CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30/06/2017

MAILUP GROUP

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Corporate bodies

Board of Directors
(Expiry of terms for approval of the annual financial statements as at 31 December 2019)

Name and surname	Office
Matteo Monfredini	Chairman of the BoD with proxies
Nazzareno Gorni	Deputy Chairman of the BoD with proxies
Gian Domenico Sica	Director with proxies
Micaela Cristina Capelli	Independent director without proxies
Armando Biondi	Independent director without proxies

Board of Statutory Auditors
(Expiry of terms for approval of the annual financial statements as at 31 December 2019)

Name and surname	Office
Michele Manfredini	Chairman of the Board of Auditors
Fabrizio Ferrari	Regular Auditor
Giovanni Rosaschino	Regular Auditor
Piergiorgio Ruggeri	Alternate Auditor
Andrea Tirindelli	Alternate Auditor

Independent auditing company
(Expiry of terms for approval of the annual financial statements as at 31 December 2019)

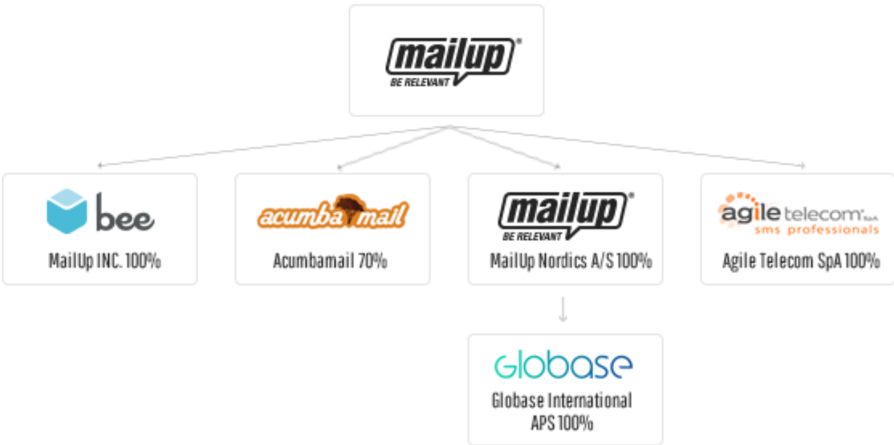
BDO Italia SpA

MailUp SpA Leader in the sending of e-mail and text messages

The parent company MailUp is a legal entity organised according to the law of the Italian Republic, which operates in the sector of marketing technology on the cloud (newsletters/e-mails, text messages, social networks). It is a technological company that has developed a SaaS (software-as-a-service) 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 with nearly 11,000 customers distributed across more than 50 countries, of which 1,150 managed by the retailer network. On a consolidated level, the Group operates with nearly 17,500 direct and indirect customers. Founded in 2002 in Cremona, MailUp is also based in Milan and San Francisco. After being admitted to trading in 2014 on the AIM Italia market operated by the Italian Stock Exchange, MailUp added to the organic growth a new business line, consisting of the BEE editor in its various versions (beefree.io), which already has thousands of customers worldwide and implemented a growth path by external lines, acquiring established and emerging businesses in the same market segment or with complementary business: Acumbamail (Spanish market and LATAM), Globase (Nordics market) and Agile Telecom (SMS wholesale market).

MailUp Group structure

Below is the organisational structure of the Group as at 30 June 2017:



MailUp Inc, established in San Francisco by the parent company in November 2011, it operated until 31 December 2016, aiming to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. In December 2016, the parent company conferred the intangible assets relating to the product BEE Plugin and BEE Pro. The subsidiary therefore resolved, in service of the conferral made during FY 2016, to increase its capital reserves in accordance with local regulations. Since 2017, MailUp Inc has been dealing with the exclusive commercialization of the BEE editor, which it owns, in its various versions, having considerable interest in the public of specialized operators as evidenced by the brilliant month-on-month growth rates.

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. The acquisition of the Danish companies aims to position the MailUp® platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, both by offering the MailUp® platform to new customers and by progressively migrating Globase platform users to MailUp.

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

Summary data

Main events of HY1 2017

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

On 1 February 2017, **MailUp 9** was launched, the all-new design version of the platform, enriched with new functions for automation and e-mail and SMS marketing. MailUp 9 is one of the most important releases of the platform, the result of a major intervention on the user experience. MailUp 9 comes with an all-new interface, thanks to the graphical redesign and reorganisation according to functional areas, with the aim of offering businesses an even simpler, more user-friendly browsing. Research continues on Marketing Automation technology, with MailUp 9 introducing new functions for the creation of work flows: as from today, users can now create automatic processes to deliver multi-channel campaigns in a timely, customised fashion. In the area dedicated to the creation of e-mails, MailUp 9 then introduces Collaboration, an innovative tool by which to share pre-launch stages of the campaign, allowing colleagues or customers to collaborate on all aspects of the message, through to final approval.

On 27 February 2017 was the completion of the path of organizational rethinking of the MailUp Group structure through the **merger by incorporation of Network Srl into MailUp**, undertaken to optimize intercompany processes. The analysis of the role of Network, a technology partner that has historically and exclusively handled all the technical functions and technology services related to the MailUp platform, has led to the merger by incorporation of the latter due to the simplification of the corporate and production structure of MailUp and of administrative processes, eliminating duplication and overlapping. The effects of the merger were finalized on 20 March 2017 with completion of registration at the company register, while the accounting and tax effects were effective from 1 January 2017 in accordance with the provisions of the specific legislation.

On 16 March 2017, the MailUp Group launched **the new company website** www.mailupgroup.com**,** a meeting point between the corporate dimension and the community of investors, analysts and media. The new website offers all the news, financial data and documents released by the Group. The website also represents the communication and meeting space between the parent company and its subsidiaries - Acumbamail, Globase, Agile Telecom and the BEE business unit, to describe the corporate evolution of the Group, in the recent past and in developments to come.

On 27 April 2017, the Ordinary Shareholders' Meeting of the parent company, following expiry of the mandate of the Board of Directors, **appointed the new Board of Directors**. In this respect, the Shareholders' Meeting resolved to reduce the members of the Board of Directors from 7 to 5, 2 of which with the independence requirements of the articles of association. The purpose of this modification is to adjust the number of directors to the size and complexity of the company's organizational structure, in compliance with the best corporate governance principles. The Shareholders' Meeting also decided to confer a further three-year assignment, hence, up to the approval of the financial statements as at 31 December 2019. At the same meeting was the approval of the total emoluments that will be redistributed within the administrative body as deemed most appropriate even in view of the retention objectives of MailUp key personnel and pay-per-performance objectives; this is not only in line with best practices but also with the objective of improving company value for shareholders.

The Board of Directors of MailUp that met on 5 May 2017 conferred **management powers to the Directors** and proceeded with consequent redistribution of the emoluments internally, as well as with the verification of the existence of independence requirements of certain Directors and the recruitment of two new "key managers" with qualification as executives. In particular, the Board appointed the Chairman and the Chief Executive Officer, who was assigned the role of Vice-Chairman, conferring to the same general powers of management of the company attributing to them - within the definition of new corporate governance in line with best practice - limited powers in terms of matter or value to as not explicitly attributed to the Board of Directors in collegial function. Lastly, also as a result of the Group's new governance structure, the Board of Directors hired for the company as executive the general manager of the MailUp business unit, intended as the overall sector related to the Digital & E-mail Marketing area, and the head of the Deliverability & Compliance and Data Protection area, both former MailUp Board Directors and currently shareholders of the same. This assumption led to the qualification of key managers as "executives with strategic responsibilities" with consequent application to the resolution of the company's "procedure for transactions with related parties" and therefore following the opinion - unanimously favourable, of the Independent Directors of

MailUp. Finally, the Board attributed certain special powers (also to the key managers above) for better management of the company.

On 30 May 2017, the Board of Directors of MailUp approved the **transfer of the Cremona operational office** to the new offices in via dell'Innovazione Digitale 3 (formerly via del Macello), also in Cremona, at the new technology center called "CRIT – Digital Innovation Center". The transaction - with the aim of being able to have more functional offices even in terms of long-term management costs (due to a building with low environmental impact built with the latest technologies in this regard) and at the same time to benefit from the intangible assets constituted by the presence in the "technology center" of other sector operators with consequent possible synergies - is to be realized through the signing of a lease agreement with the real estate company Floor Srl. In accordance with the provisions of the Procedure for Transactions with Related Parties, the transaction was subject to prior examination by the Committee for Transactions with Related Parties, composed exclusively of Independent Directors. The Committee, having noted the appropriateness of the agreed fees and compliance of the contractual provisions with applicable regulations, expressed a favourable opinion on the corporate interest, the economic viability and the correctness, even substantial, of said transaction.

On 20 June 2017 was the definition, in agreement with the sellers, of the **supplementary fee due as earn-out** to Zoidberg Srl for the acquisition of 100% of the share capital of Agile Telecom SpA, finalized in February 2016. Following agreement between the parties, the aforementioned supplementary fee was calculated taking into account the value of the average EBITDA of Agile Telecom for the two-year period 2015-2016 (this in line with the contents of the purchase and sale agreement) and was defined as totalling Euro 2.8 million to be paid as follows: Euro 2.4 million, in cash and in three separate tranches respectively of Euro 1 million by 30 June 2017, already paid, Euro 800 thousand by 30 June 2018 and Euro 600 thousand by 30 June 2019, and the remainder of Euro 400 thousand by means of payment in newly-issued shares assigned to the sellers by 30 June 2017. The 125,000 ordinary shares of MailUp, with no indication of nominal value expressed, for the earn-out portion in kind, are issued at a unit price of Euro 3.20 each (therefore with a premium of 45.5% on the price of the session of the stock exchange prior to the date of the resolution, of 60% on the average price of the last 3 months at the reference date stipulated in the contract as at 31 May 2017) and derive from a specific capital increase totalling Euro 400,000.00 (including premium) of which 0.025 Euros for each share upon capital increase decided by the administrative body in execution of the delegation conferred on it on 23 December 2015.

On 22 June 2017, the Group completed **the acqui-hire of MailCult**, one of the international competitors of BEE (http://beefree.io/), a product developed and commercialized by MailUp Inc., an American start-up company based in Silicon Valley 100% controlled by MailUp and organized according to the model of the dual company (business team in the USA, technological team in Italy), which has developed an innovative editor for the creation of emails and landing pages. Launched as an experimental project in autumn 2014, with the publication of the gratuitous BEE Free product, BEE has attracted more than 1.5M visitors and exceeded 1,400 paying customers in 114 countries, with an average revenue growth of 10% month on month. The acqui-hire of MailCult allows BEE to accelerate its growth through the injection of highly-specific talent and expertise in the market of tools for the creation of "responsive" emails and landing pages. The 3 founders of MailCult were hired by the company, which also acquired its assets (contracts, technology platform, domains, websites). This transaction, of significant strategic importance, did not have a significant financial impact on the company. The aim of this transaction is to strengthen the investment in BEE, which emerged as an experimental product as part of research and development activities and has become a true global start-up within the Group with 8 people dedicated full-time and international business growing sharply, particularly in the US market.

Summary report

Consolidated managerial income statement as at 30/06/2017

Description	30/06/2017	%	30/06/2016	%	Delta	Delta %
E-mail revenues	4,702,584	*35.94%*	4,349,050	*42.91%*	353,534	8%
SMS revenues	7,512,506	*57.41%*	5,256,382	*51.86%*	2,256,124	43%
BEE revenues	183,624	*1.40%*	49,065	*0.48%*	134,559	274%
Professional services revenues	218,413	*1.67%*	172,707	*1.70%*	45,706	26%
Other revenues	467,524	*3.57%*	309,131	*3.05%*	158,393	51%
Total revenues	**13,084,651**	***100.00%***	**10,136,335**	***100.00%***	**2,948,316**	**29%**
COGS	7,358,342	*56.24%*	5,354,882	*52.83%*	2,003,460	37%
Gross profit	**5,726,309**	***43.76%***	**4,781,453**	***47.17%***	**944,855**	**20%**
S&M costs	1,542,898	*11.79%*	1,385,615	*13.67%*	157,283	11%
R&D costs	454,058	*3.47%*	181,194	*1.79%*	272,864	151%
- Capitalised R&D payroll cost	*(444,063)*	*-3.39%*	(645,525)	*-6.37%*	201,461	-31%
- R&D costs	*898,121*	*6.86%*	826,719	*8.16%*	71,402	9%
General costs	2,531,451	*19.35%*	2,106,108	*20.78%*	425,343	20%
Total costs	***4,528,406***	***34.61%***	***3,672,917***	***36.24%***	***855,490***	***23%***
EBITDA	**1,197,902**	***9.16%***	**1,108,536**	***10.94%***	**89,366**	**8%**
Amortisation, depreciation and provisions	711,990	*5.44%*	574,419	*5.67%*	137,571	24%
EBIT	**485,913**	***3.71%***	**534,118**	***5.27%***	**(48,205)**	**-9%**
Financial operations	(42,928)	*-0.33%*	(27,258)	*-0.27%*	(15,670)	57%
EBT	**442,985**	***3.39%***	**506,860**	***5.00%***	**(63,875)**	**-13%**
Income tax	313,487	*2.40%*	226,807	*2.24%*	86,680	38%
Prepaid tax	(44,279)	*-0.34%*	147,530	*1.46%*	(191,809)	-130%
Deferred tax	16,046	*0.12%*	(1,996)	*-0.02%*	18,042	-904%
Period profit/(loss)	**157,731**	***1.21%***	**134,519**	***1.33%***	**23,212**	**17%**

Consolidated balance sheet with determination of NWC as at 30/06/2017

Description	30/06/2017	31/12/2016	Delta	Delta %
Intangible fixed assets	3,780,003	3,835,490	(55,487)	-1%
Consolidation differences	9,829,834	10,308,159	(478,324)	-5%
Tangible fixed assets	930,269	709,130	221,140	31%
Financial fixed assets	189,083	171,653	17,430	10%
Fixed assets	**14,729,189**	**15,024,431**	**(295,242)**	**-2%**
Trade receivables	2,964,111	3,396,264	(432,153)	-13%
Trade payables	(3,820,831)	(2,947,547)	(873,283)	30%
Commercial working capital	**(856,720)**	**448,717**	**(1,305,436)**	**-291%**
Tax receivables and payables	394,382	416,106	(21,725)	-5%
Accruals and deferrals	(5,513,426)	(5,120,696)	(392,729)	8%
Other receivables and payables	(2,092,830)	(3,679,200)	1,586,370	-43%
Net working capital	**(8,068,593)**	**(7,935,073)**	**(133,520)**	**2%**
Provisions for risks and charges	(71,072)	(57,739)	(13,333)	23%
Staff funds	(978,994)	(933,526)	(45,468)	5%
Deferred tax liabilities	(18,796)	(31,287)	12,492	-40%
Net invested capital	**5,591,734**	**6,066,806**	**(475,072)**	**-8%**
Share capital	286,391	283,266	3,125	1%
Reserves	7,052,258	5,896,510	1,155,748	20%
Period profit/(loss)	130,831	780,519	(649,688)	-83%
Shareholders’ equity of minority interests	85,893	59,959	25,935	43%
Shareholders’ equity	**7,555,373**	**7,020,253**	**535,120**	**8%**
Short-term payables/(cash)	(4,559,524)	(3,199,592)	(1,359,932)	43%
Medium/long-term payables	2,595,885	2,246,145	349,740	16%
Net financial position	**(1,963,639)**	**(953,447)**	**(1,010,192)**	**106%**
Total sources	**5,591,734**	**6,066,806**	**(475,072)**	**-8%**

Report on operations accompanying the annual and consolidated financial statements as at 30/06/2017

Dear shareholders,

The year ended on 30/06/2017 records a positive consolidated result of Euro 157,731, of which Euro 26,900 pertain to minorities, after amortisation, depreciation and impairment applied for a total of Euro 711,990 and provisions made for current and deferred tax in the amount of Euro 285,254. The EBITDA of the Group in the HY amounted to Euro 1,197,902.
Below is the analysis of the company's position and the trend of operations relative to the HY just ended.

1. Introduction

This report is presented for the purposes of the consolidated financial statements of the MailUp Group (hereinafter "MailUp Group" or "Group") prepared in accordance with International Accounting Standards (IAS/IFRS).

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

In this document, we provide information regarding the Group's consolidated position. This report, drawn up with balances expressed in Euro, is presented so as to accompany the consolidated half-year 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, provided below are the consolidated balance sheet as at 31/12/2016 in addition to the consolidated income statement as at 30/06/2016, the latter re-elaborated in application of International Accounting Standards (IAS/IFRS).
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 (as at 30/06/2017):

Company name	Registered office	Share capital as at 30/06/2017	%
MAILUP S.P.A.	Milan	Euro 286,391	parent company
MAILUP INC.	United States of America	Euro 41,183*	100%
MAILUP NORDICS AS	Denmark	Euro 67,001*	100%
GLOBASE INTERNATIONAL APS	Denmark	Euro 16,750*	100% controlled by MailUp Nordics
AGILE TELECOM SPA	Carpi (Mo)	Euro 500,000	100%
ACUMBAMAIL SL	Spain	Euro 4,500	70%

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

2. Economic Framework HY1 2017

Q2 2017 confirmed the recovery of the Italian economy. Gross domestic product (GDP) increased by 0.4% compared with the previous quarter and by 1.5% compared to Q2 2016, although with fewer working days. The change acquired for HY1 2017 was +1.2%. GDP benefited from favourable performance in the services sector and the recovery of industry's added value. All major aggregates of domestic demand also rose in Q2, with growth of 0.2% of national final consumption and 0.7% of gross fixed investments. Imports and exports grew by 0.7% and 0.6%, respectively. Positive economic trends were recorded for the added value of the industry (+0.6%) and services (+0.4%), while the added value of agriculture decreased by 2.2%.

The growth of the Italian economy is also attributable to the positive dynamics of exports and investments, as well as the contribution of the still expansive fiscal measures adopted by the Government, including tax incentives for the purchase of machinery and plant. Household consumption has grown, as has industrial production, driven mainly by domestic demand. Employment figures have improved, to the extent that the labour market is still far from an optimal situation. The credit market has also improved, where the general tightening of funding is over, although the credit offer is still very selective today, especially with respect to some specific sectors.

Consumption inflation remains modest: the Bank of Italy forecasts an inflation rate of 1.4% this year and 1.1% in the next; in 2019, it is expected to rise to 1.6%, as a result of a moderate acceleration in salaries.

In the Bank of Italy surveys, companies are more optimistic about the general economic situation; opinions on conditions to invest have improved in all segments. Companies also note that capital accumulation, weakened in Q1, was expected to resume in the spring and anticipate an acceleration in HY2 2017. Economic trends are also consistent with continued growth in household spending recorded in recent months.

Even in the Eurozone, growth appears widespread and balanced with reference to the internal and external components of demand.

The Group

The parent company MailUp is a legal entity organised according to the law of the Italian Republic, which operates in the sector of marketing technology on the cloud (newsletters/e-mails, text messages, social networks). It is a technological company that has developed a SaaS (software-as-a-service) 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 with nearly 11,000 customers distributed across more than 50 countries, of which 1,150 managed by the retailer network. On a consolidated level, the Group operates with nearly 17,500 direct and indirect customers. Founded in 2002 in Cremona, MailUp is also based in Milan and San Francisco. After being admitted to trading in 2014 on the AIM Italia market operated by the Italian Stock Exchange, MailUp added to the organic growth a new business line, consisting of the BEE editor in its various versions (beefree.io), which already has thousands of customers worldwide and implemented a growth path by external lines, acquiring established and emerging businesses in the same market segment or with complementary business: Acumbamail (Spanish market and LATAM), Globase (Nordics market) and Agile Telecom (SMS wholesale market).

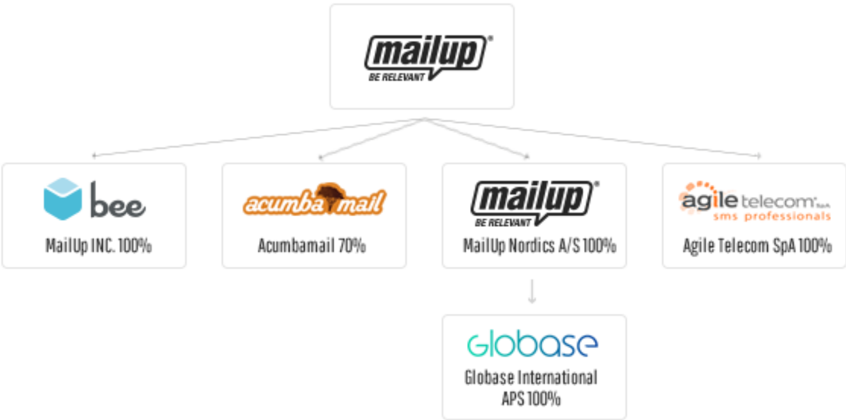
In accordance with Art. 2428 Civil Code, we would point out that business of the parent company was carried out in HY1 2017, in the registered office of Milan, at Viale Restelli 1, and in the administrative office of Cremona, at Via Dei Comizi Agrari, 10. As of July 2017, as further specified below, the administrative office of Cremona was transferred to via dell'Innovazione Tecnologica 3, at the technology center called "CRIT – Digital Innovation Center".

In HY1 2017, from a legal viewpoint, MailUp played the role of parent company of the following companies, which carry out complementary and/or functional activities to the Group's core business:

- MailUp Inc
- Acumbamail SL
- MailUp Nordics AS
- Globase International ApS
- Agile Telecom SpA

On 27 February 2017 was the merger by incorporation of the 100% controlled company Network Srl into MailUp. The effects of the merger were finalized on 20 March 2017 following registration at the company register, while the accounting and tax effects were effective from 1 January 2017 in accordance with the provisions of the specific legislation. The merger was justified by the need to simplify the company and production structure of the MailUp Group and also allow for the simplification of administrative processes thanks to the elimination of duplications and overlapping.

Below is the Group's participation structure updated as at 30 June 2017.



Main events

In HY1 2017, the activities of the MailUp Group were characterised by the events indicated below:

Main events in the HY

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

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On 27 April 2017, the Ordinary Shareholders' Meeting of the parent company, following expiry of the mandate of the Board of Directors, **appointed the new Board of Directors**. In this respect, the Shareholders' Meeting resolved to reduce the members of the Board of Directors from 7 to 5, 2 of which with the independence requirements of the articles of association. The purpose of this modification is to adjust the number of directors to the size and complexity of the company's organizational structure, in compliance with the best corporate governance principles. The Shareholders' Meeting also decided to confer a further three-year assignment, hence, up to the approval of the financial statements as at 31 December 2019. At the same meeting was the approval of the total emoluments that will be redistributed within the administrative body as deemed most appropriate even in view of the retention objectives of MailUp key personnel and pay-per-performance objectives; this is not only in line with best practices but also with the objective of improving company value for shareholders.

The Board of Directors of MailUp that met on 5 May 2017 conferred **management powers to the Directors** and proceeded with consequent redistribution of the emoluments internally, as well as with the verification of the existence of independence requirements of certain Directors and the recruitment of two new "key managers" with qualification as executives. In particular, the Board appointed the Chairman and the Chief Executive Officer, who was assigned the role of Vice-Chairman, conferring to the same general powers of management of the company attributing to them - within the definition of new corporate governance in line with best practice - limited powers in terms of matter or value to as not explicitly attributed to the Board of Directors in collegial function. Lastly, also as a result of the Group's new governance structure, the Board of Directors hired for the company as executive the general manager of the MailUp business unit, intended as the overall sector related to the Digital & E-mail Marketing area, and the head of the Deliverability & Compliance and Data Protection area, both former MailUp Board Directors and currently shareholders of the same. This assumption led to the qualification of key managers as "executives with strategic responsibilities" with consequent application to the resolution of the company's "procedure for transactions with related parties" and therefore following the opinion - unanimously favourable, of the Independent Directors of MailUp. Finally, the Board attributed certain special powers (also to the key managers above) for better management of the company.

On 30 May 2017, the Board of Directors of MailUp approved the **transfer of the Cremona operational office** to the new offices in via dell'Innovazione Digitale 3 (formerly via del Macello), also in Cremona, at the new technology center called "CRIT – Digital Innovation Center". The transaction - with the aim of being able to have more functional offices even in terms of long-term management costs (due to a building with low environmental impact built with the latest technologies in this regard) and at the same time to benefit from the intangible assets constituted by the presence in the "technology center" of other sector operators with consequent possible synergies - is to be realized through the signing of a lease agreement with the real estate company Floor Srl. In accordance with the provisions of the Procedure for Transactions with Related Parties, the transaction was subject to prior examination by the Committee for Transactions with Related Parties, composed exclusively of Independent Directors. The Committee, having noted the appropriateness of the agreed fees and compliance of the contractual provisions with applicable regulations, expressed a favourable opinion on the corporate interest, the economic viability and the correctness, even substantial, of said transaction.

On 20 June 2017 was the definition, in agreement with the sellers, of the **supplementary fee due as earn-out** to Zoidberg Srl for the acquisition of 100% of the share capital of Agile Telecom SpA, finalized in February 2016. Following agreement between the parties, the aforementioned supplementary fee was calculated taking into account the value of the average EBITDA of Agile Telecom for the two-year period 2015-2016 (this in line with the contents of the purchase and sale agreement) and was defined as totalling Euro 2.8 million to be paid as follows: Euro 2.4 million, in cash and in three separate tranches respectively of Euro 1 million by 30 June 2017, already paid, Euro 800 thousand by 30 June 2018 and Euro 600 thousand by 30 June 2019, and the remainder of Euro 400 thousand by means of payment in newly-issued shares assigned to the sellers by 30 June 2017. The 125,000 ordinary shares of MailUp, with no indication of nominal value expressed, for the earn-out portion in kind, are issued at a unit price of Euro 3.20 each (therefore with a premium of 45.5% on the price of the session of the stock exchange prior to the date of the resolution, of 60% on the average price of the last 3 months at the reference date stipulated in the contract as at 31 May 2017) and derive from a specific capital increase totalling Euro 400,000.00 (including premium) of which 0.025 Euros for each share upon capital increase decided by the administrative body in execution of the delegation conferred on it on 23 December 2015.

On 22 June 2017, the Group completed **the acqui-hire of MailCult**, one of the international competitors of BEE (http://beefree.io/), a product developed and commercialized by MailUp Inc., an American start-up company based in Silicon Valley 100% controlled by MailUp and organized according to the model of the dual company (business team in the USA, technological team in Italy), which has developed an innovative editor for the creation of emails and landing pages. Launched as an experimental project in autumn 2014, with the publication of the gratuitous BEE Free product, BEE has attracted more than 1.5M visitors and exceeded 1,400 paying customers in 114 countries, with an average revenue growth of 10% month on month. The acqui-hire of MailCult allows BEE to accelerate its growth through the injection of highly-specific talent and expertise in the market of tools for the creation of "responsive" emails and landing pages. The 3 founders of MailCult were hired by the company, which also acquired its assets (contracts, technology platform, domains, websites). This transaction, of significant strategic importance, did not have a significant financial impact on the company. The aim of this transaction is to strengthen the investment in BEE, which emerged as an experimental product as part of research and development activities and has become a true global start-up within the Group with 8 people dedicated full-time and international business growing sharply, particularly in the US market.

Below is some data on the prices and volumes of the MailUp security in HY1 2017.

Placing price	Euro 1.9230*	29/07/2014
Maximum price HY1	Euro 2.8980	30/06/2017
Minimum price HY1	Euro 1.6150	24/02/2017

* price adjusted as a result of the free capital increase of 11 April 2016.

The average price of the MailUp share in HY1 2017 amounted to Euro 1.9780, with an evident growth trend in Q2, mean Q2 Euro 2.13 compared with the same figure of Q1 Euro 1.84 (+15.76%), and particularly brilliant performance in June 2017, which had an average listing of Euro 2.29. On 3 July 2017, the stock reached the maximum price of 2017 until the date of preparation of these financial statements, equal to Euro 2.9840 per share. The increase in the price of the MailUp share as at 30 June compared to the beginning of the year, was 65.6%, Euro +1.15.

Performance of the MailUp security in HY1 2017, prices and volumes - Source: www.borsaitaliana.it

Performance of the MailUp security from the beginning of 2017 to date, prices and volumes - Source: www.borsaitaliana.it

Volumes traded in HY1 2017 recorded a daily average of around 22,872 pieces (Source: Google Finance) with a maximum of 370,500 pieces recorded on 29 March 2017. This figure shows a significant increase in the interest of the market towards MailUp, as evidenced by the comparison with the same figure of 2016, equal to 2,083 units (Source EnVent Equity Research - 18/10/2016). Even in terms of average volumes, the growth trend is particularly evident in Q2 2017, recording a figure substantially doubled compared to Q1 to more than 30 thousand pieces a day.

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

The Marketing Technology Market (MarTech)

MailUp Group is part of the Marketing Technology market (MarTech), a cloud-based ecosystem of marketing solutions and technological tools aimed at enabling businesses to rollout their digital marketing strategies. This ecosystem is growing very fast and is populated by both small-sized players focused on specific segments and large enterprise software firms covering the whole range of MarTech customers' needs.

MarTech Landscape: wide, complex, fragmented and segmented

Technology on one side and traditional off-line marketing on the other one have merged over the last decade creating a cloud based ecosystem of marketing strategies, solutions and tools known as Marketing Technology or, alternatively, "MarTech". This ecosystem has experienced a huge 20x growth over the last few years, accounting in 2016 for ca. 3,500 solutions (i.e. synergic products and services that customers are provided with) compared to ca. 150 as of 2011.

Such a crowded space is complex and fragmented with six main sub-industries:

- Advertising & Promotion (mobile marketing, social and video advertising);
- Content & Experience (mobile apps, email marketing, SEO, marketing automation and lead management, CMS);
- Social & Relationship (events, meetings & webinars, social media marketing, influencers, CRM);
- Commerce & Sales (retail & proximity marketing, sales automation, ecommerce platforms and marketing);
- Data (marketing, mobile & web analytics, customer data platforms, predictive analytics);
- Management (product management, budgeting & finance, agile and lean management);

Among the main trends that are driving MarTech evolution we believe that the most relevant are those based on Big Data collection and analysis through Artificial Intelligence, on the market structure side we expect M&A driven consolidation to rapidly take off.

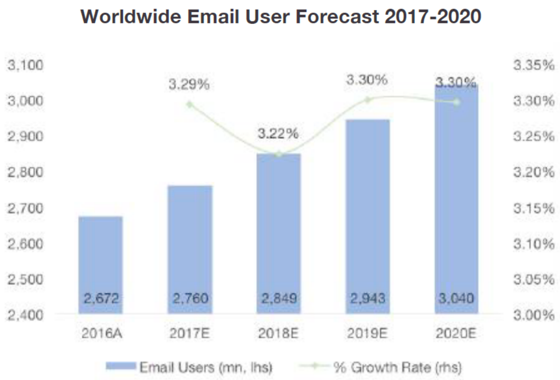
As massive amount of data cannot be easily managed, it is becoming increasingly important to rely on Automation / Automated workflows and, in perspective, on Artificial Intelligence tools. Indeed, Artificial intelligence should leverage the decision-making and execution abilities of machine learning thus extracting more meaningful key findings, optimizing personalized marketing activities andproviding scalable solutions.

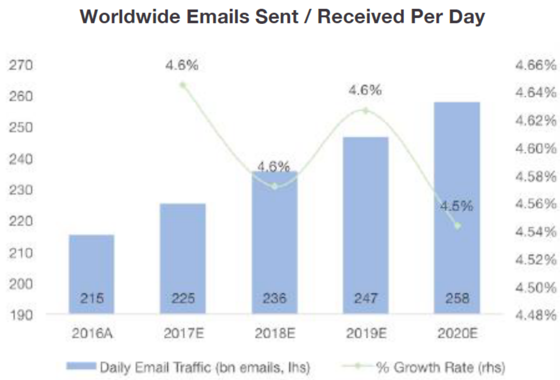
MailUp Group reference segments: Email marketing, Mobile marketing, Marketing Automation

Within such a complex, segmented and evolving framework, the segments that are more appropriate to consider in relation to MailUp Group's activity are for sure:

1. **Email marketing segment:** emails represent one of the most common mean through which digital marketing communication campaigns are promoted and customer acquisition activity is boosted. Despite intense competition from other communication tools (instant messaging platforms, chat, social networks), emails users and usage are expected to keep growing. Indeed, an email address is required for nearly all other forms of communication and for all e-commerce transactions and registrations. As an effect, industry experts forecast that by the end of 2020 the number of email users worldwide will top 3.0bn i.e. nearly half of the worldwide population, up from the current over 2.6bn level (CAGR > 3.0%). Growth should be even higher in terms of number of business and consumer emails sent and received per day, ca. 4.6% CAGR over the next four years up to a total of over 257bn messages. In terms of market players, overall this segment accounts for ca. 300 solutions currently available to customers, ranging from cheap and standardized to more customized ones sold at higher fees.

MailUp: Email Industry Dynamics





Source: Radicati Group, Value Track Analysis

Source: Chiefmartec, Value Track Analysis

2. **Mobile marketing / messaging segment:** mobile marketing includes SMS communication campaigns which, despite the fact that new technologies daily land on smartphones, remain one of the most preferred tools in sales and customer acquisition activities. In addition to marketing purposes, SMS are also used for transactional purposes, thus generating an alternative source of revenues to service providers. Transactional SMS are those sent after, for instance, online purchases have been completed or for 2-Factor authentication (2FA). This segment as well is highly fragmented as competition may include also pure Telecommunicationcompanies. Overall, it accounts for ca. 500 solutions currently available to customers.

Source: Chiefmartec, Value Track Analysis

3. **Marketing Automation segment:** we refer to Marketing Automation when dealing with software solutions that allow for "workflow management" in sophisticated marketing campaigns. The workflow represents a sequence of actions that are automatically triggered once that a certain event occurs. Basic workflows include, for instance, welcome emails sent once a subscription form has been filled online. Additionally, SMS can be triggered so as to reach the potential customer on its mobile device as well. A primary benefit of marketing automation is that it saves time to companies while implementing their customer acquisition strategies, thus allowing them to improve their cost structure effectiveness. Marketing Automation is one of the most crowded segment in the marketing technologies space with ca. 160 solutions currently offered to prospect customers.

Source: Chiefmartec, Value Track Analysis

MarTech competitive structure: from niche focused players to large integrated ones

In such a large, complex, and interconnected market, companies need either to position themselves in a specific segment or to diversify their business activity and aggregate / include as many services as possible under one big framework. That's why we find both small-sized players and large enterprise software firms, such as Adobe, IBM, Oracle, Salesforce, and SAP.

While the former are precisely designed by their founders to address a specific market niche, the latter are shaped to address multiple segments with coexistence being possible because marketing technology is mainly based on cloud platforms, as MailUp, that can be accessed both on a standalone basis or embedded in bigger and more complex ones.

Most vendors have invested significant resources to let their platforms easily access the marketing technology ecosystem. Indeed, nowadays most marketing technology products come with a plugand-play support, thus allowing for integration with, for instance, major CRM and marketing automation platforms. iPaaS (integration-Platform-as-a-Service) products have also grown significantly, hence increasing the overall level of connection framework amongst marketing technologies.

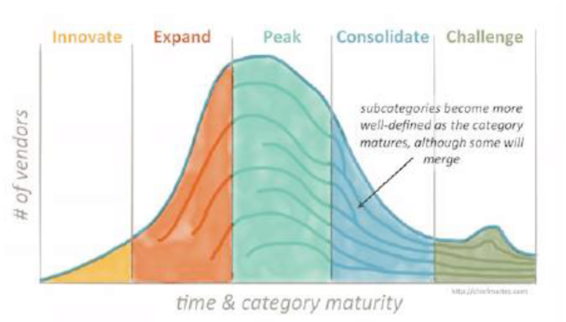
The immediate effect of these dynamics has been to allow marketers to select the best product available, without being locked to a single vendor.

Market consolidation the very likely outcome in the next future

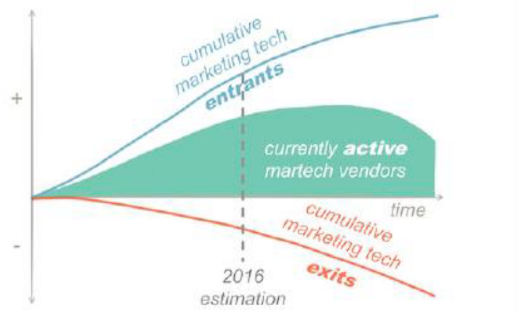
Being a relatively young market, it's quite obvious that MarTech has not found a definitive structure yet and this is true also for the number of active vendors. Still there are more incoming companies than outgoing ones and this means more prospected growth ahead but also greater challenges to be faced by existing incumbents.

This said, we expect this expansion to come to an end sooner or later and consolidation through mergers and acquisitions to be the most likely step ahead. The start of such a trend is already visible if we look at the whole Cloud market evolution. Indeed, M&A deals in this sector have added up to US$120bn total value i.e. ca. 40% of total market capitalisation of cloud companies.

Stages of maturity in MarTech field



MarTech dynamics: Entrants vs. Exits



Source: Chiefmartec

The timing and magnitude of such a consolidation trend will be the result of the combined effect of the following forces fighting each other. Growth forces, depending on several financial, techical and economic sub-factors; firm sustainability, players in this industry have a non-trivial ability to persist, switching costs represent one of the most important reason why marketers tend to be stuck with a single provider, which happens not only because of the data involved, but also because dependencies arise once a tool has been used for a long time. Limits to firm growth, even large-sized corporations and software giants are not able to completely dominate the market and there is enough room for small-sized firms to grow and to specialize in particular niches, and exit forces, headwinds from competition are very strong, including disruption events that completely change the technological environment and not all companies are able to stand, could stop the rise of new players or force some of them are to abandon the market.

Competitors' behaviour

In the market context that we have outlined above, there are few operators with an offer related to the provision of services exclusively in Software-as-a-Service mode as for the MailUp platform: more often, the technological offer of competitors is flanked by a wide range of complementary services (graphic design, development of contests, landing pages, list building, business intelligence, system integration, hosting/housing, CRM, and/or provision of other software applications).

The MailUp Group is one of the top three Italian cloud marketing technology providers and among the top ten in Europe, although it is difficult to precisely identify the size of participants for the variety and different types of players mentioned above.

MailUp is Italian leader (in terms of the volumes of emails sent and number of customers) in the Email Service Provider (ESP) industry.

On export markets, 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 remains one of the few solutions worldwide to associate the typical functions of ESP with the possibility of sending transaction emails, plus the possibility of having the platform in whitelabel (i.e. resellable to third party brand), multi-lingual and integrated with the SMS/Social channels.

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 Group sectors

In HY1 2017, the MailUp Group recorded positive results. Total consolidated revenues went from Euro 10.1 million to Euro 13.1 million, an increase of almost Euro 3 million and 30% in percentage terms. Moving on to the main business lines, the SMS segment recorded the most striking growth with nearly Euro 2.3 million of higher consolidated revenues (+43%) over the same period of 2016, thanks in particular to the brilliant results of Agile Telecom. BEE also had a very significant growth in the HY from Euro 50 thousand in revenues to nearly Euro 185 thousand (+274%), demonstrating how the product, a sort of start-up within the Group, is rapidly appealing to US marketers, and not only. The mail segment, by its very nature the most stable and consolidated within the Group, recorded an increase of 8%, amounting to more than Euro 4.7 million in revenues. In fact, it mainly refers to annual charges subject to automatic renewal save for termination, the churn rate of which is more than offset by the acquisition of new customers and up-selling to existing customers, who are extremely loyal and sensitive to quality of service. More dynamic and volatile, as well as highly price-oriented, the SMS business, as is derived from the dynamics mentioned above. The trend of the Professional Services of PSE was also positive with an increase of about Euro 45 thousand.
Consolidated EBITDA reached nearly Euro 1.2 million, up 8% from HY1 of the previous year, while pre-tax profit, although remaining positive at nearly Euro 450 thousand, is slightly lower than the 2016 figure (Euro -64 thousand), mainly as a result of the increase in amortization (Euro +140 thousand) deriving from the large investment in the platform, preparatory to the launch of MailUp 9 and the Big Data Analytics project, largely incurred in the previous year, but that have become fully under regime since the beginning of 2017. Net profit in the HY, after the estimate of current and deferred taxes, amounted to Euro 158 thousand compared to Euro 135 thousand in the previous period, up 17%, corresponding to Euro 23 thousand in absolute value.

It is recalled that, by virtue of the adoption, from the consolidated financial statements as at 31/12/2016, of the IAS/IFRS international accounting standards, the economic comparison values as at 30 June 2016 reported below, have been revised according to these international standards for a greater homogeneity of comparison and significance of reading of the figures reported, with changes however of not significant amount. For further details in regard, reference may be made to Appendix 1 to the notes to the HY financial statements.

Main economic figures of the MailUp Group

The table below summarises the results consolidated in the HY compared with the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

	30/06/2017	30/06/2016
Total revenues	13,084,651	10,136,335
EBITDA	1,197,902	1,106,845
Pre-tax result (EBT)	442,985	506,860

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

Description	30/06/2017	%	30/06/2016	%	Delta	Delta %
E-mail revenues	4,702,584	*35.94%*	4,349,050	*42.91%*	353,534	8%
SMS revenues	7,512,506	*57.41%*	5,256,382	*51.86%*	2,256,124	43%
BEE revenues	183,624	*1.40%*	49,065	*0.48%*	134,559	274%
Professional services revenues	218,413	*1.67%*	172,707	*1.70%*	45,706	26%
Other revenues	467,524	*3.57%*	309,131	*3.05%*	158,393	51%
Total revenues	**13,084,651**	***100.00%***	**10,136,335**	***100.00%***	**2,948,316**	**29%**
COGS	7,358,342	*56.24%*	5,354,882	*52.83%*	2,003,460	37%
Gross profit	**5,726,309**	***43.76%***	**4,781,453**	***47.17%***	**944,855**	**20%**
S&M costs	1,542,898	*11.79%*	1,385,615	*13.67%*	157,283	11%
R&D costs	454,058	*3.47%*	181,194	*1.79%*	272,864	151%
- Capitalised R&D payroll cost	*(444,063)*	-3.39%	(645,525)	*-6.37%*	201,461	-31%
- R&D costs	*898,121*	6.86%	826,719	*8.16%*	71,402	9%
General costs	2,531,451	*19.35%*	2,106,108	*20.78%*	425,343	20%
Total costs	***4,528,406***	***34.61%***	***3,672,917***	***36.24%***	***855,490***	***23%***
EBITDA	**1,197,902**	***9.16%***	**1,108,536**	***10.94%***	**89,366**	**8%**
Amortisation, depreciation and provisions	711,990	*5.44%*	574,419	*5.67%*	137,571	24%
EBIT	**485,913**	***3.71%***	**534,118**	***5.27%***	**(48,205)**	**-9%**
Financial operations	(42,928)	*-0.33%*	(27,258)	*-0.27%*	(15,670)	57%
EBT	**442,985**	***3.39%***	**506,860**	***5.00%***	**(63,875)**	**-13%**
Income tax	313,487	*2.40%*	226,807	*2.24%*	86,680	38%
Prepaid tax	(44,279)	*-0.34%*	147,530	*1.46%*	(191,809)	-130%
Deferred tax	16,046	*0.12%*	(1,996)	*-0.02%*	18,042	-904%
Period profit/(loss)	**157,731**	***1.21%***	**134,519**	***1.33%***	**23,212**	**17%**

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

	30/06/2017	30/06/2016
Net ROE (Net result/Net capital)	0.02	0.02
Gross ROE (EBT/Net capital)	0.06	0.07
ROI (EBITDA/Net capital)	0.05	0.05
ROS (EBITDA/Income from sales)	0.09	0.11

Consolidated income indexes are substantially aligned with the values of the previous period. A slight decrease in ROS is due to the decrease in the margins of the SMS segment due to the tipical temporary fluctuations of this market, which is expected to be recovered in the second half of the year, while maintaining the excellent results in terms of growth in the volumes achieved.

Main equity figures of the MailUp Group

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

Description	30/06/2017	31/12/2016	Delta	Delta %
Intangible fixed assets	3,780,003	3,835,490	(55,487)	-1%
Consolidation differences	9,829,834	10,308,159	(478,324)	-5%
Tangible fixed assets	930,269	709,130	221,140	31%
Financial fixed assets	189,083	171,653	17,430	10%
Fixed assets	**14,729,189**	**15,024,431**	**(295,242)**	**-2%**
Trade receivables	2,964,111	3,396,264	(432,153)	-13%
Trade payables	(3,820,831)	(2,947,547)	(873,283)	30%
Commercial working capital	**(856,720)**	**448,717**	**(1,305,436)**	**-291%**
Tax receivables and payables	394,382	416,106	(21,725)	-5%
Accruals and deferrals	(5,513,426)	(5,120,696)	(392,729)	8%
Other receivables and payables	(2,092,830)	(3,679,200)	1,586,370	-43%
Net working capital	**(8,068,593)**	**(7,935,073)**	**(133,520)**	**2%**
Provisions for risks and charges	(71,072)	(57,739)	(13,333)	23%
Staff funds	(978,994)	(933,526)	(45,468)	5%
Deferred tax liabilities	(18,796)	(31,287)	12,492	-40%
Net invested capital	**5,591,734**	**6,066,806**	**(475,072)**	**-8%**
Share capital	286,391	283,266	3,125	1%
Reserves	7,052,258	5,896,510	1,155,748	20%
Period profit/(loss)	130,831	780,519	(649,688)	-83%
Shareholders' equity of minority interests	85,893	59,959	25,935	43%
Shareholders' equity	**7,555,373**	**7,020,253**	**535,120**	**8%**
Short-term payables/(cash)	(4,559,524)	(3,199,592)	(1,359,932)	43%
Medium/long-term payables	2,595,885	2,246,145	349,740	16%
Net financial position	**(1,963,639)**	**(953,447)**	**(1,010,192)**	**106%**
Total sources	**5,591,734**	**6,066,806**	**(475,072)**	**-8%**

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

	30/06/2017	30/06/2016
Primary structure margin (Own funds - Fixed assets)	(7,921,347)	(8,897,379)
Primary structure ratio (Own funds/Fixed assets)	0.49	0.44
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(4,256,600)	(5,528,681)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.72	0.65

There has also been an improvement in the coverage of investments from equity, able to offset more effectively than the recent past, the significant financial effort associated with growth by external lines. The targeted use of medium-term bank debt, favoured by the favourable economic situation of deposit rates and the creditworthiness widely granted by the banking system to the Group, has allowed increasing the share of the aforementioned investments financed from sources of equal time horizon, resulting in positive effect on structure ratios.

Main financial figures for the MailUp Group

The consolidated net financial position as at 30/06/2017 was as follows (in Euro):

NET FINANCIAL POSITION	30/06/2017	31/12/2016	var	var %
A. Cash	(6,240,975)	(4,461,219)	(1,779,757)	40%
B. Other cash equivalents	-	-	-	
C. Securities held for trading	-	-	-	
D. Liquidity (A) + (B) + (C)	**(6,240,975)**	**(4,461,219)**	**(1,779,757)**	**40%**
E. Current financial receivables	**-**	**-**		
F. Current bank payables	38,006	23,762	14,243	60%
G. Current portion of non-current debt	1,635,061	1,221,115	413,945	34%
H. Other current finance payables	8,385	16,750	(8,365)	-50%
I. Current financial debt (F) + (G) + (H)	**1,681,451**	**1,261,627**	**419,824**	**33%**
J. Net current financial debt (I) + (E) + (D)	**(4,559,524)**	**(3,199,592)**	**(1,359,932)**	**43%**
K. Non-current bank payables	2,595,885	2,246,145	349,740	16%
L. Bonds issued	-	-	-	
M. Other non-current payables	-	-	-	
N. Non-current financial debt (K) + (L) + (M)	**2,595,885**	**2,246,145**	**349,740**	**16%**
O. Net financial debt (J) + (N)	**(1,963,639)**	**(953,447)**	**(1,010,192)**	**106%**

Recommendation CESR 54/B 2005

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

	30/06/2017	30/06/2016
Primary liquidity (Immediate and deferred liq./Current liabilities)	0.66	0.61
Secondary liquidity (Current assets/Current liabilities)	0.69	0.63
Debt (Net debt/Shareholders' equity)	-0.26	-0.13
Fixed asset hedging rate (Own capital + Consolidated liabilities)/Fixed assets	0.76	0.64

The significant improvement in the NFP is clearly reflected in the debt index, substantially doubled compared to 31 December 2016. All liquidity indicators show signs of greater balance in the time structure of financing of current assets. The allocation is seen of part of the sources of finance deriving from the core business in support of acquisitions of subsidiaries, flanked in a focussed manner by recourse to financial leverage by means of bank debt. As in the past, the Group does not use external debt to finance the core business.

Information pertaining to the environment and workforce

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

Workforce

During the year, no incidents took place nor any injuries at work involving staff on the payroll nor indeed were any charges recorded with regards to occupational diseases on employees or former employees and mobbing cases.
As at 30 June 2017, the Group's workforce numbers 137 employees, of whom 4 managers, 6 middle managers, 126 white-collar workers and 1 labourer.
As at 31 December 2016, the Group's workforce numbered 142 employees, of whom 2 managers, 7 middle managers,

132 white-collar workers and 1 labourer.
At the end of the HY, the MailUp workforce totalled 103 employees, of whom 2 executives, 5 middle managers and 96 white-collar workers. As a result of the merger by incorporation of the subsidiary Network, already mentioned herewith, the MailUp workforce increased significantly and is equal to the sum of the employees of the two companies pre-merger.
The Group has always been committed to safeguarding relations with employees; at present, there are no employment law disputes in progress.

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

Investments

In the HY, consolidated investments were made in the following areas:

Fixed assets	Period acquisitions
Platform development costs	503,753
Third-party software and trademarks	10,710
IT infrastructure, electronic office machines and systems	251,150
Office furniture and furnishings	115,196

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

Fixed assets	Period acquisitions
Platform development costs	512,939
Third-party software and trademarks	10,710
IT infrastructure, electronic office machines and systems	243,551
Office furniture and furnishings	115,196

Given the nature of its business, the investments made by MailUp are historically concentrated on intangible assets and, in particular, on the incremental development of the proprietary digital marketing platform, of which, for HY1 2017, specific details are given in the next paragraph.
The material investments of MailUp, mainly represented by servers, electronic equipment and furnishings, more consistent than the recent past, relate to the costs of setting up new offices in Cremona at the new "Digital Innovation Center", as from July, new operational and administrative office of the parent company.

Research and development

In accordance with Civil Code, Art. 2428, paragraph 2, number 1, it is specified that in the HY, MailUp entered development costs in the amount of Euro 512,939. As at 30 June 2017, net of amortisation/depreciation, these were Euro 3,475,214. The parent company mainly pursues the incremental development of the MailUp platform for the management and professional sending of marketing campaigns (emails, text messages, Social) in Software-As-A-Service mode. The costs incurred for this development were capitalised by virtue of the future economic use, certifying the potential economic and financial recovery of the investment. Within the Group, MailUp alone carries out research and development.

It is also noted that BEE software development costs amounted to U$D 162,000 in HY1 2017. The BEE editor, originally developed by MailUp, was transferred at the end of 2016, in its two current versions, BEE Plugin and BEE Pro, to the American subsidiary MailUp Inc, which deals exclusively with its commercialization. This development activity, contracted by the subsidiary to the parent company under specific contractual arrangements, was finalized by a dedicated team of programmers of MailUp.

Here is a summary of the new features and improvements to our software released in the first six months of 2017 connected to our Research & Development activities.

MailUp Platform:

- in February of 2017 the R&D team released MailUp 9, a complete redesign of the MailUp service that had been in the making for several months and was the result of extensive user research. MailUp 9 didn't just introduce an entirely new user interface, but also brought to life an array of new features aimed at making the job of digital marketers easier and more effective. Virtually every element of the platform was redesigned to optimize the user experience, from the navigation to the dashboard that welcomes a user when they log in, even when they use a smartphone. A brand-new collaboration tool was added to make it easy and fast for teams to review and approve a campaign before it's sent. Message statistics were also redesigned, both for the email and the SMS channels. Substantial work was done "under the hood", providing better scalability and performance. All in all, 850 new features and improvements were introduced with MailUp 9, one of the largest releases in MailUp history.

- in April an additional functionality was released to help marketers create and schedule their campaigns. Among them, a feature that provides a calendar view of upcoming mailings, a faster "Link check" tool to ensure that an email messages does not contain broken or blacklisted links, additional improvements to campaign statistics, a new message import tool that supports ZIP files, and a new integration catalog that improves the way connectors with other applications are shown to MailUp users, so that they are easier to take advantage of;
- in the June release, MailUp developers focused on marketing automation and message personalization. New message level and workflow-level statistics were added to automation workflows, making it much easier for MailUp users to dig into the performance of an automated campaign so that it can be further optimized. With regard to personalization, a completely new set of features was added to our proprietary campaign sending engine so that external, recipient-specific data (e.g. product recommendations) can be dynamically retrieved from an external source and merged into a message at the time the message is sent, using the popular Liquid syntax;
- throughout the first 6 months of 2017 substantial improvements were also made to the MailUp APIs, both for email and SMS messaging. Among the new and improved APIs: verify a sender, send to multiple groups, manage lists, check SMS credit balance, improvements to email & phone number import, and more. We also launched a newsletter dedicated to the many developers that use the MailUp APIs: it is now regularly sent to around 1,500 developers around the world.

BEE Editor:

- BEE, our drag-and-drop editor for email and landing pages, is seeing fast adoption both as a tool that is embedded into other software applications (BEE Plugin) and as a hosted email design suite for freelancers, marketing teams, and agencies (BEE Pro). Therefore, many improvements were introduced for both product line as follows:
- for BEE Pro, we introduced a new "Team" edition, which allows designers to organize messages in projects and collaborate on them for review and approval. Many new professionally-designed email templates were also added to the system, together with additional settings and UI improvements;
- for BEE Plugin, we launched a new version of the engine that translates the file created by the editor into HTML, substantially reducing the HTML footprint for better performance and email client compatibility. We also added support for dynamic images, enabling marketers to use images that are loaded dynamically at the time the message is opened or the page is rendered. This allows for the use of personalized images, dynamic countdown timers, and more;
- note that BEE Pro is technically a "client" of BEE Plugin. That is: it is in itself a software application that "embeds" the BEE editor. So improvements to BEE Plugin also benefit BEE Pro. Likewise, the MailUp platform is also a major "client" of BEE Plugin (i.e. the BEE editor is embedded in the MailUp system), itself benefiting from all improvements made to the editor. Additionally, MailUp's large user base generates continuous product feedback that leads to further enhancements to the editor. This is worth mentioning because it's fueling an extremely beneficial feedback loop between the two business units, with the MailUp platform pushing for and then benefiting from continuous product innovation in the BEE project.

Again under the scope of research and development, a significant amount of the work carried out regarded the development of the **"Innovative Big Data Analytics System"** project. It is a project with a major impact on the future business of MailUp in the medium to long term, having a market potential also at international level, in particular in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, due to the complexity of the technologies and high specialization of resources that need to be put in place. MailUp will receive from Lombardy Region up to a maximum of Euro 860,122 non-repayable in 24 months with respect to a total investment of Euro 2,045,648 in the period. The funding will cover costs for personnel, training, tools and equipment and consultancy services needed for the realization of the investments, which will be implemented over the 2 years of duration of the project that will go on until February 2018.

Transactions with subsidiaries, associates, parents and other related companies

In the HY, transactions were implemented with subsidiaries included in the Group scope and with other related parties, as part of the Group'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	Fixed receivables	Trade receivables	Trade payables	Other receivables	Other payables	Dividends	Sales	Purchases
MailUp Inc	131,441	285,241	71,394				158,927	66,728
MailUp Nordics	202,448							
Globase International Aps		90,839.87					88,348	-
Agile Telecom SpA		58,555	686,600	881,934	814,372	881,934	130,167	764,623
Subsidiaries	**333,888**	**434,637**	**757,994**	**881,934**	**814,372**	**881,934**	**377,442**	**831,350**
Consorzio CRIT Scarl	14,641	8,450						
Associates	**14,641**	**8,450**	**-**	**-**	**-**	**-**	**-**	**-**
Grafo Ventures di Giandomenico Sica			10,631					70,471
Floor Srl								12,228
Zoidberg Srl					1,900,000			
Other related companies	**-**	**-**	**10,631**	**-**	**1,900,000**	**-**	**-**	**82,699**

With regards to the table above, please note that other payables due to Agile Telecom (Euro 814,372 vs the original Euro 1,206,512) are represented by the residual assumption of debt by the seller with regards to Agile, which took place when the controlling share was acquired by the parent company. The payable to Zoidberg for Euro 1,900,000 represents, for Euro 1,400,000, the second and third tranche of the earn-out defined by the parties, which will be paid on 30 June 2018 and 2019, to the seller of Agile Telecom, while for the remaining Euro 500,000, it was a security deposit provided by the vendors in lieu of the surety guarantee provided for in the purchase and sale contract. This security was repaid to Zoidberg on 18 July 2017 following the presentation of a suitable bank surety of equal amount in favour of MailUp.
In addition to the 2016 loan granted by Danish subsidiary MailUp Nordics to its 100% subsidiary Globase International ApS for Euro 203,693, on 26 June, MailUp granted a loan, also interest bearing, to the same Nordics for Euro 202,448, which subsequently transferred this facility to Globase to support its operations.

Treasury stock and shares/holdings in parent companies

MailUp owns 52,260 treasury shares for a total of Euro 115,219, purchased in part in 2015, at a price of Euro 57,502, in 2016, at a price of Euro 54,964 and in January 2017, for Euro 2,753, corresponding to 1,560 pieces. The average purchase price was globally equal to Euro 2.20 per share, while in the current year, this value was Euro 1,765 per share. Acquisitions in 2017 were realized as part of the program authorised by the Shareholders' Meeting on 28 April 2016, which had authorised purchases and disposals of own shares as from the same date of the meeting and for 18 months of that date, in an amount that can be freely decided by the Board, up to a maximum number of shares that shall not exceed 10% of the share capital. The purchase price of each share had to be no less and no more than 15% of the reference price recorded by the share during the stock market session of the day prior to each individual transaction.
The Shareholders' Meeting of 26 April 2017 then resolved the authorization to purchase and sell treasury shares and in particular the following:

- to revoke the previous resolution of the authorization to purchase and sell treasury shares of 28 April 2016 with effect from the date of the same Shareholders' Meeting; to authorize the Administrative Body to purchase and sell treasury shares to:
  (i) use its treasury shares as investment for efficient use of liquidity;

(ii) purchase treasury shares from the beneficiaries of any stock option plans approved or however implement new plans or in any case proceed with free assignments to shareholders or fulfil obligations deriving from warrants, convertible financial instruments, with mandatory or conversion or exchangeable with shares (based on transactions in progress or to be approved/implemented);

(iii) allow the use of treasury shares in transactions related to operations or projects consistent with the company's strategic lines also through equity exchanges, with the main objective of finalizing corporate integration operations with potential strategic partners; as well as

(iv) to intervene, in accordance with current regulations, also through intermediaries, to contain anomalous changes in listings and to regularize the trend of trading and prices;

- to determine the arrangements for the purchase and sale of shares for a period of 18 months from the date of the resolution, up to a maximum amount of treasury shares the total of which, also taking into account the shares held by the company and its subsidiaries in the portfolio from time to time, does not exceed the 10% limit of the share capital.

To date, the latter resolution has not yet been subject to practical implementation.

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

Risk analysis

As part of its business, the Group is exposed to risks and uncertainties, deriving from exogenous factors connected with the general macroeconomic context or the specific context to the operating segments in which it goes about its business, as well as to risks deriving from strategic choices or internal operating risks.

The identification and mitigation of such risks has been carried out systematically, allowing for the monitoring and timely overseeing of the risk levels detected.

Under the scope of the business risks, the main risks identified, monitored and managed by the company are as follows:

- risk connected with the general economic trend;
- market-related risks;
- risks connected with financial operations.

Risk connected with the general economic trend

The economic-financial position of the companies belonging to the Group, is influenced by all factors comprising the Italian and international macroeconomic context. In the reference period, although there is a growth period for the Italian economy and the Eurozone, there are still general economic uncertainties and regarding international policy, the effects of which are unpredictable and cannot be easily measured. The current positive 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. The MailUp Group has been able to grow and achieve important objectives. However, the possible re-emergence of the national and international crisis and the unpredictable effects of the same, can still have negative effects on the Group's business.

Market risks

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

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

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

Risks connected with financial operations

Credit risk

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

Liquidity risk

The liquidity risk consists of the impossibility of respecting payment commitments due to difficulties in obtaining funds or liquidating assets on the market. The consequence is a negative impact on the economic results if the Group is forced to incur additional costs to fulfil its commitments or, as an extreme consequence, a situation of insolvency that risks the company as a going concern. At present, also thanks to its listing on the AIM market and the excellent relations with the banking system, the MailUp Group enjoys a good level of liquidity and reduced debt, aimed exclusively at growth by external lines, implemented through acquisitions and the financing of investments in research and development.
In order to optimise the management of financial resources, reducing the liquidity risk, the Group has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with the business planning process. The foreseeable cash flow for FY 2017 includes, in addition to the dynamics of working capital and investments, also the effects of the maturity of current liabilities. The Group expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that in FY 2017, financial resources can be generated that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.
It is considered that the liquidity risk is not significant.
With reference to the requirements laid down by Art. 2428, paragraph 3, point 6-bis of the Civil Code in connection with the company's use of financial instruments, it is specified that no contracts have been stipulated in relation to financial instruments.

Interest rate risk

The parent company has prudently resorted, from the end of 2015, to the financial leverage through the medium and long-term banking channel, also with respect to the favourable trend of debt costs, to support extraordinary growth operations by external lines and investments related to software development activities. As at 30/06/2017, consolidated bank debt is Euro 4,277,336, of which Euro 1,681,451 in the short-term, as compared with liquid funds of Euro 6,240,975.
The underlying loan contracts envisage terms and conditions that are in line with market practice.
The loans are connected with the risk of interest rate changes, as they are negotiated at variable rates. It cannot be excluded that growth of interest rates may result in an increase in related financial expenses with consequent negative effects on the company's economic-financial position.

Exchange rate risk

There are trade receivables and payables held in foreign currencies by MailUp, for limited amounts, mainly with regards to foreign subsidiaries, as well as marginal amounts for trade payables in foreign currencies with third-party suppliers and customers. The companies relating to the subsidiary MailUp Nordics, in particular Globase, operate on the Danish and Northern European market and the consolidated assets and liabilities on these financial statements are originally held in Danish Krone. Also for MailUp Inc, the consolidated financial statements are denominated in foreign currency, particularly in US Dollars. 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 131,441 as at 30/06/2017, for a loan disbursed by the parent company in accordance with specific contractual provisions. As already noted earlier, MailUp Nordics is also benefiting from a loan granted by the parent company, denominated in DKK and equal to Euro 202,448 at the date of these HY financial statements. For completeness of information, it is recalled that intra-group receivables and payables, also in foreign currency, are not visible in the consolidated financial statements as they are subject to accounting elimination, but only in the pre-consolidation separate financial statements. The consolidated financial statements may also report any economic effects deriving from their conversion to the currency of preparation of the consolidated financial statements.

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

Significant events after HY end

The commitment of MailUp to **fighting spam and phishing** has been strengthened. The email ecosystem is constantly threatened by sending unauthorized messages, whether they are unwanted promotional emails or more elaborate actual fraudulent attempts, such as phishing. With nearly 2 billion messages sent per month from clients and to recipients around the world, MailUp is at the forefront in combating bad practices and improving the world of email marketing. MailUp has always invested in the development and improvement of Machine Learning proprietary algorithms and predictive models to identify those who do not respect the rules of excellence and in 2017, has more than doubled the specific investment over the previous year. It is very important that all the players involved in the email sending and receiving process are responsible and do their utmost to maintain users' confidence in the tool. For this reason, MailUp is a member of several organizations and work groups focused on defining and respecting the best practices for sending email communications (and not only), including: M3AAWG (Messaging, Malware and Mobile Anti-Abuse Working Group), APWG (Anti Phishing Working Group), ESPC (Email Service Provider Coalition), Signal-Spam (France) and CSA (Certified Senders Alliance). Thanks to these partnerships, MailUp offers the community the results of its research and investment, comparing itself on a like-for-like basis with industry global leaders, from ESP (email service providers), to ISP (such as Gmail, Outlook, Yahoo!) and actively collaborating with them to effectively address the fight against all forms of abuse related to email and, more generally, all electronic messaging activities.

On 25 July 2017, the Board of Directors of MailUp resolved to give partial execution to the delegation under Art. 2443 Civil Code, conferred by the Extraordinary Shareholders' Meeting of 23 December 2015, by **increasing the share capital**, paid and indivisible, **for a maximum amount of Euro 6,264,000** (including premium), by issuing a maximum of 2,610,000 ordinary shares with no indication of nominal value expressed. Newly-issued shares were offered for subscription under private placement through an accelerated bookbuilding procedure and they were issued with the exclusion of the option right under art. 2441, paragraph 5, Civil Code, as to be reserved exclusively to "qualified investors" and "institutional investors". The transaction aims to help strengthen the equity and financial structure of MailUp - also contributing to the expansion of the stock market capitalization for future objectives of expansion of the company - and to support the related growth and development, also through external lines or through mergers and acquisitions (falling within the company's business plan), as well as to increase the float with the consequent expansion and diversification of the equity base facilitating the exchange of securities.

On 26 July 2017 was the successful completion of **the capital increase subscription implemented by means of accelerated bookbuilding procedure** for 2,610,000 new ordinary shares with no indication of the nominal value expressed, corresponding to approximately 23% of the pre-money share capital, for a total of Euro 6,003,000 (including premium). Demand was 40% higher than the amount offered. Newly-issued shares were placed at a price per share of Euro 2.30 each. The transaction was regulated by means of delivery of securities and payment of the fee ("settlement") on 28 July 2017. Following the full subscription of newly-issued shares, the share capital of MailUp after the increase reached Euro 351,640.68, divided into 14,065,267 ordinary shares with no indication of the nominal value expressed, with a float of approximately 33%. In the context of the transaction, MailUp has undertaken 90-day lock-up commitments in line with market practices for similar transactions, subject to issues of share reserved for stock option plans and/or stock grants. Fidentiis Equities S.V., S.A. operated as Sole Bookrunner of the accelerated bookbuilding.

Outlook

The Group intends to continue to develop its business and services through a profitable growth process already in place, 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 features and the simplification of existing ones; in particular, the evolution will concern mobile marketing with the introduction of new channels, improved automation functionalities, 1:1 customization of messages and dynamic content management;
- investments in marketing & sales as necessary to increase the customer base, both in Italy and abroad, through international marketing campaigns and business development in select contexts;
- the incremental improvement of the Acumbamail platform, with the introduction of new "autoresponder" features and the new premium version "AcumbamailPro";
- the incremental improvement of the Agile Telecom platform, with the introduction of new SMS price calculation automation systems of the various suppliers and the stipulation of new interconnection agreements;
- the progressive migration of Globase customers to the MailUp® platform;
- focussed business development aimed, amongst others, at developing new contacts with partners (suppliers of SaaS cloud systems, software and digital services) and retailers (such as, for example, hosting and telecommunications providers), which can speed up market penetration;
- focussed investments on improving performance in order to reduce the rate of clients lost and improve the use of its services, the on-boarding (i.e. service activation) process, the functions and integrations with external systems in order to improve the client conversion rate (intended as the ratio of potential clients and clients acquired);
- the introduction of new services, which should allow for an increase in client revenues, 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 potentially increasing its market share in the medium-term by 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 Legislative Decree no. 231/2001

In compliance with said regulation of Legislative Decree no. 231 of 8 June 2001 on the "Discipline of administrative liability of legal persons, companies and associations also without legal personality" - which introduced in our system the administrative responsibility of entities (legal persons, companies and associations also without legal personality) for certain types of offence committed in the interest or benefit of the entity by persons who are with the entity itself in particular management relations or collaboration - in 2015, MailUp adopted its own organizational model and code of ethics that meet the requirements of the Decree. In 2016, this was followed by specific training of employees and implementation of the main operational procedures, developed in collaboration with the appointed Supervisory Body.

The constant regulatory amendments and company reorganizations that have affected the Group have, however, prompted MailUp to initiate in 2017 a review of its internal documents and procedures. In collaboration with well-established professionals, a complex audit and internal audit process was initiated, which will be completed in HY1 2018.

Personal data processing

In compliance with Legislative Decree no. 196 of 30 June 2003 (the "Privacy Code"), MailUp has always and strategically given the utmost attention to the proper application of the Privacy Code. In fact, the internal procedures on these matters are constantly formalised, monitored and updated, as is specific training of personnel. The Group has also for years been assisted by legal advisors of proven competence and experience, on both national and international level, on these matters.

The prevention and contrast of potential abuses by customers (spam) is also highly overseen, thanks to the presence of a technical department exclusively dedicated to this function, as demonstrated by the participation of MailUp, as already mentioned, in several organizations and international working groups at the forefront in combating unfair practices and engaged in the dissemination of industry best practices also in regarding personal data processing.

The regulatory amendments introduced by the new EU 2016/679 Data Protection Regulation (the "Regulations"), which will enter into force in all European countries on 25 May 2018 and which will also extend to non-European organizations, have however pushed MailUp to start the activities necessary to make its infrastructure fully "compliant" with the new regulations. Although the MailUp platform has always operated in the utmost respect of Italian and European privacy regulations, with provisions that are even more stringent than those of law, the new Regulation is, in fact, a strategic factor in support of the international growth path undertaken starting from the listing on the stock exchange in July 2014.

As part of the adaptation process mentioned above, in accordance with the provisions of the new European-level regulation, the Board of Directors approving the HY financial statements will propose the appointment of the Data Protection Officer (DPO) for the MailUp Business Unit, having identified for this role Alberto Miscia, Executive of MailUp and Head of Deliverability and Compliance, with a proven knowledge of data protection legislation and practices as well as the necessary expertise in technology and information technology, previously attributed the powers of Data Protection.

As demonstration once again of the Group's great interest in this area, there was the recent publication, curated by the MailUp marketing team and by the Lawyer Marco Maglio, expert and well-established collaborator of MailUp on Data Protection, Digital White Paper "GDPR and Personal Data", available for free at www.mailup.it, in addition to the organization of the webinar, also free, on 11 October 2017, during which the same Lawyer Maglio will discuss the main aspects of this turning point in personal data processing.

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

Milan, 27 September 2017

The Chairman of the Board of Directors
Matteo Monfredini

M A I L U P GROUP

Group consolidated financial statements as at 30/06/2017

Balance Sheet	Notes	30/06/2017	31/12/2016
Non-current assets			
Tangible assets	1	930,269	709,130
Intangible assets	2	3,700,849	3,756,336
Goodwill	3	9,908,988	10,387,313
Equity investments in associates and joint ventures	4	102,000	102,000
Other non-current assets	5	87,083	69,653
Prepaid tax assets	6	747,531	785,139
Total non-current assets		**15,476,720**	**15,809,570**
Current assets			
Trade and other receivables	7	2,964,111	3,396,264
Other current assets	8	1,607,164	1,742,954
Liquid funds and equivalent	9	6,240,975	4,461,219
Total current assets		**10,812,251**	**9,600,437**
Total assets		**26,288,971**	**25,410,007**

Balance sheet - Liabilities		30/06/2017	31/12/2016
Group shareholders' equity			
Share capital	10	286,391	283,266
Reserves	11	7,052,258	5,896,510
Period result		130,831	780,519
Shareholders' equity of minority interests	12	85,893	59,959
Total shareholders' equity		**7,555,373**	**7,020,253**
Non-current liabilities			
Amounts due to banks and other lenders	13	2,595,885	2,246,145
Other non-current liabilities		-	-
Provisions for risks and charges	14	71,072	57,739
Staff funds	15	978,994	933,526
Deferred tax liabilities	16	18,796	31,287
Total non-current liabilities		**3,664,747**	**3,268,697**
Current liabilities			
Trade and other payables	17	3,820,831	2,947,547
Amounts due to banks and other lenders	18	1,681,451	1,261,627
Other current liabilities	19	9,566,569	10,911,883
Total current liabilities		**15,068,851**	**15,121,057**
Total liabilities		**26,288,971**	**25,410,007**

Income Statement	Notes	30/06/2017	30/06/2016
Revenues	20	12,728,603	9,869,906
Other income	21	356,049	266,428
Total revenues		**13,084,652**	**10,136,334**
Costs for services	22	(8,616,902)	(6,301,936)
Payroll costs	23	(3,504,275)	(3,282,671)
Capitalisation of payroll costs for development activities	24	444,063	645,525
Other operating expenses	25	(209,637)	(88,715)
EBITDA		**1,197,902**	**1,108,536**
Amortisation, depreciation and impairment	26	(711,990)	(574,419)
EBIT		**485,912**	**534,118**
Financial expense	27	(58,892)	(29,402)
Financial income	28	15,964	2,144
Portion of result pertaining to associates and joint ventures			
Impairment of non-current assets			
Pre-tax profit		**442,985**	**506,860**
Income tax	29	(285,254)	(372,341)
Net period result		**157,731**	**134,519**
of which net result pertaining to minorities		26,900	9,015
Net Group result		**130,831**	**125,504**
Other items of the statement of comprehensive income			
Profit/(loss) that will not be subsequently reclassified to the period result			
Actuarial profit/(loss) net of the tax effect		15,119	(24,962)
Profit/(loss) that will be subsequently reclassified to the period result			
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro		9,952	3,348
Comprehensive period profit/(loss)		**182,802**	**112,906**
Period profit to be assigned to:			
Shareholders of the parent company		155,902	103,891
Minority shareholders		26,900	9,015
Earnings per share:			
basic	30	0.014	0.010
diluted	30	0.013	0.010

Consolidated statement of changes in equity

Figures in Euro	31/12/2016	Allocation of MailUp result	Share capital increase (*)	Changes related to the merger with the subsidiary Network	Purchase of own shares	Comprehensive IS result	Stock option plan	Other changes related to IAS standards	FY result	30/06/2017
Share capital	283,266		3,125							286,391
Share premium reserve	4,607,721		396,875					(90,000)		4,914,596
Legal reserve	60,000									60,000
Extraordinary reserve	295,624	1,224,912								1,520,535
Reserve for treasury stock	(112,466)				(2,753)					(115,219)
Reserve for exchange rate gains	25,289									25,289
Profit/(loss) carried forward	1,473,972	780,519						(1,379,659)		874,831
Stock option reserve	243,316						90,848			334,165
OCI reserve and translation	(106,628)					25,071				(81,557)
FTA reserve	(590,317)			(23,132)						(613,449)
Merger surplus reserve				133,068						133,068
FY result	780,519	(780,519)							130,831	130,831
Shareholders' equity	**6,960,294**	**1,224,912**	**400,000**	**109,936**	**(2,753)**	**25,071**	**90,848**	**(1,469,659)**	**130,831**	**7,469,480**

(*) As resolved by the Board of Directors on 20/06/2017

MAILUP GROUP

Consolidated statement of cash flows

	Description	30/06/2017	30/06/2016 (restated IAS)
	Period profit/(loss)	157,731	134,519
	Income tax	316,597	226,807
	Deferred/(prepaid) tax	(31,344)	145,534
	Interest expense/(interest income)	14,655	27,258
	Exchange (gains)/losses	28,272	
1	**Period profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals**	**485,912**	**534,118**
	Value adjustments for non-monetary elements that have no equivalent item in net working capital		
	Provisions for TFR	144,374	157,571
	Other provisions	13,333	20,000
	Amortisation and depreciation of fixed assets	697,647	569,102
	Impairment		
	Other adjustments for non-monetary items	25,071	(21,614)
2	**Cash flow before changes in NWC**	**1,366,337**	**1,259,177**
	Changes to net working capital		
	Decrease/(increase) in trade receivables	391,050	(67,037)
	Increase/(decrease) in trade payables	883,529	183,087
	Decrease/(increase) in accrued income and prepaid expenses	(131,245)	(64,484)
	Increase/(decrease) in accrued liabilities and deferred income	523,975	510,683
	Other changes in net working capital	(1,029,533)	(614,647)
3	**Cash flow after changes in NWC**	**2,004,111**	**1,206,779**
	Other adjustments		
	Interest collected/(paid)	(14,655)	(27,258)
	(Income tax paid)		
	(Capital gains)/capital losses deriving from the disposal of assets		
	Dividends collected		
	(Use of provisions)	(98,906)	(77,607)
4	**Cash flow after other adjustments**	**1,890,550**	**1,101,915**
A	**Cash flow from operations**	**1,890,550**	**1,101,915**
	Tangible fixed assets	(365,285)	(192,824)
	(Investments)	*(365,285)*	*(192,824)*
	Divestment realisation price		
	Intangible fixed assets	(498,014)	(923,546)
	(Investments)	*(498,014)*	*(923,546)*
	Divestment realisation price		
	Financial fixed assets	(17,430)	(120,636)
	(Investments)	*(17,430)*	*(120,636)*
	Divestment realisation price		
B	**Cash flow from investments**	**(880,729)**	**(1,237,006)**
	Minority interest funds	769,564	1,716,226
	Increase (decrease) in short-term payables to banks	*14,243*	*1,443*
	Stipulation of loans	*1,400,000*	*2,000,000*
	Repayment of loans	*(644,679)*	*(285,217)*
	Own funds	372	(175,392)
	Share capital increase	*3,125*	-
	Sale (purchase) of treasury shares	*(2,753)*	*(38,464)*
	Other changes in equity	-	*(136,928)*
C	**Cash flow from loans**	**769,936**	**1,540,834**
	Increase (decrease) in liquid funds (A ± B ± C)	**1,779,757**	**1,405,743**
	Liquid funds as at 1 January	4,461,219	3,265,717
	Liquid funds as at 30 June	6,240,975	4,671,460
		1,779,757	**1,405,743**

M A I L U P G R O U P

Explanatory notes to the consolidated financial statements as at 30/06/2017

General information

The MailUp Group (hereinafter the "Group" or "MailUp Group") is an established business in the marketing technology sector on the cloud or MarTech (newsletters/e-mails, text messages, social networks). It leads Italy in the ESP sector in terms of the number of e-mails sent and number of clients. The parent company MailUp SpA (hereinafter "MailUp") was admitted to trading in July 2014 on the Borsa Italiana AIM Italia market.

Accounting standards

Criteria for the preparation of the Group consolidated financial statements

In accordance with Art. 4 of Legislative Decree no. 38 of 28 February 2005,which regulates the exercise of options envisaged by Art. 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 relative to the application of international accounting standards, the parent company has exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the "IFRS"), issued by the International Accounting Standards Board (the "IASB") and approved by the European Commission for the preparation of the consolidated financial statements and separate financial statements of the parent company starting from the year ended 31 December 2016. The term "IFRS" is used to refer to the International Financial Reporting Standards, the revised international accounting standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), previously known as the Standing Interpretations Committee ("SIC").
The date of transition to the IFRS, as defined by IFRS 1 no. 1 "First time adoption of IFRS" was 1 January 2015, and these 2017 consolidated half-year financial statements present a comparison, for the balance sheet, with the same values as at 31 December 2016, while for the income statement, with values corresponding to 30 June 2016, also prepared in accordance with IAS/IFRS standards. Reference is made to Appendix 1, at the end of these notes, for the summary table of the IAS/IFRS reclassifications of the comparison column of the consolidated income statement. In this respect, it is specified that the IFRS accounting standards applied in the preparation of the financial statements as at 30 June 2017 are those in force at that date.
For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.
With reference to IAS 1, paragraphs 25 and 26, the directors confirm that, in view of the economic prospects, the capitalisation and financial position of the company, there is no uncertainty as the fact that the Group and MailUp can operate as a going concern and that, consequently, in preparing the financial statements as at 30 June 2017, it should adopt accounting standards precisely under these terms.
The consolidated financial statements closed as at 30/06/2017 have been submitted to limited audit by BDO Italia SpA, under the appointment conferred upon it for the period 2017-2019, even if the Group respects the cases for exoneration from the obligation to draw up consolidated financial statements pursuant to Art. 27 of Legislative Decree no. 127/1991.
Please note that despite it holds controlling investments in MailUp Inc., Agile Telecom SpA, Acumbamail SL and, MailUp Nordics A/S, MailUp is not required to prepare consolidated financial statements. However, as the parent company of subsidiaries, strictly linked in terms of the creation of value within the Group business and in connection with the AIM Italia issuers' regulation, MailUp has prepared the consolidated annual financial statements already since 2014.

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 2017 (line-by-line consolidation).
Companies are defined as subsidiaries when the parent company has the power, directly or indirectly, to manage them so as to obtain benefits from the exercise of said activities. The financial statements of subsidiaries are consolidated as from the date on which the Group acquires control of such and deconsolidated as from the date on which said control eases.
Acquisition of subsidiaries is booked according to the purchase method (purchase account).
The cost of acquisition corresponds to the current value of the assets acquired, shares issued or liabilities assumed as at the date of acquisition.

The equity investment in the associate that is scarcely significant within the Group has been accounted for using the equity method, if the financial statements related to the same date are available.
In preparing these consolidated financial statements, the items of the assets and liabilities, as well as income and expenses of the businesses included in the consolidation area, have been stated on a line-by-line basis.
The following have then been eliminated:

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

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

Full subsidiaries consolidated on a line-by-line basis

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

Company name	City or foreign country	Share capital (€)	Shareholders' equity	Profit/ (Loss)	% held	Book value
MAILUP INC	UNITED STATES OF AMERICA	41,183*	304,472	(202,733)	100	499,514
ACUMBAMAIL SL	SPAIN	4,500	286,312	89,667	70	499,177
MAILUP NORDICS A/S	DENMARK	67,001*	1,020,579	(2,901)	100	800,000
AGILE TELECOM SpA	CARPI (MO)	500,000	1,135,526	543,051	100	8,800,000
Total						**10,598,691**

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

MailUp Inc, established in San Francisco by the parent company in November 2011, it operated until 31 December 2016, aiming to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. In December 2016, the parent company conferred the intangible assets relating to the product BEE Plugin and BEE Pro. The subsidiary therefore resolved, in service of the conferral made during FY 2016, to increase its capital reserves in accordance with local regulations. Since 2017, MailUp Inc has been dealing with the exclusive commercialization of the BEE editor, which it owns, in its various versions, having considerable interest in the public of specialized operators as evidenced by the brilliant month-on-month growth rates.

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. The acquisition of the Danish companies aims to position the MailUp® platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, both by offering the MailUp® platform to new customers and by progressively migrating Globase platform users to MailUp.

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

On 27 February 2017 was the completion of the path of organizational rethinking of the MailUp Group structure through the **merger by incorporation of Network Srl into MailUp**, undertaken to optimize intercompany processes. The analysis of the role of Network, a technology partner that has historically and exclusively handled all the technical functions and technology services related to the MailUp platform, has led to the merger by incorporation of the latter due to the simplification of the corporate and production structure of MailUp and of administrative processes, eliminating duplication and overlapping. The effects of the merger were finalized on 20 March 2017 with completion of registration at the company register, while the accounting and tax effects were effective from 1 January 2017 in accordance with the provisions of the specific legislation.

The consolidated financial statements refer to the same closing date of the parent company.

Criteria for converting financial statements not prepared in euros

The conversion of financial statements of subsidiaries denominated in currencies other than the Euro, MailUp Inc. and MailUp Nordics, including the Danish sub-subsidiary Globase International, is carried out by adopting the following procedures:
* the assets and liabilities have been converted at exchange rates current as at 30/06/2017;
* the items of the income statement have been converted at average exchange rates for HY1 2017;
* the emerging exchange differences have been debited or credited to a specific reserve of consolidated equity named "Reserve from conversion differences";
* Equity items are converted at historical exchange rates on the date of the first consolidation;
* where such exists, goodwill and adjustments to fair value connected with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the exchange rate in force on the date of first consolidation.

The following are the exchange rates used.

	Exchange rate as at 30/06/2017	Average exchange rate HY1 2017	Exchange rate as at 31/12/2016	Average exchange rate HY1 2016
USA Dollar	Euro 1.1412	Euro 1.0825	Euro 1.0541	Euro 1.1155
Danish Corona	Euro 7.4366	Euro 7.4368	Euro 7.4344	Euro 7.4500

Source http://cambi.bancaditalia.it/

Tables of the financial statements

The tables of the financial statements used have the following characteristics:
a) on the balance sheet - statement of financial position, the assets and liabilities are stated in increasing order of liquidity; an asset/liability is classified as current when it meets one of the following criteria:
- it is expected to be realised/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realised/extinguished within 12 months of year end.
If none of these three conditions are met, the assets/liabilities are classified as not current;
b) on the income statement, the positive and negative items of income are stated according to nature;
c) Other comprehensive income highlights all changes to Other comprehensive profits/(losses) occurring during the year, generated by transactions other than those implemented with shareholders and in accordance with the specific

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

Measurement criteria

With reference to the measurement criteria applied in these consolidated half-year financial statements, for a detailed analysis, reference is made to the notes to the consolidated financial statements as at 31 December 2016 in the consolidated and separate financial statements, available here https://www.mailupgroup.com/wp-content/uploads/2017/04/20170419-Fascicolo-di-bilancio-consolidato-e-separato-31.12.2016.pdf for consultation, as the same criteria, inspired by the IAS/IFRS Accounting Standards, has remained unchanged.

Accounting standards

The accounting standards adopted by the Group have not been modified compared to those applied in the annual financial report as at 31 December 2016, to which reference is made, as above, for any further details. This half-year report has been prepared in accordance with Standard IAS 34, concerning interim financial reporting.
Provided below are the accounting standards and amendments that are not yet applicable by the Group.

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

IFRS 9 - Financial instruments (applicable as from 1 January 2018)
The new document represents the first part of a process in stages, which aims to fully replace IAS 39. IFRS 9 introduces new criteria for the classification and measurement of financial assets and liabilities and for the derecognition of financial assets. More specifically, the criteria for the recognition and measurement of financial assets and the related classification in the financial report, have been amended. The new provisions establish a model for the classification and valuation of financial assets based exclusively on the following categories: assets valued at amortised cost and assets valued at fair value. The new provisions also establish that equity investments other than those held in subsidiaries, joint operations or associates, shall be measured at fair value with the allocation of the effects to the income statement. If said equity investments are not held for trading, the changes in fair value can be noted in the statement of comprehensive income, maintaining only the effects connected with the distribution of dividends on the income statement. Upon disposing of the equity investment, the amounts noted in the statement of comprehensive income shall not be booked to the income statement. On 28 October 2010, the IASB supplemented the provisions of IFRS 9, including the criteria for the recognition and measurement of financial liabilities. More specifically, the new provisions require that, if measuring a financial liability at fair value with allocation of the effects on the income statement, the changes in fair value connected with changes to the credit risk of the issuer (the "own credit risk") shall be noted on the statement of comprehensive income; this item shall be allocated to the income statement so as to ensure the symmetrical representation with other items connected with the liability, avoiding any accounting mismatch. Finally, as regards financial liabilities, no significant impacts on the Group's equity, financial and economic accounts are expected.

IFRS 15 - Revenue from Contracts with Customers (applicable as from 1 January 2018)
The new standard aims to improve the quality and standardisation in the recording of revenues and comparability of financial statements prepared in accordance with the IFRS and the American accounting standards. According to the new standard, the model for recognising revenues can no longer be based on the earning method, but rather must use the asset-liability method that draws attention to the time of transfer of control over the asset sold. The Group is finalizing the analysis of the valuation model of its revenues in light of the provisions of the new standard.

b. Accounting standards, amendments and interpretations not yet approved

IFRS 16 - Leasing (applicable as from 1 January 2019, with the possibility of early application)
On 13 January 2016, the IASB published the new accounting standard IFRS 16 Leasing. The new standard replaces IAS 17 and provides accounting representation methods that are more suitable in terms of reflecting the nature of the lease in the financial statements. The new IFRS 16 is applicable as from 1 January 2019; however, early application is permitted for companies that also apply IFRS 15 - Revenues from contracts with Customers. In particular, IFRS 16 introduces a single accounting model for leases in the financial statements of the lessee according to which the lessee acquires an asset that represents the right to use the underlying asset and a liability that reflects the obligation to pay the lease fees. In addition, the nature of the costs associated with these leases will change as IFRS16 will replace the accounting on a straight-line basis of operating lease costs with amortization of the use right and financial expenses on lease liabilities. Finally, as regards financial liabilities, no significant impacts on the Group's equity, financial and economic accounts are expected.

IFRS 17 - Insurance contract (applicable as from 1 January 2021)
Standard aimed at regulating the accounting of insurance contracts (formerly known as IFRS 4 Phase II). The accounting model envisaged is the 'Building Blocks Approach' (BBA), based on the discounting of the expected cash flows, which includes the explanation of a 'risk adjustment' and a 'contractual service margin' issued through amortization of the same. The new accounting standard does not apply to the consolidated financial report.

IAS 12 Amendment - Income tax (applicable as from 1 January 2017, not yet approved by the European Union)
On 19 January 2016, the IASB published some amendments to IAS 12. The amendment aims to clarify how to book deferred tax assets relative to debt instruments measured at fair value. The Group believes that the introduction of the new amendment will not have any significant impact on its financial position and profitability.

IAS 7 Amendment - Statement of Cash Flows (applicable as from 1 January 2017, not yet approved by the European Union)
On 29 January 2016, the IASB issued amendments to IAS 7 "Statement of Cash Flows". The change requires the financial statements to provide information on the changes to financial liabilities with the aim of improving the disclosure given to investors to help them better understand the changes affecting these payables. This amendment, acting only on the presentation, will have no impact on the financial position and Group profitability.

IFRS 14 - Regulatory Deferral Accounts (applicable as from 1 January 2016)
The new standard allows only those adopting IFRS for the first time to continue to book amounts relating to rate regulation according to the previous accounting standards adopted. In order to improve the comparability with entities applying IFRS and that do not book said amounts, the standard requires the effect of rate regulation to be presented separately from the other items. The European Commission has decided not to start the approval process of this standard ad interim, and instead to await the final standard. The new standard does not apply to the consolidated financial report.

IFRS 10 - IAS 28 Amendment - Sale or contribution of assets between an investor and its associate or joint venture (applicable as from 1 January 2016)
The amendment, which was published in September 2014, aims to solve a conflict between the provisions of IFRS 10 and IAS 28 if an investor sells or contributes a business or associate or joint venture. The main change made to the amendment is the fact that the capital gain or loss consequent to the loss of control must be recorded in full at the time of the sale or contribution of the business. A partial capital gain or loss will be recorded only in the event of a sale or contribution involving individual assets only. The IASB has suspended publication and approval of said amendment to a date to be defined.

IFRS 2 Amendment - Classification and measurement of share-based payments (applicable as from 1 January 2018)
It includes clarifications on the accounting of stock options subject to vesting conditions connected with performance. The Group believes that the adoption of the new standard will not have any significant impact on its financial position and profitability.

IFRS 4 Amendment - Application of IFRS 9 Financial instruments to IFRS 4 Insurance contracts (applicable as from 1 January 2018)
The amendment introduces different methods of booking for insurance contracts coming under the scope of application of IFRS 4. The amendment does not apply to the consolidated financial report.

Specifications on IFRS 15 - Revenue from Contracts with Customers (applicable as from 1 January 2018)

The IASB has provided practical indications on certain subjects covered by IFRS 15 (identification of performance obligations, main considerations versus agent and licensing). The analysis of the potential impact of this amendment will be considered at the same time as the application of IFRS 15, described above.

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

IFRIC 22 Interpretation - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)
IFRIC 22 aims to clarify the booking of operations involving the receipt or payment of advances in foreign currency, in particular when an entity records a non-monetary asset or liability before booking the related asset, revenue or cost. IFRIC 22 is applicable as from 1 January 2018; early application is permitted.

IAS 40 Amendment - Transfers of Investment Property (issued on 8 December 2016)
The main changes introduced by the amendment include the change in intended purpose of an investment property only being able to take place when there is evidence of a change in use.

IFRIC 23 Interpretation - Uncertainty over Income Tax Treatments (issued on 7 June 2017)
IFRIC 23 aims to clarify how to calculate current and deferred taxes when there are uncertainties about the tax treatment adopted by the entity preparing the financial statements and that may not be accepted by the tax authority.

Disclosure on the book value of financial instruments
Below is the disclosure on the book value of the financial instruments for HY1 2017:

30 June 2017 MailUp Group				
(in units of euros)	**Fair value instruments measured through profit or loss (FVTPL)**	**Receivables, payables and loans**	**Fair value**	**Fair value hierarchy**
Other financial assets				
Other non-current financial assets		87,083	**87,083**	Level 3
Trade receivables				
Trade receivables		2,955,661	**2,955,661**	Level 3
Liquid funds and equivalent				
Cash at bank and post office		6,240,975	**6,240,975**	Level 1
Non-current financial liabilities and payables				
Amounts due to banks		2,595,885	**2,595,885**	Level 1
Current liabilities				
Amounts due to banks and other lenders		1,681,451	**1,681,451**	Level 1
Trade payables		3,820,831	**3,820,831**	Level 3

Potential liabilities

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

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
930,269	709,130	221,140

Description	30/06/2017	31/12/2016	Changes
Plants and machinery	31,961	3,669	28,292
Other assets	898,308	705,461	192,848
Total	**930,269**	**709,130**	**221,140**

"Other assets" relates to the cost for the purchase of office furniture and fittings, the purchase of electronic office machines, miscellaneous equipment, signs and costs for the purchase of mobile telephones, booked net of period amortisation/depreciation and consolidation adjustments. The increase in the item "Other assets", mainly related to MailUp, represented by servers, electronic equipment and furnishings, is related to the costs of setting up new offices in Cremona at the "Digital Innovation Center", as from July, new operational and administrative office of the parent company.
No impairment or write-backs were applied this year or during previous years.

Intangible assets (2)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
3,700,849	3,756,336	(55,487)

Description	30/06/2017	31/12/2016	Changes
Platform development	3,493,429	3,502,145	(8,716)
Third party software	143,764	165,900	(22,136)
Trademarks	18,649	22,566	(3,917)
Other	45,007	65,725	(20,718)
total	**3,700,849**	**3,756,336**	**(55,487)**

The item "Platform Development" includes costs for the development of the MailUp platform, net of the related amortization and details of the activities carried out are provided below.
"Third party software" includes costs relative to software owned by third parties. "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp trademark in Italy and in other countries considered as strategic in commercial terms.
"Other" fixed assets consist of the costs for translating platform components of multiple-year use, incurred into order to allow for its use on export markets (e.g. English, Spanish, Japanese, Bahasa) under the scope of the general strategic international growth project pursued by the Group. They also include, for residual amounts, improvements to leased properties owned by third parties.
Regarding the recoverability of the value of intangible assets, it is noted that, until the date of this document, there have been no indicators showing impairment of the same with respect to the book value recorded. The parent company's directors will therefore carry out the necessary verifications, by means of impairment test in the 2017 consolidated annual financial statements, monitoring the recoverable value, consisting of the discounted cash flows of

MailUp and comparing it with the net book value of intangible assets. The value of the intangible assets held by MailUp is by far the greatest of the total of the consolidated financial statements, hence the test of potential recovery will be limited to the parent company only.

Here is a summary of the new features and improvements to our software released in the first six months of 2017 connected to our Research & Development activities.

MailUp Platform:

- in February of 2017 the R&D team released MailUp 9, a complete redesign of the MailUp service that had been in the making for several months and was the result of extensive user research. MailUp 9 didn't just introduce an entirely new user interface, but also brought to life an array of new features aimed at making the job of digital marketers easier and more effective. Virtually every element of the platform was redesigned to optimize the user experience, from the navigation to the dashboard that welcomes a user when they log in, even when they use a smartphone. A brand-new collaboration tool was added to make it easy and fast for teams to review and approve a campaign before it's sent. Message statistics were also redesigned, both for the email and the SMS channels. Substantial work was done "under the hood", providing better scalability and performance. All in all, 850 new features and improvements were introduced with MailUp 9, one of the largest releases in MailUp history.

- in April an additional functionality was released to help marketers create and schedule their campaigns. Among them, a feature that provides a calendar view of upcoming mailings, a faster "Link check" tool to ensure that an email messages does not contain broken or blacklisted links, additional improvements to campaign statistics, a new message import tool that supports ZIP files, and a new integration catalog that improves the way connectors with other applications are shown to MailUp users, so that they are easier to take advantage of;

- in the June release, MailUp developers focused on marketing automation and message personalization. New message level and workflow-level statistics were added to automation workflows, making it much easier for MailUp users to dig into the performance of an automated campaign so that it can be further optimized. With regard to personalization, a completely new set of features was added to our proprietary campaign sending engine so that external, recipient-specific data (e.g. product recommendations) can be dynamically retrieved from an external source and merged into a message at the time the message is sent, using the popular Liquid syntax;

- throughout the first 6 months of 2017 substantial improvements were also made to the MailUp APIs, both for email and SMS messaging. Among the new and improved APIs: verify a sender, send to multiple groups, manage lists, check SMS credit balance, improvements to email & phone number import, and more. We also launched a newsletter dedicated to the many developers that use the MailUp APIs: it is now regularly sent to around 1,500 developers around the world.

Again under the scope of research and development, a significant amount of the work carried out regarded the development of the **"Innovative Big Data Analytics System"** project. It is a project with a major impact on the future business of MailUp in the medium to long term, having a market potential also at international level, in particular in the English-speaking world, where Big Data Analytics tools are used today only by large multinational players of the sector, due to the complexity of the technologies and high specialization of resources that need to be put in place. MailUp will receive from Lombardy Region up to a maximum of Euro 860,122 non-repayable in 24 months with respect to a total investment of Euro 2,045,648 in the period. The funding will cover costs for personnel, training, tools and equipment and consultancy services needed for the realization of the investments, which will be implemented over the 2 years of duration of the project that will go on until February 2018.

Goodwill (3)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
9,908,988	10,387,313	(478,324)

The change is determined by the definition, on 20 June 2017, in agreement with the sellers, of the supplementary fee due as earn-out to Zoidberg Srl for the acquisition of 100% of the share capital of Agile Telecom SpA, finalized in February 2016. Following agreement between the parties, the aforementioned supplementary fee was calculated taking into account the value of the average EBITDA of Agile Telecom for the two-year period 2015-2016 (this in line with the contents of the purchase and sale agreement) and was Euro 2.8 million to be paid as follows: Euro 2.4 million, in cash and in three separate tranches respectively of Euro 1 million by 30 June 2017, already paid, Euro 800 thousand by 30 June 2018 and Euro 600 thousand by 30 June 2019, and the remainder of Euro 400 thousand by means of payment in newly-issued shares already assigned to the sellers. The 125,000 ordinary shares of MailUp, with no indication of nominal value expressed, for the earn-out portion in kind, are issued at a unit price of Euro 3.20 each and derive from a specific capital increase totalling Euro 400,000.00 (including premium) of which 0.025 Euros for each share upon capital increase decided by the administrative body in execution of the delegation conferred on it on 23 December 2015. Goodwill relating to Agile Telecom, calculated on the basis of an estimated earn-out of Euro 3 million 278 thousand, was therefore adjusted to take account of the reduction negotiated by the parties in the amount of the supplementary fee of Euro 478 thousand.

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

Description	30/06/2017
MailUp Inc	162,418
Acumbamail SL	464,923
MailUp Nordics A/S	485,636
Mailup Nordics /Globase	460,137
Agile Telecom SpA	8,256,720
total	**9,829,834**

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

Impairment testing of goodwill

The directors verify, at least once a year, the potential recovery of goodwill recorded in the consolidated financial statements, using specific assessments (impairment tests) on each cash generating unit (or "CGU"). Goodwill is calculated as the difference in purchase value of the equity in subsidiaries and shareholders' equity of the subsidiary at the time of first consolidation. In the specific case, the CGUs are represented by the specific subsidiary to which goodwill refers. The potential recovery of the investment is determined with reference to forecast cash flow.

Since there was no evidence and/or indicators of impairment of goodwill recorded with respect to the accounting data, in 2017 and up to the date of preparing this document, compared with the assumptions already made in the impairment test in the previous consolidated annual financial statements, it is considered appropriate to postpone this verification to the 2017 annual financial statements.

Equity investments in associates (4)

Company name	Country	31/12/2016	Revaluations	Write-downs	Purchases	30/06/2017
CRIT Cremona information Technology	Italy	102,000				102,000
Total		**102,000**				**102,000**

The amount booked amongst the assets of the balance sheet refers to the equity investment of MailUp in Consorzio CRIT (CRemona Information Technology).
Since interim financial statements as at 30 June 2017 of the associate are not available, the value as at 31 December 2016 was retained.
The CRIT has allowed, as fundamental stimulus factor and meeting place for the players involved, not only consortium members but also the institutions, the creation of the "Digital Innovation Center" in Cremona, the new building complex officially inaugurated on 10 June 2017, where the consortium members are established, including MailUp, which transferred its operational and administrative office from Cremona in July 2017. Also the co-working space called Cobox, managed by the CRIT consortium, has recently been transferred to the Center.
All these initiatives refer to the strategic objectives of the CRIT, i.e. to enable synergies to be achieved between consortium members, develop services of mutual interest, both managerial and operative in nature (start-up

incubator, common training structures, canteen, meeting rooms) 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.

Other non-current assets (5)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
87,083	69,653	17,430

Description	31/12/2016	Increase	Decrease	30/06/2017
Receivables from associated companies	14,641			14,641
Receivables from others	55,012	17,430		72,442
Total	**69,653**	**17,430**		**87,083**

"Receivables from associated companies" refer to the receivable from the CRIT Consortium, which became an associated company in 2016.

The item "Receivables from others" refers to security deposits due beyond the year, of which the main over, over Euro 51 thousand, is related to the lease contract of the Danish subsidiary Globase International.
Receivables all have a maturity in excess of 12 months.

Prepaid tax assets (6)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
747,531	785,139	(37,608)

Prepaid tax assets refer to temporary differences recognized in the individual financial statements.

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

Description	30/06/2017
MailUp SpA	494,031
MailUp Inc	148,574
Acumbamail SL	0
MailUp Nordics A/S	82,051
Mailup Nordics /Globase	21,516
Agile Telecom SpA	1,359
Total	**747,531**

Current assets

Trade and other receivables (7)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
2,964,111	3,396,264	(432,153)

Description	30/06/2017	31/12/2016	Changes
Trade receivables	2,955,661	3,346,710	(391,049)
Associated companies	8,450	49,554	(41,104)
	2,964,111	**3,396,264**	**(432,153)**

Below is the breakdown of receivables by geographic area:

Receivables divided by Geographic Area	Trade accounts	Associated companies	Total
Italy	1,852,801	8,450	1,861,251
EU	698,810		698,810
Non EU	404,050		404,050
Total	**2,955,661**	**8,450**	**2,964,111**

Other current assets (8)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
1,607,164	1,742,954	(135,790)

Description	30/06/2017	31/12/2016	Changes
Inventories	17,217	4,847	12,370
Tax receivables	260,383	355,784	(95,401)
Other receivables	933,672	1,077,272	(143,600)
Financial assets not held as fixed assets	0	40,404	(40,404)
Accruals and deferrals	395,892	264,647	131,245
	1,607,164	**1,742,954**	**(135,790)**

Liquid funds (9)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
6,240,975	4,461,219	1,779,757

Description	30/06/2017	31/12/2016
Cash at bank and post office	6,237,581	4,460,497
Cash and cash equivalents	3,394	722
	6,240,975	**4,461,219**

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

Liabilities

Group shareholders’ equity

Share capital (10)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
286,391	283,266	3,125

The share capital of the parent company MailUp is entirely paid in and is represented as at 30 June 2017 by 11,455,627 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

The share capital changed following the:
- execution during the meeting of the Board of Directors held on 20/06/2017 of the delegation conferred by the Extraordinary Shareholders' Meeting held on 23 December 2015, to increase the share capital in a divisible manner, in exchange for payment, with exclusion of option rights. The capital increase was made for a nominal amount of Euro 3,125 through the issue of 125,000 shares, issued at a price of Euro 3.20 per share, assigned to Zoidberg Srl as seller of Agile Telecom SpA for the portion of the earn-out in kind agreed by the parties in execution of the purchase and sale contract signed on 29 December 2015. The difference of Euro 396,875 was recognized under share premium reserve;

Following the end of the HY, there were also the following changes in the share capital of MailUp:
- execution during the meeting of the Board of Directors held on 25/07/2017 of the delegation conferred by the Extraordinary Shareholders' Meeting held on 23 December 2015, to increase the share capital in a divisible manner, in exchange for payment, for a total of Euro 6,264,000 (including premium) as part of a private placement to be realized by means of an accelerated bookbuilding procedure with exclusion of option rights. On 26 July 2017 was the successful conclusion of the capital increase subscription implemented through ABB concerning 2,610,000 new shares placed at a price per share of Euro 2.30 each. The transaction was regulated by means of delivery of securities and payment of the fee ("settlement") on 28 July 2017. Following the full subscription of newly-issued shares, the share capital of MailUp after the increase reached Euro 351,640.68, divided into 14,065,627 ordinary shares with no indication of the nominal value expressed, with a float of approximately 33%. The actual value of the capital increase at the end of the transaction was equal to Euro 6,003,000, of which Euro 5,937,750 as premium;
- on 2 August 2017 - following the share capital increase for the stock option plan referred to as "2016 Plan", approved by the Board of Directors of the company on 29 March 2016 - 73,840 shares that will have a lock-up period of 12 months were actually assigned, following the exercise of the related stock options by the recipients of the Plan. Following the capital increase, the subscribed and paid-up share capital of the company reached 353,486.68 divided into 14,139,467 ordinary shares without nominal value.

Reserves (11)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
7,052,258	5,896,510	1,155,748

Description	31/12/2016	Increases	Decreases	30/06/2017
Share premium reserve	4,607,721	396,875	(90,000)	4,914,596
Stock option reserve	243,316	90,849		334,165
Legal reserve	60,000			60,000
Extraordinary or optional reserve	295,624	1,224,911		1,520,535
Reserve for exchange rate gains	25,289			25,289
FTA reserve	(590,317)		(23,132)	(613,449)
OCI reserve	(90,196)	15,119		(75,077)
Negative reserve for treasury stock	(112,466)		(2,753)	(115,219)
Merger surplus reserve	0	133,068		133,068
Translation reserve	(16,432)	9,952		(6,480)
Rounding off	(1)			(1)
Profit/(loss) carried forward	1,473,972		(599,140)	874,831
Total	**5,896,510**	**1,870,773**	**(715,026)**	**7,052,258**

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

Amongst other aspects, the main aim of the Incentive Plan is to help strengthen the involvement of the people holding key positions in the pursuit of the company and Group's operative objectives.
The negative reserve for treasury stock corresponds to the purchase price of own shares in the parent company held as at 30 June 2017.
The merger surplus reserve expresses the accounting effects of the merger by incorporation of the 100% subsidiary Network Srl, already mentioned at the beginning of these notes.
The translation reserve expresses the net effect of the conversion in the consolidated financial statements of the financial statements of foreign subsidiaries held in currencies other than the Euro (MailUp Inc and MailUp Nordics/Globase).

Period result
The net year result is positive and amounts to Euro 157,731, including the minority share of Euro 26,900.

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

Shareholders' equity of minority interests (12)

Description	30/06/2017	31/12/2016	Changes
Minority interests in capital and reserves	58,993	28,110	30,883
Third party income	26,900	31,849	(4,949)
Shareholders' equity of minority interests	**85,893**	**59,959**	**25,934**

Non-current liabilities

Amounts due to banks and other lenders (13)

Description	30/06/2017	31/12/2016	Changes
Amounts due to banks	2,595,885	2,246,145	349,740
	2,595,885	**2,246,145**	**349,740**

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

Description	30/06/2017	31/12/2016	Changes
MailUp SpA	2,564,635	2,183,645	380,990
Agile Telecom SpA	31,250	62,500	(31,250)
total	**2,595,885**	**2,246,145**	**349,740**

Please note that the Group debt as at 30 June 2017 is expressed entirely at variable rates and is represented by unsecured loans.

Provisions for risks and charges (14)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
71,072	57,739	13,333

Description	31/12/2016	Increases	Decreases	Reclassifications	30/06/2017
Provision for legal disputes	57,739				57,739
Provision for pensions	0	13,333			13,333
	57,739	**13,333**			**71,072**

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

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

Staff funds (15)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
978,994	933,526	45,468

The change is as follows.

Description	31/12/2016	Increases	Decreases	Actuarial gains/losses	30/06/2017
Staff funds	933,526	117,546	(52,184)	(19,894)	978,994
	933,526	**117,546**	**(52,184)**	**(19,894)**	**978,994**

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

Deferred tax liabilities (16)

Description	31/12/2016	Increases	Decreases	30/06/2017
Deferred tax provision	31,287	16,046	(28,537)	18,796
	31,287	**16,046**	**(28,537)**	**18,796**

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

Current liabilities

Trade and other payables (17)

Description	30/06/2017	31/12/2016	Changes
Trade payables	3,820,831	2,942,626	878,204
Amounts due to associates	0	4,921	(4,921)
	3,820,831	**2,947,547**	**873,284**

"Trade payables" are stated net of commercial discounts.

Below is a breakdown of trade payables according to geographic area

Receivables divided by Geographic Area	**Trade accounts**	**Associated companies**	**Total**
Italy	2,858,941		2,858,941
EU	632,209		632,209
Non EU	329,679		329,679
Total	**3,820,829**		**3,820,829**

Amounts due to banks and other lenders (18)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
1,681,451	1,261,627	419,824

Description	**30/06/2017**	**31/12/2016**	**Changes**
Amounts due to banks	1,673,066	1,244,877	428,189
Amounts due to other providers of finance	8,385	16,750	(8,365)
	1,681,451	**1,261,627**	**419,824**

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

Other current liabilities (19)

Balance as at 30/06/2017	Balance as at 31/12/2016	Changes
9,566,569	10,911,883	(1,345,314)

Below is the breakdown of current liabilities:

Description	**30/06/2017**
Advances	12,451
Tax payables	361,960
Amount payable to social security institutions	251,571
Amounts due to directors for emoluments	27,075
Amounts due to employees for salaries, holidays, permits and additional months' salaries	1,099,178
Amounts due to Zoidberg Srl	1,900,000
Accrued liabilities	768,032
Deferred income	5,141,286
Sundry	5,016
Total	**9,566,569**

"Tax payables" mainly refers to withholdings applied to income from employment and autonomous work to be paid during the following year, and the balance, for direct tax due and VAT.

"Amount payable to social security institutions" mainly relates to various types of social charges to be paid during the following HY with reference to the remuneration of the month of June, the thirteenth month's salary and holiday accrued and not taken.
Amounts due to employees refer to remuneration for the month of June liquidated in July, holiday accrued and not taken and the accrued 13th month.
The amount due to Zoidberg Srl relates to the acquisition of the company Agile Telecom on 29 December 2015. In particular, Euro 1 million 400 thousand consists of the second and third tranches of the earn-out agreed by the parties, as further detailed above, while the remaining Euro 500 thousand represented a security deposit, reimbursed on 18 July 2017, following the presentation by Zoidberg, of the surety guarantee contractually provided.
Deferred income: approximately 75% of the revenues of MailUp come from recurring charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges is used to form the year's income, whilst the part of future competence is used as a basis for the following year's income.

Income statement

Revenues (20)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
12,728,603	9,869,906	2,858,697

Description	30/06/2017	30/06/2016	Changes
Revenues from sales of mail	4,511,644	4,349,050	162,595
Revenues from sales of SMS	7,512,506	5,256,382	2,256,124
Revenues from sales of BEE	374,564	49,065	325,498
Revenues from sales of professional services	218,413	172,707	45,706
Other	111,476	42,702	68,774
Total	**12,728,603**	**9,869,906**	**2,858,697**

Other income (21)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
356,049	266,428	89,621

The item includes:
- rental income from leased properties, Euro 19,820;
- contributions relative to tax credit for research and development, Euro 86,334;
- contribution disbursed by the Region of Lombardy as part of the "competitiveness agreements" tender, Euro 144,393;
- contingent assets, Euro 93,123;
- other residual revenues, Euro 12,379.

Costs for services (22)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
8,616,902	6,301,936	2,314,966

The item includes:
- costs relative to the purchase of SMS, Euro 5,019,538;

- costs relative to directors' emoluments and severance indemnity upon termination of office, Euro 507,525;
- costs for consultancy, Euro 626,121;
- costs for the use of third party assets, Euro 457,455;
- IT infrastructure and other industrial service expenses, Euro 494,722;
- marketing and advertising services expenses, Euro 292,367;
- software licences, Euro 160,715;
- housing and hosting services expenses, Euro 95,167;
- expenses for taking part in event and trade fairs, Euro 80,115;
- bank expenses, Euro 93,859;
- expenses for transfers, expense and Km reimbursements, Euro 139,591;
- costs relating to the AIM Italy market, Euro 56,300;
- costs for utilities and office facilities, Euro 87,054;
- Internet and telephone costs, Euro 42,864;
- insurance, Euro 40,177;
- costs for staff searches and training, Euro 31,659;
- costs for hardware material that cannot be capitalised, Euro 132,280;
- emoluments to the Board of Auditors, Euro 21,750;
- employee benefits, Euro 14,999;
- financial communication costs, Euro 10,032;
- miscellaneous administrative services expenses, Euro 19,114;
- entertainment expenses, Euro 7,969;
- maintenance of own or third-party property, Euro 121,963;
- Supervisory body fees, Euro 3,750;
- costs for translation services, Euro 13,764;
- retailer fees, Euro 40,807;
- other residual costs, Euro 5,245.

Payroll costs (23)

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

The cost for employees is shown in the table below:

Description	30/06/2017	30/06/2016	Changes
Wages and salaries	2,716,858	2,566,315	150,543
Stock options	90,521		90,521
Welfare and social security	552,522	558,785	(6,263)
Employee termination indemnities	144,374	157,571	(13,197)
	3,504,275	**3,282,671**	**221,604**

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

Level of classification	Number Total	%	Italy	United States of America	Spain	Denmark
Labourers	1	1%	1			
Office workers	126	92%	107	1	7	11
Middle managers	6	4%	6			
Managers	4	3%	2	1		1
Total	**137**	**100%**	**116**	**2**	**7**	**12**

Capitalisation of payroll costs for development activities (24)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
444,063	645,525	(201,462)

These are the costs of staff involved in development activities capitalised in HY1 2017. The expenses span several years and the related benefits are also seen in several years.
The capitalisation of the costs of staff involved in development is subject to the requirements already specified amongst the measurement criteria. For an in-depth analysis of the development projects, please refer to the information given on the paragraph on intangible assets.

Other operating expenses (25)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
209,637	88,715	120,933

Costs for services	30/06/2017	30/06/2016	Changes
Change in inventories of finished products and goods	(12,370)	(19,396)	7,026
Sundry operating expenses	222,007	108,111	113,896
Total	**209,637**	**88,715**	**120,933**

The balance booked for sundry operating expenses is detailed below:

- losses on receivables, Euro 8,916;
- contingent liabilities and other non-deductible costs, Euro 155,691;
- miscellaneous tax and duties (registration, waste, signs, government concession rate, etc.), Euro 32,235;
- association fees, Euro 12,521;
- other miscellaneous expenses, Euro 12,644.

Amortisation, depreciation and impairment (26)

Below are details:

Provisions and impairment	30/06/2017	30/06/2016	Changes
Amortisation of intangible fixed assets	553,501	430,866	122,635
Depreciation of tangible fixed assets	144,146	138,236	5,910
Provisions for doubtful debt	14,343	5,317	9,026
Total amortisation, depreciation and provisions	**711,990**	**574,419**	**137,571**

Financial expense (27)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
58,892	29,402	29,490

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

Financial income (28)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
15,964	2,144	13,820

The amount consists of interest income on bank current accounts and exchange gains.

FY income tax (29)

Balance as at 30/06/2017	Balance as at 30/06/2016	Changes
285,254	372,341	(87,087)

Current and prepaid tax	30/06/2017	30/06/2016	Changes
Current tax	316,597	226,807	89,790
Deferred/prepaid tax	(31,343)	145,534	(176,877)
Total	**285,254**	**372,341**	**(87,087)**

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

Related party transactions

Transactions implemented by the Group with related parties, identified according to the criteria defined by IAS 24 - Related party disclosure - are carried out at arm's length.
Below are the equity and economic balances relative to Group transactions with related parties for the period ended on 30 June 2017.

Company	Fixed receivables	Trade receivables	Trade payables	Other receivables	Other Payables	Dividends	Sales	Purchases
Consorzio CRIT Scarl	14,641	8,450						
Associates	**14,641**	**8,450**	**-**	**-**	**-**	**-**	**-**	**-**
Grafo Ventures di Giandomenico Sica			10,631					70,471
Floor Srl								12,228
Zoidberg Srl					1,900,000			
Other related companies	**-**	**-**	**10,631**	**-**	**1,900,000**	**-**	**-**	**82,699**

The most significant amount relates to the extraordinary purchase of the controlling stake in Agile Telecom. The current balance of this item, as already specified above, equal to Euro 1,400 thousand, is given by the residual earn-out that will be paid by MailUp at the future maturities agreed with the seller.

The additional amounts relate to commercial and financing relationships with the associated CRIT consortium, supply contracts with Grafo Ventures and the lease fee of the new administrative and operational office in Cremona of the parent company at the Digital Innovation Center.

Potential assets and liabilities

The company has no potential assets and liabilities as at 30/06/2017.

Fees to directors and auditors

Directors' fees came to Euro 507,525, including the severance indemnity upon cession of office, whilst the fees to the Boards of Auditors, where present, came to Euro 21,750.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-bis of Art. 2427 of the Civil Code - the total amount of fees due to the independent auditing firm in HY1 2017 was Euro 29,728, including costs and expenses.

Disclosure regarding coordination and management activities

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

Subsequent events

The commitment of MailUp to fighting spam and phishing has been strengthened. The email ecosystem is constantly threatened by sending unauthorized messages, whether they are unwanted promotional emails or more elaborate actual fraudulent attempts, such as phishing. With nearly 2 billion messages sent per month from clients and to recipients around the world, MailUp is at the forefront in combating bad practices and improving the world of email marketing. MailUp has always invested in the development and improvement of Machine Learning proprietary algorithms and predictive models to identify those who do not respect the rules of excellence and in 2017, has more than doubled the specific investment over the previous year. It is very important that all the players involved in the email sending and receiving process are responsible and do their utmost to maintain users' confidence in the tool. For this reason, MailUp is a member of several organizations and work groups focused on defining and respecting the best practices for sending email communications (and not only), including: M3AAWG (Messaging, Malware and Mobile Anti-Abuse Working Group), APWG (Anti Phishing Working Group), ESPC (Email Service Provider Coalition), Signal-Spam (France) and CSA (Certified Senders Alliance). Thanks to these partnerships, MailUp offers the community the results of its research and investment, comparing itself on a like-for-like basis with industry global leaders, from ESP (email service providers), to ISP (such as Gmail, Outlook, Yahoo!) and actively collaborating with them to effectively address the fight against all forms of abuse related to email and, more generally, all electronic messaging activities.

On 25 July 2017, the Board of Directors of MailUp resolved to give partial execution to the delegation under Art. 2443 Civil Code, conferred by the Extraordinary Shareholders' Meeting of 23 December 2015, by increasing the share capital, paid and indivisible, for a maximum amount of Euro 6,264,000 (including premium), by issuing a maximum of 2,610,000 ordinary shares with no indication of nominal value expressed. Newly-issued shares were offered for subscription under private placement through an accelerated bookbuilding procedure and they were issued with the exclusion of the option right under art. 2441, paragraph 5, Civil Code, as to be reserved exclusively to "qualified investors" and "institutional investors". The transaction aims to help strengthen the equity and financial structure of MailUp - also contributing to the expansion of the stock market capitalization for future objectives of expansion of the company - and to support the related growth and development, also through external lines or through mergers and acquisitions (falling within the company's business plan), as well as to increase the float with the consequent expansion and diversification of the equity base facilitating the exchange of securities.

On 26 July 2017 was the successful completion of the capital increase subscription implemented by means of accelerated bookbuilding procedure for 2,610,000 new ordinary shares with no indication of the nominal value expressed, corresponding to approximately 23% of the pre-money share capital, for a total of Euro 6,003,000 (including premium). Demand was 40% higher than the amount offered. Newly-issued shares were placed at a price per share of Euro 2.30 each. The transaction was regulated by means of delivery of securities and payment of the fee ("settlement") on 28 July 2017. Following the full subscription of newly-issued shares, the share capital of MailUp after the increase reached Euro 351,640.68, divided into 14,065,267 ordinary shares with no indication of the nominal value expressed, with a float of approximately 33%. In the context of the transaction, MailUp has undertaken 90-day lock-up commitments in line with market practices for similar transactions, subject to issues of share reserved for stock option plans and/or stock grants. Fidentiis Equities S.V., S.A. operated as Sole Bookrunner of the accelerated bookbuilding.

Net financial position

Below is a breakdown of the consolidated net financial position that ensues from a comparison of liquid funds as at 30 June with financial debt contracted with regards to banks and other institutional lenders, in the specific case Finlombarda, for the residual portion of a special-rate loan.

NET FINANCIAL POSITION	30/06/2017	31/12/2016	change	change %
A. Cash	(6,240,975)	(4,461,219)	(1,779,757)	40%
B. Other cash equivalents	-	-	-	
C. Securities held for trading	-	-	-	
D. Liquidity (A) + (B) + (C)	**(6,240,975)**	**(4,461,219)**	**(1,779,757)**	**40%**
E. Current financial receivables	**-**	**-**	**-**	
F. Current bank payables	38,006	23,762	14,243	60%
G. Current portion of non-current debt	1,635,061	1,221,115	413,945	34%
H. Other current finance payables	8,385	16,750	(8,365)	-50%
I. Current financial debt (F) + (G) + (H)	**1,681,451**	**1,261,627**	**419,824**	**33%**
J. Net current financial debt (I) + (E) + (D)	**(4,559,524)**	**(3,199,592)**	**(1,359,932)**	**43%**
K. Non-current bank payables	2,595,885	2,246,145	349,740	16%
L. Bonds issued	-	-	-	
M. Other non-current payables	-	-	-	
N. Non-current financial debt (K) + (L) + (M)	**2,595,885**	**2,246,145**	**349,740**	**16%**
O. Net financial debt (J) + (N)	**(1,963,639)**	**(953,447)**	**(1,010,192)**	**106%**

Recommendation CESR 54/B 2005

Reference is made to the section “Other Current Liabilities” above and transactions with related parties for further information regarding other payables not included in the NFP and, in particular, the non-costly debt with respect to the seller of the controlling stake in Agile Telecom, Zoidberg Srl.

Milan, 27 September 2017

The Chairman of the Board of Directors

Matteo Monfredini

Appendix 1

Effects of the adoption of the IAS/IFRS accounting standards on the Consolidated Income Statement of comparison as at 30/06/2016

The following is a brief summary of the effects in terms of the consolidated income statement in relation to the comparison column as at 30 June 2016 following the adoption of the IAS/IFRS accounting standards.

MAILUP GROUP CONSOLIDATED INCOME STATEMENT As at 30/06/2016				
(figures in Euro thousands)	**Notes**	**Italian Accounting Standards**	**FTA (*)adjustments/reclassifications**	**IAS/IFRS accounting standards**
Revenues	(1)	9,867,857	2,049	9,869,906
Other income	(2)	252,818	13,610	266,428
Costs for services	(3)	(6,298,465)	(3,472)	(6,301,936)
Payroll costs	(4)	(3,297,693)	15,022	(3,282,671)
Capitalisation of payroll costs for development activities		645,525		645,525
Other operating expenses		(88,715)		(88,715)
EBITDA		**1,081,327**	**27,209**	**1,108,536**
Amortisation, depreciation and impairment	(5)	(1,077,919)	503,500	(574,419)
EBIT		**3,408**	**530,710**	**534,118**
Financial income / (expense)	(2)	(6,894)	(20,364)	(27,258)
Pre-tax profit		**(3,486)**	**510,345**	**506,860**
Income tax	(6)	(149,837)	(222,504)	(372,341)
Net period result		**(153,323)**	**287,841**	**134,519**
of which net result pertaining to minorities		9,015		9,015
Net Group result		**(162,338)**	**287,841**	**125,504**

Notes:
(1) deferred income adjustment on text messaging;
(2) reclassification former extraordinary income;
(3) zeroing deferred expenses PayPerClick and M&A costs capitalised;
(4) zeroing deferred expenses commissions and TFR severance adjustment (IAS 19);
(5) adjustment depreciation of assets and consolidation difference;
(6) allocation prepaid taxes ias.

Milan, 27/09/2017

The Chairman of the BoD

Matteo Monfredini

Independent Auditors’ Report on the consolidated financial statements as at 30/06/2017

BDO

MAILUP S.p.A.

Independent Auditors’ review report on condensed consolidated financial statement as of June 30, 2017

MCP/CCT/cpo – RC037242017BD0285

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INDEPENDENT AUDITORS' REVIEW REPORT ON CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of MailUp S.p.A. and its subsidiaries (hereinafter the "MailUp Group") comprising the statement of financial position as of June 30, 2017, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the period then ended and other explanatory notes. MailUp S.p.A directors are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard applicable to interim financial reporting (IAS 34) adopted by the European Union. 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, 207, are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to interim financial reporting (IAS 34), as adopted by the European Union.

Other matters

The condensed consolidated interim financial statements as of June 30, 2017 present for comparative purposes the corresponding amounts in the statement of comprehensive income for the period ended as of June 30, 2016 that has been prepared in accordance with the International Financial Reporting Standards that derive from the condensed consolidated interim financial statements as of June 30, 2016 prepared in accordance with the Italian regulations and accounting principles governing financial statements. We expressed a review on these condensed consolidated interim financial statements dated September 27, 2016.

The explanatory note "Impacts deriving from the adoption of the International Financial Reporting Standards on the statement of comprehensive as of 30/06/2016" included in Appendix 1.

Milan, September 27, 2017

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.