

# MailUp Group

Sector: Marketing Technology

**Analyst**

Marco Greco

Tel: +39 02 80886654

marco.greco@value-track.com

Skype: marco.m.greco

## Combining growth and cash generation

MailUp Group is a leading cloud based marketing technology provider currently offering its solutions to several thousands customers worldwide, with a consolidated expertise on small to medium-sized enterprises reference market.

### 1H17 – Accelerating growth, positive cash generation

MailUp Group has recently released its 1H17 figures highlighting a double-digit top and bottom line growth rate. More in details we would underline the following key 1H17 messages:

- ◆ Organic Revenues growth is accelerating (+29% YoY);
- ◆ EBITDA margin in the main business units, i.e. MailUp, Agile Telecom, Acumbamail is increasing;
- ◆ Operating Cash Flow generation remains positive with a cash conversion ratio at 75% after tax.

### Higher top line ahead

Expected 2017E-18E top-line growth has been revised upwards as an effect of the more positive email and messaging market scenario. At the same time, we have revised downwards our EBITDA estimates due to the higher holding structure costs necessary to support future growth (and to move to MTA stock market) and longer than initially planned Globase turnaround. Last but not least, Net Cash Position has been revised upward mainly due to the €6.0mn share capital increase that took place back in July.

### Positive MarTech sector feedback

Hints from sector are positive especially as far as growth is concerned. Specialized research houses see worldwide revenues from email marketing doubling in less than five years from now and mobile messaging revenues growing at a CAGR<sub>17-22</sub> of 22%. Even cross checking with 1H17 financial performance of main international players returns such a positive feeling on growth, even if profitability is still subdued.

### Fair Value at €3.35 per share (down from previous €3.50)

We have updated our MailUp Group valuation taking into account on one side the upward re-rating of sector multiples and a lower discount rate for DCF and on the other side the revised company's estimates. Overall, we get to a €3.35 fair value (down from the previous €3.50).

<b>Fair Value (€)</b>	<b>3.35</b>
<b>Market Price (€)</b>	<b>2.54</b>
<b>Market Cap. (€m)</b>	<b>36.0</b>

KEY FINANCIALS (€m)	2016A	2017E	2018E
NET REVENUES	21.1	27.2	31.1
EBITDA	2.4	2.5	3.8
EBIT	1.2	1.2	2.5
NET PROFIT	0.8	0.7	1.6
EQUITY	7.0	13.6	15.2
NET FIN. POS.	1.0	8.5	10.3
EPS ADJ. (€)	0.07	0.06	0.11
DPS (€)	0.00	0.00	0.00

Source: MailUp Group (historical figures),  
Value Track (2017E-18E estimates)

RATIOS & MULTIPLES	2016A	2017E	2018E
EBITDA MARGIN (%)	11.4	9.2	12.2
EBIT MARGIN (%)	5.6	4.4	8.0
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (x)	nm	nm	nm
EV/EBITDA (x)	11.5	11.0	6.8
EV/EBIT (x)	23.5	22.8	10.4
P/E ADJ. (x)	36.9	44.1	22.5
DIV YIELD (%)	0.00	0.00	0.00

Source: MailUp Group (historical figures),  
Value Track (2017E-18E estimates)

### STOCK DATA

FAIR VALUE (€)	3.35
MARKET PRICE (€)	2.54
SHS. OUT. (m)	14.2
MARKET CAP. (€m)	36.0
FREE FLOAT (%)	33.3
AVG. -20D VOL. (#)	44,000
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	1.58-3.16

Source: Stock Market Data



## Business Description

MailUp Group is a leading cloud based marketing technology provider currently offering its solutions to several thousands customers worldwide, with a consolidated expertise on small to medium-sized enterprises reference market.

More in details MailUp Group is involved in provisioning of email marketing services, delivery of mobile text messages (for both transactional and marketing purposes), email editing support and professional services to business clients.

## Key Financials

€mn	2016A	2017E	2018E	2019E
<b>Net Revenues</b>	<b>21.1</b>	<b>27.2</b>	<b>31.1</b>	<b>34.3</b>
Chg. % YoY	13.0%	29.1%	14.1%	10.4%
<b>EBITDA</b>	<b>2.4</b>	<b>2.5</b>	<b>3.8</b>	<b>4.8</b>
EBITDA Margin (% of Net Revenues)	11.4%	9.2%	12.2%	14.0%
<b>EBIT</b>	<b>1.2</b>	<b>1.2</b>	<b>2.5</b>	<b>3.5</b>
EBIT Margin (% of Net Revenues)	5.6%	4.4%	8.0%	10.2%
<b>Net Profit</b>	<b>0.8</b>	<b>0.7</b>	<b>1.6</b>	<b>2.3</b>
Chg. % YoY	-37.2%	-5.9%	nm	43.3%
<b>Adjusted Net Profit</b>	<b>0.8</b>	<b>0.7</b>	<b>1.6</b>	<b>2.3</b>
Chg. % YoY	nm	-5.9%	nm	43.3%
<b>Net Fin. Position</b>	<b>1.0</b>	<b>8.5</b>	<b>10.3</b>	<b>12.3</b>
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.2	-2.0	-2.2	-2.4
<b>OpFCF b.t.</b>	<b>0.1</b>	<b>2.2</b>	<b>2.6</b>	<b>3.3</b>
OpFCF b.t. as % of EBITDA	2.7%	86.0%	69.5%	67.6%

Source: MailUp SpA (historical figures), Value Track (estimates)

## Investment case

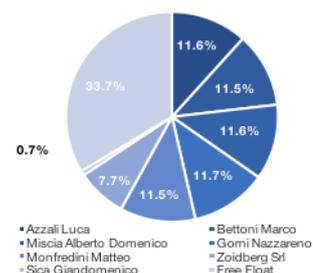
### Strengths / Opportunities

- ◆ Full range of marketing technology services (SMS, email, email editor, professional services) offered in a flexible way i.e. not necessarily bundled;
- ◆ Highly diversified customer base ranging from professional marketers to developers and to wholesalers both at a domestic and international level;
- ◆ Intense and effective R&D effort generating high-value opportunities.

### Weaknesses / Risks

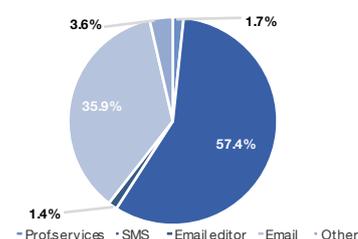
- ◆ Much lower size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up the pace could be limited due to money or other constraints.

## Shareholders Structure



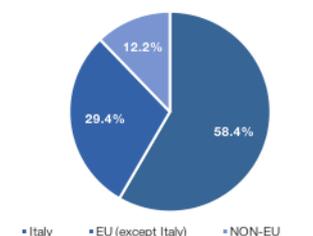
Source: MailUp SpA

## Sales breakdown by products



Source: MailUp SpA

## Sales breakdown by geography



Source: MailUp SpA

## Stock multiples @ €3.35 Fair Value

	2017E	2018E
EV / SALES (x)	1.4	1.2
EV / EBITDA (x)	15.6	9.8
EV / EBIT (x)	32.4	15.0
EV / CAP.EMP. (x)	7.6	7.5
OpFCF Yield (%)	5.1	6.8
P / E (x)	n.m.	29.7
P / BV (x)	3.5	3.1
Div. Yield. (%)	0.0	0.0

Source: Value Track

## MailUp Group business profile in a nutshell

### Leading marketing technology provider

MailUp Group is a young and dynamic player active in the fast-growing marketing technology industry offering a wide spectrum of services to its ca. **several thousands customers** – mainly small to mid-sized international companies, and to slightly less than one thousand resellers worldwide.

Within the marketing technology arena, MailUp Group ranks **among the top five to ten players in Europe** and the top three players in Italy and is expected to achieve a **Turnover in excess of €27mn** as of the end of 2017FY, more than tripled in the latest four years.

Headquartered in Cremona and Milan, thanks to its rapid growth, MailUp Group is nowadays a small multinational active in several regions (**Europe, North America, Latin America, Asia**) with operating activities in Silicon Valley, Buenos Aires, Ciudad Real, Copenhagen and Tokyo. International sales now account for more than one third of consolidated revenues.

### MailUp Group: Geographic footprint



Source: MailUp Group, Value Track Analysis

### Wide service offer ranging from entry level services to premium ones

MailUp Group offers to both marketers (i.e. end users) and developers, a **wide range of marketing technology tools and solutions** that customers can decide to purchase unbundled or combined, going from highly standardized entry-level services to customized, and so premium, ones.

While the former are basically ready-to-implement, with customers essentially inserting their preferred marketing ideas (e.g. pictures, promotions, etc.), the latter are more consulting-oriented, allowing customers to structure an *ad hoc* project as well as to benefit from consolidated marketing competences.

Product / Services range can be summarized as:

- ◆ Email service provisioning (ESP);
- ◆ Mobile messaging delivery;
- ◆ Email editing tools - BEE;
- ◆ Professional services and consulting.

### Email marketing and mobile messaging the core of group's services

The “core” of MailUp Group’s services is represented by **email marketing** and **mobile messaging** activities, which are provided via in-house cloud-based proprietary engines offering high quality, price competitiveness and efficiency i.e. the opportunity to connect customers’ platforms to an outright marketing mean, in order to reach a greater effectiveness in a marketing campaign.

As far as the **email marketing service** is concerned, this is mainly provided by MailUp SpA, Acumbamail and Globase, which are differentiated both in terms of geographies and client segment addressed:

- ◆ **Geographic positioning.** Acumbamail is mainly dedicating to Spanish-speaking countries while Globase (powered by MailUp SpA) addresses Nordic countries and MailUp SpA covers the whole world;
- ◆ **Clients segment addressed.** Acumbamail is a “freemium” concept i.e. it is offered mainly for free and only some advanced features are on a pay as you go basis.

On the contrary, MailUp SpA’s targeted client base lies in the central part of the range, thus gathering small to medium-sized companies whose primary objective is to get the best price-quality mix. MailUp SpA’s services are mainly based on annual fees model.

Last but not least, Globase addresses mid to large enterprises.

As far as the **mobile messaging activity** is concerned, MailUp Group allows its corporate users to communicate with their customer base via mobile messages, both marketing oriented or transactional ones (A2P, application-to-person).

The peculiarity of MailUp Group is that such mobile messaging activity is provided to clients via two different channels:

- 1) Embedded in MailUp SpA marketing platform or;
- 2) Stand-alone basis, via Agile Telecom, the specialised “SMS factory” acquired back in 2015 that is a OLO (i.e. Other Licensed Operator), which means that it can establish direct connections with all the other telecom operators worldwide and that is also market leader in terms of technologies and pricing power, thanks to its efficient and dynamic SMS procurement strategy and that can be accessed via API or by using HTTP, SMPP, and UCP protocols.

### Professional consulting services and email editing tool enrich the offer

In addition to email and mobile messaging, MailUp Group also offers:

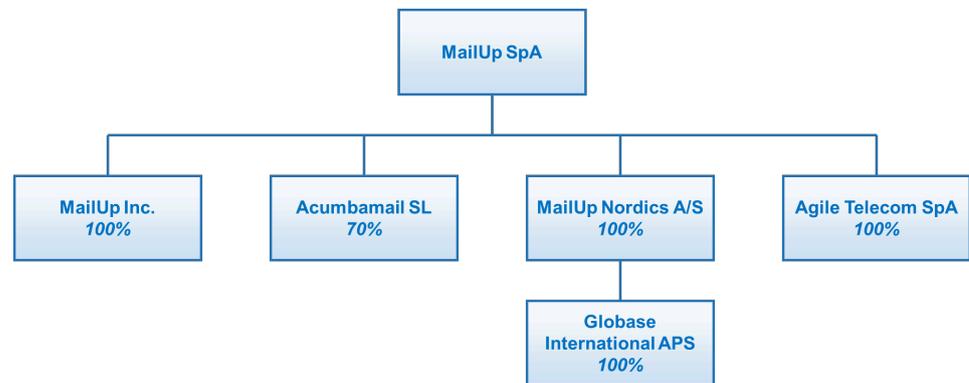
- ◆ Sophisticated but easy to use drag-&-drop **email editing tools**, named BEE, which can be used on a stand-alone basis or even embedded in third-party applications, such as customers’ CMS (Content Management System) and CRM (Customer Relationship Management) systems so as to have a totally integrated and manageable sales and marketing experience. Such an email editor is currently offered as:
  - A toll-free version (**BEE Free**). Customers do not even need to create an account to use it;
  - A subscription-fee base version (**BEE PRO**) aimed at professional marketers and agencies offering customer many more tools and features such as more templates, quick message cloning, mobile-ready and responsive HTML features;
  - An “embeddable plugin” (**BEE Plugin**), which allows companies and developers to enrich their CRM or CMS system with a better email editor, automatically updated and improved.
- ◆ **Professional consulting services** for customisations, dataset and management of marketing automation flows, mainly dedicated to medium-to large corporates. Indeed, the aim of MailUp Group is to scale up and increase the ARPU from clients by feeding them with more tailor made services.

### Group services provided by different but synergic legal entities

MailUp Group's current business profile is the result of both organic development and acquisition strategies of the latest few years, and as of now it includes the following legal entities:

- ◆ **MailUp SpA** - Established as an email marketing vendor, it now delivers customers with its multi-channel digital cloud computing platform. In addition, it also offers integrations and automation, targeting and tracking tools.
- ◆ **Agile Telecom** – Acquired back in 2015, it is the Group's SMS factory, offering customers a web platform to easily send directly via the Internet massive amounts of messages to lists of numbers at a very low cost.
- ◆ **Acumbamail** - Acquired back in 2015, it is a Spanish based email marketing provider offering also SMS packages and transactional services.
- ◆ **MailUp Inc** –US based legal entity whose task is the development and commercialization of the email editing tool BEE.
- ◆ **Globase** – Acquired back in 2015, it is a Danish based provider of advanced digital marketing automation software for businesses and professional consulting services.

#### MailUp: Current Group Structure



Source: MailUp, Value Track Analysis

Full exploitation of intra-group synergies is a process under going, based on the usual approach of MailUp i.e. maintaining an unbundled offer proposition and allowing each of the group company to sell every product included in the Group set of solutions.

#### MailUp Group: Synergies among group companies



Source: MailUp

## MarTech evolution never stops

MarTech sector is an extremely dynamic one and is always worth a close look in terms of trends / “waves” as one of MailUp’s challenge is not to remain “behind the curve” vs. competitors.

That said, in our view the main recent trends worthy to underline are:

- ◆ Email remains the “king” digital marketing tool;
- ◆ Mobile marketing/messaging is rapidly growing;
- ◆ Artificial Intelligence and machine learning are the next hot topic;
- ◆ Sector consolidation / M&A activity remains top priority.

### Email remains the “king” digital marketing tool

Email represents one of the most common mean through which digital marketing communication campaigns are promoted and customer acquisition activity is boosted.

For many marketers, Email channel remains popular across the world because of its reach and steady performance. Email use is expected to grow even if other methods of interpersonal communication, such as instant messaging, social networking and chat are seeing strong adoption

Radicati Group, a research house specialized on these kind of things, has recently revised its forecasts for the email market evolution that is still estimated to show a strong growth worldwide, in terms of both users and revenues:

- ◆ **3.7 bn users worldwide** as of the end of 2017, growing at a **3% CAGR<sub>17-21</sub>** ;
- ◆ **Revenues from email marketing at €23.8 bn** at the end of 2017, expected to **double in less than five years** from now;
- ◆ **Number of emails sent and received every day at 269.0bn** at the end of 2017, with annual expected growth at ca. 4% until 2021.

### Email Market Forecast 2017E-2021E

Worldwide Email Forecast	2017	2018	2019	2020	2021
Worldwide Email Users (bn)	3.7	3.8	3.9	4.0	4.1
Change (%)		3%	3%	3%	3%
Worldwide Email Market Revenues (\$bn)	23.8	29.1	34.4	40.3	46.8
Change (%)		22%	18%	17%	16%
Total Worldwide Emails per day (bn)	269	281.1	293.6	306.4	319.6
Change (%)		4%	4%	4%	4%
Cloud Business Email Revenues (\$bn)	19.5	24.7	30.2	36.3	43.0
Change (%)		27%	22%	20%	19%

Source: Radicati Group

### Mobile marketing/messaging is rapidly growing

According to a recent (June 2017) survey provided by Abnewswire, **mobile messaging revenues** are expected to grow rapidly with a **CAGR<sub>17-22</sub> of 22%** thus reaching \$100bn in 2023, driven by new applications both in the marketing and transactional fields. As an example we mention:

- ◆ **Location based marketing**, a direct market technique adopted by enterprises to alert consumers about offers by nearby businesses;
- ◆ **Secured payment gateways**, that through quick response codes make money transferring deals easy for consumers that trust in them.

Within the transactional space in particular we highlight how A2P services are increasingly widespread and this could be a strong growth driver for Agile Telecom, MailUp's subsidiary involved in this business, even if competition is fierce.

Just as an example, two of the biggest A2P SMS players, i.e. Twilio and CLX Communications, have been very active in recent months:

- ◆ **CLX** signed an agreement with one of the world's largest mobile handset and software brands in order to provide two-factor authentication (2FA) messaging services;
- ◆ **Twilio** launched Customizable Alerts, a new notify product, that helps companies to determine the best way to reach users based on their preferences, including SMS, Messenger, Apple push notification, and Google cloud-messaging service.

### Artificial Intelligence and machine learning are the next hot topic

According to market sentiment, email marketing should evolve faster over the next five years than at any time in our history mainly due to Millennials' use of more real-time communication and a broader and more extensive use of data.

Due to these changes, marketers are always reacting, learning and planning for the future as best they can, looking for new tools/apps that are able to capture customers' experiences, using artificial intelligence supported by machine learning in order to deliver a **one-to-one experience** to customers i.e. identifying which content should be delivered to which customer, and when.

Again, competition is fierce and we mention just a couple of recent moves by sector players:

- ◆ **Twilio** has launched a speech recognition system that uses machine learning to understand what people are saying, analysing their intents during any voice call;
- ◆ **Sharpspring** announced the launch of its native B2B cloud integration tool, that uses intelligent algorithms to match and synchronize customer contacts across more than 80 cloud-based platforms;
- ◆ **Contactlab**, one of MailUp's Italian competitors, has launched Contacthub, the new tool built for aggregating in real time data and events from different sources of each consume profile, making the information available to all business systems.

### Sector consolidation / M&A activity remains top priority

According to the "State of the cloud 2017" published by Bessemer Venture Partners, M&A activity has reached record levels in 2016, in particular in the cloud business and remained healthy over the first half of 2017 as well.

Indeed, several deals have been finalized / announced in recent months, among which we highlight:

- ◆ **Hubspot** announced acquisition of **Kemvi**, an artificial intelligence (AI) and machine learning startup that helps salespeople deepen their relationship with prospective buyers giving even more tools to carry out more contextual, empathetic outreach to their customer;
- ◆ **CLX Communication** acquired **Sinch**, which contributes voice and communications services that can be sold to existing customers, and lastly, **Dialogue Group**, a global provider of mobile messaging and security services, with a particularly strong network in the Asia Pacific Region;
- ◆ **Campaign Monitor** acquired **Tagga**, a customer data platform, which means businesses can use it to combine user data from different sources and create different segments to target with marketing campaigns.

## MailUp's 1H 17 financial performance

MailUp Group has recently released its 1H17 figures highlighting a double-digit top and bottom line growth rate, a still positive free cash flow generation and a balanced patrimonial structure.

### MailUp Group: 1H17 Key Financial Items

(€mn)	1H16	1H17	Change YoY
<b>Net Group Revenues</b>	<b>10.1</b>	<b>13.1</b>	<b>29%</b>
<b>EBITDA</b>	<b>1.1</b>	<b>1.2</b>	<b>8%</b>
<b>EBIT</b>	<b>0.5</b>	<b>0.5</b>	<b>-8%</b>
Pre-Tax Profit	0.5	0.4	-13%
<b>Net Profit</b>	<b>0.1</b>	<b>0.2</b>	<b>17%</b>
Net Financial Position	1.0	2.0	n.m.
<b>OpFCF a.t.</b>	<b>-0.3</b>	<b>0.9</b>	<b>n.m.</b>

Source: MailUp Group, Value Track analysis

### Key messages of 1H17 figures

In our view, the key messages of 1H17 figures are as follows:

- Organic Revenues growth is accelerating** (+29% YoY);
- EBITDA margin in the main business units is increasing**, even if at a Group level there's an apparent erosion due to higher corporate costs and BEE / Globase negative contribution;
- Operating Cash Flow generation remains positive.**

#### 1. Organic Revenues growth is accelerating

As of 1H17 MailUp Group recorded a healthy increase in Net Revenues (+29% YoY) reaching €13.1mn sales figure. More in particular:

- ◆ Double-digit growth has been achieved quite evenly among the different business units, except for **Globase**, the technology company active in Nordics, acquired back in 2015 in a "fire sale. As a result, Globase has not yet reached the planned "turnaround";
- ◆ In the email channel, both **MailUp Spa** and **Acumbamail** (the Spanish based subsidiary) experienced a steady Revenues increase, +14% and 76% YoY respectively;
- ◆ **Agile Telecom**, (the subsidiary specialized in developing professional solutions and full management of A2P messages) has recorded Revenues growth well beyond budget expectations reaching €6.2mn sales level i.e. +51% YoY;
- ◆ Last but not least, also **BEE** business line showed a significant half-yearly growth rate (+274% YoY) thanks to a progressive penetration of addressable market. Client base has surpassed the 1,200 level and Revenues are growing more than 10% Mont-on-Month.

### MailUp Group: 1H17 Revenues breakdown by legal entity

€ mn	1H16	1H17	Change YoY (%)
MailUp Spa	4.8	5.4	14%
Agile Telecom	4.1	6.2	51%
Acumbamail	0.2	0.3	76%
Bee	0.1	0.2	274%
Globase	0.7	0.5	-23%
Holding centre	0.3	0.4	34%
<b>Total</b>	<b>10.1</b>	<b>13.1</b>	<b>29.1%</b>

Source: MailUp Group, Value Track Analysis

Analysing Group Revenues by business segment, the biggest increases were recorded in the SMS channel and in the email editing business. The email channel and professional services instead have shown a more conservative increase.

### MailUp Group: 1H17 Revenues breakdown by business segment

€ mn	1H16	1H17	Change YoY (%)
Email	4.3	4.7	8%
SMS	5.3	7.5	43%
Email editor	0.1	0.2	274%
Professional Services	0.2	0.2	26%
Other Revenues	0.3	0.5	51%
<b>Total</b>	<b>10.1</b>	<b>13.1</b>	<b>29.1%</b>

Source: MailUp Group, Value Track Analysis

## 2. EBITDA margin in the main business units is increasing

Group consolidated EBITDA was around €1.2mn in the first half of the year, increasing +8% YoY, meaning EBITDA margin has moved from 10.9% in 1H16 to 9.2% in 1H17. We highlight some opposite trends that contributed to Group profitability partially offsetting each other's:

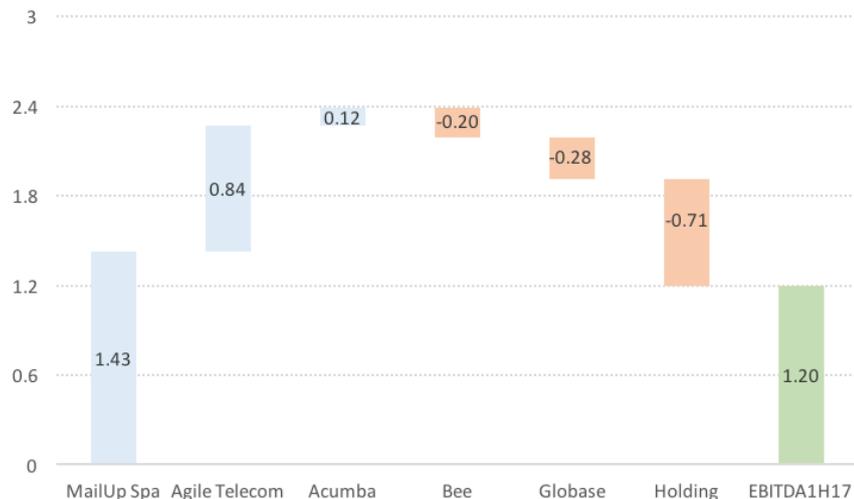
- ◆ Core “historic” businesses (MailUp Spa, Agile Telecom, Acumbamail) are positively contributing;
- ◆ Other units such as BEE, Globase and the Holding centre are negatively contributing, either because of their start-up status (Bee) or because of the undergoing turnaround (Globase) or because of the strengthening in order to support future Group's growth (Holding centre).

### MailUp Group: 1H17 EBITDA and EBITDA margin breakdown

	EBITDA (€mn)		EBITDA Margin (%)	
	1H16	1H17	1H16	1H17
MailUp Spa	1.13	1.43	24%	26%
Agile Telecom	0.53	0.84	13%	14%
Acumba	0.04	0.12	22%	36%
Bee	-0.08	-0.20	<0%	<0%
Globase	-0.08	-0.28	<0%	<0%
Holding	-0.43	-0.71	<0%	<0%
<b>Group EBITDA</b>	<b>1.11</b>	<b>1.20</b>	<b>10.9%</b>	<b>9.2%</b>

Source: MailUp Group, Value Track Analysis

### MailUp Group: 1H17 EBITDA contribution by legal entity



Source: MailUp Group, Value Track analysis

As an effect, consolidated 1H17 margin erosion can be ascribed to an increased effort in supporting future business development. Indeed:

- ◆ The **investment in the corporate structure (i.e. holding level)**, is a one-off aimed at strengthening company structure to meet future expansion goals, among which supporting relative growth and development abroad through merger and acquisition and reaching a possible transition to the regulated market in the near future. More in particular, the company has invested in improving management control, in preparing an MBO plan, in defining a new corporate governance, in reinforcing the compliance structure;
- ◆ The American startup BEE has finalized an **acqui-hire** of the competitor **MailCult**, that should allow BEE to accelerate its growth through acquiring new talent and competencies, specific of the email and landing pages' creation tools. We appreciate the fact that this start-up is opening new markets and showing an important traction;
- ◆ Globase is undergoing a complex turnaround, with the aim of **completing the project of restructuring the business**, which includes costs related to previous rent agreements, to server providers and to employee's contracts resolution.

In addition, we highlight an increase in COGS for MailUp Spa attributable to the internal reorganization resulting from the repositioning of the MailUp platform towards the medium to high-end customer band, which requires additional services to the platform.

### 3. Operating Cash Flow generation remains positive

Results obtained in the first half of the year confirm some MailUp's features of an already grown up company that we highlighted in our Initial Coverage report.

Indeed, MailUp Group continues to show positive cash generation, resulting from its subscription-fee-business model with the company benefitting from getting paid in advance and delivering services at a subsequent stage.

As a result, OpFCF post tax conversion ratio stood at an extremely brilliant 75% level driving the consolidated Net Cash Position at a further increase (+€1.01mn HoH, from €0.95mn at the end of December 2016 to € 1.96mn as of the end of June 2017). And we remind that these 1H17 figures do not take into account yet the proceeds from the ABB placement that took place during the summer.

### MailUp Group: 1H17 Cash Flow Statement

€ mn	1H16	1H17
<b>EBITDA</b>	<b>1.08</b>	<b>1.20</b>
Op. WC requirements	-0.04	0.64
Capex	-1.12	-0.86
Change in provisions / Other	-0.08	0.21
<b>OpFCF b.t.</b>	<b>-0.16</b>	<b>1.18</b>
As a % of EBITDA	-14.4%	98.7%
Cash Taxes	-0.15	-0.29
<b>OpFCF a.t.</b>	<b>-0.31</b>	<b>0.90</b>
As a % of EBITDA	-28.2%	74.9%
Other (incl. Fin. Inv.)	0.02	0.16
<b>CF available to serve debt / equity investors</b>	<b>-0.29</b>	<b>1.05</b>
Net Financial Charges	-0.02	-0.04
Dividend paid	0.00	0.00
<b>Change in Net Fin Position</b>	<b>-0.31</b>	<b>1.01</b>

Source: MailUp Group, Value Track Analysis

### Peers' 1H17 financial performance confirms that growth is not a problem

As a cross-check on marketing technology business stance we looked at main listed peers' 1H17 performance.

Hints are positive in our view especially as far as growth is concerned. Indeed, almost all players grew at a double digit rate in the semester.

However, we also note that profitability is still generally poor, with all players but for CLX Communications showing a negative EBITDA and Net Income result.

### MailUp peers' 1H17 Financial Results

Company	Revenues			EBITDA			Net Income		
	1H16	1H17	YoY (%)	1H16	1H17	YoY (%)	1H16	1H17	YoY (%)
Sharpspring (\$mn) <sup>(1)</sup>	5.7	6.3	10%	-1.5	-3.0	-93%	-2.8	8.4	n.m.
Antevenio (€mn) <sup>(2)</sup>	12.2	12.6	3%	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Hubspot (\$mn)	123.9	171.3	38%	-15.7	-11.6	26%	-21.2	-17.6	17%
Wix.com (\$mn)	130.3	196.0	50%	n.a.	n.a.	n.a.	-31.3	-35.2	-12%
CLX Communications (SEKm)	557.5	1367 <sup>(3)</sup>	145%	24.3	120.1	394%	12.7	32.2	154%
Twilio (\$mn)	123.8	183.3	48%	-13.9	-13.3	-4%	-17.3	-21.3	-23%

(1) Net Income positively affected by \$10.2mn non recurring item

(2) Marketing technology revenues account for €12.2mn and €12.6mn in 1H16 and 1H17 respectively

(3) Revenues growth strongly affected by acquisitions. Organic growth accounts for 19%

Source: Companies Data

## Update of 2017E-18E forecasts

We have updated our 2017E-18E financial forecasts as follows.

### Profit & Loss

- ◆ Top-line expected growth has been revised slightly upwards, as an effect of the more positive email and messaging market scenario. Overall, we expect revenues to increase by +5.2% and +3.4% respectively in 2017E and 2018E;
- ◆ EBITDA estimates have been revised downwards by ca. 10% in 2017E and 5% in 2018E as a result of higher holding structure costs and of a longer than initially planned turnaround effort for Globase.

The downward revision is milder in 2018 onwards as we expect losses reduction for BEE and Globase and an increasing contribution of new high value professional services provided to Italian clients by MailUp business unit;

- ◆ EBITDA margin erosion is higher than before due to a mix effect i.e. due to the higher weight of Agile Telecom figures.

### MailUp Group: New vs. Old P&L estimates

€mn	2017E			2018E		
	Old	New	Change	Old	New	Change
<b>Group Net Revenues</b>	<b>25.1</b>	<b>26.4</b>	<b>5.2%</b>	<b>29.3</b>	<b>30.3</b>	<b>3.4%</b>
Other	0.6	0.8		0.6	0.8	
<b>Total Value of Production</b>	<b>25.7</b>	<b>27.2</b>	<b>6.1%</b>	<b>29.9</b>	<b>31.1</b>	<b>3.9%</b>
COGS	-15.7	-17.4		-17.6	-19.4	
Labour Costs	-7.7	-7.3		-8.3	-7.9	
<b>EBITDA</b>	<b>2.8</b>	<b>2.5</b>	<b>-10.7%</b>	<b>4.0</b>	<b>3.8</b>	<b>-5.0%</b>
Depr. & Amort. & Provisions	-1.3	-1.3		1.3	-1.3	
<b>EBIT</b>	<b>1.5</b>	<b>1.2</b>	<b>-19.1%</b>	<b>2.7</b>	<b>2.5</b>	<b>-9.9%</b>
Interest expenses / income	-0.1	0.0		-0.1	-0.0	
<b>Pre-Tax Profit</b>	<b>1.4</b>	<b>1.2</b>		<b>2.6</b>	<b>2.5</b>	
Taxes	-0.5	-0.4		-0.9	-0.9	
Minorities	0.0	0.0		0.0	0.0	
<b>Net Profit</b>	<b>0.9</b>	<b>0.7</b>	<b>-18.4%</b>	<b>1.7</b>	<b>1.6</b>	<b>-7.3%</b>

Source: Value Track analysis

### Balance Sheet and Cash Flow Statement

As far as 2017E-18E Balance Sheet and Cash Flow statements are concerned, in addition to the already mentioned factors we took into account the share capital increase of €6.0mn that took place through an accelerated book building back in July that led to the issue of 2.61mn new ordinary shares.

As a consequence, Net Cash Position has been revised upward to €8.5mn and €10.2mn respectively for 2017E and 2018E.

We underline that Mergers and Acquisition activities are not currently included in our estimates, even if the company aims at supporting growth and development in the future through external lines.

**MailUp Group: New vs. Old Balance Sheet estimates**

€mn	2017E			2018E		
	Old	New	Change	Old	New	Change
Fixed Assets	16.0	15.8		17.2	16.7	
Net Working Capital	-9.0	-9.5		-10.3	-10.4	
Long-Term non-Financial Liabilities	1.3	1.3		1.4	1.4	
<b>Capital Employed</b>	<b>5.7</b>	<b>5.1</b>	<b>-10.5%</b>	<b>5.5</b>	<b>5.0</b>	<b>-9.1%</b>
<b>Net Equity</b>	<b>7.9</b>	<b>13.6</b>	<b>72.1%</b>	<b>9.6</b>	<b>15.2</b>	<b>58.3%</b>
<b>Net Financial Position</b>	<b>2.2</b>	<b>8.5</b>	<b>286%</b>	<b>4.1</b>	<b>10.2</b>	<b>148%</b>

Source: Value Track analysis

**MailUp Group: New vs. Old Cash Flow estimates**

€mn	2017E			2018E		
	Old	New	Change	Old	New	Change
<b>EBITDA</b>	<b>2.8</b>	<b>2.5</b>	<b>-10.2%</b>	<b>4.0</b>	<b>3.8</b>	<b>-6.7%</b>
Op. WC Requirements	1.2	1.5		1.1	1.0	
Change in provisions	0.2	0.1		0.2	0.1	
Capex	-2.2	-2.0		-2.5	-2.2	
Cash Taxes	-0.5	-0.4		-0.9	-0.9	
Net Financial Charges	-0.1	0.0		-0.1	0.0	
Capital Injections	0.0	5.9		0.0	0.0	
<b>Change in Net Fin. Position</b>	<b>1.3</b>	<b>7.6</b>	<b>477%</b>	<b>1.9</b>	<b>1.8</b>	<b>-6.1%</b>

Source: Value Track analysis

Please refer to our Initiation of coverage report published as of April 2017 for more details on the assumptions underlying our 2017E-19E financial forecasts for MailUp Group.

## Valuation

Taking into account 1H17 figures and revised forecasts on one side and updated sector multiples / DCF results lead us to set a **fair value at €3.35 per share**, down from the previous €3.50 calculated in our Initiation of coverage report published back on April 2017. Such a fair value is the average of €3.00 Peers' analysis fair value, €3.60 DCF based valuation and €3.45 Sum-of-the-Parts model.

### MailUp Group: Stock trading multiples at market price and at fair value

	EV / Sales 2018E	EV / EBITDA 2018E
	(x)	(x)
<b>MailUp Group @ €2.57 Market Price</b>	<b>0.8</b>	<b>6.9</b>
<b>MailUp Group @ €3.35 Fair value</b>	<b>1.2</b>	<b>9.8</b>

Source: Value Track analysis

### Peers analysis

In terms of comparables we choose companies active in the Marketing Technology sector that can be split in two sub-groups:

- ◆ **Small-medium sized players** focused on marketing technology services: Hubspot, DotDigital, Sharpspring, Twilio;
- ◆ **Tech giant** also active, among other things, in the marketing and sales solution provisioning: Salesforce, Oracle.

We have not included in our panel companies such as Antevenio, TXT, Axèlero, Piteco, CLX Communication and Wix.com, either because the small free float, or because the business model differs from SaaS based provisioning or because the comparison could be applied only to a specific business unit of MailUp.

Here follows comparables' multiples based on current market price.

### Marketing Technology Sector: Stock trading multiples

COMPANY	Listing	Adj. EV / Sales (x)		Adj. EV / EBITDA (x)	
		2017E	2018E	2017E	2018E
		HUBSPOT	US	7.9	6.3
DOTDIGITAL	UK	6.3	4.9	20.5	16.2
SALESFORCE	US	6.3	5.2	29.3	23.5
SHARPSRING	US	1.4	1.3	n.m.	n.m.
ORACLE	US	5.0	4.6	11.1	9.6
TWILIO	US	6.8	5.3	n.m.	n.m.
<b>Average (Oct '17)</b>		<b>4.8</b>	<b>4.0</b>	<b>20.3</b>	<b>16.5</b>
<b>Median (Oct '17)</b>		<b>5.7</b>	<b>4.7</b>	<b>20.5</b>	<b>16.2</b>
<b>Average (Apr '17)</b>		<b>4.5</b>	<b>3.8</b>	<b>18.1</b>	<b>14.8</b>
<b>Median (Apr '17)</b>		<b>5.1</b>	<b>4.4</b>	<b>18.4</b>	<b>14.5</b>

Source: Market Consensus, Value Track analysis

As we can see, the sector has undergone a further upward rerating of multiples in the latest month and now trades at ca. 4.0x – 4.7x EV/Sales '18E and 16.2x-16.5x EV/EBITDA '18E with MailUp, on the contrary, trading at extremely high discounts, not entirely deserved if we think at MailUp's double-digit growth rates and positive cash flow generation.

That's why we believe that multiples of 13x-15.0x EV/EBITDA'17 would be more appropriate thus leading to a **€3.00 per share peers' based fair value**.

### DCF valuation

Compared to our Initiation of Coverage report published back in April 2017, we hereby update MailUp's DCF valuation assuming a slightly lower WACC i.e. 10.9% vs. 11.4% of April.

This comes as a result of an expanded CAPM approach implying a 13.4% Cost of Equity lower than April's one due to a lower ERP as reported in Damodaran web site update as of July 2017.

On the contrary we maintain unchanged our hypothesis on:

- ◆ Target capital structure (25%Debt, 75% Equity), as we expect MailUp to exploit in the future its net cash position for M&A activity;
- ◆ Long-term perpetuity growth rate "PGR" at 2%.

Overall, we derive a **€3.60 per share fair DCF based equity value**.

#### MailUp Group: Discounted Cash Flow Model Summary Table

€mn	
PV of future cash flows FY18E-FY27E	21.0
PV of Terminal value with PGR at 2%	21.7
<b>Fair Enterprise value</b>	<b>42.7</b>
Implied EV/EBITDA '18E (x)	11.2x
Net Cash Position 2017YE	8.5
<b>Fair Equity value (€mn)</b>	<b>51.2</b>
<b>Fair Equity Value per share (€)</b>	<b>3.60</b>

Source: Value Track Analysis

Here follows a sensitivity analysis of fair equity value per share to WACC and PGR to change.

#### MailUp Group: Fair Equity Value p.s. Sensitivity Analysis

		Perpetuity Growth Rate				
		1.50%	1.75%	2.00%	2.25%	2.50%
WACC	9.9%	3.90	3.95	4.01	4.08	4.15
	10.4%	3.69	3.74	3.79	3.85	3.91
	10.9%	3.51	3.55	<b>3.60</b>	3.65	3.70
	11.4%	3.35	3.39	3.42	3.47	3.51
	11.9%	3.20	3.23	3.27	3.30	3.34

Source: Value Track Analysis

### Sum-of-the-Parts valuation

In recent years MailUp Group has grown not only organically but also by acquisitions, in its effort to evolve from a pure ESP (Email Service Provider) to a fully integrated marketing technology provider.

While we believe that all the various parts of the group are synergic to each other, it's also true that each subsidiary has its own specific market positioning so a Sum-of-the-Parts approach is a useful cross check that returns a ca. **€3.45 per share break-up value**.

In particular, such an approach allows, in our view, to properly assess the otherwise “hidden” value of BEE, the innovative editor for email and landing page creation with an office in Silicon Valley where the business team works, while the technology team is located in Italy.

BEE was launched as a pilot program in the autumn of 2014 through advertising the free product BEE Free and as of the end of June has drawn over 1.5mn visitors and exceeded the 1,200 paying customers in 175 countries, with a 10% growth in turnover month after month.

We believe that BEE has a great growth potential that in the future could increase more and more its weight on total Group valuation.

#### MailUp Group: Sum-of-the-Parts valuation

Company	Stake (%)	EV Pro-Quota, (€mn)	EV p.s. (€)	% of Gross Asset Value	Valuation Method
MailUp SpA	100%	17.8	1.25	35.8%	1.6x EV / Sales '17E (i)
Agile Telecom	100%	20.3	1.43	41.0%	1.6x EV / Sales '17E (i)
MailUp Inc / BEE	100%	5.8	0.41	11.8%	5.3x EV / Sales '18E (ii)
Acumbamail	70%	3.7	0.26	7.5%	5.3x EV / Sales '18E (ii)
Globase	100%	1.9	0.14	3.9%	1.6x EV / Sales '17E (i)
<b>Gross Asset Value</b>		<b>49.5</b>	<b>3.50</b>	100.0%	
Group Net Cash Position '17E		8.5	0.60		
€1mn Corp. Costs capitalized @ 10.9% WACC		-9.2	-0.65		
<b>Net Asset Value</b>		<b>48.9</b>	<b>3.45</b>		

Source: Consensus estimates, Value Track Analysis

(i) MarTech 2017E stock market multiple minus Italy, Small size, AIM discounts

(ii) MarTech start-ups multiples as derived from Venture Capital sources such as angel.co and others

## Appendix: 2016A-19E financial figures

### MailUp Group: Income Statement

€mn	2016	2017E	2018E	2019E
<b>Group Net Revenues</b>	<b>21.1</b>	<b>27.2</b>	<b>31.1</b>	<b>34.3</b>
Other	0.5	0.6	0.8	0.8
<b>Total Value of Production</b>	<b>21.6</b>	<b>27.8</b>	<b>31.9</b>	<b>35.1</b>
COGS & SG&A	-12.4	-18.0	-20.2	-22.0
Labour Costs	-6.8	-7.3	-7.9	-8.3
<b>EBITDA</b>	<b>2.4</b>	<b>2.5</b>	<b>3.8</b>	<b>4.8</b>
Depr. & Amort. & Provisions	-1.2	-1.3	-1.3	-1.3
<b>EBIT</b>	<b>1.2</b>	<b>1.2</b>	<b>2.5</b>	<b>3.5</b>
Interest expenses / income	-0.1	0.0	0.0	0.0
<b>Pre-Tax Profit</b>	<b>1.1</b>	<b>1.2</b>	<b>2.5</b>	<b>3.5</b>
Taxes	-0.3	-0.4	-0.9	-1.2
Minorities	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>0.8</b>	<b>0.8</b>	<b>1.6</b>	<b>2.3</b>
<b>Adj. Net Profit</b>	<b>0.8</b>	<b>0.7</b>	<b>1.6</b>	<b>2.3</b>

Source: MailUp Group, Value Track Analysis

### MailUp Group: Statement of Financial Position

€mn	2016	2017E	2018E	2019E
Fixed Assets	15.1	15.8	16.7	17.8
Net Working Capital	-7.9	-9.4	-10.4	-11.2
Long-Term non-Financial Liabilities	1.1	1.3	1.3	1.4
<b>Capital Employed</b>	<b>6.1</b>	<b>5.1</b>	<b>5.0</b>	<b>5.2</b>
Net Equity	7.0	13.6	15.2	17.5
<b>Net Financial Debt</b>	<b>1.0</b>	<b>8.5</b>	<b>10.3</b>	<b>12.3</b>

Source: MailUp Group, Value Track Analysis

### MailUp Group: Cash Flow Statement

€mn	2016	2017E	2018E	2019E
<b>EBITDA</b>	<b>2.4</b>	<b>2.5</b>	<b>3.8</b>	<b>4.8</b>
Op. WC Requirements	-0.1	1.5	1.0	0.8
Capex	-2.2	-2.0	-2.2	-2.4
Cash Taxes	-0.3	-0.4	-0.9	-1.2
Net Financial Charges	-0.1	0.0	0.0	0.0
Other (incl. Net IPO Proceeds)	0.2	6.0	0.0	0.0
<b>Change in Net Fin. Position</b>	<b>-0.1</b>	<b>7.6</b>	<b>1.7</b>	<b>2.0</b>

Source: MailUp Group, Value Track Analysis

## DISCLAIMER

THIS DOCUMENT IS PREPARED BY VALUE TRACK S.R.L. THIS DOCUMENT IS BEING FURNISHED TO YOU SOLELY FOR YOUR INFORMATION ON A CONFIDENTIAL BASIS AND MAY NOT BE REPRODUCED, REDISTRIBUTED OR PASSED ON, IN WHOLE OR IN PART, TO ANY OTHER PERSON. IN PARTICULAR, NEITHER THIS DOCUMENT NOR ANY COPY THEREOF MAY BE TAKEN OR TRANSMITTED OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, INTO CANADA OR JAPAN OR AUSTRALIA TO ANY RESIDENT THEREOF OR INTO THE UNITED STATES, ITS TERRITORIES OR POSSESSIONS. THE DISTRIBUTION OF THIS DOCUMENT IN OTHER JURISDICTIONS MAY BE RESTRICTED BY LAW AND PERSONS INTO WHOSE POSSESSION THIS DOCUMENT COMES SHOULD INFORM THEMSELVES ABOUT, AND OBSERVE, ANY SUCH RESTRICTION. ANY FAILURE TO COMPLY WITH THESE RESTRICTIONS MAY CONSTITUTE A VIOLATION OF THE LAWS OF ANY SUCH OTHER JURISDICTION. THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF, AND SHOULD NOT BE CONSTRUED AS, AN OFFER, INVITATION OR INDUCEMENT TO SUBSCRIBE FOR OR PURCHASE ANY SECURITIES, AND NEITHER THIS DOCUMENT NOR ANYTHING CONTAINED HEREIN SHALL FORM THE BASIS OF OR BE RELIED ON IN CONNECTION WITH OR ACT AS AN INVITATION OR INDUCEMENT TO ENTER INTO ANY CONTRACT OR COMMITMENT WHATSOEVER. THIS DOCUMENT HAS NOT BEEN PUBLISHED GENERALLY AND HAS ONLY BEEN MADE AVAILABLE TO INSTITUTIONAL INVESTORS. IN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND ITS GROUP INCLUDING THE MERITS AND RISKS INVOLVED. THIS DOCUMENT IS FOR DISTRIBUTION IN OR FROM THE UNITED KINGDOM ONLY TO PERSONS WHO: (I) HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 (AS AMENDED, THE “**FINANCIAL PROMOTION ORDER**”), (II) ARE PERSONS FALLING WITHIN ARTICLE 49(2)(A) TO (D) (“HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS ETC.”) OF THE FINANCIAL PROMOTION ORDER, (III) ARE OUTSIDE THE UNITED KINGDOM, OR (IV) ARE PERSONS TO WHOM AN INVITATION OR INDUCEMENT TO ENGAGE IN INVESTMENT ACTIVITY (WITHIN THE MEANING OF SECTION 21 OF THE FINANCIAL SERVICES AND MARKETS ACT 2000) IN CONNECTION WITH THE ISSUE OR SALE OF ANY SECURITIES MAY OTHERWISE LAWFULLY BE COMMUNICATED OR CAUSED TO BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). THIS DOCUMENT IS DIRECTED ONLY AT RELEVANT PERSONS AND MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS DOCUMENT RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. IN ITALY THIS DOCUMENT IS BEING DISTRIBUTED ONLY TO, AND IS DIRECTED AT QUALIFIED INVESTORS WITHIN THE MEANING OF ARTICLE 100 OF LEGISLATIVE DECREE NO. 58 OF 24 FEBRUARY 1998, AS AMENDED, AND ARTICLE 34-TER, PARAGRAPH 1, LETTER B), OF CONSOB REGULATION ON ISSUERS NO. 11971 OF MAY 14, 1999, AS SUBSEQUENTLY AMENDED (THE “**ISSUERS’ REGULATION**”) PROVIDED THAT SUCH QUALIFIED INVESTORS WILL ACT IN THEIR CAPACITY AND NOT AS DEPOSITARIES OR NOMINEES FOR OTHER SHAREHOLDERS, SUCH AS PERSONS AUTHORISED AND REGULATED TO OPERATE IN FINANCIAL MARKETS, BOTH ITALIAN AND FOREIGN, I.E.: A) BANKS; B) INVESTMENT FIRMS; C) OTHER AUTHORISED AND REGULATED FINANCIAL INSTITUTIONS; D) INSURANCE COMPANIES; E) COLLECTIVE INVESTMENT UNDERTAKINGS AND MANAGEMENT COMPANIES FOR SUCH UNDERTAKINGS; F) PENSION FUNDS AND MANAGEMENT COMPANIES FOR SUCH FUNDS; G) DEALERS ACTING ON THEIR OWN ACCOUNT ON COMMODITIES AND COMMODITY-BASED DERIVATIVES; H) PERSONS DEALING EXCLUSIVELY ON THEIR OWN ACCOUNT ON FINANCIAL INSTRUMENTS MARKETS WITH INDIRECT MEMBERSHIP OF CLEARING AND SETTLEMENT SERVICES AND THE LOCAL COMPENSATORY AND GUARANTEE SYSTEM; I) OTHER INSTITUTIONAL INVESTORS; L) STOCKBROKERS; (2) LARGE COMPANIES WHICH AT INDIVIDUAL COMPANY LEVEL MEET AT LEAST TWO OF THE FOLLOWING REQUIREMENTS: – BALANCE SHEET TOTAL: 20,000,000 EURO, – NET REVENUES: 40,000,000 EURO, – OWN FUNDS: 2,000,000 EURO; (3) INSTITUTIONAL INVESTORS WHOSE MAIN ACTIVITY IS INVESTMENT IN FINANCIAL INSTRUMENTS, INCLUDING COMPANIES DEDICATED TO THE SECURITISATION OF ASSETS AND OTHER FINANCIAL TRANSACTIONS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS “**RELEVANT PERSONS**”). ANY PERSON WHO IS NOT A RELEVANT PERSON SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THIS DOCUMENT IS NOT ADDRESSED TO ANY MEMBER OF THE GENERAL PUBLIC IN ITALY. UNDER NO CIRCUMSTANCES SHOULD THIS DOCUMENT CIRCULATE AMONG, OR BE DISTRIBUTED IN ITALY TO (I) A MEMBER OF THE GENERAL PUBLIC, (II) INDIVIDUALS OR ENTITIES FALLING OUTSIDE THE DEFINITION OF “QUALIFIED INVESTORS” AS SPECIFIED ABOVE OR (III) DISTRIBUTION CHANNELS THROUGH WHICH INFORMATION IS OR IS LIKELY TO BECOME AVAILABLE TO A LARGE NUMBER OF PERSONS. THIS DOCUMENT IS BEING DISTRIBUTED TO AND IS DIRECTED ONLY AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA (“**EEA**”) WHO ARE “QUALIFIED INVESTORS” WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE (DIRECTIVE 2003/71/EC), (“**QUALIFIED INVESTORS**”). ANY PERSON IN THE EEA WHO RECEIVES THIS DOCUMENT WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS A QUALIFIED INVESTOR. ANY SUCH RECIPIENT WILL ALSO BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT HAS NOT RECEIVED THIS DOCUMENT ON BEHALF OF PERSONS IN THE EEA OTHER THAN QUALIFIED INVESTORS OR PERSONS IN THE UK, ITALY AND OTHER MEMBER STATES (WHERE EQUIVALENT LEGISLATION EXISTS) FOR WHOM THE INVESTOR HAS AUTHORITY TO MAKE DECISIONS ON A WHOLLY DISCRETIONARY BASIS. THE COMPANY, VALUE TRACK S.R.L. AND THEIR AFFILIATES, AND OTHERS WILL RELY UPON THE TRUTH AND ACCURACY OF THE FOREGOING REPRESENTATIONS AND AGREEMENTS. ANY PERSON IN THE EEA WHO IS NOT A QUALIFIED INVESTOR SHOULD NOT ACT OR RELY ON THIS DOCUMENT OR ANY OF ITS CONTENTS. THE EXPRESSION “PROSPECTUS DIRECTIVE” MEANS DIRECTIVE 2003/71/EC (AND AMENDMENTS THERETO, INCLUDING THE 2010 PD AMENDING DIRECTIVE, TO THE EXTENT IMPLEMENTED IN THE RELEVANT MEMBER STATE), AND INCLUDES ANY RELEVANT IMPLEMENTING MEASURE IN THE RELEVANT MEMBER STATE AND THE EXPRESSION “2010 PD AMENDING DIRECTIVE” MEANS DIRECTIVE 2010/73/EU. **MAILUP SPA (THE “COMPANY”) IS A RESEARCH CLIENT OF VALUE TRACK S.R.L.** HOWEVER ANY FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE ENTIRELY THOSE OF VALUE TRACK S.R.L. AND ARE GIVEN AS PART OF ITS NORMAL RESEARCH ACTIVITY AND SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED OR APPROVED BY ANY OTHER PERSON. VALUE TRACK S.R.L. HAS NO AUTHORITY WHATSOEVER TO MAKE ANY REPRESENTATION OR WARRANTY ON BEHALF OF THE COMPANY, ITS SHAREHOLDERS, ANY OF ITS ADVISORS, OR ANY OTHER PERSON IN CONNECTION THEREWITH. WHILE ALL REASONABLE CARE HAS BEEN TAKEN TO ENSURE THAT THE FACTS STATED HEREIN ARE ACCURATE AND THAT THE FORECASTS, OPINIONS AND EXPECTATIONS CONTAINED HEREIN ARE FAIR AND REASONABLE, VALUE TRACK S.R.L. HAS NOT VERIFIED THE CONTENTS HEREOF AND ACCORDINGLY NONE OF VALUE TRACK S.R.L., THE COMPANY, ITS SHAREHOLDERS, ANY ADVISORS TO THE COMPANY OR ITS SHAREHOLDERS OR ANY OTHER PERSON IN CONNECTION THEREWITH NOR ANY OF THEIR RESPECTIVE DIRECTORS, OFFICERS OR EMPLOYEES, SHALL BE IN ANY WAY RESPONSIBLE FOR THE CONTENTS HEREOF AND NO RELIANCE SHOULD BE PLACED ON THE ACCURACY, FAIRNESS, OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DOCUMENT. NO PERSON ACCEPTS ANY LIABILITY WHATSOEVER FOR ANY LOSS HOWSOEVER ARISING FROM THE USE OF THIS DOCUMENT OR OF ITS CONTENTS OR OTHERWISE ARISING IN CONNECTION THEREWITH. TO THE EXTENT PERMITTED BY LAW AND BY REGULATIONS, VALUE TRACK S.R.L. (OR ITS OFFICERS, DIRECTORS OR EMPLOYEES) MAY HAVE A POSITION IN THE SECURITIES OF (OR OPTIONS, WARRANTS OR RIGHTS WITH RESPECT TO, OR INTEREST IN THE SHARES OR OTHER SECURITIES OF) THE COMPANY AND MAY MAKE A MARKET OR ACT AS A PRINCIPAL IN ANY TRANSACTIONS IN SUCH SECURITIES.