes in fair value connected with changes to the credit risk of the issuer (the "own credit risk") shall be noted on the statement of comprehensive income; this item shall be allocated to the income statement so as to ensure the symmetrical representation with other items connected with the liability, avoiding any accounting mismatch.

Moreover, in November 2013, an amendment was published that introduced three important changes. The most important regards hedge accounting and introduces a new model that incorporates a series of improvements aimed at aligning accounting treatments with the management of risk applied by the company. The other two changes regard the period of first-time application of the standard, offering the possibility of immediate adoption and recording directly on the statement of comprehensive income of the effects deriving from the changes in the issuer credit risk (the "own credit risk"). The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IFRS 15 - Revenue from Contracts with Customers (applicable as from 01 January 2018)

The new standard aims to improve the quality and standardisation in the recording of revenues and comparability of financial statements prepared in accordance with the IFRS and the American accounting standards. According to the new standard, the model for recognising revenues can no longer be based on the earning method, but rather must use the asset-liability method that draws attention to the time of transfer of control over the asset sold. The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

Accounting standards, amendments and interpretations not yet approved

IFRS 16 - Leasing (applicable as from 01 January 2019, with the possibility of early application)

On 13 January 2016, the IASB published the new accounting standard IFRS 16 Leasing. The new standard replaces IAS 17 and provides accounting representation methods that are more suitable in terms of reflecting the nature of the lease in the financial statements. The new IFRS 16 applies as from 01 January 2019, but early application is permitted

for companies also applying IFRS 15 - Revenue from Contracts with Customers. The Group is still finalising its measurement of the impact of the new standard on its equity and financial structure. According to the provisional analyses currently being finalised, the greatest impact will regard contracts in place relative to properties, cars and electronic machines.
The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IAS 12 amendment - Income tax (applicable as from 01 January 2017, with the possibility of early application)
On 19 January 2016, the IASB published some amendments to IAS 12. The amendment aims to clarify how to book deferred tax assets relative to debt instruments measured at fair value. The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IAS 7 amendment - Statement of Cash Flows (applicable as from 01 January 2017)
On 29 January 2016, the IASB issued amendments to IAS 7 "Statement of Cash Flows": The change requires the financial statements to provide information on the changes to financial liabilities with the aim of improving the disclosure given to investors to help them better understand the changes affecting these payables. This amendment, acting only on the presentation, will have no impact on the financial position and Group profitability.

IFRS 14 - Regulatory Deferral Accounts (applicable as from 01 January 2016)
The new standard allows only those adopting IFRS for the first time to continue to book amounts relating to rate regulation according to the previous accounting standards adopted. In order to improve the comparability with entities applying IFRS and that do not book said amounts, the standard requires the effect of rate regulation to be presented separately from the other items. The European Commission has decided not to start the approval process of this standard ad interim, and instead to await the final standard. The new standard does not apply to the consolidated financial report.

IFRS 10 - IAS 28 amendment - Sale or contribution of assets between an investor and its associate or joint venture (applicable as from 01 January 2016)
The amendment, which was published in September 2014, aims to solve a conflict between the provisions of IFRS 10 and IAS 28 if an investor sells or contributes a business or associate or joint venture. The main change made to the amendment is the fact that the capital gain or loss consequent to the loss of control must be recorded in full at the time of the sale or contribution of the business. A partial capital gain or loss will be recorded only in the event of a sale or contribution involving individual assets only. The IASB has suspended publication and approval of said amendment to a date to be defined.

IFRS 2 amendment - Classification and measurement of share-based payments (issued on 29 June 2016)
It includes clarifications on the accounting of stock options subject to vesting conditions connected with performance. The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IFRS 4 amendment - Application of IFRS 9 Financial instruments to IFRS 4 Insurance contracts (issued on 12 September 2016)
The amendment introduces different methods of booking for insurance contracts coming under the scope of application of IFRS 4. The amendment does not apply to the consolidated financial report.

Specifications on IFRS 15 - Revenue from Contracts with Customers (issued on 12 April 2016)
The IASB has provided practical indications on certain subjects covered by IFRS 15 (identification of performance obligations, main considerations versus agent and licensing). The analysis of the potential impact of this amendment will be considered at the same time as the application of IFRS 15, described above.

Annual Improvements to IFRSs 2014-2016 Cycle
The document "Annual Improvements to IFRSs 2014-2016 Cycle", not yet approved, containing amendments, which are mainly technical and editorial, to some international financial reporting standards. The main clarifications regard IFRS 1, IAS 28 and IFRS 12. We believe that these improvements will not impact the Group's financial position.

IFRIC 22 interpretation - Foreign Currency Transactions and Advance Consideration (issued on 08 December 2016)

IFRIC 22 aims to clarify the booking of operations involving the receipt or payment of advances in foreign currency, in particular when an entity records a non-monetary asset or liability before booking the related asset, revenue or cost. IFRIC 22 applies as from 01 January 2018; early application is permitted.

IAS 40 amendment - Transfers of Investment Property (issued on 08 December 2016)
The main changes introduced by the amendment include the change in intended purpose of an investment property only being able to take place when there is evidence of a change in use.

Risk analysis
In going about its business, the Company is exposed to risks and uncertainties, deriving from exogenous factors connected with the general macroeconomic context or the specific context to the operating segments in which it goes about its business, as well as to risks deriving from strategic choices or internal operating risks.
The identification and mitigation of such risks has been carried out systematically, allowing for the monitoring and timely overseeing of the risk levels detected.
Under the scope of the business risks, the main risks identified, monitored and managed by the company are as follows:
- risk connected with the general economic trend;
- market-related risks;
- risks connected with financial operations.

Risk connected with the general economic trend
The economic-financial position of the companies and other subsidiaries belonging to the Group, is influenced by all factors comprising the Italian and international macroeconomic context. During the reporting period, despite the modest signs of recovery, situations of uncertainty continue to persist in economic terms in general. This phase is following a long period of recession that has resulted in a significant deterioration of the economy. In Italy, like in other EU countries, widespread austerity measures have been adopted, which have negatively influenced consumer trust, their buying power and spending capacity. In this difficult macroeconomic situation, MailUp has successfully grown and achieved important objectives, but the crisis of the Eurozone countries and unforeseeable effects of its continuation, may in any case have negative effects on the company business.

Market risks

The sectors in which MailUp operates are characterised by rapid technological development and suffer the competitive pressure deriving from the development of technology. The company's success depends, amongst other aspects, on the capacity to innovative and strengthen its technologies, in order to respond to the technological progress in the sector in which it operates. MailUp consequently finds itself having to cope with a more acute competition by virtue of the emerging technologies and services that may be introduced or implemented in the future. The new technologies, in fact, may limit or reduce the company's business and/or encourage the development and growth of new operators. In particular, the SMS system may be surpassed by other network-based systems (such as Messenger, WhatsApp, WeChat, Push Notifications), with the consequence that the company may not be able to successfully and/or quickly manage any transition to the use of these platforms.

If the solutions offered by the company should be unable to satisfy the needs of clients and/or respond to technological progress, the company will need to be able to improve its technological platform quickly and develop and introduce new services, new applications and new solutions onto the market quickly and at competitive prices. The company's incapacity to improve, develop, introduce and supply services quickly that are able to satisfy market demands, including in technological terms, may have a negative impact on operating results or may make the company's technological platform obsolete. In order to maintain its competitiveness on the market, the company will therefore need to invest in research and development, with a high capacity to adjust to continue to respond to the rapid technological changes and constantly develop the characteristics of its services so as to respond to the changing market demands.

If the company should be unable to adjust promptly to the technological evolution and/or the introduction of a new technology, negative effects may be seen on the company's economic, equity and financial position.

Credit risk

The credit risk is the exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the finance and administration department, which, on the basis of formalised assessment and appointment procedures of commercial partners, seeks to minimise the risk. Following the economy's difficulties, stricter procedures have been adopted to quantify and control client risk levels. In order to reduce the risk of insolvency deriving from trade receivables, a series of measures has been introduced aiming to encourage the use of electronic payment systems (credit cards, PayPal) by customers, for example strengthening and innovating the e-commerce sale system. This choice resulted in the constant growth of collections made by electronic payment systems, improving the quality of trade receivables and reducing the impact of the costs of debt collection.
It must be considered that the financial activities of the Company have a good credit standing.

Liquidity risk

The liquidity risk consists of the impossibility of respecting payment commitments due to difficulties in obtaining funds or liquidating assets on the market. The consequence is a negative impact on the economic results if the company is forced to incur additional costs to fulfil its commitments or, as an extreme consequence, a situation of insolvency that risks the company as a going concern. At present, also thanks to its listing on the AIM market and the excellent relations with the banking system, MailUp enjoys a good level of liquidity and reduced debt, aimed exclusively at growth by external lines, implemented through acquisitions, during the second half of 2015, of subsidiaries. This process enabled the confirmation of the organic growth seen for several years now and the booking of excellent results for 2016.
In order to optimise the management of financial resources, reducing the liquidity risk, MailUp has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with the business planning process. The foreseeable cash flow for FY 2017 includes, in addition to the dynamics of working capital and investments, also the effects of the maturity of current liabilities. The company expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that in FY 2017, the company will be able to generate financial resources that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.
It is considered that the liquidity risk is not significant.

Interest rate risk

The company has obtained financial resources through banks to cope with extraordinary operations. As at 31 December 2016, the consolidated net financial position, net of amounts held on account, comes to Euro 350,561. More specifically, short-term amounts due to banks comes to Euro 1,190,373, whilst the medium-term debt is Euro 2,183,645. The underlying loan contracts envisage terms and conditions that are in line with market practice.
The loans are connected with the risk of interest rate changes, as they are negotiated at variable rates. It cannot be excluded that growth of interest rates may result in an increase in costs connected with the financing of debt, with consequent negative effects on the company's economic-financial position.

Conversion exchange rate risk

MailUp holds an equity investment in MailUp Inc. with registered office in San Francisco, the USA. The equity investment is booked for a value of Euro 499,514 and is therefore subject to changes in the Euro/Dollar exchange rate. The company also has a shareholding in the subsidiary MailUp Nordics for a total amount of Euro 800,000 subject to the Danish Krone/Euro exchange rate risk. It is pointed out that the Danish Krone/Euro exchange rate is extremely stable and presents very low volatility risks. Although it monitors exposure to the risk of conversion exchange rates, MailUp is only slightly subject to it.

Risk of recovery/impairment assets

The risk of recovering the value of the assets held by the Company takes concrete form in connection with the economic performance and the capacity to produce sufficient cash flow to guarantee recovery of the investment value.
This risk is monitored by the management through the regular verification of economic results, including under the scope of specific valuation procedures, such as, for example, by carrying out impairment tests at least once a year.

Disclosure on the book value of financial instruments

Below is the disclosure on the book value of the financial instruments for the financial year ended on 31 December 2016:

31 December 2016 MailUp S.p.A.			
(in units of euros)	**Receivables, payables and loans**	**Fair value**	**Fair value hierarchy**
Other financial assets			
Other non-current financial assets	162,862	**162,862**	Level 3
Other current financial assets	108,062	**108,062**	Level 3
Trade receivables			
Trade receivables	1,156,163	**1,156,163**	Level 3
Liquid funds and equivalent			
Cash at bank and post office	3,023,456	**3,023,456**	Level 1
Non-current financial liabilities and payables			
Amounts due to banks	2,183,645	**2,183,645**	Level 1
Current liabilities			
Amounts due to banks and other lenders	1,190,373	**1,190,373**	Level 1
Trade payables	691,622	**691,622**	Level 3

Potential liabilities

In addition to that indicated in the paragraph on Provisions for risks, no legal or tax disputes are currently underway involving the Company.

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
629,282	651,083	(21,801)

Plants and machinery

Description	Amount
Historic cost	60,526
Previous years' depreciation/amortisation	(59,460)
Balance as at 31/12/2015	**1,066**
Period acquisitions	
Period disposals	
Period amortisation/depreciation	(984)
Balance as at 31/12/2016	**82**

Other assets

Description	Amount
Historic cost	1,623,470
Previous years' depreciation/amortisation	(973,453)
Balance as at 31/12/2015	**650,017**
Period acquisitions	243,440
Period disposals	0
Period amortisation/depreciation	(264,257)
Balance as at 31/12/2016	**629,200**

"Other tangible assets" include:

- expenses for the purchase of office furniture and furnishings for Euro 74,685, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 547,715, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 5,375, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 1,425, net of period depreciation.

Intangible assets (2)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
3,660,657	3,361,555	299,102

Description of costs	Value 31/12/2015	Period increases	Period decreases	Period amortisation /depreciation	Value 31/12/2016
Platform development	3,185,715	1,676,911	(462,162)	(916,192)	3,484,272

MAILUP GROUP

Third party software	92,844	42,156		(29,630)	105,370
Trademarks	20,644	9,668		(7,745)	22,567
Other	62,352	833		(14,737)	48,448
	3,361,555	**1,729,568**	**(462,162)**	**(968,304)**	**3,660,657**

"Platform development" includes costs for the development of the MailUp® platform for Euro 3,484,273, net of relevant amortisation/depreciation, of which details are given below; this same item also includes costs for projects to develop the MailUp® platform currently in progress, activities not yet completed at year end and which have not, therefore, been amortised. Period decreases highlights the value of the intangible asset BEE editor, developed by MailUp S.p.A. and sold by means of conferral to the American subsidiary MailUp Inc on 31 December 2016.
"Third party software" includes costs relative to software owned by third parties and purchased by the company.
"Other" fixed assets consist of the costs for translating platform components of multiple-year use, incurred into order to allow for its use on export markets (e.g. English, Spanish, Japanese, Bahasa) under the scope of the general strategic international growth project pursued by the Group.

Impairment testing of intangible assets

As recalled in the section on the accounting standards adopted, the company verifies the potential recovery of intangible fixed assets booked once a year through specific assessments (impairment tests) on each cash generating unit (or "CGU"), in the specific case represented by the legal entity MailUp S.p.A., which has booked said values in its accounts. The potential recovery of the investment is determined with reference to forecast cash flow.
Impairment testing was carried out considering the latest economic-financial forecasts for future years (2017-2019), as resulting from the budget data for FY 2017 and applying the forecasts of data contained therein for FYs from 2017 to 2018. These forecasts prepared for impairment testing have been approved by the administrative body of the company and consider the effects envisaged for the application of the reference IAS/IFRS accounting standards.
The potential recovery of the value of the fixed assets booked recorded is checked through a comparison of the net book value with the related value for recovery, determined as the value in use (recoverable amount). This recoverable amount is represented by the current value of future cash flow, both for the specific flow period and in terms of the specific forecasting time frame, on the basis of the determination of the terminal value (or "TV") in application of the perpetuity method.
Considering the companies' operations and valuation practice relative to similar operations in Italy and abroad, reference was made to the following valuation methods, commonly recognised by professional practice for operations of this type and companies operating in the reference sectors:

- Analytical methods (discounted cash flow), as main method;
- Market multiples method, as control method.

The discounted cash flow (DCF) method applied to the forecasts of the 2017-2019 Plan approved by the administrative body and terminal value of the business estimated at the end of the specific period of the reference business plan, was based on the application of a WACC (weighted average cost of capital) discounting rate.
The calculation of the weighted average cost of capital is performed on the basis of the following variables:

- Risk free rate: Implicit risk-free rate of return determined according to the three-year average return of the ten-year Italian BTP;
- Risk premium: return expected by investors on a specific market according to the specific country risk and average cost of debt (spread);
- Sector-specific beta that measures the expected variability of returns upon a 1% variation in the market prices;
- The cost of debt is also considered net of the specific tax rate;
- The final value of the WACC is weighted according to the company's specific debt/equity ratio, to express the weight of recourse to own capital and third party financial capital.

In order to further stress the results of the impairment test and verify that it holds out even in the worst hypotheses of expected results, the managers applied prudent sensitivity hypotheses that simulate a reduction in EBITDA. Again, for reasons of prudence, the prospective growth rate of the terminal value has been zeroed in view of the now consolidated nature of the historic business of MailUp, particularly on a national level.
The multiple prospects of comparable listed companies are taken from the last Equity Research published by EnVent Research and Analysis, dated 18 October 2016, with reference to listed digital companies, like MailUp, on the AIM Italy market. More specifically, reference was made to the prospective average for 2016, of the multiples relating to

the sales revenues of a sample of reference companies, Enterprise Value EV/Sales and, by way of a further method of comparison, the average of EV/EBITDA multiples, then calculating the average of the values thus obtained.

Following the assessments performed, confirmed by the positive outcome of the test performed with both methods described above, no need was seen to apply any impairment to the book values and intangible fixed assets booked.

Development costs

“Platform development” includes the costs relating to the incremental development, update and innovation of the SaaS (Software as a Service) MailUp® platform owned by the company, which has always been a strategic factor in the business success. The same item includes costs for projects to develop the MailUp® platform, currently under development; these had not been completed at year end and have therefore not been amortised. The costs are reasonably linked to benefits that extend over several years, and are amortised in relation to their residual possibilities of use, given the economic and financial potential recovery of the investment.
The capitalised developments relative to the BEE software in 2016 should also be mentioned, for Euro 238,294. This asset was then conferred to the subsidiary MailUp Inc, as from 31 December 2016, at the value of Euro 462,162, as mentioned.

Below is a summary of the main development activities carried out in 2016.

New functions were added to the MailUp® platform in 2016. Development activities have focused on the analysis of usability of the platform and revision of the user interface, resulting in the release, in February 2017, of the MailUp 9 version of the platform, as well as on the development of innovative new modules based on the philosophy of “embeddable plugin”, that is, the creation of services that may be offered separately in the future, as was the case for BEEPlugin and BEEPro. New features were also developed:

- “Simplified Automation” that allows creating automation with a simplified “drag and drop” interface. This function can be used for example to create “Welcome series”, i.e. a series of automated e-mails timed from the date of registration, happy birthday e-mail or automatic e-mail following the abandonment of a cart on an e-commerce website. This type of e-mail is referred to as “transactional” because it is not sent as mass e-mail but only after a specific event related to a specific recipient and is among the most effective e-mail marketing methods as evidenced by the 2016 E-mail Marketing Observatory Research;
- “Landing page” that allows using the same “editor” to create e-mails also for the creation of landing web pages, useful not only following the sending of marketing e-mails, but also suitable for those who send SMS marketing campaigns. In fact, it resolves with simplicity the need to have “responsive” landing pages, i.e. suitable to be displayed effectively even on mobile devices, adapting the content and layout to the type of display;
- New API (application programming interface) methods that allow more sophisticated integrations between the MailUp® platform and customer digital applications and also activate the positive externalities of the digital ecosystem, with several companies and programmers that have decided to independently develop integrations between the MailUp service and third-party applications/services. This led to the creation of Pymailup, a library in Python language that simplifies integration with Python, Prestashop systems, one of the most popular e-commerce platforms, MS Dynamics CRM, Drupal SMS and others such as the new integration with Magento that will be released in open-source mode.

In FY 2016, development focussed mainly on the launch of **MailUp 9**, the completely redesigned version of the platform, enriched with new functions for the automation of e-mail and SMS marketing. MailUp 9 is one of the most important releases of the platform, the result of a major intervention on the user experience and comes with an all-new interface, thanks to the graphical redesign and reorganisation according to functional areas, with the aim of offering businesses an even simpler, more user-friendly browsing. Research continues on Marketing Automation technology, with MailUp 9 introducing new functions for the creation of work flows: as from today, users can now create automatic processes to deliver multi-channel campaigns in a timely, customised fashion. In the area dedicated to the creation of e-mails, MailUp 9 then introduces Collaboration, an innovative tool by which to share pre-launch stages of the campaign, allowing colleagues or customers to collaborate on all aspects of the message, through to final approval.

Again, under the scope of development, a significant amount of the work carried out regarded the “**Innovative Big Data Analytics System**” project. The focus of the project is the development of a new Big Data Analytics system for small and medium-sized companies. It is a project with a major impact on the future business of MailUp in the medium to long term, having a market potential also at international level, in particular in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, due to the complexity of the technologies and high specialization of resources that need to be put in place. On 29 April 2016, the Directorate General for Economic Development of the Lombardy Region approved the funding of the project presented by MailUp as leader of a consortium that involves a number of excellence companies adhering to the Technologies Centre of Cremona and the CRIT Consortium (Cremona Information Technology): Microdata Service, Lineacom and Politecnico di Milano. MailUp will receive up to a maximum of Euro 860,122 non-repayable in 24 months with respect to a total investment of Euro 2,045,648 in the period. The funding will cover costs for personnel, training, tools and equipment and consultancy services needed for the realization of the investments, which will be implemented over the next 24 months.

Equity investments in subsidiaries (3)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
11,152,016	10,689,854	462,162

Description	31/12/2015	Increase	Decrease	31/12/2016
Subsidiary companies	10,689,854	462,162		11,152,016
	10,689,854	**462,162**		**11,152,016**

The increase in equity investments relates to the conferral of the BEE editor to the subsidiary MailUp Inc, as already mentioned. The subsidiary has in fact resolved, in service of the conferral made during FY 2016, to increase its capital reserves in accordance with local regulations.
The following information is supplied on the controlling equity investments held directly.

Subsidiary companies

Company name	City or foreign country	Share capital	Shareholders' equity	Profit/ Loss	% held	Book value
NETWORK S.R.L.	CREMONA (CR)	10,500	208,068	15,638	100	75,000
MAILUP INC	UNITED STATES OF AMERICA	41,183*	459,113	932	100	499,514
ACUMBAMAIL SL	SPAIN	4,500	199,862	106,162	70	499,177
MAILUP NORDICS A/S	DENMARK	67,001*	1,027,890	(5,375)	100	800,000
AGILE TELECOM S.P.A.	CARPI (MO)	500,000	1,481,934	881,934	100	9,278,325
Total						**11,152,016**

(* historic exchange rate applied as at the date of first consolidation)

Network Srl has historically handled all the technical services relative to the MailUp® platform for the parent company (software development and maintenance, help-desk, deliverability and abuse, IT infrastructure). In a residual manner, the company also designs, develops and retails video surveillance and intelligent video analysis solutions. On 27 February 2017, the merger by acquisition took place of Network into MailUp. The merger took effect on 20 March 2017, the date on which both companies were registered with Companies House, whilst the accounting and tax effects applied as from 1 January 2017, as envisaged by specific regulations. The merger is justified by the need to simplify the company and production structure of MailUp and allowed for the simplification of administrative processes thanks to the elimination of duplications and overlapping.

MailUp Inc., established in San Francisco by the parent company in November 2011, it operated until 31 December 2016, aiming to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. In December 2016, the parent company conferred the intangible assets relating to the product BEEPlugin and BEEPro. The subsidiary therefore resolved, in service of the conferral made during FY 2016, to increase its capital reserves in accordance with local regulations. As from 2017, MailUp Inc will be responsible for the exclusive marketing of the different versions of the BEE editor.

Acumbamail S.L., a start-up founded in 2012 with registered office in Ciudad Real, Spain, has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees.

MailUp Nordics A/S controls 100% of the capital of the company **Globase International ApS**, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. The acquisition of the Danish companies aims to position the MailUp® platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, both by offering the MailUp® platform to new customers and by progressively migrating Globase platform users to MailUp.

Agile Telecom SpA with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public communication service and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCom). Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services, particularly on the wholesale SMS market. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing its business customers the best possible sending quality at the lowest possible price.

Equity investments recognised as non-current assets represent a long-term and strategic investment for the company.

The investments reported at purchase cost have not been written-down for lasting losses of value. No cases of "value restoration" occurred. To this end, please note that in the consolidated financial statements of the parent company MailUp, the goodwill entered relative to the controlling equity investments detailed above has been impairment tested by the management, confirming the potential economic-financial recovery of the investment. Reference is made to the explanatory notes to the consolidated financial statements, for full details.

The investment in the foreign company MailUp Inc. has a booked cost that exceeds the corresponding portion of equity. After the initial start-up phase, in FY 2015 and 2016, the company achieved positive results, with a good increase in turnover. The directors do not believe the loss of equity to be permanent; the positive signs seen, reinforced by the excellent prospects of the marketing of BEE (Plugin and Pro version), should be confirmed in the near future.
The booked value of the equity investments acquired in 2015 (Acumbamail, MailUp Nordics/Globase and Agile Telecom) also exceed the corresponding portion of equity. During the acquisition, the directors considered that the companies had good prospects to make profit and believe that they represent strategic investments for the group insofar as they will allow for important synergies with the business of the parent company. The directors therefore confirm the values assigned and the figures booked, excluding any impairment, as seen from the provisional results of the three-year business plans (2017 - 2019) prepared by the administrative bodies of the subsidiaries and impairment tested in the group consolidated financial statements.

Equity investments in associates and joint ventures (4)

Associated companies

Description	31/12/2015	Increase	Decrease	31/12/2016
Associated companies		102,000		102,000
		102,000		**102,000**

Company name	City or foreign country	Share capital	Shareholders' equity	Profit/ (Loss)	% held	Book value
CRIT - CRemona Information Technology	CREMONA (CR)	310,000	351,114	41,114	33%	102,000

The company purchased shares for Euro 2 thousand in the consortium CRIT CRemona Information Technology upon incorporation. It then increased its investment in the associated company by Euro 100 thousand as a result of the transformation to consortium with limited liability on 16 March 2016 and the subsequent strengthening of the capital by the shareholders on 30 March to relaunch the growth project of the consortium. The purpose of the CRIT is to develop a technological pole in Cremona that enables synergies to be achieved between consortium members, to develop services of mutual interest, both managerial and operative in nature (co-working, start-up incubator, common training structures, canteen, meeting room). The consortium also developed a building complex, the "Digital innovation pole", where Cremona-based ICT companies, starting from the consortium members themselves, can operate at their best and construct a centre of excellence that can generate new businesses and transfer economic opportunities and better quality of life to the local world of businesses and communities, deriving from the use of new communication and information technologies. MailUp will be moving its operative headquarters to Cremona, at the Pole, during the first half of 2017.

Other non-current assets (5)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
162,862	204,387	(41,525)

Description	31/12/2015	Increase	Decrease	Reclassifications	31/12/2016
Equity investments in other companies	2,000			(2,000)	0
Receivables from subsidiaries	114,816	97,265	(69,779)		142,302
Receivables from associated companies				14,641	14,641
Other receivables	87,571		(2,422)	(79,230)	5,919
	204,387	**97,265**	**(72,201)**	**(66,589)**	**162,862**

The column on reclassifications relates to the receivable of Euro 14,641 due from the CRIT Consortium, which became a related company following the above-described recapitalisation, and Euro 66,589 the reclassification as other current liabilities of the receivable deriving from the TFM policy, which will be collected by the end of next year.
The receivable due from subsidiaries regards MailUp Inc. and is in connection with an interest-bearing loan. More specifically, MailUp Inc has repaid part of a loan the expired by contract as at 31 December 2016 for Euro 69,779 and received a further disbursement from the parent company for Euro 97,264, to apply to the credit facility already in place and due on 31 December 2018.

"Receivables due from others" relate to caution deposits due beyond the year.

Receivables all have a maturity in excess of 12 months.

Prepaid tax assets (6)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
494,723	474,494	20,229

Prepaid tax assets refer to tax losses that can be carried forward, to future amortisation of intangible fixed assets reclassified in application of the IAS criteria during FTA and the recalculation of the TFR provision made in accordance with the actuarial logics required by IAS 19.

Current assets

Trade and other receivables (7)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
1,156,163	1,083,040	73,123

The amount relates to trade receivables and includes receivables for invoices to be issued, in the amount of Euro 20,199.

The adjustment of the nominal loan value to fair value has been obtained by means of a specific provision for doubtful debt, that has been affected as follows during the year:

Description	
Balance as at 31/12/2015	4,937
Period use	4,937
Period provision	5,700
Balance as at 31/12/2016	**5,700**

Key accounts
In accordance with the provisions of IFRS 8, please note that for the years ended on 31 December 2016 and 31 December 2015, there are no customers generating revenues that exceed 10% of total revenues.

Receivables from subsidiaries and associates (8)

Description	31/12/2016	31/12/2015	Changes
Subsidiaries	273,735	199,572	74,163
Associated companies	49,554		49,554
	323,289	**199,572**	**123,717**

Receivables due from subsidiaries and associates derive from normal commercial operations implemented during FY 2016.

Below is the breakdown of receivables by geographic area:

Receivables divided by Geographic Area	Trade accounts	Subsidiaries	Associated companies	Total
Italy	1,054,740	120,722	49,554	1,225,016
EU	93,348	2,491		95,838

Non-EU	8,075	150,523		158,598
Total	**1,156,163**	**273,735**	**49,554**	**1,479,452**

Other current assets (9)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
1,347,776	550,432	797,343

The item is as follows:

Description	31/12/2016	31/12/2015	Changes
Tax receivables	187,238	221,558	(34,320)
Other receivables	979,450	70,207	909,243
Accruals and deferrals	181,088	258,667	(77,579)
	1,347,776	**550,432**	**797,343**

Tax receivables as at 31 December 2016, are as follows:

Description	Amount
Receivables from the tax authority for withholdings applied	31,509
Receivable for the petition for repayment of IRES pursuant to Decree Law 201/2011	1,270
Tax receivables relative to tax litigation	120,092
Receivables for IRAP tax	34,367
Total	187,238

Receivables due from third parties as of 31 December 2016 comprise as follows:

Description	Amount
Contributions on competitiveness Agreements Tender Lombardy Region	860,122
Receivable due from TFM policy	108,062
E-commerce caution deposits	941
Supplier deposits	5,714
Sundry	4,611
Total	979,450

Accrued income and deferred expenses as at 31 December 2016 are as follows:

Description	Amount
Accrued income	170,161
Deferred expenses	10,927
Total	181,088

These record the income and expenses with an earlier or postponed accrual compared with the actual cash and/or document manifestation, they do not take into account the data of payment or collection of the related income or expenses, common to due or more periods and divisible based on time.

As at 31 December 2016, there were no accruals or deferrals with a residual duration of more than five years.

The breakdown of accrued income is as follows:

- costs for marketing services Euro 27,379
- miscellaneous consultancy Euro 26,196
- software licences Euro 17,131
- costs for the certification of e-mail deliverability and antispam services Euro 16,352
- insurance Euro 16,162
- costs for taking part in trade fairs and events Euro 13,524
- annual fee of specialist CFO Sim SpA Euro 8,507
- costs for housing and hosting services Euro 7,094
- hire charges Euro 6,539
- maintenance costs Euro 6,824
- staff training and identification costs Euro 4,515
- costs for business information services Euro 4,268
- financial communication costs Euro 3,490
- association fees costs Euro 3,461
- leasing costs Euro 2,765
- bank expenses Euro 2,339
- other residual costs Euro 3,615

Accrued income, of Euro 10,927, relates to income for services paid as charges, pertaining to 2016, but invoiced and collected in the next year.

Liquid funds (10)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
3,023,457	1,086,336	1,937,120

Description	31/12/2016	31/12/2015
Cash at bank and post office	3,023,336	1,086,296
Cash and cash equivalents	120	40
	3,023,457	**1,086,336**

The balance represents liquid funds and cash as well as valuables held on the closing date of the year.

Liabilities

Shareholders' equity

Share capital (11)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
283,266	216,667	(66,599)

The share capital changed following the:
- execution during the meeting of the Board of Directors held on 29 March 2016, of the delegation conferred by the extraordinary shareholders' meeting held on 23 December 2015, to increase the share capital free of charge. The capital increase took place with effect as from 11 April 2016, for a nominal figure of Euro 65,000, by means of the issue of 2,600,000 free shares, with the same characteristics as those in issue, assigned to shareholders in the amount of 3 new shares per every 10 shares in issue. The capital increase was made by means of allocation to capital of a

corresponding amount of the extraordinary reserve.
- execution during the meeting of the Board of Directors held on 29 March 2016 of the delegation conferred by the extraordinary shareholders' meeting held on 23 December 2015, to increase the share capital in a divisible manner, in exchange for payment, with exclusion of option rights, to the service of the Stock Option Plan, intended for employees of MailUp and subsidiaries. Subscription on 06 July 2016 of 63,960 ordinary shares at the unit issue price of Euro 0.025 and subsequent payment of the related capital in the amount of Euro 1,599.
The share capital comprises 11,330,627 shares with no par value, whose accounting parity comes to Euro 0.025 each.
All shares issued are ordinary. There are no debenture loans in place.

Reserves (12)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
4,134,463	4,341,095	(206,632)

Description	31/12/2015	Increases	Decreases	31/12/2016
Share premium reserve	4,693,674		85,953	4,607,721
Stock option reserve		94,005		94,005
Legal reserve	40,000	20,000		60,000
Extraordinary or optional reserve	294,226	66,398	65,000	295,624
Reserve for exchange rate gains		25,289		25,289
FTA reserve	(608,066)			(608,066)
OCI reserve	(21,238)		28,377	(49,615)
Negative reserve for treasury stock	(57,502)		54,964	(112,466)
Losses carried forward			178,029	(178,029)
Total	**4,341,095**	**205,692**	**412,323**	**4,134,463**

In compliance with the provisions of Arts. 2357 and 2424 of the Italian Civil Code, the Reserve for own shares in portfolio has been entered under the liabilities, under group equity, by way of counter-entry in an amount equal to the own shares held as at 31 December 2016. The own share reserve is restricted and shall be maintained until the shares are sold.

Losses carried forward
The item relates to the accumulated amount as at 31 December 2015 of profits and losses deriving from the application of the IAS accounting standards during FTA, net of the related tax effect, as specified above in the paragraph on the adoption of the IAS/IFRS accounting standards on the 2015 Balance Sheet.

The shareholders' equity accounts are broken down as follows according to their origin, possible use, distributable nature and use made in last the three years.

Nature/Description	Amount	Possible use (*)	Available amount
Share premium reserve	4,607,721	A, B, C, D	4,607,721
Stock option reserve	94,005	B	
Legal reserve	60,000	A, B	
Extraordinary reserve	295,624	A, B, C, D	295,624
Reserve for exchange rate gains	25,289		
FTA reserve	(608,066)		
OCI reserve	(49,615)		
Negative reserve for treasury stock	(112,466)		
Losses carried forward	(178,029)		
Total			**4,903,345**
Restricted portion			
Residual distributable portion			**4,903,345**

(*) A: capital increase; B: loss coverage; C: shareholder distribution; D: other statutory restrictions.

Reserves incorporated into the share capital

The share capital includes Euro 219,293 consisting of previous years' profits, formerly the extraordinary reserve, following the resolutions to increase the share capital passed on 03 July 2014 and 29 March 2016.

Non-current liabilities

Amounts due to banks and other lenders (13)

Description	31/12/2016	31/12/2015	Changes
Amounts due to banks	2,183,645	1,508,335	675,310
	2,183,645	**1,508,335**	**675,310**

Amounts due to banks relates to the residual medium/long-term portion of unsecured loans taken out by the company with Banco Popolare and Credito Valtellinese.

Provisions for risks and charges (14)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
157,739	117,739	40,000

Description	31/12/2015	Increases	Decreases	Reclassifications	31/12/2016
Provision for legal disputes	57,739				57,739
Provision for pensions (TFM)	60,000			(60,000)	0
	117,739			**(60,000)**	**57,739**

A provision has been established for current legal disputes. The company currently has a lawsuit underway with the Financial Administration in connection with the companies' income tax, regional production tax and value added tax for 2004.
The office has issued a notice of assessment on the basis of the use of the results of the sector studies' calculation; the reconstruction of revenues prepared by the Authority entailed greater tax, totalling Euro 58,468 and sanctions for Euro 49,344, already paid in full.
The petition proposed by the company has been rejected on a first and second instance and the company has submitted an appeal in cassation. The company's lawyers believe that they are likely to be successful in the last instance of proceedings. An amount has been allocated on the financial statements considering the reduction, by the tax courts, of the office claims. In the petitions submitted, it has, amongst other aspects, been shown that the recalculation of the sector study with a more evolved study, brings about a more favourable result for the company. Therefore, a provision for risks has been allocated, in accordance with Art. 2423-*bis* of the Italian Civil Code, for an amount equal to the greater tax deriving from the application of said study.

The provision for pensions, with reference to the indemnities due to directors upon termination of their appointment (TFM), has been reclassified to other current liabilities insofar as it will be liquidated by end 2017, upon expiry of the mandate of the current Board of Directors.

Staff funds (15)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
387,921	278,290	109,632

The change is as follows.

Description	31/12/2015	Increases	Decreases	Actuarial (losses)/gains	31/12/2016
Staff provision (TFR)	278,290	125,767	(53,473)	37,337	387,921
	278,290	**125,767**	**(53,473)**	**37,337**	**387,921**

The increases relate to year provisions made for employee severance indemnity. The decreases relate to year uses.

The main actuarial assumptions are:

Demographic hypotheses

As regards the demographic hypotheses, the ISTAT 2011 mortality tables were used and the INPS disability/invalidity tables.
As regards the probability of leaving work for reasons other than death, the turnover probabilities noted by the companies assessed over a time frame of observation deemed to be representative, were used; more specifically, annual frequencies of 10% were considered.

Economic-financial hypotheses

These regard the theoretical lines of remuneration, the technical interest rate, the inflation rate and the value adjustment rates of salaries and TFR.
The technical assessments were carried out on the basis of the hypotheses described below:

	2014	2015	2016
Annual technical discounting rate	2.00%	2.00%	1.30%
Annual inflation rate	1.50%	1.50%	1.50%
Annual comprehensive remuneration increase rate	2.50%	2.50%	2.50%

As regards the choice of the discounting rate, the index for the Eurozone Iboxx Corporate AA has been taken as benchmark, with duration in line with the average financial duration of the group valued (10+ years).

Deferred tax liabilities (16)

Description	31/12/2015	Increases	Decreases	31/12/2016
Deferred tax provision	17,875		15,125	2,750
	17,875		**15,125**	**2,750**

The deferred tax provision relates to contributions on capital account, taxation of which has been deferred to future years.

Current liabilities

Trade and other payables (17)

Description	31/12/2016	31/12/2015	Change
Trade payables	691,622	685,022	6,600

"Trade payables" are stated net of commercial discounts. The item also includes payables:

- for invoices to be received from Italy suppliers, Euro 242,585;
- payables for invoices to be received from EU suppliers, Euro 12,390;
- payables for invoices to be received from non-EU suppliers, Euro 13,464.

Payables to subsidiaries and associates (18)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
2,212,732	2,064,399	148,332

Description	31/12/2016	31/12/2015	Changes
Subsidiary companies	2,207,811	2,064,399	143,411
Associated companies	4,921		4,921
Total	**2,212,732**	**2,064,339**	**148,332**

Amounts due to subsidiaries are detailed below:

- amounts due to Network Srl for Euro 885,475;
- amounts due to MailUp Inc. for Euro 11,063;
- amounts due to Agile Telecom S.p.A. for Euro 1,311,273.

Amounts due to associates are detailed below:
- amounts due to the CRIT consortium for Euro 4,921.

Payables expressed in a foreign currency have been adjusted to the year-end spot exchange rate.

Amounts due to banks and other lenders (19)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
1,190,373	543,889	646,484

Description	31/12/2016	31/12/2015	Changes
Amounts due to banks	1,173,623	510,473	663,150
Amounts due to other providers of finance	16,750	33,416	(16,666)
	1,190,373	**543,889**	**646,484**

Amounts due to banks relates to the loan stipulated by the company during the year.
"Amounts due to other lenders" relates to the residual amount of a beneficial-rate loan obtained from Finlombarda following participation in the tender "Development of innovation of Lombardy businesses in the tertiary sector" aimed at presenting and developing projects seeking to innovate the Lombardy production system.

Other current liabilities (20)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
9,682,803	8,593,786	1,089,016

Tax payables

Description	31/12/2016	31/12/2015	Changes
VAT payable	49,387	63,125	(13,738)
Payable for Tobin Tax	-	12,000	(12,000)
Amount payable to the tax authority for withholdings applied at source	103,261	117,905	(14,644)
Payables for IRES	5,796	-	5,796
Total	**158,444**	**193,030**	**(34,586)**

Other current liabilities:

Description	31/12/2016	31/12/2015	Changes
Advances	6,437	21,622	(15,185)
Amount payable to social security institutions	100,081	88,529	11,552
Amounts due to directors for emoluments	40,598	39,677	921
Amounts due to employees for salaries and wages payable	143,474	120,142	23,332
Amounts due to employees for holidays, permits and additional months' salaries	209,414	182,220	27,194
Amounts due to Zoidberg s.r.l.	3,778,324	4,078,324	(300,000)
Amounts due for TFM	100,000	0	100,000
Accrued liabilities	8,589	4,058	4,531
Deferred income	5,122,106	3,865,039	1,257,067
Sundry	15,335	1,145	14,190
Total	**9,524,358**	**8,400,756**	**1,123,602**

The amount due to Zoidberg S.r.l. relates to the acquisition of the company Agile Telecom on 29 December 2015. The contract of purchase and sale envisages payment to the seller, by 30 June 2017, of a variable price (earn out) according to the average EBITDA of the company acquired in the last two years, which has been estimated there. The agreement envisages, at the discretion of MailUp, payment of up to 75% of the amount in shares in MailUp, to be released through share capital increase.

Deferred income: approximately 75% of the revenues of MailUp come from recurring annual charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges is used to form the year's income, whilst the part not pertaining to it, i.e. the Deferred income, is used as a basis for the following year's income.

The payable for TFM has been reclassified to other current insofar as it will be liquidated upon expiry of the mandate of the current Board of Directors, during approval of these financial statements.

Commitments and guarantees

As at 31 December 2016, there are no commitments and guarantees given by MailUp to third parties.

Income statement

Revenues (21)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
9,703,633	8,608,331	1,095,302

Income from sales and services comes to Euro 9.7 million (Euro 8.6 million as at 31 December 2015), recording an increase of Euro 1.1 million (+12.72%) on the corresponding figure for FY 2015.

Revenues by product type

Below are details of revenues according to product type.

Description	31/12/2016	31/12/2015	Changes
Revenues for mail fees	6,806,842	6,213,970	592,872
Revenues for SMS	2,516,235	2,170,530	345,705
Professional services revenues	174,033	-	174,033
Inter-company platform use fee	206,523	223,831	(17,308)
	9,703,633	**8,608,331**	**1,095,302**

Other income (22)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
560,923	266,713	294,210

The item includes:
- contributions relative to tax credit for research and development, Euro 111,504;
- contribution disbursed by the Region of Lombardy as part of the "competitiveness agreements" tender, "innovative Big Data Analytics system", as detailed above, Euro 240,654;
- Revenues to Group companies for administrative, legal and technical activities, Euro 155,772;
- Rental income from leased properties, Euro 35,415;
- Customer expense reimbursements, Euro 3,618;
- Contingent assets, Euro 12,870;
- Other residual revenues, Euro 1,090.

Costs for services (23)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
6,240,207	5,909,370	330,839

These refer to:

Description	31/12/2016
SMS purchases	1,682,755
Assets of a value less than Euro 516,46	23,464
Hosting service purchases	10,122
Stationery costs	2,254
Miscellaneous purchases of materials	1,084
Technical consultancy (IT, quality, compliance, help desk)	978,962
Directors' fees	938,364
Industrial services relating to the platform (housing, licence charges, compliance)	547,304
Marketing and advertising expenses	346,325
Other third party consultancy	303,779
Legal expenses	162,618
Trade fair and events participation costs	142,109
Administrative consultancy	107,571
Bank service expenses	96,554
Costs relating to the AIM Italia market	88,594
Travel and business trips	75,537
Mergers & acquisitions costs	49,666
Insurance	39,678
Translation service costs	30,528
Cleaning service expenses	28,954
Telephone costs	27,429
Condominium expenses	25,671
Staff training costs	24,679
Financial disclosures	24,630
Kilometre reimbursement	22,963
Itemised reimbursements	18,651
Entertainment expenses	18,471
Board of Auditors fees	17,943
Internet connection expenses	15,169
Electricity and water	15,033
Administrative services	14,451
Gifts to employees	11,578
Staff search and selection costs	10,560
Maintenance of own property	8,842
Supervisory Board fees	7,500
Agicom contribution	2,544
Staff medical expenses	2,180
Supply of food and drink	2,141
Maintenance of third party assets	2,038
Transport expenses	993
Postal charges and postage	617
Rental and lease	205,704
Lease charges	25,390
Hire	78,808
Total	**6,240,207**

Payroll costs (24)

This item includes all expenses for employees, including performance promotions, category promotions, cost of living bonuses, costs for unpaid holidays and allocations required by law and collective employment contracts. This figure includes the service cost deriving from the actuarial valuation according to IAS 19R, as well as the cost for stock options issued in accordance with IFRS 2.

The cost for employees is shown in the table below:

Description	31/12/2016	31/12/2015	Changes
Wages and salaries	1,877,236	1,637,269	239,967
Stock options	94,005		94,005
Welfare and social security	512,611	449,628	62,983
Employee severance indemnities	122,225	76,864	45,361
	2,606,077	**2,163,761**	**442,316**

Average no. of employees

In 2016, the average number of employees of MailUp came to 52, of whom 2 middle managers and 50 white-collar workers.

Other operating expenses (25)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
140,336	135,906	4,430

Other operating expenses are shown below:

Description	Amount
Government concession taxes	1,727
Registration tax	1,319
Stamp duty	2,216
Waste tax	5,668
Tax on signs	1,976
Association fee	7,647
Losses on receivables	53,457
Contingent liabilities	60,064
Subscriptions to magazines and newspapers	923
Chamber of Commerce fees	851
Annual fees for the authentication of corporate books	310
Donations	619
Stamp duty	677
Other tax and duties	800
Other miscellaneous expenses	2,082
Total	**140,336**

Amortisation, depreciation and impairment (26)

“Amortisation, depreciation and impairment” comes to Euro 1,239 thousand for the year ended on 31 December 2016 (Euro 842 thousand for the year ended on 31 December 2015).
Below are details:

Provisions and impairment	31/12/2016	31/12/2015
Amortisation of intangible fixed assets	968,305	580,044
Depreciation of tangible fixed assets	265,241	257,367
Provisions for doubtful debt	5,700	4,937
Total amortisation, depreciation and provisions	**1,239,246**	**842,348**

Financial expense (27)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
(49,744)	(11,248)	(38,496)

Description	31/12/2016	31/12/2015	Changes
Interest and other financial expenses	(33,649)	(6,694)	(26,955)
Exchange losses	(16,095)	(4,554)	(11,540)
	(49,744)	**(11,248)**	**(38,496)**

It also includes the interest cost deriving from the actuarial valuation according to IAS 19R.

Income from subsidiaries (28)

Description	31/12/2016	31/12/2015	Changes
Dividends	1,192,140		1,192,140
	1,192,140		**1,192,140**

Dividends are those resolved by the shareholders' meeting of Agile Telecom spa on 28 April 2016.

Financial income (29)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
11,468	44,526	(33,058)

Description	31/12/2016	31/12/2015	Changes
From accounts receivable included in fixed assets	2,105	3,639	(1,534)
Proceeds other than the above	1,478	3,287	(1,809)
Exchange gains	7,885	37,600	(29,715)
	11,468	**44,526**	**(33,058)**

Income other than the above refers to bank interest income for Euro 1,478; “From receivable included in fixed assets” indicates interest for loans to subsidiaries in the amount of Euro 2,105.

Period income tax (30)

Balance as at 31/12/2016	Balance as at 31/12/2015	Changes

	(32,358)	(76,719)	44,361

Taxes	Balance as at 31/12/2016	Balance as at 31/12/2015	Changes
Current tax:	8,955	40,918	(31,963)
IRES			
IRAP	8,955	40,918	(31,963)
Substitute tax			
Deferred (prepaid) tax	(41,313)	(117,637)	76,324
IRES	(41,313)	(117,637)	76,324
IRAP			
	(32,358)	**(76,719)**	**44,361**

The company has set up year taxes on the basis of the application of current tax regulations. The year's taxes are made up of current tax, deferred tax and prepaid tax, relating to positive and negative items of income respectively subject to imposition or deductions in years other than those during which they are booked. The statements below acknowledge the reconciliation of the theoretical expense resulting from the financial statements and the tax expense.

Reconciliation between the tax liability as per the financial statements and the theoretical tax liability (IRES)

Description	Value	Taxes
Pre-tax result	1,192,554	
Theoretical tax liability (%)	27.5	327,952
Timing differences taxable in subsequent years	(262,892)	(72,295)
Timing differences deductible in subsequent years	47,083	12,948
Reversal of timing differences from previous years	55,000	15,125
Differences which do not reverse in subsequent years	(1,823,357)	(501,423)
Taxable amount	**(791,612)**	**0**
Current period income tax		**0**
Deferred tax net of uses of tax accrued in previous years	**(41,313)**	
Net period IRES tax	**(41,313)**	

Determination of the tax base for IRAP

Description	Value	Taxes
Difference between value and cost of production, gross of CDL and impairment	2,650,466	
Costs not significant for IRAP purposes	1,273,920	
Income not significant for IRAP purposes	(1,275,509)	
	2,648,877	
Theoretical tax liability (%)	3.9	103,306
Deductions for employed staff	(2,419,262)	(94,351)
Tax base for IRAP	**229,615**	
Current IRAP for the year		**8,955**

Earnings per share (31)

Basic earnings per share are calculated by dividing the net period income attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding own shares, in issue during 2016 and totalling 9,967,844. Below is the income and information on shares used to calculate the basic earnings per share.

Description	31/12/2016
Net profit attributable to shareholders	1,196,535
Opening number of ordinary shares	8,647,480
- share capital increase	
Closing number of ordinary shares	11,288,207
Weighted number of shares in issue	9,967,844
Basic earnings per share	0.120

Diluted earnings per share were calculated as follows:

Description	31/12/2016
Net profit attributable to shareholders	1,196,535
Opening number of ordinary shares	8,647,480
- share capital increase	
Closing number of ordinary shares	11,288,207
Weighted number of shares in issue (including stock options)	10,234,307
Basic earnings per share	0.117

Disclosure on related party transactions

During the year, the company performed commercial and financial transactions with related companies. The transactions were implemented as part of normal business, regulated at the conditions contracted by the parties, in line with ordinary market practice and are summarised below:

Company name	Fixed receivables	Trade receivables	Trade payables	Other payables	Dividends	Sales	Purchases
Network Srl		20,000	885,475			40,000	2,317,787
Agile Telecom SpA		100,721	496,901	814,372	1,192,140	90,355	735,301
Globase International ApS		2,491				2,891	
Mailup Inc	142,301	150,523	11,063			236,601	123,950
Subsidiaries	**142,301**	**273,735**	**1,393,439**	**814,372**	**1,192,140**	**369,847**	**3,177,037**
Consorzio CRIT Scarl	14,641	49,554	4,921			38,240	10,134
Associates	**14,641**	**49,554**	**4,921**	**-**	**-**	**38,240**	**10,134**
Grafo Ventures di Giandomenico Sica		-	9,818				40,931
Zoidberg Srl				3,778,324			
Other related parties	**-**	**-**	**9,818**	**3,778,324**	**-**	**-**	**40,931**

Information on the fees due to the Board of Directors, Board of Auditors and Independent Auditing Firm

In accordance with the law, please note the total fees due to directors, the board of auditors and the independent auditing firm:

Title	31/12/2016	31/12/2015
Directors	938,364	772,175
Board of auditors	17,943	16,305
Independent auditing company	43,650	17,200

Net financial position

Below is a breakdown of the company's net financial position that ensues from a comparison of liquid funds as at 31 December 2016 with financial debt contracted with regards to banks and other institutional lenders, in the specific case Finlombarda, for the residual portion of a special-rate loan.
Reference is made to the section on "Other current liabilities" above for more information on other payables not included in the NFP and in particular the non-costly debt due to the seller of the controlling stake in Agile Telecom, Zoidberg Srl, corresponding to the estimated variable fee to be paid in accordance with the contract of sale for Euro 3,278 thousand and for Euro 500 thousand by way of deposit as guarantee of contractual obligations lying with the seller. We would remind you that by way of financial receivable not shown in the table below, we also have the loan disbursed to the American subsidiary MailUp Inc, detailed amongst non-current assets (Euro 142 thousand) and the receivable deriving from the TFM policy, which will be liquidated upon expiry of the appointment of the current Board of Directors, for Euro 108 thousand, which, however, is offset by the respective payable due to the directors for TFM, equal to Euro 100 thousand.

NET FINANCIAL POSITION	31/12/2016	31/12/2015	DELTA	% DELTA
Current financial assets	**3,023,456**	**1,086,336**	**1,937,120**	**178%**
Third parties	-	-	-	0%
Liquid funds	3,023,456	1,086,336	1,937,120	178%
Current financial liabilities	**1,190,373**	**543,889**	**646,484**	**119%**
Third parties	1,173,623	510,473	663,151	130%
Other lenders	16,750	33,416	(16,666)	0%
CURRENT FINANCIAL POSITION	**(1,833,084)**	**(542,448)**	**(1,290,636)**	**238%**
Non-current financial assets	**-**	**-**	**-**	**0%**
Third parties	-	-	-	0%
Liquid funds	-	-	-	0%
Non-current financial liabilities	**2,183,645**	**1,508,335**	**675,310**	**45%**
Third parties	2,183,645	1,508,335	675,310	45%
Other lenders			(16,666)	-50%
NON-CURRENT FINANCIAL POSITION	**2,183,645**	**1,508,335**	**675,310**	**45%**
NET FINANCIAL POSITION	**350,561**	**965,887**	**(615,326)**	**-64%**

Requirements envisaged by Art. 25, paragraph 2, letter H of Decree Law 179/2012

For the purpose of identifying innovative SMEs and their registration with the specific special section of Companies House, Art. 25, paragraph 2, letter h of Decree Law 179/2012, converted with amendments with Law no. 221/2012 establishes that at least two of the following requirements must be met:

1) research and development costs shall be equal to or greater than three percent of the larger of cost and total value of production of the innovative SME.

2) use of employees or collaborators, by any title, in a percentage equal to or greater than two thirds of the total workforce, of staff with a degree.

3) owner or depositary or licensee of at least one industrial property right relative to an industrial, biotechnological invention, topography of a product with semi-conductors or new plant variety or owner of rights relating to an original processing program registered with the Special public register for processing programs, as long as said rights relate directly to the company object and business.

As regards research and development costs incurred by the innovative SME, as required by Art. 4 of Italian Decree Law

no. 3 of 24 January 2015 regarding research, development and innovation costs, it is specified that during the year, the company incurred costs exceeding 3% of the greater value of cost and total value of production, as envisaged by the point on the requirements listed above.
The maintenance of the requirement under point 2 is also confirmed, also in terms of compliance with Art. 25, paragraph 15 of Decree Law 179/2012.
Below are details of the research and development projects:

Project	**31/12/2016**
DEVELOPMENT OF MAILUP 9.0 PROJECT	407,280
MAILUP BIG DATA ANALYTICS PROJECT	170,056
DEVELOPMENT OF MAILUP 8.9.4 PROJECT	146,993
DEVELOPMENT OF MAILUP 8.9.2 PROJECT	141,853
MAILUP INFRASTRUCTURE DEVELOPMENT	113,389
DEVELOPMENT OF MAILUP 8.9.3 PROJECT	111,994
DEVELOPMENT OF MAILUP EMAIL SENDING ENGINE PROJECT	81,675
ADM INTERFACE PROJECT	65,168
DEVELOPMENT OF MAILUP COLLABORATION PROJECT	51,511
DEVELOPMENT OF SMS PROJECT	41,157
DEVELOPMENT OF MAILUP CONSOLE INTEGRATIONS	34,865
DEVELOPMENT OF ACCOUNT PROVISION PROJECT	21,322
DEVELOPMENT OF FACEBOOK APP PROJECT	21,300
DEVELOPMENT OF MAILUP 8.9.1 PROJECT	14,354
MAILUP CLOUD PLATFORM DEVELOPMENT	11,200
INVESTMENTS IN R&D	**1,434,118**
Value of production	**10,264,556**
% incidence	***14%***

These financial statements, comprising the balance sheet, income statement, statement of changes in equity, statement of cash flows and explanatory notes, including appendix 1, provide a true and fair view of the equity and financial situation as well as the economic result for the year and are consistent with the underlying accounting records.

Milan, 28 March 2017

The Chairman of the Board of Directors

Matteo Monfredini

Appendix 1

Effects of the adoption of the IAS/IFRS accounting standards on the Individual Statement of financial position as at 1 January 2015

General standard

In accordance with Art. 4 of Italian Legislative Decree no. 38 of 28 February 2005, which regulates the exercise of options envisaged by Art. 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 relative to the application of international accounting standards, MailUp S.p.A. has exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the "IFRS"), issued by the International Accounting Standards Board (the "IASB") and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31 December 2016. The term "IFRS" is used to refer to the International Financial Reporting Standards, the revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").

The date of transition to the IFRS, as defined by IFRS 1 "First time adoption of IFRS" is 01 January 2015, and these 2016 financial statements present a comparative year (FY 2015). The financial statements as at 31 December 2016 are therefore the first financial statements prepared in compliance with the international accounting standards approved by the European Commission. In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31 December 2016 are those in force on that date and are compliant with those adopted for preparing the opening Statement of financial position as at 01 January 2015, as well as the financial statements as at 31 December 2015, as restated in accordance with the IFRS.

This Appendix offers a reconciliation of the Shareholders' equity determined in accordance with the Italian Accounting Standards and the Shareholders' equity determined in accordance with the IFRS as at the transition date of 01 January 2015, as well as a reconciliation of the period result and shareholders' equity at year end determined according to the Italian Accounting Standards and the period result and consolidated shareholders' equity at year end, determined according to the IFRS for FY 2015 presented for comparison, in these financial statements. A description is also given of the important adjustments made to the Statement of financial position and the income statement together with the related explanatory notes, as required by IFRS 1 First time adoption of IFRS.

Effects of the adoption of the IAS/IFRS accounting standards on the Statement of financial position relative to the separate financial statements of MailUp as at 1 January 2015

Below is a summary of the Statement of financial position relative to the separate financial statements of MailUp S.p.A. as at the date of transition to the international accounting standards as established by accounting standard IFRS 1, reclassified considering the nature and degree of liquidity of the asset, the intended purpose and due date of the liability.
To better understand the effects, the most significant changes are analysed for each line of the financial statements.

SEPARATE BALANCE SHEET MAILUP S.P.A.
as at 01 January 2015

(figures in Euro thousands)	Notes	Italian Accounting Standards (*)	FTA adjustments/reclassifications	IAS/IFRS accounting standards
ASSETS				

Non-current assets				
Tangible assets		670		670
Intangible assets	(1)	2,567	(620)	1,947
Equity investments in subsidiaries and associates		114		114
Other non-current assets		198		198
Deferred tax assets	(2)	-	325	325
Total non-current assets		**3,550**	**(295)**	**3,254**
Current assets				
Trade and other receivables		1,313		1,313
Receivables from Group companies		81		81
Other current assets	(3)	710	(277)	433
Liquid funds and equivalent		3,282		3,282
Total current assets		**5,386**	**(277)**	**5,109**
TOTAL ASSETS		**8,936**	**(573)**	**8,363**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

SEPARATE BALANCE SHEET MAILUP S.P.A.
as at 01 January 2015

(figures in Euro thousands)	**Notes**	**Italian Accounting Standards (*)**	**FTA adjustments/reclassifications**	**IAS/IFRS accounting standards**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		200		200
Reserves	(4)	3,115	(840)	2,275
Period result		203		203
Total shareholders' equity		**3,518**	**(840)**	**2,678**
Non-current liabilities				
Amounts due to banks and other lenders				
Other non-current liabilities				
Provisions for risks and charges		78		78
Staff funds	(5)	201	9	209
Deferred tax liabilities		8		8
Total non-current liabilities		**287**	**9**	**295**
Current liabilities				
Trade and other payables		778		613
Payables to Group companies		613		778
Amounts due to banks and other lenders		79		79
Other current liabilities	(6)	3,661	259	3,920
Total current liabilities		**5,131**	**259**	**5,390**
TOTAL LIABILITIES		**8,936**	**(573)**	**8,363**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

1. *Other intangible fixed assets (IAS 38)*

Some types of multi-year costs, mainly costs incurred during the start-up phase, costs relative to the IPO and other costs spanning several years, are not capitalised for the purpose of IAS/IFRS; the net book values as at the transition date have therefore been reversed with a counter-entry respectively in the share premium reserve and in the FTA reserve.

2. *Prepaid tax assets and deferred tax liabilities (IAS 12)*

The adjustment relates to the booking of tax effects of the adjustments necessary to make the move from the financial statements drafted on the basis of the Italian Accounting Standards to those drafted on the basis of the

IFRS.

3. Other current assets - Revenue recognition (IAS 18)

The adjustment relates to the different booking of costs connected with marketing and provision fees linked to revenue recognition. For the item in question, a reduction in deferred assets was noted in the amount of Euro 277 thousand.

4. Other reserves and results carried forward (IFRS 1 - IAS 39)

The item mainly reduces following the booking of the "FTA reserve" established, net of the tax effect, for a total negative value of Euro 609 thousand, as a counter-entry of adjustments made as at the date of transition to international accounting standards (01 January 2015), stated in these notes and as detailed in the reconciliation table below of the shareholders' equity as at 1 January 2015. For the remaining Euro 231 thousand, the difference is due to costs connected with the IPO on the AIM Italy market, directly reducing the share premium reserve, as established by IAS 39.

5. Provision for severance indemnity and other benefits (IAS 19R)

The provision for severance indemnity and other employee benefits has been recalculated according to the actuarial methods envisaged by IFRS 19R. The application of these methods generated a negative effect (following the increase in the liability booked) of Euro 9 thousand.

6. Other current liabilities – Revenue recognition (IAS 18)

The adjustment relates to the different booking of revenues relating to SMS. For the item in question, a reduction in deferred income was noted in the amount of Euro 259 thousand.

Reconciliation table of shareholders' equity of MailUp S.p.A. as at 1 January 2015

Below is the reconciliation of shareholders' equity of MailUp S.p.A. as at 01 January 2015, drafted according to the Italian Accounting Standards and that as at the same date drafted in accordance with the IFRS, complete with specific explanatory notes.

The amounts are stated in Euro thousands and adjustments are grouped according to type.

(figures in Euro thousands)	**As at 01 January 2015**
Shareholders' equity of MailUp S.p.A. according to the Italian Accounting Standards	**3,518**
IAS 38 - Reversal of capitalisation of start-up costs	(4)
IAS 38 - Reversal of capitalisation of research costs	(126)
IAS 38 - Reversal of capitalisation of listing costs and other multi-year expenses	(317)
IAS 18 - Revenue Recognition	(386)
IAS 19R - Discounting of provision for severance indemnity (TFR) and other pension benefits	(7)
Shareholders' equity of MailUp S.p.A. according to IAS/IFRS (net of the tax effect according to IAS 12)	**2,678**

For a description of the main items of the comprehensive reduction in shareholders' equity, please refer to the information given in the paragraphs above commenting on the individual items of counter-entries of the FTA reserve.

Reconciliation of the Statement of financial position of MailUp S.p.A. and the income statement of MailUp S.p.A. as at 31 December 2015

Below is the summary table of the Statement of financial position of MailUp S.p.A. as at 31 December 2015, as resulting from the adjustments made as at the date of transition and those made on the period income statement.
The adjustment of the Statement of financial position as at 31 December 2015 according to the IFRS implies the same structural logics and use of the accounting standards adopted for the opening Statement of financial position.
To better understand the effects, the most significant changes are analysed for each line of the financial statements.

SEPARATE BALANCE SHEET MAILUP S.P.A.
as at 31 December 2015

(figures in Euro thousands)	Notes	Italian Accounting Standards (*)	FTA adjustments/reclassifications	IAS/IFRS accounting standards
ASSETS				
Non-current assets				
Tangible assets		651		651
Intangible assets	(1)	4,295	(934)	3,362
Equity investments in subsidiaries and associates	(2)	7,412	3,278	10,690
Other non-current assets		204		204
Deferred tax assets	(3)	57	418	474
Total non-current assets		**12,619**	**2,762**	**15,381**
Current assets				
Trade and other receivables		1,083		1,083
Receivables from Group companies		200		200
Other current assets	(4)	851	(300)	550
Liquid funds and equivalent		1,086		1,086
Total current assets		**3,220**	**(300)**	**2,919**
TOTAL ASSETS		**15,839**	**2,462**	**18,301**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

SEPARATE BALANCE SHEET MAILUP S.P.A.
as at 31 December 2015

(figures in Euro thousands)	Notes	Italian Accounting Standards (*)	FTA adjustments/reclassifications	IAS/IFRS accounting standards
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		217		217
Reserves	(5)	5,301	(960)	4,341
Period result	(5)	112	(178)	(66)
Total shareholders' equity		**5,629**	**(1,138)**	**4,491**
Non-current liabilities				
Amounts due to banks and other lenders		1,508		1,508
Other non-current liabilities				
Provisions for risks and charges		118		118
Staff funds	(6)	271	7	278
Deferred tax liabilities		18		18
Total non-current liabilities		**1,915**	**7**	**1,922**
Current liabilities				
Trade and other payables		685		685

Payables to Group companies		2,064		2,064
Amounts due to banks and other lenders		544		544
Other current liabilities	(7)	5,002	3,593	8,594
Total current liabilities		**8,295**	**3,593**	**11,887**
TOTAL LIABILITIES		**15,839**	**2,462**	**18,301**

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

SEPARATE INCOME STATEMENT MAILUP S.P.A.
as at 31 December 2015

(figures in Euro thousands)	**Notes**	**Italian Accounting Standards (*)**	**FTA adjustments/ reclassifications**	**IAS/IFRS accounting standards**
Revenues	(8)	8,810	(56)	8,608
Other income		121		267
Costs for services	(9)	(5,519)	(391)	(5,909)
Payroll costs	(6)	2,181)	17	(2,163)
Other operating expenses		(136)		(136)
EBITDA		**1,095**	**(429)**	**667**
Amortisation, depreciation and impairment	(10)	(1,027)	185	(842)
EBIT		**68**	**(244)**	**(175)**
Financial income / (expense)	(6)	37	(4)	33
Pre-tax profit		**105**	**(249)**	**(142)**
Income tax	(11)	6	70	76
Net period result		**112**	**(178)**	**(66)**
Other items of the statement of comprehensive income				
Profit/(loss) that will not be subsequently reclassified to the period result				
Actuarial profit (loss) net of the tax effect				(21)
Profit/(loss) that will be subsequently reclassified to the period result				
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the euro				
Comprehensive period profit/(loss)				**(87)**
Earnings:				
Per share				(0.000)
Per share (diluted)	(12)			(0.000)

(*) Adjusted to the classifications envisaged by the IAS/IFRS tables of the financial statements

1. *Other intangible fixed assets (IAS 38)*

Some types of multi-year costs, mainly costs incurred during the start-up phase, costs relative to the IPO and other costs spanning several years, are not capitalised for the purpose of IAS/IFRS; the net book values as at the transition date have therefore been reversed with a counter-entry in the FTA reserve.

2. *Business combination (IFRS 3 – IAS 36)*

The Company has retroactively booked the estimated earn out envisaged in the purchase contract for 100% of Agile

Telecom S.p.A. stipulated on 29 December 2015. These figures have been impairment tested, revealing no loss of value.

3. *Prepaid tax assets and deferred tax liabilities (IAS 12)*

The adjustment relates to the booking of tax effects of the adjustments necessary to make the move from the financial statements drafted on the basis of the Italian Accounting Standards to those drafted on the basis of the IFRS.

4. *Other current assets - Revenue recognition (IAS 18)*

The adjustment relates to the different booking of costs connected with marketing and provision fees linked to revenue recognition. For the item in question, a reduction in prepaid expenses was noted.

5. *Other reserves and results carried forward (IFRS 1 – IFRS 2 – IFRS 10 – IAS 39)*

The item in question includes an adjustment relative to the combined effect of:

- reduction relating to the booking of the "FTA reserve", which includes the effect, net of the tax effect, of the adjustments made during the first conversion to the IFRS (01 January 2015), unchanged with respect to that date (equal to Euro 609 thousand);
- increase relative to the effects of adjustments relative to the adoption of IFRS of competence of FY 2015, which have impacted, according to the respective reference standards, directly the shareholders' equity, in particular with reference to:
  - booking of costs connected with the reverse takeover of Agile Telecom in December 2015, used to directly reduce the share premium reserve in accordance with the provisions of IAS 39;
  - booking of changes to the Statement of comprehensive income, recorded in the OIC reserve;
  - application of IAS 32, which considers the operations performed on own shares as changes to shareholders' equity in the total amount of Euro 57 thousand;
  - booking of the impacts on the Income statement, for which reference is made to the related notes.

6. *Provision for severance indemnity and other benefits (IAS 19R)*

The provision for severance indemnity and other employee benefits has been recalculated according to the actuarial methods envisaged by IFRS 19R. More specifically, actuarial gains and losses have been entered under other items of the Statement of comprehensive income, the service cost has been entered under "payroll costs" and the interest cost has been entered as "financial expense". The application of these methods generated a negative effect (following the increase in the liability booked) of Euro 7 thousand.

7. *Other current liabilities (IAS 18 – IFRS 3)*

The adjustment is detailed below:

- Positive change for Euro 314 thousand relative to deferred income following the different booking of revenues relating to SMS;

- Positive change for Euro 3,278 thousand relative to the earn-out to be paid under the scope of the contract of purchase of Agile Telecom S.p.A.

8. *Revenues (IAS 18)*

The adjustment relates to the different booking of revenues relating to SMS. For 2015, the economic effect was Euro 56 thousand.

9. *Costs for services (IAS 38)*

Some types of multi-year costs, mainly costs incurred during the start-up phase, costs relative to the IPO and other costs spanning several years, are not capitalised for the purpose of IAS/IFRS; the increases in 2015 have therefore been reclassified as costs for services.

10. Amortisation/depreciation (IAS 38)

The adjustment of Euro 185 thousand relative to the reversal of amortisation/depreciation on assets that can no longer be capitalised under IAS 38.

11. Period tax (IAS 12)

The item is impacted (total reduction in expense for Euro 70 thousand) by the deferred tax effect (where applicable and for the portion relative to the impacts recorded on the income statement), determined in connection with the adjustments made and described above.

12. Diluted earnings per share (IAS 33R)

According to IAS 33R, in calculating earnings per share, the effects of the Stock Option Plan resolved on 07 July 2016 have been calculated retroactively.

Reconciliation table of shareholders' equity of MailUp S.p.A. as at 31 December 2015

Below is the reconciliation of shareholders' equity of MailUp S.p.A. as at 31 December 2015, drafted according to the Italian Accounting Standards and that as at the same date drafted in accordance with the IFRS, complete with specific explanatory notes.

The amounts are stated in Euro thousands and adjustments are grouped according to type.

	As at 31 December 2015		
(figures in Euro thousands)	**Net result**	**OCI**	**Shareholders' equity**
Italian Accounting Standards - Separate financial statements of MailUp S.p.A.	**112**		**5,629**
IAS 38 - Reversal of capitalisation of start-up costs	1		(3)
IAS 38 - Reversal of capitalisation of research costs	34		(92)
IAS 38 - Reversal of capitalisation of listing costs and other multi-year expenses	(220)		(578)
IAS 18 - Revenue Recognition	(15)		(402)
IAS 19R - Discounting of provision for severance indemnity (TFR) and other pension benefits	22	(21)	(5)
IAS 32 - Classification of treasury shares			(58)
IAS/IFRS accounting standards (net of the tax effect according to IAS 12) - Separate financial statements of MailUp S.p.A.	**(66)**	**(21)**	**4,491**

For a description of the main items of the comprehensive reduction in shareholders' equity, please refer to the information given in the paragraphs above commenting on the individual items.

Milan, 28 March 2017

The Chairman of the BoD
Matteo Monfredini

Report by the Board of Auditors to the shareholders' meeting

REPORT BY THE BOARD OF AUDITORS TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

To the Shareholders' Meeting of MAILUP S.p.A.
This report has been approved by the board in time for its deposit at the Company's office within 15 days prior to the convening of the Shareholders' Meeting to approve these financial statements. The administrative body has thus made the following documents available, approved on 28 March 2017 relative to the financial year ended on 31 December 2016:

- draft financial statements, complete with Balance Sheet, Income Statement, Statement of changes in shareholders' equity, Statement of cash flows and Notes;
- Report on Operations.

The layout of this report is in accordance with the provisions of law and rules of conduct of the board of auditors issued by CNDCEC.
The financial statements are certified by BDO ITALIA spa, appointed by the Shareholders' Meeting on 03 July 2014 until approval of the financial statements as at 31 December 2016, and therefore the Shareholders' Meeting will need to appoint the Independent Auditing Firm on the grounded proposal of the Board of Auditors. The Board of Auditors in office as at the date of this report took office after appointment during the extraordinary Shareholders' Meeting held on 03 July 2014. Please remember that its mandate ends with the Shareholders' Meeting convened to approve the financial statements as of 31 December 2016 and it is therefore also called to renew the Auditing Body.

General introduction

The Board of Auditors has acknowledged that the administrative body has chosen to adopt, as from FY 2016, the international accounting standards IAS/IFRS. Therefore, in order to allow for a comparison of the items of the 2016 financial statements with those of the previous year, the Company has reclassified the financial statements as at 31 December 2015 according to said international accounting standards. Please refer to the information given below on the adoption of the international accounting standards.
The Board of Auditors acknowledges that during the year, for all Auditors, on the basis of the declarations made by the Auditors and information that is in any case available, it has assessed both the lack of any grounds for forfeiture, ineligibility and incompatibility as envisaged by Arts. 2382 and 2399 of the Italian Civil Code and by Art. 148 of Italian Legislative Decree 58/9 and compliance with the independence requirements established by the law, on the basis of the criteria set forth by the Rules of Conduct of the Board of Auditors, drafted by the Italian National Board of Chartered and Certified Accountants. No events took place that may cause the requirement of independence to be lost with respect to the verification performed at the time of appointment.
Finally, the Board of Auditors reports that no Auditor has had any interest, on their own behalf or for third parties, in a given operation during the year.
This report therefore summarises the activities concerning the disclosure envisaged by Art. 2429, paragraph 2 of the Italian Civil Code and, more specifically:
• the activities carried out in fulfilment of the duties envisaged by the standard;
• the observations and proposals regarding the financial statements, with specific reference to any use by the administrative body of the exception pursuant to Art. 2423, paragraph 5 of the Italian Civil Code;
• any receipt of notifications by shareholders pursuant to Art. 2408 of the Italian Civil Code,
• the period results.
In any case, we remain at your disposal for further information on any aspects during the meeting discussion.

Meeting attendance of the corporate bodies

The Board of Auditors certifies that:

During FY 2016, the Board of Auditors held four meetings and attended the Shareholders' Meeting and the seven meetings of the Board of Directors;

Since the closure of the financial statements and up to the date of this report, the Board of Auditors has met twice.

The activities carried out by the Board regarded, in terms of time frame, the whole year; during the year, the meetings were held regularly pursuant to Art. 2404 of the Italian Civil Code and specific minutes were duly prepared of said meetings, signed as a mark of unanimous approval.

Supervision of compliance with the law, the articles of association and the regulations and compliance with standards of correct administration

By attending the meetings of shareholders and the Board of Directors, the Board of Auditors has monitored compliance with the provisions of the articles of association, the law and regulations, governing the operation and function of the Company's bodies and compliance with standards of correct administration. The frequency of the meetings of the Board of Directors, the average percentage attendance by Directors and meeting duration were appropriate and no significant resolutions were passed without suitably informing the Directors and Auditors. The Board of Auditors verified that all resolutions were passed in the interests of the Company and supported by suitable documentation. The disclosure obligations relating to regulated or inside information or that required by the Supervisory Authorities, were duly fulfilled.

Information on the activities carried out by the Company and its subsidiaries

The Board of Auditors has acquired suitable information from the Directors, at least once a quarter, on the activities pursued by the Company in the various sectors in which it operates, including through subsidiaries and associates, and on the most important operations in terms of economics, finances and equity. Also on the basis of the information flows acquired as part of its supervisory activities, the Board of Auditors has successfully ascertained that the action resolved and implemented was compliant with the law and the articles of association and not evidently imprudent or risky, in potential conflict of interests or in conflict with resolutions passed by the Corporate Bodies or such as to risk the integrity of the Company's assets. The Board of Auditors has also monitored compliance with the Guidelines, Standards of Conduct and Procedures in force in the Group, as well as compliance with the processes whose outcome is submitted to the attention of the directors and on which they resolve.

The Board of Auditors has acquired knowledge of and monitored, insofar as it is competent to do so, compliance with standards of correct administration, including through the information received directly from the parties responsible for the various corporate departments and the Independent Auditing Firm.

On the basis of the information acquired during the supervisory activities, it has been seen that the operations of greatest importance in terms of economics, finances and equity, carried out by the Company, including through direct or indirect subsidiaries, were the following:

- completion of the purchase of 100% of the shares in AGILE TELECOM SPA;
- approval of the Stock Option Plan and partial exercise of the delegation to the BoD to increase the share capital with exclusion of the option rights reserved to Stock Option Plan beneficiaries;
- share capital increase free of charge for a nominal figure of Euro 65,000;
- continuation of the own share purchase programme;

- resolution of the planned merger by acquisition of the subsidiary NETWORK SRL into MAILUP S.p.A. and consequent approval of the merger deed;
- conferral of the BEE software platform to the subsidiary MAILUP INC and concession to it of a new credit facility.

All the above operations have been suitably explained and presented during the meetings of the Board of Directors called to pass the related resolutions and fully explained in the Report on Operations for FY 2016, which also provides a complete update on the evolution of the reference legislative framework.

Market abuse legislation

The Board of Auditors monitored the fulfilment of the duties connected with Market abuse legislation regarding corporate disclosures and internal dealing, with specific reference to the processing of inside information and the procedure by which to issue press releases and public information. More specifically, the Board of Auditors has monitored compliance with provisions on the update of the Register of persons having access to inside information.

Supervisory activities regarding transactions with subsidiaries

The provisions issued to subsidiaries suffice to guarantee the timely fulfilment by the latter of the disclosure obligations laid down by the law. The Board of Auditors has examined and assessed the document of verification and updating, both of the areas in which the management and coordination of the parent company takes place and of the companies with regards to which said activities is carried out, verifying compliance with the applicable provisions of Arts. 2497 ff of the Italian Civil Code.

Supervisory activities of infra-group and related party transactions

As concerns infra-group transactions, the Directors have highlighted, in the Notes to the financial statements and the Report on Operations, just as in previous years, the existence of commercial and financial relations between the Group companies, specifying that said transactions are part of ordinary operations and regulated at market conditions.

Related part transactions refer almost entirely to operations carried out with the aim of rationalising business and ensuring correct economics with subsidiaries and associates; these come under the scope of ordinary operations, are settled at arm's length and are explained in the Report on Operations and Notes to the financial statements.

Opinions given by the Board of Auditors

During the year, the Board of Auditors expressed a favourable opinion in accordance with Art. 2389 of the Italian Civil Code, in connection with the resolutions of the Board of Directors relating to:

- proposed purchase of own shares;
- plan for the mergers by acquisition of the subsidiary NETWORK SRL.

Supervision of the suitability of the organisational structure

The Board of Auditors has been suitably informed on the Group's organisational structure, developed according to standards of coherence of form and substance, verifying that the decision-making structure of the Company coincides with the delegations assigned.

Requirements connected with Italian Legislative Decree no. 231/2001

With reference to the organisational and procedural activities implemented in accordance with and pursuant to Italian Legislative Decree no. 231/2001 for the administrative liability of entities for the crimes envisaged by the legislation, the Board of Auditors has acknowledged, both during the meetings with the Supervisory Body and in the regular reports prepared by said Body on the activities carried out, that no significant critical issues have emerged concerning the implementation and effectiveness of the Organisation, Management and Control Model.

Insofar as competent to do so, the Board of Auditors has:

- assessed that the professional requirements of the members of the Supervisory Body are met, as envisaged by the Model in accordance with Italian Legislative Decree no. 231/2001;
- noted the suitability of the delegations and financial resources assigned to the Supervisory Body for it to go about its institutional duties;
- verified the consistency of the reports received and disclosures required by the Model;
- examined the plan of activities and budget of the Supervisory Body for 2017.

Privacy regulations

During the year, the Group updated its security policies so as to guarantee a suitable level of protection of personal data processed in application of the Privacy Code (Italian Legislative Decree no. 196/2003) and the provisions issued by the Data Protection Authority.

Supervision of the suitability of the administrative-accounting system

With reference to the supervisory activities regarding the suitability of the administrative-accounting system and its reliability in terms of providing a correct representation of management events, the Board of Auditors acknowledges that it has received suitable information on the monitoring of business processes with an administrative-accounting impact under the scope of the Internal control system, carried out both during the year in connection with the regular Reports on Operations and during the closure of the accounts in order to prepare the financial statements.

The suitability of the administrative-accounting system was also assessed through the acquisition of information from the managers of the respective departments and the analysis of the results of the work carried out by the Independent Auditing Firm.

The Board of Auditors has monitored compliance with the legislation on the preparation and publication of the Interim Report and Interim Reports on Operations and on the structure given them and the correct application of accounting standards, also using the information obtained from the Independent Auditing Firm.

Omissions or inappropriate actions

Following the supervisory and control activities carried out during the year, the Board of Auditors can certify and note that:

- during the course of its activities, no omissions or irregularities or inappropriate actions or in any case significant actions worthy of note took place, needing to be reported to the control bodies or described in this report;
- the Board of Auditors did not receive any notifications in accordance with Art. 2408 of the Italian Civil Code. nor any claims made by third parties;
- no transactions were identified, neither with third parties nor infra-group nor with related parties that suggests any non-typical or unusual nature, in terms of the contents, nature, dimensions and time frame.

Supervision of the statutory auditing of the accounts

During the year, regular relations were entertained with the Independent Auditing Firm, both through formal meetings also attended by the Company's administrative managers and informal meetings between individual members of the Board and representatives of the Independent Auditing Firm, in order to allow for a mutual exchange of significant data and information, in compliance with the provisions of Art. 150 of Italian Legislative Decree no. 58/98. Complete collaboration was afforded at all times, including as regards the preparation of the annual financial statements and no critical issues were noted, worthy of mention.

Supervisory activities with regards to the annual and consolidated financial statements

As regards the annual financial statements, please note the following:

- the Board of Auditors has ascertained, through direct checks and information obtained from the Independent Auditing Firm, due compliance with the provisions of law governing the preparation and structure of the financial statements and Report on Operations, the tables of the financial statements used, certifying the correct use of accounting standards as described in the Notes to the financial statements and Company's Report on Operations;
- the Notes to the annual financial statements give the information required by the international accounting standards on impairment. Compliance of the impairment testing procedure with the requirements of IAS 36 and the joint document prepared by the Bank of Italy/Consob/Isvap no. 4 of 03 March 2010 was formally approved by the Board of Directors in the meeting held on 28 March 2017 autonomously and ahead of the approval of the financial reports, as recommended by the above-specified document. The Board of Auditors acknowledges that it has analysed and discussed the analyses performed and results obtained in the impairment testing.

After having analysed on the one hand the consistency with the choices made previously and on the other the reasons for discontinuity with respect to last year, the Board of Auditors has ruled that the main valuation hypotheses are reasonable and the procedure applied correct, and therefore agrees with the results.

The results of the impairment tests are suitably explained in the Notes to the financial statements.

The financial statements are compliant with the events and information of which the Board of Auditors has become aware under the scope of the exercise of its duties to supervision and its powers of control and inspection.

The Report on Operations meets the legal requirements and is coherent with the data and results of the financial statements; it provides an extensive disclosure on the important activities and operations, of which the Board of Auditors had been promptly made aware, and on the main risks of the Company and subsidiary companies and infra-group and related party transactions.

Observations regarding the annual financial statements and their approval

The draft financial statements for the year ended on 31 December 2016 have been approved by the administrative body and consist of the Balance Sheet, Income Statement, Notes and Statement of Cash Flows. Moreover:

• the documents were delivered to the Board of Auditors in time to allow for their deposit at the Company's office complete with this report, regardless of the terms envisaged by Art. 2429, paragraph 1 of the Italian Civil Code,

• the Independent Auditing Firm as issued its report in accordance with Arts 14 and 16 of Italian Legislative Decree no. 39/2010, stating that the annual financial statements as at 31 December 2016 are compliant with the international financial reporting standards - IFRS - adopted by the European Union and the provisions issued in implementation of Art. 9 of Italian Legislative Decree no. 38/2005 and have been prepared clearly, providing a truthful, correct representation of the equity and financial position, the economic result and cash flow of MAILUP S.p.A. for the year ended as at that date.

The auditing report gives opinions on the consistency with the financial statements of the Report on Operations and information on the Corporate Governance Report pursuant to Art. 123-*bis* of Italian Legislative Decree no. 58/98.

The draft financial statements have therefore been examined, in which regard the following additional information is also supplied:

• as already mentioned, the Company has adopted the international accounting standards IAS/IFRS as from FY 2016. To this end, the Board of Auditors has ascertained the suitability, in terms of method, of the impairment testing process implemented to ascertain that assets are booked at a value that does not exceed that able to be recovered and that, therefore, they have not suffered a permanent loss in value such as to be noted as at the financial year end date.

The Board can therefore confirm that there are no such losses of value in the assets and equity investments booked, having examined and agreed with the method used for the procedure and the analyses and investigations carried out.

Period result

The net result ascertained by the administrative body in relation to the year ended on 31 December 2016, as is also evident from a reading of the financial year ended on, is positive for Euro 1,224,912.
For all that explained in this report, the Board of Auditors has not observations to make regarding the approval of the financial statements as at 31 December 2016 and the proposal made by the Board of Directors as to the allocation of the period profit.

Conclusions

On the basis of the foregoing and insofar as the Board of Auditors is aware and as has been seen from the regular controls performed, it is unanimously agreed that there is no reason why you should not approve the draft financial statements for the financial year ended on 31 December 2016 as they have been prepared and proposed to you by the administrative body. As its mandate has now expired, the Board of Auditors would kindly thank you for the trust placed in it.

Cremona, 06 April 2017
The Board of Auditors
Michele Manfredini (Chairman) *[signature]*
Giovanni Rosaschino (Regular auditor) *[signature]*
Fabrizio Ferrari (Regular auditor) *[signature]*

Independent Auditors’ Report on the separate financial statements as at 31 December 2016

MailUp S.p.A.

Independent Auditors’ report in accordance
with article 14 of legislative decree
No. 39 of January 27, 2010

Financial Statements as of December 31, 2016

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Viale Abruzzi n. 94
20131 Milano

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No.39 OF JANUARY 27, 2010

To the shareholders of
MailUp S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of MailUp S.p.A., which comprise the statement of financial position as of December 31, 2016, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended and other explanatory notes.

Directors' responsibility for the financial statements

The directors of MailUp S.p.A. are responsible for the preparation of financial statements that give a true and fair view in accordance with the International Financial Reporting Standards as adopted by the European Union

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11 of Legislative Decree No. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant **to the entity's preparation of financial statements** that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the enti**ty's internal control. An audit also includes evaluating the** appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MailUp S.p.A. as of December 31, 2016, and of the result of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other matters

The financial statements of the year present for comparative purposes the corresponding amounts of the prior year that were prepared in accordance with the International Financial Reporting Standards that derive from the financial statements of the year ended December 31, 2015 prepared in accordance with the Italian regulations and accounting principles governing financial statements. We expressed a clean opinion on these financial statements dated April 12, 2016. **The explanatory note "Impacts deriving from** the adoption of the International Financial Reporting Standards on the stand alone statement of financial position **as of January 1, 2015"** included in Appendix 1 describes the effects deriving from the transition to International Financial Reporting Standards as adopted by European Union and includes all disclosures related to the reconciliations required by International Financial Reporting Standard IFRS 1.

Report on other legal and regulatory requirements

Opinion on the consistency of the financial statements with the report on operations

We have performed the procedures required by auditing standard (SA Italia) No. 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of MailUp S.p.A., with the financial statements of MailUp S.p.A. as of December 31, 2016. In our opinion, the report on operations is consistent with the financial statements of MailUp S.p.A. as of December 31, 2016.

Milan, April 12, 2017

BDO Italia S.p.A.

Signed by
Manuel Coppola
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers.