CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2018

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
Monfredini Matteo	Chairman of the BoD with proxies
Gorni Nazzareno	Deputy Chairman of the BoD with proxies
Capelli Micaela Cristina	Director with proxies
Biondi Armando	Independent director without proxies
Castiglioni Ignazio	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
Manfredini Michele	Chairman of the Board of Auditors
Ferrari Fabrizio	Regular Auditor
Rosaschino Giovanni	Regular Auditor
Ruggeri Piergiorgio	Alternate Auditor
Tirindelli Andrea	Alternate Auditor

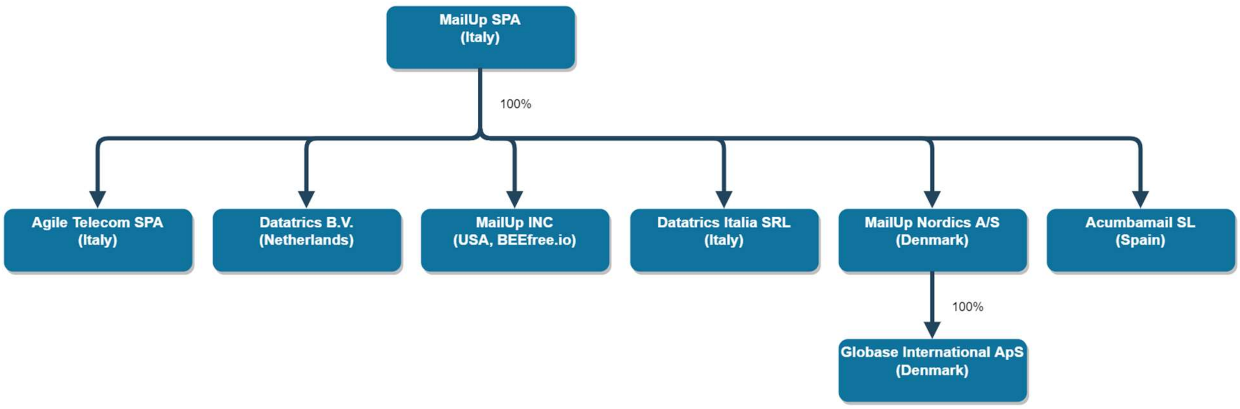
Indipendent auditing company
BDO Italia S.p.A.
(Expiry of terms for approval of the annual financial statements as at 31 December 2019)

MailUp Group leader in Cloud Marketing Technologies

MailUp Group is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in strong expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel marketing automation.
The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing and transaction purposes, (ii) sophisticated e-mail and newsletter editing tools, (iii) innovative solutions in marketing technology, in addition to (iv) professional consulting services in this area. The parent company MailUp S.p.A. (hereinafter MailUp) has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 10,000 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. At consolidated level, the Group operates with over 21,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 190 employees.
After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana (Italian Stock Exchange), MailUp Group added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (artificial intelligence).

MailUp Group Structure

Below is the organisational structure of the Group as at 31 December 2018:



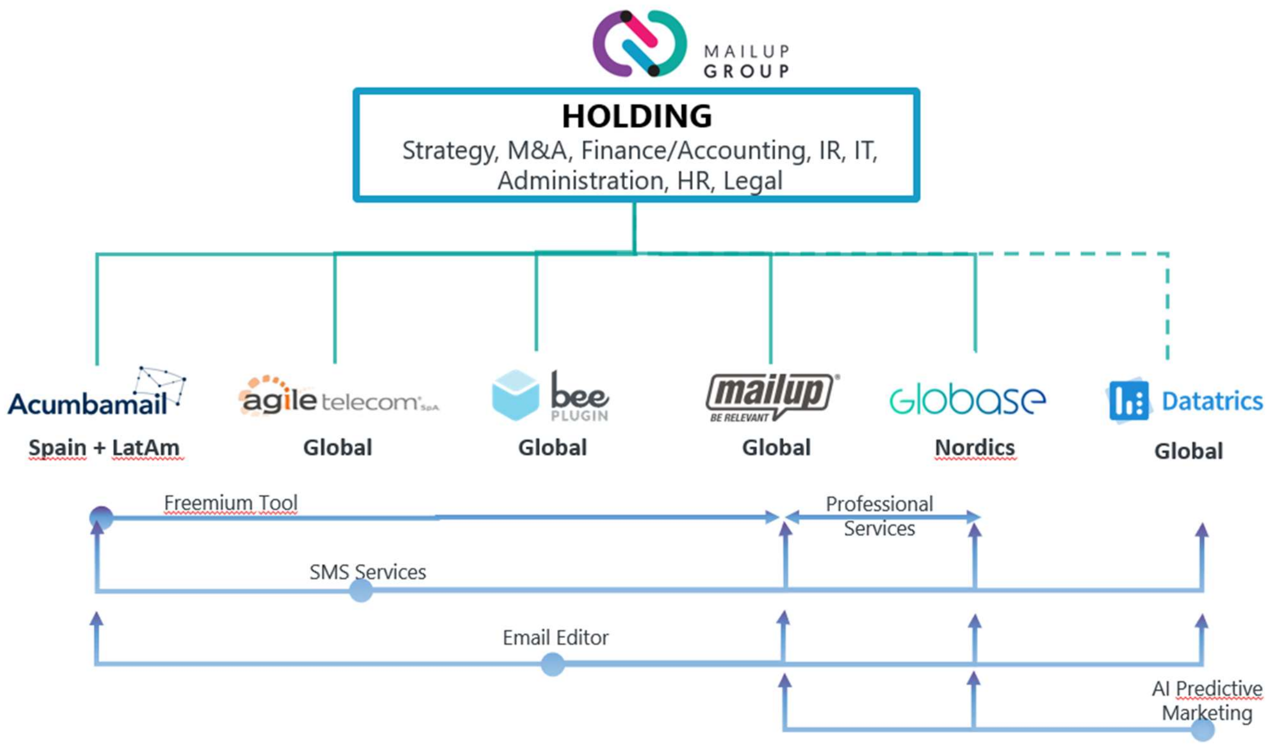
All the entities listed in the above chart are 100% owned by MailUp S.p.A. In particular, during the financial year ended on 31/12/2018, a particularly significant transaction was carried out, as described below.

On 18/12/2018, MailUp completed **purchase of a totalitarian shareholding in** Datatrics B.V., a Dutch company founded in 2012 and owner of a cutting-edge proprietary predictive marketing platform, able to make data-science accessible to marketers. In fact, the technology of Datatrics allows the marketing teams to build experiences for its customers based on data managed by artificial intelligence, resulting in a better customer experience and a consequent increase in conversion and loyalty of customers, through a data management platform developed with a self-learning algorithm. The aforementioned proprietary technology allows marketing teams to directly use data combinations without the intervention of the information technology department or data analysts for complex integrations. The use of artificial intelligence allows the combination of data from multiple sources, both internal of customers (CRM, e-mail, social networks, e-commerce, web analytics and other) and external (demographic data, weather, traffic and other) using an open customer data platform approach. The marketing managers consequently obtain detailed, complete and unified consumer profiles that allow efficient and effective use of the various communication tools and channels. Datatrics was founded by the current CEO Bas Nieland and subsequently funded (through direct investment in the capital) by the investment company Go Holding BV. The target started to generate revenues in 2017 (Euro 0.3 million in the year) and currently serves around 100 customers (up 43% in the first six months of 2018), including Siemens, LeasePlan, KLM,

PostNL, British Petroleum, CarGlass and Rabobank. The company is based in Enschede and has offices in Amsterdam.
The transaction is part of the broader development and consolidation plan of the MailUp Group, representing one of the main strategic objectives for the same, in line with the expansion plan by external lines, diversification and expansion of its commercial offer. With the completion of the acquisition, the Group therefore intends to increase its size and capitalization, creating an integrated operator also in artificial intelligence, with the consequent creation of industrial synergies through the sharing of the main business support processes already existing within the Group and due to the integration of a company operating in a strictly complementary market context. In the opinion of management, the transaction represents a significant step in the Group's growth strategy in a competitive environment increasingly focused on data. In fact, the Group pursues the objective of increasing average revenue per customer, leveraging the improvement of the portfolio of products and solutions offered through a technology already integrated with the MailUp platform and with the e-mail template editor BEEfree.io.
The transaction involved the sale of the entire share capital of Datatrics by the selling shareholders for a total consideration of about Euro 3.8 million: (i) for a total of approximately Euro 2.24 million, on a cash basis, using own funds, based on the sale of 590 Datatrics shares (equal to 59.05% of the share capital), paid for around one-third at closing and for the remaining part to be paid in 4 instalments of the same amount within 24 months of the same; (ii) for a total of approximately Euro 1.56 million, through the transfer of the remaining 409 Datatrics shares (equal to 40.95% of the share capital) upon the release of a specific share capital increase in kind of MailUp for the same amount, and precisely, a paid share capital increase in divisible form with exclusion of the option right pursuant to article 2441, paragraph 4, first period, of the Civil Code, as reserved for Sellers, by issuing 657,859 new MailUp shares without indication of the nominal value expressed. In addition to the above, payment to sellers of a further earn-out component in MailUp shares is envisaged for a counter-value up to a maximum of Euro 3 million, in variable number, deriving from the division between the earn-out actually due and the aforementioned subscription price, subject to the achievement of certain Datatrics average monthly turnover targets to be calculated over a maximum period of 4 years.

Datatrics Italia S.R.L. was established by the parent company on 18/12/2018 to promote the commercial development of the Datatrics platform in Italy; it began operating in January 2019.

The path of growth by external lines through acquisitions undertaken by the MailUp Group has made it possible, and will continue to make it possible in the future, to develop significant product strategies in the field of technology and commercial growth, summarised in the graphic representation below:



MAILUP GROUP

MailUp Inc. (BEEfree.io), organized according to the dual company model, with a business team located in San Francisco, in the heart of Silicon Valley, and technological team in Italy, focused on the development and commercialization of the innovative editor for BEE e-mail messages (Best E-mail Editor). Thanks to the rapid growth and the interest from professional digital marketing operators since the launch, BEE is establishing itself as a leading solution both in the Plug-in version, used by over 3,900 teams of developers and SaaS applications, to which it can be easily integrated, and in the Pro version, appreciated by over 4,900 e-mail designers in more than 100 countries.

Acumbamail S.L. is a Spanish e-mail marketing provider that also provides SMS packages and transactional services with a freemium business model that is particularly attractive for small and micro businesses. The Acumbamail platform allows the creation, sending and management of multi-channel marketing campaigns, allowing to track the relative performance in real time. More than 2,800 customers use the services of the Spanish subsidiary that sends over 400 million e-mails per year. Including the free plans, there are almost 50,000 users. On 01/08/2018, the parent company MailUp purchased the remaining 30% shareholding in Acumbamail; see the following paragraph for details.

MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International ApS**, a Danish company specialized in advanced digital marketing automation services that allow over 80 customers located in the Nordics, most of which are medium-large and with strong needs for customization and consulting services, creating communication campaigns based on data-driven personalization and segmentation of recipients, with the possibility of monitoring the efficiency of campaigns through statistical analysis Globase is also completing, in close collaboration with MailUp, the transition to the new V3 platform, directly derived from MailUp, which will improve sending performance and efficiency in the delivery of messaging services.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorized by the Ministry of Economic Development and Communication to offer a public communication service (OLO - Other Licensed Operator) and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCOM). Agile Telecom is a leader in the Italian wholesale SMS market with more than 1 billion messages sent per year and manages the sending out of promotional and transactional messages (One-Time Password, notifications and alerts) to over 3,700 customers. It is also practically the parent company’s exclusive provider of reference for the SMS delivery services provided by the MailUp platform, thus making it possible to exploit the economic and technological synergies outlined above.

Datatrics B.V. is the latest acquisition; the Dutch company, established in 2012, owns a cutting-edge proprietary predictive marketing platform used by more than 100 clients, which allows the marketing teams to build experiences for its customers based on data managed by artificial intelligence, resulting in a better customer experience and a consequent increase in conversion and loyalty of customers, through a data management platform developed with a self-learning algorithm. The use of artificial intelligence allows the combination of data from multiple sources, both internal of customers (CRM, e-mail, social networks, e-commerce, web analytics and other) and external (demographic data, weather, traffic and other) using an open customer data platform approach.

The financial statements used for the consolidation are those approved or definitively prepared by the Boards of Directors of the individual companies for approval by the respective Shareholders’ Meetings.
The consolidated financial statements refer to the same closing date of the parent company.

Datatrics Italia S.R.L. was established by the parent company on 18/12/2018 to promote the commercial development of the Datatrics platform in Italy; it began operating in January 2019.

Summary Data

Significant events during FY 2018

In FY 2018, the activities of the MailUp Group were characterised by the events indicated below:

Starting 01/01/2018, Cinzia Tavernini took over the role of Globase CEO with the aim of continuing the integration of the Globase and MailUp business units, launching the new version of the Globase V3 product, based on the cutting-edge technology of MailUp, already used by thousands of customers all over the world. The new version of the platform presents a series of improvements, such as native integration with CRM platforms and e-commerce such as Microsoft Dynamics, Salesforce and Magento and it also respects the new European regulation on data protection (GDPR). Cinzia Tavernini has been in Copenhagen since the beginning of 2017, where she started working, as Chief Revenue Officer, and has previous experience with MailUp, as Head of International Sales.

On 27/03/2018, the Board of Directors of MailUp announced that it had received the resignation from the Managing Director Giandomenico Sica with immediate effect.

On 26/04/2018, the Shareholders' Meeting of MailUp appointed Ignazio Castiglioni as a new member of the Board of Directors, whose independence requirements were verified as communicated on 15/05/2018.

With the approval of the Financial Statements for the year ended 31/12/2017, the mandate of the Supervisory Body appointed for three financial years has expired. Therefore, in the same session, the Board of Directors conferred to the Lawyer Gabriele Ambrogetti of Studio Operari Lex the task of monocratic Surveillance Body of the Company. The new Body will remain in office for three financial years and specifically until the approval of the Financial Statements for the year ended 31/12/2020.

On 13/06/2018, the Board of Directors of MailUp assigned to the Director Micaela Cristina Capelli the role of Investor Relater of the Company, delegating to the same certain and specific managerial powers, functional to the aforementioned task and in general the coordination of marketing and management of relationships with investors and the market. As a result of the foregoing, Ms Capelli, who has accrued more than 18 years of experience in investment banking, is qualified as Executive Director of the Company, no longer endowed with the independence requirements pursuant to article 148, paragraph 3, of the Consolidated Finance Act (TUF).

On 16/07/2018 the Group announced that it had received funding of Euro 5.1 million under the call for Major Projects FRI - Digital Agenda of the Ministry of Economic Development, concerning a research and development project called "NIMP - New Innovative Multilateral Platform", to be implemented in the next three years with the participation, among others, of the Politecnico of Milan as a scientific partner. The loan includes a line at a subsidized rate of Euro 3.5 million from Cassa Depositi e Prestiti, a market rate to be disbursed by Banca Popolare dell'Emilia Romagna amounting to Euro 0.4 million, both of which have a duration of five plus three years of pre-amortisation, plus a non-repayable loan of Euro 1.3 million. The funds, based on investments and costs incurred in the three-year period from 01/03/2018 to 28/02/2021, will be disbursed against the final balance of the expenses actually incurred.

On 01/08/2018, MailUp announced the exercise of the Put Option by shareholders holding 30% of the Spanish subsidiary Acumbamail, within the respective Put/Call options provided for by the acquisition contract and by the shareholder agreements stipulated on the occasion of the acquisition of 70% of Acumbamail, communicated on 03/08/2015. This option was linked to the achievement of certain economic performance objectives of the subsidiary in the three-year period 2015-2018, which were positively verified. The purchase price of the remaining 30% of Acumbamail, equal to Euro 0.6 million, was paid by using the company's cash and cash equivalents. Acumbamail is strategic for strengthening the Group in Spanish-speaking countries and entry-level customer ranges not otherwise covered by MailUp. The founders of Acumbamail, Rafael Cabanillas Carrillo and Ignacio Arriaga Sanchez, remain at the helm of the company as Managing Directors, with a constraint to remain for the next two years starting from the payment date, supported by Nazzareno Gorni, founder and CEO of MailUp Group, appointed on 11/07/2018 Chairman of the Board of Directors, with a decisive vote for specific strategic matters.

On 12/09/2018, the company announced its entry into the SaaS 1000 (saas1000.com), the global ranking of companies in the Software-as-a-Service (SaaS) market with the highest growth rate. On a quarterly basis, SaaS 1000 bases its ranking on a range of indicators such as recruitment trends and team expansion rates. Over the years, SaaS 1000 has rewarded companies from all over the world, analysing the growth trends of enterprises such as those of emerging start-ups. In its latest edition, relating to the second quarter of 2018, SaaS 1000 included MailUp (business unit and parent company of the MailUp Group) in 379th place.

On 24/09/2018 BEE Templates for Gmail was launched, a free add-on that allows all Gmail users to use email templates created with BEE within Gmail to create graphic emails easily. The service has immediately received positive feedback and to date has more than 80,000 users.

On 17/10/2018 the MailUp business unit launched the new “Messaging Apps” channels on the market, which extend the functionality of the MailUp platform by adding the new Facebook Messenger and Telegram channels to the traditional e-mail, SMS and social channels, which will be extended in the future with other chat tools.

The second edition of the MailUp Marketing Conference was held on 30/11/2018 at Palazzo Mezzanotte in Milan. The event dedicated to Digital Marketing in its various forms was attended by 400 guests and 113 managers representing all the most important operators in the sector (including TIM, Banco BPM, Philip Morris, Prénatal Retail Group) and the keynote speech by Chris Messina, world-renowned product designer and inventor of the hashtag, one of the founders of the idea of Conversational Marketing, a theme at the heart of the Milan-based event.

On 18/12/2018, MailUp announced the completion of the acquisition of 100% of Datatrics B.V., a Dutch company founded in 2012 and owner of a proprietary cutting-edge predictive marketing platform, capable of making data science accessible to marketers, for a total consideration of approximately Euro 3.8 million: (i) for a total of approximately Euro 2.24 million, in cash, using its own resources, in connection with the purchase and sale of 590 Datatrics shares (59.05% of the share capital), paid for approximately one third at the closing and to be paid for the remaining part in four equal tranches within 24 months of the closing; (ii) for a total of approximately Euro 1.56 million, through the contribution of the remaining 409 Datatrics shares (40.95% of the share capital) to pay for a specific capital increase in kind by MailUp for the same amount, through the issue of 657,859 new MailUp shares with no indication of their nominal value. In addition to the above, payment to sellers of a further earn-out component in MailUp shares is envisaged for a counter-value up to a maximum of Euro 3 million, in variable number, deriving from the division between the earn-out actually due and the aforementioned subscription price, subject to the achievement of certain Datatrics average monthly turnover targets to be calculated over a maximum period of 4 years.
Datatrics - whose economic results will be consolidated starting from the current year - recorded over 1 million revenues in 2018.

On 20/12/2018, MailUp announced that it had received notification from its relevant shareholders, Matteo Monfredini, Nazzareno Gorni, Luca Azzali, Matteo Bettoni and Alberto Miscia, who together hold a stake in the Issuer’s share capital consisting of 8,128,640 shares without an indication of the nominal value expressed equal to 54.44% of the relative capital, of the signing of a shareholders’ agreement concerning a shareholding consisting of a total of 7,480,514 shares equal to 50.10% of the relative capital (on an equal basis with each other), containing usual provisions for agreements of this kind (prior consultation commitments, lock-up, three-year duration).

The Board of Directors of MailUp is now as follows:

Matteo Monfredini	Chairman
Nazzareno Gorni	Chief Executive Officer
Micaela Cristina Capelli	Executive Director
Armando Biondi	Independent Director
Ignazio Castiglioni	Independent Director

Summary Report

Consolidated Income Statement as at 31/12/2018

Income statement	31/12/2018	Revenues	31/12/2017	Revenues	Delta	Delta %
E-mail revenues	10.121.703	25,2 %	9.431.330	34,5 %	690.373	7,3 %
SMS revenues	27.185.472	67,6 %	15.933.655	58,3 %	11.251.817	70,6 %
Professional Services revenues	547.645	1,4 %	588.868	2,2 %	(41.223)	(7,0 %)
BEE revenues	1.155.613	2,9 %	483.629	1,8 %	671.984	138,9 %
Other revenues	1.193.050	3,0 %	882.128	3,2 %	310.922	35,2 %
Total revenues	**40.203.483**	**100,0 %**	**27.319.610**	**100,0 %**	**12.883.873**	**47,2 %**
Cost of goods sold (COGS)	26.817.239	66,7 %	15.791.629	57,8 %	11.025.610	69,8 %
Gross Profit	**13.386.244**	**33,3 %**	**11.527.981**	**42,2 %**	**1.858.263**	**16,1 %**
Sales & Marketing costs	2.938.007	7,3 %	3.244.329	11,9 %	(306.322)	(9,4 %)
Research & Development costs	1.063.420	2,6 %	857.655	3,1 %	205.765	24,0 %
Cpitalised R&D payroll cost	*(1.473.359)*	*(3,7 %)*	*(1.335.895)*	*(4,9 %)*	*(137.464)*	*10,3 %*
Total R&D cost	*2.536.779*	*6,3 %*	*2.193.551*	*8,0 %*	*343.228*	*15,6 %*
General costs	5.615.708	14,0 %	4.546.590	16,6 %	1.069.118	23,5 %
Total other operating costs	9.617.134	23,9 %	8.648.574	31,7 %	968.560	11,2 %
Ebitda	**3.769.109**	**9,4 %**	**2.879.407**	**10,5 %**	**889.703**	**30,9 %**
Amortisation, depr. & prov. G&A	195.278	0,5 %	125.266	0,4 %	70.011	55,9 %
Amortisation, depr. & prov. R&D	1.418.466	3,5 %	1.188.643	4,4 %	229.823	19,3 %
Amortisation, depr. & prov. COGS	258.261	0,6 %	285.399	1,0 %	(27.138)	-9,5 %
Total Amortisation, deprecation and provisions	1.872.005	4,7 %	1.599.309	5,9 %	272.696	17,1 %
Ebit	**1.897.105**	**4,7 %**	**1.280.098**	**4,7 %**	**617.007**	**48,2 %**
Financial operation	20.796	0,1 %	(77.797)	(0,3 %)	98.593	(126,7 %)
Ebt	**1.917.900**	**4,8 %**	**1.202.301**	**4,4 %**	**715.599**	**59,5 %**
Income tax	(766.513)	(1,9 %)	(585.331)	(2,1 %)	(181.182)	31,0 %
Advance tax	242.678	(0,6 %)	23.929	(0,1 %)	218.749	914,1 %
Deferred tax	(138.800)	0,30 %	(29.091)	0,1 %	(109.709)	377,12 %
Profit (loss) for the year	**1.255.267**	**3,12 %**	**611.809**	**2,2 %**	**643.458**	**105,2 %**
Group profit (loss)	*1.255.267*	*3,1 %*	*549.013*	*2,0 %*	*706.253*	*128,64 %*
Minority interest profit (loss)			*62.795*	*0,2 %*	*(62.795)*	*-100,00 %*

Consolidated Balance Sheet with determination of NWC as at 31/12/2018

Balance sheet	31/12/2018	31/12/2017	Delta	Delta %
Intangible fixed assets	4.080.355	3.970.669	109.687	2,8 %
Consolidation difference	16.631.533	9.829.834	6.801.699	69,2 %
Tangible fixed assets	1.095.331	1.011.029	84.302	8,3 %
Financial fixed assets	220.315	237.538	(17.223)	(7,3 %)
Fixed assets	**22.027.534**	**15.049.070**	**6.978.465**	**46,4 %**
Trade receivaibles	8.350.869	3.685.963	4.664.906	126,6 %
Receivables from associated companies	13.067	19.368	(6.300)	(32,5 %)
Trade payables	(8.053.296)	(4.710.537)	(3.342.759)	71,0 %
Payables to associated companies	(23.500)		(23.500)	
Commercial working capital	**287.141**	**(1.005.206)**	**1.292.347**	**(128,6 %)**
Tax receivables and payables	741.699	777.012	(35.314)	(4,5 %)
Accruals and deferrals	(6.635.451)	(5.328.250)	(1.307.200)	24,5 %
Other receivables and payables	(5.099.121)	(1.552.663)	(3.546.458)	228,4 %
Net working capital	**(10.705.732)**	**(7.109.107)**	**(3.596.625)**	**50,6 %**
Provisions for risks and charges	(436.070)	(129.580)	(306.491)	236,5 %
Provision for severance indemnity (TFR)	(1.321.224)	(1.115.151)	(206.074)	18,5 %
Net invested capital	**9.564.507**	**6.695.232**	**2.869.275**	**42,9 %**
Share capital	373.279	354.237	19.042	5,4 %
Reserves	14.301.484	12.924.712	1.376.772	10,7 %
Period profit/(loss)	1.255.267	549.013	706.253	128,6 %
Third parties equity		121.788	(121.788)	(100,0 %)
Shareholders' equity	**15.930.030**	**13.949.751**	**1.980.280**	**14,2 %**
Short-term payables/(cash)	(6.238.207)	(9.026.526)	2.788.319	(30,9 %)
Financial Activities That Are Not Fixed Assets	(469.489)		(469.489)	
Medium/long-term payables	342.173	1.772.007	(1.429.834)	(80,7 %)
Net financial position	**(6.365.523)**	**(7.254.518)**	**888.996**	**(12,3 %)**
Total sources	**9.564.507**	**6.695.232**	**2.869.275**	**42,9 %**

MailUp S.p.A. Income Statement as at 31/12/2018

Income statement	31/12/2018	% Tot Revenues	31/12/2017	% Tot Revenues	Delta	Delta %
Email revenues	8.765.479	60,4 %	8.010.006	62,6 %	755.472	9,4 %
SMS revenues	3.636.034	25,1 %	2.937.299	23,0 %	698.734	23,8 %
Professional service revenues	460.847	3,2 %	299.149	2,3 %	161.698	54,1 %
Intercompany revenues	51.612	0,4 %	453.466	3,5 %	(401.854)	(88,6 %)
Other revenues	707.337	4,9 %	721.062	5,6 %	(13.725)	(1,9 %)
Other intercompany revenues	887.321	6,1 %	372.896	2,9 %	514.425	138,0 %
Total revenues	**14.508.630**	**100,0 %**	**12.793.879**	**100,0 %**	**1.714.751**	**13,4 %**
Cost of good sold (COGS)	6.132.221	42,3 %	4.785.584	37,4 %	1.346.636	28,1 %
Gross Profit	**8.376.409**	**57,7 %**	**8.008.295**	**62,6 %**	**368.114**	**4,6 %**
Sales & Marketing costs	2.531.929	17,5 %	2.441.652	19,1 %	90.277	3,7 %
Research & Development costs	1.077.935	7,4 %	822.781	6,4 %	255.154	31,0 %
Capitalised R&D payroll cost	*(997.909)*	*(6,9 %)*	*(814.621)*	*(6,4 %)*	*(183.288)*	*22,5 %*
Total R&D costs	*2.075.844*	*14,3 %*	*1.637.402*	*12,8 %*	*438.442*	*26,8 %*
General & Admin costs	3.917.603	27,0 %	2.986.388	23,3 %	931.216	31,2 %
Total operating costs	7.527.467	51,9 %	6.250.821	48,9 %	1.276.647	20,4 %
Ebitda	**848.942**	**5,9 %**	**1.757.474**	**13,7 %**	**(908.532)**	**(51,7 %)**
Amortisation, depr. & prov. G&A	148.990	1,0%	93.172	0,7%	55.819	59,9%
Amortisation, depr. & prov. R&D	1.204.922	8,3 %	1.086.080	8,5 %	118.842	10,9 %
Amortisation, depr. & prov. COGS	244.814	1,7 %	271.252	2,1 %	(26.437)	(9,7 %)
Total Amortisation, deprecation and provisions	1.598.727	11,0 %	1.450.504	11,3 %	148.224	10,2 %
Ebit	**(749.785)**	**(5,2 %)**	**306.971**	**2,4 %**	**(1.056.756)**	**(344,3 %)**
Financial operations	1.308.445	9,0 %	807.699	6,3 %	500.745	62,0 %
Ebt	**558.660**	**3,9 %**	**1.114.670**	**8,7 %**	**(556.011)**	**(49,9 %)**
Income tax	(8.689)	(0,1 %)	(43.982)	(0,3 %)	35.293	(80,2 %)
Advance tax	225.812	(1,6 %)	(14.334)	(0,1 %)	240.146	1.675,4 %
Deferred tax			2.750	0,0 %	(2.750)	(100,0 %)
Utile (Perdita) d'esercizio	**775.783**	**5,3 %**	**1.059.104**	**8,3 %**	**(283.321)**	**(26,8 %)**

MailUp S.p.A. Balance Sheet with determination of NWC as at 31/12/2018

Balance sheet	31/12/2018	31/12/2017	Delta	Delta %
Intangible fixed assets	3.392.685	3.523.559	(130.874)	(3,7 %)
Tangible fixed assets	1.010.920	960.140	50.780	5,3 %
Financial fixed assets	19.239.150	11.338.184	7.900.966	69,7 %
Fixed assets	**23.642.755**	**15.821.884**	**7.820.872**	**49,4 %**
Trade receivables	1.518.205	1.122.239	395.966	35,3 %
Receivables from subsidiaries company	635.764	696.183	(60.418)	(8,7 %)
Receivables from associated company	13.067	19.368	(6.300)	(32,5 %)
Trade and other payables	(1.124.736)	(823.220)	(301.516)	36,6 %
Payables due to subsidiaries company	(1.735.989)	(1.590.528)	(145.460)	9,1 %
Payables due to associated company	(23.500)		(23.500)	
Commercial working capital	**(717.188)**	**(575.960)**	**(141.228)**	**24,5 %**
Tax receivables and payables	506.523	322.328	184.195	57,1 %
Accruals and deferrals	(6.104.351)	(5.053.508)	(1.050.843)	20,8 %
Other receivables and payables	(4.811.884)	(1.435.481)	(3.376.403)	235,2 %
Net working capital	**(11.126.900)**	**(6.742.621)**	**(4.384.279)**	**65,0 %**
Provisions for risks and charges	(144.405)	(84.405)	(60.000)	71,1 %
Provision for severance indemnity TFR	(1.142.221)	(943.829)	(198.393)	21,0 %
Net invested capital	**11.229.229**	**8.051.029**	**3.178.200**	**39,5 %**
Share capital	373.279	354.237	19.042	5,4 %
Reserves	14.388.360	11.832.343	2.556.017	21,6 %
Profit (loss) for the year	775.783	1.059.104	(283.321)	(26,8 %)
Shareholders' equity	**15.537.422**	**13.245.684**	**2.291.738**	**17,3 %**
Short-term payables/(cash)	(4.180.877)	(6.966.662)	2.785.785	(40,0 %)
Financial Activities That Are Not Fixed Assets	(469.489)		(469.489)	
Medium/long-term payables	342.173	1.772.007	(1.429.834)	(80,7 %)
Net financial position	**(4.308.193)**	**(5.194.655)**	**886.462**	**(17,1 %)**
Total sources	**11.229.229**	**8.051.029**	**3.178.200**	**39,5 %**

Consolidated and separate annual Report on Operations as at 31/12/2018

Dear Shareholders,

The year ended on 31/12/2018 records a positive consolidated result of Euro 1,255,267 after amortisation, depreciation and impairment applied for a total of Euro 1,872,005 and provisions made for current and deferred tax in the amount of Euro 662,634. The EBITDA of the Group amounted to Euro 3,769,109. The separate financial statements of the parent company MailUp S.p.A. (hereinafter "MailUp") for the same period, recorded a positive result of Euro 775,783 with EBITDA of Euro 848,942.
Below is the analysis of the position and the trend of operations relative to the year just ended of the Group and the company.

1. Introduction

This Report on Operations is presented for the purposes of the Consolidated Annual Report of the MailUp Group (hereinafter the "MailUp Group" or the "Group") prepared in accordance with International Accounting Standards (IAS/IFRS).

Although not having met the requirements laid down by article 27 of Legislative Decree no. 127/1991, the administrative body of MailUp S.p.A. (hereinafter MailUp or the Company) resolved to draft the Consolidated and 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 articles 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 units of Euro, is presented so as to accompany the Consolidated Annual Report for the purpose of providing income-related, equity, financial and operating information on the Group accompanied, where possible, by historic elements and forecasts valuations.
The Consolidated Balance Sheet and Income Statement as at 31/12/2017 are shown for comparison purposes.
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 31/12/2018):

Company name	Registered office	Share capital as at 31/12/2018	%
MAILUP S.P.A.	Milan	Euro 373,279.16	parent company
MAILUP INC.	United States of America	Euro 41,183*	100%
MAILUP NORDICS A.S.	Denmark	Euro 67,001*	100%
GLOBASE INTERNATIONAL APS	Denmark	Euro 16,750*	100% controlled by MailUp Nordics
AGILE TELECOM S.P.A.	Carpi (Mo)	Euro 500,000	100%
ACUMBAMAIL SL	Spain	Euro 4,500	100%
DATATRICS B.V.**	The Netherlands	Euro 999	100%

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

The acquisition of Datatrics B.V. was completed on 30 October 2018. The insignificant impact on the consolidated financial statements of the revenues and costs expressed by the Dutch subsidiary, relating only to the last two months of the 2018 financial year, has led to a preference for consolidation in the financial year covered by this report in the balance sheet only.

2. Economic context for FY 2018

According to ISTAT, the Italian GDP growth forecast for 2018 is 1.1% in real terms, a slowdown compared to the previous year. GDP growth could pick up slightly in 2019 (+1.3%). The contribution of domestic demand net of inventories to GDP growth is 1.3 percentage points; the contribution of net foreign demand would be negative (-0.2 percentage points) and that of the change in inventories would be zero. In 2018, the estimate of the expenditure of households and ISPs in real terms shows a sharp slowdown compared to previous years (+0.9%). In 2018, the process of replenishing the capital stock is expected to continue at a sustained pace thanks to both the continuation of the expansive cycle of transport means and the favourable conditions on the credit market. Gross fixed investments are expected to increase by 3.9% in 2018 before slowing down in 2019 (+3.2). There has been a positive labour market dynamic with a consequent increase in employment (+0.9% in terms of labour units).

From an international point of view, in the first half of 2018 world growth decelerated compared to the second half of 2017, with heterogeneous dynamics between countries. Economic activity slowed down more than expected in industrialised areas, while emerging economies maintained growth.
In the United States, the second half of the year saw the continuation of the phase of economic expansion: in the third quarter, GDP recorded economic growth (+0.9%) higher than expected, albeit slightly slower than in the previous quarter (+1.0%). The economy was driven by private consumption and non-residential fixed investment, while a negative contribution came from net exports and residential investment.
In the second half of the year, the economic growth of the euro area's GDP stood at 0.2%, clearly decelerating from 0.4% in the second quarter. The slowdown, which led to a substantial downsizing of the trend variation (+1.7% from +2.2%), is linked to factors on the demand side and to the lower impulse provided by extra-area trade, which was affected by the combined effect of the weakening of world trade and a moderate appreciation of the nominal effective exchange rate of the euro. The economic dynamics have shown heterogeneous signs and intensities among the different countries. In the third quarter, GDP in France grew by 0.4%, in Spain it stabilised at 0.6%, while in Germany it decreased (-0.2%), partly affected by the entry into force of the regulations on exhaust gases, which penalised car sales and production.
Considerable international uncertainty is linked, among other things, to trade tensions between the United States and China and the finalisation of Brexit.
In the context of the progressive slowdown in economic activity, in the third quarter of 2018 Italian GDP recorded, after three years of expansion, zero growth, reflecting the phase of contraction of industrial activity. The latest data on foreign trade and orders indicate a persistent weakness in the economic cycle, which is expected to extend to the fourth quarter. In 2018, GDP is therefore expected to increase by 1.1%, supported by the expansion of domestic demand. Household consumption, although significantly decelerating, and investment expenditure will make a positive contribution to growth. In a context of a slowdown in international trade and in particular exports, the contribution of net foreign demand is negative (-0.2 percentage points).

The Group

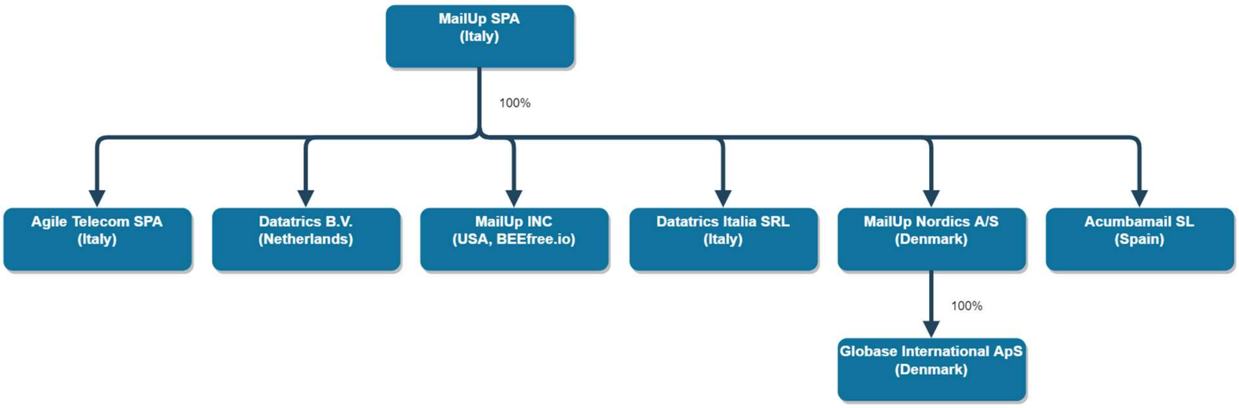
The parent company MailUp is a legal entity organized according to the law of the Italian Republic, which operates in the sector of cloud marketing technology (MarTech). MailUp has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 10,000 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. At consolidated level, the Group operates with over 21,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 190 employees. The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing purposes, (ii) sophisticated e-mail and newsletter editing tools, (iii) innovative solutions in marketing technology, in addition to (iv) professional consulting services in this area.
After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana (Italian Stock Exchange), MailUp added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (predictive marketing using artificial intelligence).

Pursuant to article 2428 Civil Code, it is noted that the activities of the parent company were carried out in the year ended on 31/12/2018 at the registered office in Milan, viale Restelli 1, and at the administrative office of Cremona, via

dell'Innovazione Digitale 3, at the CRIT – Centre for technological innovation.
In the year ended on 31/12/2018, 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 A.S.
- Globase International A.p.S.
- Agile Telecom SpA
- Datatrics B.V.
- Datatrics Italia S.r.l.

Below is the Group's participation structure updated as at 31/12/2018.



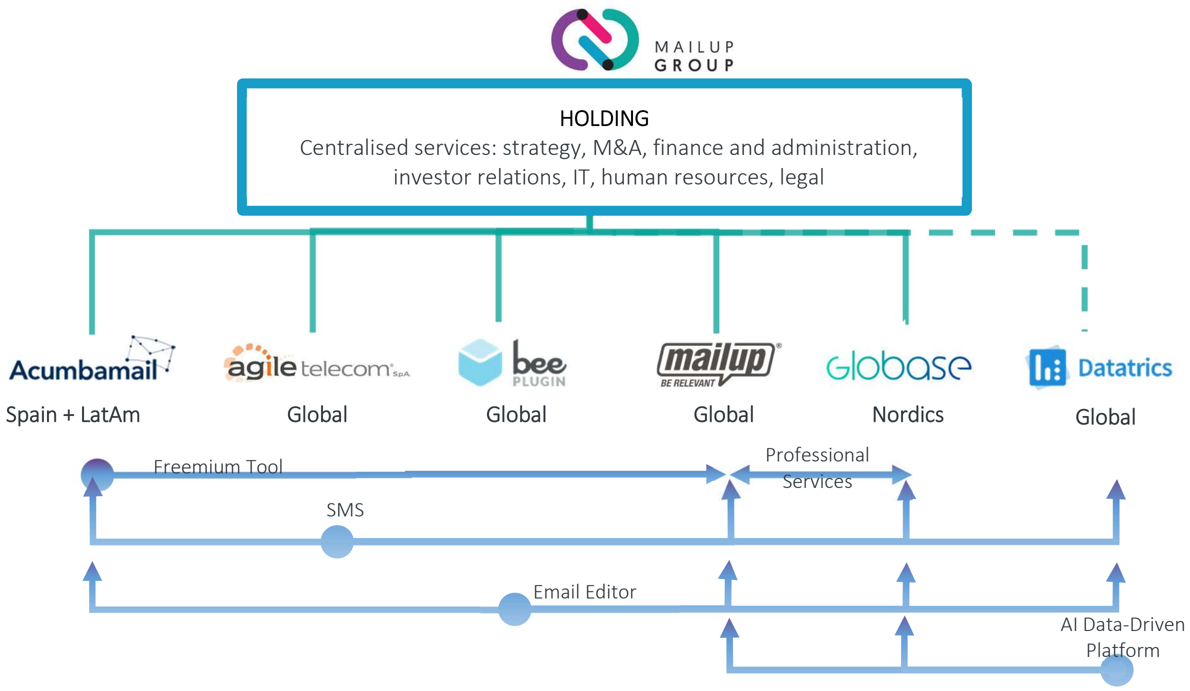
All the entities listed in the above chart are 100% owned by MailUp S.p.A. In particular, during the financial year ended on 31/12/2018, a particularly significant transaction was carried out, as described below.

On 18/12/2018, MailUp completed **purchase of a totalitarian shareholding in Datatrics B.V.**, a Dutch company founded in 2012 and owner of a cutting-edge proprietary predictive marketing platform, able to make data-science accessible to marketers. In fact, the technology of Datatrics allows the marketing teams to build experiences for its customers based on data managed by artificial intelligence, resulting in a better customer experience and a consequent increase in conversion and loyalty of customers, through a data management platform developed with a self-learning algorithm. The aforementioned proprietary technology allows marketing teams to directly use data combinations without the intervention of the information technology department or data analysts for complex integrations. The use of artificial intelligence allows the combination of data from multiple sources, both internal of customers (CRM, e-mail, social networks, e-commerce, web analytics and other) and external (demographic data, weather, traffic and other) using an open customer data platform approach. The marketing managers consequently obtain detailed, complete and unified consumer profiles that allow efficient and effective use of the various communication tools and channels. Datatrics was founded by the current CEO Bas Nieland and subsequently funded (through direct investment in the capital) by the investment company Go Holding BV. The target started to generate revenues in 2017 (Euro 0.3 million in the year) and currently serves around 100 customers (up 43% in the first six months of 2018), including Siemens, LeasePlan, KLM, PostNL, British Petroleum, CarGlass and Rabobank. The company is based in Enschede and has offices in Amsterdam.
The transaction is part of the broader development and consolidation plan of the MailUp Group, representing one of the main strategic objectives for the same, in line with the expansion plan by external lines, diversification and expansion of its commercial offer. With the completion of the acquisition, the Group therefore intends to increase its size and capitalization, creating an integrated operator also in artificial intelligence, with the consequent creation of industrial synergies through the sharing of the main business support processes already existing within the Group and due to the integration of a company operating in a strictly complementary market context. In the opinion of management, the

transaction represents a significant step in the Group's growth strategy in a competitive environment increasingly focused on data. In fact, the Group pursues the objective of increasing average revenue per customer, leveraging the improvement of the portfolio of products and solutions offered through a technology already integrated with the MailUp platform and with the e-mail template editor BEEfree.io.
The transaction involved the sale of the entire share capital of Datatrics by the selling shareholders for a total consideration of about Euro 3.8 million: (i) for a total of approximately Euro 2.24 million, on a cash basis, using own funds, based on the sale of 590 Datatrics shares (equal to 59.05% of the share capital), paid for around one-third at closing and for the remaining part to be paid in 4 instalments of the same amount within 24 months of the same; (ii) for a total of approximately Euro 1.56 million, through the transfer of the remaining 409 Datatrics shares (equal to 40.95% of the share capital) upon the release of a specific share capital increase in kind of MailUp for the same amount, and precisely, a paid share capital increase in divisible form with exclusion of the option right pursuant to article 2441, paragraph 4, first period, of the Civil Code, as reserved for Sellers, by issuing 657,859 new MailUp shares without indication of the nominal value expressed. In addition to the above, payment to sellers of a further earn-out component in MailUp shares is envisaged for a counter-value up to a maximum of Euro 3 million, in variable number, deriving from the division between the earn-out actually due and the aforementioned subscription price, subject to the achievement of certain Datatrics average monthly turnover targets to be calculated over a maximum period of 4 years.

Datatrics Italia S.R.L. was established by the parent company on 18/12/2018 to promote the commercial development of the Datatrics platform in Italy; it began operating in January 2019.

The path of growth by external lines through acquisitions undertaken by the MailUp Group has made it possible, and will continue to make it possible in the future, to develop significant product strategies in the field of technology and commercial growth, summarised in the graphic representation below:



Significant events during FY 2018

In FY 2018, the activities of the MailUp Group were characterised by the events indicated below:

Starting 01/01/2018, Cinzia Tavernini took over the role of Globase CEO with the aim of continuing the integration of the Globase and MailUp business units, launching the new version of the Globase V3 product, based on the cutting-edge technology of MailUp, already used by thousands of customers all over the world. The new version of the platform presents a series of improvements, such as native integration with CRM platforms and e-commerce such as Microsoft Dynamics, Salesforce and Magento and it also respects the new European regulation on data protection (GDPR). Cinzia

Tavernini has been in Copenhagen since the beginning of 2017, where she started working, as Chief Revenue Officer, and has previous experience with MailUp, as Head of International Sales.

On 27/03/2018, the Board of Directors of MailUp announced that it had received the resignation from the Managing Director Giandomenico Sica with immediate effect.

On 26/04/2018, the Shareholders' Meeting of MailUp appointed Ignazio Castiglioni as a new member of the Board of Directors, whose independence requirements were verified as communicated on 15/05/2018.

With the approval of the Financial Statements for the year ended 31/12/2017, the mandate of the Supervisory Body appointed for three financial years has expired. Therefore, in the same session, the Board of Directors conferred to the Lawyer Gabriele Ambrogetti of Studio Operari Lex the task of monocratic Surveillance Body of the Company. The new Body will remain in office for three financial years and specifically until the approval of the Financial Statements for the year ended 31/12/2020.

On 13/06/2018, the Board of Directors of MailUp assigned to the Director Micaela Cristina Capelli the role of Investor Relater of the Company, delegating to the same certain and specific managerial powers, functional to the aforementioned task and in general the coordination of marketing and management of relationships with investors and the market. As a result of the foregoing, Ms Capelli, who has accrued more than 18 years of experience in investment banking, is qualified as Executive Director of the Company, no longer endowed with the independence requirements pursuant to article 148, paragraph 3, of the Consolidated Finance Act (TUF).

On 16/07/2018 the Group announced that it had received funding of Euro 5.1 million under the call for Major Projects FRI - Digital Agenda of the Ministry of Economic Development, concerning a research and development project called "NIMP - New Innovative Multilateral Platform", to be implemented in the next three years with the participation, among others, of the Politecnico of Milan as a scientific partner. The loan includes a line at a subsidized rate of Euro 3.5 million from Cassa Depositi e Prestiti, a market rate to be disbursed by Banca Popolare dell'Emilia Romagna amounting to Euro 0.4 million, both of which have a duration of five plus three years of pre-amortisation, plus a non-repayable loan of Euro 1.3 million. The funds, based on investments and costs incurred in the three-year period from 01/03/2018 to 28/02/2021, will be disbursed against the final balance of the expenses actually incurred.

On 01/08/2018, MailUp announced the exercise of the Put Option by shareholders holding 30% of the Spanish subsidiary Acumbamail, within the respective Put/Call options provided for by the acquisition contract and by the shareholder agreements stipulated on the occasion of the acquisition of 70% of Acumbamail, communicated on 03/08/2015. This option was linked to the achievement of certain economic performance objectives of the subsidiary in the three-year period 2015-2018, which were positively verified. The purchase price of the remaining 30% of Acumbamail, equal to Euro 0.6 million, was paid by using the company's cash and cash equivalents. Acumbamail is strategic for strengthening the Group in Spanish-speaking countries and entry-level customer ranges not otherwise covered by MailUp. The founders of Acumbamail, Rafael Cabanillas Carrillo and Ignacio Arriaga Sanchez, remain at the helm of the company as Managing Directors, with a constraint to remain for the next two years starting from the payment date, supported by Nazzareno Gorni, founder and CEO of MailUp Group, appointed on 11/07/2018 Chairman of the Board of Directors, with a decisive vote for specific strategic matters.

On 12/09/2018, the company announced its entry into the SaaS 1000 (saas1000.com), the global ranking of companies in the Software-as-a-Service (SaaS) market with the highest growth rate. On a quarterly basis, SaaS 1000 bases its ranking on a range of indicators such as recruitment trends and team expansion rates. Over the years, SaaS 1000 has rewarded companies from all over the world, analysing the growth trends of enterprises such as those of emerging start-ups. In its latest edition, relating to the second quarter of 2018, SaaS 1000 included MailUp (business unit and parent company of the MailUp Group) in 379th place.

On 24/09/2018 BEE Templates for Gmail was launched, a free add-on that allows all Gmail users to use email templates created with BEE within Gmail to create graphic emails easily. The service has immediately received positive feedback and to date has more than 80,000 users.

On 17/10/2018 the MailUp business unit launched the new "Messaging Apps" channels on the market, which extend the functionality of the MailUp platform by adding the new Facebook Messenger and Telegram channels to the traditional e-mail, SMS and social channels, which will be extended in the future with other chat tools.

The second edition of the MailUp Marketing Conference was held on 30/11/2018 at Palazzo Mezzanotte in Milan. The event dedicated to Digital Marketing in its various forms was attended by 400 guests and 113 managers representing all the most important operators in the sector (including TIM, Banco BPM, Philip Morris, Prénatal Retail Group) and the keynote speech by Chris Messina, world-renowned product designer and inventor of the hashtag, one of the founders of the idea of Conversational Marketing, a theme at the heart of the Milan-based event.

On 18/12/2018, MailUp announced the completion of the acquisition of 100% of Datatrics B.V., a Dutch company founded in 2012 and owner of a proprietary cutting-edge predictive marketing platform, capable of making data science accessible to marketers, for a total consideration of approximately Euro 3.8 million: (i) for a total of approximately Euro 2.24 million, in cash, using its own resources, in connection with the purchase and sale of 590 Datatrics shares (59.05% of the share capital), paid for approximately one third at the closing and to be paid for the remaining part in four equal tranches within 24 months of the closing; (ii) for a total of approximately Euro 1.56 million, through the contribution of the remaining 409 Datatrics shares (40.95% of the share capital) to pay for a specific capital increase in kind by MailUp for the same amount, through the issue of 657,859 new MailUp shares with no indication of their nominal value. In addition to the above, payment to sellers of a further earn-out component in MailUp shares is envisaged for a counter-value up to a maximum of Euro 3 million, in variable number, deriving from the division between the earn-out actually due and the aforementioned subscription price, subject to the achievement of certain Datatrics average monthly turnover targets to be calculated over a maximum period of 4 years.
Datatrics - whose economic results will be consolidated starting from the current year - recorded over 1 million revenues in 2018.

On 20/12/2018, MailUp announced that it had received notification from its relevant shareholders, Matteo Monfredini, Nazzareno Gorni, Luca Azzali, Matteo Bettoni and Alberto Miscia, who together hold a stake in the Issuer's share capital consisting of 8,128,640 shares without an indication of the nominal value expressed equal to 54.44% of the relative capital, of the signing of a shareholders' agreement concerning a shareholding consisting of a total of 7,480,514 shares equal to 50.10% of the relative capital (on an equal basis with each other), containing usual provisions for agreements of this kind (prior consultation commitments, lock-up, three-year duration).

The Board of Directors of MailUp is now as follows:

Matteo Monfredini	Chairman
Nazzareno Gorni	Chief Executive Officer
Micaela Cristina Capelli	Executive Director
Armando Biondi	Independent Director
Ignazio Castiglioni	Independent Director

Development of the MAIL security in the course of FY 2018

Below is some data on the prices and volumes of the MailUp security (MAIL) in FY 2018.

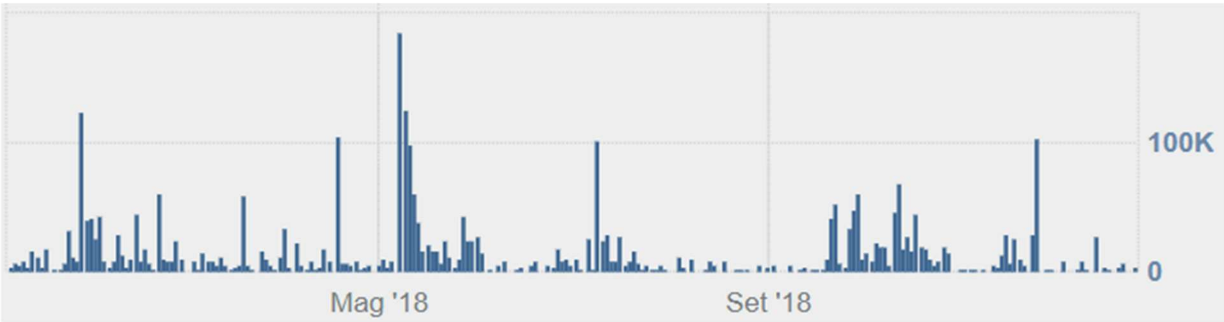
Placing price	Euro 1.92*	29/07/2014
Maximum price FY 2018	Euro 2.75	25/01/2017
Minimum price FY 2018	Euro 2.04	18/06/2018
Price at period-end	Euro 2.32	31/12/2018

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

After a particularly brilliant start to 2018, with the highest price for the period shown in the table at the end of January and the monthly average for January at Euro 2.60 per share, the MailUp share declined gradually, reaching its lowest value in June, a period in which the monthly average was Euro 2.11, in conjunction, among other aspects, with the period of uncertainty affecting the Italian financial markets following the appointment of the new government. The price trend then began to rise again during the second half of the year, with a positive trend that is still continuing. The average price for the third quarter, equal to Euro 2.34 per share, is 4% higher than the same price for the second quarter,

while the average price for the fourth quarter, equal to Euro 2.41 per share, is 2.8% higher than the same price for the previous quarter. The months of November and December recorded the second and third best average monthly performances of the year, respectively (Euro 2.45 and Euro 2.40).
The positive trend of the share continues in the first months of 2019, with a maximum price recorded on 18/03/2019 at Euro 3.06 per share, equal to the maximum for the year and the historical maximum, up by about 35% compared to the first listing of the year (Euro 2.26 as of 02/01/2019).

MAIL.MI - trend in volumes January-December 2018 - Source www.borsaitaliana.it



MAIL.MI - trend in volumes January-December 2018 - Source www.borsaitaliana.it

During FY 2018, volumes exceeded 100,000 units in six trading sessions, with a maximum recorded on 08/05/2018 (186,420 units). In general, daily volumes traded during the period averaged 12,847 units, significantly lower than the same overall figure of 27,754 units per day in the previous year.

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

The Marketing Technology (MarTech) Market

MarTech is an ecosystem of cloud solutions and technological applications aimed at supporting companies in the development of their digital marketing strategies. This ecosystem, to which the MailUp Group business is related, is growing very rapidly and is populated both by medium-small players, focused on specific niches or segments, and by large companies that cover a wide range of customer needs.

MarTech overview: ample, complex, fragmented and segmented

In the last decade, technology and traditional off-line marketing have found a fertile common ground of development and contamination that has led to the proliferation of cloud strategies, solutions and tools that make up the ecosystem of MarTech. In recent years, the growth of the ecosystem has been exponential, at a rate of around 30x, going from around 150 application solutions in 2011 to over 6,800 in 2018.

In the extremely complex and fragmented context of the MarTech market it is possible to identify 6 main sub-segments:

- Advertising & Promotion (mobile marketing, social and video advertising, PR);
- Content & Experience (mobile apps, e-mail and content marketing, personalization, SEO, marketing automation and lead management, CMS);
- Social & Relationship (events, meetings & webinars, social media marketing, influencers, CRM);
- Commerce & Sales (retail & proximity marketing, sales automation, e-commerce platforms and marketing);
- Data (data marketing, mobile & web analytics, customer data platforms, predictive analytics, business and customer intelligence);
- Management (talent management, product management, budgeting & finance, agile and lean management, vendor analysis).

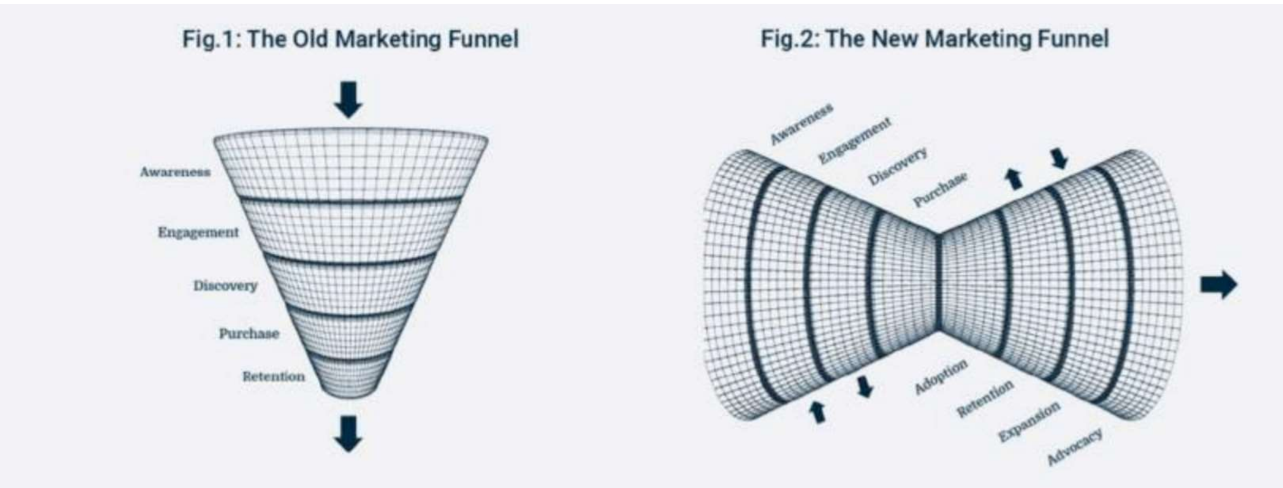
In the MarTech area, e-mails and text messages are still the most used and fastest-growing tools among the solutions available, above all for the effectiveness deriving from their combined use in marketing strategies.

Multi-channelling is becoming the rule for digital marketing professionals increasingly looking for strategies able to combine different communication channels that allow utmost customization of the experience according to the needs of the user.

The main technological trends that are currently affecting MarTech are aimed at exploiting the potentials deriving from the collection and processing of Big Data through Artificial Intelligence (AI), while, from the side of the market structure, large-scale concentration phenomena deriving from intense Merger & Acquisition activity are expected.

Customers generate a large amount of data and information in the course of their purchasing experiences that represent a valuable asset which, if properly exploited, can lead to much more targeted and effective campaigns, and ultimately an increase in sales. In order to manage large amounts of data, it is increasingly strategic to rely on the automation of flows and, in the future, on tools based on AI. The use of AI will significantly increase the effectiveness of decision making and machine learning processes, allowing the extraction of increasingly significant indicators, optimising the customization of marketing campaigns and providing customised scalable solutions.

Thanks to the increasing possibilities to monitor the behavioural models of online customers, the focus is no longer just that of converting a customer from potential to effective, as in traditional marketing, but that of maximizing the value of customers beyond the sales and customer retention phase. Through customer expansion and advocacy, the goal is to bring the customer closer to the company and thanks to AI and machine learning provide a one-to-one experience to the customer, who receives personalized content even in the timing of sending.



Source: Market Campaign, 2018 E-mail Marketing, Value Track Analysis

Segment of reference of the MailUp Group: E-mail Marketing, Mobile Marketing, Marketing Automation

The most appropriate segments in which to place the MailUp Group within the MarTech ecosystem are the following:

1. **E-mail Marketing Segment:** e-mails are one of the most widespread tools to channel digital marketing campaigns and to increase customer acquisition. Despite the competition from other communication tools (instant messaging platforms, chats, social networks), the growth in the use and number of e-mail users is expected to continue, as well as in turnover deriving directly from e-mail marketing. However, to take advantage of other forms of digital communication it is always necessary to have an e-mail address, as well as for any e-commerce transaction and registration regarding portals and online applications. According to the forecasts of Radicati Group, an American research organization specialized in the sector, significant worldwide growth is estimated for the e-mail market both in terms of turnover and users. In particular, with respect to 3.8 billion users at the end of 2018, growth is forecast at a CAGR of 3% in the period 2017-2022. The turnover of e-mail marketing, equal to about USD 23.8 billion at the end of 2017, is expected to double over the next five years. The number of e-mails sent and received daily is expected to grow by 4% per year up to 2022 compared to the current 281 billion. In terms of operators in this segment, there are about 300 different solutions available, ranging from the most standardized and economic to highly customized tools with high subscription cost.

2. **Mobile Marketing / Messaging Segment:** it includes SMS campaigns that, despite the almost daily proliferation of new technologies in the smartphone world, remain one of the preferred methods in the area of customer engagement and acquisition. In addition to marketing activities in a strict sense, text messages are widely used in transactional communications, determining an alternative source of revenue for providers of this specific service. Transactional SMS are those sent, for example, after the completion of an online purchase or for 2-factor authentication, the use of which is recommended under the latest guidelines on the protection of personal data. The SMS market is still the channel that is recording the fastest and most intense growth, with about 4.9 billion users at the end of 2017 (about 66% of the world population and 5% up on 2016) and records one of the highest response rates (8% of mobile users who received a text message go to the point of sale to make a purchase) among recipients of marketing campaigns. This segment is highly fragmented and telecommunications companies can also be included among competitors. There are currently about 500 solutions available worldwide.

3. **Marketing Automation Segment:** it is referred to in the case of complex software solutions that allow the workflow management of sophisticated marketing campaigns. The workflow is defined by a sequence of actions that are activated when a particular event occurs. Basic workflows include, for example, welcome e-mails that are sent when an online registration form is completed. In addition, text messages can be sent to reach a potential customer's mobile device.
   An immediate benefit of Marketing Automation is the saving of time for users in planning customer acquisition strategies, with the consequent improvement in efficiency in economic terms. The Marketing Automation sector is one of the most popular with over 160 solutions currently proposed.

   According to Grand View Research Inc, in the next few years the demand for Marketing Automation software will increase substantially, going from a turnover of USD 3.35 billion in 2016, to reach USD 7.63 billion by 2025. The increase will involve both the big and the small-middle players, with the latter protagonists of a sharp increase over the next eight years.

Source: Grand View Research Inc, Global marketing automation software market, by enterprise size, 2014-2025 (USD Million)

Competitors' behaviour

Competitive structure of MarTech: technological niches vs. large integrated players

In such a large, complex and interconnected market, companies must necessarily specialize in a niche or aggregate / include in their offer the most ample and most varied portfolio of alternative solutions. For this reason, from start-ups and micro / small companies to large software multinationals such as Adobe, IBM, Oracle, Salesforce and SAP coexist in the MarTech ecosystem.

The former are developed and sized by their founders to operate within a specific market niche, while the large players are structured to manage multiple and diversified segments at the same time. This is possible since marketing technologies are basically based on cloud applications, like MailUp, which can be accessed in stand-alone mode or can be incorporated as part of more complex platforms.

In order to facilitate access to this market, most players have in fact allocated significant resources to the development of integrations of their marketing technology platform, through plug-and-play applications, for example with the main CRM systems and the most widespread marketing automation platforms. The iPaaS (integration-Platform-as-a-Service) platforms have also significantly increased correspondingly, leading to an increase in the overall level of integration between the various marketing technologies.

This process has become an advantage for marketers who have thus been able to choose the best product available without necessarily being tied to a single supplier.

Market consolidation: the probable scenario in the immediate future

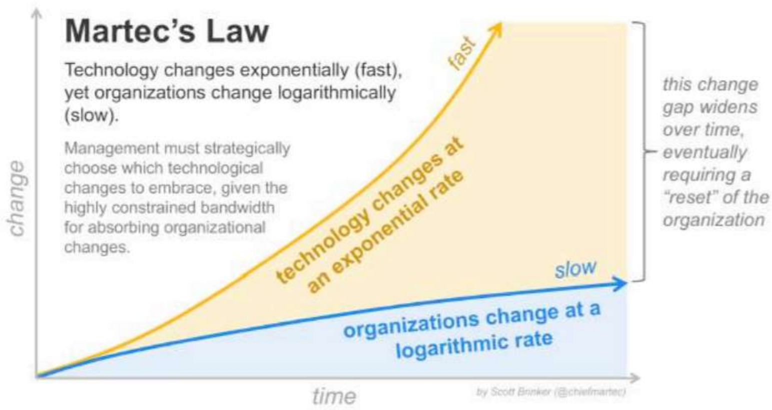
As it is a relatively young market, it is natural that MarTech has not yet reached a stable structure and this is also demonstrated by the very high number of operators present. Currently, the number of incoming companies is still higher than those outgoing and this can mean prospective growth, but also increasingly complex challenges for the players already present.

At least 1,500 new solutions in marketing technologies have been launched in recent months; however, in the face of these figures, less than 100 innovative SaaS players have managed to survive and it is expected that about half of them will be acquired by large operators always looking for opportunities to expand their technological offer.

By virtue of these trends, the number of M&A transactions that are affecting the market is growing particularly sharply. In January 2018, 81 transactions were recorded, 43 of which had an aggregate value of USD 3.7 billion. Among the main operations that have been announced or finalized recently, we note the acquisition of Motion AI by Hubspot, the acquisition of Sendgrid by Twilio, Adestra by Upland Software, iContact by J2 Global, Sailthru by CM Group, Marketo by Adobe, Newsletter2Go by Sendinblue, Link Mobility, which carried out several acquisitions in Europe aimed at expanding its operating scope and the acquisition of Mulesoft by Salesforce.

That said, there are strong expectations that this expansion in the number of participants will be exhausted, sooner or later, in favour of a scenario of player concentration resulting from a series of acquisitions and mergers. This trend is already underway and observable if we consider the cloud market as a whole. The amount of M&A transactions in the sector has in fact reached USD 120 billion, equal to about 40% of the total market capitalization of cloud companies.

The timing and magnitude of this market concentration will depend on the combined effect and the interaction of some opposing factors. The growth of the market, which in turn depends on various financial, technical and economic sub-factors, and the sustainability of the business, i.e. the high survival capacity of the operators, linked for example to the significant costs of switching to a replacement service perceived by users, especially in the presence of a consolidated user experience, are strongly attractive factors for new potential entries. Limits to individual growth, for which even software giants, due to the presence of niches in which small operators can specialize, cannot completely dominate the ecosystem, and the push to exit, for example the risks associated with the highly competitive climate or the unexpected emergence of new technologies capable of drastically revolutionizing the technological environment, represent a deterrent to entry or a stimulus to exit for operators in difficulty. We must also consider how the impact of organizational dynamics with respect to the speed of technological innovation in the market can affect the strategic choices of the players of the MarTech ecosystem, as summarized by the following graph:



Source: Chiefmartec, Value Track Analysis

The most recent market sentiment presages that, over the next five years, the MarTech sector will be affected by the fastest evolution ever, driven by the increasing demand for real-time communication from users and the increasingly intensive and widespread use of Big Data. To this end, marketers continue to search for new tools and applications that, thanks to artificial intelligence and machine learning processes, are able to guarantee consumers a one-to-one communication experience, able to identify which contents to address to the individual recipient and when. The MailUp Group will have to be ready to take up this challenge and exploit the relative opportunities and always be reactive and innovative as it has been in the recent past.

MailUp, thanks to its multi-channel SaaS cloud platform, is the Italian leader in e-mail and SMS marketing automation and is among the top ten operators in the sector at European level, although it is difficult to precisely indicate the size of participants for the variety and different types of players involved. In 2018, the MailUp platform sent more than 21 billion e-mails among newsletters, DEM and transactional messages. Agile Telecom has sent over 1 billion SMS.

Below is a summary of the main industry trends, as identified by Value Track (February 2019), with the relative positioning of the Group's 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 **advanced enabling technologies** (e.g. Editors, Customer Data Platforms – CDP, Demand Side Platforms – DSP, Advertising Retargeting Platforms) in order to deliver a **hyper-personalized experience** to customers	✓✓ CDP - Datatrics ✓✓ Email editor - BEE × DSP / AdTech – "Work in progress"
		2) Integrating **more and more channels / media** i.e. email, SMS, Social Networks, Instant Messaging and developing **Marketing Automation features** in order to reach customers on every possible media used	✓✓ ESP – MailUp, Acumbamail ✓✓ SMS - Agile Telecom ✓✓ IM - MailUp (Instant Messaging Apps)
2	**Not getting crazy** with all new solutions available on the market	Integrating their products / tools in a homogenous MarTech suite or **offering more and more professional services** to allow marketers build their own "stack" by cherry picking tools / solutions from different providers	✓× Professional consulting services – MailUp, Globase
3	**Being compliant** with regulation	Offering solutions aimed at **moving from DMP** (Data Management Platforms) based only on 3rd party data **to CDP** developed in line with GDPR	✓✓ Compliant with GDPR
4	Granting to actual and prospect clients **a safe and secure digital experience**	Delivering **two-factor authentication (2FA) / One-time password (OTP)** via app, SMS or by a physical security key (token)	✓✓ SMS – Agile Telecom × 3rd party apps × App - based push notification

Source: Value Track Analysis

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

The income statement for the year 2018 records total consolidated revenues of over Euro 40.2 million, showing an increase of almost Euro 13 million or +47% in relative terms compared to the previous year. The main contribution to these results came from the SMS segment, both in terms of revenues (Euro 27.2 million) and in terms of growth (+71%) compared to 2017, thanks in particular to the brilliant performance of Agile Telecom in a dynamic and volatile market context, strongly price-oriented. The mail segment, by its very nature the most stable and consolidated within the Group, recorded an increase of more than 7%, reaching over Euro 10.1 million in revenues deriving from a mix of growth in the MailUp and Acumbamail business units and contraction in Globase, which has substantially completed the turn-around process in recent months. The
BEE also had a very significant growth, reaching almost Euro 1.2 million (+139%), demonstrating how the product, a sort of start-up within the Group, is rapidly appealing to marketers and product managers worldwide. The trend in Professional Services, i.e. consulting services on platforms customization and training provided at the request of customers, was also positive, but was penalised in absolute terms by the negative performance of Globase. Foreign revenues amounted to approximately Euro 16.1 million, showing a strong growth in absolute terms (+43%) compared to 2017, with an overall incidence substantially unchanged (40% compared to the previous 41%).
Consolidated EBITDA amounts to approximately Euro 3.8 million, up 31% on 2017, and represents approximately 9.4% of total revenues. In a year dedicated to investments, the positive effects of the organic growth actions undertaken during the year, which include some important optimizations in Agile Telecom, were necessarily combined with investments in development, particularly with regard to the launch of Professional Services within the MailUp business unit, as well as with expenses incurred in relation to M&A activities. MailUp Inc and BEE performed very well in the first year with positive margins, confirming the great potential of the product, just as Acumbamail continues to confirm the growth and positive results of previous years.

Profit before tax (EBT) for the period is almost Euro 2 million, up 60% on the figure for the same period in 2017, despite amortisation and depreciation of Euro 1.9 million, up 17%, linked to investments in research and development on the platform, a strategic factor for maintaining competitive positioning.
Consolidated net profit amounted to Euro 1.3 million, an increase of 105% compared to the end of the previous year.
The consolidated Net Financial Position as at 31 December 2018 shows a negative amount (cash) of Euro 6.4 million, a slight decrease compared to the balance (always negative) of Euro 7.3 million as at 31 December 2017, due to the combined effect of disbursements related to some corporate transactions and the positive flow of operations.
In 2018, the parent company MailUp confirmed the positive sales growth trend that has always been its hallmark. Total revenues grew 13.4% by Euro 1.7 million, reaching Euro 14.5 million. The most significant increase in business revenues, more than 50%, was recorded in the professional services sector, although the amounts still remain limited in absolute terms, followed by SMS (+23.8%) and email (+9.4%), the latter, however, recorded the most significant increase in absolute terms. As analysed in more detail in the specific section that follows, the income results of the parent company were lower than in the previous year. EBITDA, EBIT and EBT are in fact down on 2017, partly mitigated by the brilliant result of financial operations that benefited from the dividends of the subsidiaries Agile Telecom and Acumbamail. In addition to the greater weight of amortization and depreciation, due to the investments progressively made by MailUp, especially for the incremental development of the platform, the impact on the income statement of the costs resulting from the significant organizational efforts made during the year to structure and further strengthen the holding functions at the service of the Group (M&A, HR, finance, controlling and technology infrastructure) within the parent company in view of the achievement of the strategic objectives in the medium term should be underlined. The net profit for the period came to Euro 775,783 as compared with Euro 1,059,104 of the previous year. MailUp's NFP remains largely positive at Euro 4.3 million, despite the significant impact of investments in M&A operations and research and development projects carried out during the year.

Alternative performance indicators

This Report presents and outlines some economic-financial indicators and some reclassified financial statements (relating to the economic, equity and financial situation) not defined by the IFRS. These figures, defined below, are used to comment on the performance of the business in compliance with Consob Communication of 28 July 2006 (DEM 6064293) and subsequent amendments and additions (Consob Communication no. 0092543 of 03 December 2015, which incorporates the ESMA/2015/1415 Guidelines). The alternative performance indicators listed below should be used as an informative supplement to the provisions of the IFRS to assist users of the Report on Operations in a better understanding of the Group's economic, equity and financial performance. It is emphasized that the method of calculating these corrective measures used has been consistent over the years. It is also noted that it may differ from the methods used by other companies.

• Financial indicators used to measure the Group's economic performance
EBITDA: given by the operating result gross of depreciation and amortization of tangible and intangible assets.

ROE (return on equity): defined as the ratio between net income for the period and net capital.
ROI (return on investment): defined as the ratio between the operating result for the period and fixed assets at the end of the period (see the definition of fixed assets shown below).
ROS (return on sales): defined as the ratio between the operating result and net sales for the period.

• Reclassified Balance Sheet
The items included in the reclassified statement of financial position are defined below as the algebraic sum of specific items contained in the consolidated financial statements:

Fixed assets: the algebraic sum of:
- Net tangible assets
- Goodwill and trademarks
- Intangible assets with definite life
- Non-current assets held for sale
- Equity investments in associates

Commercial working capital: given by the algebraic sum of:
- Trade receivables

- Trade payables

Net working capital: given by the algebraic sum of:
- Commercial working capital
- Receivables for prepaid and current taxes
- Other current receivables
- Payables for deferred and current taxes
- Other current payables
- Accruals and deferrals

Net invested capital: given by the algebraic sum of:
- Net working capital
- Provisions for risks and charges
- Employee severance indemnity (TFR) and other employee benefits
- Fixed assets

Net financial position (NFP): given by the algebraic sum of:
- Cash and cash equivalents
- Current and non-current payables to banks
- Other financial payables

Main economic figures of the MailUp Group

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

	31/12/2018	31/12/2017
Total revenues	40,203,483	27,319,610
EBITDA	3,769,109	2,879,407
Pre-tax result (EBT)	1,917,900	1,202,301

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

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

	31/12/2018	31/12/2017
Net ROE (Net result/Net Capital)	0,09	0,05
Gross ROE (EBT /Net Capital)	0,13	0,09
ROI (Ebitda/Invested capital)	0,07	0,10
ROS (Ebitda/Sales Revenues)	0,10	0,12

The ROE indices reflect the brilliant consolidated economic performance of the 2018 financial year, as can be deduced by the strong growth of EBITDA, EBIT, EBT and Group net income compared to the previous year. ROI and ROS are positive and in line with the previous year, although they are affected by the very strong growth of overall investments and revenues.

Income statement	31/12/2018	Revenues	31/12/2017	Revenues	Delta	Delta %
E-mail revenues	10.121.703	25,2 %	9.431.330	34,5 %	690.373	7,3 %
SMS revenues	27.185.472	67,6 %	15.933.655	58,3 %	11.251.817	70,6 %
Professional Services revenues	547.645	1,4 %	588.868	2,2 %	(41.223)	(7,0 %)
BEE revenues	1.155.613	2,9 %	483.629	1,8 %	671.984	138,9 %
Other revenues	1.193.050	3,0 %	882.128	3,2 %	310.922	35,2 %
Total revenues	**40.203.483**	**100,0 %**	**27.319.610**	**100,0 %**	**12.883.873**	**47,2 %**
Cost of goods sold (COGS)	26.817.239	66,7 %	15.791.629	57,8 %	11.025.610	69,8 %
Gross Profit	**13.386.244**	**33,3 %**	**11.527.981**	**42,2 %**	**1.858.263**	**16,1 %**
Sales & Marketing costs	2.938.007	7,3 %	3.244.329	11,9 %	(306.322)	(9,4 %)
Research & Development costs	1.063.420	2,6 %	857.655	3,1 %	205.765	24,0 %
Cpitalised R&D payroll cost	*(1.473.359)*	*(3,7 %)*	*(1.335.895)*	*(4,9 %)*	*(137.464)*	*10,3 %*
Total R&D cost	*2.536.779*	*6,3 %*	*2.193.551*	*8,0 %*	*343.228*	*15,6 %*
General costs	5.615.708	14,0 %	4.546.590	16,6 %	1.069.118	23,5 %
Total other operating costs	9.617.134	23,9 %	8.648.574	31,7 %	968.560	11,2 %
Ebitda	**3.769.109**	**9,4 %**	**2.879.407**	**10,5 %**	**889.703**	**30,9 %**
Amortisation, depr. & prov. G&A	195.278	0,5 %	125.266	0,4 %	70.011	55,9 %
Amortisation, depr. & prov. R&D	1.418.466	3,5 %	1.188.643	4,4 %	229.823	19,3 %
Amortisation, depr. & prov. COGS	258.261	0,6 %	285.399	1,0 %	(27.138)	-9,5 %
Total Amortisation, deprecation and provisions	1.872.005	4,7 %	1.599.309	5,9 %	272.696	17,1 %
Ebit	**1.897.105**	**4,7 %**	**1.280.098**	**4,7 %**	**617.007**	**48,2 %**
Financial operation	20.796	0,1 %	(77.797)	(0,3 %)	98.593	(126,7 %)
Ebt	**1.917.900**	**4,8 %**	**1.202.301**	**4,4 %**	**715.599**	**59,5 %**
Income tax	(766.513)	(1,9 %)	(585.331)	(2,1 %)	(181.182)	31,0 %
Advance tax	242.678	(0,6 %)	23.929	(0,1 %)	218.749	914,1 %
Deferred tax	(138.800)	0,30 %	(29.091)	0,1 %	(109.709)	377,12 %
Profit (loss) for the year	**1.255.267**	**3,12 %**	**611.809**	**2,2 %**	**643.458**	**105,2 %**

Main equity figures of the MailUp Group

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

Balance sheet	31/12/2018	31/12/2017	Delta	Delta %
Intangible fixed assets	4.080.355	3.970.669	109.687	2,8 %
Consolidation difference	16.631.533	9.829.834	6.801.699	69,2 %
Tangible fixed assets	1.095.331	1.011.029	84.302	8,3 %
Financial fixed assets	220.315	237.538	(17.223)	(7,3 %)
Fixed assets	**22.027.534**	**15.049.070**	**6.978.465**	**46,4 %**
Trade receivaibles	8.350.869	3.685.963	4.664.906	126,6 %
Receivables from associated companies	13.067	19.368	(6.300)	(32,5 %)
Trade payables	(8.053.296)	(4.710.537)	(3.342.759)	71,0 %
Payables to associated companies	(23.500)		(23.500)	
Commercial working capital	**287.141**	**(1.005.206)**	**1.292.347**	**(128,6 %)**
Tax receivables and payables	741.699	777.012	(35.314)	(4,5 %)
Accruals and deferrals	(6.635.451)	(5.328.250)	(1.307.200)	24,5 %
Other receivables and payables	(5.099.121)	(1.552.663)	(3.546.458)	228,4 %
Net working capital	**(10.705.732)**	**(7.109.107)**	**(3.596.625)**	**50,6 %**
Provisions for risks and charges	(436.070)	(129.580)	(306.491)	236,5 %
Provision for severance indemnity (TFR)	(1.321.224)	(1.115.151)	(206.074)	18,5 %
Net invested capital	**9.564.507**	**6.695.232**	**2.869.275**	**42,9 %**
Share capital	373.279	354.237	19.042	5,4 %
Reserves	14.301.484	12.924.712	1.376.772	10,7 %
Period profit/(loss)	1.255.267	549.013	706.253	128,6 %
Third parties equity		121.788	(121.788)	(100,0 %)
Shareholders' equity	**15.930.030**	**13.949.751**	**1.980.280**	**14,2 %**
Short-term payables/(cash)	(6.238.207)	(9.026.526)	2.788.319	(30,9 %)
Financial Activities That Are Not Fixed Assets	(469.489)		(469.489)	
Medium/long-term payables	342.173	1.772.007	(1.429.834)	(80,7 %)
Net financial position	**(6.365.523)**	**(7.254.518)**	**888.996**	**(12,3 %)**
Total sources	**9.564.507**	**6.695.232**	**2.869.275**	**42,9 %**

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

	31/12/2018	31/12/2017
Primary structure margin (Own funds - Fixed assets)	(7.422.446)	(2.038.590)
Primary structure ratio (Own funds/Fixed assets)	0,68	0,87
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed	(1.573.624)	978.147
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0,93	1,06

The effect of the acquisition of Datatrics is evident, with a significant increase in fixed assets following the recognition of the related goodwill. This important investment is linked to the high strategic value for the Group of the Dutch subsidiary, which has also been underlined several times before. In addition to this extraordinary growth operation for external lines, the financing of research and development projects should also be mentioned, as one of the main focuses in 2018 in the field of consolidated investments. The secondary margin is more balanced than the corresponding primary index because the payment to the seller of Datatrics of the agreed price, including a variable portion, will be distributed over several solutions over a medium-term period.
All the indicators of the Consolidated Balance Sheet show a good balance between assets and liabilities with a similar time horizon.

Main financial figures for the MailUp Group

The consolidated net financial position as at 31/12/2018 was as follows (in Euro):

Net Fiancial Position	31/12/2018	31/12/2017	var	var %
A. Cash	7.711.606	10.706.217	(2.994.611)	28%
B. Cash equivalents	-	-	-	
C. Assets held for sale	469.489	-	469.489	
D. Cash and cash equivalents	**8.181.095**	**10.706.217**	**(2.525.122)**	**24%**
E. Current financial assets	**-**	**-**	**-**	
F. Due to banks	45.142	37.643	7.499	-20%
G. Current financial debt	1.428.178	1.642.048	(213.870)	13%
H. Due to other provider of finance	-	-	-	
I. Current financial position (F) + (G) + (H)	**1.473.320**	**1.679.691**	**(206.371)**	**12%**
J. Net financial position short term (I) - (E) - (D)	**(6.707.775)**	**(9.026.526)**	**2.318.751**	**26%**
K. Due to banks	342.173	1.772.007	(1.429.834)	81%
L. Bonds issued	-	-	-	
M. Due to other provider of finance	-	-	-	
N. Non current financial position (K) + (L) + (M)	**342.173**	**1.772.007**	**(1.429.834)**	**81%**
O. Net financial position (J) + (N)	**(6.365.602)**	**(7.254.519)**	**888.917**	**12%**

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

	31/12/2018	31/12/2017
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0,87	1,04
Secondary liquidity (Current assets/Current liabilities)	0,93	1,06
Debt (Net debt/Shareholders equity)	(0,40)	(0,52)
Fixed asset hedging rate (Own capital + Consolidated liabilities)/Fixed assets	0,88	1,01

The dynamics of the NFP remained extremely positive also in FY 2018, as shown in the table above and the negative sign of the indebtedness index that shows the prevalence of available liquidity with respect to indebtedness. More than Euro 1.6 million of medium/long-term loans were repaid without recourse to new bank debt. The reduction in cash and cash equivalents is also due to investments in M&A, which also include the exercise of the put option for the acquisition of the remaining 30% of Acumbamail and the second tranche of the variable compensation paid to the sellers of Agile, and to research and development projects on the technological services provided by the Group. This was affected by the introduction of new large customers, especially in the SMS sector, which in the face of large purchase volumes have obtained more favourable extensions than the previous average extension, while allowing the increase in turnover and the brilliant economic results recorded. The specific indices relating to liquidity, although slightly down, confirm a positive and balanced financial structure. As in the past, the Group does not use external indebtedness to finance its core business, while leverage through bank borrowing is aimed specifically at financing extraordinary M&A activities and investments. For a detailed analysis of the items making up the NFP, reference is made to the Explanatory Notes contained in the file of the Consolidated Annual Report.

Main economic figures for MailUp

The table below summarizes the main results of the parent company compared with that of the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

	31/12/2018	31/12/2017
Total revenues	14,508,630	12,793,879
EBITDA	848,942	1,757,474
Pre-tax result (EBT)	558,660	1,114,670

The separate reclassified Income Statement has undergone the following changes with respect to that of the previous year:

Income statement	31/12/2018	% Tot Revenues	31/12/2017	% Tot Revenues	Delta	Delta %
Email revenues	8.765.479	60,4 %	8.010.006	62,6 %	755.472	9,4 %
SMS revenues	3.636.034	25,1 %	2.937.299	23,0 %	698.734	23,8 %
Professional service revenues	460.847	3,2 %	299.149	2,3 %	161.698	54,1 %
Intercompany revenues	51.612	0,4 %	453.466	3,5 %	(401.854)	(88,6 %)
Other revenues	707.337	4,9 %	721.062	5,6 %	(13.725)	(1,9 %)
Other intercompany revenues	887.321	6,1 %	372.896	2,9 %	514.425	138,0 %
Total revenues	**14.508.630**	**100,0 %**	**12.793.879**	**100,0 %**	**1.714.751**	**13,4 %**
Cost of good sold (COGS)	6.132.221	42,3 %	4.785.584	37,4 %	1.346.636	28,1 %
Gross Profit	**8.376.409**	**57,7 %**	**8.008.295**	**62,6 %**	**368.114**	**4,6 %**
Sales & Marketing costs	2.531.929	17,5 %	2.441.652	19,1 %	90.277	3,7 %
Research & Development costs	1.077.935	7,4 %	822.781	6,4 %	255.154	31,0 %
Capitalised R&D payroll cost	*(997.909)*	*(6,9 %)*	*(814.621)*	*(6,4 %)*	*(183.288)*	*22,5 %*
Total R&D costs	*2.075.844*	*14,3 %*	*1.637.402*	*12,8 %*	*438.442*	*26,8 %*
General & Admin costs	3.917.603	27,0 %	2.986.388	23,3 %	931.216	31,2 %
Total operating costs	7.527.467	51,9 %	6.250.821	48,9 %	1.276.647	20,4 %
Ebitda	**848.942**	**5,9 %**	**1.757.474**	**13,7 %**	**(908.532)**	**(51,7 %)**
Amortisation, depr. & prov. G&A	148.990	1,0%	93.172	0,7%	55.819	59,9%
Amortisation, depr. & prov. R&D	1.204.922	8,3 %	1.086.080	8,5 %	118.842	10,9 %
Amortisation, depr. & prov. COGS	244.814	1,7 %	271.252	2,1 %	(26.437)	(9,7 %)
Total Amortisation, deprecation and provisions	1.598.727	11,0 %	1.450.504	11,3 %	148.224	10,2 %
Ebit	**(749.785)**	**(5,2 %)**	**306.971**	**2,4 %**	**(1.056.756)**	**(344,3 %)**
Financial operations	1.308.445	9,0 %	807.699	6,3 %	500.745	62,0 %
Ebt	**558.660**	**3,9 %**	**1.114.670**	**8,7 %**	**(556.011)**	**(49,9 %)**
Income tax	(8.689)	(0,1 %)	(43.982)	(0,3 %)	35.293	(80,2 %)
Advance tax	225.812	(1,6 %)	(14.334)	(0,1 %)	240.146	1.675,4 %
Deferred tax			2.750	0,0 %	(2.750)	(100,0 %)
Utile (Perdita) d'esercizio	**775.783**	**5,3 %**	**1.059.104**	**8,3 %**	**(283.321)**	**(26,8 %)**

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

	31/12/2018	*31/12/2017*
Net ROE (Net result/Net Capital)	0,05	0,09
Gross ROE (EBT /Net Capital)	0,04	0,09
ROI (Ebitda/Invested capital)	0,02	0,06
ROS (Ebitda/Sales Revenues)	0,07	0,16

In 2018, MailUp reported a decline in earnings compared with the previous year, offset by a significant increase in financial management, driven by dividends from subsidiaries. The growth in revenues, recorded also this year, was penalised by the costs deriving from the considerable organisational efforts made to structure and strengthen the Holding functions at the service of the Group (M&A, HR, finance, controlling and technological infrastructure) within the parent company in view of the achievement of the medium-term strategic objectives. This trend is reflected in the dynamics of the income indices.

Main equity figures for MailUp

The reclassified Balance Sheet of the company compared with that of the previous year is as follows:

Balance sheet	31/12/2018	31/12/2017	Delta	Delta %
Intangible fixed assets	3.392.685	3.523.559	(130.874)	(3,7 %)
Tangible fixed assets	1.010.920	960.140	50.780	5,3 %
Financial fixed assets	19.239.150	11.338.184	7.900.966	69,7 %
Fixed assets	**23.642.755**	**15.821.884**	**7.820.872**	**49,4 %**
Trade receivables	1.518.205	1.122.239	395.966	35,3 %
Receivables from subsidiaries company	635.764	696.183	(60.418)	(8,7 %)
Receivables from associated company	13.067	19.368	(6.300)	(32,5 %)
Trade and other payables	(1.124.736)	(823.220)	(301.516)	36,6 %
Payables due to subsidiaries company	(1.735.989)	(1.590.528)	(145.460)	9,1 %
Payables due to associated company	(23.500)		(23.500)	
Commercial working capital	**(717.188)**	**(575.960)**	**(141.228)**	**24,5 %**
Tax receivables and payables	506.523	322.328	184.195	57,1 %
Accruals and deferrals	(6.104.351)	(5.053.508)	(1.050.843)	20,8 %
Other receivables and payables	(4.811.884)	(1.435.481)	(3.376.403)	235,2 %
Net working capital	**(11.126.900)**	**(6.742.621)**	**(4.384.279)**	**65,0 %**
Provisions for risks and charges	(144.405)	(84.405)	(60.000)	71,1 %
Provision for severance indemnity TFR	(1.142.221)	(943.829)	(198.393)	21,0 %
Net invested capital	**11.229.229**	**8.051.029**	**3.178.200**	**39,5 %**
Share capital	373.279	354.237	19.042	5,4 %
Reserves	14.388.360	11.832.343	2.556.017	21,6 %
Profit (loss) for the year	775.783	1.059.104	(283.321)	(26,8 %)
Shareholders' equity	**15.537.422**	**13.245.684**	**2.291.738**	**17,3 %**
Short-term payables/(cash)	(4.180.877)	(6.966.662)	2.785.785	(40,0 %)
Financial Activities That Are Not Fixed Assets	(469.489)		(469.489)	
Medium/long-term payables	342.173	1.772.007	(1.429.834)	(80,7 %)
Net financial position	**(4.308.193)**	**(5.194.655)**	**886.462**	**(17,1 %)**
Total sources	**11.229.229**	**8.051.029**	**3.178.200**	**39,5 %**

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

	31/12/2018	31/12/2017
Primary structure margin (Own funds - Fixed assets)	(8.105.333)	(3.265.002)
Primary structure ratio (Own funds/Fixed assets)	0,66	0,80
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed	(6.476.534)	(464.761)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0,73	0,97

MailUp's capital structure is affected by the high level of investment already highlighted above for the acquisition of Datatrics, an operation of great strategic value for the Group, which has been accompanied by investments in research and development that have always marked the path of growth undertaken.

Main financial figures for MailUp

The parent company's net financial position as of 31/12/2018 was as follows:

Net Fiancial Position	31/12/2018	31/12/2017	delta	delta%
A. Cash	5.637.167	8.569.540	(2.932.373)	34%
B. Cash equivalents	-	-	-	
C. Assets held for sale	469.489	-	469.489	
D. Cash and cash equivalents	**6.106.656**	**8.569.540**	**(2.462.884)**	**29%**
E. Current financial assets	-	-	-	
F. Due to banks	28.113	23.330	4.783	-21%
G. Current financial debt	1.428.178	1.579.548	(151.370)	10%
H. Due to other provider of finance	-	-	-	
I. Current financial position (F) + (G) + (H)	**1.456.291**	**1.602.878**	**(146.587)**	**9%**
J. Net financial position short term (I) - (E) - (D)	**(4.650.365)**	**(6.966.662)**	**2.316.297**	**33%**
K. Due to banks	342.173	1.772.007	(1.429.834)	81%
L. Bonds issued	-	-	-	
M. Due to other provider of finance	-	-	-	
N. Non current financial position (K) + (L) + (M)	**342.173**	**1.772.007**	**(1.429.834)**	**81%**
O. Net financial position (J) + (N)	**(4.308.192)**	**(5.194.655)**	**886.463**	**17%**

CESR 54/B 2005 recommendation
Communication no. DEM/6064293 of 28/07/2006

The following table showing some Balance Sheet indicators of the Company, compared with the same indicators relating to the financial statements of previous years, provides a better illustration of the financial situation.

	31/12/2018	31/12/2017
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0,45	0,86
Secondary liquidity (Current assets/Current liabilities)	0,66	0,96
Debt (Net debt/Shareholders equity)	(0,28)	(0,39)
Fixed asset hedging rate (Own capital + Consolidated liabilities)/Fixed assets	0,73	0,91

MailUp's NFP remains broadly positive in 2018, despite the impact of the extraordinary transactions mentioned above, which led to the dynamics of the liquidity ratios in the table above.
MailUp has always operated using the liquidity generated by the core business. The collection of annual fees in advance and the consequent deferred income on the part of future economic competency mechanism, have represented, and indeed continue to represent the main source of finance, which is inexpensive and rises proportionally according to the systematic growth of turnover seen over time. Therefore, the use of medium-term bank debt leverage has been limited, in the presence of a favourable market rate situation and creditworthiness amply recognized by the banking system, to the financing of growth by external lines through M&A transactions that the company has pursued following the admission to trading on the AIM Italia market. In the year just ended, the parent company repaid bank loans for more

than Euro 1.5 million and has no access to new credit facilities to replace them. The NFP of the parent company is also affected by the effects of disbursements related to the acquisitions of Agile Telecom and Acumbamail, already mentioned in relation to Group liquidity.

Information pertaining to the environment and staff

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

Staff

During the year, two incidents took place involving staff on the payroll, both not in the workplace but rather during the journey between their homes and the office and with only limited consequences; no charges were recorded with regards to occupational diseases on employees or former employees and mobbing cases.
As at 31/12/2018, the Group's workforce numbers 184 employees, of whom 4 managers, 9 middle managers, 170 white-collar workers and 1 part-time labourer. As at 31/12/2017, the Group's workforce numbered 140 employees, of whom 4 managers, 7 middle managers, 128 white-collar workers and 1 part-time labourer.
As at 31/12/2018, the MailUp workforce totalled 149 employees, of whom 2 executives, 7 middle managers and 140 white-collar workers.
The Group has always been committed to safeguarding relations with employees; at present, there are no employment law disputes in progress.

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

Investments

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

Fixed assets	Period acquisitions
Platform development costs	1,478,129
Third-party software and trademarks	99,815
IT infrastructure, electronic office machines and systems	350,056
Furniture, office furnishings and leasehold improvements	34,475

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

Fixed assets	Period acquisitions
Platform development costs	1,060,048
Third-party software and trademarks	85,810
IT infrastructure, electronic office machines and furniture	316,108
Utilities	49,291

Given the nature of its business, consolidated investments are historically concentrated on intangible assets and, in particular, on the incremental development of the proprietary MailUp digital marketing platform, sold in SaaS mode and the BEE software, owned and marketed by MailUp Inc. For both, for the year under review, the specifications of the development activity are provided in the following paragraph.
The material investments of the Group are typically represented by equipment, servers and electronic machines designed to enhance and update the technological infrastructure, strategic for its core business, as well as furniture and furnishings related to the set-up of offices.

Research and development

In accordance with Civil Code article 2428, paragraph 2, number 1, it is specified that in FY 2018, the Group capitalised investments on internal and external developments for Euro 1,478,129, of which Euro 1,060,048 related to the parent company alone. As at 31/12/2018, net of the related amortization/depreciation, these totalled Euro 3,807,805. Additional research and development costs were incurred for Euro 1,063,420 at consolidated level, of which Euro 630,850 specific to the parent company. The parent company mainly carries out incremental development activities in relation to the SaaS MailUp platform of digital marketing on the cloud. The investment incurred for this development were capitalized by virtue of the future economic use, certifying the potential economic and financial recovery of the investment. It is also noted that BEE software development investments amounted to Euro 447,086 in 2018. The BEE editor, originally developed by MailUp, was transferred at the end of 2016, in its two main versions, BEE Plugin and BEE Pro, to the American subsidiary MailUp Inc, which deals exclusively with its commercialization. The development activity, contracted by the subsidiary to the parent company by virtue of specific contractual agreements, is carried out by an Italian team of developers under MailUp assisted by an American colleague and coordinated by the management of MailUp Inc.

Below we summarize the main additions and improvements made to our software in the year as a result of research and development.

MailUp Platform:

- The first months of the year were dedicated to the management of external content, new messaging channels and the inclusion of the latest adaptations in view of the entry into force of the GDPR. The work on the messaging channels, which allow sending campaigns on Facebook Messenger and Telegram, has undergone numerous postponements due to the temporary and unilateral closure by Facebook towards the development of third-party integrations. The situation was then released in August, allowing the publication of the function in the first autumn release;

- The import engine for the insertion of recipients in MailUp was completely redesigned in the first six months of the year, achieving a faster, more robust and scalable solution than the previous one. The first to benefit from this new solution were customers who have customized solutions;

- The web services provided as *REST API* have been enhanced by a new authorization module, which allows more granular control over the use of the services and allows the introduction of usage limits according to the plan signed during the purchase phase. The development of this module was performed in the second quarter of 2018;

- The error management system (bounce) has been completely revised to introduce more advanced algorithms for more correct management of temporary errors. The introduction of these new algorithms implements a solution that enhances the important MailUp know-how in terms of deliverability and creates an element of distinction with respect to the competition. After a prolonged period of production simulation, the algorithms have been fully operational since October 2018;

- In April, we launched the first major update of the year, which collects the results of seven months of processing. The main features introduced concern the management of content from external sources and automatic campaigns. Simplified access to external sources is a very important addition for MailUp. External content can be taken automatically from an external source (e.g. RSS feed) and made available in the Bee editor or even inserted in an automatic campaign (e.g. automatically send an e-mail every time there are 3 new news items from a certain RSS feed). In addition, the release provides the pop-up registration forms that the customer MailUp can provide on its website;

- In May, MailUp launched a new set of features, to import external content into the BEE editor and insert it as modules – from the predefined and optimized layout – into the e-mail. Thanks to content sources and customized forms, MailUp thus makes the process of creating e-mail with external content, such as blog articles or additions in an e-commerce catalogue, quick and automated. Introduced in April, content sources have been extended to allow uploading RSS and Atom feeds, as well as csv, json and zip files. Particularly useful for e-commerce and realities that use constantly updated blogs and website, the sources make loading of content on the platform immediate, with the possibility of automating the creation and sending of e-mails. To integrate and develop the sources, the customized modules make the contents loaded through the source available in the BEE editor. From the predefined and optimized layout, customized forms can be inserted into the e-mail body with simple drag and drop operations, with the possibility of retouching images, texts and call to action;

- In August a very important research and development activity started, which will take the form of a radical change of infrastructure for the module dedicated to statistics. Starting from the objectives of reducing database costs and moving to a more performing infrastructure, a process of re-designing the above module was started, with the aim of completing the activity around the middle of 2019. Given the scale of the project, many members of the software development department will be gradually involved. The first phase, which involved a small group and an external consulting firm, led to the choice of the most suitable technology and verified the feasibility of the technical choices;

- In September, a major update was released that completes the set of features that strengthen the security of the MailUp platform, including the ability to enable two-factor authentication (2FA) and more tools to control what data is recorded and stored on MailUp (improvement of the profile management centre). In addition, actions have been implemented to improve the performance and robustness of the platform;

- October was the month of launch of the new channel dedicated to Messaging Apps, i.e. the chance of extending the possibility of communication to the channels Facebook Messenger and Telegram. Thanks to the introduction of this new channel, MailUp customers will be able to connect their Facebook pages and Telegram bots to MailUp, manage automatic responses for subscribers and take advantage of new forms to acquire contacts on multiple channels (email, SMS and messaging apps);

- At the beginning of December, the MailUp platform introduced an important improvement in the section dedicated to the acquisition of new subscribers, a key element for those who want to use MailUp to enrich their contact base. In addition, a diversification of the offer on the functionality of content customization has been introduced;

- In addition to the functionalities released, the last part of 2018 saw the continuation of activities on the statistics module started in August, including the design of special statistics for a fee, dedicated to the automatic generation of a report that until now the deliverability department has produced by hand for customers who have requested it.

BEE Editor:

BEE, the drag-and-drop editor for e-mails and landing pages owned by the subsidiary MailUp Inc., is continuing to record sharp growth both as a component to be integrated into other software applications (BEE Plugin), and as a suite for e-mail creation for freelance designers, digital agencies, and marketing teams of companies (BEE Pro). During 2018, the Group invested in the development and distribution of both versions:

- BEE Pro: many improvements have been introduced, both from the point of view of managing the purchase funnel and in the product itself. From the point of view of the acquisition of new customers, various areas of the beefree.io site have been updated and enriched and the conversion process from the free version to the paid version has been optimized, with an increase of about 20% of the monthly number of trial accounts. From the point of view of the product, many new features have been developed. The following is a partial list. Considering that the fonts used are a key element in e-mail design, features have been introduced to add and manage new fonts, and limit the fonts available according to those approved in the company brandbook; the possibility has been introduced for an administrator user to block specific areas of an e-mail message (ex. a footer containing legal information) so that other users with less permissions (ex. a young employee) cannot alter such contents; the management of additional users has been improved and a quantity discount structure has been introduced to encourage the creation of new users; new connectors have been added and improved to some of the most popular e-mail marketing platforms, including MailChimp, SendGrid, HubSpot, and of course MailUp; numerous improvements to the user experience have also been made, such as the ability to copy and move entire projects. All this not only led to a sharp growth in the turnover generated by the product, but also to a value of Net Promoter Score (NPS) constantly higher than 50, a very positive benchmark in measuring customer satisfaction for SaaS applications in the business-to-business sector;

- BEE Plugin: investments continued in the development of key features for BEE editor, making it increasingly powerful, flexible and configurable by the applications in which it is incorporated. As indicated in the long list of new additions that can be viewed at the address https://docs.beefree.io/updates/, there have been numerous improvements. Among the most important, we point out: the addition of the video content block; the custom rows function, which allows transferring predefined contents to the BEE editor (ex. products, events, blog articles, etc.) that become rows that can be dragged and modified in the message; the content dialogue function, which allows the application that integrates the editor to communicate interactively with the same, improving the user experience (ex. a window can be displayed in which the user can look for the link to associate with an image or a button, instead of having to select it and copy it elsewhere); the hide on mobile devices function, which allows the designer to hide elements of content not suitable for viewing on a smartphone; improvements to the interface and functionality of the image manager, including the possibility to upload multiple files at the same time, as well as many other new features;

- Synergistic relationship between the two versions and the other platforms of the Group: we remind you that, from a technical point of view, BEE Pro is a customer of BEE Plugin. It is in fact a software application that incorporates the BEE editor integrating it through the BEE Plugin service. Acumbamail and MailUp, two other applications within MailUp Group, are in turn customers of BEE Plugin. This means that the improvements in the BEE editor have a positive impact on the other applications of the Group, generating a virtuous cycle that is extremely important and positive as it contributes to the constructive exchange of information and product innovation to the advantage of all the Group business units.

Always in the context of research and development, we note the completion of the project **Innovative Big Data Analytics System**, completed at the end of February 2018, which benefits from a contribution from the Lombardy Region of Euro 860 thousand against an investment of over Euro 2 million, already collected for half of the amount, a project now fully reported and currently awaiting disbursement of the second tranche.
In the section on “Main events during FY 2018”, the positive conclusion of the preliminary investigation procedure for the assignment of a loan of Euro 5.1 million is also reported (the funds include a non-repayable contribution for Euro 1.3 million), as notified on 16/07/2018. This is a research and development project called **NIMP – New Innovative Multilateral Platform**, to be carried out in the three-year period that started on 01/03/2018 with the participation, among others, of the Politecnico of Milan as a scientific partner and financed by the Ministry of Economic Development and Cassa Depositi e Prestiti, as well as Banca Popolare dell’Emilia Romagna as a banking partner. The proposed project is part of the intervention of the **Digital Agenda** and in particular in the area of Technologies for the innovation of the creative industry, content and social media. The project will improve competitiveness in the relational marketing area, oriented to multi-channel and collaboration. New services and functions of the new MailUp platform will be created, with the aim of making available to customers those strategies designed to promote loyalty to a brand (customer loyalty) through the engagement of its consumers. The ultimate goal is to create a lasting relationship with the target group, a relationship of trust and a unique and positive customer experience.
The technology, which will be used and to which the project is aimed, is then the online marketing and in particular we will analyse and test a new and innovative platform dedicated to the engagement of the user of the customer. The objective of the project is the development of a platform characterized by strong potential in content customization, automation and multi-channel. In particular, work will be done on the evolution of the following functionalities:

- **Customized content in real time**: creation of custom content per recipient (email, SMS, social) through tools that can retrieve the elements to be inserted in messages directly from the customer’s data sources;
- **Simplified automation**: new features that will allow the marketing function of a company to communicate automatically when certain conditions are met, linked to business rules, to lead the user towards the conversion and purchase of the product/service;
- **Multichannel messaging:** the aim of the project is to create a platform that can transform the creativity and content of a company into a single message, adaptable according to the channel (email, SMS, social, etc.) on which it will be consumed. Automatic classification and clustering technologies will be implemented to enhance the effectiveness of multi-channel in the customer relationship, ensuring a consistent experience across all available touchpoints.

In 2018, according to the project, MailUp’s research and development activities focused on the achievement of two objectives, specified below, thus designing the new architecture of the platform and developing its first software components.

OR1 - Study of infrastructure and architecture on containers (industrial research)

In this first phase of the project, an analysis of the requirements was carried out, focusing on the new technological stack that MailUp will introduce. In particular, an analysis was carried out of the requirements that the infrastructure must meet in order to be reliable, secure and resilient. It is in this OR that, with the support of suppliers such as Kiratech,

Nutanix and Dimension Data, hardware and software components have been identified to lay the foundations for the new architecture of the platform. This approach has enabled us to introduce innovative aspects and new technologies. In detail, we have studied and identified the solutions of hyperconvergence, which integrates into a single system hardware, software, storage, deduplication, compression, microservices & containers, extremely flexible architectures (scalability, resource sizing, language independence and OS) and cloud computing that reduces the cost of management and maintenance of data centres and allows you to release applications in multi-region mode.
Hyperconvergent infrastructure systems combined with cloud computing solutions enable Mailup's operation to reduce IT stack management, reduce costs and complexity of the environment, and provide the technology the organization needs. It also allows an improvement in data protection, having the ability to introduce geographical replicas that will allow you to prepare a disaster recovery plan. The orchestration of the microservices and therefore the containers that enable them is an important element in the application architecture. Identifying the orchestration solution was therefore crucial to intercept any faults or scale when the service requires it. The study then continued with the definition of the first graphic mock-ups to reproduce the first interfaces from which the implementation phase will take its cue. We have defined a simple and effective layout design oriented to the fruition of what are called Smart Content, i.e. customizable content that adapts to the preferences of those who consume it.

OR2 - Development of the new delivery software architecture (experimental development)

The following OR focuses on the development of the new software architecture for the implementation of the multilateral platform of MailUp. In this phase, which will continue throughout 2019, the cloud pre-production and container virtualization environments are being defined and implemented through the specifications derived from the design study of the previous OR. In this part of the project, there has been a strong involvement of consulting companies such as Miriade and P4I with whom we have worked in pair programming mode. Taking advantage of the know-how of these companies, during this OR new development methods such as agile, devops or extreme programming are introduced. The innovation of these disciplines lies in proposing an approach that reduces the level of structure, in favour of an enhancement of the ability of the individual and the team to operate in a responsible, adaptive, pragmatic and creative way.
The main difficulty encountered in this OR has been to adopt an architecture that hosts dozens of microservices that together have to implement the logical flow that has been provided. A key aspect that must be acquired is to identify which microservice is doing what at a given time and whether the set of services is actually behaving as the development requires. This means becoming familiar with the technologies of orchestration, monitoring and continuous improvement of applications. Among the developments completed in this phase, we point out the realization of a first version of the functions of personalized content.
In the final part of 2018, the first rules were defined, which will lead to the basic functions of simplified automation. In particular, we are working on a prototype capable of intercepting events (clicks, navigation of specific content) and generate automatic actions as a result. The development of these processes is supported by companies in the sector and software capable of operating on the issues of automation and big data for the development of data models.

Transactions with subsidiaries, associates, parents and other related companies

In 2018, the MailUp Group implemented transactions between its parent company, subsidiaries and associates included in the scope of consolidation, associates and other related parties that were part of its core business. Interventions all aimed to promote the development in a synergic context that favours positive integrations and lastly, the efficiency of processes in the Group. No atypical or unusual operations were carried out with respect to normal business management. The transactions essentially concern the provision of services that are part of the Group's typical activities, the holding activities provided by the parent company, for example accounting, legal, administrative services in general, funding and the use of financial resources. 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	Other Receivables	Other payables	Dividends	Revenues	Purchases
Agile Telecom		100.918	1.035.903	682.719	873.933	260.043	2.336.423
Globase International	-	230.703	-	-	-	134.240	-
MailUp Nordics	410.754	-	-	-	-	7.243	-
MailUp Inc	183.406	297.111	15.994	-	-	576.701	27.503
Acumbamail	-	-	2.096	-	399.489		29.948
Datatrics BV	255.769	-	1.372	-	-	-	-
Subsidiaries	**849.928**	**628.731**	**1.055.365**	**682.719**	**1.273.422**	**978.227**	**2.393.873**
Consorzio CRIT Scarl	64.641	13.067	23.500	-	-	843	34.473
Associated	**64.641**	**13.067**	**23.500**	**-**	**-**	**843**	**34.473**
Zoidberg Srl		10.876	1.138	600.000			44.845
Floor Srl							150.506
Other related companies	**-**	**10.876**	**1.138**	**600.000**	**-**	**-**	**195.351**

With regards to the table above, please note that other payables due to Agile Telecom (Euro 682,719) are represented by the residual assumption, by MailUp, of debt by the seller with regards to Agile, which took place when the controlling shareholding was acquired. The payables due to Zoidberg of Euro 600 thousand represent the last tranche of the earn-out, contractually defined by the parties, in favour of the selling party of Agile Telecom, which will be disbursed on 30/06/2019. On 02/07/2018, MailUp paid the second tranche of Euro 800 thousand.
In addition to the 2016 loan granted by the Danish sub-holding MailUp Nordics to its 100% subsidiary Globase International ApS for Euro 203,693, on 26/06/2017, MailUp granted a loan, also interest bearing, to the same Nordics for Euro 202,448, which was subsequently transferred to Globase to support its operations. On 21/03/2018, a further Euro 201,383 were disbursed by MailUp as an interest-bearing loan to MailUp Nordics, which also transferred this provision to Globase, then at the same time converting the total amount financed, Danish Crowns 4,748,172, to the equity reserve. Following the acquisition of Datatrics, as part of the contractual agreements signed between the parties, the parent company granted interest-bearing loans in its favour for Euro 255,769.
The real estate Floor Srl, owned by some of the parent company's reference partners, has signed with MailUp the lease contract for the building where the offices of the Cremona premises are located. The items highlighted refer to the existing real estate lease.

Treasury stock and shares/holdings in parent companies

MailUp owns 73,320 treasury shares for a total of Euro 163,470, purchased in part in 2015, at a price of Euro 57,502, in 2016, at a price of Euro 54,964, in January 2017, for Euro 2,753 and in 2018 for Euro 48,251, corresponding to 21,060 pieces. The average purchase price was globally equal to Euro 2.23 per share, while in the year under review, this value was Euro 2.29 per share. The purchases made in 2018 were carried out as part of the program approved by the Shareholders' Meeting on 26/04/2018, which resolved to authorize the purchase and disposal of treasury shares and in particular the following:

- to revoke the previous resolution authorizing the purchase and disposal of treasury shares of 27/04/2017 with effect from the date of the meeting;
    - to authorize the Administrative Body to carry out operations involving the purchase and disposal of 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.

Use of subjective estimates and valuations

The set-up of the financial statements requires from the Company directors the application of standards and methods which, in some cases, are based on difficult and subjective evaluations and estimates based on historical experiences and assumptions which are each time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statements – the consolidated statement of financial position, the statement of comprehensive income, the statement of changes to equity and the statement of cash flow – as well as in the disclosure supplied. The final results of the balance sheet entries, for which have been used the aforesaid estimates and assumptions, may differ from those posted on the balance sheet that represents the effects of the estimated event, due to the uncertainty which characterises the assumptions and conditions on which the estimates are based. The categories most affected by the use of estimates and valuations and for which a change in the conditions underlying the assumptions used could have a significant impact on the consolidated financial statements are briefly described below, with reference to the business sectors in which the Group operates.

Impairment of assets

The Group's tangible and intangible assets are impaired at least once a year if they have an indefinite useful life or, more often, if there are events that suggest that their carrying amount may not be recovered. Write-downs are determined by comparing the carrying amount with the recoverable amount, which is the higher of fair value less costs to sell and value in use determined by discounting the estimated future cash flows from using the asset less costs to sell. The expected cash flows are quantified in the light of the information available at the time of the estimate, on the basis of subjective judgements regarding future trends in variables – such as prices, costs, the rate of growth of demand and production profiles – and are discounted using a rate that takes account of the risk inherent to the asset concerned. Goodwill and other intangible assets with an unlimited useful lifespan are not amortized. The recoverability of their carrying value is checked at least annually and whenever events occur which imply a drop in value. Goodwill is tested at the smallest CGU at which management monitors, directly or indirectly, the return on investments in assets that include goodwill. When the book value of the CGU, including the goodwill attributed to it, exceeds the recoverable value, the difference is subject to impairment, which is allocated first to the goodwill up to its amount. Any excess impairment is allocated pro rata to the book value of the assets which constitute the CGU.

Business combinations

The reporting of business combinations involves the allocation to the assets and liabilities of the acquired company of the difference between the acquisition cost and the net book value of the net assets acquired. For the majority of assets and liabilities, the attribution of the difference is carried out by recognising the assets and liabilities at their fair value. The unattributed portion, if positive, is recognised as goodwill; if negative, it is attributed to the income statement. In the allocation process, the management draws on the available information and, for the most significant business combinations, on external valuations.

Medium/long-term share-based incentive plans

The medium/long-term share-based incentive plans require that at the end of each accounting period the estimate of the number of rights that will vest until maturity be updated. The change in the estimate is recognised as an adjustment to a shareholders' equity reserve, created specifically for incentive plans, with a balancing entry in "Payroll costs".

Disclosure on risks and uncertainties pursuant to article 2428, paragraph 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 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, there are still general economic uncertainties and regarding international policy, the effects of which are unpredictable and cannot be easily measured. The current 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 characterized 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 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 that have already allowed and will allow MailUp and other technological platforms 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 technological platforms 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 formalized assessment and appointment procedures of commercial partners, seeks to minimize the risk. Following the economy's difficulties recently, 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 admission to trading on the AIM Italia 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 optimize 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 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 2018, 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.

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 31/12/2018, consolidated bank debt is Euro 1,815,572, of which Euro 342,173 in the short-term, as compared with liquid funds of Euro 7,711,606. Bank indebtedness is the sole responsibility of the parent company.
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 mainly negotiated at variable rates. It is not possible to exclude that a rise in interest rates could result in an increase in related financial expenses with consequent negative effects on the economic and financial situation of the company, even if the net prevalence of own financial resources compared to recourse to indebtedness to third parties greatly reduces the possible impact.

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 values 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.

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

Significant events after the end of the fiscal year

On 16/01/2019, Datatrics Italia S.R.L. began operations, with the entry of its first employees into the workforce, with the aim of promoting the marketing of Datatrics technology to MailUp's main Italian customers.

On 5/03/2019, MailUp announced its entry in the list FT1000, edited by the Financial Times with Statista, which reports the 1000 European companies that have achieved the highest percentage rates of annual compound growth of revenues between 2014 and 2017. In the latest edition, which sees technology as the dominant sector (excluding fintech and e-commerce), Germany as the main country represented and London as the leading city, MailUp Group ranks at no. 113 in terms of FY 2017 turnover.

During the trading session of 18/03/2019, the price of the MAIL share reached the maximum of the year and the historical maximum, with a closing price of Euro 3.06 per share. At this value, the company's capitalization corresponds to more than Euro 45.6 million.

Outlook

The Group intends to continue to develop its business and services thanks to the 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:

- expansion of the already rich and diversified range of modules and technological solutions offered to digital marketing professionals through the strengthening of existing tools and the inclusion of innovative features oriented to concepts such as:
    - Customer Data Platform;
    - data driven omni-channel marketing orchestration;
    - marketing automation;
    - advertising;
    - customization;
    - professional services specialized in messaging and marketing automation.
- strengthening the ARPU (Average Revenue Per Unit) and the perception by the market of the uniqueness of the Group's offer compared to that of its competitors, through the introduction of new services and changes to its pricing policies;
- introduction of Datatrics in existing markets, starting with Italy, Denmark and Latin American countries, starting with the MailUp customer base but also through the indirect channel, starting with the sectors where Datatrics is most specialised: e-commerce, retail, travel and hospitality;
- localisation and introduction of Acumbamail in Italy and in Latin American countries, exploiting the characteristics of services provided in low-touch mode, i.e. in self-provisioning without the need for "human" support in sales;
- expansion of the reference market to include geographical areas not yet covered and acquisition of technological know-how through M&A transactions of strategic shareholdings in the Marketing Technology ecosystem;
- overcoming the role of simple service provider, integrating the provider of high value-added professional consulting services in the MarTech sector available to loyal national customers;
- continuation of the process of expanding integrations with third-party applications, offering users and external developers the possibility to connect and synchronize the platform with external databases, CRM, CMS, e-commerce and other software;
- internal development of innovative solutions and full exploitation of the growth potential of BEE in order to make it the global editor of e-mails and landing pages. The start-up based in Silicon Valley is in fact recording excellent results with constant improvement of the main indicators (KPI): acquisition of customers, churn rate and growth;
- strengthening of intra-group synergies through the cross-fertilization of knowledge among Group companies and in particular:
    - sharing best practices, experiences and skills;
    - maintaining an unbundled approach to better meet the different needs of segments and/or markets;
    - exploitation of commercial synergies through the sharing of opportunities between the different business units of the Group.

Organization and management models of Legislative Decree no. 231/2001

In compliance with the provisions of Legislative Decree no. 231 of 8 June 2001 (Discipline of the administrative responsibility of legal entities, companies and associations also without legal personality), in 2015, MailUp adopted its own organizational model and its own code of ethics meeting the requirements of the Decree. In collaboration with professionals with proven experience, in the course of the last months of 2017, a complex process of internal audit and revision began, concluded with the approval by the Board of Directors on 15/05/2018 of a new Organizational Model and a new Code of Ethics. On the same date, the administrative body also appointed the Lawyer Gabriele Ambrogetti as monocratic Supervisory Body of the company. Subsequent to the date of establishment, the monocratic Supervisory Body coordinated several times with the Company's legal department and met with the Board of Statutory Auditors in order to plan the information flows and the sharing of the results of the activities involved. In addition, on 04/09/2018, a training session was organized that saw the participation of the personnel responsible for carrying out responsibility functions with reference to the various company areas.

On 12 October 2018, at the instigation of the Supervisory Body, the company Operari S.r.l. conducted two audit assignments on the Special Sections aimed at preventing the following families of offences:

Family of offence	Significant offence risks for the Company
SPECIAL PART “B”	Computer crimes and unlawful processing of data (article 24-bis of Legislative Decree no. 231/01)
SPECIAL PART “E”	Corporate Offences (article 25-ter of Legislative Decree no. 231/01)
SPECIAL PART “L”	Offences of Market Abuse (article 25-sexies of Legislative Decree no. 231/01)

The audits revealed that the controls of the Special Parts of the Organisation, Management and Control Model listed above are reasonably adequate and effective in mitigating the risks relating to the commission of the offences in question, albeit with some non-conformities.
As regards non-conformities relating to misalignments between control protocols and company operations, the Model adopted by the Company has already been updated in order to make it consistent with company operations. With regard to the other recommendations that emerged from the audit, their updating is provided for in the half-yearly report as at 30 June 2019.

Personal data processing

MailUp, for the characteristics of its business, which requires the utmost correctness and attention in the processing of data held by the customers of the platform, has always been strategically and particularly sensitive to issues of Data Protection. The internal procedures on these matters are constantly formalized, 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 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, which entered into force in all European countries on 25/05/2018, known as GDPR (General Data Protection Regulation), 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 admission to trading on AIM Italia in July 2014.
As expected, all the activities previously identified as “average risk” were completed by 31/12/2018. A Cybersecurity Audit was also carried out on the domain of the devices that contribute to the processing of personal data, conducted using the methodology and controls provided by the Cyber Security Framework (CSF) proposed by the National Institute of Standards and Technology (NIST) according to the Italian contextualization proposed by CIS Sapienza/CINI. The output of this audit is made up of a series of findings to be used in the Privacy Impact Assessment (PIA) phase and to start a process of continuous adaptation to the above-mentioned cybersecurity standards.

Thank you for the trust placed in us.

Milan, 19 March 2019

The Chairman of the Board of Directors

Matteo Monfredini

MailUp S.p.A. Consolidated Financial Statements as at 31/12/2018

Balance sheet	Notes	31/12/2018	31/12/2017	Delta	Delta %
Intangible fixed assets	1	1.095.331	1.011.029	84.302	8,3 %
Goodwill	2	4.001.201	3.891.514	109.687	2,8 %
Equity investments in subsidiaries company	3	16.710.687	9.908.988	6.801.699	68,6 %
Equity investments in associated company and joint vent	4	116.767	107.821	8.946	8,3 %
Other non-current assets	5	229.446	255.614	(26.169)	(10,2 %)
Deffered tax asstes	6	1.199.044	813.374	385.671	47,4 %
Total non-current assets		**23.352.476**	**15.988.340**	**7.364.135**	**46,1 %**
Trade and other receivaibles	7	8.350.869	3.685.963	4.664.906	126,6 %
Receivables from associated company	7	13.067	19.368	(6.300)	(32,5 %)
Other current assets	8	3.101.518	1.745.568	1.355.950	77,7 %
Financial Activities That Are Not Fixed Assets	9	469.489		469.489	100,0 %
Liquid funds and equivalent	10	7.711.606	10.706.217	(2.994.611)	(28,0 %)
Total current assets		**19.646.549**	**16.157.116**	**3.489.434**	**21,6 %**
Total Assets		**42.999.025**	**32.145.456**	**10.853.569**	**33,8 %**
Group Shareholders' Equity					
Share Capital	11	373.279	354.237	19.042	5,4 %
Reserves	12	14.301.484	12.924.712	1.376.772	10,7 %
Period Result		1.255.267	549.013	706.253	128,6 %
Shareholders' Equity of minority interests		0	121.788	(121.788)	(100,0 %)
Totalt shareholders' equity		**15.930.030**	**13.949.751**	**1.980.280**	**14,2 %**
Amount due to banks and other lenders	13	343.231	1.772.007	(1.428.777)	(80,6 %)
Other non-current liabilities	14	3.748.296	0	3.748.296	100,0 %
Provision for risks and charges	15	177.739	97.739	80.000	81,9 %
Staff funds	16	1.321.224	1.115.151	206.074	18,5 %
Deferred tax liabilities	17	258.332	31.841	226.491	711,3 %
Total non-current liabilities		**5.848.822**	**3.016.737**	**2.832.084**	**93,9 %**
Trade and other payables	18	8.053.296	4.710.537	3.342.759	71,0 %
Payables due to associated company	18	23.500		23.500	100,0 %
Amounts due to banks and other lenders	19	1.472.341	1.679.691	(207.350)	(12,3 %)
Other current liabilities	20	11.671.036	8.788.740	2.882.296	32,8 %
Total current liabilities		**21.220.173**	**15.178.968**	**6.041.205**	**39,8 %**
Total Liabilities		**42.999.025**	**32.145.456**	**10.853.569**	**33,8 %**

Income statement	Notes	31/12/2018	Revenues	31/12/2017	Revenues	Delta	Delta %
E-mail revenues	21	10.121.703	25,2 %	9.431.330	34,5 %	690.373	7,3 %
SMS revenues	21	27.185.472	67,6 %	15.933.655	58,3 %	11.251.817	70,6 %
Professional Services revenues	21	547.645	1,4 %	588.868	2,2 %	(41.223)	(7,0 %)
BEE revenues	21	1.155.613	2,9 %	483.629	1,8 %	671.984	138,9 %
Other revenues	21	1.193.050	3,0 %	882.128	3,2 %	310.922	35,2 %
Total revenues		**40.203.483**	**100,0 %**	**27.319.610**	**100,0 %**	**12.883.873**	**47,2 %**
Cost of goods sold (COGS)	22	26.817.239	66,7 %	15.791.629	57,8 %	11.025.610	69,8 %
Gross Profit		**13.386.244**	**33,3 %**	**11.527.981**	**42,2 %**	**1.858.263**	**16,1 %**
Sales & Marketing costs	23	2.938.007	7,3 %	3.244.329	11,9 %	(306.322)	(9,4 %)
Research & Development costs	24	1.063.420	2,6 %	857.655	3,1 %	205.765	24,0 %
Cpitalised R&D payroll cost		*(1.473.359)*	*(3,7 %)*	*(1.335.895)*	*(4,9 %)*	*(137.464)*	*10,3 %*
Total R&D cost		*2.536.779*	*6,3 %*	*2.193.551*	*8,0 %*	*343.228*	*15,6 %*
General costs	25	5.615.708	14,0 %	4.546.590	16,6 %	1.069.118	23,5 %
Total other operating costs		9.617.134	23,9 %	8.648.574	31,7 %	968.560	11,2 %
Ebitda		**3.769.109**	**9,4 %**	**2.879.407**	**10,5 %**	**889.703**	**30,9 %**
Amortisation, depr. & prov. G&A	26	195.278	0,5 %	125.266	0,4 %	70.011	55,9 %
Amortisation, depr. & prov. R&D	26	1.418.466	3,5 %	1.188.643	4,4 %	229.823	19,3 %
Amortisation, depr. & prov. COGS	26	258.261	0,6 %	285.399	1,0 %	(27.138)	-9,5 %
Total Amortisation, deprecation and provisions		1.872.005	4,7 %	1.599.309	5,9 %	272.696	17,1 %
Ebit		**1.897.105**	**4,7 %**	**1.280.098**	**4,7 %**	**617.007**	**48,2 %**
Financial operation	27	20.796	0,1 %	(77.797)	(0,3 %)	98.593	(126,7 %)
Ebt		**1.917.900**	**4,8 %**	**1.202.301**	**4,4 %**	**715.599**	**59,5 %**
Income tax	28	(766.513)	(1,9 %)	(585.331)	(2,1 %)	(181.182)	31,0 %
Advance tax	28	242.678	(0,6 %)	23.929	(0,1 %)	218.749	914,1 %
Deferred tax	28	(138.800)	0,30 %	(29.091)	0,1 %	(109.709)	377,12 %
Profit (loss) for the year		**1.255.267**	**3,12 %**	**611.809**	**2,2 %**	**643.458**	**105,2 %**
Group profit (loss)		*1.255.267*	*3,1 %*	*549.013*	*2,0 %*	*706.253*	*128,64 %*
Minority interest profit (loss)				*62.795*	*0,2 %*	*(62.795)*	*-100,00 %*
Other items of the statement of comprehensive income							
Profit/(loss) that will not be subsequently reclassified to the year result							
Actuarial profit/(loss) net of the tax effect		(16.208)	(0,0 %)	(19.157)	(0,1 %)	2.949	(15,4 %)
Profit/(loss) that will be subsequently reclassified to the year result:							
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro		(25.264)	(0,1 %)	9.050	0,0 %	(34.313)	(379,2 %)
Comprehensive year profit/(loss)		**1.213.795**	**3,0 %**	**601.702**	**2,2 %**	**612.093**	**101,73 %**

Earnings:

per share 0.087 0.043

per diluted share 0.086 0.043

Consolidated Statement of Changes in Equity

Figures in euros	31/12/2017	Allocation of MailUp results	Share capital increase	Change to share premium reserve	Purchase of own shares	Comprehensive IS result	Stock option plan	Change in% of Acumbamail's controlling interest	Profit/(loss) carried forward	Period result	31/12/2018
Share capital	354.237		16.446				2.596				373.279
Share premium reserve	11.041.306		1.541.364	(131.296)			218.583				12.669.957
Legal reserve	60.000	20.000									80.000
Extraordinay reserve	1.520.535	1.039.104									2.559.640
Reserve for tresaury stock	(115.219)				(48.251)						(163.470)
Reserve for exchange rate gains	25.289										25.289
Profit/(loss) carried forward	896.400	549.013						62.795	(1.767.411)		(259.203)
Stock option reserve	93.448						(65.658)				27.789
OCI reserve	(116.664)					(41.471)					(158.135)
FTA reserve	(613.449)										(613.449)
Merger reserve	133.068										133.068
Period result	549.013	(549.013)								1.255.267	1.255.267
Shareholders' equity	**13.827.962**	**1.059.104**	**1.557.810**	**(131.296)**	**(48.251)**	**(41.471)**	**155.521**	**62.795**	**(1.767.411)**	**1.255.267**	**15.930.030**

Figures in euros	31/12/2016	Allocation of MailUp results	Share capital increase	Change to share premium reserve	Purchase of own shares	Comprehensive IS result	Stock option plan	Changes related to the merger with the subsidiary Network Srl	Profit/(loss) carried forward	Period result	31/12/2017
Share capital	283.266		68.375				2.596				354.237
Share premium reserve	4.607.721		5.989.680	96.240,00			347.665				11.041.306
Legal reserve	60.000										60.000
Extraordinay reserve	295.624	1.224.912									1.520.535
Reserve for tresaury 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							(1.358.091)		896.400
Stock option reserve	243.316						(149.869)				93.448
OCI reserve	(106.628)					(10.037)					(116.664)
FTA reserve	(590.317)							(23.132)			(613.449)
Merger reserve	-							133.068			133.068
Period result	780.519	(780.519)								549.013	549.013
Shareholders' equity	**6.960.294**	**1.224.912**	**6.058.055**	**96.240**	**(2.753)**	**(10.037)**	**200.393**	**109.936**	**(1.358.091)**	**549.013**	**13.827.962**

Consolidated Statement of Cash Flows

Statement of cash flows MailUp SpA	31/12/2018	31/12/2017
Period profit/(loss)	1.255.267	611.809
Income tax	766.513	585.331
Prepaid/deferred tax	(103.879)	5.162
Interest expense/(interest income)	(17.833)	27.190
Exchange (gains)/losses	(2.962)	50.607
(Dividends)		
(Gains) / losses arising from the sale of assets		
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	**1.897.105**	**1.280.098**
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	328.537	314.059
Other provisions	118.234	52.668
Amortisation and depreciation of fixed assets	1.833.771	1.591.584
Write-downs for permanent losses in value		
Other adjustments for non-monetary items	308.069	
2 Cash flow before changes in NWC	**4.485.716**	**3.238.409**
Changes to net working capital		
Decrease/(increase) in trade receivables	(4.546.435)	(309.067)
Increase/(decrease) in trade payables	3.238.722	1.762.956
Decrease/(increase) in accrued income and prepaid expenses	(478.178)	(35.191)
Increase/(decrease) in accrued liabilities and deferred income	1.787.404	242.745
Increase/(decrease) tax receivables	55.852	(295.322)
Increase/(decrease) tax payables	(64.165)	(58.520)
Increase/(decrease) other receivables	(871.250)	191.537
Increase/(decrease) other payables	(359.815)	(1.839.723)
Other changes in net working capital	38.360	(5.486)
3 Cash flow after changes in NWC	**3.286.210**	**2.892.339**
Other adjustments		
Interest collected/(paid)	11.174	(29.810)
(Income tax paid)	(699.460)	(477.231)
(Gains) / losses arising from the sale of current assets		
Dividends collected		
(Use of provision)	(118.245)	(132.435)
4 Cash flow after other adjustments	**2.479.679**	**2.252.863**
A Cash flow from operations	2.479.679	2.252.863
Tangible fixed assets	(355.387)	(608.279)
(Investiments)	*(355.387)*	*(608.279)*
Disinvestment realisation price		
Intangible fixed assets	(2.954.344)	(1.420.380)
(Investiments)	*(2.954.344)*	*(1.420.380)*
Disinvestment realisation price		
Financial fixed assets	17.223	(65.885)
(Investiments)	*17.223*	*(65.885)*
Disinvestment realisation price		
Financial not fixed assets	(500.000)	
(Investiments)	*(500.000)*	
Disinvestment realisation price		
Acquisition or sales of subsidiaries companies		
B Cash flow from investments	(3.792.508)	(2.094.544)
Third parties payables	(1.636.126)	83.835
Increase (decrease) in short-term payables to banks	*7.578*	*13.881*
Stipulation of loans		*1.400.000*
Repayment of loans	*(1.643.705)*	*(1.330.046)*
Own funds	(45.655)	6.002.843
Capital increase by payment	*2.596*	*67.846*
Sale (purchase) of treasury shares	*(48.251)*	*(2.753)*
Change to share premium reserve		*5.937.750*
C Cash flow from loans	(1.681.781)	6.086.678
Increase (decrease) in liquid funds (A ± B ± C)	(2.994.611)	6.244.997
Initial cash and cash equivalents	10.706.217	4.461.219
Final cash and cash equivalents	7.711.606	10.706.217
Change in cash and cash equivalents	(2.994.611)	6.244.997

Explanatory Notes to the Consolidated Financial Statements as at 31/12/2018

General information

MailUp Group is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in strong expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel marketing automation.
The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing and transaction purposes, (ii) sophisticated e-mail and newsletter editing tools, (iii) innovative solutions in marketing technology, in addition to (iv) professional consulting services in this area. The parent company MailUp S.p.A. (hereinafter MailUp) has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 10,000 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. At consolidated level, the Group operates with over 21,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 190 employees.
After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana (Italian Stock Exchange), MailUp Group added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (artificial intelligence).

Accounting standards

Criteria for the preparation of the Group consolidated financial statements

In accordance with article 4 of Italian Legislative Decree no. 38 of 28/02/2005,which regulates the exercise of options envisaged by article 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19/07/2002 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 (IASB) and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31/12/2016. 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).
In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31/12/2018 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2017.
For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.
With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that, in view of the economic prospects, the capitalisation and financial position of the company, there is no uncertainty as the fact that the Group can operate as a going concern and that, consequently, in preparing the financial statements as at 31 December 2018, it should adopt accounting standards precisely under these terms.
Despite its controlling interests in MailUp Inc., Agile Telecom S.p.A., Acumbamail SL, MailUp Nordics A/S, and Datatrics B.V., MailUp is not required to prepare consolidated financial statements as the Group complies with the exemption from the obligation to prepare consolidated financial statements pursuant to article 27 of Legislative Decree 127/1991, despite having exceeded the limits indicated in the aforementioned article for the first year. 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.

These financial statements will be subject to statutory auditing by BDO Italia S.p.A., under the appointment made upon it for the period 2017-2019.

Consolidation standards applied in preparing the consolidated financial statements

The consolidated financial statements have been prepared consolidating the financial statements of the parent company on a line-by-line basis, and those of all companies in which the company directly or indirectly holds the majority of voting rights as at 31/12/2018 (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.
According to the provisions of IFRS 3, the subsidiaries acquired by the Group are accounted for according to the acquisition method (purchase account).
The cost of acquisition corresponds to the current value of the assets acquired, shares issued or liabilities assumed as at the date of acquisition.
The equity investment in the associate that is scarcely significant within the Group has been accounted for using the purchase cost method.
In preparing these consolidated financial statements, the assets and liabilities and income and expenses of the companies included in the scope of consolidation have been included line by line, with the exception of Datatrics B.V., for which the consolidation was carried out exclusively in the balance sheet, as explained in the following paragraph.
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 in euros	Shareholders' equity in euros	Net profit/(loss) in euros	% control	Figures in euros
MAILUP INC	UNITED STATES OF AMERICA	*41,183	296,549	(71,974)	100	728,752
ACUMBAMAIL SL	SPAIN	4,500	161,871	156,471	100	1,092,658
MAILUP NORDICS A/S	DENMARK	*67,001	1,007,478	(12,406)	100	800,000
GLOBASE INTERNATIONAL ***	DENMARK	*16,750	9,162	(125,978)	100	1,333,763
AGILE TELECOM	CARPI (MO)	500,000	2,331,923	1,731,923	100	8,800,000
DATATRICS B.V.**	HOLLAND	999	(173,385)	(15,925)	100	6,802,698

(* historic exchange rate applied as at the date of first consolidation)
(** date of first consolidation 31/12/2018 as it is the closest date to completion of the acquisition)
(*** indirect control via Mailup Nordics A/S)

The acquisition of Datatrics B.V. was completed on 30 October 2018. The insignificant impact on the consolidated financial statements of the revenues and costs expressed by the Dutch subsidiary, relating only to the last two months of 2018 and to still reduced business volumes, has led to a preference for the consolidation of the balance sheet only in the year under review.

MailUp Inc. (BEEfree.io), organized according to the dual company model, with a business team located in San Francisco, in the heart of Silicon Valley, and technological team in Italy, focused on the development and commercialization of the innovative editor for BEE e-mail messages (Best E-mail Editor). Thanks to the rapid growth and the interest from professional digital marketing operators since the launch, BEE is establishing itself as a leading solution both in the Plug-in version, used by over 3,900 teams of developers and SaaS applications, to which it can be easily integrated, and in the Pro version, appreciated by over 4,900 e-mail designers in more than 100 countries.

Acumbamail S.L. is a Spanish e-mail marketing provider that also provides SMS packages and transactional services with a freemium business model that is particularly attractive for small and micro businesses. The Acumbamail platform allows the creation, sending and management of multi-channel marketing campaigns, allowing to track the relative performance in real time. More than 2,800 customers use the services of the Spanish subsidiary that sends over 400 million e-mails per year. Including the free plans, there are almost 50,000 users. On 01/08/2018, the parent company MailUp purchased the remaining 30% shareholding in Acumbamail; see the following paragraph for details.

MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International ApS**, a Danish company specialized in advanced digital marketing automation services that allow over 80 customers located in the Nordics, most of which are medium-large and with strong needs for customization and consulting services, creating communication campaigns based on data-driven personalization and segmentation of recipients, with the possibility of monitoring the efficiency of campaigns through statistical analysis Globase is also completing, in close collaboration with MailUp, the transition to the new V3 platform, directly derived from MailUp, which will improve sending performance and efficiency in the delivery of messaging services.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorized by the Ministry of Economic Development and Communication to offer a public communication service (OLO - Other Licensed Operator) and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCOM). Agile Telecom is a leader in the Italian wholesale SMS market with more than 1 billion messages sent per year and manages the sending out of promotional and transactional messages (One-Time Password, notifications and alerts) to over 3,700 customers. It is also practically the parent company's exclusive provider of reference for the SMS delivery services provided by the MailUp platform, thus making it possible to exploit the economic and technological synergies outlined above.

Datatrics B.V. is the latest acquisition; the Dutch company, established in 2012, owns a cutting-edge proprietary predictive marketing platform used by more than 100 clients, which allows the marketing teams to build experiences for its customers based on data managed by artificial intelligence, resulting in a better customer experience and a consequent increase in conversion and loyalty of customers, through a data management platform developed with a self-learning algorithm. The use of artificial intelligence allows the combination of data from multiple sources, both internal of customers (CRM, e-mail, social networks, e-commerce, web analytics and other) and external (demographic data, weather, traffic and other) using an open customer data platform approach.

The financial statements used for the consolidation are those approved or definitively prepared by the Boards of Directors of the individual companies for approval by the respective Shareholders' Meetings.
The consolidated financial statements refer to the same closing date of the parent company.

Criteria for converting financial statements not prepared in euros

The conversion of 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 31/12/2018;
* the items of the Income Statement have been converted at average exchange rates for FY 2018;
* 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 31/12/2018	Average exchange rate 2018	Exchange rate as at 31/12/2017	Average exchange rate 2017
USA Dollar	Euro 1.145	Euro 1.181	Euro 1.2065	Euro 1.1297
Danish Corona	Euro 7.4673	Euro 7.4532	Euro 7.4437	Euro 7.4386

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 realized/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realized/extinguished within 12 months of year end.

If none of these three conditions is met, the assets/liabilities are classified as not current.
b) In the Income Statement, the positive and negative items of income are stated according to destination for the previous year. This choice is dictated by the greater ease of reading and comparability with respect to the financial statements of the other players in the same sector. In the reclassification adopted, revenues are segmented among the characteristic business lines, highlighting the different contribution of the individual components on the total volumes. Costs are divided into four macro areas: Cost of Goods Sold (COGS), or costs of providing the Group's core services, and costs relating to the main operating areas, Sales and Marketing (S&M), Research and Development (R&D), in addition to General Costs (G&A) for administrative and structure expenses. Depreciation and amortization is also related to the different business areas. The section analysing the contents of the Income Statement items illustrates in more detail the criteria followed in the economic reclassification adopted. Also for the purposes mentioned above, reference was made to EBITDA (Earnings Before Interest Taxes Depreciation Amortization), an economic value not defined in the IAS/IFRS Accounting Standards, equal to the operating result net of tangible and intangible depreciation and amortization.
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 in 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 in 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

For an analysis of the measurement criteria adopted in the preparation of these financial statements, please refer to the same section of the Separate Financial Statements as at 31/12/2018 of MailUp.

Changes in accounting standards

For the verification of updates in the IAS/IFRS Accounting Standards, please refer to the same section of the Separate Financial Statements as at 31/12/2018 of MailUp.

Disclosure on the book value of financial instruments

In order to provide information capable of illustrating the exposure to financial risks, the information provided by the companies regarding the fair value measurement of financial instruments, as required by accounting standard IFRS 7, is of great importance.

The fair value hierarchy has three levels:

• level 1: if the financial instrument is listed on an active market;

• level 2: if the fair value is measured on the basis of valuation techniques that refer to parameters that can be observed on the market, other than the prices of the financial instrument;

• level 3: if the fair value is calculated on the basis of valuation techniques that refer to parameters that are not observable on the market.

31 December 2018 MailUp Group			
(Euro units)	**Book value**	**Fair value**	**Fair value hierarchy**
Other financial assets			
Other non-current financial assets	103,548	**103,548**	Level 3
Other current financial assets	469,489	**469,489**	Level 1

Potential liabilities

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

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,095,331	1,011,029	84,302

Description	31/12/2018	31/12/2017	Delta
Plants and machinery	127,618	109,854	17,764
Other assets	967,713	901,176	66,537
Total	**1,095,331**	**1,011,030**	**84,302**

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

Intangible assets (2)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
4,001,201	3,891,514	109,687

Description	31/12/2018	31/12/2017	Delta
Platform development	3,807,805	3,719,137	88,668
Third-party software	144,017	119,795	24,222
Trademarks	10,618	16,274	(5,656)
Other	38,761	36,308	32,453
total	**4,001,201**	**3,891,514**	**109,687**

"Platform development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform, net of relevant amortisation/depreciation, of which details are given below; the same item also includes costs for projects to develop the MailUp platform currently in progress, activities not yet completed at year-end and which have therefore not been amortized yet. The capitalized developments relative to the BEE software should also be mentioned. This asset was conferred by the parent company to the subsidiary MailUp Inc, as from 31/12/2016.
"Third party software" includes costs relative to software owned by third parties. The item 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 (ex. English, Spanish) under the scope of the general strategic international growth project pursued by the Group.
With regard to the recoverability of the value of intangible assets, it is recalled that, in the absence of impairment

indicators of the same compared to the carrying amount in the financial statements, which occurred in 2018, it was not necessary to carry out further verifications regarding both the separate financial statements of the parent company and the consolidated financial statements.

In the context of research and development projects, we note the completion by MailUp of the project **Innovative Big Data Analytics System**, completed at the end of February 2018, which benefits from a contribution from the Lombardy Region of Euro 860 thousand against an investment of over Euro 2 million, already collected for half of the amount, a project now fully reported.
In FY 2018, MailUp successfully completed the preliminary investigation procedure for the allocation of a loan of Euro 5.1 million (the funds include a non-repayable grant of Euro 1.3 million) on 16 July 2018. This is a research and development project called **NIMP – New Innovative Multilateral Platform**, to be carried out in the three-year period that started on 01/03/2018 with the participation, among others, of the Politecnico of Milan as a scientific partner and financed by the Ministry of Economic Development and Cassa Depositi e Prestiti, as well as Banca Popolare dell'Emilia Romagna as a banking partner. The proposed project is part of the intervention of the Digital Agenda and in particular in the area of Technologies for the innovation of the creative industry, content and social media. The project will improve competitiveness in the relational marketing area, oriented to multi-channel and collaboration. New services and functions of the new MailUp platform will be created, with the aim of making available to customers those strategies designed to promote loyalty to a brand (customer loyalty) through the engagement of its consumers. The ultimate goal is to create a lasting relationship with the target group, a relationship of trust and a unique and positive customer experience.

For an in-depth analysis of the new functionalities introduced in 2018 to the MailUp platform and to the BEE software as part of the research and development activities carried out by MailUp and other Group companies, please refer to the paragraph "Research and development activities" of the Report on Operations to the consolidated and separate financial statements as at 31/12/2018, an integral part of these financial statements.

Goodwill (3)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
16,710,687	9,908,988	6,801,699

The change is due exclusively to the acquisition of the Dutch subsidiary Datatrics B.V., which has been mentioned elsewhere in this document and which is discussed in greater detail in the separate and consolidated Report on Operations included in these financial statements.

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

Description	**31/12/2018**
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
Datatrics B.V.	6,801,699
Faxator goodwill	79,154
Total	**16,710,687**

The increase is entirely due to the acquisition of Datatrics B.V. completed on 30/10/2018. In accordance with IFRS 3, the higher values deriving from the Directors' estimate of the value that is expected to be paid in the future and linked to the defined Earn Out parameters have been recorded. This value was supported by a valuation report prepared by an independent expert, which showed that this value could be recovered if the agreed contractual conditions were met.

In the case of Acumbamail, there was no change in goodwill despite the acquisition of the remaining 30% of the share capital as it can be classified as a "transaction between shareholders" in accordance with IAS/IFRS accounting standards.

Impairment testing of goodwill

The Directors, as recalled in the section on the accounting standards adopted (IAS 36), verify the potential recovery of goodwill recorded on the consolidated financial statements at least once a year, using specific assessments (impairment tests) on each Cash Generating Unit (CGU). Goodwill is calculated as the difference in purchase value of the equity in subsidiaries and shareholders' equity of the subsidiary at the time of first consolidation. In the specific case, the CGUs are represented by the specific subsidiary to which goodwill refers. The potential recovery of the investment is determined with reference to forecast cash flow.
Impairment testing was carried out considering the latest economic-financial forecasts for future years (2019-2021), as resulting from the budget data for FY 2019 and applying the forecasts of data contained therein for FYs from 2020 to 2021. These forecasts prepared for impairment testing have been approved by the administrative bodies of the subsidiaries and consider the effects envisaged for the application of the reference IAS/IFRS accounting standards.
The potential recovery of the value of goodwill recorded is checked through a comparison of the book value with the related value for recovery, determined as the value in use (recoverable amount). This recoverable amount is represented by the current value of future cash flows of the subsidiaries, both for the specific flow period and in terms of the specific forecasting time frame, on the basis of the determination of the Terminal Value (TV) in application of the perpetuity method.
In light of the Group's operations and valuation practice relative to similar operations in Italy and abroad, reference was made to the following valuation methods, commonly recognised by professional practice for operations of this type and companies operating in the reference sectors:

- Analytical methods (Discounted Cash Flow), as main method;
- Multiples method, as control method.

The discounted cash flow (DCF) method applied to the forecasts of the 2019-2021 Plan approved by the administrative bodies of the subsidiaries and terminal value of the business estimated at the end of the specific period of the reference business plan, was based on the application of a WACC (weighted average cost of capital) discounting rate.

The calculation of the weighted average cost of capital is performed on the basis of the following variables:

- Risk free rate: rate of return without implicit risk determined on the basis of the returns of the ten-year Italian BTP or securities of similar risk and duration for foreign subsidiaries;
- Risk premium: return expected by investors on a specific market according to the specific country risk and average cost of debt (spread);
- Small Size Premium: a further spread of 2% was added, with prudential purposes, which takes into account the small size of the subsidiaries compared to the international competitors in the sector;
- Sector-specific beta that measures the expected variability of returns upon a 1% variation in the market prices;
- The cost of debt is also considered net of the specific tax rate;
- The final value of the WACC is weighted according to the average sector Debt/Equity ratio, obtained from the most recent equity research available (source: Value Track, updated 05 February 2019) to express the weight of recourse to equity and financial capital of third parties.

In order to further stress the results of the impairment test and verify that it holds out even in the worst hypotheses of expected results, the Directors applied prudent sensitivity hypotheses that simulate a reduction in EBITDA, attenuated through the percentage reduction of revenues and maintaining costs unchanged, including variable costs.
The sensitivity hypotheses have been modulated according to the specific business of the subsidiaries: in the case of Acumbamail, as the business is still under development, sensitivity was raised to 15% of revenues, to reflect the greater uncertainty surrounding the forecasts of the business plan. In the presence of a more consolidated business, the sensitivity was adjusted to lower risk. In the case of Agile Telecom, 5% was applied, which determines a significant effect in terms of prudential reduction of results. Higher rates, particularly in the specific case, of variable costs with a high impact on turnover and high sales volumes that have increased significantly, would have had a distorting effect on the significance of the test. For Globase and MailUp Inc, sensitivity was further increased to 20%. In the first case, to reflect the risk arising from the poor results of recent years and in particular of 2017. From 2019, following the entry of Datatarics BV into the Group, Globase will be able to fully exploit synergies with the proprietary marketing platform of the Dutch subsidiary, which can be used on a plug-and-play basis to create increasingly relevant and omni-channel customer experiences and exploit the power of data and artificial intelligence. This synergy is expected to contribute to

the relaunch of revenues and margins of the Danish subsidiaries, including MailUp Nordics. On the basis of these considerations, the business plan formulated by the administrative body of Globase demonstrated the recoverability of the investment at the time of impairment. In the case of MailUp Inc, this choice is linked to the very challenging business plan, supported, however, by the equally encouraging growth in sales of the BEE editor in the last two years, used as a reference for the impairment test. Again for prudential reasons, in both cases the Terminal Value was reduced to zero.

Reference was made to the multiples method as control method, EV/Sales (0.65x) applied to sales and EV/EBITDA (6.8 x) to the gross operating margin, specific for the MailUp Group as per the already mentioned equity research, published by Value Track on 05 February 2019, prudentially selecting the values related to the market price (Euro 2.67) compared to the multiple prospects related to the fair value of the security calculated by Value Track (Euro 3.82).
Also from the Equity Research of Value Track, specific multiples were obtained for the individual subsidiaries, Agile Telecom EV/Sales (0.9 x), MailUp Inc EV/Sales (5 x), Acumbamail EV/Sales (3 x), based on the so-called Sum-of-the-Parts valuation method, used for further confirmation of the value recorded as goodwill.

This more prudent choice was preferable to the use of multiples of comparable companies (Peers Analysis) belonging to the MarTech sector, relating to players of various sizes and types also active in the field of digital solutions (Salesforce, Imimobile, Hubspot, DotDigital, Twilio), since these values were considered too high and not in line with the current business model and size profile of the Group.

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

Equity investments in associates (4)

Company name	Country	31/12/2017	Revaluations	Write-downs	Purchases	31/12/2018
CRIT Cremona information Technology	Italy	107,821	8,946			116,767
Total		**107,821**	**8,946**			**116,767**

The amount booked amongst the assets of the Balance Sheet refers to the equity investment of MailUp in Consorzio CRIT (CRemona Information Technology). The revaluation derives from the application of the equity method that takes into account the results achieved by the associate available at the current date.
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 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 31/12/2018	Balance as at 31/12/2017	Delta
229,446	255,614	(26,169)

Description	31/12/2017	Increase	Decrease	31/12/2018
Receivables from associated companies	64,641			64,641
Receivables from others	65,076		(26,169)	38,907
Tax receivables due beyond 12 months	125,897			125,897
Total	**255,614**	**0**	**(26,169)**	**229,446**

Receivables all have a maturity in excess of 12 months.

The item Receivables from others refers to caution deposits due beyond the year.

Prepaid tax assets (6)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,199,044	813,374	385,671

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

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

Description	31/12/2018
MailUp SpA	799,880
MailUp Inc	230,238
Acumbamail SL	53
MailUp Nordics A/S	81,689
MailUp Nordics /Globase	21,427
Datatrics B.V.	47,499
Agile Telecom SpA	18,257
Total	**1,199,044**

The future recoverability of the deferred tax assets allocated has been verified through the projection of the estimated results for the next few years, at the time of the business plan, of the parent company and the subsidiaries.

Current assets

Trade and other receivables (7)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
8,363,936	3,705,331	4,658,606

Description	31/12/2018	31/12/2017	Delta
Receivables from customers	8,350,869	3,685,963	4,664,906
From associated companies	13,067	19,368	(6,300)
	8,363,936	3,705,331	4,658,606

Below is the breakdown of receivables by geographic area:

Receivables divided by Geographic Area	Trade accounts	Associated companies	Total
Italy	6,085,742	13,067	6,098,809
EU	1,469,399		1,469,399
Non EU	795,728		795,728
Total	**8,350,869**	**13,067**	**8,363,936**

Other current assets (8)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
3,101,518	1,745,568	1,355,950

Description	31/12/2018	31/12/2017	Delta
Inventories	8,331	6,603	1,728
Tax receivables	499,983	514,717	(14,734)
Receivables from others	1,806,624	924,410	882,214
Accruals and deferrals	786,579	299,838	486,741
	3,101,518	**1,745,568**	**1,355,950**

The item Receivables from others includes the residual receivable from the Lombardy Region for the contribution to the Big Data Analytics project, already mentioned above, in addition to the receivable accrued for the contribution to the New Innovative Multilateral Platform project to be provided by the Ministry of Economic Development, which is mentioned both in this document and in detail in the Report on Operations. The item Tax receivables includes the VAT receivable of Agile Telecom for Euro 151 thousand relating to the fourth quarter of 2018, in addition to the VAT advance paid by MailUp for Euro 133 thousand.

Financial assets not held as fixed assets (9)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
469,489	0	469,489

The Group has allocated a fraction of the available liquidity that is not destined, in the short term, to finance the core business or other strategic projects, such as M&A transactions or research and development projects, in investment of shares listed on AIM Italia with a view to short-term disinvestment.

Liquid funds (10)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
7,711,606	10,706,217	(2,994,611)

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 (11)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
373,279	354,237	19,042

The share capital of the parent company MailUp S.p.A. is entirely paid in and is represented as at 31/12/2018 by 14,931,166 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

For detailed information on the changes in the share capital of MailUp during FY 2018, please refer to the specific section of the notes to the separate financial statements as at 31/12/2018, which are an integral part of this report

Reserves (12)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
14,301,486	12,924,712	1,376,772

Description	31/12/2017	Increases	Decreases	31/12/2018
Share premium reserve	11,041,306	1,759,947	131,296	12,669,957
Stock option reserve	93,448	152,925	218,583	27,790
Legal reserve	60,000	20,000		80,000
Extraordinary or optional reserve	1,520,535	1,039,104		2,559,640
Reserve for exchange rate gains	25,289			25,289
FTA reserve	(613,449)			(613,449)
OCI reserve	(109,353)	7,764	23,971	(125,560)
Negative reserve for treasury stock	(115,219)		48,251	(163,470)
Merger surplus reserve	133,068			133,068
Translation reserve	(7,312)	986	26,250	(32,576)
Profit/(loss) carried forward	896,400	611,809	1,767,411	(259,203)
Total	**12,924,712**	**3,592,535**	**2,215,762**	**14,301,484**

The FTA reserve was generated during the transition to the IFRS of the individual and consolidated financial statements. The OCI reserve represents the effects deriving from the remeasuring of the defined benefits plan, as represented in the statement of comprehensive income.
The stock options reserve originates from the incentive plan to the benefit of senior management. Amongst other aspects, the main aim of the Incentive Plan is to help strengthen the involvement of the people holding key positions in the pursuit of the Company and Group's operative objectives.
The negative reserve for treasury stock corresponds to the purchase price of own shares in the parent company held as at 31/12/2018.
The translation reserve expresses the net effect of the conversion in the consolidated financial statements of the financial statements of foreign subsidiaries held in currencies other than the Euro (MailUp Inc and MailUp Nordics/Globase).

Period result

The net period result is positive and comes to Euro 1,255,267 with respect to Euro 611,809 as at 31 December 2017. In the previous year, this amount included the minority interest of Euro 62,795, while in the year in question, following the increase to 100% in the stake in Acumbamail, this effect did not occur. For an in-depth analysis of the consolidated results, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2018, an integral part of these financial statements.

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.

Non-current liabilities

Amounts due to banks and other lenders (13)

Description	31/12/2018	31/12/2017	Delta
Amounts due to banks	343,231	1,772,007	(1,428,777)
	343,231	**1,772,007**	**(1,428,777)**

The item "Amounts due to banks" refers only to the parent company

It is noted that the Group's indebtedness at 31/12/2018 is at variable rates, except for the loan granted on 14/06/2017 to the parent company for Euro 1 million at fixed rate by Credito Emiliano, and is represented by unsecured loans.

Other non-current liabilities (14)

Balance as at 31/12/2018	Balance as at 31/12/2017	Changes
3,748,296	0	3,748,296

This is the medium-term portion of the debt owed to BMC Holding B.V., the seller of Datatrics B.V., for the cash portion of the purchase price and for the portion of the capital increase corresponding to the maximum amount, equal to Euro 3 million, of the variable earn-out fee that will be paid to sellers when certain turnover thresholds are reached over the next four years with respect to the acquisition.

Provisions for risks and charges (15)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
177,739	97,739	80,000

Description	31/12/2017	Increases	Decreases	Reclassifications	31/12/2018
Provision for legal disputes	57,739				57,739
Provision for pensions	40,000	80,000			120,000
	97,739	**80,000**			**177,739**

In previous years, a provision for legal disputes was recognized in relation to the separate financial statements of the parent company. Details are provided in the relevant section of the notes to the separate financial statements of MailUp.

The provision for pension and similar commitments is related to the indemnity due to Directors upon cessation of office (TFM). The consolidated financial statements also include the provision relating to the Directors of Agile Telecom, in addition to the provision made by the parent company.

Staff funds (16)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,321,224	1,115,151	206,073

The change is as follows.

Description	31/12/2017	Increases	Decreases	Actuarial Gains/Losses	31/12/2018
Staff funds	1,115,151	304,059	118,245	20,259	1,321,224

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

Payables for deferred taxes (17)

Description	31/12/2017	Increases	Decreases	31/12/2018
Deferred tax provision	31,841	226,491		258,332
	31,841	**226,491**		**258,332**

The provision for deferred taxes relates to differences arising from the elimination of intercompany depreciation and amortization that arose in the consolidated financial statements and, in the majority of cases, to the differences recorded by MailUp Inc between the costs relating to the BEE Software asset in the annual financial statements for statutory purposes, equal to the annual depreciation of the asset, and the same costs that are significant for tax purposes, equal to the gross annual increase in the investment.

Current liabilities

Trade and other payables (18)

Description	31/12/2018	31/12/2017	Delta
Amounts due to suppliers	8,053,296	4,710,537	3,342,759
Amounts due to associated companies	23,500	0	23,500
Total	**8,076,796**	**4,710,537**	**3,366,259**

Amounts due to suppliers are stated net of commercial discounts.

Below is a breakdown of trade payables according to geographic area

Payables divided by Geographic area	Due to suppliers	Due to associated companies	Total
Italy	6,814,688	23,500	6,838,188
EU	1,004,410		1,004,410
Extra EU	234,198		234,198
Total	**8,053,296**	**23,500**	**8,076,876**

Amounts due to banks and other lenders (19)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,472,341	1,679,691	(207,350)

Description	31/12/2018	31/12/2017	Delta
Amounts due to banks	1,472,341	1,679,691	(207,350)

Amounts due to banks refer to the short-term portions of unsecured loans taken out by the parent company with Banco BPM, Credito Valtellinese and Credito Emiliano.

Other current liabilities (20)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
11,671,036	8,788,740	2,882,296

Below is the breakdown of current liabilities:

Description	31.12.2018
Advances	39,909
Tax payables	759,538
Amount due to social security institutions	323,688
Amounts due to Directors for emoluments	36,178
Amounts due to employees for salaries, holidays, permits and additional months' salaries	1,145,646
Payables for MBO bonuses	482,966
Amounts due to Zoidberg s.r.l.	600,000
Payable to BMC Holding B.V. within 12 months	748,296
Accrued liabilities	7,871
Deferred income	7,414,158
Other payables	112,785
Total	**11,671,036**

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 relate to various types of social charges to be paid during the following year with reference to the remuneration of the month of December, the thirteenth month's salary and holiday accrued and not taken.
Amounts due to employees refer to remuneration for the month of December liquidated in January, holiday accrued and not taken and the accrued 14th month.
The amount due to Zoidberg Srl relates to the acquisition of the company Agile Telecom on 29 December 2015. It consists of the third and final tranche of the earn-out agreed by the parties, as detailed above. Similarly, the debt to BMC Holding relates to the acquisition of Datatrics B.V. described in detail above.
The other payables are largely represented by the support activities provided by the external consultant who assisted MailUp in the investigation with the Ministry of Economic Development regarding the ICT Digital Agenda call, which has been mentioned several times previously, and in the Report on the separate and consolidated financial statements.
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 are used to form the year's income, whilst the part of future competence is used as a basis for the following year's income.

Income statement

Revenues (21)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
40,203,483	27,319,610	12,883,873

Description	31/12/2018	31/12/2017	Delta
Mail revenues	10,121,703	9,431,330	690,373
SMS revenues	27,185,472	15,933,655	11,251,817
BEE revenues	1,155,613	483,629	671,984
Professional services revenues	547,645	588,868	(41,223)
Other revenues	1,193,050	882,128	310,922
Total	**40,203,483**	**27,319,610**	**12,883,873**

The increase in turnover, compared to the previous year, is mainly due to the significant increase in SMS revenues recorded by Agile Telecom in 2018, approximately Euro 10.5 million more than in 2017. As can be seen in the table, the other sectors have also confirmed the positive trend of recent years, with the exception of professional services, which have suffered a setback due to the results of Globase, only partly offset by the growth recorded by the parent company for this type of service. For a more detailed analysis, please refer to the notes on the economic and income results in the Report on Operations to the separate and consolidated financial statements.

COGS (Cost of Goods Sold) (22)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
26,817,239	15,791,629	11,025,610

The breakdown is as follows:

Description	31/12/2018	31/12/2017	Delta
Purchases	22,566,928	12,039,219	10,527,709
Services	1,349,517	1,465,605	(116,088)
Cost of rents and leases	28,545	239,740	(211,194)
Payroll costs	2,835,217	2,037,504	797,713
Sundry operating expenses	37,032	9,561	27,471
Total	**26,817,239**	**15,791,629**	**11,025,610**

The COGS are determined by the costs directly attributable to the provision of the services that represent the core business of the Group, i.e. the technological platforms and the services managed by the companies included in the scope of consolidation. This category includes the costs for the IT technological infrastructure, including the costs of the specific personnel, the costs of the areas directly involved in the provision of the service, for example the deliverability departments, help desk, the areas that deal with the personalization of services on customer request and other variable costs directly related to services sold to customers. The largely predominant part is represented by the purchases of sending of text messages by Agile Telecom.

Sales & Marketing costs (23)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
2,938,007	3,244,329	(306,322)

The breakdown is as follows:

Description	31/12/2018	31/12/2017	Delta
Purchases	8,264	9,971	(1,707)
Services	1,049,089	1,020,972	28,117
Cost of rents and leases	5,873	8,221	(2,348)
Payroll costs	1,871,609	2,202,358	(330,749)
Sundry operating expenses	3,172	2,808	364
Total	**2,938,007**	**3,244,329**	**(306,322)**

This includes the costs of departments that deal with commercial and marketing activities on behalf of the MailUp Group. In addition to payroll costs, mainly relating to sales, there are some typical costs of marketing such as Pay per Click or events, including the MailUp Marketing Conference, held at the end of November 2018, at Palazzo Mezzanotte, the headquarters of Borsa Italiana, which had great success in terms of interest and public among sector operators.

Research & Development costs (24)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,063,420	857,655	205,765

The breakdown is as follows:

Description	31/12/2018	31/12/2017	Delta
Purchases	4,321	2,631	1,690
Services	191,932	302,784	(110,852)
Cost of rents and leases	5,431	4,868	563
Payroll costs	2,335,096	1,883,187	451,909
Capitalized payroll cost	(1,473,359)	(1,335,895)	(137,464)
Sundry operating expenses	-	81	(81)
Total	**1,063,420**	**857,655**	**205,765**

These costs relate to research and development activities carried out by Group companies. For purposes of greater clarity of exposure, the amount of capitalized payroll costs is recorded as a direct reduction in the total gross cost of personnel, then highlighting the resulting net cost in the Income Statement scheme adopted. The capitalization is carried out, with the consent of the Board of Statutory Auditors, in relation to the future usefulness of the software development projects of the MailUp platforms and the BEE software. The research and development activity for the year 2018 is described in detail in the specific section of the Report on Operations to these financial statements.

General costs (25)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
5,615,708	4,546,590	1,069,118

The breakdown is as follows:

Description	31/12/2018	31/12/2017	Changes
Purchases	101,016	95,255	5,761
Services	3,077,719	2,503,292	574,428
Cost of rents and leases	597,391	574,005	23,386
Payroll costs	1,644,781	1,227,509	417,272
Sundry operating expenses	194,801	146,529	48,271
Total	**5,615,708**	**4,546,590**	**1,069,118**

General costs express structure expenses, mainly related to the offices instrumental to the activity performed, (rents, utilities, maintenance, related purchases), administrative expenses in general, including costs of accounting, legal, back-office commercial clerical staff, human resources and management control, the remuneration of the Board of Directors, the Board of Statutory Auditors and the independent auditors, legal, tax, accounting, labour and other consultancy in general, costs related to the status of listed company and attributable to M&A activity.

Amortization, depreciation and impairment (26)

Below are details by type:

Description	31/12/2018	31/12/2017	Delta
General amortization	195,278	125,266	70,011
Amortization R&D	1,418,466	1,188,643	229,823
Amortization COGS	258,261	285,399	(27,138)
Total	**1,418,466**	**1,188,643**	**229,823**

Financial operations (27)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
20,796	(77,797)	98,593

The breakdown is as follows:

Description	31/12/2018	31/12/2017	Delta
Financial income	60,922	17,576	43,347
Financial expense	(43,089)	(44,765)	1,677
Exchange gains	25,164	17,861	7,303
Exchange losses	(22,202)	(68,468)	46,266
Total	**20,796**	**(77,797)**	**98,593**

The amount consists of interest income on bank current accounts and other remunerated deposits of liquidity, exchange rate gains and losses and interest expense on medium/long-term bank loans.
Financial expenses also include the interest cost deriving from the actuarial valuation according to IAS 19R.

Period income tax (28)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
662,635	590,493	72,142

Description	31/12/2018	31/12/2017	Delta
Current tax	766,513	585,331	181,182
Deferred (prepaid) tax	(103,878)	5,162	(109,040)
Total	**662,635**	**590,493**	**72,142**

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 amortization/depreciation shares, have also been calculated.

Earnings per share

Basic earnings per share are calculated by dividing the net period income attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding own shares, in issue during 2018. Below is the period result and information on shares used to calculate the basic earnings per share.

Description	31.12.2018
Net profit attributable to shareholders	**1,255,267**
Opening number of ordinary shares	14,169,467
Opening portfolio treasury shares	52,260
Closing number of ordinary shares	14,931,166
Closing portfolio treasury shares	73,320
Weighted number of shares in issue	14,487,527
Basic earnings per share	**0.0866**

Diluted earnings per share were calculated as follows:

Description	31.12.2018
Net profit attributable to shareholders	**1,255,267**
Opening number of ordinary shares	14,169,467
Opening portfolio treasury shares	52,260
Opening shares potentially assignable	143,720
Closing number of ordinary shares	14,931,166
Closing portfolio treasury shares	73,320
Closing shares potentially assignable	39,880
Weighted number of shares in issue	14,579,327
Basic earnings per share	**0.0861**

Workforce

The table below shows the Group workforce as at 31/12/2018, broken down according to geographic area:

Level of classification	Number	%	Italy	United States of America	Spain	Denmark
Labourers	1	1%	1			
Office workers	170	92%	157	3	6	4
Middle managers	9	5%	7		2	
Managers	4	2%	2	1		1
Total	**184**	**100%**	**167**	**4**	**8**	**5**

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. For the detailed table, reference should be made to the section of the Report on Operations to the separate and consolidated financial statements, which is an integral part of the financial statements.

Potential assets and liabilities

The Group has no potential assets and liabilities as at 31/12/2018.

Fees to Directors and Auditors

Directors' fees came to Euro 1,191,685, whilst the fees to the Boards of Auditors, where present, came to Euro 45,760.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-bis of article 2427 of the Civil Code - the total amount of fees due to the independent auditing firm included in the 2018 financial statements was Euro 49,525, including costs and expenses.

Disclosure regarding coordination and management activities

In accordance with article 2497-bis of the Civil Code, it is specified that the Group is not subject to management and coordination activities.

Subsequent events

Please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2018, which is an integral part of these financial statements, for further details on the matter.

Milan, 19 March 2019

The Chairman of the Board of Directors

Matteo Monfredini

Mailup S.p.A.

Independent Auditors' report in
accordance with article 14 of legislative
decree n. 39 of January 27, 2010

Consolidated financial statements as of December 31, 2018

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

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Independent auditors' report
in accordance with article 14 of legislative decree n. 39 of January 27, 2010

To the shareholders of
Mailup S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Mailup S.p.A. (the "Company") and its subsidiaries (the "Group"), which comprise the statement of financial position as of December 31, 2018, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2018, of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities For The Audit Of The Consolidated Financial Statements* section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the consolidated financial statements

The Directors of Mailup S.p.A. are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the limits of the law, for such internal control as Directors they determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management's use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions in a manner that achieves fair presentation.

We communicate with those charged with governance, identifies at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10

The directors of Mailup S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Mailup S.p.A. as of December 31, 2018, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Mailup S.p.A. as of December 31, 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Mailup S.p.A. as of December 31, 2018 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, April 3, 2019

BDO Italia S.p.A.
Signed by
Manuel Coppola
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

MailUp S.p.A. Annual Financial Statements as at 31/12/2018

Balance sheet	Notes	31/12/2018	31/12/2017	Delta	Delta %
Intangible fixed assets	1	1.010.920	960.140	50.780	5,3 %
Goodwill	2	3.392.685	3.523.559	(130.874)	(3,7 %)
Equity investments in subsidiaries company	3	18.224.108	10.787.832	7.436.276	68,9 %
Equity investments in associated company and joint venture	4	102.000	102.000		
Other non-current assets	5	1.034.403	569.714	464.690	81,6 %
Deffered tax assets	6	798.883	567.441	231.443	40,8 %
Total non-current assets		**24.563.000**	**16.510.686**	**8.052.314**	**48,8 %**
Trade and other receivaibles	7	1.518.205	1.122.239	395.966	35,3 %
Receivables from subsidiaries company	8	635.764	696.183	(60.418)	(8,7 %)
Receivables from associated company	8	13.067	19.368	(6.300)	(32,5 %)
Other current assets	9	2.705.458	1.222.223	1.483.235	121,4 %
Financial Activities That Are Not Fixed Assets	10	469.489		469.489	100,0 %
Liquid funds and equivalent	11	5.637.167	8.569.540	(2.932.372)	(34,2 %)
Total current assets		**10.979.150**	**11.629.551**	**(650.401)**	**(5,6 %)**
Total Assets		**35.542.150**	**28.140.237**	**7.401.913**	**26,3 %**
Share Capital	12	373.279	354.237	19.042	5,4 %
Reserves	13	14.388.360	11.832.343	2.556.017	21,6 %
Period Result		775.783	1.059.104	(283.321)	(26,8 %)
Total shareholders' equity		**15.537.422**	**13.245.684**	**2.291.738**	**17,3 %**
Amount due to banks and other lenders	14	342.173	1.772.007	(1.429.834)	(80,7 %)
Other non-current liabilities	15	3.748.296		3.748.296	100,0 %
Provision for risks and charges	16	144.405	84.405	60.000	71,1 %
Staff funds	17	1.142.221	943.829	198.393	21,0 %
Total non-current liabilities		**5.377.095**	**2.800.241**	**2.576.854**	**92,0 %**
Trade and other payables	18	1.124.736	823.220	301.516	36,6 %
Payables due to subsidiaries company	19	1.735.989	1.590.528	145.460	9,1 %
Payables due to associated company	19	23.500		23.500	100,0 %
Amounts due to banks and other lenders	20	1.456.291	1.602.878	(146.587)	(9,1 %)
Other current liabilities	21	10.287.118	8.077.686	2.209.432	27,4 %
Total current liabilities		**14.627.633**	**12.094.312**	**2.533.321**	**20,9 %**
Total Liabilities		**35.542.150**	**28.140.237**	**7.401.913**	**26,3 %**

Income statement - amounts in units of Euro	Notes	31/12/2018	% Tot Revenues	31/12/2017	% Tot Revenues	Change	Delta %
E-mail revenues	22	8,765,479	60.4 %	8,010,006	62.6 %	755,472	9.4 %
SMS revenues	22	3,636,034	25.1 %	2,937,299	23.0 %	698,734	23.8 %
Revenues Professional Services	22	460,847	3.2 %	299,149	2.3 %	161,698	54.1 %
Intercompany Revenues	22	51,612	0.4 %	453,466	3.5 %	(401,854)	(88.6 %)
Other revenues and income	22	707,337	4.9 %	721,062	5.6 %	(13,725)	(1.9 %)
Other inter-company revenues and income	22	887,321	6.1 %	372,896	2.9 %	514,425	138.0 %
Total revenues		**14,508,630**	**100.0 %**	**12,793,879**	**100.0 %**	**1,714,751**	**13.4 %**
COGS costs	23	6,132,221	42.3 %	4,785,584	37.4 %	1,346,636	28.1 %
Gross profit		**8,376,409**	**57.7 %**	**8,008,295**	**62.6 %**	**368,114**	**4.6 %**
S&M costs	24	2,531,929	17.5 %	2,441,652	19.1 %	90,277	3.7 %
R&D costs	25	1,077,935	7.4 %	822,781	6.4 %	255,154	31.0 %
Capitalised R&D payroll cost		*(997,909)*	*(6.9 %)*	*(814,621)*	*(6.4 %)*	*(183,288)*	*22.5 %*
R&D costs		*2,075,844*	*14.3 %*	*1,637,402*	*12.8 %*	*438,442*	*26.8 %*
General costs	26	3,917,603	27.0 %	2,986,388	23.3 %	931,216	31.2 %
Total other operating costs		7,527,467	51.9 %	6,250,821	48.9 %	1,276,647	20.4 %
EBITDA		**848,942**	**5.9 %**	**1,757,474**	**13.7 %**	**(908,532)**	**(51.7 %)**
General amortization	27	148,990	1.0%	93,172	0.7%	55,819	59.9%
Amortization R&D	27	1,204,922	8.3 %	1,086,080	8.5 %	118,842	10.9 %
Amortization COGS	27	244,814	1.7 %	271,252	2.1 %	(26,437)	(9.7 %)
Amortisation, depreciation and provisions		1,598,727	11.0 %	1,450,504	11.3 %	148,224	10.2 %
EBIT		**(749,785)**	**(5.2 %)**	**306,971**	**2.4 %**	**(1,056,756)**	**(344.3 %)**
Financial operations	28	1,308,445	9.0 %	807,699	6.3 %	500,745	62.0 %
EBT		**558,660**	**3.9 %**	**1,114,670**	**8.7 %**	**(556,011)**	**(49.9 %)**
Current tax	29	(8,689)	(0.1 %)	(43,982)	(0.3 %)	35,293	(80.2 %)
Prepaid tax	29	225,812	(1.6 %)	(14,334)	(0.1 %)	240,146	1,675.4 %
Deferred tax	29			2,750	0.0 %	(2,750)	(100.0 %)
Period profit/(loss)		**775,783**	**5.3 %**	**1,059,104**	**8.3 %**	**(283,321)**	**(26.8 %)**
Other items of the statement of comprehensive income							
Profit/(loss) that will not be subsequently reclassified to the year result							
Actuarial profit/(loss) net of the tax effect		(17,829)	(0.1 %)	(50,352)	(0.4 %)	32,522	(64.6 %)
Profit/(loss) that will be subsequently reclassified to the year result							
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro							
Comprehensive year profit/(loss)		**757,954**	**5.2 %**	**1,008,753**	**7.9 %**	**(250,799)**	**(24.9 %)**

Earnings:

per share 0.054 0.084

per diluted share 0.053 0.082

Separate statement of changes in equity

Figures in euros	31/12/2017	Allocation of MailUp result	Share capital increase	Change to share premium reserve	Purchase of own shares	Comprehensive IS result	Stock option plan	Other transaction linked to the merge with network Srl	Period result	31/12/2018
Share capital	354.237		16.446				2.596			373.279
Share premium reserve	11.041.306		1.541.364	(131.296)			218.583			12.669.957
Legal reserve	60.000	20.000								80.000
Extraordinary reserve	1.520.535	1.039.104								2.559.640
Reserve for treasury stock	(115.219)				(48.251)					(163.470)
Reserve for exchange rate gains	25.289									25.289
Profit/(loss) carried forward	(212.668)									(212.668)
Stock option reserve	93.448						(65.658)			27.790
OCI reserve	(99.966)					(17.829)				(117.795)
FTA reserve	(613.449)									(613.449)
Merger reserve	133.068									133.068
Period result	1.059.104	(1.059.104)							775.783	775.783
Shareholders' equity	**13.245.684**	**-**	**1.557.810**	**(131.296)**	**(48.251)**	**(17.829)**	**155.521**	**-**	**775.783**	**15.537.422**

Figures in euros	31/12/2016	Allocation of MailUp result	Share capital increase	Change to share premium reserve	Purchase of own shares	Comprehensive IS result	Stock option plan	Other transaction linked to the merge with network Srl	Period result	31/12/2017
Share capital	283.266		68.375				2.596			354.237
Share premium reserve	4.607.721		5.989.680	96.240			347.665			11.041.306
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	(178.028)							(34.640)		(212.668)
Stock option reserve	94.005						(557)			93.448
OCI reserve	(49.615)					(15.429)		(34.922)		(99.966)
FTA reserve	(608.066)							(5.383)		(613.449)
Merger reserve	-							133.068		133.068
Period result	1.224.912	(1.224.912)							1.059.104	1.059.104
Shareholders' equity	**5.642.641**	**-**	**6.058.055**	**96.240**	**(2.753)**	**(15.429)**	**349.704**	**58.122**	**1.059.104**	**13.245.684**

Separate statement of cash flows

Statement of cash flows MailUp SpA	31/12/2018	31/12/2017
Period profit/(loss)	775.783	1.059.104
Income tax	8.689	43.982
Prepaid/deferred tax	(225.812)	11.584
Interest expense/(interest income)	(25.330)	16.683
Exchange (gains)/losses	(9.693)	57.552
(Dividends)	(1.273.422)	(881.934)
(Gains) / losses arising from the sale of assets		
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	**(749.785)**	**306.971**
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	328.537	244.551
Other provisions	67.376	39.335
Amortisation and depreciation of fixed assets	1.591.351	1.444.971
Write-downs for permanent losses in value		
Other adjustments for non-monetary items	295.463	
2 Cash flow before changes in NWC	**1.532.941**	**2.035.829**
Changes to net working capital		
Decrease/(increase) in trade receivables	(329.247)	(269.710)
Increase/(decrease) in trade payables	470.476	308.686
Decrease/(increase) in accrued income and prepaid expenses	(466.692)	(86.265)
Increase/(decrease) in accrued liabilities and deferred income	1.517.535	198.261
Increase/(decrease) tax receivables	(369.324)	12.000
Increase/(decrease) tax payables	185.129	30.879
Increase/(decrease) other receivables	(848.611)	106.879
Increase/(decrease) other payables	(271.578)	(1.796.776)
Other changes in net working capital		2.928
3 Cash flow after changes in NWC	**1.420.628**	**542.710**
Other adjustments		
Interest collected/(paid)	11.425	(16.886)
(Income tax paid)	(18.317)	
(Gains) / losses arising from the sale of current assets		
Dividends collected	1.273.422	881.934
(Use of provision)	(101.466)	(50.484)
4 Cash flow after other adjustments	**2.585.692**	**1.357.274**
A Cash flow from operations	**2.585.692**	**1.357.274**
Tangible fixed assets	(365.399)	(594.912)
(Investiments)	*(365.399)*	*(594.912)*
Divestment realisation price		
Intangible fixed assets	(1.145.858)	(975.535)
(Investiments)	*(1.145.858)*	*(975.535)*
Divestment realisation price		
Financial fixed assets	(1.884.731)	(285.490)
(Investiments)	*(1.884.731)*	*(285.490)*
Divestment realisation price		
Financial not fixed assets	(500.000)	
(Investiments)	*(500.000)*	
Divestment realisation price		
Acquisition or sales of subsidiaries companies		
B Cash flow from investments	**(3.895.987)**	**(1.855.937)**
Minority interest funds	(1.576.421)	15.776
Increase (decrease) in short-term payables to banks	*4.783*	*8.322*
Stipulation of loans		*1.400.000*
Repayment of loans	*(1.581.205)*	*(1.392.546)*
Own funds	(45.655)	6.002.843
Capital increase by payment	*2.596*	*67.846*
Sale (purchase) of treasury shares	*(48.251)*	*(2.753)*
Change to share premium reserve		*5.937.750*
C Cash flow from loans	**(1.622.076)**	**6.018.619**
Increase (decrease) in liquid funds (A ± B ± C)	(2.932.372)	5.519.956
Initial cash and cash equivalents	8.569.540	3.049.584
Final cash and cash equivalents	5.637.167	8.569.540
Change in cash and cash equivalents	(2.932.372)	5.519.956

MAILUP GROUP

Notes to the Separate Financial Statements as at 31/12/2018

General information

Business

MailUp SpA (hereinafter MailUp), is a corporate of renowned standing in the Cloud Marketing Technologies (or MarTech) sector (newsletters/e-mails, SMS, social networks). It has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 10,000 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. The ordinary shares of MailUp were admitted to trading on the AIM Italia market of Borsa Italiana starting July 2014. For further details and information on the Company's business, please refer to the Report on Operations to the separate and consolidated financial statements at 31/12/2018 that forms an integral part of these financial statements.

Accounting standards

Criteria for the preparation of the separate financial statements

In accordance with article 4 of Italian Legislative Decree no. 38 of 28 February 2005,which regulates the exercise of options envisaged by article 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002 relative to the application of international accounting standards, the company has exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission for the preparation of its financial statements starting from the year ended 31 December 2016. The term IFRS is used to refer to the International Financial Reporting Standards, the revised International Accounting Standards (IAS), all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
The date of transition to the IFRS, as defined by IFRS 1 "First time adoption of IFRS" was 1 January 2015, and these 2018 financial statements present a comparative year (FY 2017). In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31 December 2018 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31 December 2017.
For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.
With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that, in view of the economic prospects, the capitalisation and financial position of the Company, there is no uncertainty as the fact that the Company can operate as a going concern and that, consequently, in preparing the financial statements as at 31 December 2018, it adopted accounting standards precisely under these terms.
The financial statements for the year ended on 31/12/2018 will be subject to statutory auditing by BDO Italia S.p.A., under the appointment made upon it until approval of the financial statements as at 31/12/2019.

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 realized/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realized/extinguished within 12 months of year end.
If none of these three conditions is 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 purpose. This choice was dictated by the greater ease of reading and comparability with respect to the financial statements of the other players in the same sector. In the reclassification adopted, revenues are segmented among the characteristic business lines, highlighting the different contribution of the individual components on the total volumes. Costs are divided into four macro areas: Cost of Goods Sold (COGS), or costs of providing the Group's core services, and costs relating to the main operating areas, Sales and Marketing (S&M), Research and Development (R&D), in addition to General Costs (G&A) for administrative and structure expenses. Depreciation and amortization is also related to the different business areas. The section analysing the contents of the Income Statement items illustrates the criteria followed in the economic reclassification adopted. Also for the purposes mentioned above, reference was made to EBITDA (Earnings Before Interest Taxes Depreciation Amortization), an economic value not defined in the IAS/IFRS Accounting Standards, equal to the operating result net of tangible and intangible depreciation and amortization.
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 in 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 in Equity, as required by international accounting standards, provides separate evidence of the period result and all other changes not carried on the Income Statement, but instead allocated directly to Other comprehensive profits/(losses) on the basis of specific IAS/IFRS accounting standards and transactions with shareholders in their capacity as shareholders;
e) The Statement of Cash Flows is prepared applying the indirect method.

Measurement criteria

Tangible assets
These mainly consist of:

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

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

- Plant and machinery:
  - Generic and specific plants: 20%
  - Anti break-in systems: 30%
- Other assets:
  - Furniture and fittings: 12%
  - Electronic office machines: 20%
  - Signs: 20%
  - Improvements to third-party assets: depreciation according to the residual term of the lease contract of the property to which said improvement interventions refer

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

Intangible assets

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

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

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

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

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

Fixed assets under construction relate to costs incurred for development projects on the MailUp® platform, which as at 31/12/2018 had not been completed and, therefore, could not be used.

Equity investments

Subsidiaries are companies in which the Company simultaneously holds the following three elements: (a) power over the business; (b) exposure, or rights, to variable returns deriving from the involvement with it; (c) capacity to use power to influence the amount of said variable returns.
All equity investments are recorded at purchase cost, including accessory expenses, at the time of initial booking; thereafter, in the event of evidence that an equity investment may have suffered a loss in value, the estimated value that can be recovered on the equity investment is calculated. If impairment is noted, the equity investment is written down accordingly, in line with the criteria set forth in the next paragraph "Impairment of tangible and intangible assets and equity investments".Companies over which another company exerts significant influence, are considered as associates. Influence is assumed when in the Ordinary Shareholders' Meeting; at least one fifth of votes can be cast or one tenth, if the company has shares listed on the stock exchange. It is specified that in the separate financial statements, investments in associates are measured at cost as per IAS 28.

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

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

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

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

Own shares
Own shares are booked at purchase cost, including accessory expenses of the sale and are stated reducing shareholders' equity. The financial effects deriving from any subsequent sales are noted as shareholders' equity. For details on purchases of treasury shares carried out in 2018 and the related authorization resolutions, please refer to the specific explanatory paragraph in the Report on Operations to the separate and consolidated financial statements as at 31/12/2018, an integral part of these financial statements.

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

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

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

Benefits incentive plan for senior management
Additional benefits are recognised to the management team of MailUp through capital sharing plans. These plans are

booked in accordance with the provisions of IFRS 2 (Share-based payments). According to the provisions of IFRS 2, these plans are a component of the remuneration of beneficiaries; hence, for plans where remuneration takes the form of capital instruments, the cost is represented by the fair value of these instruments as at the date of assignment and is carried on the consolidated Income Statement as "Payroll costs" throughout the period running between the date of assignment and of accrual, with a counter-entry into an equity reserve called "Stock option plan reserve". Changes in fair value subsequent to the date of assignment have no effect on initial valuation. At the end of each year, the estimated number of rights to be accrued through to maturity is updated. The change in estimate reduces the "Stock option plan reserve", with a counter-entry under "Payroll costs".
Starting in the previous year, additional benefits are also recognized to the management of MailUp and other Group companies through an incentive plan of Management By Objectives or MBO, which consists in the recognition of bonuses upon achievement of certain results with respect to a pre-established plan previously communicated and accepted by the recipients. The pre-established targets referred to both economic and financial results, consolidated and by business unit, and to individual objectives or KPIs according to the relative areas of responsibility. These results were measured during the year and final reporting was at the beginning of 2019. The portion actually accrued was therefore allocated in 2018 on an accruals basis between personnel costs or Directors' remuneration depending on the recipient.

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

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

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

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

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

Impairment of intangible assets
The company verifies the net book value of tangible and intangible assets, so as to determine if there is any indication that these assets may have suffered a loss in value. If there is any such evidence, the value that can be recovered on the assets is estimated.
The recoverable value of a tangible or intangible asset is defined as the greater of its fair value less the costs of sale and value in use, calculated as the current value of future cash flow that is expected to stem from an asset or cash generating

unit (CGU). The cash flow forecast is based on corporate plans and reasonable, documented assumptions regarding the future results of the Company and macroeconomic conditions, also as regards the discounting rate used in the discounting process.
When it is not possible to estimate the value that can be recovered on an individual asset, the Company estimates the value that can be recovered on the cash generating unit to which the asset pertains. With reference to MailUp, a single CGU has been identified as coinciding with the legal entity, whose assets include tangible and intangible assets.
Each time the recoverable value of an asset (or cash generating unit) is less than the book value, the latter is reduced to the recoverable value and the loss is carried on the Income Statement. Thereafter, if a loss previously noted on assets other than goodwill should cease to apply or reduce, the book value of the asset (or cash generating unit) is increased up to the new estimated recoverable value (which shall not, in any case, exceed the net carrying amount of the asset had no impairment been applied).

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

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

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

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

Provision for doubtful debt
The provision for doubtful debt reflects the best estimate of the Directors as to the losses relative to the loans portfolio with regards to customers. This forecast is based on the losses expected by the Company, determined according to

previous experience with similar receivables, current and historic past due positions, careful monitoring of credit quality and forecasts regarding the economic and market conditions.

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

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

Criteria for the conversion of amounts denominated in foreign currency (for the consolidated financial statements)

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

Changes in 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 2017. For the sake of completeness, the accounting standards and amendments subject to change during the year and the standards not yet approved/applied.

NEW STANDARDS AND INTERPRETATIONS ADOPTED BY THE EU AND EFFECTIVE AS OF 1 JANUARY 2018

In accordance with IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors), the IFRS in force from 1 January 2018 are briefly described below.

IFRS 15 (Revenue from Contracts with Customers)

On 22 September 2016, EU Regulation no. 2016/1905 was issued, which implemented at EU level IFRS 15 (Revenues from contracts with customers) and the related amendments. In addition, on 31 October 2017 EU Regulation no. 2017/1987 was issued, which implemented the clarifications to IFRS 15.
IFRS 15 replaces the principles governing revenue recognition, i.e. IAS 18 (Revenues), IAS 11 (Contract Work in Progress) and the related interpretations of revenue recognition (IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenues - Bartering Transactions Including Advertising Activities).

The overall net impact (including tax effects) of the adoption of IFRS 15 on the Company's shareholders' equity at 1 January 2018 (transition date) had no effect.

The adoption of this standard did not have any significant effect on the Financial Statements as at 31 December 2018.

IFRS 9 (Financial instruments)

The adoption of this standard did not have a significant impact on the Financial Statements at 31 December 2018.

The overall net impact (including tax effects) of the adoption of IFRS 9 on the Company's shareholders' equity at 1 January 2018 (transition date) had no effect.

With reference to IFRS 9, the business models for financial assets (other than trade receivables from customers) are defined on the basis of the logic of the use of liquidity and the techniques for managing financial instruments.

In particular, the business models adopted are as follows:

- Hold to collect: these are financial instruments: i) used to absorb temporary cash surpluses and ensure an adequate market return; ii) characterised by their nature by a low level of risk; iii) held mainly until maturity;
- Hold to collect and sell: these are financial instruments: i) used to absorb short/medium-term cash surpluses; ii) belonging to the category of monetary instruments (government securities) characterised by a low level of risk; iii) normally held to maturity or sold upon the occurrence of events such as the occurrence of specific liquidity requirements.

In addition, as part of the management of trade receivables, Management pursues the optimisation of working capital management through the continuous monitoring of collection performance from customers. In particular, the company and the group adopt the "Hold to collect" model in the management of trade receivables, since these are generally receivables for services provided that are characterised by a low level of risk and held to maturity. For these loans, the company and the group adopt the simplified model that provides for the valuation of the Expected Credit Loss over the entire useful life of the loan.

Amendments to IFRS 2 (Share-based payments)

On 26 February 2018, EU Regulation No. 2018/289 was issued, which implemented a number of amendments to IFRS 2 - Share-based Payments. These amendments concern

- the methods for calculating the fair value of share-based payment transactions settled in cash at the valuation date (i.e. at the grant date, at the end of each accounting period and at the settlement date), which must be carried out taking into account market conditions (e.g. a share price target) and conditions other than vesting conditions;
- the accounting treatment of equity-settled share-based payment transactions in which the entity acts as a withholding agent for the employee's tax liabilities (withholding tax);
- accounting for changes in the terms and conditions that determine the change in classification from "cash-settled" share-based payments to "equity-settled" share-based payments.

The adoption of these amendments had no effect on the Financial Statements at 31 December 2018.

Improvements to IFRS (2014-2016 cycle)
On 7 February 2018, EU Regulation no. 2018/182 was issued, which implemented a number of amendments to IAS 28 - Investments in Associates and Joint Ventures.

Change in use of tangible assets - Amendments to IAS 40
On 14 March 2018, EU Regulation no. 2018/400 was issued, which incorporated a number of amendments to IAS 40 - Investment in Real Estate.

IFRIC 22 - Foreign currency transactions with advance payment/advances received
On 28 March 2018, EU Regulation no. 2018/519 was issued, which implemented IFRIC Interpretation 22 "Foreign currency transactions with advance payment/advances received".

The adoption of these amendments/interpretations had no effect on the Financial Statements at 31 December 2018.

NEW STANDARDS AND INTERPRETATIONS ISSUED BY THE IASB BUT NOT YET APPLICABLE

At the date of preparation of these interim financial statements, the following new standards/interpretations had been issued by the IASB, but are not yet applicable.

	Applicazione obbligatoria a partire dal
Nuovi Principi / Interpretazioni recepiti dalla UE	
IFRS 16 (*Leasing*)	1/1/2019
Modifiche all'IFRS 9: Elementi di pagamento anticipato con compensazione negativa	1/1/2019
Nuovi Principi / Interpretazioni non ancora recepiti dalla UE	
IFRIC 23 – Incertezza sul trattamento delle imposte sul reddito	1/1/2019
Modifiche allo IAS 28: Interessenze a lungo termine nelle Partecipazioni in società collegate e joint venture	1/1/2019

IFRS 16 (Leasing)

On 31 October 2017, EU Regulation no. 2017/1986 was issued, which implemented IFRS 16 (Leasing) at EU level. IFRS 16 replaces IAS 17 (Leases) and its Interpretations (IFRIC 4 Determining whether an arrangement contains a lease; SIC 15 Operating Leases - Incentives; SIC 27 Evaluating the substance of transactions in the legal form of a lease). IFRS 16 shall apply from 1 January 2019.

For passive leases, the new standard provides, with limited exceptions, for the recognition of the right of use acquired among the intangible assets in the financial statements, as a balancing entry to the financial liability consisting of the present value of future lease instalments.

On first-time adoption, for leases previously classified under IAS 17 as operating leases, the company intends to apply the simplified retrospective method with the recognition of the financial liability for leasing contracts and the corresponding value of the right of use measured on the remaining contractual instalments at the date of transition.

The contracts falling within the scope of application of IFRS 16 mainly refer to the lease contracts for the sites on which the company's infrastructures are located.

With reference to the options and exemptions provided for by IFRS 16, the Company will make the following choices:

- IFRS 16 is not generally applied to intangible assets, short-term contracts (i.e. contracts with a duration of less than 12 months) and contracts with a low unit value;
- rights of use and financial liabilities relating to leasing contracts are classified under specific items in the statement of financial position;
- contracts with similar characteristics are valued using a single discount rate;
- leases previously measured as finance leases in accordance with IAS 17 retain their previously recognized amounts.

The main impacts on the Company's financial statements, which are still being refined, can be summarised as follows:

- Statement of financial position: higher non-current assets due to the recognition of the "right to use the leased asset" as a balancing entry to higher financial liabilities of approximately Euro 2.5 million;
- Separate income statement: different nature, qualification and classification of expenses (amortisation of the "right of use of the asset" and "interest financial charges" compared to "Costs for use of third party assets - operating lease instalments", as per IAS 17). On a like-for-like basis for the contract portfolio (and related fees) in place as at 1 January 2019, the estimated increase in EBITDA in 2019 would be approximately Euro 0.3 million. Moreover, the combination of the straight-line amortisation of the "right to use the asset" and the effective interest rate method applied to lease payables results, compared to IAS 17, in a different time

distribution of the total cost of the lease contract, with higher charges in the income statement in the first years of the lease contract and decreasing charges in recent years;

- Cash flow statement: lease payments for the principal portion of debt repayment will be reclassified from "cash flow from operating activities" to "cash flow from financing activities".

The impacts are based on the results of the analyses at the date of preparation of these financial statements and may change as the implementation process is still ongoing.

Risk analysis

For a detailed and in-depth analysis of the risks to which the Company is exposed in the context of its operating activities, please refer to the Report on Operations to the separate and consolidated financial statements as at 31/12/2018, which forms an integral part of these financial statements.

Disclosure on the book value of financial instruments

In order to provide information capable of illustrating the exposure to financial risks, the information provided by the companies regarding the fair value measurement of financial instruments, as required by accounting standard IFRS 7, is of great importance.
The fair value hierarchy has three levels:
• level 1: if the financial instrument is listed on an active market;
• level 2: if the fair value is measured on the basis of valuation techniques that refer to parameters that can be observed on the market, other than the prices of the financial instrument;
• level 3: if the fair value is calculated on the basis of valuation techniques that refer to parameters that are not observable on the market.

Below is the disclosure on the book value of the financial instruments for the financial year ended on 31 December 2018:

31 December 2018 MailUp S.p.A.			
(Euro units)	**Book value**	**Fair value**	**Fair value hierarchy**
Other financial assets			
Other non-current financial assets	913,041	**913,041**	Level 3
Other current financial assets	469,489	**469,489**	Level 1

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

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,010,920	960,140	50,780

Plants and machinery

Description	Amount
Acquisition cost	174.553
Amortiziation previous year	(65.741)
Balance as at 31/12/2017	**108.812**
Acquisition of the year	49.291
Amortization of the year	(30.997)
Balance as at 31/12/2018	**127.106**

Other assets

Description	Amount
Acquisition cost	2.375.969
Amortiziation previous year	(1.524.641)
Balance as at 31/12/2017	**851.328**
Acquisition of the year	316.108
Amortization of the year	(283.621)
Balance as at 31/12/2018	**883.815**

“Other tangible assets” include:

- expenses for the purchase of office furniture and furnishings for Euro 184,983, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 598,446, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 2,387, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 1,491, net of period depreciation;
- Expenses for improvements to third-party assets for Euro 96,508, net of depreciation in the year.

Intangible assets (2)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
3,392,685	3,523,559	(130,874)

Description of costs	Value as at 31/12/2017	Period increases	Period amortisation/depreciation	Value 31/12/2018
Platform development	3,364,351	1,060,048	(1,204,922)	3,219,477
Third-party software	109,256	85,623	(51,197)	143,682
Trademarks	16,274	187	(5,843)	10,618
Other	33,678		(14,770)	18,908
	3,523,559	**1,145,858**	**(1,276,732)**	**3,392,685**

"Platform development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform for Euro 3,364,351, net of relevant amortisation/depreciation, including investments for projects to develop the MailUp platform currently in progress, activities not yet completed at year end and which have not, therefore, been amortised.
"Third party software" includes costs relative to software owned by third parties and purchased by the Company.
"Other" fixed assets consist of the costs for translating platform components of multiple-year use, incurred into order to allow for its use on export markets (ex. English, Spanish) under the scope of the general strategic international growth project pursued by the Group.
For a detailed description of the incremental software developments carried out during the year and the related research and development projects, reference should be made to the section of the Report on Operations on the separate and consolidated financial statements included in this report.

Impairment testing of intangible assets

In the event of signs that show impairment of intangible fixed assets recorded in the financial statements, as mentioned in the section on accounting standards adopted, the Company verifies the economic-financial recoverability of the same through specific assessments (impairment tests) on each Cash Generating Unit (CGU) in the specific case represented by the legal entity MailUp S.p.A., which has recorded these values in its financial statements. The potential recovery of the investment is determined with reference to forecast cash flow. Since these circumstances did not occur during 2018, the need to carry out the aforementioned test did not emerge.

Development costs

"Platform development" includes the costs relating to the incremental development, update and innovation of the MailUp platform owned by the company, marketed in SaaS (Software as a Service) mode, which has always been a strategic factor in the business success. The same item includes costs for projects to develop the MailUp platform, currently under development; these had not been completed at year end and have therefore not been amortized. The costs are reasonably linked to benefits that extend over several years, and are amortised in relation to their residual possibilities of use, given the economic and financial potential recovery of the investment.
MailUp's R&D department also includes a team dedicated to the BEE software, which developed the software for an amount of Euro 440,813 during 2018. This asset was transferred at the end of 2016 to the subsidiary MailUp Inc, which deals with exclusive marketing in its various versions. The development activity mentioned above is contracted by the subsidiary to the parent company by virtue of specific contractual agreements and subject to specific intercompany invoicing.

In the context of research and development projects, we note the completion of the project **Innovative Big Data Analytics System**, completed at the end of February 2018, which benefits from a contribution from the Lombardy Region of Euro 860 thousand against an investment of over Euro 2 million, already collected for half of the amount, a project now fully reported.
In 2018, MailUp successfully completed the preliminary investigation procedure for the allocation of a loan of Euro 5.1 million (the funds include a non-repayable grant of Euro 1.3 million), as announced on 16 July 2018. This is a research and development project called **NIMP – New Innovative Multilateral Platform**, to be carried out in the three-year period that started on 01/03/2018 with the participation, among others, of the Politecnico of Milan as a scientific partner and financed by the Ministry of Economic Development and Cassa Depositi e Prestiti, as well as Banca Popolare

dell'Emilia Romagna as a banking partner. The proposed project is part of the intervention of the Digital Agenda and in particular in the area of Technologies for the innovation of the creative industry, content and social media. The project will improve competitiveness in the relational marketing area, oriented to multi-channel and collaboration. New services and functions of the new MailUp platform will be created, with the aim of making available to customers those strategies designed to promote loyalty to a brand (customer loyalty) through the engagement of its consumers. The ultimate goal is to create a lasting relationship with the target group, a relationship of trust and a unique and positive customer experience.

For an in-depth analysis of the new functionalities introduced in 2018 to the MailUp platform and to the BEE software, in addition to details of the above-specified research and development projects, please refer to the paragraph "Research and development activities" of the Report on Operations to the consolidated and separate financial statements as at 31/12/2018, an integral part of these financial statements.

Equity investments in subsidiaries (3)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
18,224,108	10,787,832	7,436,276

Description	31/12/2017	Increase	Decrease	31/12/2018
Subsidiary companies	10,787,832	7,436,276		18,224,108
	10,787,832	**7,436,276**	-	**18,224,108**

The increase in equity investments is mainly due to the acquisition of a 100% stake in the Dutch company Datatrics B.V., an extraordinary operation that took place on 30/10/2018 at the price of Euro 6.802,698, including the variable earn-out fee, for a maximum amount of Euro 3 million, to be paid to the selling party upon achievement of certain turnover targets over a maximum period of 4 years. The agreed remuneration will be adjusted in part in cash and, for the difference, by means of a capital increase reserved for sellers. For detailed information, reference should be made to the separate and consolidated Report on Operations, which is included in the section of this report relating to the Group. It is also worth mentioning the exercise of the put option, on 01/08/2018, which raised MailUp's stake in Acumbamail SL from 70% to the current 100% of the share capital at a price of Euro 593,481, better specified in the main events reported in the Report on Operations. The rest of the investments relate to the allocation of stock options by the parent company to the management of the subsidiary MailUp Inc.

The following information is supplied on the controlling equity investments held directly.

Subsidiary companies

Company name	City or foreign country	Share capital	Shareholders' equity	Net profit/(loss)	% held	Book value
MAILUP INC	UNITED STATES OF AMERICA	*41,183	296,549	(71,974)	100	728,752
ACUMBAMAIL SL	SPAIN	4,500	161,871	156,471	100	1,092,658
MAILUP NORDICS A/S	DENMARK	*67,001	1,007,478	(12,406)	100	800,000
AGILE TELECOM	CARPI (MO)	500,000	2,331,923	1,731,923	100	8,800,000
DATATRICS B.V.	HOLLAND	999	(173,385)	(15,925)	100	6,802,698
						18,224,108

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

MailUp Inc. (BEEfree.io), MailUp Inc., organized according to the dual company model, with a business team located in

San Francisco, in the heart of Silicon Valley, and technological team in Italy, focused on the development and commercialization of the innovative editor for BEE e-mail messages (Best E-mail Editor). Thanks to the rapid growth and the interest from professional digital marketing operators since the launch, BEE is establishing itself as a leading solution both in the Plug-in version, used by over 3,900 teams of developers and SaaS applications, to which it can be easily integrated, and in the Pro version, appreciated by over 4,900 e-mail designers in more than 100 countries.

Acumbamail S.L. is a Spanish e-mail marketing provider that also provides SMS packages and transactional services with a freemium business model that is particularly attractive for small and micro businesses. The Acumbamail platform allows the creation, sending and management of multi-channel marketing campaigns, allowing to track the relative performance in real time. More than 2,800 customers use the services of the Spanish subsidiary that sends over 400 million e-mails per year. Including the free plans, there are almost 50,000 users. On 01/08/2018, the parent company MailUp purchased the remaining 30% shareholding in Acumbamail; see the following paragraph for details.

MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International ApS**, a Danish company specialized in advanced digital marketing automation services that allow over 80 customers located in the Nordics, most of which are medium-large and with strong needs for customization and consulting services, creating communication campaigns based on data-driven personalization and segmentation of recipients, with the possibility of monitoring the efficiency of campaigns through statistical analysis Globase is also completing, in close collaboration with MailUp, the transition to the new V3 platform, directly derived from MailUp, which will improve sending performance and efficiency in the delivery of messaging services.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorized by the Ministry of Economic Development and Communication to offer a public communication service (OLO - Other Licensed Operator) and is also registered with the Register of Operators in Communication (ROC) held by the Italian Authority for Telecommunications Guarantees (AGCOM). Agile Telecom is a leader in the Italian wholesale SMS market with more than 1 billion messages sent per year and manages the sending out of promotional and transactional messages (One-Time Password, notifications and alerts) to over 3,700 customers. It is also practically the parent company's exclusive provider of reference for the SMS delivery services provided by the MailUp platform, thus making it possible to exploit the economic and technological synergies outlined above.

Datatrics B.V. is the latest acquisition; the Dutch company, established in 2012, owns a cutting-edge proprietary predictive marketing platform used by more than 100 clients, which allows the marketing teams to build experiences for its customers based on data managed by artificial intelligence, resulting in a better customer experience and a consequent increase in conversion and loyalty of customers, through a data management platform developed with a self-learning algorithm. The use of artificial intelligence allows the combination of data from multiple sources, both internal of customers (CRM, e-mail, social networks, e-commerce, web analytics and other) and external (demographic data, weather, traffic and other) using an open customer data platform approach.
The carrying amount of this item includes Euro 3 million in Earn Out, which, if certain conditions are met, must be paid to the selling shareholders of Datatrics B.V. The evaluation of the registration, supported by an expert's appraisal, was made by the Directors on the basis of an estimate of the achievement of the objectives set.

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

The investments reported at purchase cost have not been written-down for lasting losses of value insofar as no impairment indicators were seen. No cases of "value restoration" occurred.

Equity investments in associates and joint ventures (4)

Associated companies

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
102,000	102,000	0

Company name	City or foreign country	Share capital	Shareholders' equity	Net profit/(loss)	% held	Book value
CRIT- Cremona Information Technology	CREMONA	310,000	354,879	2,497	32.9	102,000

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

Other non-current assets (5)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,034,403	569,714	464,689

Description	31/12/2017	Increase	Decrease	Reclassifications	31/12/2018
Receivables from subsidiaries	377,675	464,689			842,364
Receivables from associated companies	64,641				64,641
Receivables from others	6,036				6,036
Tax receivables due beyond the year	121,362				121,362
	569,714	**464,689**	**0**	**0**	**1,034,403**

The receivable from subsidiaries refers to interest bearing loans to the companies MailUp Inc, MailUp Nordics and Datatrics. The 2018 increases refer to a further Euro 201,383 disbursed on 21/03/2018 by MailUp as an interest-bearing loan in favour of MailUp Nordics, which also transferred this provision to Globase, then at the same time converting the total amount financed to the equity reserve. Following the acquisition of Datatrics, as part of the contractual agreements signed between the parties, the parent company granted interest-bearing loans in its favour for Euro 255,769.

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

Receivables all have a maturity in excess of 12 months.

Prepaid tax assets (6)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
798,883	567,441	231,443

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

Current assets

Trade and other receivables (7)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,518,205	1,122,239	395,966

The amount relates to trade receivables and also includes receivables for invoices to be issued, in the amount of Euro 54,632.

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

Description	Amount
Balance as at 31/12/2017	5,533
Period use	(5,533)
Period provision	7,376
Balance as at 31/12/2018	**7,376**

Key accounts

In accordance with the provisions of IFRS 8, please note that for the years ended on 31/12/2017 and 31/12/2016, there are no customers generating revenues that exceed 10% of total revenues.

Receivables from subsidiaries and associates (8)

Description	31.12.2018	31.12.2017	Delta
Subsidiaries	635,764	696,183	(60,418)
From associated companies	13,067	19,368	(6,300)

Receivables due from subsidiaries and associates derive from normal commercial operations implemented during FY 2018.

Below is the breakdown of receivables by geographic area:

Receivables divided by Geographic Area	From customers	Subsidiaries	Associated companies	Total
Italy	1,459,773	98,822	13,067	1,571,662
EU	24,372	468,628		493,000
Extra Ue	34,060	68,312		102,372
Total	**1,518,205**	**635,762**	**13,067**	**2,167,034**

Other current assets (9)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
2,705,458	1,222,223	1,483,235

The item is as follows:

Description	31.12.2018	31.12.2017	Delta
Tax receivables	229,502	61,570	167,931
Receivables from others	1,733,816	885,205	848,611
Accruals and deferrals	742,140	275,447	466,693
Balance as at 31/12/2018	**2,705,458**	**1,222,222**	**1,483,235**

Tax receivables as at 31/12/2018, are as follows:

Description	Amount
Receivables from the tax authority for withholdings applied	62,161
VAT credit	133,179
Tax credit for tenders	34,162
Balance as at 31/12/2018	**229,502**

Receivables due from third parties as of 31/12/2018 comprise as follows:

Description	Amount
Contributions on competitiveness agreements tender	428,964
Inventory of video surveillance material	8,331
Supplier deposits	45,047
Contributions to the ICT Digital Agenda Call for Proposals	1,251,475
Balance as at 31/12/2018	**1,733,816**

Accrued income and deferred expenses as at 31/12/2018 are as follows:

Description	Amount
Accrued income	737,053
Deferred expenses	5,087
Balance as at 31/12/2018	**742,140**

As at 31/12/2018, there were no accruals or deferrals with a residual duration of more than five years.

Financial assets not held as fixed assets (10)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
469,489	0	469,489

MailUp has allocated a fraction of the available liquidity that is not destined, in the short term, to finance the core business or other strategic projects, such as M&A transactions or research and development projects, in investment of shares listed on AIM Italia with a view to short-term disinvestment.

Liquid funds (11)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
5,637,167	8,569,540	(2,932,372)

Description	31/12/2018	31/12/2017
Cash at bank and post office	5,626,775	8,569,389
Cash and cash equivalents	10,393	151
Balance as at 31/12/2018	**5,637,168**	**8,569,540**

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

Liabilities

Shareholders' equity

Share capital (12)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
373,279	354,237	19,042

The share capital of the parent company MailUp S.p.A. is entirely paid in and is represented as at 31 December 2018 by 14,931,166 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

The share capital has changed as a result of the following events:
- On 25/06/2018 - due to 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 - 30,000 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 Euro 354,986.68 divided into 14,199,467 ordinary shares without nominal value.
- On 25/07/2018 - following the share capital increase for the stock option plan referred to as "2016 Plan" - 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 Euro 356,832.68 divided into 14,273,307 ordinary shares without nominal value.
- Execution, on the occasion of the Board of Directors' meeting of 30/10/2018, of the proxy conferred by the Extraordinary Shareholders' Meeting of 23/12/2015, to increase the share capital in relation to the acquisition of 100% of the share capital of Datatrics B.V., for a total amount of Euro 1,557,810, against payment and with the exclusion of the option right pursuant to article 2441, paragraph 4, first sentence, of the Italian Civil Code, as it is reserved for BMC Holding B.V., the selling party of the Dutch subsidiary, through the issue of 657,859 new MailUp shares with no indication of their nominal value expressed at the subscription price of Euro 2.368 each (of which Euro 0.025 for share capital and Euro 2.343 for share premium). In addition to the foregoing - due to the agreements signed with the counterparty and again based on the aforesaid proxy granted by the Extraordinary Shareholders' Meeting - the Board of Directors also resolved to further increase the share capital to service the agreed earn-out and, in particular, to increase the share capital against payment and in a divisible manner, with the exclusion of the option right pursuant to and for the purposes of article 2441, paragraph 5, of the Italian Civil Code. (as intended for subscription by BMC only), to be paid in cash against set-off/remission of the earn-out debt actually due, for a maximum amount of Euro 3,000,000.00, including the share premium through the issue of a maximum of 1,266,891 new shares with no indication of their nominal value expressed at the subscription price of Euro 2.368 each (of which Euro 0.025 for share capital and Euro 2.343 for share premium) and therefore at the same subscription price as the capital increase in kind. The number of shares to be issued as a result of the Earn-out Capital Increase (up to the maximum number indicated above) will

depend on the achievement of the relevant average monthly turnover parameters (over a period of up to 4 years) of Datatrics and its proprietary platform.

All shares issued are ordinary. There are no debenture loans in place.

Reserves (13)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
14,388,360	11,832,343	2,556,017

Description	31/12/2017	Increases	Decreases	31/12/2018
Share premium reserve	11,041,306	1,759,947	131,296	12,669,957
Stock option reserve	93,448	152,925	218,583	27,790
Legal reserve	60,000	20,000		80,000
Extraordinary or optional reserve	1,520,535	1,039,104		2,559,640
Reserve for exchange rate gains	25,289			25,289
FTA reserve	(613,449)			(613,449)
OCI reserve	(99,966)	5,630	23,459	(117,795)
Negative reserve for treasury stock	(115,219)		48,251	(163,470)
IAS losses carried forward	(212,668)			(212,668)
Merger surplus reserve	133,068			133,068
Total	**11,832,343**	**2,977,606**	**421,589**	**14,388,360**

The increase in the share premium reserve is due to the capital increase carried out as part of the acquisition of the Dutch subsidiary Datatrics B.V., which was discussed in detail above, while the decreases relate to the recognition of specific costs for the part of the capital increase relating to the acquisition of Datatrics, in accordance with international accounting standards. The stock options reserve originates from the incentive plan to the benefit of senior management and accounted for in accordance with IFRS 2. The main aim of the Incentive Plan is to help strengthen the involvement of the people holding key positions and consequently ensure loyalty, in the pursuit of the Group's operative objectives. The provision for the stock options reserve is calculated based on a specific initial assessment, with the help of experts, of the fair value of MailUp shares and based on the number of options granted and the duration of the vesting periods for the individual beneficiaries established within the plan. When the options are exercised and the shares are subsequently issued, the difference between accounting par value and fair value is released from the stock option reserve and recognized as a share premium in the specific reserve. 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 well as the translation of Financial Statements in currency other than the Euro. In compliance with the provisions of articles 2357 and 2424 of the Civil Code, the negative Reserve for own shares in portfolio has been entered under the liabilities, under Group equity, by way of counter-entry in an amount equal to the own shares held as at 31.12.2018. The own share reserve is restricted and shall be maintained until such time as the shares are sold. The other changes shown refer to the allocation of the result for the year 2017 on the basis of the resolution of the Ordinary Shareholders' Meeting of 26/04/2018.

Period result

The net period result is positive and comes to Euro 775,783 with respect to Euro 1,059,104 as at 31/12/2017. For an in-depth analysis of the consolidated results, please refer to the specific section of the separate and consolidated Report on Operations as at 31/12/2018, an integral part of these financial statements.

Other comprehensive income

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

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

Nature/Description	Amount	Possible use (*)	Available amount
Share premium reserve	12,669,957	A, B	12,669,957
Stock option reserve	27,790	B	
Legal reserve	80,000	B	
Extraordinary reserve	2,559,640	A, B, C, D	2,559,640
Reserve for exchange rate gains	25,289		
FTA reserve	(613,449)		
OCI reserve	(117,796)		
Negative reserve for treasury stock	(163,470)		
Merger surplus reserve	133,068	A, B, C	133,068
IAS losses carried forward	(212,668)		
Total	**14,388,360**		**15,362,665**
Restricted portion			133,079
Residual distributable portion			**15,229,586**

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

Non-current liabilities

Amounts due to banks and other lenders (14)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
342,173	1,772,007	(1,429,834)

Amounts due to banks relates to the residual medium/long-term portion of unsecured loans taken out.

Other non-current liabilities (15)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
3,748,296	0	3,748,296

This item refers to the medium-term portion of the payable due to BMC Holding B.V., the seller of Datatrics B.V., for the cash portion of the purchase price and for the portion of the capital increase corresponding to the maximum amount, equal to Euro 3 million, of the variable earn-out fee that will be paid to the sellers when certain performance targets are reached, see note "3 - Investments in subsidiaries" for further details.

Provisions for risks and charges (16)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
144,405	84,405	60,000

Description	31/12/2017	Increases	Decreases	Reclassifications	31/12/2018
Provision for legal disputes	57,739				57,739
Provision for pensions (TFM)	26,666	60,000			86,666
Total	**84,405**				**144,405**

A provision has been established for current legal disputes. The Company currently has a lawsuit underway with the Financial Administration in connection with the companies' income tax, regional production tax and value added tax for 2004.
The office has issued a notice of assessment on the basis of the use of the results of the sector studies' calculation; the reconstruction of revenues prepared by the Authority entailed greater tax, totalling Euro 58,468 and sanctions for Euro 49,344, already paid in full.
The petition proposed by the Company has been rejected on a first and second instance and the Company has submitted an appeal in cassation. The Company's consultants 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 article 2423-bis of the Civil Code, for an amount equal to the greater tax deriving from the application of said study.

The provision for pension and similar commitments is related to the indemnity due to Directors upon cessation of office (TFM).

Staff funds (17)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,142,221	943,829	198,393

The change is as follows.

Description	31/12/2017	Increases	Decreases	Actuarial gains/(losses)	31/12/2018
Staff provision (TFR)	943,829	264,130	101,466	35,729	1,142,221
	943,829	**264,130**	**101,466**	**35,729**	**1,142,221**

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

The main actuarial assumptions, assessed by an independent expert, are:

Demographic hypotheses

As regards the demographic hypotheses, the ISTAT 2011 mortality tables were used and the INPS disability/invalidity tables.

As regards the probability of leaving work for reasons other than death, the turnover probabilities noted by the companies assessed over a time frame of observation deemed to be representative, were used; more specifically, annual frequencies of 10% were considered.

Economic-financial hypotheses

These regard the theoretical lines of remuneration, the technical interest rate, the inflation rate and the value adjustment rates of salaries and TFR.

The technical assessments were carried out on the basis of the hypotheses described below:

	31/12/2018
Annual technical discounting rate	1.55%
Annual inflation rate	1.50%
Annual comprehensive remuneration increase rate	2.50%

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

Current liabilities

Trade and other payables (18)

Description	31/12/2018	31/12/2017	Delta
Amounts due to suppliers	1,124,736	823,220	301,516
	1,124,736	**823,220**	**301,516**

Amounts due to suppliers are stated net of commercial discounts. The item also includes payables:

- for invoices to be received from Italy suppliers, Euro 307,108;
- payables for invoices to be received from EU suppliers, Euro 3,379;
- payables for invoices to be received from non-EU suppliers, Euro 5,934.

Payables to subsidiaries and associates (19)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,759,489	1,590,528	168,960

Description	31.12.2018	31.12.2017	Delta
Subsidiary companies	1,735,989	1,590,528	145,461
Associated companies	23,500		23,500
Total	**1,759,489**	**1,590,528**	**168,960**

Amounts due to subsidiaries are detailed below:

- amounts due to MailUp Inc. for invoices to be issued, Euro 15,994;
- amounts due to Datatrics for the reimbursement of expenses, Euro 1,372;
- amounts due to Agile Telecom S.p.A. for supplies, Euro 1,035,903;
- amounts due to Agile Telecom for the acquisition, Euro 682,719.

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

Amounts due to banks and other lenders (20)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,456,291	1,602,878	(146,587)

Description	31.12.2018	31.12.2017	Delta
Amounts due to banks	1,456,291	1,602,878	(146,587)
Total	**1,456,291**	**1,602,878**	**(146,587)**

Amounts due to banks mainly refer to the short-term portions of unsecured loans taken out by the company with Banco BPM, Credito Valtellinese and Credito Emiliano.

Other current liabilities (21)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
10,287,118	8,077,686	2,209,432

Tax payables

Description	31.12.2018	31.12.2017	Delta
VAT payable	171,712	39,469	132,243
Amounts payable to the tax authority for withholdings applied at source	170,622	163,026	7,596
Balance as at 31/12/2018	**342,334**	**202,495**	**139,839**

Other current liabilities

Description	31.12.2018	31.12.2017	Delta
Advances	35,881	16,677	19,204
Amount due to social security institutions	300,889	225,549	75,340
Amounts due to Directors for emoluments	27,314	79,705	(52,391)
Amounts due to employees for salaries and wages payable	344,768	288,717	56,051
Amounts due to employees for holidays, permits and additional months' salaries	647,372	532,421	114,951
Amounts due to Zoidberg s.r.l.	600,000	1,400,000	(800,000)
Payables for MBO bonuses	298,206		298,206
Accrued liabilities	7,822	2,551	5,271
Payable to BMC Holding B.V. within 12 months	748,296		748,296
Deferred income	6,838,668	5,326,404	1,512,264
Other payables	95,566	3,167	92,399
Total	**9,944,784**	**7,875,191**	**2,069,592**

The amount due to Zoidberg Srl relates to the acquisition of the company Agile Telecom on 29 December 2015. It consists of the third and final tranche of the earn-out agreed by the parties, as detailed above. Similarly, the debt to BMC Holding relates to the acquisition of Datatrics B.V. described in detail above. The other payables are largely represented by the support activities provided by the external consultant who assisted MailUp in the investigation with

the Ministry of Economic Development regarding the ICT Digital Agenda call, which has been mentioned several times previously, and in the Report on the separate and consolidated financial statements.
Deferred income: approximately 75% of the revenues of MailUp come from recurring annual charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges are used to form the year's income, whilst the part not pertaining to it, i.e. the Deferred liabilities, is used as a basis for the following year's income.

Commitments and guarantees

As at 31/12/2018, there are no commitments and guarantees given by MailUp to third parties.

Income statement

Revenues (22)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
14,508,630	12,793,879	1,714,751

Income from sales and services comes to Euro 14.5 million (Euro 12.8 million as at 31.12.2017), recording an increase of Euro 1.7 million (+13.4%) on the corresponding figure for the previous year.

Revenues by product type
Below are details of revenues according to product type.

Description	31.12.2018	31.12.2017	Delta
Mail revenues	8,765,479	8,010,006	755,472
SMS revenues	3,636,034	2,937,299	698,734
Professional Services revenues	460,846	299,149	161,698
Intercompany Revenues	938,933	826,363	112,570
Other revenues	707,338	721,061	(13,723)
Total	**14,508,630**	**12,793,879**	**1,714,751**

For a more in-depth analysis of the economic results of the Company, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2018.

COGS (Cost of Goods Sold) (23)

The breakdown is as follows:

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
6,132,221	4,785,584	1,346,637

Description	31.12.2018	31.12.2017	Delta
Purchases	2,684,832	2,067,669	617,163
Services	1,060,899	910,334	150,565
Cost of rents and leases	13,417	72,049	(58,632)
Payroll costs	2,363,352	1,726,014	637,338
Sundry operating expenses	9,721	9,519	202
Total	**6,132,221**	**4,785,585**	**1,346,636**

The COGS are determined by the costs directly related to the provision of the service that represents the Company's core business, that is the digital marketing platform MailUp. This category includes the costs for the IT technological infrastructure to support the platform, including the costs of the specific personnel, the costs of the areas directly involved in the provision of the service, for example the deliverability departments, help desk, the areas that deal with the personalization of services on customer request and other variable costs directly related to services sold to customers. Most of these costs, Euro 2.7 million, is represented by purchases of sending of text messages, the main provider of which consists, for Euro 2.3 million, by the subsidiary Agile Telecom. Payroll costs, amounting to Euro 2.3 million, also had a significant impact following the organisational strengthening that took place in this area in 2018.

Sales & Marketing costs (24)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
2,531,929	2,441,652	90,277

The breakdown is as follows:

Description	31.12.2018	31.12.2017	Delta
Purchases	8,014	6,925	1,090
Services	857,901	789,095	68,806
Cost of rents and leases	5,873	664	5,208
Payroll costs	1,656,969	1,642,161	14,808
Sundry operating expenses	3,172	2,808	365
Total	**2,531,929**	**2,441,652**	**90,277**

This includes the costs of departments that deal with commercial and marketing activities located at the Milan office. In addition to payroll costs, mainly relating to sales, there are some typical costs of marketing such as Pay per Click or events, including the MailUp Marketing Conference, held 30 December 2018 at Palazzo Mezzanotte, the headquarters of Borsa Italiana, which had great success in terms of interest and public among specialized and other operators.

Research & Development costs (25)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,077,935	822,781	255,154

The breakdown is as follows:

Description	31.12.2018	31.12.2017	Delta
Purchases	2,578	906	1,672
Services	162,105	272,721	(110,616)
Personnel costs	1,911,160	1,363,693	547,467
Capitalised R&D payroll costs	(997,909)	(814,621)	(183,288)
Sundry operating expenses	0	81	(81)
Total	**1,077,935**	**822,781**	**255,154**

These costs relate to departments that deal with research and development related to the MailUp platform. For purposes of greater clarity of exposure, the amount of capitalized payroll costs is recorded as a direct reduction in the total gross cost of personnel, then highlighting the resulting net cost in the Income Statement scheme adopted. The capitalization is carried out, with the consent of the Board of Statutory Auditors, in relation to the future usefulness of the software development projects of the MailUp platforms. The research and development activity for the year 2018 is described in detail in the specific section of the Report on Operations to the consolidated financial statements.
There are also the costs of the Italian team that deals with the development of BEE software, owned by the subsidiary MailUp Inc.

General costs (26)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
3,917,603	2,986,388	931,216

The breakdown is as follows:

Description	31.12.2018	31.12.2017	Delta
Purchases	37,635	66,519	(28,884)
Services	2,168,296	1,819,968	348,328
Cost of rents and leases	389,136	387,729	1,407
Payroll costs	1,159,619	634,108	525,511
Sundry operating expenses	162,917	78,063	84,854
Total	**3,917,603**	**2,986,387**	**931,216**

General costs express structure expenses, mainly related to the offices instrumental to the activity performed, (rents, utilities, maintenance, related purchases), administrative expenses in general, including costs of accounting, legal, back-office commercial clerical staff, human resources and management control, the remuneration of the Board of Directors, the Board of Auditors and the independent auditors, legal, tax, accounting, labour and other consultancy in general, in addition to costs related to the status of listed company, such as for investor relations and costs of M&A activity.

Amortization, depreciation and impairment (27)

Below are details:

Description	31.12.2018	31.12.2017	Delta
General amortisation and provisions for impairment Receivables	148,990	93,172	55,819
Amortization R&D	1,204,922	1,086,080	118,842
Amortization COGS	244,814	271,252	(26,438)
Total	**1,598,727**	**1,450,504**	**148,224**

Financial operations (28)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
1,308,444	807,699	500,745

The breakdown is as follows:

Description	31.12.2018	31.12.2017	Delta
Dividends from subsidiaries	1,273,422	881,934	391,488
Financial income	63,197	24,302	38,895
Financial expense	(37,867)	(40,984)	3,117
Exchange gains	21,118	6,389	14,729
Exchange losses	(11,426)	(63,941)	52,515
Total	**1,308,445**	**807,699**	**500,745**

The amount consists of interest income on bank current accounts and other remunerated deposits of liquidity, exchange rate gains and losses, interest expense on medium/long-term bank loans.
Financial expenses also include the interest cost deriving from the actuarial valuation according to IAS 19R.
The dividends are those approved by the Shareholders' Meeting of Agile Telecom on 16 April 2018 for Euro 873,933 and by the Shareholders' Meeting of Acumbamail on 22 November 2018 for Euro 399,489.

FY income tax (29)

Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
(217,123)	55,566	(272,689)

Taxes	Balance as at 31/12/2018	Balance as at 31/12/2017	Delta
Current tax:	**8,689**	**43,982**	**(35.2939**
IRES			
IRAP	8,689	43,982	(35,293)
Substitute tax			
Deferred (prepaid) tax	**(225,812)**	**11,584**	**(237,396)**
IRES	(224,722)		(237,396)
IRAP	(1,090)		
	(217,123)	**55,566**	**(272,689)**

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

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

Description	Value	Taxes
Pre-tax result	558,659	134,078
Theoretical tax liability (%)	24%	
Timing differences deductible in subsequent years	166,829	40,039
Timing differences taxable in subsequent years	(9,434)	(2,264)
Reversal of timing differences from previous years	(91,481)	(21,955)
Differences which do not reverse in subsequent years	(1,487,017)	(356,884)
Taxable amount	**(862,444)**	**-**
Current period income tax		-
Deferred tax net of uses of tax accrued in previous years		**(225,812)**
Net period IRES tax		**-**

Determination of the tax base for IRAP

Description	Value	Taxes
Difference between value and cost of production, gross of CDL and impairment	6,311,435	
Costs not significant for IRAP purposes	826,696	
Income not significant for IRAP purposes	(316,177)	
Decrease as a result of the application of IAS/IFRS	(199,428)	
	6,821,954	
Theoretical tax liability (%)	3.90%	266,056
Deductions for employed staff	(6,599,161)	(257,367
Tax base for IRAP	**222,793**	
Current IRAP for the year		**8,689**

Earnings per share

Basic earnings per share are calculated by dividing the net period income attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding own shares, in issue during 2018. Below is the income and information on shares used to calculate the basic earnings per share.

Description	31.12.2018
Net profit attributable to shareholders	775,783
Opening number of ordinary shares	14,169,467
Opening portfolio treasury shares	52,260
Closing number of ordinary shares	14,931,166
Closing portfolio treasury shares	73,320
Weighted number of shares in issue	14,487,527
Basic earnings per share	**0.054**

Diluted earnings per share were calculated as follows:

Description	31.12.2018
Net profit attributable to shareholders	775,783
Opening number of ordinary shares	14,169,467
Opening portfolio treasury shares	52,260
Opening shares potentially assignable	143,720
Closing number of ordinary shares	14,931,166
Closing portfolio treasury shares	73,320
Closing shares potentially assignable	39,880
Weighted number of shares in issue	14,579,327
Basic earnings per share	**0.053**

Workforce

In 2018, the number of employees of MailUp came to 149, of whom 2 executives, 7 managers and 140 clerical employees.

Disclosure on related party transactions

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

Company	Fixed Receivables	Trade Receivables	Other Receivables	Other payables	Dividends	Revenues	Purchases
Agile Telecom		98.822	1.035.903	682.719	873.933	233.644	2.336.423
Globase International		230.703				134.240	
MailUp Nordics	410.754					7.243	
MailUp Inc	183.406	297.111	15.994			573.152	27.503
Acumbamail					399.489		
Datatrics BV	255.769		1.372				
Subsidiaries	**849.928**	**626.635**	**1.053.269**	**682.719**	**1.273.422**	**948.280**	**2.363.926**
Consorzio CRIT Scarl	64.641	13.067	23.500			843	34.473
Associated	**64.641**	**13.067**	**23.500**	**-**	**-**	**843**	**34.473**
Zoidberg Srl				600.000			
Floor Srl							150.506
Other related companies	**-**	**-**	**-**	**600.000**	**-**	**-**	**150.506**

For further information, please refer to the separate and consolidated Report on Operations, which is an integral part of these financial statements.

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

In accordance with the law, please note the total fees due to Directors, the Board of Auditors and the independent auditing firm:

Title	31.12.2018	31.12.2017
Directors	728,333	685,904
Board of auditors	23,920	22,500
Independent auditing company	21,000	21,000

Requirements envisaged by article 25, paragraph 2, letter H Decree Law 179 2012 - Innovative SMEs

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

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

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

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

As regards research and development costs incurred by the innovative SME, as required by article 4 of Italian Decree Law no. 3 of 24 January 2015 regarding research, development and innovation costs, it is specified that during the year, the company incurred costs exceeding 3% of the greater value of cost and total value of production, as envisaged by the point on the requirements listed above.
The maintenance of the requirement under point 2 is also confirmed, also in terms of compliance with article 25, paragraph 15 of Decree Law 179/2012.
Below are details of the research and development projects:

Project	31/12/2018
PLATFORM DEVELOPMENT 9.0 AND LATER VERSIONS	484,841
DEVELOPMENT OF BEE INTEGRATIONS	292,069
DEVELOPMENT OF DATABASE MANAGEMENT PROJECT	227,603
INFRASTRUCTURE DEVELOPMENT FOR VERS. 9.0 AND LATER	55,535
Investments in R&D	**1,060,048**
Value of production	**14,508,630**
% incidence	**7%**

Information pursuant to article 1, paragraph 125 of Italian Law no. 124 of 04 August 2017

It should be noted that in FY 2018 MailUp received the following contributions on calls for tenders from public administrations:

Date	Description	Amount
31/01/2018	Finlombarda Contribution “Agreements for competitiveness” (D.D.U.O. 9875 of 24/10/2014) Project: “Innovative System of Big Data Analytics”	430,061.05
01/02/2018	Fondimpresa Contribution “Fondo paritetico interprofessionale per la formazione continua 15616.T110 doc .110 del 29/01/2018”	6,208.00
20/04/2018	Fondimpresa Contribution “Fondo paritetico interprofessionale per la formazione continua 164002.T600 Doc n.600”	4,810.00
	Total	**441,079.05**

Proposal for allocation of profits

It is proposed to the Shareholders' Meeting to allocate the period result of Euro 775,783 to the extraordinary reserve.

These financial statements, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows and Explanatory Notes, provide a true and fair view of the equity and financial situation as well as the economic result for the year and are consistent with the underlying accounting records.

Milan, 19 March 2019

The Chairman of the Board of Directors

Matteo Monfredini

REPORT BY THE BOARD OF AUDITORS TO THE FINANCIAL STATEMENTS AS AT 31.12.2018

To the Shareholders' Meeting of MAILUP SPA
This Report has been approved by the board in time for its deposit at the Company's office within 15 days prior to the convening of the Shareholders' Meeting to approve these financial statements.
The administrative body has made the following documents available, approved on 19.03.2018 relative to the financial year ended on 31.12.2018:

- draft financial statements, complete with Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Notes;
- Report on Operations.

The layout of this report is in accordance with the provisions of law and rules of conduct of the board of auditors issued by CNDCEC.
The Financial Statements is certified by BDO ITALIA Spa, appointed by the Shareholders' Meeting on 27.04.2017 until approval of the Financial Statements at 31.12.2019.
The Board of Auditors in office as at the date of this Report took office after appointment during the same Shareholders' Meeting of 27/04/2017. It is recalled that its office will end with the Meeting to approve the financial statements at 31/12/2019.

General introduction

The Board of Auditors already mentioned in the previous report to the Financial Statements that the administrative body has chosen to adopt, as from FY 2016, the international accounting standards IAS/IFRS.
The Board of Auditors acknowledges that during the year, for all Auditors, on the basis of the declarations made by the Auditors and information that is in any case available, it has assessed both the lack of any grounds for forfeiture, ineligibility and incompatibility as envisaged by articles 2382 and 2399 of the Italian Civil Code and by article 148 of Italian Legislative Decree 58/9 and compliance with the independence requirements established by the law, on the basis of the criteria set forth by the Rules of Conduct of the Board of Auditors, drafted by the Italian National Board of Chartered and Certified Accountants. In particular, it is acknowledged that no events took place that may cause the requirement of independence to be lost with respect to the verification performed at the time of appointment.
No Auditor has had any interest, on their own behalf or for third parties, in a given operation carried out during the year.
This report therefore summarizes the activities concerning the information envisaged by article 2429, paragraph 2 of the Italian Civil Code and, more specifically:

- the activities carried out in the performance of duties provided for by law;
- the observations and proposals regarding the financial statements, with particular reference to the possible use by of the board of the derogation referred to in article 2423, paragraph 5 of the Italian Civil Code;
- the possible receipt of complaints from shareholders under article 2408 of the Italian Civil Code,
- the results of the financial year.

In any case, we remain at your disposal for further information on any aspects during the meeting discussion.

Meeting attendance of the corporate bodies

The Board of Auditors certifies that:

In 2018, the Board of Auditors held five meetings and attended the Shareholders' Meeting and the nine meetings of the Board of Directors;
Since the closure of the financial statements and up to the date of this report, the Board of Auditors has met twice.
The activities carried out by the Board regarded, in terms of time frame, the whole year; during the year, the meetings were held regularly pursuant to article 2404 of the Civil Code and specific minutes were duly prepared of said meetings, signed as a mark of unanimous approval.

Supervision of compliance with the law, the Articles of Association and the regulations and compliance with standards of correct administration
By attending the meetings of shareholders and the Board of Directors, the Board of Auditors has monitored compliance with the provisions of the Articles of Association, the law and regulations governing the operation and function of the Company's bodies and compliance with standards of correct administration. The frequency of meetings of the Board of Directors, the average attendance rate of the Directors and the duration of the meetings were adequate and no significant resolutions were taken without adequate information to the Directors and Auditors. The Board of Auditors verified that all resolutions were passed in the interests of the Company and supported by suitable documentation. The disclosure obligations relating to regulated or inside information or that required by the Supervisory Authorities, were duly fulfilled.
Information on the overall activity carried out by the Company and its subsidiaries
The Board of Auditors has acquired suitable information from the Directors, at least once a quarter, on the activities pursued by the Company in the various sectors in which it operates, including through subsidiaries, and on the most important operations in terms of economics, finances and equity. Also on the basis of the information flows acquired as part of its supervisory activities, the Board of Auditors has successfully ascertained that the action resolved and implemented was compliant with the law and the Articles of Association and not evidently imprudent or risky, in potential conflict of interests or in conflict with resolutions passed by the Corporate Bodies or such as to risk the integrity of the Company's assets. The Board of Auditors has also monitored compliance with the Guidelines, Standards of Conduct and Procedures in force in the Group, as well as compliance with the processes whose outcome is submitted to the attention of the Directors and on which they resolve.
The Board of Auditors has acquired knowledge of and monitored, insofar as it is competent to do so, compliance with standards of correct administration, including through the information received directly from the parties responsible for the various corporate departments and the Independent auditing firm.
On the basis of the information acquired during the supervisory activities, it has been seen that the operations of greatest importance in terms of economics, finances and equity, carried out by the Company, including through direct or indirect subsidiaries, were the following:

- Granting of a special power of attorney for staff management.
- Updating of the Organisational Model pursuant to Law 231/01 and appointment of the Supervisory Board.
- Appointment of a managing director for investor relations. - Completion of acquisition of Datatrics B.V.
- Exercise of the proxy to increase the capital to service the payment of the purchase price of Datatrics B.V.
- Issue of a short-term incentive plan for top management.

All the above operations have been suitably explained and presented during the meetings of the Board of Directors called to pass the related resolutions and fully explained in the Report on Operations for FY 2018, which also provides a complete update on the evolution of the reference legislative framework.

Market abuse legislation

The Board of Auditors monitored the fulfilment of the duties connected with Market abuse legislation regarding corporate disclosures and internal dealing, with specific reference to the processing of inside information and the procedure by which to issue press releases and public information. More specifically, the Board of Auditors has monitored compliance with provisions on the update of the Register of persons having access to inside information.

Supervisory activities regarding transactions with subsidiaries

The provisions issued to subsidiaries suffice to guarantee the timely fulfilment by the latter of the disclosure obligations laid down by the law. The Board of Auditors has examined and assessed the document of verification and updating, both of the areas in which the management and coordination of the parent company takes place and of the companies with regards to which said activities is carried out, verifying compliance with the applicable provisions of articles 2497 ff of the Italian Civil Code.

Supervisory activities of infra-group and related party transactions

As concerns infra-group transactions, the Directors have highlighted, in the Notes to the financial statements and the Report on Operations, just as in previous years, the existence of commercial and financial relations between the Group companies, specifying that said transactions are part of ordinary operations and regulated at market conditions.

Related part transactions refer almost entirely to operations carried out with the aim of rationalising business and ensuring correct economics with subsidiaries and associates; these come under the scope of ordinary operations, are settled at arm's length and are explained in the Report on Operations and Notes financial statements.

Opinions given by the Board of Auditors

During the year, the Board of Statutory Auditors expressed a congruity opinion on the issue price of the shares regarding the capital increase with exclusion of the option right, in relation to the resolution of the Board of Directors, concerning:

- Exercise of the proxy to increase the capital to service the payment of the purchase price of Datatrics B.V.

Supervision of the suitability of the organisational structure

The Board of Auditors has been suitably informed of all interventions on the Group's organisational structure, developed according to standards of coherence of form and substance, verifying that the decision-making structure of the Company coincides with the delegations assigned. *Requirements connected with Italian Legislative Decree no. 231/2001*

With reference to the organisational and procedural activities implemented in accordance with and pursuant to Italian Legislative Decree no. 231/2001 for the administrative liability of entities for the crimes envisaged by the legislation, the Board of Auditors has acknowledged, both during the meetings with the Supervisory Body and in the regular reports prepared by said Body on the activities carried out, that no significant critical issues have emerged concerning the implementation and effectiveness of the Organisation, Management and Control Model.

Insofar as competent to do so, the Board of Auditors has:

- assessed that the professional requirements of the Supervisory Body are met, as envisaged by the Model in accordance with Italian Legislative Decree no. 231/2001;
- noted the suitability of the delegations and financial resources assigned to the Supervisory Body for it to go about its institutional duties;
- verified the consistency of the reports received and disclosures required by the Model;

- examined the plan of activities and budget of the Supervisory Body for 2019.

Privacy regulations

During the year, the Group adequately implemented its security policies so as to guarantee a suitable level of protection of personal data processed in application of the Privacy Code (Legislative Decree 196/2003) and the provisions issued by the Data Protection Authority.

Supervision of the suitability of the administrative-accounting system

With reference to the supervisory activities regarding the suitability of the administrative-accounting system and its reliability in terms of providing a correct representation of management events, the Board of Auditors acknowledges that it has received suitable information on the monitoring of business processes with an administrative-accounting impact under the scope of the Internal control system, carried out both during the year in connection with the regular reports on operations and during the closure of the accounts in order to prepare the financial statements.

The suitability of the administrative-accounting system was also assessed through the acquisition of information from the managers of the respective departments and the analysis of the results of the work carried out by the Independent auditing firm.

The Board of Auditors has monitored compliance with the legislation on the preparation and publication of the Interim Report and Interim Reports on Operations and on the structure given them and the correct application of accounting standards, also using the information obtained from the Independent auditing firm.

Omissions or inappropriate actions

Following the supervisory and control activities carried out during the year, the Board of Auditors can certify and note that:

- during the course of its activities, no omissions or irregularities or inappropriate actions or in any case significant actions worthy of note took place, needing to be reported to the control bodies or described in this report;
- the Board of Auditors did not receive any notifications in accordance with article 2408 of the Italian Civil Code. nor any claims made by third parties;
- no transactions were identified, neither with third parties nor infra-group nor with related parties that suggest any non-typical or unusual nature, in terms of the contents, nature, dimensions and time frame.

Supervision of the statutory auditing of the accounts

During the year, regular relations were entertained with the Independent auditing firm, both through formal meetings also attended by the Company's administrative managers and informal meetings between individual members of the Board and representatives of the independent auditing firm, in order to allow for a mutual exchange of significant data and information, in compliance with the provisions of article 150 of Italian Legislative Decree no. 58/98. Complete collaboration was afforded at all times, including as regards the preparation of the annual financial statements and no critical issues were noted, worthy of mention.

Supervisory activities with regards to the Annual and Consolidated financial statements

As regards the annual financial statements, please note the following:

- the Board of Auditors has ascertained, through direct checks and information obtained from the independent auditing firm, due compliance with the provisions of law governing the preparation and structure of the Financial Statements and Report on Operations, the tables of the Financial Statements used, certifying the correct use of accounting standards as described in the Notes to the Financial Statements and Company's Report on Operations;

– the Notes to the Financial Statements give, where necessary, the information required by the international accounting standards on impairment. Compliance of the impairment testing procedure with the requirements of IAS 36 and the joint document prepared by the Bank of Italy/Consob/Isvap no. 4 of 03 March 2010 was adequately assessed by the Board of Directors in the meeting held on 19.03.2019 autonomously and ahead of the approval of the financial reports, as recommended by the aforementioned Document. The Board of Statutory Auditors shared the assessments made by the Directors.

The financial statements are compliant with the events and information of which the Board of Auditors has become aware under the scope of the exercise of its duties to supervision and its powers of control and inspection. The Report on Operations meets the legal requirements and is coherent with the data and results of the financial statements; it provides an extensive disclosure on the important activities and operations, of which the Board of Auditors had been promptly made aware, and on the main risks of the Company and subsidiary companies and infra-group and related party transactions.

Observations regarding the annual financial statements and their approval

The draft financial statements for the year ended on 31 December 2018 have been approved by the administrative body and consist of the Balance Sheet, Income Statement, Notes and Statement of Cash Flows. Moreover:

- the documents were delivered to the Board of Auditors in time to allow for their deposit at the Company's office complete with this report, regardless of the terms envisaged by article 2429, paragraph 1 of the Italian Civil Code;
- the Independent auditing firm as issued its report in accordance with articles 14 and 16 of Italian Legislative Decree no. 39/2010, stating that the annual financial statements as at 31 December 2018 are compliant with the International financial reporting standards - IFRS - adopted by the European Union and the provisions issued in implementation of article 9 of Italian Legislative Decree no. 38/2005 and have been prepared clearly, providing a truthful, correct representation of the equity and financial position, the economic result and cash flow of MAILUP S.p.A. for the year ended as at that date.

The auditing report gives opinions on the consistency with the financial statements of the Report on Operations and information on the Corporate Governance Report pursuant to article 123-bis of Italian Legislative Decree no. 58/98.

The draft Financial Statements were therefore further examined, regarding which the following additional information is provided:

- the Board has expressed its consent to the recognition as intangible assets of the development costs in relation to the future usefulness of the Mailup platform under realization;
- as already mentioned, the Company has adopted the international accounting standards IAS/IFRS as from 2016. To this end, the Board of Auditors has ascertained the suitability, in terms of method, of the impairment testing process implemented to ascertain that assets are booked at a value that does not exceed that able to be recovered and that, therefore, they have not suffered a permanent loss in value such as to be noted as at the financial year end date. The Board of Auditors agreed with the Board of Directors' assessments of the failure to apply these measurement processes (impairment test), since there were no signs of a loss of value of intangible assets.

Period result

The net result ascertained by the administrative body in relation to the year ended on 31.12.2018 is positive for Euro 757,954.
For all that explained in this report, the Board of Auditors has not observations to make regarding the approval of the financial statements as at 31 December 2018 and the proposal made by the Board of Directors as to the allocation of the period profit.

Conclusions

On the basis of the foregoing and insofar as the Board of Auditors is aware and as has been seen from the regular controls performed, it is unanimously agreed that there is no reason why you should not approve the draft Financial Statements for the year ended on 31.12.2018 as they have been prepared and proposed to you by the administrative body. The Board of Statutory Auditors would like to thank you for your trust.

Cremona, 03.04.2019
The Board of Auditors
Michele Manfredini (Chairman) *[Signature]*
Giovanni Rosaschino (Regular Auditor) *[Signature]*
Fabrizio Ferrari (Regular auditor) *[Signature]*

Mailup S.p.A.

Independent Auditors' report in accordance with article 14 of legislative decree N. 39 of January 27, 2010

Financial statements as of December 31, 2018

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

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Independent Auditors' report
in accordance with article 14 of legislative decree n. 39 of January 27, 2010

To the shareholders of
Mailup S.p.A.

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Mailup S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2018, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2018, of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities For The Audit Of The Financial Statements* section of this report. We are independent of the company in accordance with ethical requirements and standards applicable in Italy that are relevant to the audit of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors of Mailup S.p.A. are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, within the limits of the law, for such internal control as Directors they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

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

BDO Italia S.p.A. – Sede Legale: Viale Abruzzi, 94 – 20131 Milano – Capitale Sociale Euro 1.000.000 i.v.
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Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013
BDO Italia S.p.A., società per azioni italiana, è membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

Auditor’s Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of the audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- Obtain and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control;
- Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made management;
- Conclude on the appropriateness of management’s use of the going concern and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions in a manner that achieves fair presentation.

We communicate with those charged with governance, identifies at an appropriate level as required by ISA Italia regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, letter e), of Legislative Decree n. 39/10

The directors of Mailup S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Mailup S.p.A. as of December 31, 2018, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Mailup S.p.A. as of December 31, 2018 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Mailup S.p.A. as of December 31, 2018 and are compliant with applicable laws and regulations.

With reference to the assessment pursuant to article 14, paragraph. 2, letter e), of Legislative Decree n. 39/10 based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Milan, April 3, 2019

BDO Italia S.p.A.
Signed by
Manuel Coppola
Partner

This report has been translated into English from the original, which was prepared in Italian and represents the only authentic copy, solely for the convenience of international readers.

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