MailUp S.p.A

Half-Year Report as at 30/06/2016

BE RELEVANT

Contents

Corporate bodies

BOARD OF DIRECTORS

Chair: Matteo Monfredini

Deputy Chair: Luca Azzali

Director with powers: Matteo Bettoni

Director with powers: Nazzareno Gorni

Director with powers: Alberto Domenico Miscia

Director: Giandomenico Sica

Independent director: Valerio De Molli

BOARD OF AUDITORS

Chair: Michele Manfredini

Regular Auditors: Giovanni Rosaschino, Fabrizio Ferrari

INDEPENDENT AUDITING FIRM

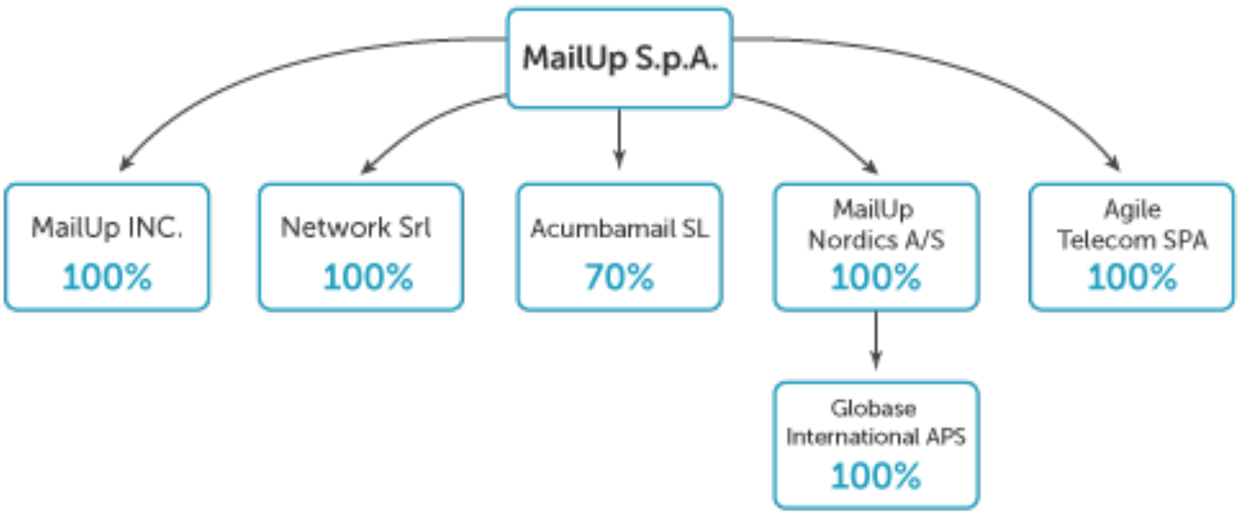
Independent auditing firm: BDO Italia S.p.A.

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

MailUp S.p.A. 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 10,000 customers and 800 dealers in more than 50 countries. Founded in 2002 in Cremona, MailUp is also based in Milan, San Francisco and has offices in Buenos Aires. After the IPO in 2014 on the AIM market operated by the Italian Stock Exchange, MailUp added to the organic growth a new business line (beefree.io), which already has thousands of customers worldwide and a growth path through acquisitions, 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 30 June 2016:



MailUp Inc., established in San Francisco by the Parent Company in November 2011, markets the MailUp® platform in the United States of America and, more generally, on the American continent. At the end of 2015, the company also launched the new product BEEPlugin and, at the beginning of 2016, also the BEEPro version for e-mail designers and digital agencies with encouraging results in terms of monthly sales growth. The resources of MailUp Inc. are monitoring and coordinating, in collaboration with the Italian colleagues, the development and technical update programmes of the MailUp® platform, as well as the road maps for the implementation of the new releases and the development of integrations with third party partners.

Network S.r.l. provides IT-systems consultancy, software analysis, design and engineering, supply, design, installation and management of all problems relating to mass e-mailing (abuse and deliverability services) or through other messaging channels. Having developed this specific professionalism, Network is responsible for managing, on behalf of the Parent Company MailUp, the development and maintenance of software and applications, management of databases and the hardware and software infrastructure, customer support services, improvement in delivery performance to recipients, prevention of abuse and maintenance related to the MailUp® platform. In addition, the company conducts activities regarding the design, implementation and resale of video surveillance and intelligent video analysis solutions. The turnover is almost exclusively realised with regards to its Parent Company. As mentioned in the paragraph "Events subsequent to 30/06/2016 and business outlook", the Board of Directors of 27 September 2016 approved the merger of Network S.r.l. into MailUp S.p.A. with simplified procedure, on the basis of 100% ownership of the shares of the merged company.

Acumbamail SL, 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. Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows. The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group 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. The acquisition also enables the know-how of MailUp to be increased, particularly in managing problems reported by medium/large clients.

Agile Telecom S.p.A. with registered office in Carpi (MO) is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Italian Civil Code (Italian Legislative Decree 1 August 2003, no. 259; Annex no. 9). The company is also registered with the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator") and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing customers the best possible sending quality at the lowest possible price.
The distinctive traits of the work of Agile Telecom are as follows:

- Platform and know-how for highly-flexible, scalable message routing management, which enables customised rules and routing dynamics of messages, so as to optimise quality and cost.
- Direct connections with numerous national and international telecommunications operators with high capacity and sending volumes such as to allow for low purchase costs.
- Capacity to supply customised text message services, such as, for example, for high/low quality sending (MT - Mobile Terminated), SMS receipt service (MO - Mobile Originated), sending with customisable TTL (Time-to-live) service, necessary, for example, to send OTP (One-time password), i.e. PIN numbers that only remain valid for a few minutes.
- System for monitoring the quality of the sending of text messages available in several countries and with several telephone operators (SMSC.net).
- System for the dynamic comparison of the costs of sending through several international aggregators.
- System for the sending via signalling protocol SS7, the same used by mobile telephony operators.
- System for the management of the MNP (Mobile Number Portability) database supplied by the Ministry of Economic Development, which means that each addressee can know the corresponding telephony operator. This means that the optimal and/or least expensive sending route can be set.
- Membership of the GSMA, an international association that groups together all the main mobile telephony operators.

Key financial results according to the IAS/IFRS international accounting standards

The Board of Directors of MailUp S.p.A. of 27 September 2016 resolved to adopt, starting from the financial statements as at 31/12/2016, the IAS/IFRS accounting standards for the preparation of the consolidated financial statements of the Group and the separate financial statements of MailUp S.p.A., thus promoting the path of disclosure and international visibility of MailUp, but also to adapt to the accounting choices of most listed companies, making use of the option provided by Legislative Decree 38/2005.
The transition to international accounting standards would also make communication towards international stakeholders more effective. The internationalization process on which MailUp is focused imposes a convergence of content and means of exposure and assessment of the economic situation and financial position to those of other international groups of companies.
The choice of adoption of international accounting standards required prior determination of the assessment and recognition of the main differences between Italian accounting standards (OIC) applied to date by the company and international accounting standards (IAS/IFRS), analysis of accounting and administrative, process and system impacts arising from the conversion process.

In view of the transition from OIC national accounting standards to IAS/IFRS international accounting standards in the financial statements as at 31/12/2016, the following are the highlights of the main effects of the transition on the results of the half-year report herewith.

The intent is to favour better reading and comprehension, making the data of the entire year 2016 and the half-year results comparable despite the inevitable reclassifications for accounting purposes that will derive from this process. It is specified that the review of half-year data in accordance with IAS focused on the values that undergo the most significant changes (capitalisation of intangible assets, amortisation of consolidation differences, IAS conversion reserve and other equity reserves). In this phase, predictably smaller effects in absolute value were disregarded and will be of course subject to specific in-depth analysis upon FTA (first-time adoption) of international accounting standards.

Main adjustments of the consolidated balance sheet*

Values in Euro thousands	IFRS consolidated draft	OIC consolidated	Absolute value delta
Non-current assets	16,128	12,355	3,773
Group Shareholders' equity	6,709	7,031	(322)
Current liabilities	14,614	10,614	4,000

In terms of the balance sheet, the main adjustment, as a result of the IAS/IFRS accounting standards, is linked to the recognition of supplementary payments (earn-out) to be paid to the seller in the event of achievement of certain results envisaged in the purchase contract of the controlling equity investment. This adjustment is reflected on both non-current assets and on current liabilities, as per the above statement.
Other minor changes are reflected on the Group's equity as a result of the review of intangible investments in accordance with international standards and the different accounting of portfolio treasury shares.

Main adjustments of the consolidated income statement*

Values in Euro thousands	IFRS consolidated draft	OIC consolidated	Absolute value delta
Amortisation, depreciation and impairment	581	1,078	(497)
EBIT	430	17	413
EBT	409	(3)	412
Net profit	240	(153)	393

In terms of the income statement, the most significant change is represented by the amortisation of consolidation differences recognised following the acquisitions in the second half of 2015. In fact, the international accounting standards do not provide for such amortisation, which is replaced by an annual assessment of the value of the consolidation difference through impairment testing. Said adjustment determines the positive effect on the economic result as per the statement represented above.

* Management data prepared by the issuer and not audited

Summary data

Key events that characterised the first half of 2016

In the first half of 2016, the activities of the MailUp group were characterised by the events indicated below:

1. **Second closing of the Agile Telecom transaction**: on 9 February 2016, following the non-fulfilment of the conditions precedent envisaged in the purchase agreement signed by the parties, the acquisition of the controlling shareholding of 100% in Agile Telecom S.p.A. was definitively finalised with effect from 29 December 2015;
2. **Resolution of the stock option plan**: the Board of Directors of MailUp S.p.A. on 29 March 2016 approved a stock option plan and related regulation, aimed at employees of the Company and/or its subsidiaries pursuant to Art. 2359, paragraph 1 of the Italian Civil Code. The Board of Directors of MailUp S.p.A. resolved to increase the share capital against divisible payment for a maximum amount of Euro 8,355 without premium, through the issue of a maximum of 334,200 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be offered for subscription for a fee, providing the fulfilment of certain operating conditions of the Plan and the related letter of assignment, for a unit issue price of Euro 0.025, without premium, with the exclusion of the option right pursuant to Art. 2441, paragraph 8, of the Italian Civil Code, to the beneficiaries of the stock option plan.
3. **Free capital increase**: the Board of Directors of MailUp S.p.A. on 29 March 2016 resolved to increase the share capital free of charge, for a nominal amount of Euro 65,000, through the issue of 2,600,000 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be assigned, with effect from 11 April 2016, to shareholders at a ratio of 3 new shares for every 10 shares outstanding; said capital increase shall be made by allocation to capital of corresponding amount drawn from available reserves.
   - New functionalities were included in the MailUp® platform as part of the systematic development, updating and innovation process, which has always been a strong point of MailUp. Development activities have focused on the analysis of usability of the platform and revision of the user interface, which will be released in the new version of MailUp at the beginning of 2017, as well as on the development of innovative new modules based on the philosophy of "embeddable plug-in", that is, the creation of services that may be offered separately in the future, such as 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, which is expected to be released in autumn, Drupal SMS and others such as the new integration with Magento that will be released in open-source mode.

4. In April, the company 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 adds two new services: Tailored solutions and Customer success service, Delivery+ complementary and supplementary, the offer of personalized accreditation and consultancy to maximize performance in terms of delivery rate and achieve the best sending quality. The tailored Solutions service allows delegating platform configuration to MailUp, in order to model the features according to the company: activities concern on-boarding, platform integrations with any external system, the creative development of e-mail marketing campaigns (from graphic design to the drafting of original texts) and the management of high-priority sending. Customer success service provides customers with a new and advanced team logic, to cover and address all types of requests, from daily needs to custom projects.
5. 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 product that could have major impacts on the future business of MailUp in the medium to long term, having a market potential also at international level, in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, for the complexity of the technologies and methodologies that require high specialization of resources that need to be put in place.

MailUp will receive up to a maximum of Euro 860,122 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.

6. At the beginning of 2016, the partnership with TIM Impresa Semplice became operational with the publication on the www.nuvolastore.it portal of the **Mail Power** service. It is a simplified version of MailUp that is offered and supported by TIM and proposed exclusively to the ample basin of portal users;
7. The **BEEPlugin** service has been enhanced with new features requested by users such as the introduction of the custom block, the introduction of new fonts and customizable merge tags, localization in new languages (15 are now supported), the photo-gallery with images for own e-mail models and locked-content, in order to enable the editing of only some parts of the model. The BEEPlugin service is now considered a global market leader, with an international clientele including many Silicon Valley companies;
8. In the first months of this year, in the face of numerous requests from users of the free version (freemium) to be able to have some additional features, the **PRO** version of BEE was launched with a very low entry fee, and dedicated to e-mail designers and digital agencies. There are currently 400 paying users and we are recording a monthly volume growth at particularly interesting rates.

Key significant events subsequent to period end

In July 2016, the subscribed and paid-in share capital of MailUp S.p.A. was increased by Euro 1,599, equivalent to 63,960 ordinary shares, following the exercise of the first instalment provided for in the stock option plan for management employees and executives of the company and subsidiaries approved by the Board of Directors of 29 March 2016. The share capital approved, also as a result of the plan mentioned above, amounts to Euro 290,021.68.

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, culminating in the widespread attack on PayPal in 2003, capable of jeopardizing thousands of personal accounts and leading to considerable financial losses for the company. 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 technologies. 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 recently 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 S.r.l., for years a technology partner that has exclusive management of all functions and technical services related to the MailUp® platform, such as software development, hardware infrastructure, software, and database management, help desk services to customers, improvement of message delivery performance (deliverability) and abuse prevention. In these areas, Network has developed consolidated expertise and professionalism. Revenues of Network with respect to the Parent Company historically amount to more than 95% of the total, as activities to third parties mainly include video surveillance projects that are now only residual.

In light of the above, the Board of Directors of MailUp approving these consolidated half-year financial statements resolved to approve the merger by incorporation of Network S.r.l. 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 financial statements as at 31/12/2016, the IAS/IFRS accounting standards for the preparation of the financial statements, as already mentioned above.

Summary report

Consolidated income statement

(values expressed in Euro thousands)

Description	30/06/2016	%	30/06/2015	%	Delta	Delta %
Revenues from sales of mail	4,442	43.90%	3,260	71.93%	1,182	36.26%
Revenues from sales of SMS	5,254	51.92%	1,165	25.70%	4,089	351.04%
Revenues from sales of BEE	49	0.48%	-	0.00%	49	100.00%
Revenues from sales of Fax	79	0.78%	-	0.00%	79	100.00%
Revenues from sales and services	43	0.42%	20	0.44%	23	111.80%
Other revenues	253	2.50%	87	1.92%	166	190.79%
Value of production	**10,121**	**100.00%**	**4,532**	**100.00%**	**5,588**	**123.30%**
Variable costs	3,773	37.28%	972	21.44%	2,801	288.20%
Sales & Marketing costs	1,540	15.22%	1,018	22.47%	522	51.24%
- Gross industrial costs	2,358	23.30%	1,722	37.99%	636	36.95%
- Capitalisation of payroll costs for R&D activities	(646)	-6.38%	(881)	-19.44%	236	-26.75%
Industrial costs	1,713	16.92%	841	18.55%	872	103.73%
Level 2 Contribution Margin	**3,095**	**30.58%**	**1,702**	**37.54%**	**1,394**	**81.89%**
General costs	2,014	19.90%	1,209	26.68%	805	66.55%
EBITDA	**1,081**	**10.68%**	**492**	**10.87%**	**589**	**119.57%**
Amortisation, depreciation and provisions	728	7.19%	461	10.17%	267	57.84%
Amortisation of consolidation difference	350	3.46%	-	0.00%	350	100.00%
Amortisation, depreciation and impairment	**1,078**	**10.65%**	**461**	**10.17%**	**617**	**133.85%**
EBIT	**3**	**0.03%**	**32**	**0.70%**	**(28)**	**-89.19%**
Financial and extraordinary operations	(7)	-0.07%	(0)	-0.01%	(7)	2,138.20%
EBT	**(3)**	**-0.03%**	**31**	**0.69%**	**(35)**	**-111.17%**
Taxes	227	2.24%	93	2.05%	134	143.91%
Prepaid tax	(75)	-0.75%	(81)	-1.78%	5	-6.27%
Deferred tax	(2)	-0.01%	12	0.26%	(13)	-112.66%
Net profit	**(153)**	**-1.51%**	**7**	**0.15%**	**(160)**	**-2,347.45%**

Consolidated balance sheet

(values expressed in Euro thousands)

Description	30/06/2016	31/12/2015	delta	delta %
Intangible fixed assets	4,381	4,039	342	8.47%
Goodwill/Consolidation difference	6,672	7,025	(353)	-5.02%
Tangible fixed assets	809	754	55	7.24%
Financial fixed assets	257	136	121	88.48%
Fixed assets	**12,119**	**11,955**	**164**	**1.38%**
Inventories	42	23	19	86.18%
Trade receivables	2,934	2,867	67	2.34%
Trade payables	(2,503)	(2,320)	(183)	7.89%
Commercial working capital	**472**	**569**	**(97)**	**-16.99%**
Tax receivables and payables	(365)	(747)	382	-51.15%
Other receivables and payables	(1,533)	(1,733)	199	-11.51%
Accrued and deferred income and expense	(3,426)	(2,980)	(446)	14.98%
Net working capital	**(4,851)**	**(4,890)**	**38**	**-0.79%**
Provisions for risks and expenses	(154)	(151)	(3)	2.00%
Provision for severance indemnity (TFR)	(758)	(670)	(88)	13.11%
Net invested capital	**6,356**	**6,244**	**112**	**1.79%**
Share capital	282	217	65	30.00%
Legal reserve	60	40	20	50.00%
Other reserves	5,292	5,254	38	0.72%
Profits (losses) carried forward	1,560	1,740	(180)	-10.37%
Profit (loss) for the period	(162)	(12)	(150)	1,204.77%
Minority interests in capital and reserves	29	15	14	97.61%
Third party profits	9	14	(5)	-37.09%
Shareholders' equity	**7,069**	**7,267**	**(198)**	**-2.73%**
Short-term financial payables/(Cash)	(3,597)	(2,628)	(969)	36.85%
Medium/long-term financial payables	2,883	1,604	1,279	79.73%
Net financial position	**(713)**	**(1,024)**	**310**	**-30.33%**
Total sources of funds	**6,356**	**6,244**	**112**	**1.79%**

MailUp income statement

(values expressed in Euro thousands)

Description	30/06/2016	%	30/06/2015	%	Delta	Delta %
Revenues from sales of mail	3,362	68.16%	3,045	69.77%	317	10.40%
Revenues from sales of SMS	1,223	24.78%	1,147	26.28%	76	6.59%
Other revenues	348	7.06%	172	3.95%	176	101.95%
Value of production	**4,933**	**100.00%**	**4,365**	**100.00%**	**568**	**13.01%**
Variable costs	934	18.93%	972	22.27%	(38)	-3.90%
Sales & Marketing costs	1,223	24.79%	984	22.55%	239	24.24%
Industrial costs	830	16.83%	784	17.95%	47	5.96%
Level 2 Contribution Margin	**1,946**	**39.44%**	**1,625**	**37.23%**	**321**	**19.73%**
General costs	1,371	27.79%	1,149	26.32%	222	19.30%
EBITDA	**575**	**11.66%**	**476**	**10.91%**	**99**	**20.79%**
Amortisation, depreciation and provisions	735	14.90%	472	10.81%	263	55.72%
Amortisation, depreciation and impairment	**735**	**14.90%**	**472**	**10.81%**	**263**	**55.72%**
EBIT	**(160)**	**-3.24%**	**4**	**0.09%**	**(164)**	**-3,998.53%**
Financial and extraordinary operations	1,176	23.84%	2	0.04%	1,174	74,439.53%
EBT	**1,016**	**20.60%**	**6**	**0.13%**	**1,010**	**17,789.29%**
Taxes	12	0.25%	39	0.88%	(26)	-67.89%
Prepaid tax	(47)	-0.95%	(44)	-1.02%	(3)	5.78%
Deferred tax	(15)	-0.31%	5	0.12%	(20)	-382.92%
Net profit	**1,066**	**21.61%**	**6**	**0.14%**	**1,059**	**17,024.06%**

MailUp balance sheet

(values expressed in Euro thousands)

Description	30/06/2016	31/12/2015	delta	delta %
Intangible fixed assets	4,705	4,295	409	9.53%
Tangible fixed assets	707	651	56	8.57%
Financial fixed assets	7,733	7,616	117	1.53%
Fixed assets	**13,144**	**12,562**	**582**	**4.63%**
Trade receivables	1,369	1,283	87	6.75%
Trade payables	(2,074)	(1,543)	(531)	34.44%
Commercial working capital	**(705)**	**(260)**	**(445)**	**170.87%**
Tax receivables and payables	382	(3)	385	-11,987.21%
Accrued and deferred income and expense	(3,449)	(2,795)	(654)	23.38%
Other receivables and payables	(1,483)	(2,502)	1,019	-40.73%
Net working capital	**(5,255)**	**(5,560)**	**306**	**-5.50%**
Provision for risks and charges	(140)	(136)	(5)	3.59%
Provision for severance indemnity (TFR)	(317)	(271)	(46)	16.95%
Net invested capital	**7,432**	**6,595**	**837**	**12.69%**
Share capital	282	217	65	30.00%
Legal reserve	60	40	20	50.00%
Other reserves	5,288	5,261	27	0.51%
Profit (loss) for the period	1,066	112	954	854.19%
Shareholders' equity	**6,695**	**5,629**	**1,066**	**18.93%**
Short-term payables/(cash)	(2,027)	(576)	(1,451)	252.04%
Medium/long-term payables	2,764	1,542	1,223	79.30%
Net financial position	**737**	**966**	**(229)**	**-23.68%**
Total sources of funds	**7,432**	**6,595**	**837**	**12.69%**

Report on operations accompanying the consolidated half-year financial statements as at 30/06/2016

Dear Shareholders,

The consolidated half-year financial report of your Group as at 30 June 2016 recorded net revenues of Euro 9,868 thousand (Euro 4,446 thousand as at 30 June 2015), a negative net result of Euro 162 thousand, of which the minority interest is a profit of Euro 9,015, (positive for Euro 6,815 as at 30 June 2015).

As at 30 June 2016, the Group had a positive consolidated net financial position of Euro 713 thousand (Euro 1,024 thousand at the end of 2015). Cash and cash equivalents were positive and amounted to Euro 4,671 thousand compared to Euro 3,266 thousand as at 31 December 2015.

The Notes provided the information relating to the illustration of the consolidated financial statements as at 30/06/2016; in this document, in accordance with Art. 2428 of the Italian Civil Code, we provide the information relating to the consolidated financial statements of the Group and the information on operations. 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.

For comparative purposes, also included is the consolidated balance sheet for the year 2015 and the consolidated income statement as at 30/06/2016.

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	281,667	of the Parent Company
NETWORK S.R.L.	Cremona (CR)	10,500	100%
MAILUP INC.	United States of America	45,037	100%
ACUMBAMAIL SL	Spain	4,500	70%
MAILUP NORDICS A/S	Denmark	67,211	100%
AGILE TELECOM S.P.A.	Carpi (MO)	500,000	100%

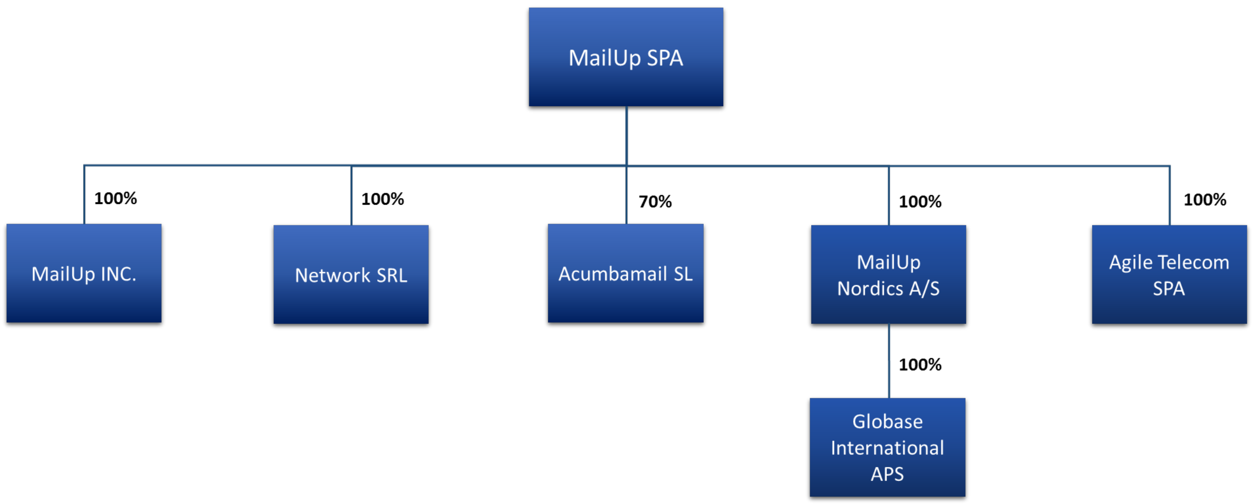
Unlike as occurred as at 31/12/2015, the income statements were consolidated of the subsidiaries Agile Telecom S.p.A. and MailUp Nordics A/S, in turn, the Parent Company of Globase International ApS, acquired respectively on 29 December and 13 November 2015.

Operating conditions and growth of activities

MailUp S.p.A. 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 10,000 customers and 800 dealers in more than 50 countries. Founded in 2002 in Cremona, MailUp is also based in Milan, San Francisco and has offices in Buenos Aires. After the IPO in 2014 on the AIM market operated by the Italian Stock Exchange, MailUp added to the organic growth a new business line (beefree.io), which already has thousands of customers worldwide and a growth path through acquisitions, 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).

From a legal viewpoint, MailUp S.p.A. directly controls the following companies, who carry out complementary and/or functional activities to the group's core business:

MailUp Inc
Network S.r.l.
Acumbamail SL
MailUp Nordics AS
Agile Telecom S.p.A.



Main events

In the first half of 2016, company activities were characterised by the events indicated below:

- **Second closing of the Agile Telecom transaction**: on 9 February 2016, following the non-fulfilment of the conditions precedent envisaged in the purchase agreement signed by the parties, the acquisition of the controlling shareholding of 100% in Agile Telecom S.p.A. was definitively finalised with effect from 29 December 2015;
- **Resolution of the stock option plan**: the Board of Directors of MailUp S.p.A. on 29 March 2016 approved a stock option plan and related regulation, aimed at employees of the Company and/or its subsidiaries pursuant to Art. 2359, paragraph 1 of the Italian Civil Code. The Board of Directors of MailUp S.p.A. resolved to increase the share capital against divisible payment for a maximum amount of Euro 8,355 without premium, through the issue of a maximum of 334,200 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be offered for subscription for a fee, providing the fulfilment of certain operating conditions of the Plan and the related letter of assignment, for a unit issue price of Euro 0.025, without premium, with the exclusion of the option right pursuant to Art. 2441, paragraph 8, of the Italian Civil Code, to the beneficiaries of the stock option plan.
- **Free capital increase**: the Board of Directors of MailUp S.p.A. on 29 March 2016 resolved to increase the share capital free of charge, for a nominal amount of Euro 65,000, through the issue of 2,600,000 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be assigned, with effect from 11 April 2016, to shareholders at a ratio of 3 new shares for every 10 shares outstanding; said capital increase shall be made by allocation to capital of corresponding amount drawn from available reserves.
- **New functionalities** were included in the MailUp® platform such as "Simplified Automation", Landing Page, API, described in detail in the section of this document on investments in Research and Development;
- In April, the company 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 adds two new services: Tailored solutions and Customer success service, Delivery+ complementary and supplementary, the offer of personalized accreditation and consultancy to maximize performance in terms of delivery rate and achieve the best sending quality. The tailored Solutions service allows delegating platform configuration to MailUp, in order to model the features according to the company: activities concern on-boarding, platform integrations with any external system, the creative development of e-mail marketing campaigns (from graphic design to the drafting of original texts) and the management of high-priority sending. Customer success service provides customers with a new and advanced team logic, to cover and address all

types of requests, from daily needs to custom projects.

- 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 product that could have major impacts on the future business of MailUp in the medium to long term, having a market potential also at international level, in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, for the complexity of the technologies and methodologies that require high specialization of resources that need to be put in place. MailUp will receive up to a maximum of Euro 860,122 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.
- At the beginning of 2016, the partnership with TIM Impresa Semplice became operational with the publication on the www.nuvolastore.it portal of the **Mail Power** service. It is a simplified version of MailUp that is offered and supported by TIM and proposed exclusively to the ample basin of portal users;
- The **BEEPlugin** service has been enhanced with new features requested by users such as the introduction of the custom block, the introduction of new fonts and customizable merge tags, localization in new languages (15 are now supported), the photo-gallery with images for own e-mail models and locked-content, in order to enable the editing of only some parts of the model. The BEEPlugin service is now considered a global market leader, with an international clientele including many Silicon Valley companies;
- In the first months of this year, in the face of numerous requests from users of the free version (freemium) to be able to have some additional features, the **PRO** version of BEE was launched with a very low entry fee, and dedicated to e-mail designers and digital agencies. There are currently 400 paying users and we are recording a monthly volume growth at particularly interesting rates.

Operating performance

General economic performance

The economic scenario in mid 2016 highlights growing uncertainty that manifests itself particularly in the trust and in the economic cycle indicators. The latest forecast, launched by Confindustria Study Centre, is GDP growth in 2016 revised to +0.8% versus +1.2% indicated by the government in the Def approved in April and GDP growth in 2017 equal to +0.6%.

Macroeconomic scenario

In 2016, growth that returned to positive in 2015 (+0.8%), is expected to continue, despite a European and international context of high difficulty and fragility, also taking into account the slowdown in the major emerging economies, the continuing slow recovery in Europe and the economic and emotional impact of terrorist attacks and the performance of international financial markets.

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

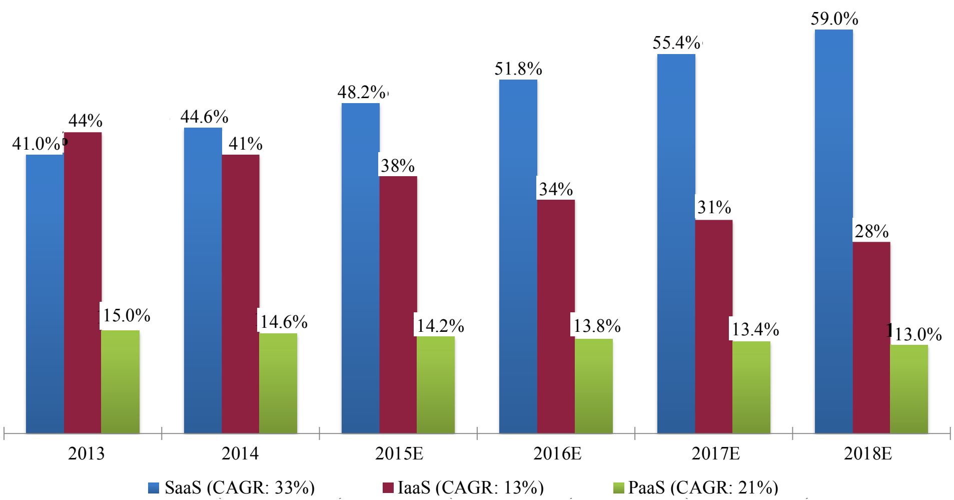
The cloud computing market

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

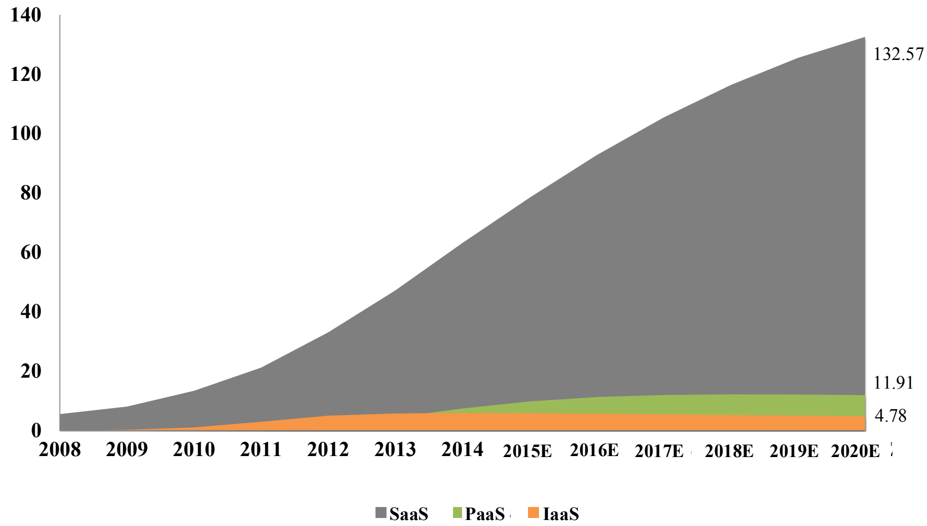


Source: Forbes 24/01/2015

In 2016, global income generated by SaaS software will reach US $106 billion, thereby recording growth of 21% on the forecast expense level for 2015.

SaaS generated income of US $78.43 billion in 2015, up to US $132.57 billion in 2020, with CAGR of 9.14%.

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



Source: Forbes 24/01/2015

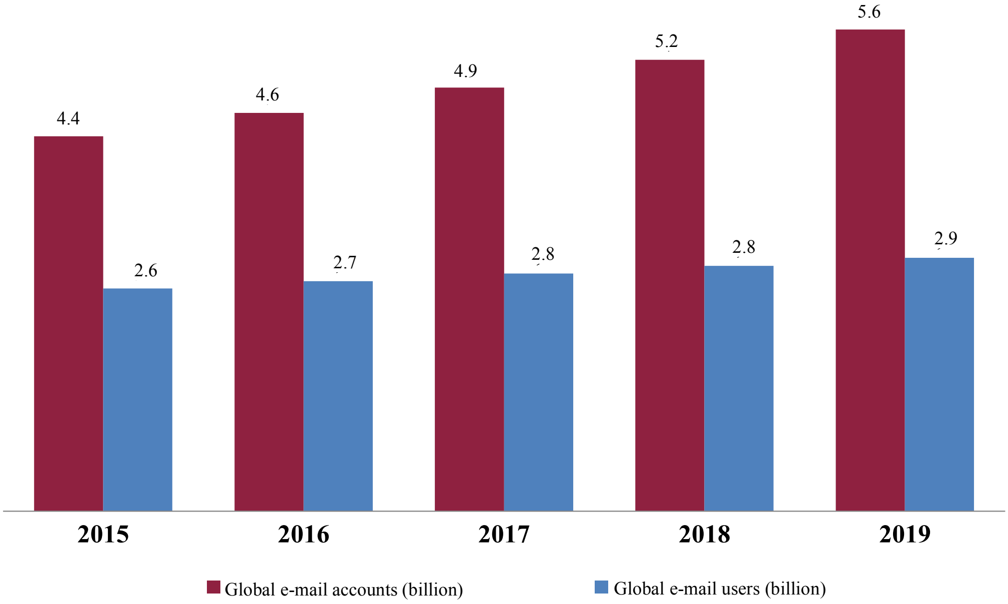
MailUp products are developed and marketed in SaaS mode and can be classified in the segment of digital marketing known precisely as "digital marketing". Today companies invest far more in internet marketing than in the more traditional channels of television, radio and newspapers.

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 (Email Statistics Report 2016-2020), an American research firm specializing in information technology, in 2016, the number of e-mail users worldwide has exceeded 2.6 billion and will reach 3 billion in 2020 with a year-on-year growth of around 3%. Substantially half the world's population will use e-mail in 2020. It is estimated that the average number of e-mail accounts per user will rise from an average of 1.7 accounts per user to 1.9, as a result of the growing use of instant messaging (IM) services, social networking and payment operations requiring an e-mail address.

2015-2019 growth forecasts - Users and e-mail accounts



Source: The Radicati Group, E-mail Statistics Report 2015-2019, March 2015

Despite the steady growth in the use of other forms of communication, such as IM (instant messaging), chat and social networks, e-mail continues to be the leading method of business communication. Moreover, an e-mail address is however required for almost all the forms of communication mentioned above and for all types of E-commerce transactions (ex. online shopping, banking transactions).

In 2016, the estimated number of e-mails sent and received every day will exceed 215.3 billion. This figure is expected to grow at an average annual rate of 4.6%, thereby reaching 257.7 billion by end 2020. E-mails continue to manifest a very intensive use with both businesses and consumers, where it is used especially for the receipt of notifications, for example in the case of online purchases, rather than as a simple means of interpersonal communication.

Also the use of e-mail by means of portable devices (mobile, tablet, etc.) is recording continuous and very rapid growth, thanks to the increasing use of devices that allow easy management of e-mails at more and more competitive prices. In 2016, e-mail users from "mobile" devices have exceeded 1.7 billion. Currently, 65% of e-mail users access their e-mails through mobile devices. A strong growth in this trend is expected, with both businesses and consumers, at least for the next 4 years.

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 a market leader among Italian operators (in terms of the volumes of e-mails sent) in the E-mail Service Provider industry (source: Cisco Sender Base, June 2015).

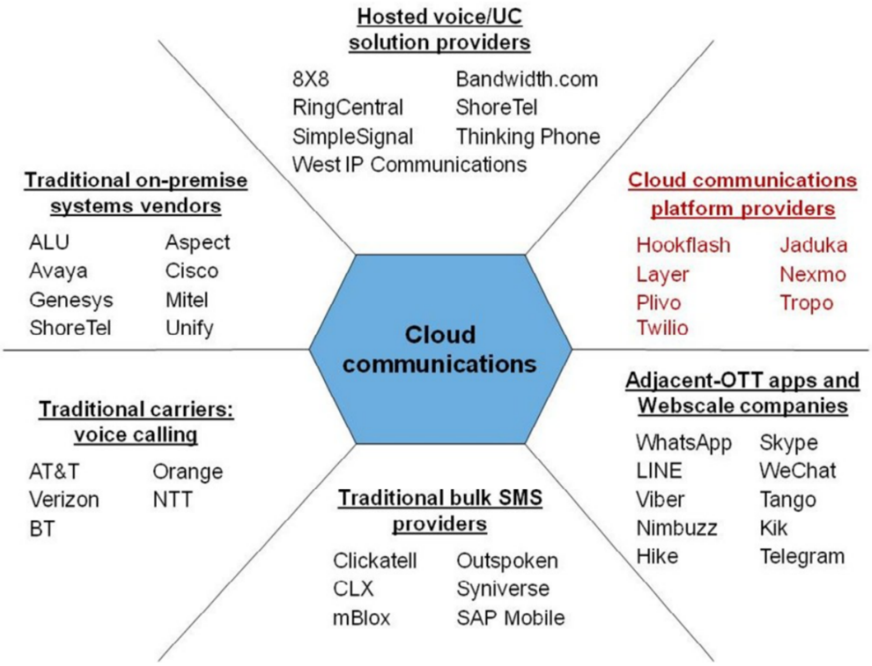
On export markets, on a par with Italy, each country has various operators with the above-described articulated offer characteristics, but far more rarely, purely technological players. These latter are mainly concentrated on the more evolved markets, like in the English-speaking markets as well as France,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

Cloud Communications Landscape



Source: IDC, 2014

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

With regard to your Company, the past financial year must be considered substantially positive while showing a negative result after taxes. The production value and gross operating margin (EBITDA) almost doubled. The Company, also thanks to external growth, has increased its market share in the SMS sector and has laid the foundations to develop the use of its platform in new European markets.
The table below gives the results achieved in the past and previous half-year in terms of value of production, EBITDA and EBT.

	30/06/2016	30/06/2015
Value of production	10,766,200	5,414,470
EBITDA	1,081,327	492,475
Pre-tax result (EBT)	(3,486)	31,215

Main financial figures

The reclassified income statement of the company as at 30/06/2016 has undergone the following changes with respect to that of the previous year (in Euro):

	30/06/2016	30/06/2015	Change
Net revenues	9,867,857	4,446,279	5,421,579
Increases in fixed assets for in-house works	645,525	881,268	(235,743)
Various income	252,818	86,924	165,894
Value of production	**10,766,200**	**5,414,470**	**5,351,729**
Production costs	6,387,180	2,612,772	3,774,408
Labour costs	3,297,693	2,309,224	988,470
EBITDA	**1,081,327**	**492,475**	**588,852**
Amortisation, depreciation and impairment	1,077,919	460,952	646,967
EBIT	**3,408**	**31,523**	**(28,115)**
Financial and extraordinary income and expense	(6,894)	(308)	(6,586)
Pre-tax result (EBT)	**(3,486)**	**31,215**	**(34,700)**
Income tax	149,837	24,393	125,444
Net result	**(153,323)**	**6,822**	**(160,144)**

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

	30/06/2016	30/06/2015
Net ROE (Net result/Net capital)	(0.02)	0.00
Gross ROE (EBT/Net capital)	(0.00)	0.01
ROI (EBITDA/Total assets)	0.05	0.05
ROS (EBITDA/Revenues from sales and services	0.11	0.11

Despite the net revenues, the production value and EBITDA have more than doubled in absolute terms compared to the first half of 2015, especially thanks to the growth through acquisitions last year, in addition to the organic growth that has been ongoing for years, the half-year financial results were impacted by greater amortisation as a result of the acquisitions (amortisation of consolidation differences) and the intensive investment program regarding the development of the MailUp® platform. With respect to a half-year consolidated result before taxes of substantial break-even, the prospects for greater exploitation and consolidation of the Group's synergies and potential, especially in the international context, presage a rapid strengthening of the ROE index, while the other profitability ratios remained substantially unchanged.

Main asset and equity figures

The reclassified balance sheet, as compared with that as at 31/12/2015, is as follows (in Euro):

Description	30/06/2016	31/12/2015	Change
Net intangible fixed assets	11,053,227	11,064,048	(10,821)
Net tangible fixed assets	808,919	754,331	54,588
Equity investments and other fixed assets	102,000	2,000	100,000
Total fixed receivables	154,984	134,348	20,636
Tax receivables due beyond 12 months	121,362	121,362	0
Long-term capital	**12,240,492**	**12,076,088**	**164,404**
Inventories	41,901	22,505	19,396
Trade receivables	2,933,759	2,866,722	67,037
Other receivables	833,707	521,111	312,596
Short-term financial assets	135,859	57,502	78,357
Accrued income and prepaid expenses	596,355	531,871	64,484
Short-term company assets	**4,541,582**	**3,999,712**	**541,870**
Trade payables	2,503,349	2,320,262	183,087
Advances	19,366	21,622	(2,256)
Amounts due to tax authorities and social security/welfare	1,140,613	1,217,526	(76,913)
Other payables	1,828,863	1,940,083	(111,220)
Accrued liabilities and deferred income	4,022,093	3,511,410	510,683
Short-term company liabilities	**9,514,284**	**9,010,903**	**503,381**
Net working capital	**7,267,790**	**7,064,897**	**202,893**
Employee severance indemnity (TFR)	758,046	670,174	87,872
Other medium/long-term liabilities	154,105	151,084	3,021
Medium/long-term liabilities	**912,151**	**821,258**	**90,893**

Capital invested	**6,355,640**	**6,243,640**	**112,000**
Shareholders' equity	(7,069,001)	(7,267,485)	198,483
Medium/long-term financial payables	(2,883,270)	(1,604,251)	(1,279,020)
Net short-term financial position	3,596,632	2,628,095	968,537
Own funds and net financial borrowing	**(6,355,640)**	**(6,243,640)**	**(112,000)**

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 year.

	30/06/2016	31/12/2015
Primary structure margin (Own funds - Fixed assets)	(5,171,491)	(4,808,604)
Primary structure ratio (Own funds/Fixed assets)	0.58	0.60
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(1,376,069)	(2,383,095)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.89	0.80

There was an improvement in the coverage of investments as a result of an action aimed at medium-term bank credit to support the extraordinary transactions, at particularly favourable terms due to the combined effect of the creditworthiness accumulated by the Group with respect to the banking system and the favourable market situation.

Main financial data

The net financial position as at 30/06/2016 was as follows (in Euro):

	30/06/2016	31/12/2015	Change
Bank deposits	4,670,447	3,264,705	1,405,742
Cash and cash equivalents	1,013	1,012	1
Liquid funds and treasury shares	**4,671,460**	**3,265,717**	**1,405,743**
Amounts due to banks (within 12 months)	22,399	20,956	1,443
Portion of short-term financing	1,052,429	616,665	435,763
Short-term financial payables	**1,074,828**	**637,622**	**437,206**
Net short-term financial position	**3,596,632**	**2,628,095**	**968,537**
Amounts due to other providers of finances (beyond 12 months)	25,093	33,416	(8,323)

Share of long-term financing	2,858,178	1,570,835	1,287,343
Net medium/long-term financial position	**2,883,270**	**1,604,251**	**1,279,020**
Net financial position	**713,362**	**1,023,845**	**(310,483)**

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

	30/06/2016	31/12/2015
Primary liquidity	0.80	0.69
Secondary liquidity	0.86	0.75
Debt	1.34	1.06
Rate of coverage of assets	0.90	0.80

The effect of allocating the liquid funds generated by core business to investments in the acquisitions of subsidiaries is clearly revealed. This is flanked by the use of medium/long-term bank loans, which, moreover, took place at particularly favourable conditions, due to the effect of the current reference rate market situation and credit rating recognised by the banking system to the MailUp Group. As in the past, the Group does not use bank debt to finance current operations.

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 half-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 30 June 2016, the Group’s workforce numbers 141 employees, of whom 2 managers, 6 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.
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 Group companies does not entail risks nor any onset of situations that may damage the environment. However, the Group conducts its business in full compliance with the provisions on environmental protection and health and safety in the workplace.

Investments

During the half-year, investments were made in the following areas:

Fixed assets	Period acquisitions
Start-up and expansion costs	14,950
Development costs	662,095
Industrial patents and intellectual property rights	35,693
Concessions, licenses and trademarks	3,603
Intangible assets under construction	106,929
Other intangible fixed assets	100,276
Other assets	26,754
Tangible assets under construction	166,070

Given the nature of its business, investments made by the MailUp group have historically concentrated on intangible assets and in particular on the development activities related to the MailUp® platform. The following paragraph provides a detailed description of the main investments, including also the development projects still in progress at the end of the year, included under the item "Assets under construction and advances". The item "Intangible assets under construction" is related to the acquisition of server equipment included in electronic office equipment the installation and commissioning of which has not been completed yet.

Research and development

In accordance with Article 2428, paragraph 2, number 1, it is specified that during the year, new long-term development costs of the MailUp® platform were recorded for Euro 769,024 including Euro 106,929 for development projects not yet completed.

The Parent Company continues to systematically develop 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 cost incurred for this activity were capitalised in connection with the multiple year use.
Development activities have focused on the analysis of usability of the platform and revision of the user interface, which will be released in the new version of MailUp at the beginning of 2017, as well as on the development of innovative new modules based on the philosophy of "embeddable plug-in", that is, the creation of services that may be offered separately in the future, such as 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, which is expected to be released in autumn, Drupal SMS and others such as the new integration with Magento that will be released in open-source mode.

Transactions with subsidiary, related, parent and associated companies

During the year, relations were entertained with subsidiaries, coming under the scope 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	Financial receivables	Trade receivables	Trade payables	Other receivables	Other payables	Dividends	Sales	Purchases
Network S.r.l.		20,000	1,021,650				20,000	1,217,080
MailUp Inc	112,592	229,543	84,298				88,208	52,894
Globase Int. ApS		400					400	
Agile Telecom S.p.A.		39,406	181,730	792,140	1,206,512	1,192,140	36,085	148,975

Total	112,592	289,349	1,287,679	792,140	1,206,512	1,192,140	144,693	1,418,948

Treasury shares and shares/holdings in parent companies

As at 30/06/2016, the Parent Company owns 33,060 treasury shares acquired at the price of Euro 95,966. Following the completion of the first program to purchase treasury shares, approved in the shareholders' meeting of 30/04/2015, on 28/04/2016, the shareholders' meeting resolved to authorise purchases and operations on treasury shares as at that same date of 28/04/2016 and within eighteen months of said date. As for the previous purchase program, the purchase price of treasury shares takes place at a unit purchase price that is below the minimum and above the maximum of a value that is respectively lower or greater than 15% of the reference price recorded by the security during the session of the day prior to each individual purchase. The maximum number of treasury shares held can never exceed 10% of the share capital.

In the half-year, treasury shares increased by 13,860 and the purchase value by Euro 38,464.

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

The MailUp Group is exposed to various types of risks. The strategy adopted 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 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 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 operates are characterised by rapid technological development and suffer the competitive pressure deriving from the development of technology.
The Group's success depends, amongst other aspects, on the capacity to innovate and strengthen its technologies, in order to respond to the technological and emerging 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 its 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 MailUp 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 its services 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 company's economic, equity and financial position.

Credit risk

The credit risk is the Group's 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.
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, and also thanks to its listing on the AIM market, MailUp enjoys a good level of liquidity and has reduced debt with regards to the banking system, aimed exclusively at investing and maintaining its financial independence with respect to operations.
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 the year 2016 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 the year 2016, 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.
With reference to the requirements laid down by Art. 2428, paragraph 3, point 6-*bis* of the Italian Civil Code in connection with the Group'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 Group obtained financial resources through banks to cope with extraordinary operations.
As at 30/06/2016, bank debt gross of amounts held on account comes to Euro 3,933,005, of which Euro 2,858,178 medium term.
The underlying loan contracts envisage terms and conditions that are in line with market practice.
The loans are also 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.

Exchange rate risk

There are trade receivables and payables held in foreign currencies by MailUp, for limited amounts, 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 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 112,592 as at 30/06/2016, for a loan disbursed by the Parent Company and partially reimbursed in the previous year.

Conversion exchange rate risk

MailUp holds an equity investment in MailUp Inc. with registered office in the USA. The equity investment is booked for a value of Euro 37,352 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.

Significant events after period end

In July 2016, the subscribed and paid-in share capital of the Parent Company was increased by Euro 1,599, equivalent to 63,960 ordinary shares, following the exercise of the first instalment provided for in the stock option plan for management employees and executives of the company and subsidiaries approved by the Board of Directors of 29 March 2016. The share capital approved, also as a result of the plan mentioned above, amounts to Euro 290,021.68.

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, culminating in the widespread attack on PayPal in 2003, capable of jeopardizing thousands of personal accounts and leading to considerable financial losses for the company. 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 technologies. 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 recently 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 S.r.l., for years a technology partner that has exclusive management of all functions and technical services related to the MailUp® platform, such as software development, hardware infrastructure, software, and database management, help desk services to customers, improvement of message delivery performance (deliverability) and abuse prevention. In these areas, Network has developed consolidated expertise and professionalism. Revenues of Network with respect to the Parent Company historically amount to more than 95% of the total, as activities to third parties mainly include video surveillance projects that are now only residual.

In light of the above, the Board of Directors of MailUp approving these consolidated half-year financial statements resolved to approve the merger by incorporation of Network S.r.l. 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' meeting of 27 September 2016, the Company also resolved to adopt, starting from the financial statements as at 31/12/2016, the IAS/IFRS accounting standards for the preparation of the financial statements thus promoting the path of disclosure and international visibility of MailUp, but also to adapt to the accounting choices of most listed companies, making use of the option provided by Legislative Decree 38/2005.

The transition to international accounting standards would also make communication towards international stakeholders more effective. 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 situation and financial position to those of other international groups of companies.

The choice of adoption of international accounting standards required prior determination of the assessment and recognition of the main differences between Italian accounting standards (OIC) applied to date by the company and international accounting standards (IAS/IFRS), analysis of accounting and administrative, process and system impacts arising from the conversion process.

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;
- **investments in marketing & sales** as necessary to increase the customer base, both in Italy and abroad, through international marketing campaigns and business development in selected 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.
- **the incremental improvement of the Globase platform**, with the aim of improving its usability, introducing new data driven marketing functionalities
- **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 231/2001

MailUp S.p.A. adopted its own organisation and management model and the code of ethics compliant with the requirements laid down by Italian Legislative Decree 231/2001, which is soon also expected to be adopted by the newly-acquired companies.

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 same attention to the protection of privacy has always been, and increasingly will be in the future, shared with the other subsidiaries. The Group has 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.

Chairman of the Board of Directors
Matteo Monfredini

Group consolidated financial statements as at 30/06/2016

Balance sheet - Assets		30/06/2016	31/12/2015
B) Fixed assets			
I. Intangible			
1) Start-up and expansion costs		233,559	255,680
2) Research, development and advertising costs and expenses		3,149,371	2,330,067
3) Industrial patents and intellectual property rights		181,808	159,473
4) Concessions, licences, trademarks and similar rights		20,574	20,644
5) Goodwill/Consolidation difference		6,672,467	7,025,436
6) Assets under construction and advances		106,929	604,374
7) Other		688,520	668,374
		11,053,228	**11,064,048**
II. Tangible			
2) Plant and machinery		6,707	8,919
4) Other assets		636,142	745,412
5) Assets under construction and advances		166,070	0
		808,919	**754,331**
III. Financial			
1) Equity investments in:			
b) associated companies	102,000		0
d) other companies	0		2,000
		102,000	2,000
2) Receivables			
b) associated companies			
- beyond 12 months	14,641		0

d) third parties			
- beyond 12 months	140,344		134,348
		154,985	134,348
		256,985	**136,348**
Total fixed assets		**12,119,132**	**11,954,727**

C) Current assets			
I. Inventories			
4) Finished products and goods for resale		41,901	22,505
		41,901	**22,505**
II. Receivables			
1) Trade			
- within 12 months	2,907,900		2,866,722
		2,907,900	2,866,722
3) Associates			
- within 12 months	25,859		0
		25,859	0
4-*bis*) Tax receivables			
- within 12 months	418,843		125,065
- beyond 12 months	121,362		121,362
		540,205	246,427
4-*ter*) Prepaid tax			
- within 12 months	235,753		224,573
		235,753	224,573
5) Other			
- within 12 months	179,111		171,473
		179,111	171,473
		3,888,828	**3,509,195**

III. Financial assets not held as fixed assets		
5) Treasury shares	95,966	57,502
6) Other securities	39,893	0
	135,859	57,502
IV. Liquid funds		
1) Cash at bank and post office	4,670,447	3,264,705
2) Cash and equivalents in hand	1,013	1,012
	4,671,460	**3,265,717**
Total current assets	**8,738,048**	**6,854,919**

D) Accruals and deferrals			
- other	596,355		531,871
		596,355	**531,871**

Total assets	**21,453,535**	**19,341,517**

Balance sheet - Liabilities		30/06/2016	31/12/2015
A) Shareholders' equity			
I. Share capital		**281,667**	**216,667**
II. Share premium reserve		**4,966,801**	**4,966,801**
IV. Legal reserve		**60,000**	**40,000**
VI. Reserve for portfolio treasury shares		**95,966**	**57,502**
VII. Other reserves			
- Extraordinary or optional reserve	199,658		236,724
- Reserve for exchange rate gains	25,289		0
- Other reserves	4,352		(6,780)
		229,299	**229,944**
VIII. Profit (loss) carried forward		**1,559,582**	**1,740,002**

IX. Profit (loss) for the period	**(162,338)**	**(12,441)**
Total Group Shareholders' equity	**7,030,977**	**7,238,475**
A.2) Equity of minority interests		
I. Minority interests in capital and reserves	**29,010**	**14,680**
IX. Income (loss) pertaining to minority interests	**9,015**	**14,330**
Total equity of minority interests	**38,025**	**29,010**
Total Group and minority interests' Shareholders' equity	**7,069,002**	**7,267,485**

B) Provisions for risks and expenses		
1) Provisions for pensions and similar obligations	80,000	60,000
2) Provisions for taxation, including deferred	16,366	33,345
3) Other	57,739	57,739
Total provisions for risks and expenses	**154,105**	**151,084**

C) Employee severance indemnity		
Employee severance indemnity (TFR)	758,046	670,174

D) Payables			
4) Amounts due to banks			
- within 12 months	1,074,828		637,622
- beyond 12 months	2,858,178		1,570,835
		3,933,006	2,208,457
5) Amounts due to other providers of finance			
- beyond 12 months	25,093		33,416
		25,093	33,416
6) Advances			
- within 12 months	19,366		21,622
		19,366	21,622
7) Trade payables			

- within 12 months	2,503,349	2,320,262
	2,503,349	2,320,262
12) Tax payables		
- within 12 months	911,842	991,889
	911,842	991,889
13) Social security charges payable		
- within 12 months	228,771	225,637
	228,771	225,637
14) Other payables		
- within 12 months	1,828,863	1,940,083
	1,828,863	1,940,083
Total payables	**9,450,290**	**7,741,366**

E) Accruals and deferrals		
- other	4,022,093	3,511,410
	4,022,093	**3,511,410**

Total liabilities	**21,453,536**	**19,341,517**

Memorandum accounts	30/06/2016	31/12/2015
3) Third party property held at the company		
Other	359,196	500,248
	359,196	500,248
Total memorandum accounts	**359,196**	**500,248**

Income statement	30/06/2016	30/06/2015
1. Value of production		

1) *Revenues from sales and services*		9,867,857	4,446,279
4) Increases in fixed assets for in-house works		645,525	881,268
5) Other revenues and income:			
- other	72,928		50,124
- operating grants	83,628		36,800
- payments towards capital	96,262		0
		252,818	86,924
Total value of production		**10,766,200**	**5,414,471**

2. Production costs			
6) *Raw, ancillary and consumable materials and goods for resale*		3,682,170	1,069,705
7) *Services*		2,251,902	1,251,493
8) *Use of third party assets*		364,392	212,764
9) *Payroll and related*			
a) Wages and salaries	2,591,156		1,753,699
b) Welfare and social security	541,058		447,982
c) Employee severance indemnity (TFR)	165,479		107,543
		3,297,693	**2,309,224**
10) *Amortisation, depreciation and impairment*			
a) Amortisation of intangible fixed assets	934,367		333,010
b) Depreciation of tangible fixed assets	138,235		127,942
d) Impairment of current receivables	5,317		0
		1,077,919	**460,952**
11) Changes in raw, ancillary and consumable materials and goods for resale		(19,396)	31,757

14) Other operating costs		108,111	47,053
Total production costs		**10,762,791**	**5,382,948**
Difference between value and cost of production (A-B)		**3,409**	**31,523**

3. Financial income and expense			
16) Other financial income:			
e) income other than the above:			
- other	1,182		1,230
		1,182	1,230
17) Interest and other financial expenses:			
- other	15,936		273
		15,936	273
17-bis) Exchange losses and gains		(5,750)	(1,265)
Total financial income and expense		**(20,504)**	**(308)**

E) Extraordinary income and expense			
20) Income:			
- other	13,610		0
		13,610	0
Total extraordinary items		**13,610**	**0**

Pre-tax result (A-B±C±D±E)		(3,486)	31,215
22) Current, deferred and prepaid income tax			
a) Current tax	226,807		92,989

b) Deferred tax	(1,509)	11,917
c) Prepaid tax	(75,461)	(80,513)
	149,837	24,393

23) Profit (loss) for the period	(153,323)	6,822
Minority interest profit (loss)	*9,015*	*0*
Group profit (loss)	*(162,338)*	*0*

Chairman of the Board of Directors
Matteo Monfredini

Notes accompanying the group's half-year report as at 30/06/2016

Introduction

Dear Shareholders,

the consolidated half-year financial statements as at 30/06/2016 have been prepared in accordance with the provisions of the Italian Civil Code and in compliance with Art. 18 of the AIM regulation and consist of the following documents:

1. Balance sheet
2. Income statement
3. Notes to the consolidated financial statements
4. Report on operations
5. Cash flow statement

With regard to the nature of the group's activities and significant events occurring after the closing of the fiscal year, reference is made to as already outlined in the report on operations.

Basis of preparation

The consolidated financial statements as at 30/06/2016 of MailUp S.p.A. (hereinafter also the "Parent Company") and its subsidiaries (hereinafter also "MailUp Group" or "the Group") have been prepared in compliance with the Italian Civil Code and in particular with the preparation and structure principles provided for by Art. 2423-*bis* and 2423-*ter* of the Italian Civil Code. They comprise the consolidated balance sheet (prepared in the format required by Articles 2424 and 2424-*bis* of the Italian Civil Code), income statement (prepared in the format required by Articles 2425 and 2425-*bis* of the Italian Civil Code) and these notes. The provisions of law applied to the preparation of the financial statements have been interpreted and supplemented by the Italian Accounting Standards issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Boards of Chartered Accountants and Book-keepers) and the Organismo Italiano di Contabilità (Italian Accounting Organisation), where applicable and not conflicting. In particular, reference was made to the accounting standard OIC 30 relating to interim financial statements. Therefore, the financial statements do not include all the information required by the annual financial statements and shall be read together with the same, prepared for the year ended 31/12/2015.
Save for the necessary adjustments made to the layouts envisaged for the financial statements for the purpose of preparing the consolidated financial statements, the structure and contents of the consolidated income statement and balance sheet are as prescribed for the financial statements of the Parent Company MailUp S.p.A.
These notes contain all the information required by Art. 38 of Italian Legislative Decree no. 127/91 as subsequently amended.
The explanatory notes illustrate, analyse and in some cases supplement the financial statement data and contain the information required by Article 2427 of the Italian Civil Code and by some legislative provisions. Furthermore, all the supplementary information considered necessary for providing a true and fair view of the financial and equity situation is provided, even if not requested by specific provisions of law.
For each item of the balance sheet, it is proposed to make a comparison with the

corresponding amount of the consolidated financial statements as at 31/12/2015, while for the income statement, the corresponding value of the consolidated financial statements as at 30/06/2015 has been indicated. It is recalled that the comparison column of the income statement as at 30/06/2015 reflects the Group's structure at the time, which included, in addition to the Parent Company, only the two historical subsidiaries Network S.r.l. and MailUp Inc., as the acquisitions that resulted in the current structure of the Group occurred in the second half of 2015.

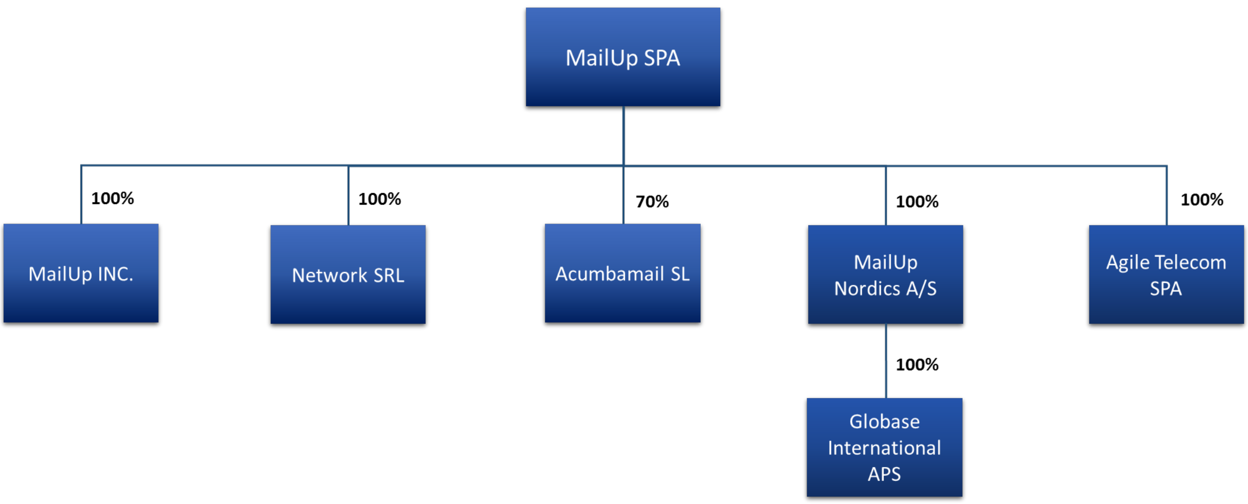
Consolidation standards applied in preparing the consolidated financial statements

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 30 June 2016.
Other non-operating investments are scarcely significant within the Group and have 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 expense 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' shareholders' equity;
- intra-group financial and trade receivables and payables;
- income and expense relating to transactions implemented between consolidated companies;
- the difference between the carrying value of the investments and the corresponding portions of shareholders' equity is allocated to Goodwill/Consolidation difference.

The tax effects deriving from the consolidation adjustments made to the financial statements of the consolidated companies are booked, where necessary, to the provision for deferred tax or prepaid tax assets.
The investment held by minority shareholders in the subsidiaries consolidated is identified separately from the Group's shareholders' equity.

Group structure



Subsidiaries consolidated on a line-by-line basis

The line-by-line consolidation concerned the shareholdings of the companies listed below, for which MailUp S.p.A. directly holds control:

Company name	Registered office	Share capital	%
NETWORK S.R.L.	Cremona (CR)	10,500	100%
MAILUP INC.	United States of America	45,037	100%
ACUMBAMAIL SL	Spain	4,500	70%
MAILUP NORDICS A/S	Denmark	67,211	100%
AGILE TELECOM S.P.A.	Carpi (MO)	500,000	100%

Network S.r.l. provides IT-systems consultancy, software analysis, design and engineering, supply, design, installation and management of all problems relating to mass e-mailing (abuse and deliverability services) or through other messaging channels. Having developed this specific professionalism, Network is responsible for managing, on behalf of the Parent Company, the development and maintenance of software and applications, management of databases and the hardware and software infrastructure, customer support services, improvement in delivery performance to recipients, prevention of abuse and maintenance related to the MailUp® platform. In addition, the company conducts activities regarding the design, implementation and resale of video surveillance and intelligent video analysis solutions. The turnover is almost exclusively realised with regards to its Parent Company. It is specified that the Board of Directors of 27 September 2016 approved the merger of Network S.r.l. into MailUp S.p.A. with simplified procedure, on the basis of 100% ownership of the shares of the merged company.

MailUp Inc., established in San Francisco by the Parent Company in November 2011, markets the MailUp® platform in the United States of America and, more generally, on the American continent. At the end of 2015, the company also launched the new product BEEPlugin and, at the beginning of 2016, also the BEEPro version for e-mail designers and digital agencies with encouraging results in terms of monthly sales growth. The resources of MailUp Inc are monitoring and coordinating, in collaboration with the Italian colleagues, the development and technical update programmes of the MailUp® platform, as well as the road maps for the implementation of the new releases and the development of integrations with third party partners.

Acumbamail SL, 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. Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows. The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group 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. The acquisition also enables the know-how of MailUp to be increased, particularly in managing problems reported by medium/large clients.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Italian Civil Code (Italian Legislative Decree 1 August 2003, no. 259; Annex no. 9). The company is also registered with the Register of Operators in Communication (ROC) of the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator" and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing customers the best possible sending quality at the lowest possible price.
The distinctive traits of the work of Agile Telecom are as follows:
Platform and know-how for highly-flexible, scalable message routing management, which enables customised rules and routing dynamics of messages, so as to optimise quality and cost.
Direct connections with numerous national and international telecommunications operators with high capacity and sending volumes such as to allow for low purchase costs.
Capacity to supply customised text message services, such as, for example, for high/low quality sending (MT - Mobile Terminated), SMS receipt service (MO - Mobile Originated), sending with customisable TTL (Time-to-live) service, necessary, for example, to send OTP (One-time password), i.e. PIN numbers that only remain valid for a few minutes.
System for monitoring the quality of the sending of text messages available in several countries and with several telephone operators (SMSC.net).
System for the dynamic comparison of the costs of sending through several international aggregators.
System for the sending via signalling protocol SS7, the same used by mobile telephony operators.
System for the management of the MNP (Mobile Number Portability) database supplied by the Ministry of Economic Development, which means that each addressee can know the corresponding telephony operator. This means that the optimal and/or least expensive sending route can be set.
Membership of the GSMA, an international association that groups together all the main mobile telephony operators.

The consolidated financial statements refer to the same closing date of the Parent Company. It is specified that in the annexed consolidated financial statements, exceptions under Article 2423, paragraph 4 of the Italian Civil Code were not undertaken.
The reconciliation between shareholders' equity and profit resulting from the financial statements as at 30/06/2016 of MailUp S.p.A. and the shareholders' equity and profit of the Group consolidated financial statements as at the same date is presented in the paragraph on shareholders' equity.

Criteria for converting financial statements not prepared in Euro

The conversion of the financial statements of the subsidiaries MailUp Inc. and MailUp Nordics A/S, which are 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 of the foreign subsidiaries have been converted at exchange rates current as at 30/06/2016;
- The items of the income statement have been converted at average exchange rates for the first half of 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 shareholders' 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.

The exchange rates used when preparing these consolidated financial statements for the purpose of converting in euros the figures given in different currencies were (source: Bank of Italy):

Currency	Exchange rate as at 30/06/2016	Average exchange rate as at 30/06/2016	Exchange rate as at 31/12/2015	Average exchange rate as at 30.06.2015
USA Dollar	1.1102	1.1155	1.0887	1.1189
Danish Krone	7.4393	7.45	7.4626	

Measurement criteria

These consolidated financial statements have been prepared by the Parent Company. The criteria used to prepare these financial statements were applied for the preparation of the items of the balance sheet and income statement as at 30/06/2016 and at the end of the previous year.
The items of the financial statements have been valued on a general principle of prudence and accruals, with a view to the company as a going-concern.
A standard of prudence was applied resulting in individual measurement of the elements composing the single asset and liability entries or items, to avoid offsetting among losses which should have been recognised and income not to recognise as they were not realised.

In keeping with the accrual method of accounting, the effect of transactions and other events was recognised and attributed to the year to which these transactions and events refer, and not when the related cash movements occur (collections and payments).
The continuity in applying the measurement criteria over a period of time is a necessary element for the purpose of comparing company financial statements from the various years.
Moreover, the measurement criteria adopted are those used in preparing the financial statements of the Parent Company and that have been analytically detailed in the Notes to the half-year financial statements, of which they are a part and to which reference is made, as the specified financial statements of MailUp S.p.A. closed as at 30/06/2016.

Exceptions

(Ref. Art. 2423, fourth paragraph, Italian Civil Code)
No exceptional cases occurred that made it necessary to make exceptions pursuant to Art. 2423, paragraph 4 of the Italian Civil Code.

Fixed assets

Intangible fixed assets
Intangible fixed assets are recorded at historic purchase cost and stated net of the amortisation charged over the years, charged directly to the individual items.
Start-up and expansion costs relate to expenses incurred to amend the Articles of Association and, in particular, to change the legal status of the company from limited liability to joint stock; they also relate to the extraordinary expenses incurred for the project for listing on the AIM market.
The costs of research and development, industrial patents and the rights to use intellectual property, licences, concessions 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 commences when the asset is available for use Research and development costs are related to development of the MailUp® SAAS (Software-as-a-Service) platform and in fact, include costs incurred internally for the creation and innovation of the platform.

Costs are capitalised only when the following can be proven:
- 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.

Goodwill/consolidation difference is determined by the value resulting from the removal of the equity investments; booked on the financial statements of the Parent company at purchase cost, with the equity of the subsidiaries. This item also includes goodwill recorded in Agile Telecom for the Faxator service with a book value of Euro 76 thousand.
Other intangible fixed assets relate to the extraordinary expenses incurred in support of the acquisitions of subsidiaries made in 2015 and, in particular, for the reverse take-overs as a consequence of the acquisition of the subsidiaries Agile Telecom, the extraordinary globalisation costs and the costs incurred to improve third party assets. The latter are amortised at rates that depend on the duration of the rental contract for the asset to which they refer, if less than that of future use.

Regardless of any amount booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

In summary, the Group has applied the rates calculated according to the useful life, in accordance with the standards mentioned above:

- establishment and constitution expenses, 5 years;
- costs for listing on the AIM/Italy market, 5 years;
- research and development costs, 5 years;
- rights for the use of intellectual property, 5 years;
- trademarks, 5 years;
- consolidation difference, 10 years;
- extraordinary expenses for acquisitions of subsidiaries/RTO and globalisation, 5 years;
- improvements to third party assets according to the residual term of the lease contract of the property to which the expenses incurred refer.

Tangible
These are posted at purchase price and adjusted by the corresponding depreciation funds.
When reporting the value in the financial statements, accessory charges and costs relating to use of the assets have also been considered.
The amortization/depreciation, charged to the income statement, has been calculated considering the utilisation, intended use and economic-technical duration of the assets, in relation to the residual possible usefulness. We believe that the following rates represent this approach well:

- Plants and machinery:
  - Generic and specific plants: 20%
  - Anti break-in systems: 30%

- Other assets:
  - Furniture and fittings: 12%
  - Electronic office machinery: 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, under item B.6, if their utility is limited to just one accounting period.

Regardless of any amortisation/depreciation booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

Financial
Financial fixed assets are stated at their purchase cost, including related charges. Equity investments in subsidiaries and associated companies have been measured on the basis of the purchase value, in compliance with the provisions of Articles 2423 and 2423-*bis* of the Italian Civil Code.

The investment in the CRIT consortium has been measured at cost insofar as irrelevant both quantitatively and qualitatively for the purpose of ensuring a clear, truthful and correct representation of the Group position.
The cost is written down to reflect permanent losses in value in the event that the investee companies have suffered losses, and income capable of absorbing said losses is not envisaged in the near future. The original value is restored during subsequent years if the reasons for the impairment cease to apply.
Losses exceeding the carrying value of the investments are allocated to a specific provision of the liabilities.

Financial lease transactions (leasing)

Financial lease transactions are shown on the financial statements according to the equity method, booking the charges paid on an accruals basis. A specific section of the explanatory notes gives the supplementary information required by the law in relation to the representation of financial lease charges according to the financial method.

Inventories

Goods held as inventories are reported at the lower of the purchase price and realisable value determined from market trends.
Purchase costs include the prices paid to suppliers, net of discounts and bonuses.
Where necessary, the purchase price is suitably impaired to adjust it to its presumed realisation value.

Receivables

These are stated at their estimated realisable value. The presumed nominal loan value is adjusted by means of a specific provision for doubtful debt, taking into account general and sector-specific economic conditions.
Receivables originally due within the year and subsequently transformed into long-term receivables were stated in the balance sheet as financial assets.
Receivables are derecognised from the financial statements when the contractual rights on cash flows from the receivable expire or if all the risks related to the receivable divested were transferred.

Treasury shares

Treasury shares reported under current assets, insofar as held for sale in the short-term, are quoted at the purchase price.
Following the completion of the first program to purchase treasury shares, approved in the shareholders' meeting of 30/04/2015, on 28/04/2016, the shareholders' meeting resolved to authorise purchases and operations on treasury shares as at that same date of 28/04/2016 and within eighteen months of said date. As for the previous purchase program, the purchase price of treasury shares takes place at a unit purchase price that is below the minimum and above the maximum of a value that is respectively lower or greater than 15% of the reference price recorded by the security during the session of the day prior to each individual purchase. The maximum number of treasury shares held can never exceed 10% of the share capital.

Payables

These are booked at face value, amended for returns or invoice adjustments.

Accruals and deferrals

These are determined on an effective accruals basis in accordance with the matching principle.

Provisions for risks and expenses

They are allocated to cover losses or payables of certain or probable existence whose amount or date of accrual cannot be determined on the closing date of the year.
The general principles of prudence and accruals were observed when valuing these reserves and no steps were taken to form general risk reserves without economic justification.
Potential liabilities have been posted on the financial statements and recorded in funds insofar as they were held to be likely and their relevant charges could be reasonably estimated.

Provision for severance indemnity (TFR)

The reserve represents the effective liability accrued with regards to the employees, in accordance with the law and current employment contracts, taking into consideration every form of remuneration of an ongoing nature.
The provision reflects the total of the individual indemnities accrued in favour of the employees as of the reporting date, net of any advances paid out, and is equal to that which would have to be paid to the employees in the event of the termination of the employment contract as at that date.

Severance indemnity upon cession of office (TFM)

Severance indemnity upon cession of office as Director is a deferred form of remuneration to be paid at the end of the professional mandate, reserved for directors and comparable with the TFR assigned to employees. It differs from TFR in the sense that there is no specific regulation of such within the Italian Civil Code: this means that the amount of TFM due to the administrative body, by virtue of paragraph 1 of Art. 2389 of the Italian Civil Code, is decided in the Articles of Association or by the shareholders' meeting.

Income tax

Current tax is determined on the basis of current tax legislation and stated both on the income statement and under tax payables or receivables.
Prepaid tax, including the benefit deriving from the carrying forward of tax losses, is recorded as prepaid tax under current assets. The tax benefit relating to the carrying forward of tax losses is noted when it is reasonably certain that it will indeed be realised.
Tax is provisioned on an accruals basis, and as such represents:

- the provisions for tax paid or to be paid for the year, determined in accordance with current rates and legislation;
- the total sum of deferred tax or prepaid tax relating to timing differences which have arisen or been cancelled during the year.

Revenue recognition

Financial and service revenues are recognised on an accruals basis. More specifically, income from subscription contracts is noted on a pro rata temporis basis, according to contract duration.
Income from consumption-based contracts is recognised when the service is provided, i.e. when the related services are made available to the client.
Revenues and income, costs and expenses related to foreign currency transactions are calculated at the exchange rate as at the date on which the transaction took place.

Conversion of amounts denominated in foreign currency

Receivables and payables which are originally expressed in foreign currencies - booked on the basis of the exchange rates effective on their date of accrual – are aligned to the exchange rates effective on the closing date of the financial statements.

Guarantees, commitments, third party assets and risks

The valuation of third party assets held by the company has been carried out at the value assumed from existing documentation and indicated in the memorandum accounts.

Elements coming under more than one entry of the financial statements

Please note that in accordance with paragraph 2 of Art. 2424 of the Italian Civil Code, there are no elements coming under more than one entry of the financial statements.

Application of standardised accounting standards

The companies coming within the consolidation area have applied correct accounting standards that are compliant with Italian legislation and sufficiently homogeneous with the standards adopted by the Parent Company.

Consequently, there has been no need to make any changes to the accounts of subsidiaries.

Reference date: area and method of consolidation

The consolidated financial statements as at 30/06/2016 of MailUp S.p.A. include, in addition to the financial statements of the Parent Company, the financial statements, also related to 30/06/2016, of the companies of which MailUp S.p.A. holds controls under the first and second paragraphs of Art. 2359 of the Italian Civil Code.
Subsidiaries were consolidated on a line-by-line basis.
The companies included in the consolidation area are indicated in the first part of these notes.

With reference to AIM Italy/Alternative Capital Market notice no. 14484 of 22 July 2016 of the Italian Stock Exchange, it is specified that, in view of the adoption, for the consolidated financial statements as at 31/12/2016, of the IAS/IFRS international accounting standards, approved by the Board of Directors on 27/09/2016 approving these financial statements, it was therefore decided not to give evidence of eventual effects relating to the transition for the sole purposes of Italian accounting standards as a result of Legislative Decree no. 139/2015.

Significant changes made to the balance of other assets and liabilities

Intangible fixed assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
11,053,228	11,064,048	(10,820)

Description	30/06/2016	31/12/2015	Change
Start-up and expansion costs	233,559	255,680	(22,121)
Research, development and advertising costs	3,149,371	2,330,067	819,304
Industrial patents and intellectual property rights	181,808	159,473	22,335
Concessions, licences, trademarks and similar rights	20,574	20,644	(70)
Goodwill/Consolidation difference	6,672,467	7,025,436	(352,969)
Fixed assets under construction and other	106,929	604,374	(497,445)

advances			
Other	688,520	668,374	20,146
Total	**11,053,228**	**11,064,048**	**(10,820)**

"Start-up and expansion costs" includes the extraordinary costs incurred by the Parent company in connection with the corporate transformation from the legal status of "S.r.l." (limited liability company) to that of "S.p.A." (joint stock company) and the listing on the AIM Italia market.

"Research, development and advertising costs" includes the capitalised costs relative to the development, update and modernisation of the MailUp® platform owned by the Parent company. No advertising or research costs have been capitalised. The costs are reasonably linked to benefits that extend over several years, and are amortised in relation to their residual possibilities of use. In the first half of 2016, these activities concerned the design and implementation of incremental improvements with respect to the previous versions of the platform, in particular regarding the creation engine and e-mail sending, which now allows, within the same console, parallel or sequential sending. The SMS sending service has also been enhanced, with delivery of up to 700,000 SMS per hour for each customer. This means that we can meet the demands of larger clients, requiring higher sending speeds.
Development activities have also focused on the analysis of usability of the platform and revision of the user interface, which will be released in the new version of MailUp at the beginning of 2017, as well as on the development of innovative new modules based on the philosophy of "embeddable plug-in", that is, the creation of services that may be offered separately in the future, such as 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, which is expected to be released in autumn, Drupal SMS and others such as the new integration with Magento that will be released in open-source mode.

"Industrial patent rights" includes costs for the purchase of software owned by third parties.

"Concessions, licences, trademarks and similar rights" 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.

"Goodwill/consolidation difference" is determined by the value resulting from the removal of the equity investments, booked on the financial statements of the Parent company at purchase cost, with the shareholders' equity of the subsidiaries. This item also includes goodwill recorded in Agile Telecom for the Faxator service with a book value of Euro 76 thousand.

The item "Assets under construction and advances" include the costs related to research and development projects on the MailUp® platform that have not been completed yet. This is why as at 30 June 2016, these costs have not been amortised/depreciated.

"Other intangible fixed assets" relates to the extraordinary expenses incurred in support of the acquisitions of subsidiaries made in 2015 and, in particular, for the reverse take-overs as a consequence of the acquisition of the subsidiaries Agile Telecom, the extraordinary globalisation costs and the costs incurred to improve third party assets.

Tangible fixed assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
808,919	754,331	54,588

Description	30/06/2016	31/12/2015	Change
Plants and machinery	6,707	8,919	(2,212)
Industrial and commercial equipment	636,142	0	(109,270)
Other assets	166,070	745,412	166,070
Total	**808,919**	**754,331**	**54,588**

The item "Assets under construction and advances" is related to the acquisition of server equipment included in electronic office equipment the installation and commissioning of which is still in progress.

Impairment and write-backs of value applied during the period

(Ref. Art. 2427, first paragraph, nos. 2 and 3-*bis*, Italian Civil Code)
No impairment was applied this year or during previous years.

Total write-backs of tangible fixed assets during the period

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)
No write-backs were applied this year or during previous years.

Financial fixed assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
256,985	136,348	120,637

Total changes to equity investments

Description	31/12/2015	Increase	Decrease	Reclassifications	30/06/2016
Associated companies	0			102,000	102,000
Other companies	2,000	100,000		(102,000)	0
Total	**2,000**	100,000		**100,000**	**102,000**

Associated companies

Company name	Country	31/12/2015	Revaluations	Write-downs	Purchases	30/06/2016
CRIT Cremona Information Technology	*Italy*	2,000			100,000	102,000

MailUp S.p.A. purchased shares for Euro 2 thousand in the consortium CRIT Cremona Information Technology upon incorporation. In the current year, it 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) and to establish the physical place of meeting, developing a building complex where Cremona-based ICT companies 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.

Receivables

Description	31/12/2015	Increase	Decrease	Reclassification	30/06/2016
Associated companies	0			14,641	14,641
Other	134,348	20,637		(14,641)	140,344
Total	**134,348**	**20,637**			**154,985**

Changes to current assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
8,738,048	6,854,919	1,883,129

Current assets	30/06/2016	31/12/2015	Change
Inventories	41,901	22,505	19,396
Trade receivables	2,907,900	2,866,722	41,178
Receivables from associated companies	25,859	0	25,859
Tax receivables	540,205	246,427	293,778
Prepaid tax	235,753	224,573	11,180
Other receivables	179,111	171,473	7,638
Financial assets not held as fixed assets	135,859	57,502	78,357
Liquid funds	4,671,460	3,265,717	1,405,743
Total	**8,738,048**	**6,854,919**	**1,883,129**

Tax receivables include receivables for Research and Development activities for Euro 279 thousand, entirely compensated by the Parent Company with the F24 of July and August 2016, other tax receivables for personnel recruitment for Euro 15 thousand, receivables for request for IRES reimbursement for Euro 1 thousand, receivables for advances of IRES and IRAP taxes for Euro 72 thousand, receivables from the tax authority in relation to the tax litigation for Euro 120 thousand, VAT receivables for Euro 13 thousand, receivables for withholding taxes for Euro 14 thousand, in addition to other receivables of residual amount.

The item “Prepaid tax” includes prepaid taxes determined on the consolidation accounting for about Euro 28 thousand, mainly for the elimination of unrealized gains on intra-group transactions, the amount of deferred tax assets recognized for tax purposes in the half-year financial statements of the Parent Company for Euro 104 thousand and other receivables for prepaid taxes recognized in the Danish group MailUp Nordics for about Euro 103 thousand.

Other receivables include the receivable for contributions relating to the tender “competitiveness agreements” approved by the Lombardy Region in support of the Big Data Analytics project for the portion attributable of Euro 96 thousand, which will subsequently be disbursed according to the work progress of the project in the manner provided in the specific tender.

Short-term financial assets include the value of the treasury shares of the Parent Company in the portfolio as at 30/06/2016 for about Euro 96 thousand plus an investment of Agile Telecom in Sicav funds of Banca Popolare Emilia Romagna for the remaining Euro 40 thousand. Treasury shares in the portfolio as at 30/06/2016 are Euro 95,966, corresponding to 33,060 shares, acquired at an average price of Euro 2.90. For more details on the purchase of treasury shares, please refer to the financial statements of the Parent Company MailUp S.p.A.

The breakdown of receivables as at 30/06/2016, according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Receivables divided by geographic area	Trade accounts	Associated companies	Others	Total

Italy	1,803,757	25,859	171,644	2,001,260
EU	578,110		6,945	585,055
Non-EU	526,033		522	526,555
Total	**2,907,900**	**25,859**	**179,111**	**3,112,870**

Liquid funds come to Euro 4,671,460 as at 30/06/2016 (Euro 3,265,717 as at 31/12/2015).

Accruals and deferrals

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
596,355	531,871	64,484

These record the income and expense 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 two or more periods and divisible based on time.
The item mainly consists of deferred assets related to variable compensation on sales, marketing costs (Pay per click), insurance, lease payments, rental costs, expenses for software licenses in use and other residual items.

As at 30/06/2016, there were no accruals or deferrals with a residual duration of more than five years.

Equity

(Ref. Art. 2427, first paragraph, nos. 4, 7 and 7-*bis*, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
7,069,002	7,267,485	(198,483)

Description	31/12/2015	Increases	Decreases	30/06/2016
Share capital	216,667	65,000		281,667
Share premium reserve	4,966,801			4,966,801
Legal reserve	40,000	20,000		60,000
Extraordinary or optional reserve	236,724	66,397	103,464	199,658
Reserve for portfolio treasury shares	57,502	38,464		95,966
Reserve for exchange rate gains	0	25,289		25,289
Translation reserve	(6,780)	11,132		4,352

Profit (loss) carried forward	1,740,002	82,424	262,844	1,559,582
Profit (loss) for the period	(12,442)	(162,338)	(12,442)	(162,338)
Total	**7,238,475**	**146,368**	**353,866**	**7,030,977**
Equity of minority interests				
Minority interests in capital and reserves	14,680	14,330		29,010
Income (loss) pertaining to minority interests	14,330		5,315	9,015
Total equity	**7,267,485**	**160,698**	**359,181**	**7,069,002**

The share capital of the Parent Company is entirely paid in and is represented as at 30 June 2016 by 11,266,667 ordinary shares of a value of 0.025 each.

The Board of Directors of the Parent Company on 29 March 2016 resolved to increase the share capital free of charge, for a nominal amount of Euro 65,000, through the issue of 2,600,000 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be assigned, with effect from 11 April 2016, to shareholders at a ratio of 3 new shares for every 10 shares outstanding; said capital increase shall be made by allocation to capital of corresponding amount drawn from available reserves.

Also on 29 March 2016, the same Board of Directors approved a stock option plan and related regulation, aimed at employees of the Company and/or its subsidiaries pursuant to Art. 2359, paragraph 1, of the Italian Civil Code and thus resolved to increase the share capital against divisible payment for a maximum amount of Euro 8,355, without premium, through the issue of a maximum of 334,200 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be offered for subscription for a fee, providing the fulfilment of certain operating conditions of the Plan and the related letter of assignment, for a unit issue price of Euro 0.025, without premium, with the exclusion of the option right pursuant to Art. 2441, paragraph 8, of the Italian Civil Code, to the beneficiaries of the stock option plan. As a result of the stock option plan, in July 2016, the subscribed and paid-in share capital of the Parent Company increased by Euro 1,599, equal to 63,960 ordinary shares, following the exercise of the first instalments envisaged in the plan. The share capital approved, also as a result of the plan mentioned above, amounts to Euro 290,021.68.

Profits and losses carried forward include, in addition to the allocation of the consolidated results of the previous year, a series of consolidation adjustments for the years 2014 and 2015, determined by the realignment of assets that are subject to the elimination of intercompany margins on development costs and the deferred and prepaid taxes carried out for the sole purpose of consolidation, the consolidation difference update compared to as already recorded in the consolidated shareholders' equity and the result for 2015 for the subsidiaries Agile Telecom and MailUp Nordics that were the subject only of the equity consolidation and not economic as at 31/12/2015.

Reconciliation between the equity and the result for the year of the Parent

company and the equity and corresponding consolidated balances

The statement below reconciles the net result and equity of the Parent Company with the respective values resulting from the consolidated financial statements:

	Shareholders' equity 30/06/2016	Shareholders' equity 31/12/2015	Result 30/06/2016	Result 31/12/2015
Data of the Parent Company MailUp S.p.A.	6,695,079	5,629,380	1,065,699	111,686
Equity and period result of subsidiaries	2,280,400	3,112,223	354,351	132,362
Consolidation adjustments to equity and result	(389,095)	(203,296)		
Elimination of book value of consolidated companies	(8,111,616)	(8,109,430)		
Elimination of internal profits in tangible and intangible assets	(54,561)	(185,798)	(54,553)	(185,798)
Consolidation difference	6,595,947	6,946,282	(350,335)	(60,421)
Tax effects in connection with consolidation adjustments	14,873	49,134	14,873	(8,647)
Other	(49)	(20)	(233)	(1,624)
Equity and period result of consolidated financial statements	**7,030,977**	**7,238,475**	**(162,338)**	**(12,442)**

Provisions for risks and expenses

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
154,105	151,084	3,021

Description	31/12/2015	Increases	Decreases	30/06/2016
Severance indemnity upon cession of office (TFM)	60,000	20,000		80,000
Taxation, including deferred	33,345	13,616	30,595	16,366
Other	57,739			57,739
Total	**151,084**	**23,616**	**30,595**	**154,105**

The increases relate to provisions for the period. The decreases relate to uses for the period.

The provision for pension and similar obligations refers to the indemnity due to directors upon cessation of office.

The provision for taxation includes deferred taxes for Euro 2,750, related to taxable temporary differences.

"Other" includes a provision 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 and accounting standard OIC 19, for an amount equal to the greater tax deriving from the application of said study.

Employee severance indemnity (TFR)

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
758,046	670,174	87,872

Changes	31/12/2015	Increases	Decreases	30/06/2016
TFR, period changes	670,174	165,479	77,607	758,046

The provision represents the effective liability as at 30/06/2016 towards its employees on the workforce as of that date, net of any advances paid.

The reserve set up represents the effective liability accrued with regards to the employees, in accordance with the Law and current Labour Agreements, taking into consideration every form of remuneration of an ongoing nature.

Payables

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
9,450,290	7,741,366	1,708,924

Change in payables

Payables	30/06/2016	31/12/2015	Change
Due to banks within 12 months	1,074,828	637,622	437,206
Amounts due to banks beyond 12 months	2,858,178	1,570,835	1,287,343

Amounts due to other providers of finance	25,093	33,416	(8,323)
Advances	19,366	21,622	(2,256)
Trade payables	2,503,349	2,320,262	183,087
Tax payables	911,842	991,889	(80,047)
Amounts payable to social security institutions	228,771	225,637	3,134
Other payables	1,828,863	1,940,083	(111,220)
Total	**9,450,290**	**7,741,366**	**1,708,924**

With regard to the item "Amounts due to banks", it is recalled that in view of the significant investments planned in the Big Data Analytics project and the related financial impact, the Parent Company has accepted the proposal of Credito Valtellinese (Creval) to finance the transaction with a medium-term unsecured loan of Euro 2 million, duration 36 months, repayment in quarterly instalments, disbursed on 19 April 2016. Part of the investments will be covered by the contribution approved by the Lombardy Region for approximately Euro 860 thousand according to the project progress status. Said unsecured loan is in addition to the one granted by Banco Popolare in December 2015 to support the acquisition of Agile Telecom. This item also includes the residual amount of an unsecured loan signed by Agile Telecom with Deutsche Bank for Euro 156 thousand.

"Amounts due to other providers of finance" relates to the residual amount of a beneficial-rate loan obtained by the Parent Company 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.

The item "Advances" includes the advances received from customers relating to supplies of goods and services not yet delivered.

Tax payables as at 30/06/2016, are as follows:

Tax payables	Amounts in Euro
MailUp S.p.A.	103,357
Network S.r.l.	157,179
Agile Telecom S.p.A.	556,362
Globase International ApS	49,580
Acumbamail SL	45,363

Tax payables	30/06/2016

Amount payable to the tax authority for IRES	390,467
Amount payable to the tax authority for IRAP	66,419
Amount payable to the tax authority for withholdings applied at source	178,604
Amount payable to the tax authority for VAT	230,989
Amount payable to the Spanish tax authority for Acumbamail SL tax	45,364
Total	**911,842**

"Other payables" refers to amounts due to directors for emoluments and amounts due to employees for salaries and wages, holidays, permits and additional months' salaries accrued during the period. The item also includes payables for SMS in stock for Euro 277,823. This provision correlates income already noted with the related costs for sending text messages that will be billed in the future by suppliers when the clients of the Parent company effectively send the messages. Other amounts due also include the amount due to Zoidberg for Euro 500,000 related to the sums paid under the guarantee of its contractual obligations by the former shareholder of Agile Telecom.

The breakdown of payables as at 30/06/2016, according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Payables divided by geographic area	Trade	Other	Total
Italy	1,824,087	1,731,655	3,555,742
EU	488,893	96,762	585,655
Non-EU	190,369	446	190,815
Total	**2,503,349**	**1,828,863**	**4,332,212**

There are no payables with a residual duration in excess of 5 years nor any payables backed by collateral over assets of companies included in the consolidation.

Accruals and deferrals

Balance 30/06/2016	Balance as at 31/12/2015	Changes
4,022,093	3,511,410	510,683

These represent the entries connected to the year recognised with accruals accounting.
As at 30/06/2016, there were no accruals or deferrals with a residual duration of more than five years.

71% 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 not pertaining to it, i.e. the deferred income, is used as a basis for the following year's turnover.
The items are comprised as follows (Article 2427, first paragraph, no. 7, Italian Civil Code).

Description	Amount
Deferred income for charges for services supplied by the Parent Company	3,898,175
Sundry accrued liabilities	32,918
Total	**3,931,093**

Memorandum accounts
(Ref. Art. 2427, first paragraph, no. 9, Italian Civil Code)

Description	30/06/2016	31/12/2015	Changes
Third party property held at the company	359,196	500,248	(141,052)
Total	**359,196**	**500,248**	**(141,052)**

"Third party property held at the company" relates to assets in use on hire and lease contracts.

Income statement

Value of production

Balance 30/06/2016	Balance as at 30/06/2015	Changes
10,766,200	5,414,471	5,351,729

Description	30/06/2016	30/06/2015	Changes
Revenues from sales and services	9,867,857	4,446,279	5,421,578
Increases in fixed assets for in-house works	645,525	881,268	(235,743)
Other revenues and income	252,818	86,924	165,894
Total	**10,766,200**	**5,414,471**	**5,351,729**

The increase in revenues compared to the half-year of 2015 is a direct consequence of the continuous process of growth in the volumes of the Parent Company in place for years and also of the growth for external lines through acquisitions implemented in the second half of last year and the contribution in terms turnover of the subsidiaries Agile Telecom, Globase and Acumbamail, which allowed doubling consolidated revenues from sales and services.

Revenues by geographical area
(Ref. Art. 2427, first paragraph, no. 10, Italian Civil Code)

Income from sales	Italy	EU countries	Non-EU countries	Total
Income from sales to third parties	6,309,995	2,020,135	1,537,727	9,867,857
Total income from sales	**6,309,995**	**2,020,135**	**1,537,727**	**9,867,857**

Production costs

Balance 30/06/2016	Balance as at 30/06/2015	Changes
10,762,791	5,382,948	5,379,843

Production costs	30/06/2016	30/06/2015	Change
Purchase of goods and services intended for resale	3,682,170	1,069,705	2,612,465
Services	2,251,902	1,251,493	1,000,409
Use of third party assets	364,392	212,764	151,628
Wages and salaries	2,591,156	1,753,699	837,457
Welfare and social security	541,058	447,982	93,076
Employee severance indemnity (TFR)	165,479	107,543	57,936
Amortisation of intangible fixed assets	934,367	333,010	601,356
Depreciation of tangible fixed assets	138,235	127,942	10,293
Impairment of current receivables	5,317	0	5,317
Change in inventory of raw materials	(19,396)	31,757	(51,153)

Other operating costs	108,111	47,053	61,058
Total	**10,762,791**	**5,382,948**	**5,379,843**

Financial income and expense

Balance 30/06/2016	Balance as at 30/06/2015	Changes
(20,504)	(308)	(20,196)

Financial income and expense	30/06/2016	30/06/2015	Changes
Income other than the above	1,182	1,230	(48)
(Interest and other financial expenses)	(15,936)	(273)	(15,663)
Exchange losses and gains	(5,750)	(1,265)	(4,485)
Total	**(20,504)**	**(308)**	**(20,196)**

Extraordinary income and expense

Balance 30/06/2016	Balance as at 30/06/2015	Changes
13,610	0	13,610

Income tax for the period

Balance 30/06/2016	Balance as at 30/06/2015	Changes
149,837	24,393	125,444

Income tax	30/06/2016	31/12/2015	Change
Current tax	226,807	92,989	133,818
Deferred (prepaid) tax	(76,970)	(68,596)	(8,374)
Total	**149,837**	**24,393**	**125,444**

Taxes for the period were recorded.

As regards the operating performance and overall position of the companies included in the consolidation area, we would refer you to the information given in the Board of Directors' report on the consolidated financial statements.

Deferred/prepaid tax

Deferred taxes have been calculated taking into account the cumulative amount of all temporary differences, based on the effective rate of the previous year. The deferred taxes allocated in previous years were used.
Prepaid taxes were recognised in the financial statements for Euro 46,972 in relation to the Parent Company since there is reasonable certainty of the existence over the periods in which the deductible temporary differences will reverse, of income of not less than the differences that will be reversed. Additional prepaid taxes were recognized for Euro 28,489 arising from consolidation effects.

Financial lease transactions (leasing)

The company MailUp S.p.A. currently has 1 financial lease contract for which, in accordance with Article 2427, first paragraph, no. 22, Italian Civil Code, the following information is provided:

Lease agreement of: 01/08/2013
Duration of lease agreement years (months): 48
Asset used: office furniture
Cost of asset: Euro 98,515
Balloon payment on lease paid on 01/08/2013 equal to Euro 19,903;
Lease charges paid during the year, equal to Euro 11,576;
Current value of the lease instalments not yet due: Euro 32,534;
Actual financial charges attributable to it, referring to the year: Euro 1,028;
Value of the asset at year-end considered as fixed asset: Euro 64,035;
Virtual amortisation and depreciation of the period: Euro 5,910.

Sales transactions with reconveyance agreement

(Ref. Art. 2427, first paragraph, no. 6-*ter* of the Italian Civil Code)

No Group company has made any financing transactions involving the temporary disposal of assets.

Disclosure on financial instruments issued by the company

(Ref. Art. 2427, first paragraph, no. 19, Italian Civil Code)

No Group company has issued any financial instruments.

Disclosure on related party transactions

(Ref. Art. 2427, first paragraph, no. 22-*bis* of the Italian Civil Code)

In identifying related parties, reference is made to the standard OIC 12. Transactions between companies are commercial and financial in nature; such transactions are performed at arm's length and carefully monitored by the Board of Directors. With the counterparties in question, transactions were implemented relating to the normal business of the individual entities; no atypical or unusual transactions are noted.

Transactions are generally settled in the short-term and formalised by contracts.

Disclosure on off-balance sheet agreements

(Ref. Art. 2427, first paragraph, no. 22-*ter* of the Italian Civil Code)

As at 30 June 2016, there were no guarantees of any kind not resulting from the balance sheet and/or memorandum accounts. However, it is specified that under the existing contract and in relation to the acquisition of Agile Telecom S.p.A., the company has also the commitment to pay to the Sellers a supplementary payment (earn-out) on the basis of the average EBITDA value of Agile Telecom for the two-year period 2015-2016. This additional amount will be paid by the Parent Company, for an amount at least equal to 25%, in cash, and the residual amount, through a number of MailUp shares to be calculated based on the average market price of the Issuer's shares in the three months immediately preceding the reference date.

Workforce data

The number of employees relating to the Parent Company and fully-consolidated subsidiaries, as at the end of the period, is shown in the statement below:

Title	30/06/2016	31/12/2015	Changes
White-collar workers and Blue-collar workers	133	126	7
Middle management and Managers	8	6	2
Total	**141**	**132**	**9**

Fees due to directors and auditors

Below are the fees due to the Directors and Auditors of the companies included in the consolidation area:

Title	Fees	of which Parent company
Directors	594,297	489,125
Board of Statutory Auditors	19,118	8,618
Independent auditing company	21,708	9,450

Statement of cash flows

As envisaged by Accounting Standard OIC no. 10, below is the financial information.

Description	30/06/2016	30/06/2015
A. Cash flow from operations		
Profit (loss) for the period	(153,323)	6,822
Income tax	226,807	92,989
Deferred/(prepaid) tax	(76,970)	(68,596)
Interest expense/(interest income)	20,504	308
Extraordinary (income)/expense	(13,610)	0
1. Profit (loss) for the period before income tax, interest, dividends and capital gains/losses on disposals	**3,408**	**31,523**
Value adjustments for non-monetary elements that have no equivalent item		
Provisions for TFR	165,479	107,543
Other provisions	20,000	20,000
Amortisation and depreciation of fixed assets	1,072,602	460,952
2. Cash flow before changes in NWC	**1,261,489**	**620,018**
Changes to net working capital		
Decrease/(increase) in inventories	19,396	31,757
Decrease/(increase) in trade receivables	(67,037)	5,964
Increase/(decrease) in trade payables	183,087	(12,247)
Decrease/(increase) in accrued income and prepaid expenses	(64,484)	(76,560)
Increase/(decrease) in accrued liabilities and deferred income	510,683	475,419
Other changes in net working capital	(491,805)	473,745
3. Cash flow after changes in NWC	**1,351,329**	**1,518,095**
Other adjustments		
Interest collected/(paid)	(21,971)	(308)
(Income tax)	(226,807)	(92,989)
(Deferred)/prepaid tax	76,970	68,596
(Use of provisions)	(77,607)	(6,075)
4. Cash flow after other adjustments	**1,101,915**	**1,487,319**

CASH FLOW FROM OPERATIONS (A)	1,101,915	1,487,319
B. Cash flow from investments		
Tangible fixed assets (investments)	(192,824)	(189,300)
Intangible fixed assets (investments)	(923,546)	(1,216,749)
Financial fixed assets (investments)	(120,636)	(21,074)
CASH FLOW FROM INVESTMENTS (B)	(1,237,006)	(1,427,123)
C. Cash flow from loans		
Minority interest funds	1,716,226	(3,410)
Increase (decrease) in short-term payables to banks	1,443	4,873
Stipulation/(repayment) of loans	1,714,783	(8,283)
Own funds	(175,392)	153,357
Sale (purchase) of treasury shares	(38,464)	
Other changes in equity	(136,928)	153,357
CASH FLOW FROM LOANS (C)	1,540,834	149,947
INCREASE (DECREASE) IN LIQUID FUNDS (A+-B+-C)	1,405,743	210,143
Opening liquidity	3,265,717	3,343,990
Closing liquidity	4,671,460	3,554,134
INCREASE (DECREASE) IN LIQUID FUNDS	1,405,743	210,143

The half-year financial statements herewith, comprising the balance sheet, income statement and notes, give a true and fair view of the equity and financial position and financial performance for the period, and correspond to the accounting records.

Chairman of the Board of Directors

Matteo Monfredini

Independent Auditors' Report on the consolidated financial statements as at 30/06/2016

MAILUP S.p.A.

Independent Auditors' review report on interim consolidated
financial statement as of June 30, 2016

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Independent Auditors' review report on interim consolidated financial statements

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

Introduction

We have reviewed the accompanying interim consolidated financial statements comprising balance sheet, profit and loss account and other explanatory notes of MailUp S.p.A. (hereby the "Entity") and its subsidiaries (the "MailUp Group"). Management of MailUp S.p.A is responsible for the preparation of this interim consolidated financial statements in accordance with the Accounting Standard applicable to interim financial reporting (OIC 30). Our responsibility is to express a conclusion on this interim consolidated financial reporting based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *International Standards on Auditing* and, consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the interim consolidated financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements of MailUp Group as of June 30, 2016, are not prepared, in all material respects, in accordance with the Accounting Standard applicable to interim financial reporting (OIC 30).

Milan, September 27, 2016

BDO Italia S.p.A.

Signed by Manuel Coppola

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

MailUp separate financial statements as at 30/06/2016

Balance sheet - Assets		30/06/2016	31/12/2015
B) Fixed assets			
I. Intangible			
1) Start-up and expansion costs		233,559	255,680
2) Research, development and advertising costs		3,562,476	2,628,015
3) Industrial patents and intellectual property rights		105,727	92,844
4) Concessions, licences, trademarks and similar rights		20,574	20,644
6) Assets under construction and advances		115,929	656,966
7) Other		666,320	641,257
		4,704,585	4,295,406
II. Tangible			
2) Plant and machinery		574	1,066
4) Other assets		540,246	650,017
5) Assets under construction and advances		166,070	0
		706,890	651,083
III. Financial			
1) Equity investments in:			
a) subsidiaries	7,411,529		7,411,529
b) associated companies	102,000		0
d) other companies	0		2,000
		7,513,529	7,413,529
2) Receivables			
a) subsidiaries			
- beyond 12 months	112,592		114,816

		112,592	114,716
b) associated companies			
- beyond 12 months	14,641		0
		14,641	0
d) third parties			
- beyond 12 months	92,032		87,571
		92,032	87,571
		219,265	202,387
		7,732,794	7,615,916
Total fixed assets		**13,144,269**	**12,562,405**

C) Current assets			
II. Receivables			
1) Trade			
- within 12 months	1,054,016		1,083,040
		1,054,016	1,083,040
2) Subsidiaries			
- within 12 months	1,081,489		199,572
		1,081,489	199,572
3) Associates			
- within 12 months	25,859		0
		25,859	0
4-*bis*) Tax receivables			
- within 12 months	379,370		100,196
- beyond 12 months	121,362		121,362
		500,732	221,558
4-*ter*) Prepaid tax			
- within 12 months	103,760		56,788
		103,760	56,788

5) Other			
- within 12 months	100,366		70,207
		100,366	70,207
		2,866,221	1,631,165
III. Financial assets not held as fixed assets			
5) Treasury shares		95,966	57,502
		95,966	57,502
IV. Liquid funds			
1) Cash at bank and post office		3,059,640	1,086,297
3) Cash and cash equivalents		288	40
		3,059,928	1,086,337
Total current assets		**6,022,115**	**2,775,004**

D) Accruals and deferrals			
- other	543,630		501,482
		543,630	**501,482**

Total assets	**19,710,015**	**15,838,891**

Balance sheet - Liabilities		30/06/2016	31/12/2015
A) Shareholders' equity			
I. Share capital		281,667	216,667
II. Share premium reserve		4,966,801	4,966,801
IV. Legal reserve		60,000	40,000
VI. Reserve for portfolio treasury shares		95,966	57,502
VII. Other reserves			
Extraordinary or optional reserve	199,658		236,725
Reserve for exchange rate gains	25,289		0
Difference from rounding-off to the nearest euro	(2)		(2)

		224,945	236,723
IX. Profit (loss) for the period		1,065,700	111,686
Total Shareholders' equity		**6,695,079**	**5,629,379**

B) Provisions for risks and expenses			
1) Provisions for pensions and similar obligations		80,000	60,000
2) Provisions for taxation, including deferred		2,750	17,875
3) Other		57,739	57,739
Total provisions for risks and expenses		**140,489**	**135,614**

C) Employee severance indemnity			
Employee severance indemnity (TFR)		317,008	271,056

D) Payables			
4) Amounts due to banks			
- within 12 months	1,007,541		510,473
- beyond 12 months	2,764,428		1,508,335
		3,771,969	2,018,808
5) Amounts due to other providers of finance			
- beyond 12 months	25,093		33,416
		25,093	33,416
6) Advances			
- within 12 months	19,366		21,622
		19,366	21,622
7) Trade payables			
- within 12 months	786,616		685,022
		786,616	685,022
9) Amounts due to subsidiaries			
- within 12 months	2,494,191		2,064,399
		2,494,191	2,064,399

12) Tax payables			
- within 12 months	103,357		193,030
		103,357	193,030
13) Amounts payable to social security institutions			
- within 12 months	119,152		88,529
		119,152	88,529
14) Other payables			
- within 12 months	1,245,288		1,401,263
		1,245,288	1,401,263
Total payables		**8,565,032**	**6,506,089**

E) Accruals and deferrals			
- other	3,992,408		3,296,753
		3,992,408	3,296,753

Total liabilities	**19,710,015**	**15,838,891**

Memorandum accounts	30/06/2016	31/12/2015
3) Third party property held at the company		
- Other	359,196	500,248
	359,196	500,248
Total memorandum accounts	**359,196**	**500,248**

Income statement		30/06/2016	30/06/2015
A) Value of production			
1) Revenues from sales and services		4,659,715	4,295,233
5) Other revenues and income			
- other	93,109		32,681

- operating grants	83,628		36,800
- payments towards capital	96,262		0
		272,999	69,481
Total value of production		**4,932,714**	**4,364,714**

B) Production costs			
6) Raw, ancillary and consumable materials and goods for resale		841,116	894,518
7) Services		2,034,415	1,702,923
8) Use of third party assets		169,369	174,222
9) Payroll			
a) Wages and salaries	951,940		791,124
b) Welfare and social security	253,473		225,181
c) Employee severance indemnity (TFR)	70,033		54,939
		1,275,446	1,071,244
10) Amortisation, depreciation and impairment			
a) Amortisation of intangible fixed assets	608,042		
b) Depreciation of tangible fixed assets	121,589		
d) Impairment of current receivables	5,317		
		734,948	471,982
14) Other operating costs		37,325	45,723
Total production costs		**5,092,619**	**4,360,612**
Difference between value and cost of production (A-B)		**(159,905)**	**4,102**

C) Financial income and expense			
15) Income from investments:			
- from associates	1,192,140		0
		1,192,140	0

16) Other financial income:			
a) from accounts receivable included in fixed assets			
- from subsidiaries	1,121		1,773
d) income other than the above:			
- other	434		1,226
		1,555	2,999
		1,193,695	2,999
17) Interest payable and similar expenses:			
- other	12,876		183
		12,876	183
17-bis) Exchange losses and gains		(4,943)	(1,238)
Total financial income and expense		**1,175,876**	**1,578**

E) Extraordinary income and expense			
20) Income:			
- other			
21) Expenses:			
- other			1
			1
Total extraordinary items			**(1)**

Pre-tax result (A-B±C±D±E)		1,015,971	5,679
22) Current, deferred and prepaid income tax			
a) Current tax	12,368		38,514
b) Deferred tax	(15,125)		5,346
c) Prepaid tax	(46,972)		(44,404)
		(49,729)	(544)

23) Profit (loss) for the period	1,065,700	6,223

Chairman of the Board of Directors
Matteo Monfredini

Notes accompanying the half-year report as at 30/06/2016

Introduction

Dear Shareholders,

The half-year report as at 30/06/2016 has been prepared in accordance with the provisions of the Italian Civil Code and in compliance with Art. 18 of the AIM Italy regulation and consist of the following documents:

1. Balance sheet;
2. Income statement;
3. Notes;
4. Cash flow statement.

As at 30 June 2016, the company recorded a positive net result for the period of Euro 1,065,700. The situation of accounts closed at 30/06/2016 corresponds to the accounting records held regularly and is prepared in accordance with applicable provisions of law, interpreted and integrated by the accounting standards of reference issued by the Italian Accounting Board and, in the absence thereof, by international accounting standards. In particular, reference was made to the accounting standard OIC 30 relating to interim financial statements. Therefore, the financial statements do not include all the information required by the annual financial statements and shall be read together with the same, prepared for the year ended 31/12/2015.

Business

MailUp S.p.A. 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 10,000 customers and 800 dealers in more than 50 countries. Founded in 2002 in Cremona, MailUp is also based in Milan, San Francisco and has offices in Buenos Aires. After the IPO in 2014 on the AIM market operated by the Italian Stock Exchange, MailUp added to the organic growth a new business line (beefree.io), which already has thousands of customers worldwide and a growth path through acquisitions, 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).

Revenues from sales and services increased by Euro 365 thousand in the first half of 2016 compared to the same period of the previous year (+8.5%). In particular, the fees for sending of e-mails and newsletters via the MailUp® platform grew by 10.41% while revenues for sending of SMS increased by 6.12%. We would recall that the performance of SMS income is very much subject to seasonal and short-term oscillation, whereas the e-mail charges guarantee constant, linear growth, earning greater client loyalty in the long term. As evidence of this, it is noted that the excellent performance in the SMS sector in July and August have brought the cumulative growth in the first eight months of 2016 to 13.69%, while the same

overall figure of growth in revenues of e-mails plus SMS reached 11.88%, in line with management expectations.
The company continues to carry out systematic activities for the development of the MailUp® platform, authentic point of strength and critical success factor. The cost incurred for this activity were capitalised in connection with the multiple year use. In the first half of 2016, these activities concerned the design and implementation of incremental improvements with respect to the previous versions of the platform, in particular regarding the creation engine and e-mail sending, which now allows, within the same console, parallel or sequential sending. The SMS sending service has also been enhanced, with delivery of up to 700,000 SMS per hour for each customer. This means that we can meet the demands of larger clients, requiring higher sending speeds.
Development activities have also focused on the analysis of usability of the platform and revision of the user interface, which will be released in the new version of MailUp at the beginning of 2017, as well as on the development of innovative new modules based on the philosophy of "embeddable plug-in", that is, the creation of services that may be offered separately in the future, such as 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, which is expected to be released in autumn, Drupal SMS and others such as the new integration with Magento that will be released in open-source mode.

The value of total net assets increased by 5% compared to 31/12/2015. The most substantial increase of Euro 409 thousand is determined by investments in the application and technological development of the MailUp® platform described above. We note the increase in the investment in the associated company Consorzio CRIT of 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 first half of 2016 saw a continuation of the structural and organisational strengthening that had already been underway for some years, through the selection and inclusion of staff

with excellent professional profiles and experience. Employees increased by four resources compared to 31/12/2015. The dynamics of employees in terms of average values is reported further on.

In equity terms, we should point out some indicative figures:

- the share capital was increased by Euro 65 thousand, for a total of Euro 281,666.68 through the issue of 2,600,000 ordinary shares as a result of the free capital increase approved by the Board of Directors of the company on 29 March 2016, in execution of the proxy conferred by the shareholders' meeting of 23 December 2015. This capital increase was made by means of allocation to capital of a corresponding amount of available reserves. MailUp shareholders were assigned, with effect from 11 April 2016, 3 new shares for every ten shares already outstanding;
- the financial exposure to third party customers showed a reduction of about Euro 29 thousand, confirming the effectiveness of debt collection actions and the sustained growth of electronic payment (credit cards and Pay Pal), with respect to payment by bank transfer, from customers;
- the increase in receivables from subsidiaries of about Euro 882 thousand largely derives from the receivable from the subsidiary Agile Telecom for dividends related to 2015. These dividends were paid by the subsidiary for Euro 400 thousand and will be settled for the difference, Euro 792 thousand, by the end of the current year;
- in anticipation of the important investments planned in the Big Data Analytics project, presented in detail below, and the related financial impact, the company has accepted the proposal of Credito Valtellinese (Creval) to finance the transaction with a medium-term unsecured loan of Euro 2 million, duration 36 months, repayment in quarterly instalments, disbursed on 19 April 2016. It is specified that part of the investments will be covered by the contribution approved by the Lombardy Region for approximately Euro 860 according to the project progress status.
- deferred liabilities, i.e. the portion attributable following 30 June 2016 of revenues on invoices receivable issued up to that date, are historically of relevant entity. This item, typical of the activities in which revenues mainly derive from advanced periodic payments, especially annually in our case, is the main source of funding generated in a virtuous and not burdensome manner from operations. Their amount corresponds to certain revenues already totalled that will be recognized in future periods.

On the income statement, we should note the following events:

- production costs include increases in personnel costs resulting from the strengthening of the workforce undertaken to support the strategic development of the company after the significant growth through acquisitions in 2015. The most significant increase was recorded on amortisation arising mainly from the numerous projects of innovation and technological development of the MailUp® platform, completed and still in progress and long-term costs of listing on the AIM market and related to acquisitions made in the previous year;
- with regard to revenues, there were dividends of the subsidiary Agile Telecom for Euro 1,192,140 for the year 2015, the distribution of which to the Parent Company and sole shareholder MailUp was resolved at the shareholders' meeting of 28 April 2016 for the total amount, net of the adjustment to the legal reserve.

Significant events occurring during the half-year

- **Second closing of the Agile Telecom transaction**: on 9 February 2016, following the non-fulfilment of the conditions precedent envisaged in the purchase agreement signed by the parties, the acquisition of the controlling shareholding of 100% in Agile Telecom S.p.A. was definitively finalised with effect from 29 December 2015;
- **Resolution of the stock option plan**: the Board of Directors of MailUp S.p.A. on 29 March 2016 approved a stock option plan and related regulation, aimed at employees of the Company and/or its subsidiaries pursuant to Art. 2359, paragraph 1 of the Italian Civil Code. The Board of Directors of MailUp S.p.A. resolved to increase the share capital against divisible payment for a maximum amount of Euro 8,355 without premium, through the issue of a maximum of 334,200 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be offered for subscription for a fee, providing the fulfilment of certain operating conditions of the Plan and the related letter of assignment, for a unit issue price of Euro 0.025, without premium, with the exclusion of the option right pursuant to Art. 2441, paragraph 8, of the Italian Civil Code, to the beneficiaries of the stock option plan.
- **Free capital increase**: the Board of Directors of MailUp S.p.A. on 29 March 2016 resolved to increase the share capital free of charge, for a nominal amount of Euro 65,000, through the issue of 2,600,000 ordinary shares, without nominal value, having the same characteristics as those outstanding, dividend-bearing, to be assigned, with effect from 11 April 2016, to shareholders at a ratio of 3 new shares for every 10 shares outstanding; said capital increase shall be made by allocation to capital of corresponding amount drawn from available reserves.
- **New functionalities** were included in the MailUp® platform such as "Simplified Automation", Landing Page, API, described in other points of this document;
- In April, the company 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 adds two new services: Tailored solutions and Customer success service, Delivery+ complementary and supplementary, the offer of personalized accreditation and consultancy to maximize performance in terms of delivery rate and achieve the best sending quality. The tailored Solutions service allows delegating platform configuration to MailUp, in order to model the features according to the company: activities concern on-boarding, platform integrations with any external system, the creative development of e-mail marketing campaigns (from graphic design to the drafting of original texts) and the management of high-priority sending. Customer success service provides customers with a new and advanced team logic, to cover and address all types of requests, from daily needs to custom projects.
- 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 product that could have major impacts on the future business of MailUp in the medium to long term, having a market potential also at international level, in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, for the complexity of the technologies and methodologies that require high specialization of resources that need to be put in place. MailUp will receive up to a maximum of Euro 860,122 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.

- At the beginning of 2016, the partnership with TIM Impresa Semplice became operational with the publication on the www.nuvolastore.it portal of the **Mail Power** service. It is a simplified version of MailUp that is offered and supported by TIM and proposed exclusively to the ample basin of portal users;
- The **BEEPlugin** service has been enhanced with new features requested by users such as the introduction of the custom block, the introduction of new fonts and customizable merge tags, localization in new languages (15 are now supported), the photo-gallery with images for own e-mail models and locked-content, in order to enable the editing of only some parts of the model. The BEEPlugin service is now considered a global market leader, with an international clientele including many Silicon Valley companies;
- In the first months of this year, in the face of numerous requests from users of the free version (freemium) to be able to have some additional features, the **PRO** version of BEE was launched with a very low entry fee, and dedicated to e-mail designers and digital agencies. There are currently 400 paying users and we are recording a monthly volume growth at particularly interesting rates.

Events subsequent to 30/06/2016 and business outlook

In July 2016, the subscribed and paid-in share capital of MailUp was increased by Euro 1,599, equivalent to 63,960 ordinary shares, following the exercise of the first instalment provided for in the stock option plan for management employees and executives of the company and subsidiaries approved by the Board of Directors of 29 March 2016. The share capital approved, also as a result of the plan mentioned above, amounts to Euro 290,021.68.

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, culminating in the widespread attack on PayPal in 2003, capable of jeopardizing thousands of personal accounts and leading to considerable financial losses for the company. 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 technologies. 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 company’s management has recently 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 S.r.l., for years a technology partner that has exclusive management of all functions and technical services related to the MailUp® platform, such as software development, hardware infrastructure, software, and database management, help desk services to customers, improvement of message delivery performance (deliverability) and abuse prevention. In these areas, Network has developed consolidated expertise and professionalism. Revenues of Network with respect to the Parent Company historically amount to more than 95% of the total, as activities to third parties mainly include video surveillance projects that are now only residual.

In light of the above, the Board of Directors of MailUp approving the consolidated half-year financial statements resolved to approve the merger by incorporation of Network S.r.l. 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.

The same Board of Directors’ meeting of 27 September 2016 also resolved to adopt, starting from the financial statements as at 31/12/2016, the IAS/IFRS accounting standards for the preparation of the financial statements thus promoting the path of disclosure and international visibility of MailUp, but also to adapt to the accounting choices of most listed companies, making use of the option provided by Legislative Decree 38/2005.
The transition to international accounting standards would also make communication towards international stakeholders more effective. 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 to those of other international groups of companies.

The choice of adoption of international accounting standards required prior determination of the assessment and recognition of the main differences between Italian accounting standards (OIC) applied to date by the company and international accounting standards (IAS/IFRS), analysis of accounting and administrative, process and system impacts arising from the conversion process.

Basis of preparation

In preparing the interim financial statements, use was made of the formats provided by Art. 2424 of the Italian Civil Code for the balance sheet, and by Art. 2425 of the Italian Civil Code for the income statement. Said formats are able to provide sufficient information to give a true and fair view of the equity and financial position of the company, and the economic result for the period.

Measurement criteria

(Ref. Art. 2427, first paragraph, no. 1, Italian Civil Code and accounting standard OIC 12)

The criteria used for the preparation of the half-year financial statements as at 30/06/2016 are consistent with those used for the preparation of the financial statements as at 31/12/2015, particularly with regards to the valuations and the continuity of said criteria.
The items of the financial statements have been valued on a general principle of prudence and accruals, with a view to the company as a going-concern.
In keeping with the accrual method of accounting, the effect of transactions and other events was recognised and attributed to the year to which these transactions and events refer, and not when the related cash movements occur (collections and payments).
Risks and losses for the period were considered even if known after the closing thereof; profits were included only if realised at the closing of the period according to the accrual principle;
The balance sheet items were compared with the same figures as at 31/12/2015, while those of the income statement were compared with the figures as at 30/06/2015.
The continuity in applying the measurement criteria over a period of time is a necessary element for the purpose of comparing company financial statements.
The valuation taking into account the economic function of the asset or liability concerned, considering that it expresses the principle of prevalence of substance over form – compulsory where not expressly in contrast with other rules specific to financial statements – allows for the representation of the transaction according to the economic reality subject to the formal measures.

Exceptions

(Ref. Art. 2423, fourth paragraph, Italian Civil Code)

No exceptional cases occurred that made it necessary to make exceptions pursuant to Art. 2423, paragraph 4 of the Italian Civil Code.

Seasonality or cyclicality of interim operations

It is recalled that MailUp does not show any seasonal or cyclical changes in total annual sales.

Specifically, the measurement criteria adopted for the drawing up of the financial statements were as follows.

Fixed assets

Intangible fixed assets

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

Start-up and expansion costs relate to expenses incurred to amend the Articles of Association and, in particular, to change the legal status of the company from limited liability to joint stock; they also relate to the extraordinary expenses incurred for the project for listing on the AIM market.
The costs of research and development, industrial patents and the rights to use intellectual property, licences, concessions 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. Research and development costs are related to development of the MailUp SAAS (Software-as-a-Service) platform and in fact, include costs incurred internally for the creation and innovation of the platform. Costs are capitalised only when the following can be proven:
- 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 intangible fixed assets relate to the extraordinary expenses incurred in support of the acquisitions of subsidiaries made in 2015 and, in particular, for the reverse take-overs as a consequence of the acquisition of the subsidiaries Agile Telecom, the extraordinary globalisation costs and the costs incurred to improve third party assets. The latter are amortised at rates that depend on the duration of the rental contract for the asset to which they refer, if less than that of future use.

Regardless of any amount booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

Below is a summary of the rates applied, calculated according to the useful life, in accordance with the standards mentioned above:

- Start-up and expansion costs, 5 years;
- Research, development and advertising costs, 5 years;
- Industrial patents and intellectual property rights, 5 years;
- Concessions, licences, trademarks and similar rights, 5 years;
- Extraordinary expenses for acquisitions of subsidiaries/RTO and globalisation, 5 years;

- Improvements to third party assets according to the residual term of the lease contract of the property to which the expenses incurred refer.

Tangible

These are posted at purchase price and adjusted by the corresponding depreciation funds.
When reporting the value in the financial statements, accessory charges and costs relating to use of the assets have also been considered.
The amortization/depreciation, charged to the income statement, has been calculated considering the utilisation, intended use and economic-technical duration of the assets, in relation to the residual possible usefulness. We believe that the following rates represent this approach well:

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, under item B.6, if their utility is limited to just one accounting period.
Regardless of any amortisation/depreciation booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

Financial

Financial fixed assets only include items of shareholders' equity intended to be used on a permanent basis.
Financial fixed assets are stated at their purchase cost, including related charges. Equity investments in subsidiaries and associated companies have been measured on the basis of the purchase value, in compliance with the provisions of Articles 2423 and 2423-*bis* of the Italian Civil Code.

Financial lease transactions (leasing)

Financial lease transactions are shown on the financial statements according to the equity method, booking the charges paid on an accruals basis. A specific section of the explanatory notes gives the supplementary information required by the law in relation to the representation of financial lease charges according to the financial method.

Receivables

These are stated at their estimated realisable value. The presumed nominal loan value is adjusted by means of a specific provision for doubtful debt, taking into account general and sector-specific economic conditions.

Treasury shares

Treasury shares reported under current assets, insofar as held for sale in the short-term, are quoted at the purchase price.
Following the completion of the first program to purchase treasury shares, approved in the shareholders' meeting of 30/04/2015, on 28/04/2016, the shareholders' meeting resolved to authorise purchases and operations on treasury shares as at that same date of 28/04/2016 and within eighteen months of said date. As for the previous purchase program, the purchase price of treasury shares takes place at a unit purchase price that is below the minimum and above the maximum of a value that is respectively lower or greater than 15% of the reference price recorded by the security during the session of the day prior to each individual purchase. The maximum number of treasury shares held can never exceed 10% of the share capital.

Payables

These are booked at face value, amended for returns or invoice adjustments.

Accruals and deferrals

These are determined on an effective accruals basis in accordance with the matching principle.

Provisions for risks and expenses

They are allocated to cover losses or payables of certain or probable existence whose amount or date of accrual cannot be determined on the closing date of the year.
The general principles of prudence and accruals were observed when valuing these reserves and no steps were taken to form general risk reserves without economic justification.
Potential liabilities have been posted on the financial statements and recorded in funds insofar as they were held to be likely and their relevant charges could be reasonably estimated.

Provision for severance indemnity (TFR)

The reserve represents the effective liability accrued with regards to the employees, in accordance with the law and current employment contracts, taking into consideration every form of remuneration of an ongoing nature.
The provision reflects the total of the individual indemnities accrued in favour of the employees as of the reporting date, net of any advances paid out, and is equal to that which would have to be paid to the employees in the event of the termination of the employment contract as of that date.

Severance indemnity upon cession of office (TFM)

Severance indemnity upon cession of office as Director is a deferred form of remuneration to be paid at the end of the professional mandate, reserved for directors and comparable with the TFR assigned to employees. It differs from TFR in the sense that there is no specific regulation of such within the Italian Civil Code: this means that the amount of TFM due to the administrative body, by virtue of paragraph 1 of Art. 2389 of the Italian Civil Code, is decided in the Articles of Association or by the shareholders' meeting.

Income tax

Current tax is determined on the basis of current tax legislation and stated both on the income statement and under tax payables or receivables.
Prepaid tax, including the benefit deriving from the carrying forward of tax losses, is recorded as prepaid tax under current assets. The tax benefit relating to the carrying forward of tax losses is noted when it is reasonably certain that it will indeed be realised.
Tax is provisioned on an accruals basis, and as such represents:

- the provisions for tax paid or to be paid for the year, determined in accordance with current rates and legislation;
- the total sum of deferred tax or prepaid tax relating to timing differences which have arisen or been cancelled during the year.

Revenue recognition

Financial and service revenues are recognised on an accruals basis. More specifically, income from subscription contracts is noted on a pro rata temporis basis, according to contract duration.
Income from consumption-based contracts is recognised when the service is provided, i.e. when the related services are made available to the client.
Revenues and income, costs and expenses related to foreign currency transactions are calculated at the exchange rate as of the date on which the transaction took place.

Conversion of amounts denominated in foreign currency

Receivables and payables which are originally expressed in foreign currencies - booked on the basis of the exchange rates effective on their date of accrual – are aligned to the exchange rates effective on the closing date of the financial statements.

Guarantees, commitments, third party assets and risks

The valuation of third party assets held by the company has been carried out at the value assumed from existing documentation and indicated in the memorandum accounts.

With reference to AIM Italy/Alternative Capital Market notice no. 14484 of 22 July 2016 of the Italian Stock Exchange, it is specified that, in view of the adoption, for the financial statements as at 31/12/2016, of the IAS/IFRS international accounting standards, approved by the Board of Directors on 27/09/2016 approving the consolidated half-year financial statements, it was therefore decided not to give evidence of eventual effects relating to the transition for the sole purposes of Italian accounting standards as a result of Legislative Decree no. 139/2015.

Workforce data

(Ref. Art. 2427, first paragraph, no. 15, Italian Civil Code)
The average company workforce, broken down according to category, has changed as follows from last year.

Workforce	30/06/2016	31/12/2015	Change
Managers			
Middle managers	2	1	1
Office workers	56	53	3
Labourers			
Other			
	58	**54**	**4**

The company applies the national labour agreement for the commercial sector.

Assets

B) Fixed assets

I. Intangible fixed assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
4,704,585	4,295,406	409,179

Total changes to intangible fixed assets
(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

Description of costs	VNC as at 31/12/2015	Increases	Decreases	Reclassifications	Period amortisation/depreciation	VNC as at 30/06/2016
Start-up and expansion	255,680	14,950			(37,071)	233,559
Research, development and advertising	2,628,015	756,271		656,966	(478,776)	3,562,476
Industrial patent rights	92,844	26,193			(13,310)	105,727
Concessions, licences and trademarks	20,644	3,603			(3,673)	20,574
Assets under construction	656,966	115,929		(656,966)		115,929

and advances						
Other	641,257	100,276			(75,213)	666,320
	4,295,406	**1,017,022**			**(608,042)**	**4,704,585**

Previous revaluations, amortisations and write-downs

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)
The historic cost as at 31/12/2015 consists of the following.

Description of costs	Historic cost	Provision for amortisation/depreciation	Revaluations	Write-downs	Net value as at 31/12/2015
Start-up and expansion costs	355,758	(100,078)			255,680
Research, development and advertising	3,908,950	(1,280,935)			2,628,015
Industrial patent rights	149,639	(56,794)			92,844
Concessions, licences and trademarks	50,864	(30,221)			20,644
Assets under construction and advances	656,966				656,966
Other	748,355	(107,097)			641,257
	5,870,532	**(1,575,125)**			**4,295,406**

Breakdown of items concerning start-up and expansion costs, and research, development and advertising costs

(Ref. Art. 2427, first paragraph, no. 3, Italian Civil Code)
Hereinafter, please find the breakdown of the cost items of start-up and expansion, research and development, together with the reasons for their inclusion.

Start-up and expansion costs

Description of costs	Value 31/12/2015	Period increases	Decrease	Period amortisation/depreciation	Value 30/06/2016
Long-term expenses of listing and corporate transformation	255,680	14,950	0	(37,071)	233,559
	255,680	**14,950**	**0**	**(37,071)**	**233,559**

Start-up and expansion costs have been included under assets insofar as it has been estimated that they may be of use in several years, and it is to be reasonably expected that they will continue to bring benefits to the economic results of future years. Start-up and expansion costs include the costs incurred by the company in connection with the corporate transformation from the legal status of “S.r.l.” (limited liability company) to that of “S.p.A.” (joint stock company) and especially the long-term costs deriving from the listing on the AIM Italia market.

Research and development costs

Description of costs	Value 31/12/2015	Increase	Decrease	Reclassifications	Amortisation	Value 30/06/2016
Development on the MailUp® platform	2,628,015	756,271	0	656,966	(478,776)	3,562,476
	2,628,015	**756,271**	**0**	**656,966**	**(478,776)**	**3,562,476**

“Research, development and advertising costs” includes the capitalised costs relative to the development, update and modernisation of the MailUp® digital platform owned by the company. The costs are reasonably linked to economic benefits that extend over several years, and are amortised in relation to their residual possibilities of use. No advertising or research costs have been capitalised.

Assets under construction and advances were recognised, which increased by Euro 115,929 due to costs related to development projects of the MailUp® platform that at the closing date of this report are not completed and not yet usable.

Reference is made to the paragraph “Business” in the initial part of these notes for details of software development activities undertaken in the first half of 2016.

II. Tangible fixed assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
706,890	651,083	55,807

Plants and machinery
(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

Description	Amount
Historic cost	60,526

Previous years' depreciation/amortisation	(59,460)
Balance as at 31/12/2015	**1,066**
Period acquisitions	
Period amortisation/depreciation	(492)
Balance as at 30/06/2016	**574**

Other assets

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

Description	Amount
Historic cost	1,623,470
Previous years' depreciation/amortisation	(973,453)
Balance as at 31/12/2015	**650,017**
Period acquisitions	11,326
Period amortisation/depreciation	(121,097)
Balance as at 30/06/2016	**540,246**

"Other tangible assets" include:

- expenses for the purchase of office furniture and equipment for Euro 82,578, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 450,743, net of period depreciation;
- expenses for the purchase of telephones for Euro 602, net of period depreciation;
- expenses for the purchase and installation of signs for Euro 6,323, net of period depreciation.

Assets under construction and advances

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

Description	Amount
Balance as at 31/12/2015	**0**
Period acquisitions	166,070
Period amortisation/depreciation	0

Balance as at 30/06/2016	166,070

The item "Assets under construction and advances" is related to the acquisition of server equipment included in electronic office equipment the installation and commissioning of which has not been completed yet.

III. Financial fixed assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
7,732,794	7,615,916	116,878

Equity investments

Description	31/12/2015	Increase	Decrease	Reclassifications	30/06/2016
Subsidiaries	7,411,529				7,411,529
Associated companies	0			102,000	102,000
Other companies	2,000	100,000		(102,000)	0
	7,413,529	**100,000**			**7,513,529**

The following information relating to the equity investments held directly or indirectly, for the subsidiary and associated companies, is provided below (Article 2427, first paragraph, no. 5, Italian Civil Code).

Subsidiaries

Company name	City or foreign country	Share capital	Equity	Profit/Loss	% held	Book value
NETWORK	Cremona (CR)	10,500	192,430	31,442	100	75,000
MAILUP INC	United States of America	45,037	(114,371)	26,737	100	37,352
ACUMBAMAIL SL	Spain	4,500	96,700	30,050	70	499,177
MAILUP NORDICS A/S	Denmark	67,211	1,030,900	(3,452)	100	800,000
AGILE TELECOM S.P.A.	Carpi (MO)	500,000	600,000	348,594	100	6,000,000
Total						**7,411,529**

Network S.r.l. provides IT-systems consultancy, software analysis, design and engineering, supply, design, installation and management of all problems relating to mass e-mailing (abuse and deliverability services) or through other messaging channels. Having developed this specific professionalism, Network is responsible for managing, on behalf of the Parent Company MailUp, the development and maintenance of software and applications, management of databases and the hardware and software infrastructure, customer support services, improvement in delivery performance to recipients, prevention of abuse and maintenance related to the MailUp® platform. In addition, the company conducts activities regarding the design, implementation and resale of video surveillance and intelligent video analysis solutions. The turnover is almost exclusively realised with regards to its Parent Company. As mentioned in the paragraph "Events subsequent to 30/06/2016 and business outlook", the Board of Directors of 27 September 2016 approved the merger of Network S.r.l. into MailUp S.p.A. with simplified procedure, on the basis of 100% ownership of the shares of the merged company.
MailUp Inc., established in San Francisco by the Parent Company in November 2011, markets the MailUp® platform in the United States of America and, more generally, on the American continent. At the end of 2015, the company also launched the new product BEEPlugin and, at the beginning of 2016, also the BEEPro version for e-mail designers and digital agencies with encouraging results in terms of monthly sales growth. The resources of MailUp Inc are monitoring and coordinating, in collaboration with the Italian colleagues, the development and technical update programmes of the MailUp® platform, as well as the road maps for the implementation of the new releases and the development of integrations with third party partners.
Acumbamail SL, 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. Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows. The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group 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. The acquisition also enables the know-how of MailUp to be increased, particularly in managing problems reported by medium/large clients.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Italian Civil Code (Italian Legislative Decree 1 August 2003, no. 259; Annex no. 9). The company is also registered with the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator") and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing customers the best possible sending quality at the lowest possible price.

The distinctive traits of the work of Agile Telecom are as follows:

- Platform and know-how for highly-flexible, scalable message routing management, which enables customised rules and routing dynamics of messages, so as to optimise quality and cost.
- Direct connections with numerous national and international telecommunications operators with high capacity and sending volumes such as to allow for low purchase costs.
- Capacity to supply customised text message services, such as, for example, for high/low quality sending (MT - Mobile Terminated), SMS receipt service (MO - Mobile Originated), sending with customisable TTL (Time-to-live) service, necessary, for example, to send OTP (One-time password), i.e. PIN numbers that only remain valid for a few minutes.
- System for monitoring the quality of the sending of text messages available in several countries and with several telephone operators (SMSC.net).
- System for the dynamic comparison of the costs of sending through several international aggregators.
- System for the sending via signalling protocol SS7, the same used by mobile telephony operators.
- System for the management of the MNP (Mobile Number Portability) database supplied by the Ministry of Economic Development, which means that each addressee can know the corresponding telephony operator. This means that the optimal and/or least expensive sending route can be set.
- Membership of the GSMA, an international association that groups together all the main mobile telephony operators.

Associated companies

Company name	City or foreign country	Share capital	Equity	Profit/Loss	% held	Book value
CRIT Cremona Information	CREMONA	310,000*	16,001	0	33*	102,000*

Technology	(CR)					

* The values of the share capital, the percentage of ownership and the book value are those subsequent to the capital increase of 16 March 2016, referred to below, in order to better understand the relations in place with the associated company. The other values in the table (shareholders' equity and result for the year) refer to the latest available official data, related to the annual financial statements as at 31/12/2015.

The company purchased shares for Euro 2 thousand in the consortium CRIT Cremona Information Technology upon incorporation. In the current year, it 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) and to establish the physical place of meeting, developing a building complex where Cremona-based ICT companies 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.

Equity investments recognised as non-current assets represent a long-term and strategic investment for the company. The investments are valued, in compliance with the principle of continuity of accounting principles, at purchase or subscription cost.

The investments reported at purchase cost have not been written-down for lasting losses of value; no cases of "value restoration" occurred.

No long-term equity investment has had a change of allocation.

During the year, no company in which an equity investment is held has decided to increase capital either upon payment or free of charge.

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 2015 the company achieved positive results of Euro 40,539, with a good increase in turnover. In the first half of 2016, this growth path continued further, also thanks to the turnover from the new products BEEPlugin and BEEPro, determining a positive result of Euro 26,737. In light of the positive signs summarised, the directors do not consider the capital loss as permanent. The prospects of the US and South American market lead us to believe that the booked cost of the equity investment will indeed be recovered.
The booked value of the equity investments acquired in 2015 (Acumbamail, MailUp Nordics [the Parent Company of 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.

Additional information is available from the group's consolidated financial statements.

Receivables

Description	31/12/2015	Increase	Decrease	Reclassifications	30/06/2016
Subsidiaries	114,816		2,224		112,592
Associated companies	0			14,641	14,641
Other	87,571	21,524	2,422	(14,641)	92,032
	202,387	**21,524**	**4,646**	**0**	**219,265**

The receivable due from subsidiaries regards MailUp Inc. and is in connection with an interest-bearing loan at market rates.

Receivables from the CRIT Consortium have been reclassified under the item "Associated companies" for an amount of Euro 14,641;

"Other receivables" include:
- receivables for insurance policies relating to the use of the sums allocated to the term-end indemnity of directors for Euro 86,113;
- the residual amount relates to caution deposits.

The breakdown of receivables as at 30/06/2016, according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Receivables divided by geographic area	Subsidiaries	Associated companies	Third parties	Total
ITALY		14,641	92,032	106,673
UNITED STATES – MAILUP INC	112,592			112,592
Total	**112,592**	**14,641**	**92,032**	**219,265**

C) Current assets

II. Receivables

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
2,866,222	1,634,165	1,235,056

The balance is broken down by due date as follows (Article 2427, first paragraph, no. 6, Italian Civil Code).

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Due from customers	1,054,016			1,054,016
Subsidiaries	1,081,489			1,081,489
Associated companies	25,859			25,859
Tax receivables	379,370	121,362		500,732
Prepaid tax	103,760			103,760
Others	100,366			100,366
Total	**2,744,860**	**121,362**		**2,866,222**

Receivables due from subsidiaries derive from normal commercial operations implemented during the period at arm's length. The item also includes receivables relating to dividends of Agile Telecom not yet paid to the Parent Company and sole shareholder for approximately Euro 792 thousand, which will be settled by the end of the year.

Tax receivables as at 30/06/2016, are as follows:

Description	Amount
Receivables from the tax authority for withholdings applied	14,403
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 IRES tax advances	47,353
Receivables for IRAP tax advances	25,335
VAT for the period	13,519
R&D tax receivable (Law 190/2014)	278,759
Total	**500,732**

Receivables due from others as at 30/06/2016 comprise as follows:

Description	Amount
E-commerce caution deposits	1,403

Supplier deposits	2,700
Contributions on competitiveness Agreements Tender Lombardy Region	96,263
Total	**100,366**

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

Description	Provision for doubtful debt pursuant to Art. 106 of Italian Presidential Decree 917/1986	Total
Balance as at 31/12/2015	4,937	4,937
Period use	(4,937)	(4,937)
Provisions for the period	5,317	5,317
Balance as at 30/06/2016	**5,317**	**5,317**

The breakdown of receivables as at 30/06/2016, according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Receivables divided by geographic area	Trade accounts	Subsidiaries	Associated companies	Third parties	Total
Italy	1,007,385	851,546	25,859	99,844	1,984,634
EU	41,640	400			42,040
Non-EU	4,991	229,543		522	235,056
Total	**1,054,016**	**1,081,489**	**25,859**	**100,366**	**2,261,730**

III. Financial assets

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
95,966	57,502	38,464

Description	31/12/2015	Increases	Decreases	30/06/2016

Treasury shares	57,502	38,464		95,966

Treasury shares

As at 30/06/2016, treasury shares in the portfolio are Euro 95,966, corresponding to 33,060 shares, acquired at an average price of Euro 2.90.

IV. Liquid funds

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
3,059,928	1,086,337	1,973,591

Description	30/06/2016	31/12/2015
Cash at bank and post office	3,059,640	1,086,297
Cash and cash equivalents	288	40
	3,059,928	**1,086,337**

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

D) Accruals and deferrals

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
543,630	501,482	42,148

These record the income and expense 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 two or more periods and divisible based on time.
The item is related to deferred assets.

As at 30/06/2016, there were no accruals or deferrals with a residual duration of more than five years.

Liabilities

A) Equity

(Ref. Art. 2427, first paragraph, nos. 4, 7 and 7-*bis*, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
6,695,079	5,629,379	1,065,700

Description	31/12/2015	Increases	Decreases	30/06/2016
Share capital	216,667	65,000		281,667
Share premium reserve	4,966,801			4,966,801
Legal reserve	40,000	20,000		60,000
Extraordinary or optional reserve	236,725	66,397	103,464	199,658
Reserve for portfolio treasury shares	57,502	38,464		95,966
Reserve for exchange rate gains	0	25,289		25,289
Difference from rounding-off to the nearest euro	(2)			(2)
Profit (loss) for the period	111,686	1,065,700	111,686	1,065,700
Total	**5,629,379**	**1,280,850**	**215,150**	**6,695,079**

The following table provides a breakdown of changes in shareholders' equity

Description	31/12/2014	Dividend distribution	Other allocations	Increases	Decreases	Reclassifications	31/12/2015
Share capital	216,667			65,000			281,667
Share premium reserve	4,966,801						4,966,801
Legal reserve	40,000			20,000			60,000
Reserve for portfolio treasury shares	57,502			38,464			95,966
Other reserves							
Extraordinary reserve	236,725			66,397		(103,464)	199,658
Reserve for exchange rate gains	0			25,289			25,289
Miscellaneous other reserves	(2)						(2)
Profit (loss) for	111,686			1,065,700	(111,686)		1,065,700

the period							
Total	**5,629,379**			**1,280,850**	**215,150**		**6,695,079**

The share capital is composed (Article 2427, first paragraph, nos. 17 and 18 Italian Civil Code) of 11,266,667 shares with a nominal value of Euro 0.025 each. All shares issued are ordinary. There are no debenture loans in place.

Reference is made to as already described in detail in the paragraph "Significant events occurring during the half-year" in this document for an in-depth outline of the free capital increase with effect 11 April 2016.

In compliance with the provisions of Articles 2357 and 2424, the reserve for portfolio treasury shares has been entered under the liabilities, under Group equity, by way of counter-entry in an amount equal to the treasury shares held as at 31/12/2015. The reserve is restricted and shall be maintained until such time as the shares are sold.

The equity accounts are broken down as follows according to their origin, possible use, distributable nature and use made in last the three years (Article 2427, first paragraph, no. 7-*bis*, Italian Civil Code)

Nature/Description	Amount	Possible use (*)	Available amount	Act. uses in the last 3 yrs to cover losses	Act. uses in the last 3 yrs for other reasons
Share capital	281,667	B			
Share premium reserve	4,966,801	A, B, C	4,966,801		
Legal reserve	60,000	B			
Reserve for portfolio treasury shares	95,966	B			
Reserve for exchange rate gains	25,289	B			
Other reserves	199,656	A, B, C	199,656		
Total	**5,629,379**		**5,166,457**		
Non-distributable portion					
Residual distributable portion					

(*) A: for capital increase; B: to cover losses; C: for distribution to shareholders

B) Provisions for risks and expenses

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
140,489	135,614	4,875

Description	31/12/2015	Increases	Decreases	30/06/2016
Severance indemnity upon cession of office (TFM)	60,000	20,000		80,000
Taxation, including deferred	17,875		15,125	2,750
Other	57,739			57,739
Total	**135,614**	**20,000**	**15,125**	**140,489**

The increases relate to provisions for the period. The decreases relate to uses for the period.

The provision for pension and similar obligations refers to the indemnity due to directors upon cessation of office.

The provision for taxation includes deferred taxes for Euro 2,750, related to taxable temporary differences.

"Other" includes a provision 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 and accounting standard OIC 19, for an amount equal to the greater tax deriving from the application of said study.

C) Employee severance indemnity (TFR)

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
317,008	271,056	45,952

The change is as follows.

Changes	31/12/2015	Increases	Decreases	30/06/2016
TFR, period changes	271,056	70,033	24,081	317,008

The provision represents the effective liability of the company as at 30/06/2016 towards its employees on the workforce as of that date, net of any advances paid.
The reserve set up represents the effective liability accrued with regards to the employees, in accordance with the Law and current Labour Agreements, taking into consideration every form of remuneration of an ongoing nature.

D) Payables

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
8,565,032	6,506,089	2,058,943

Payables are valued at their face value and their due date is divided up as follows (Article 2427, first paragraph, no. 6, Italian Civil Code).

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total
Amounts due to banks	1,007,541	2,764,428		3,771,969
Amounts due to other providers of finance		25,093		25,093
Advances	19,366			19,366
Trade payables	786,616			786,616
Amounts due to subsidiaries	2,494,191			2,494,191
Tax payables	103,357			103,357
Amounts payable to social security institutions	119,152			119,152
Other payables	1,245,288			1,245,288
Total	**5,775,511**	**2,789,521**		**8,565,032**

With regard to the item “Amounts due to banks”, it is recalled that in view of the significant investments planned in the Big Data Analytics project and the related financial impact, the company has accepted the proposal of Credito Valtellinese (Creval) to finance the transaction with a medium-term unsecured loan of Euro 2 million, duration 36 months, repayment in quarterly instalments, disbursed on 19 April 2016. Part of the investments will be covered by the contribution approved by the Lombardy Region for approximately Euro 860 thousand according to the project progress status. Said loan is in addition to the one granted by Banco Popolare in December 2015 to support the acquisition of Agile Telecom.

The item “Amounts due to other providers of finance”, amounting to Euro 25,093, is the outstanding sum to be repaid to Finlombarda. The beneficial-rate loan was obtained 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.

The item “Advances” includes the advances received from customers relating to services not yet delivered.

“Trade payables” are noted net of commercial discounts and include amounts payable for invoices to be received for Euro 115,244.

“Amounts due to subsidiaries” are related to:
- amounts due to Network S.r.l. for Euro 1,021,650;
- amounts due to MailUp Inc. for Euro 84,298;
- amounts due to Agile Telecom S.p.A. for Euro 1,388,242 of which Euro 1,206,512 arising from the acquisition of the entire shareholding in the subsidiary and the remainder related to commercial supply.

“Tax payables” are as follows:
- amounts due to the tax authority for withholdings applied at source for Euro 99,169;
- amounts due for regional and municipal surtaxes for Euro 4,172;
- amounts due for substitute tax on severance pay for Euro 15.41.

“Amounts due to social security institutions” refers to welfare contributions due to the various institutions on the salary paid to employees in June 2016 and contributions due on the directors’ fees as at 30/06/2016.

The item “other amounts due” consists of the following:
- amounts due to directors for emoluments for Euro 38,100;
- amounts due to employees for salaries and wages payable for Euro 199,925;
- amounts due to employees for holidays, permits and additional months’ salaries for Euro 229,407;
- amounts due for SMS in Stock for euro 277,823;
- amounts due to Zoidberg S.r.l. for Euro 500,000 for amounts paid to guarantee its contractual obligations by the former shareholder of Agile Telecom;
- other amounts due of non-appreciable amount for Euro 33.

The breakdown of payables as at 30/06/2016, according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Payables divided by	Trade accounts	Subsidiaries	Third parties	Total

geographic area				
Italy	668,104	2,409,892	1,245,288	4,323,284
EU	71,544			71,544
Non-EU	46,968	84,298		131,266
Total	**786,616**	**2,494,191**	**1,245,288**	**4,526,095**

E) Accruals and deferrals

Balance as at 30/06/2016	Balance as at 31/12/2015	Changes
3,992,408	3,296,753	695,655

These represent the entries connected to the period recognised with accruals accounting.
As at 30/06/2016, there were no accruals or deferrals with a residual duration of more than five years.

The items are comprised as follows (Article 2427, first paragraph, no. 7, Italian Civil Code).

Description	Amount
Sundry accrued liabilities	3,233
Deferred income for charges for services supplied by the company	3,989,175
Total	**3,992,408**

Approximately 71% 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 period's income, whilst the part not pertaining to it, i.e. the deferred income, will be used as a basis for the following period's income.

Memorandum accounts

(Ref. Art. 2427, first paragraph, no. 9, Italian Civil Code)

Description	30/06/2016	31/12/2015	Changes
Third party property held at the company	359,196	500,248	(141,052)
Total	**359,196**	**500,248**	**(141,052)**

The memorandum accounts include the value of third party property held by the company under hire or lease agreements.

Income statement

A) Value of production

Balance as at 30/06/2016	Balance as at 30/06/2015	Changes
4,932,714	4,364,714	568,000

Description	30/06/2016	30/06/2015	Changes
Revenues from sales and services	4,659,715	4,295,233	364,482
Other revenues and income	272,999	69,481	203,518
Total	**4,932,714**	**4,364,714**	**568,000**

Revenues according to category of activity

(Ref. Art. 2427, first paragraph, no. 10, Italian Civil Code)

Category	30/06/2016	30/06/2015	Changes
Provision of services	4,659,715	4,295,233	364,482
Rental income	17,523	17,136	387
Contributions	179,890	36,800	143,090
Other	75,586	15,545	60,041
Total	**4,932,714**	**4,364,714**	**568,000**

Revenues by geographical area

(Ref. Art. 2427, first paragraph, no. 10, Italian Civil Code)

Area	Services	Various income	Total
Italy	4,365,449	260,599	4,626,048
EU	111,289	400	111,689
Non-EU	182,976	12,000	194,976

Total	4,659,715	272,999	4,932,714

B) Production costs

Balance as at 30/06/2016	Balance as at 30/06/2015	Changes
5,092,619	4,360,612	732,007

Production costs are broken down as follows:

Description	30/06/2016	30/06/2015	Changes
Raw, ancillary and consumable materials and goods for resale	841,116	894,518	(53,042)
Services	2,034,415	1,702,923	331,492
Costs for use of third party assets	169,369	174,222	(4,853)
Wages and salaries	951,940	791,124	160,816
Welfare and social security	253,473	225,181	28,292
Employee severance indemnity (TFR)	70,033	54,939	15,094
Amortisation of intangible fixed assets	608,042	349,797	258,245
Depreciation of tangible fixed assets	121,589	122,185	(596)
Impairment of current receivables	5,317	0	5,317
Other operating costs	37,325	45,723	(8,398)
Total	**5,092,619**	**4,360,612**	**732,007**

Raw, ancillary and consumable materials and goods for resale

Description	Amount
Purchases of production for services resold	828,499
Assets of a value less than Euro 516,46	11,676
Stationery	941
Total	**841,116**

Services

Description	Amount
Transport on purchases	306
Industrial services relating to the platform (housing, licence charges, compliance)	239,264
Electricity, gas, water	13,603
Staff itemised reimbursements	10,286
Kilometre reimbursement	12,172
Maintenance of own assets	4,242
Maintenance of third party assets	2,568
Directors' fees	489,125
Allocation to the provision for term-end indemnity (TFM)	20,000
Auditors' fees	8,618
Supervisory Board fees	4,485
Cleaning service	14,262
Technical consultancy (IT, quality, compliance, help desk)	510,384
Marketing and advertising service expenses (pay per click, SEM)	179,084
Events and trade fairs	62,466
Administrative services	6,486
Internet connection expenses	6,854
Legal expenses	43,785
Administrative consultancy	35,257
Other third party consultancy	125,673
Telephone costs	15,972
Bank service expenses	53,110
Sundry insurance	18,840
Entertainment expenses	2,197
Travel and business trips	38,887
Staff training costs	15,118

Staff head-hunting costs	7,002
Supply of food and drink	1,010
Employee medical expenses	1,610
Postal charges and postage	519
Costs relating to the AIM Italia market	47,226
Financial disclosures	10,735
Translation service expenses	15,596
Fees for management software use	15,122
Other services	2,551
Total	**2,034,415**

Costs for the use of third party assets mainly relate to the rental of Milan and Cremona offices.

Payroll costs

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.

Depreciation of tangible fixed assets

Depreciation of these assets is calculated based on the useful duration of the asset and its use in the production phase.

Sundry operating expenses

These are analysed as follows
- chamber rights for Euro 851;
- stamp duty tax for Euro 1,549;
- government concession tax for Euro 1,521;
- authentication tax of corporate books for Euro 310;
- TARI (waste) tax for Euro 2,842;
- taxes on signs and advertisements for Euro 1,976;
- association fees for Euro 2,210;
- losses on receivables for Euro 13,423;
- ordinary contingent liabilities for Euro 9,373;
- donations and gifts for Euro 482;
- subscriptions, magazines and books for Euro 675;
- other expenses of non-appreciable amount for Euro 2.113

C) Financial income and expense

Balance as at 30/06/2016	Balance as at 30/06/2015	Changes
1,175,876	1,578	1,174,298

These are analysed as follows

Description	30/06/2016	30/06/2015	Changes
From investment	1,192,140	0	1,192,140
From accounts receivable included in fixed assets	1,121	1,773	(652)
Income other than the above	434	1,226	(792)
(Interest and other financial expense)	(12,876)	(183)	(12,693)
Exchange losses and gains	(4,943)	(1,238)	(3,705)
Total	**1,175,876**	**1,578**	**1,174,298**

Income from equity investments

(Ref. Art. 2427, first paragraph, no. 11, Italian Civil Code)

Description	Subsidiaries	Associated companies	Other
Dividends from Agile Telecom	1,192,140		
Total	**1,192,140**		

Other financial income

Description	Subsidiaries	Associated companies	Other	Total
Loan interests	1,121			1,121
Other income			434	434
Total	**1,121**		**434**	**1,555**

Interest and other financial expenses

(Ref. Art. 2427, first paragraph, no. 12, Italian Civil Code)

Description	Subsidiaries	Associated companies	Other	Total
Bank interest			4	4
Supplier interest			39	39
Interest expenses on mortgages			12,834	12,834
Rounding			(1)	(1)
Total			**12,876**	**12,876**

Income tax for the period

Balance as at 30/06/2016	Balance as at 30/06/2015	Changes
(49,729)	(544)	(49,185)

Taxes	Balance as at 30/06/2016	Balance as at 30/06/2015	Changes
Current tax	**12,368**	**38,514**	**(26,146)**
IRES		38,514	(38,514)
IRAP	12,368		12,368
Deferred (prepaid) tax	**(62,097)**	**(39,058)**	**(23,039)**
IRES	(62,097)	(38,058)	(23,039)
IRAP			
Total	**(49,729)**	**(544)**	**(49,185)**

Taxes for the period were recorded.

The following is the reconciliation between the theoretical charge resulting from the financial statements and the theoretical tax charge:

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

Description	Value	Taxes
Pre-tax result	1,015,971	
Theoretical tax liability (%)	27.5	
Timing differences taxable in subsequent years	0	
Temporary differences deductible in subsequent years	40,909	
Prior years' temporary differences	55,000	
Differences which do not reverse in subsequent years	(1,217,928)	
Taxable amount	**(106,049)**	
Current period income tax	**0**	

Determination of the tax base for IRAP

Description	Value	Taxes
Difference between value of production and costs	1,115,541	
Costs not significant for IRAP purposes	541,065	
Income not significant for IRAP purposes	(83,628)	
	1,572,978	
Theoretical tax liability (%)	3.9	61,346
Deductions for employed staff	(1,255,806)	(48,976)
Tax base for IRAP	317,172	12,370
Current period IRAP		**12,370**

Under Article 2427, first paragraph no. 14, Italian Civil Code the required information on deferred and prepaid tax is outlined below:

Deferred/prepaid tax

Deferred taxes have been calculated according to the global allocation criteria, taking into account the cumulative amount of all temporary differences, based on the effective rate of the previous year.

Prepaid taxes were recognised as there is reasonable certainty of the existence, in the periods to which the deductible temporary differences related to the posting of pre-paid taxes have been allocated, of a taxable income not lower than the amount of the differences that will be written off. Prepaid taxes have been calculated on the basis of the new IRES rate in force as from 2017.

Financial lease transactions (leasing)

The Company currently has 1 financial lease contract. In accordance with Article 2427, first paragraph, no. 22, Italian Civil Code, the following information is provided:

Lease agreement of: 01/08/2013
Duration of lease agreement years (months): 48
Asset used: office furniture
Cost of asset: Euro 98,515
Balloon payment on lease paid on 01/08/2013 equal to Euro 19,903;
Lease charges paid during the year, equal to Euro 11,576;
Current value of the lease instalments not yet due: Euro 32,534;
Actual financial charges attributable to it, referring to the year: Euro 1,028;
Value of the asset at year-end considered as fixed asset: Euro 64,035;
Virtual amortisation and depreciation of the period: Euro 5,910.

Disclosure on financial instruments issued by the company

(Ref. Art. 2427, first paragraph, no. 19, Italian Civil Code)
The Company has not issued any financial instruments.

Disclosure on the fair value of derivative financial instruments

(Ref. Art. 2427-*bis*, first paragraph, no. 1 of the Italian Civil Code)
The company has no derivative financial instruments.

Disclosure on related party transactions

(Ref. Art. 2427, first paragraph, no. 22-*bis* of the Italian Civil Code)

Related party transactions implemented by the company were performed at arm's length.

Disclosure on off-balance sheet agreements

(Ref. Art. 2427, first paragraph, no. 22-*ter* of the Italian Civil Code)
As at 30 June 2016, there were no guarantees of any kind not resulting from the balance sheet and/or memorandum accounts. However, it is specified that under the existing contract and in relation to the acquisition of Agile Telecom S.p.A., the company has also the commitment to pay to the Sellers a supplementary payment (earn-out) on the basis of the average EBITDA value of Agile Telecom for the two-year period 2015-2016. This additional amount will be paid by MailUp, for an amount at least equal to 25%, in cash, and the residual amount, through a number of MailUp shares to be calculated based on the average market price of the Issuer's shares in the three months immediately preceding the reference date.

Disclosure regarding coordination and management activities

In accordance with paragraph 4 of Art. 2497-*bis* of the Italian Civil Code, we would specify that the company is not subject to third party coordination and management.

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

(Ref. Art. 2427, first paragraph, no. 16-*bis* of the Italian Civil Code)

In accordance with the law, below are details of the total fees due to directors and the Board of Auditors (Article 2427, first paragraph, no. 16, Italian Civil Code).

Title	Fees
Directors	489,125
Board of Statutory Auditors	8,618
Independent auditing company	9,450

Statement of cash flows

As envisaged by Accounting Standard OIC no. 10, below is the financial information.

Description	30/06/2016	30/06/2015
A. Cash flow from operations		
Profit (loss) for the period	1,065,699	6,223
Income tax	12,368	38,514
Deferred/(prepaid) tax	(62,097)	(39,058)
Interest expense/(interest income)	16,264	(1,578)
(Dividends)	(1,192,140)	0
1. Profit (loss) for the period before income tax, interest, dividends and capital gains/losses on disposals	**(159,906)**	**4,101**
Value adjustments for non-monetary elements that have no equivalent item		
Provisions for TFR	70,033	54,939
Other provisions	20,000	20,000
Amortisation and depreciation of fixed assets	729,631	471,982
2. Cash flow before changes in NWC	**659,759**	**551,022**
Changes to net working capital		
Decrease/(increase) in trade receivables	(86,612)	(42,392)
Increase/(decrease) in trade payables	531,386	365,488
Decrease/(increase) in accrued income and prepaid expenses	(42,148)	(74,260)
Increase/(decrease) in accrued liabilities and deferred income	692,422	475,497
Other changes in net working capital	(538,981)	268,853

3. Cash flow after changes in NWC	**1,215,826**	**1,544,207**
Other adjustments		
Interest collected/(paid)	(13,031)	1,578
(Income tax)	0	(38,514)
Deferred/(prepaid) tax	0	44,404
Dividends collected	400,000	0
(Use of provisions)	(24,081)	(6,403)
4. Cash flow after other adjustments	**1,578,713**	**1,545,272**
CASH FLOW FROM OPERATIONS (A)	**1,578,713**	**1,545,272**
B. Cash flow from investments		
Tangible fixed assets (investments)	(177,396)	(197,170)
Intangible fixed assets (investments)	(1,017,222)	(1,127,663)
Financial fixed assets (investments)	(116,878)	(21,074)
CASH FLOW FROM INVESTMENTS (B)	**(1,311,496)**	**(1,345,908)**
C. Cash flow from loans		
Minority interest funds	**1,744,838**	**(4,815)**
Increase (decrease) in short-term payables to banks	(1,195)	3,467
Stipulation/(repayment) of loans	1,746,033	(8,283)
Own funds	**(38,464)**	**0**
Sale (purchase) of treasury shares	(38,464)	0
CASH FLOW FROM LOANS (C)	**1,706,374**	**(4,815)**
INCREASE (DECREASE) IN LIQUID FUNDS (A+-B+-C)	**1,973,591**	**194,549**
Opening liquidity	1,086,336	3,281,617
Closing liquidity	3,059,928	3,476,166
INCREASE (DECREASE) IN LIQUID FUNDS	**1,973,591**	**194,549**

These financial statements, comprising the balance sheet, income statement and explanatory notes, provide a true and fair view of the equity and financial situation as well as the economic result for the period and are consistent with the underlying accounting records.

Chairman of the Board of Directors
Matteo Monfredini

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