

# MailUp Group

Sector: Marketing Technology



## Analysts

Marco Greco

+39 02 80886654

marco.greco@value-track.com

Pietro Nargi

pietro.nargi@value-track.com

**Fair Value (€)** 3.88**Market Price (€)** 3.00**Market Cap. (€m)** 45.4

## Higher growth, higher profits

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

### 2018FY results slightly better than our estimates

MailUp Group recently approved its FY18 consolidated financial statements, recording a double digit growth for all Profit & Loss items, from Revenues (€40.2mn, +47.2% YoY) to EBITDA (€3.77mn, +30.9% YoY) and Net Profit (€1.26mn, +105% YoY).

Overall, 2018FY figures were slightly better than expected at top line and Operating Profit level, while the positive difference was more material (in percentage terms) at the bottom line level.

Only the Net Financial Position came out worse than our estimates (€6.4mn vs. our €7.0mn estimate) due to higher receivables linked to Agile Telecom.

Worthy of notice, these figures do not include yet the newly acquired company Datatrics that will be consolidated only in 2019 P&L and that we estimate has also recorded a triple digit growth rate in 2018FY.

### Key messages from 2018FY figures

1. Organic Revenue growth remains robust across business units;
2. Operating profitability up in absolute terms but down as a percentage of top line due to SMS "effect";
3. Net Profit growing faster than expected but still low in absolute value;
4. Financial structure under control despite M&A activity.

### 2019E-20E P&L forecasts marginally revised upwards

On the back of these results, we revised our 2019E-'20E estimates by:

- ◆ **Slightly revising upwards P&L forecasts**, with higher Agile Telecom revenues partially offset by costs linked to the rollout of Professional services and Datatrics;
- ◆ **Marginally decreasing Net Cash position** as an effect of lower starting point in 2019.

### Fair Value at € 3.88 per share (up from previous €3.82)

We update our fair valuation on MailUp Group at ca. €3.88 per share (ca. 30% upside vs. current market price), calculated as an average of Sum of the Parts and DCF. At fair value, MailUp shares would trade at ca. 1.0x EV/Sales 2019E and 10.6x EV/EBITDA 2019E.

KEY FINANCIALS (€m)	2018A	2019E	2020E
REVENUES FROM SALES	39.0	51.3	58.8
EBITDA	3.8	4.8	6.7
EBIT	1.9	2.9	4.5
NET PROFIT	1.3	1.8	2.8
NET PROFIT ADJ.	1.4	1.8	2.8
EQUITY	15.9	17.7	20.5
NET FINANCIAL POS.	6.4	6.6	9.7
EPS ADJ. (€)	0.10	0.12	0.19

Source: MailUp Group (historical figures),  
Value Track (2019E-20E estimates)

RATIOS & MULTIPLES	2018A	2019E	2020E
EBITDA MARGIN (%) (*)	9.7	9.4	11.4
EBIT MARGIN (%) (*)	4.9	5.7	7.7
NET DEBT / EBITDA (x)	nm	nm	nm
NET DEBT / EQUITY (%)	nm	nm	nm
EV/SALES (x)	0.8	0.8	0.6
EV/EBITDA (x)	8.6	8.3	5.5
EV/EBIT (x)	17.1	13.7	8.2
P/E ADJ. (x)	27.1	26.2	16.9

Source: MailUp Group (historical figures),  
Value Track (2019E-20E estimates)

(\*) As % of Revenues from Sales

### STOCK DATA

FAIR VALUE (€)	3.88
MARKET PRICE (€)	3.00
SHS. OUT. (m)	14.9
MARKET CAP. (€m)	45.0
FREE FLOAT (%)	31.7
AVG. -20D VOL. (#)	33,462
RIC / BBG	MAIL.MI / MAIL IM
52 WK RANGE	1.98-3.25

Source: Stock Market Data



## Business Description

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

In great detail, MailUp Group is involved in provisioning of email marketing services, delivery of mobile text messages (for both transactional and marketing purposes), email editing support, Customer Data Platform and professional services to business clients.

## Key Financials

€mn (*)	2017A	2018A	2019E	2020E
<b>Net Revenues from Sales</b>	<b>26.4</b>	<b>39.0</b>	<b>51.3</b>	<b>58.8</b>
Chg. % YoY	25.4%	47.6%	31.5%	14.7%
<b>EBITDA</b>	<b>2.9</b>	<b>3.8</b>	<b>4.8</b>	<b>6.7</b>
EBITDA Margin (% of Net Revenues)	10.9%	9.7%	9.4%	11.4%
<b>EBIT</b>	<b>1.3</b>	<b>1.9</b>	<b>2.9</b>	<b>4.5</b>
EBIT Margin (% of Net Revenues)	4.8%	4.9%	5.7%	7.7%
<b>Net Profit</b>	<b>0.6</b>	<b>1.3</b>	<b>1.8</b>	<b>2.8</b>
Chg. % YoY	nm	nm	42.1%	54.9%
Adjusted Net Profit	0.6	1.4	1.8	2.8
Chg. % YoY	nm	nm	27.8%	54.9%
<b>Net Fin. Position</b>	<b>7.3</b>	<b>6.4</b>	<b>6.6</b>	<b>9.7</b>
Net Fin. Pos. / EBITDA (x)	nm	nm	nm	nm
Capex	-2.0	-1.2	-2.0	-2.0
<b>OpFCF b.t.</b>	<b>2.6</b>	<b>1.8</b>	<b>3.5</b>	<b>4.8</b>
OpFCF b.t. as % of EBITDA	88.7%	6.0%	72.4%	71.1%

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

(\*) Newly acquired Datatrics to be included in consolidation perimeter as of 2019FY

## Investment case

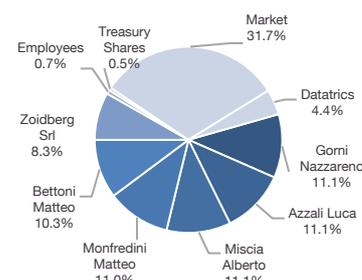
### Strengths / Opportunities

- ◆ Full range of marketing technology services (SMS, email, email editor, CDP services, professional ones);
- ◆ 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

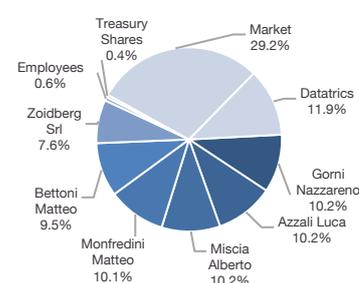
- ◆ Much smaller size if compared to Anglo-Saxons competitors;
- ◆ MarTech moves fast and MailUp group capability to keep up with the pace could be limited due to financial constraints.

### Shareholders Structure (as is)



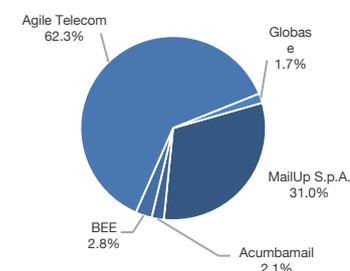
Source: MailUp SpA

### Shareholders Structure fully diluted\*



Source: MailUp SpA \*considering max earn-out on behalf of Datatrics' shareholders

### Sales breakdown by legal entity



Source: MailUp SpA

### Stock multiples @ €3.88 Fair Value

	2019E	2020E
EV / SALES (x)	1.0	0.8
EV / EBITDA (x)	10.6	7.2
EV / EBIT (x)	17.6	10.7
EV / CAP.EMP. (x)	4.6	4.5
OpFCF Yield (%)	6.8	9.9
P / E (x)	32.5	21.0
P / BV (x)	3.3	2.8
Div. Yield. (%)	0.0	0.0

Source: Value Track

## 2018FY results marginally ahead of estimates

MailUp Group has recently approved its FY18 consolidated financial statements, recording a double digit growth for all Profit & Loss items, from Revenues down to Net Profit.

Overall, 2018FY figures were slightly better than expected at Top Line and Operating Profit level, while the positive difference was more material (in percentage terms) at the Bottom line level.

Only the Net Financial Position came out worse than our estimates due to a higher than expected working capital amount.

### MailUp Group 2018FY figures: Actual vs. Estimates

(€mn)	2018E	2018A	Diff. %
Value of Production	39.7	40.2	1.4%
EBITDA	3.6	3.8	4.7%
EBIT	1.8	1.9	8.4%
Net Profit	1.0	1.3	29.4%
Adj. Net Profit	1.2	1.5	24.4%
Net Financial Position	7.0	6.4	-0.6
Group Net Equity	14.9	15.9	1.0

Source: Value Track Analysis

### Key messages of FY18 financial figures

- Organic Revenue growth remains robust across business units;
- Operating profitability up in absolute terms but not as a percentage of top line;
- Net Profit higher than expected but still low in absolute value;
- Financial structure under control despite M&A activity.

### MailUp Group: Main Financials 2017FY and 2018FY

€ mn	2017	2018	Change YoY (%)
<b>Value of Production (VoP)</b>	<b>27.3</b>	<b>40.2</b>	<b>47.2%</b>
Total Opex	-24.4	-36.4	49.3%
<b>EBITDA</b>	<b>2.9</b>	<b>3.8</b>	<b>30.9%</b>
<i>EBITDA margin as % of VoP</i>	<i>10.5%</i>	<i>9.4%</i>	
<b>EBIT</b>	<b>1.3</b>	<b>1.9</b>	<b>48.2%</b>
<i>EBIT margin as % of VoP</i>	<i>4.7%</i>	<i>4.7%</i>	
<b>Net Profit</b>	<b>0.6</b>	<b>1.3</b>	<b>105%</b>
<b>Net Financial Position</b>	<b>7.3</b>	<b>6.4</b>	<b>nm</b>

Source: MailUp Group, Value Track Analysis

## 1. Organic Revenue growth robust across business units

**Group Value of Production** achieved ca. **€40.2mn** in FY18 growing **+47.2% YoY**, equivalent to a 2-years CAGR of ca. 37%. Analysing Group Revenues by legal entity, we underline a **positive performance across all business units but for Globase**, which is still in the middle of the turnaround / customer migration process on MailUp, to be finalized within the end of March 2019.

The highest growth rate in percentage terms was shown by BEE, the Silicon Valley based company, which grew more than 107% YoY, while Agile Telecom, provider of mobile messaging services, recorded the largest top line growth in absolute terms (+ €11.5mn YoY), performing extremely well (+78% YoY). Business units mainly focused on the email channel (MailUp and Acumbamail) recorded lower growth rates, even though in the double-digit field (+16.3% and +26.4% respectively). Worthy of notice, **these figures do not include yet the newly acquired company Datatrics** that will be consolidated only in 2019 P&L and that we estimate has recorded, as well, a triple digit growth rate in 2018FY with ca. €1mn revenues.

### MailUp Group: 2017-18FY Revenues breakdown by legal entity

€ mn	2017	2018	Change YoY (%)
MailUp	11.3	13.1	16.3%
Agile Telecom	14.8	26.3	78.0%
MailUp Inc. (BEE)	0.6	1.2	107.4%
Acumbamail	0.7	0.9	26.4%
Globase	1.0	0.7	-35.0%
Holding	1.5*	1.4	-7.6%
Consol. Adjs.	-2.6	-3.4	30.8%
<b>Total</b>	<b>27.3</b>	<b>40.2</b>	<b>47.2%</b>

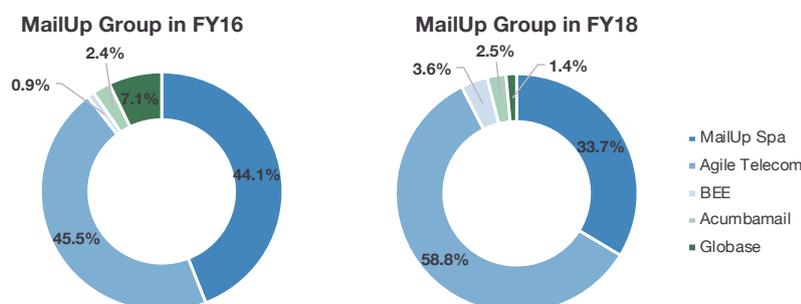
Source: MailUp Group, Value Track Analysis

### MailUp Group: 2017-18FY Revenues breakdown by business segment

€ mn	2017	2018	Change YoY (%)
Email	9.4	10.1	7.3%
SMS	15.9	27.2	70.6%
BEE	0.5	1.2	138.9%
Professional Services	0.6	0.5	-7.0%
Other Revenues	0.9	1.2	35.3%
<b>Total Sales</b>	<b>27.3</b>	<b>40.2</b>	<b>47.2%</b>

Source: MailUp Group, Value Track Analysis

### MailUp Group: Gross Sales by business unit (FY2016 vs. FY2018)



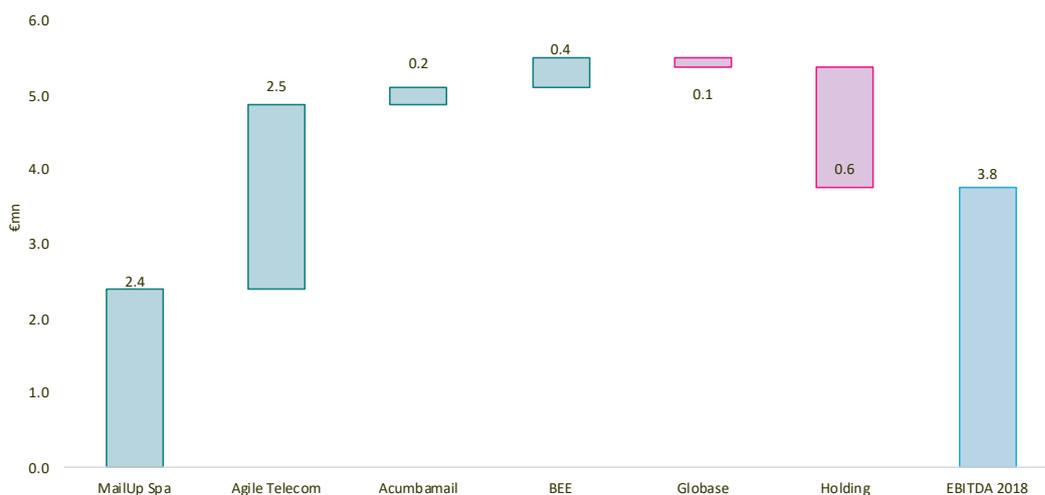
Source: Company figures, Value Track Analysis

## 2. Operating profitability up in absolute terms but not as a percentage of top line

**Group consolidated EBITDA** was around **€3.8mn** in FY18, increasing **+30.9% YoY**. As far as the various legal entities' contribution to Group profitability is concerned, we note:

- ◆ Agile Telecom, MailUp Spa, Acumbamail and BEE (for the first time) contributed positively to Group's profitability;
- ◆ Globase and the Holding centre still contributed negatively to Group's EBITDA, either because of the undergoing turnaround (Globase) or because the strengthening in order to support future Group's growth (Holding centre).

### MailUp Group: EBITDA bridge FY2018



Source: Company figures, Value Track Analysis

More in particular, **Agile Telecom's EBITDA, grew some 79% YoY and surpassed MailUp in terms of weight on total Group's EBITDA.**

### MailUp Group: 2017-18FY EBITDA breakdown by legal entity

€ mn	2017	2018	Change YoY (%)
MailUp	2.8	2.4	-13.1%
Agile Telecom	1.4	2.5	78.6%
MailUp Inc. (BEE)	0.0	0.4	>100%
Acumbamail	0.3	0.2	-24.6%
Globase	-0.5	-0.1	-78.1%
Holding	-1.1	-1.6	n.m.
Consol. Adjs.	0.0	0.0	n.m.
<b>Total</b>	<b>2.9</b>	<b>3.8</b>	<b>30.9%</b>

Source: MailUp Group, Value Track Analysis

While in absolute terms EBITDA was strongly up, as a percentage of Top Line it was lower vs. 2017FY by some 117bps (**9.5% EBITDA margin in FY18 vs. 10.6% in FY17**), due mainly to:

- ◆ **Mix effect.** The abnormally high growth of SMS business is driving down group's operating margins, i.e. in line with Agile's ones;
- ◆ **Accounting principles issue.** Acumbamail has changed Revenues recognition principle with a one off postponement of ca. €90k revenues (and EBITDA) to next year;
- ◆ **Investments for growth,** both: 1) at the corporate level, aimed at making MailUp group ready to achieve further international developments and a possible transition to MTA market, and; 2) at the MailUp business unit level that has hired personnel to launch its Professional services activity.

However, despite this, the Group can still boast stable EBIT profitability level YoY completely recovering what left down the road before EBITDA.

#### MailUp Group: 2017-18FY EBITDA Margin breakdown by legal entity

€ mn	2017	2018	Change YoY (%)
MailUp S.p.A.	24.8%	18.3%	-646 bps
Agile Telecom	9.5%	9.5%	5 bps
MailUp Inc. (BEE)	< 0	33.3%	nm
Acumbamail	42.9%	22.2%	-2,063 bps
Globase	< 0	< 0	nm
Holding	nm	nm	nm
Consol. Adjs.	nm	nm	nm
<b>Total</b>	<b>10.6%</b>	<b>9.5%</b>	<b>-117 bps</b>

Source: MailUp Group, Value Track Analysis

### 3. Net Profit higher than expected but still low in absolute value

**2018FY Net profit nearly doubled compared to 2017FY.** This more than proportional growth was mainly due to lower impact of income taxes. Indeed, tax rate went down from 49% in 2017 to 35% in 2018FY.

Despite the massive percentage growth, **Net Profit is still low in absolute terms**, i.e. €1.25mn as of 2018FY vs. €0.64mn as of 2017FY.

### 4. Financial structure under control despite M&A activity

2018FY Balance Sheet reflects the effects of all the M&A activity that was finalized in the latest months, with Datatrics acquisition playing a special role.

Indeed, the acquisition has been fully booked with a total €6.8mn impact on Net Fixed Assets (€3.8mn price agreed plus €3.0mn maximum earn-out), partially offset at the Net Working Capital level as the sum not cashed out yet has been recorded as an operating liability.

That said, **MailUp Group is still heavily cash positive: €6.4mn as of 2018 year end** compared to €7.3mn as December 2017.

This solid financial structure allows the management to consider possible new M&A deals aimed at completing the product offer.

### MailUp Group: 2017FY-'18FY Balance Sheet

€ mn	2017	2018
Net Fixed assets	15.0	22.0
Net Working Capital	-7.1	-10.7
Severance pay and other funds	1.2	1.8
<b>Total Capital Employed</b>	<b>6.7</b>	<b>9.6</b>
o/w Group Net Equity	13.9	15.9
<b>Net Fin. Position [Net debt (-) / Cash (+)]</b>	<b>7.3</b>	<b>6.4</b>

Source: MailUp Group, Value Track Analysis

As far as the €0.9mn decrease in Net Cash position is concerned, again we underline that it was mainly due to M&A cash out related to earn-out clause related to the “old” acquisition of Agile Telecom, to the squeeze out of Acumbamail minorities and to the €75mn first-tranche of the Datatrics’ acquisition.

Besides the outflows in extraordinary finance operations, OpFCF b.t. cushioned also a deteriorating working capital, driven by the bargaining power of some new customers of Agile Telecom, which are exploiting the perks of their greater size.

### MailUp Group: 2017-18FY Cash Flow Statement

€ mn	2017	2018
<b>EBITDA</b>	<b>2.88</b>	<b>3.77</b>
Op. WC requirements	1.34	-1.20
Capex	-2.03	-1.21
Change in provisions / Other	0.37	0.45
<b>OpFCF b.t.</b>	<b>2.55</b>	<b>1.81</b>
As a % of EBITDA	89%	48%
Cash Taxes	-0.48	-0.70
<b>OpFCF a.t.</b>	<b>2.08</b>	<b>1.11</b>
As a % of EBITDA	1%	69%
Financial Investments	-1.59	-2.02
Capital Injections	5.89	0.00
<b>CF available to serve debt / equity investors</b>	<b>6.38</b>	<b>-0.91</b>
Net Financial Charges	-0.08	0.02
<b>Change in Net Fin Position</b>	<b>6.30</b>	<b>-0.89</b>

Source: MailUp Group, Value Track Analysis

## Updating 2019E-20E estimates

We are updating our 2019E-20E estimates with respect to the previous ones published in our latest report back in February 2019, by:

- ◆ **Slightly revising upwards P&L forecasts**, with higher Agile Telecom revenues partially offset by costs linked to the rollout of Professional services and Datatrics;
- ◆ **Marginally decreasing Net Cash position** as an effect of lower starting point in 2019.

### MailUp Group: New vs. Old 2019E-20E estimates

€mn	2019E			2020E		
	Old	New	Change	Old	New	Change
<b>Net Revenues</b>	<b>49.3</b>	<b>51.3</b>	<b>+4.0%</b>	<b>57.0</b>	<b>58.8</b>	<b>+3.2%</b>
EBITDA	4.7	4.8	+2.9%	6.6	6.7	+2.3%
EBITDA margin	9.5%	9.4%		11.5%	11.4%	
EBIT	2.8	2.9	+4.9%	4.4	4.5	+3.4%
EBIT margin	5.6%	5.7%		7.6%	7.7%	
<b>Adj. Net Profit</b>	<b>1.7</b>	<b>1.8</b>	<b>+4.8%</b>	<b>2.7</b>	<b>2.8</b>	<b>+3.3%</b>
Group Net Equity	16.6	17.7	1.1	19.3	20.5	1.2
<b>Net Financial Position</b>	<b>7.6</b>	<b>6.6</b>	<b>-0.9</b>	<b>10.3</b>	<b>9.7</b>	<b>-0.6</b>
OpFCF a.t.	2.6	2.3	-0.3	2.6	2.9	0.3

Source: Value Track Analysis

Our 2019E-20E estimates are based on the following key points:

- ◆ Agile Telecom now weighs about two thirds of MailUp Group revenues and should keep growing more than previously expected;
- ◆ Agile Telecom's higher contribution to group's top line is expected to slightly dilute group's marginality (as a % of revenues) due to its aggressive pricing policy applied through the development of the wholesale market;
- ◆ Globase has almost completed its turnaround process and becoming a pure reseller of MailUp and Datatrics services in the Nordics. Thus, we are expecting less fixed and running expenses;
- ◆ Datatrics to be consolidated starting as of January 1<sup>st</sup> 2019.

### MailUp Group: 2019-20FY Revenues breakdown of estimates by legal entity

€ mn	2019E	2020E	Change YoY (%)
MailUp	15.1	17.0	-12.6%
Agile Telecom	30.0	31.5	5.0%
MailUp Inc. (BEE)	2.1	3.1	47.6%
Acumbamail	1.2	1.5	25.0%
Datatrics	2.9	5.8	100.0%
Globase	0.0	0.0	0.0%
<b>Total</b>	<b>51.3</b>	<b>58.8</b>	<b>14.6%</b>

Source: MailUp Group, Value Track Analysis

**MailUp: P&L figures 2017A-20E**

€mn (*)	2017A	2018A	2019E	2020E
<b>Group Revenues from sales</b>	<b>26.4</b>	<b>39.0</b>	<b>51.3</b>	<b>58.8</b>
Cost of sales (net of Other revenues)	-16.2	-25.7	-34.1	-38.6
Labour costs	-7.4	-9.5	-12.4	-13.5
<b>EBITDA</b>	<b>2.9</b>	<b>3.8</b>	<b>4.8</b>	<b>6.7</b>
<b>EBITDA margin (%)</b>	<b>10.9%</b>	<b>9.7%</b>	<b>9.4%</b>	<b>11.4%</b>
Depreciation & Amortization	-1.6	-1.9	-1.9	-2.2
<b>EBIT</b>	<b>1.3</b>	<b>1.9</b>	<b>2.9</b>	<b>4.5</b>
<b>EBIT margin (%)</b>	<b>4.8%</b>	<b>4.9%</b>	<b>5.7%</b>	<b>7.7%</b>
Net Fin.Income (charges)	-0.1	0.0	0.1	0.1
<b>Pre-tax Profit</b>	<b>1.2</b>	<b>1.9</b>	<b>3.0</b>	<b>4.6</b>
Tax	-0.6	-0.7	-1.2	-1.8
Minorities	0.0	0.0	0.0	0.0
<b>Reported Net Profit</b>	<b>0.6</b>	<b>1.3</b>	<b>1.8</b>	<b>2.8</b>
<b>Adjusted Net Profit</b>	<b>0.6</b>	<b>1.4</b>	<b>1.8</b>	<b>2.8</b>

Source: MailUp (historical figures), Value Track (forecasts) (\*) Datatrics to be consolidated line by line as of 2019FY

**MailUp: Balance Sheet figures 2017A-20E**

€mn	2017A	2018A	2019E	2020E
Net Working Capital	-7.1	-10.7	-11.3	-11.2
Net Fixed Assets	15.0	22.0	24.2	24.0
Provisions	1.2	1.8	1.9	2.0
<b>Total Capital Employed</b>	<b>6.7</b>	<b>9.6</b>	<b>11.1</b>	<b>10.8</b>
<b>Group Net Equity</b>	<b>13.9</b>	<b>15.9</b>	<b>17.7</b>	<b>20.5</b>
<b>Net Fin. Position [i.e. Net Debt (-) Cash (+)]</b>	<b>7.3</b>	<b>6.4</b>	<b>6.6</b>	<b>9.7</b>

Source: MailUp (historical figures), Value Track (forecasts)

**MailUp: Cash Flow Statement figures 2017A-20E**

€mn	2017A	2018A	2019E	2020E
EBITDA	2.9	3.8	4.8	6.7
Working Capital Change	1.3	-1.2	0.5	-0.1
Capex	-2.0	-1.2	-2.0	-2.0
Change in Provisions	0.4	0.4	0.1	0.1
<b>OpFCF b.t.</b>	<b>2.6</b>	<b>1.8</b>	<b>3.5</b>	<b>4.8</b>
Cash Taxes	-0.5	-0.7	-1.2	-1.8
<b>OpFCF a.t.</b>	<b>2.1</b>	<b>1.1</b>	<b>2.3</b>	<b>2.9</b>
Capital Injections	5.9	0.0	0.0	0.0
Other Op. Items (incl. Fin. Inv.)	-1.6	-2.0	-2.1	0.0
Net Financial Charges	-0.1	0.0	0.1	0.1
<b>Net Cash generated</b>	<b>6.3</b>	<b>-0.9</b>	<b>0.3</b>	<b>3.0</b>

Source: MailUp (historical figures), Value Track (forecasts)

## Valuation Update

We update our fair value to **€3.88 per share**, (up from the previous €3.82, released on February 5<sup>th</sup>, 2019).

Such fair value comes from the average between €3.79 Sum-of-the-Parts fair value and €3.97 DCF based valuation.

At our fair value MailUp shares would trade at 1.0x EV/Sales and 10.6x EV/EBITDA 2019E respectively.

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

	EV / Sales 2019E (x)	EV / EBITDA 2019E (x)
MailUp Group @ €3.00 Market Price	0.74x	8.0x
MailUp Group @ €3.88 Fair value	1.00x	10.6x

Source: Value Track analysis

We underline that at fair value MailUp shares would trade in line with **small-medium sized “digital” companies listed on AIM Italia stock market** while, as always, the discount vs. International marketing technology providers would be massive.

### MailUp: Peers' stock trading multiples 2019E

Cluster	EV / Sales 2019E	EV / EBITDA 2019E
	(x)	(x)
<b>International industry players</b>		
Median	7.4	18.1
Average	6.8	17.1
<b>AIM Italia digital industry players</b>		
Median	1.8	6.8
Average	1.6	6.3
<b>Overall values</b>		
Median	2.6	8.8

Source: Market Consensus, Value Track Analysis

### Sum-of-the-Parts valuation

Compared to our latest valuation, released on February 2019, we assume:

- ◆ A slightly higher valuation multiple for Agile Telecom (1.0x EV/Sales vs. the previous 0.9x). We note that recently another Italian company involved in SMS business agreed a business combination in the USA at ca. 1.5x EV/Sales;
- ◆ An unchanged multiple for the remaining business units: MailUp business unit (1.5x EV/Sales), BEE (5x EV/Sales), Acumbamail (3.0x EV/Sales);
- ◆ Globase at zero value, waiting for turnaround to take place;
- ◆ The newly acquired Datatrics to be considered at acquisition cost due to its early stage profile.

### 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%	22.7	1.52	32%	1.5x EV / Sales '19E
Agile Telecom	100%	30.0	2.01	43%	1.0x EV / Sales '19E
MailUp Inc / BEE	100%	10.4	0.70	15%	5.0x EV / Sales '19E
Acumbamail	100%	3.7	0.25	5%	3.0x EV / Sales '19E
Globase	100%	0.0	0.00	0%	n.m.
Datatrics	100%	3.8	0.25	5%	Acquisition Price
<b>Gross Asset Value</b>		<b>70.6</b>	<b>4.73</b>	<b>100%</b>	
Group Net Cash Position '19PF (*)		5.1	0.34		
€2.2mn Corp. Costs capital. @11.7% WACC		-19.1	-1.28		
<b>Net Asset Value</b>		<b>56.6</b>	<b>3.79</b>		

Source: Value Track Analysis

(\*) Pro-Forma to take into account the entire €3.8mn cash out for Datatrics

### DCF valuation

Based on:

- ◆ **11.7% WACC** derived from 14.2% Cost of Equity (already embedding a 2% small size risk to compensate for AIM Italia lower liquidity) and from 5.5% pre-tax Cost of debt;
- ◆ **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%;
- ◆ Pro Forma Net Cash position 2018YE properly taking into account Datatrics cash out, taking place in the following years.

We derive a **fair Equity value of €59.3mn**, corresponding to **€3.97 equity value per share**, (up from the previous €3.95 p.s.) based on the current number of outstanding shares, i.e. considering the “capital increase in kind” of 657,859 shares assigned to Datatrics’ shareholders, announced in December 18,2018, as result of the final closing of the Dutch-based company.

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

€mn	
PV of future cash flows FY19E-FY27E	27.5
PV of Terminal value with PGR at 2%	28.5
<b>Fair Enterprise value</b>	<b>56.0</b>
Implied EV/EBITDA '19E (x)	11.6x
Net Cash Position 2018YE Pro forma considering Datatrics Acquisition	3.3
<b>Fair Equity value (€mn)</b>	<b>59.3</b>
<b>Fair Equity Value per share (€)</b>	<b>3.97</b>

Source: Value Track Analysis

## Appendix: Group business profile at a glance

### 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, achieving a **Turnover in excess of €40mn** as of the end of 2018FY, more than tripled in the latest four years.

Headquartered in Cremona and Milan, thanks to its rapid growth, MailUp Group is now a small multinational active in several regions (**Europe, North America, Latin America, Asia**) with operating activities in Silicon Valley, Buenos Aires, Ciudad Real, Copenhagen.

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.
- ◆ Customer data management platform (CDP).

### 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 the client segment addressed:

- ◆ **Geographic positioning.** Acumbamail is mainly dedicated to Spanish-speaking countries while Globase (powered by MailUp SpA) addresses Nordic countries and MailUp SpA covers the whole world;
- ◆ **Client 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, more and more, transactional ones (A2P, application-to-person).

The peculiarity of MailUp Group is that it provides such activity to clients via two different channels:

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

### Professional services, email editing tool and customer data platform 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 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 totally integrated and manageable sales and marketing experience. Such editor is offered as:
  - A toll-free version (**BEE Free**). Customers do not even need to create an account to use it;
  - A subscription-fee based version (**BEE PRO**) aimed at professional marketers and agencies offering customers 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 customisation, 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.
- ◆ **Customer data platform** to combine data collected from different sources, i.e. internal data (such as CRM, email, social), and external ones (such as weather forecasts, demographic data, traffic information, etc.) to create 360-degree customer profiles aimed at building optimized customer journeys and personalized marketing approaches.

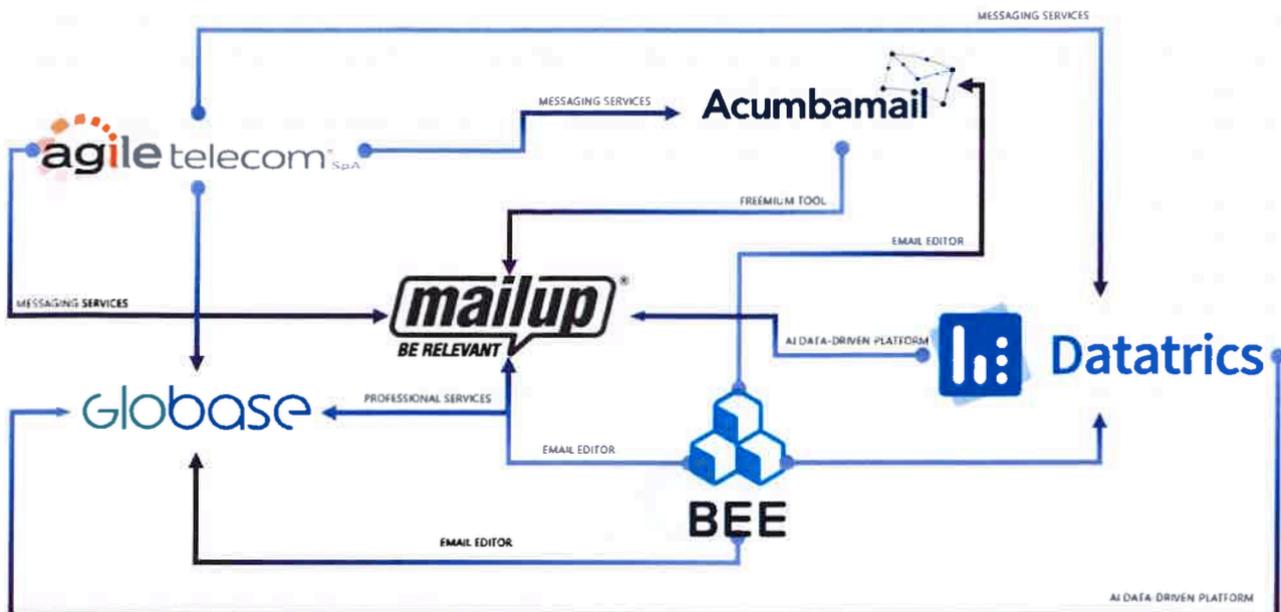
### Group services provided by different but synergic legal entities

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 serves customers with its multi-channel digital cloud computing platform. In addition, it also offers integration and automation, targeting, tracking tools and is rolling out professional / consultancy services.
- ◆ **Agile Telecom** – Acquired back in 2015, it is a wholesale SMS operator (also called SMS aggregator) with over 50 direct connections with telecom providers all over the world and a specialization on A2P and 2FA traffic that requires high availability rates and low latency.
- ◆ **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 in a “fire sale”, it is a Danish based provider of digital marketing automation software for businesses and professional consulting services. It is now evolving towards “white label” email marketing service provider powered by MailUp.
- ◆ **Datatics** – Acquired back in October 2018. It is a SaaS Customer Data management Platform (CDP) that back in 2017 has launched an innovative “artificial intelligence” based platform to create complete customer profiles aimed to personalized marketing approaches.

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 Group company to sell every product included in the Group set of solutions.

### MailUp Group: Synergies among the various legal entities



Source: MailUp Group, Value Track Analysis

### Definitively well equipped to address the needs of marketers in 2019

On February 5<sup>th</sup> 2019 we published an in-depth report analysing what we believe are the **main needs for marketers in 2019**, i.e.:

1. **Increasing their return** on marketing investments;
2. **Not getting crazy in remaining updated** with all new solutions being developed and launched into the market;
3. **Being compliant** with the regulatory environment;
4. Granting to actual and prospect clients a **safe and secure digital experience**.

Based on the above mentioned needs, we concluded that MailUp, as MarTech tools / solution provider is already well equipped thanks to both internally developed solutions and capabilities acquired outside and that a carefully selected acquisition in the AdTech field could further strengthen the completeness of its offer.

#### MarTech: Main trends of 2019 and MailUp positioning

	Which are the main goals for marketers?	How can MarTech provider help marketers achieve their main goals?	MailUp Group offer
1	Increasing their return on marketing investments by improving conversion rates and reducing cost per contact	1) Offering solutions based on <b>advanced enabling technologies</b> (e.g. Editors, Customer Data Platforms – CDP, Demand Side Platforms – DSP, Advertising Retargeting Platforms) in order to deliver a <b>hyper-personalized experience</b> to customers	<ul style="list-style-type: none"> <li>✓✓ CDP - Datatrics</li> <li>✓✓ Email editor - BEE</li> <li>✗ DSP / AdTech – “Work in progress”</li> </ul>
		2) Integrating <b>more and more channels / media</b> i.e. email, SMS, Social Networks, Instant Messaging and developing <b>Marketing Automation features</b> in order to reach customers on every possible media used	<ul style="list-style-type: none"> <li>✓✓ ESP – MailUp, Acumbamail</li> <li>✓✓ SMS - Agile Telecom</li> <li>✓✓ IM - MailUp (Instant Messaging Apps)</li> </ul>
2	Not getting crazy with all new solutions available on the market	Integrating their products / tools in a homogenous MarTech suite or <b>offering more and more professional services</b> to allow marketers build their own “stack” by cherry picking tools / solutions from different providers	<ul style="list-style-type: none"> <li>✓✗ Professional consulting services – MailUp, Globase</li> </ul>
3	Being compliant with regulation	Offering solutions aimed at <b>moving from DMP</b> (Data Management Platforms) based only on 3 <sup>rd</sup> party data to <b>CDP</b> developed in line with GDPR	<ul style="list-style-type: none"> <li>✓✓ Compliant with GDPR</li> </ul>
4	Granting to actual and prospect clients a <b>safe and secure digital experience</b>	Delivering <b>two-factor authentication (2FA) / One-time password (OTP)</b> via app, SMS or by a physical security key (token)	<ul style="list-style-type: none"> <li>✓✓ SMS – Agile Telecom</li> <li>✗ 3<sup>rd</sup> party apps</li> <li>✗ App - based push notification</li> </ul>

Source: 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.