CONSOLIDATED FINANCIAL STATEMENTS
AS AT 30/06/2019

MAILUP GROUP

Contents

Corporate bodies

Board of Directors
(Expiry of terms for approval of the Financial Statements as at 31 December 2019)

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

Board of Statutory Auditors
(Expiry of terms for approval of the Financial Statements as at 31 December 2019)

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

Independent auditing company
(Expiry of terms for approval of the Financial Statements as at 31 December 2019)

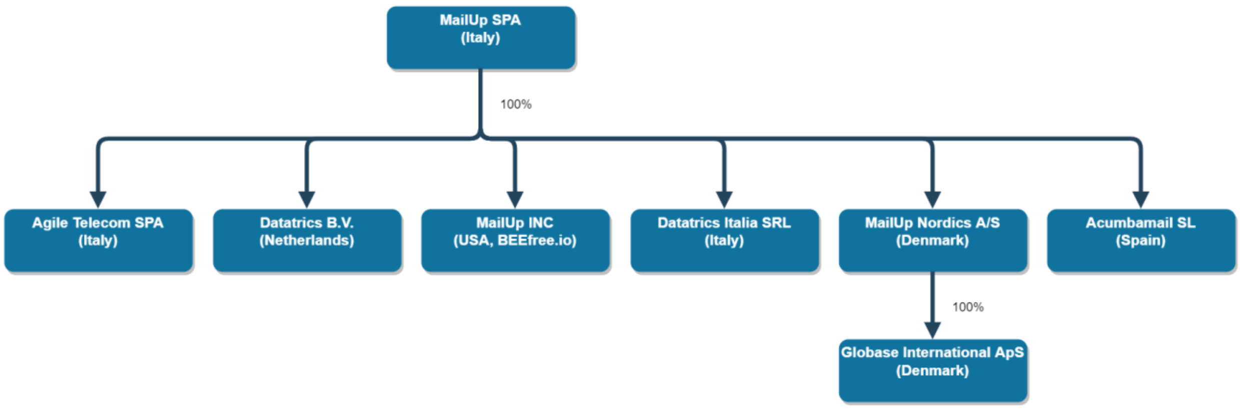
BDO Italia S.p.A.

MailUp Group, European leader in Cloud Marketing Technologies

MailUp Group is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant 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 technologies (Predictive Marketing), 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 messaging apps) 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 22,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 220 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).

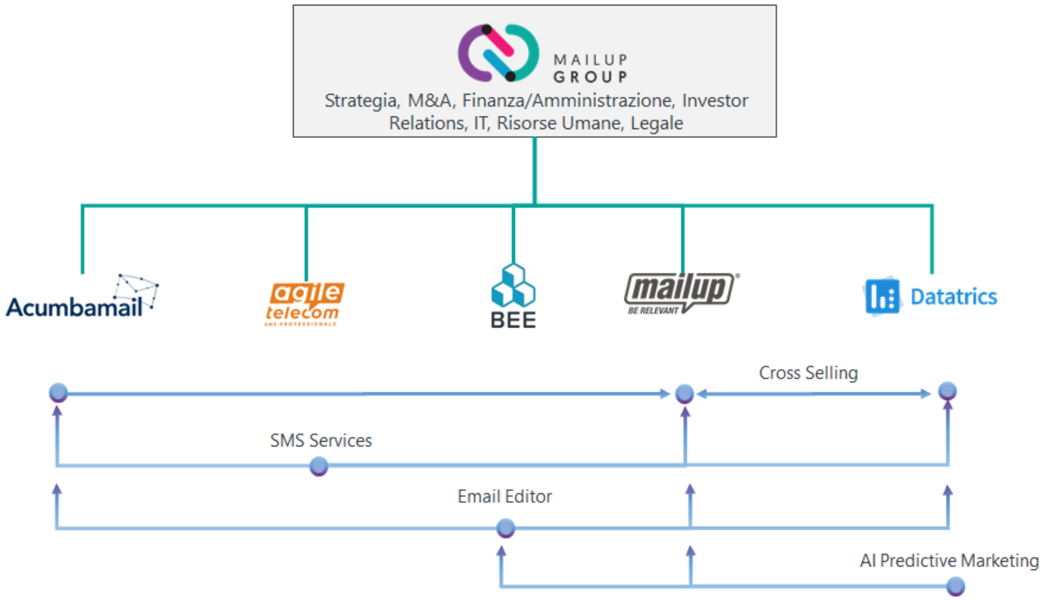
MailUp Group structure

Below is the organizational structure of the Group as at 30/06/2019:



All the entities listed in the above chart are 100% owned by MailUp S.p.A. In particular, during the six-month period ended 30/06/2019, Datatrics Italia S.r.l., set up by the parent company on 18/12/2018 to promote the commercial development of the Datatrics platform in Italy, began operations.

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 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, adopted by over 500 SaaS applications, from start-ups to companies with billions of dollars in sales, many of them in Silicon Valley, and in the Pro version, appreciated by over 5,000 e-mail designers, agencies & marketing teams in more than 115 countries. The business unit is investing both in incremental improvements to existing services and in the development of new services that will complement and integrate existing ones, thus increasing average revenue per customer.

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 3,100 paying customers use the services of the Spanish subsidiary that sends about 500 million e-mails per year. Including the free plans, there are more than 59,000 users.

MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International A.p.S.**, a Danish company specialising in advanced digital marketing automation services for customers in the Nordics market. As at 31/03/2019, Globase completed the transition to the new V3 platform, directly derived from MailUp, which will improve sending performance and efficiency in the delivery of messaging services. Therefore, as of 01/04/2019, Globase is no longer separately represented as a product business unit, since it only carries out a commercial branch activity for the resale of MailUp and, as of May 2019, of Datatrics. Moreover, by 2019, the Globase product portfolio will also be enriched by the services of the American business unit BEEfree.io

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 1.8 billion messages sent per year and manages the sending out of promotional and transactional messages (One-Time Password, notifications and alerts) to over 3,200 customers. It is also practically the parent company's exclusive provider of reference for the SMS delivery services provided by the MailUp and Acumbamail platforms, 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 220 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.

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 team now consists of 5 employees who have already activated almost 40 customers, including Sportit, Calcioshop, Trendevice, Desivero, DoctorShop (e-commerce of medical instruments leader in Italy), Mobzilla, WRS (leader in Italy for car/motorcycle accessories) and Arredatutto.com. The commercial activity is carried out both through cross-selling on the MailUp customer base, through the creation of a network of partners, and through direct sales.

Summary data

Main events of HY1 2019

In HY1 2019, the activities of the MailUp Group were characterized by the events indicated below:

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 the main Italian customers of MailUp.

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.

On 27/05/2019, MailUp participated in the second edition of the AIM Italia Conference which was held at Borsa Italiana. The Chief Executive Officer Nazzareno Gorni and Executive Director Micaela Cristina Capelli, head of Investor Relations, have held a series of one-to-one and one-to-many meetings with investors. The event is part of the broader program of ongoing relations with Italian and international investors, which have led the company to hold meetings in Milan, London, Lugano, Frankfurt, New York City.
During the trading session of 24/06/2019, the price of the MAIL share reached the maximum of the year and the historical high, with a closing price of Euro 3.95 per share. At this value, the company's capitalization corresponds to about Euro 59 million.

After the end of the half-year, the MAIL share exceeded the threshold of Euro 4, and recorded a new historical high, with a price per share of Euro 4.49 marked at the end of the session of 10/07/2019. At this value, the company's capitalization corresponds to more than Euro 67 million.

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	Non-Executive Director
Ignazio Castiglioni	Independent Director

Summary report

Consolidated Income Statement as at 30/06/2019

Consolidated Profit & Loss	30/06/2019	%	30/06/2018	%	Change	Ch %
SMS revenues	20,837,289	71.1%	11,951,648	66.3%	8,885,642	74.3%
E-mail revenues	6,335,383	21.6%	5,492,803	30.5%	842,579	15.3%
Predictive Marketing revenues	853,004	2.9%		0.0%	853,004	100.0%
Professional services revenues	354,462	1.2%	243,705	1.4%	110,757	45.4%
Other revenues	930,311	3.2%	346,311	1.9%	584,000	168.6%
Total revenues	**29,310,449**	**100.0%**	**18,034,467**	**100.0%**	**11,275,983**	**62.5%**
Cost of Goods Sold	20,768,146	70.9%	11,685,772	64.8%	9,082,373	77.7%
Gross profit	**8,542,304**	**29.1%**	**6,348,694**	**35.2%**	**2,193,609**	**34.6%**
Sales & Marketing costs	2,131,175	7.3%	1,358,425	7.5%	772,749	56.9%
Research & Development Opex	**813,005**	**2.8%**	**420,234**	**2.3%**	**392,771**	**93.5%**
Research & Development Capex	*(742,526)*	*(2.5%)*	*(766,124)*	*(4.2%)*	*23,598*	*(3.1%)*
Research & Development Costs	*1,555,531*	*5.3%*	*1,186,358*	*6.6%*	*369,173*	*31.1%*
General & Admin Costs	3,454,403	11.8%	2,704,756	15.0%	749,646	27.7%
Total costs	6,398,582	21.8%	4,483,415	24.9%	1,915,167	42.7%
EBITDA	**2,143,722**	**7.3%**	**1,865,279**	**10.3%**	**278,443**	**14.9%**
General Depreciation Costs	93,035	0.3%	81,321	0.5%	11,714	14.4%
R&D Amortization Costs	916,224	3.1%	776,524	4.3%	139,700	18.0%
Right of Use Amortization Costs	324,738	1.1%		0.0%	324,738	100.0%
Amortization & Depreciation	1,333,997	4.6%	857,845	4.8%	476,152	55.5%
EBIT	**809,725**	**2.8%**	**1,007,435**	**5.6%**	**(197,710)**	**(19.6%)**
Net financial income/(charges)	(23,568)	(0.1%)	11,707	0.1%	(35,276)	(301.3%)
EBT	**786,157**	**2.7%**	**1,019,142**	**5.7%**	**(232,985)**	**(22.9%)**
Current Income Taxes	360,760	1.2%	377,285	2.1%	(16,525)	(4.4%)
Deferred tax	14,475	0.0%	128,744	0.7%	(114,269)	(88.8%)
Profit (Loss) for the period	**410,922**	**1.4%**	**513,113**	**2.8%**	**(102,191)**	**(19.9%)**
Group profit (loss)	*410.922*	*1,4 %*	*479.766*	*2,7 %*	*(68.845)*	*(14,3 %)*
Minority interest profit (loss)			*33.347*	*0,2 %*	*(33.347)*	*(100,0 %)*

MAILUP GROUP

Consolidated Balance Sheet with determination of NWC as at 30/06/2019

Consolidated Balance Sheet	30/06/2019	31/12/2018	Change	Ch %
Intangible fixed assets	3,988,323	4,001,201	(12,878)	(0.3%)
Consolidation differences	16,710,687	16,710,687	0	0.0%
Tangible fixed assets	1,086,367	1,095,331	(8,964)	(0.8%)
Right of Use (IFRS 16)	2,430,756	n.a.	2,430,756	n.m.
Financial fixed assets	216,069	220,315	(4,246)	(1.9%)
Fixed assets	**24,432,202**	**22,027,534**	**2,404,668**	**10.9%**
Receivables from customers	10,515,208	8,350,869	2,164,339	25.9%
Receivables from associated companies	13,067	13,067	0	0.0%
Payables to suppliers	(10,919,872)	(8,053,296)	(2,866,576)	35.6%
Payables to associated companies	(23,500)	(23,500)	0	0.0%
Trade working capital	**(415,097)**	**287,141**	**(702,238)**	**(244.6%)**
Tax receivables and payables	1,075,554	741,699	333,855	45.0%
Accruals and deferrals	(6,934,688)	(6,635,451)	(299,237)	4.5%
Other receivables and payables	(3,977,344)	(5,099,121)	1,121,776	(22.0%)
Net working capital	**(10,251,575)**	**(10,705,732)**	**454,157**	**(4.2%)**
Provisions for risks and charges	(529,374)	(436,070)	(93,303)	21.4%
Provision for severance and pension	(1,593,701)	(1,321,224)	(272,477)	20.6%
Net invested capital	**12,057,552**	**9,564,507**	**2,493,045**	**26.1%**
Share capital	374,029	373,279	750	0.2%
Reserves	15,652,895	14,301,484	1,351,410	9.4%
Profit (Loss) for the period	410,922	1,255,267	(844,345)	(67.3%)
Net equity	**16,437,846**	**15,930,030**	**507,816**	**3.2%**
Short-term debt/(cash)	(6,512,524)	(6,238,207)	(274,318)	4.4%
AFS Financial Assets	(491,877)	(469,489)	(22,388)	4.8%
Medium/long-term debt	2,624,108	342,173	2,281,935	666.9%
Net financial position	**(4,380,293)**	**(6,365,523)**	**1,985,230**	**(31.2%)**
Total sources	**12,057,552**	**9,564,507**	**2,493,045**	**26.1%**

Consolidated Half-Year Report on Operations as at 30/06/2019

Dear Shareholders,

the half-year ended on 30/06/2019 records a positive consolidated result of Euro 410,922 after amortisation, depreciation and impairment applied for a total of Euro 1,333,997 and provisions made for current and deferred tax in the amount of Euro 375,235. The EBITDA of the Group in the HY amounted to Euro 2,143,722.
Below is the analysis of the position and the trend of operations relative to the half-year just ended of the Group.

1. Introduction

This Report on Operations is presented for the purposes of the Consolidated Half-Year Report of the MailUp Group (hereinafter MailUp Group or Group) prepared in accordance with International Accounting Standards (IAS/IFRS).
Although not having met the requirements laid down by 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 Half-Year Report 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 Euro, is presented so as to accompany the Consolidated Half-Year 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 as at 31/12/2018 is shown for comparison purposes in addition to the Consolidated Income Statement as at 30/06/2018.
The Consolidated Income Statement figures for comparison do not include the first half of 2018 of Datatrics B.V., in addition to the values of Datatrics S.r.l., which was established at the end of the year and has been actually operational as of 16/01/2019. In fact, we remind you that Datatrics B.V. was consolidated for the first time on 31/12/2018 and only at equity level, since the relative acquisition of the entire shareholding was in the final phase of 2018.
With reference to the Consolidated Half-Year Report, which strives to ensure standardized measurement criteria and has been prepared on the basis of full consolidation, please note that the consolidation scope is as shown below (as at 30/06/2019):

Company name	Registered office	Share capital as at 30/06/2019	%
MAILUP S.p.A.	Milan	Euro 374,029.15	parent company
MAILUP INC.	U.S.A.	Euro 41,183*	100%
MAILUP NORDICS A.S.	Denmark	Euro 67,001*	100%
GLOBASE INTERNATIONAL A.P.S.	Denmark	Euro 16,750*	100% controlled by MailUp Nordics
AGILE TELECOM S.P.A.	Carpi (MO)	Euro 500,000	100%
ACUMBAMAIL S.L.	Spain	Euro 4,500	100%
DATATRICS B.V.	Holland	Euro 999	100%
DATATRICS S.r.l.	Milan	Euro 10,000	100%

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

2. Economic Framework HY1 2019

In the first and second quarters of 2019, Italian GDP remained unchanged and decreased by 0.1% compared to the second quarter of 2018, with a zero change for 2019.

National final consumption showed no change, while gross fixed investments and import/export grew by 1.9%, 1% and 1.1% respectively.

The contribution of domestic demand net of inventories to GDP growth is 0.3%; the contribution of net foreign demand is zero and that of the change in inventories is -0.3%.

On the supply side of goods and services, there were negative economic trends for the added value of agriculture and industry, with decreases of 1.2% and 0.4% respectively, while the added value of services grew by 0.1%.

The macroeconomic context of 2019 is characterised by a stabilisation of growth dynamics. As far as the political framework is concerned, the results of the elections for the European Parliament have averted the risk of a significant advance by populist parties. However, the evolution of the Italian political situation represents a source of uncertainty related in particular, to the comparison with the European Union for the management of public accounts, with a potential significant increase in the volatility of the spread.

From an international point of view, in the first half of 2019, world growth estimates for 2019 were revised downwards by the OECD to 3.2% from the previous 3.9%, with a scenario of volatility influenced by commercial tensions, high political uncertainty, risks in financial markets and the possibility of a more decisive slowdown in China.

In the same period, there were also signs of a slowdown in world trade, linked, on one hand, to the impact of tariffs on Chinese imports into the United States introduced by Trump in 2018 and, on the other, to the slowdown in trade in the dominant sectors of automobiles and components (due to the introduction of the new European regulations on polluting emissions), technology (due to the cyclical phase of maturity) and oil and derivatives (due to the fall in prices), as well as the general weakening, for various reasons, of trade in the USA, China and Germany.

With regard to the USA, recent data confirms a downsizing of growth, in particular on the industrial side, both energy and non-energy, with a slowdown in consumption and job creation and a certain volatility in the real estate sector.

The Eurozone saw a slowdown in growth rates compared to the 2018 averages, with a more marked decline in the first quarter of 2019 followed by a phase of stabilisation, supported by the services sector in the face of a fall in industrial production (driven by the crisis in the German automotive sector), with substantially stable consumption and a slight fall in the unemployment rate.

Japan shows a weak economic dynamic, characterised by declining industrial production, the lowest unemployment rate in the last 25 years and a moderate growth in consumption.

With regard to emerging countries (India, Russia, Brazil), there was a general slowdown in growth against a slowdown in investment and consumption. China’s GDP is seen to be increasing in line with the last months of 2018 and then stabilising, with a potential slowdown linked to the introduction of US duties by the Trump administration.

Finally, heavy factors of uncertainty at international level are linked to the finalisation of Brexit.

The Group

MailUp Group is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant 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.
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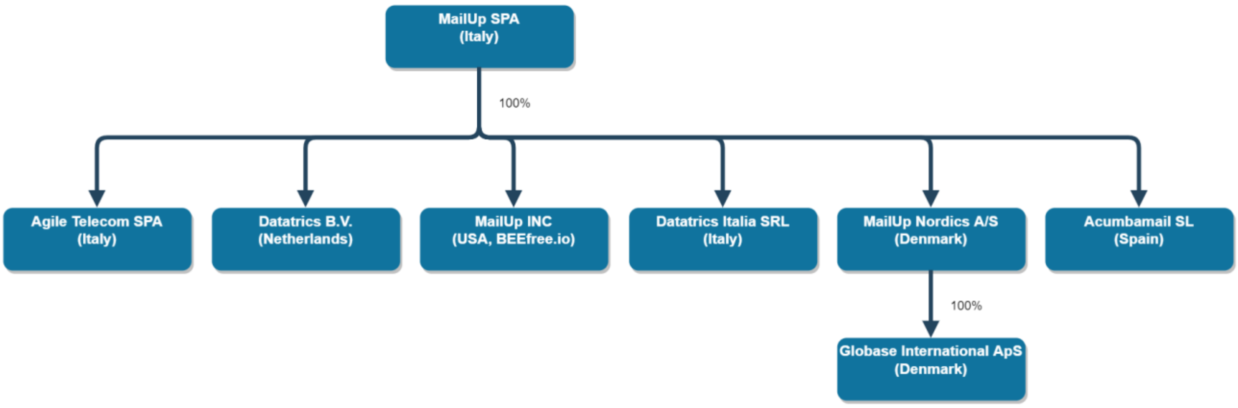
Pursuant to article 2428 Civil Code, it is noted that the activities of the parent company were carried out in the half-year ended on 30/06/2019 at the registered office in Milan, Viale Francesco Restelli 1, and at the administrative office of Cremona, via dell’Innovazione Digitale 3, at the CRIT – Centre for technological innovation.

Within the current year, it is expected that the activities of the Milan office in Viale Francesco Restelli 1 will move entirely to the new office in Milan, Via Pola 9, which is currently being completed in terms of systems, structures and set-up. The project involves the construction of about 1,150 sqm on a single floor with about 90 workstations in free assignment, and is part of a larger project called "MailUp People Strategy", which has among its objectives to introduce Smart Working as a model of distributed work and improve the quality of working life of people.

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 S.L.
- MailUp Nordics A.S.
- Globase International A.p.S.
- Agile Telecom S.p.A.
- Datatrics B.V.
- Datatrics S.r.l.

Below is the Group's participation structure updated as at 30/06/2019:



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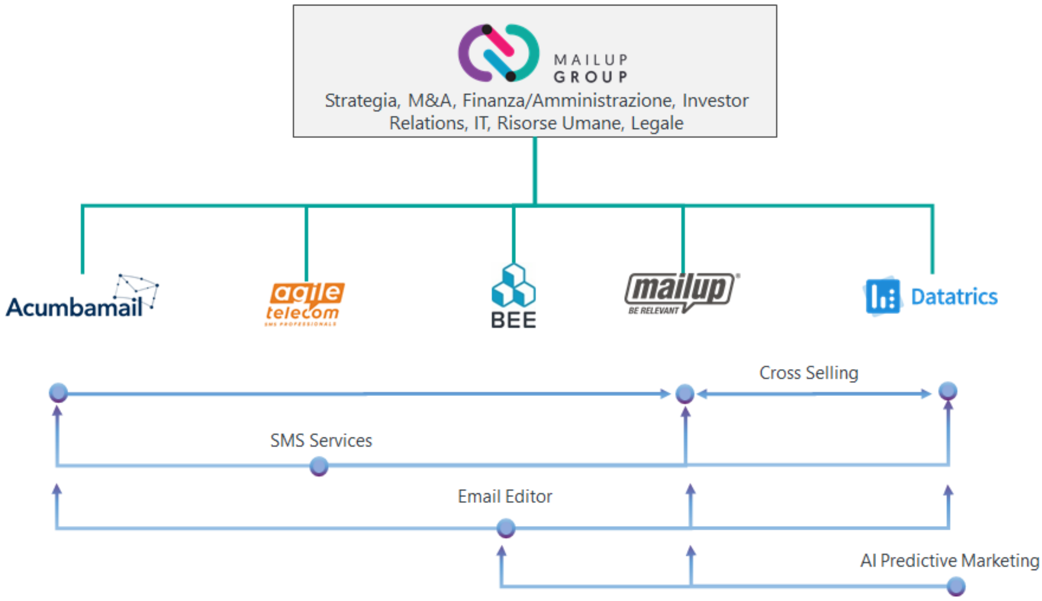

Globase is no longer separately represented as a product business unit, since it only acts as a commercial branch for the resale of the MailUp platform, of Datatrics and, by 2019, also of the services of the US business unit BEE.

Main events of HY1 2019

In HY1 2019, the activities of the MailUp Group were characterized by the events indicated below:

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 the main Italian customers of MailUp. The team now consists of 5 employees who have already activated almost 40 customers, including Sportit, Calcioshop, Trendevice, Desivero, DoctorShop (e-commerce of medical instruments leader in Italy), Mobzilla, WRS (leader in Italy for car/motorcycle accessories) and Arredatutto.com. The commercial activity is carried out both through cross-selling on the MailUp customer base, through the creation of a network of partners, and through direct sales.

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Development of the MAIL share in HY1 2019

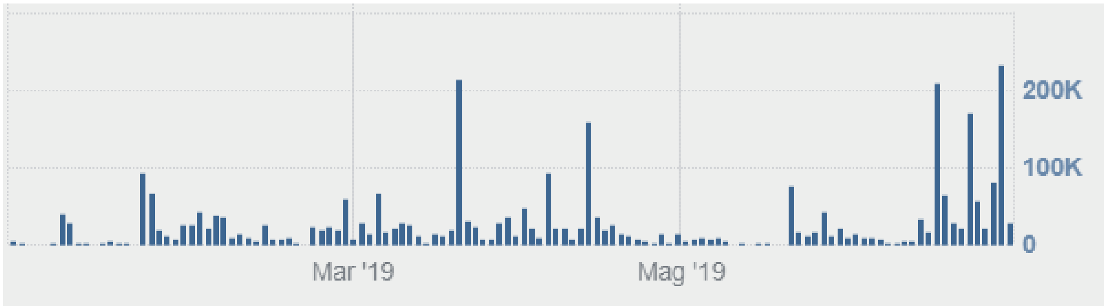
Below is some data on the prices and volumes of the MailUp share (MAIL) in HY1 2019.

Placing price	Euro 1.92*	29/07/2014
Maximum price HY1 2019	Euro 3.95	24/06/2019
Minimum price HY1 2019	Euro 2.26	02/01/2019
Price at period-end	Euro 3.74	28/06/2019

* price adjusted as a result of the free capital increase of 11/04/2016.

After a quiet start to 2019, with the minimum price for the period shown in the table in the first session of the year and the monthly average in January at Euro 2.51 per share, the MailUp share recorded a gradual but steady growth, achieving a series of new highs of the year and historical, with a positive trend that continues. The average price for the third quarter, equal to Euro 2.77 per share, is 14% higher than the same price for the second quarter of 2018, while the average price for the fourth quarter, equal to Euro 3.30 per share, is 19% higher than the same price for the previous quarter. From 15/03/2019, the stock shares above Euro 3.
The positive trend of the share continues in the first months of 2019, with a maximum price recorded on 10/07/2019 at Euro 4.49 per share, equal to the maximum for the year and the historical high, up by about 99% compared to the first listing of the year (Euro 2.26 as of 02/01/2019).

MAIL.MI - price trend January-June 2019 - Source www.borsaitaliana.it



MAILUP GROUP

MAIL.MI - trend in volumes January-June 2019 - Source www.borsaitaliana.it

During HY1 2019, volumes exceeded 160,000 units in five trading sessions, with a maximum recorded on 27/06/2019 (234,047 units). In general, daily volumes traded during the period averaged above 25 thousand units, almost double compared to the same overall figure of 13 thousand 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 about 30x.

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).

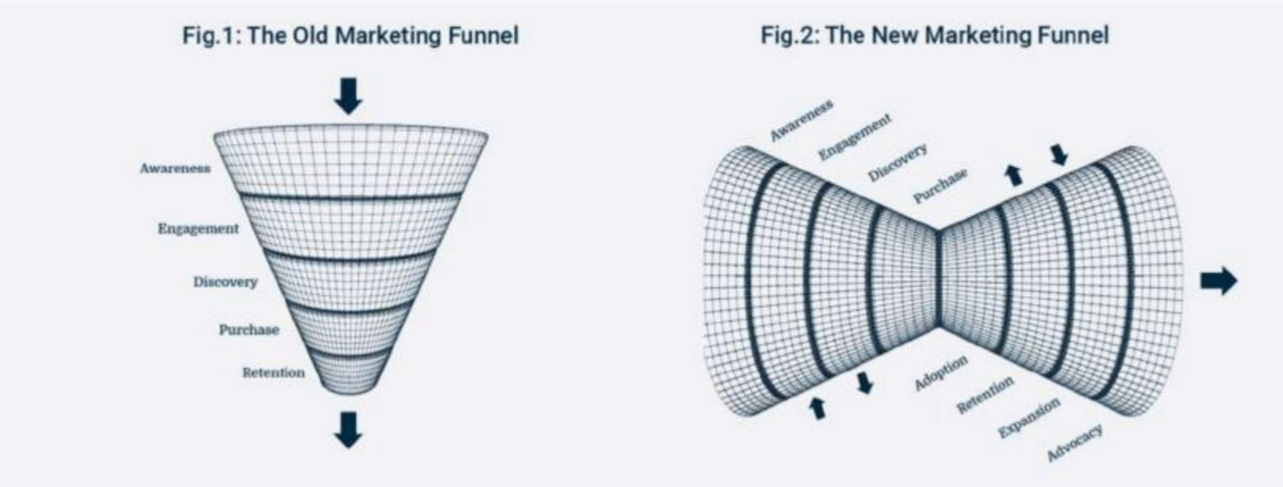
In the MarTech area, e-mails and text messages are still the most used and fastest-growing tools among the solutions available, above all for the effectiveness deriving from their combined use in marketing strategies.

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:

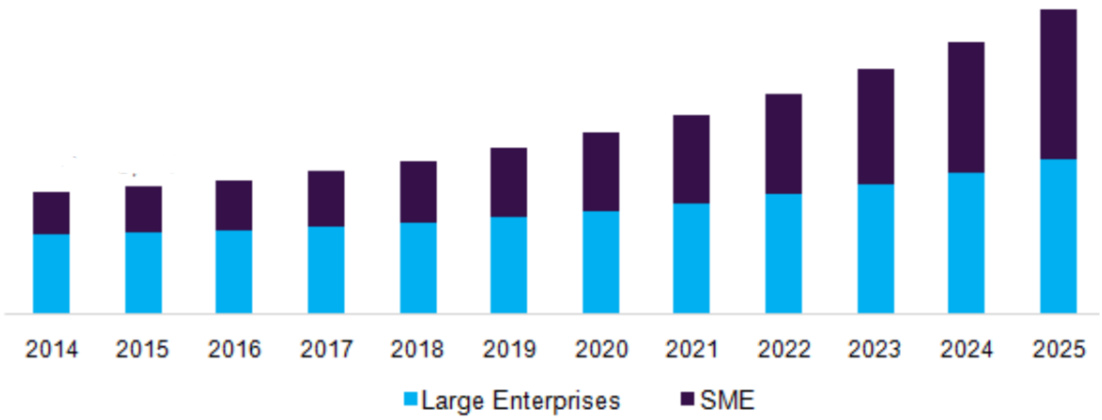
1. **E-mail Marketing Segment:** e-mails are one of the most widespread tools to channel digital marketing campaigns and to increase customer acquisition. Despite the competition from other communication tools (instant messaging platforms, chats, social networks), the growth in the use and number of 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, in addition to recording 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, as can be seen from the graph below, reaching a turnover of 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)

4. **Customer Data Platform Segment:** are platforms used to collect all available customer data – often distributed in many disconnected silos such as CRM, website, e-commerce, social media – and aggregate them into a single database, which is integrated and easily accessible from a number of other marketing systems and platforms used by the company. This data can be enriched with external data such as weather forecasts, socio-demographic data or traffic status. CDP technology is the keystone of campaign automation, being able to build workflows that take into account the real profile and status of each customer, and the understanding of the customer journey. Combined with Omni-channel marketing orchestration platforms, this data allows customising communication by choosing the most suitable content, the best medium and the best timing for each individual recipient, in sharp contrast to the massive mailings of traditional direct marketing. According to a study by the CDP Institute, the CDP industry reached USD 740 million in 2018, up more than 50% from the previous year. Companies offering CDP increased their employees by an average of 65% in 2018.

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.

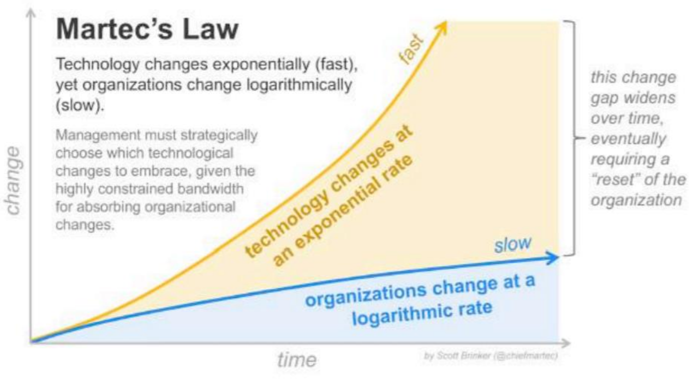
Market consolidation: the probable scenario in the immediate future

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.

Given the numerous new solutions recently launched in the field of marketing technologies, only a very small number of innovative SaaS players has 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 this trend, the number of M&A transactions that are affecting the market is growing particularly sharply. Therefore, there are strong expectations that the expansion in the number of participants will slow down, 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 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 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.

Datatrics, on the other hand, operates in the Customer Data Platform market, differentiating itself for the availability of omni-channel marketing orchestration functions and for the use of machine learning algorithms (artificial intelligence) to simplify and make more effective the marketing automation activities that traditionally required marketing managers to design ad hoc campaigns for each customer segment. In a market with very liquid borders where different solutions can be interconnected, it is difficult to identify competitors with precision, in any case traditional marketing automation sees hundreds of operators in the world, while at present, there are about 100 customer data platform systems on a global scale. Complete CDP systems of omni-channel orchestration and marketing automation based on artificial intelligence technologies see a few dozen operators in the world.

The BEE market (BEEfree.io) should be distinguished in the two products in the portfolio to date: BEEPro is intended for e-mail designers, an area where there are a few dozen alternatives available on the market, often small start-ups. BEEPlugin is the market leader, where there are only 3/4 alternatives that cannot guarantee the adoption and reliability that this type of system requires. BEEPlugin is a technology that is incorporated into third-party software applications, enriching their functionality. The issue of reliability and security of the system is therefore key, and in this BEEPlugin, unlike all competitors, can count on a number of significant references both in terms of numbers (more than 600 customers that have already incorporated the solution into their software) and in terms of quality, boasting prestigious customers and mainly located in Silicon Valley, that is in the homeland of software in the cloud.

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

MAILUP GROUP

Social, political and union climate

The internal social climate, both in Milan and in the office of Cremona, as well as at the offices of subsidiaries, is positive and focused on full collaboration.

Operating performance in Group sectors

In the first half of 2019, the MailUp Group reported positive results. Total consolidated revenues went from Euro 18 million to over Euro 29 million, an increase of over Euro 11 million, 63% in percentage terms. Moving on to the main business lines, the SMS segment, for its dynamic and volatile nature and significantly price-oriented, recorded the highest growth in absolute value with over Euro 8.9 million of higher consolidated revenues (+74%) over the same period of 2018, thanks in particular to the growth of Agile Telecom volumes. The e-mail sector, by its very nature the most stable and consolidated within the Group, recorded an increase of 15%, reaching almost Euro 6.3 million in revenues, thanks to the excellent contribution of the editor BEE, which went from Euro 426 thousand in the first half of the year to over Euro 1 million in revenues (+147%), increasing the already very brilliant growth path of 2018, confirming the growing favour among US and international marketers. In fact, it mainly refers to annual charges subject to automatic renewal save for termination, the churn rate of which is more than offset by the acquisition of new customers and up-selling to existing customers, who are extremely loyal and sensitive to quality of service. The trend in Professional Services, i.e. consulting services on platforms customisation and training provided at the request of customers, was also positive albeit with low absolute value, which recorded a percentage increase of 45%. The new business line of Predictive Marketing revenues, generated by Datatrics B.V., the Dutch subsidiary acquired at the end of 2018 and assisted by Datatrics S.r.l. at a national level, also performed very well in the first half of the year. A comparison with the first half of last year is not available for this business line as it was then outside the scope of consolidation.

Foreign revenues amounted to approximately Euro 13.38 million, an increase over the first half of 2018 both in absolute terms (+71%) and as overall incidence (46% compared to the previous 44%).

Consolidated EBITDA exceeded Euro 2.14 million, an increase of 15% compared to EBITDA of Euro 1.87 million in the first half of 2018. The net positive change of Euro 278,443 is mainly influenced by the following factors: (i) the positive impact at consolidated level of Euro 333,497 deriving from the adoption, as from 01/01/2019, of the new accounting standard IFRS 16, relating to rental, leasing and hire costs according to the modified retrospective approach without restating the comparative data of the previous period; (ii) the negative impact of Euro 670,906 of a contingent liability, i.e. a cost pertaining to 2018, relating to a supplier of Agile Telecom, which will be replaced during the second half of 2019; (iii) the negative impact of the marginality of Datatrics, still in the start-up phase.

Profit before tax was Euro 786 thousand, down by approximately Euro 230 thousand compared to the same period in 2018, with amortisation and depreciation up by more than 55% (Euro +476 thousand). In this case, the application of IFRS 16 resulted in a negative effect of higher amortisation and depreciation of Euro 324,738 and higher financial expenses of Euro 15,983. The overall consolidated economic effect of the new accounting standard amounts to Euro 7,224 of higher costs that weigh on the present half-year period.

The net profit for the six-month period ended 30/06/2019, after the estimate of current and deferred taxes for the period, amounts to Euro 411 thousand compared to Euro 513 thousand in the previous period, down by 20%.

The consolidated net financial position as at 30/06/2019 shows a negative (cash) amount of Euro 4.4 million, down compared to the (always negative) balance of Euro 6.4 million as at 31/12/2018; the change is influenced by the positive cash flow from operations, which is however more than offset by the higher indebtedness of Euro 2.4 million, resulting from the adoption, from 01/01/2019, of the new IFRS 16 accounting standard, relating to rental, leasing and hire costs, as well as payments relating to the last earn-out tranche for Agile Telecom (Euro 600 thousand paid in June 2019) and the second payment tranche of the Datatrics acquisition.

For further details on the impact of the accounting standard IFRS 16, reference should be made to the more detailed information contained in the Explanatory Notes to this Consolidated Half-Year Report.

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 or 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: given by the algebraic sum of:
- Liquid funds and equivalent
- 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 HY1 compared with the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

	30/06/2019	30/06/2018
Total revenues	29,310,449	18,034,467
EBITDA	2,143,722	1,865,279
Pre-tax result (EBT)	786,157	1,019,142

Also for this table of income results, it should be noted that in the first half of 2019, compared to the same period of 2018, consolidated EBITDA benefited, among other things, from lower costs relating to office rental, leasing and long-term car rental costs of Euro 333 thousand following the application of IFRS 16 with the modified retrospective method, therefore without recalculation of the values relating to previous periods. The impact on the consolidated EBT of the same accounting principle, again compared to the value of the previous half year, was negative for a net amount of Euro 7 thousand, due to higher amortisation and depreciation of Euro 324 thousand and higher financial expenses of Euro 16 thousand. For further information on the application of IFRS 16, please consult the previous section "Operating performance in Group sectors" and the details contained in the Explanatory Notes, which are an integral part of this file of the Consolidated Half-Year Report.

The Consolidated Reclassified Income Statement has undergone the following changes with respect to that of the previous period (amounts are stated in Euro):

Consolidated Profit & Loss	30/06/2019	%	30/06/2018	%	Change	Ch %
SMS Revenues	20,837,289	71.1%	11,951,648	66.3%	8,885,641	74.3%
Email Revenues	6,335,383	21.6%	5,492,803	30.5%	842,580	15.3%
Predictive Marketing Revenues	853,004	2.9%	n.a	n.a.	853,004	n.m.
Professional Service Revenues	354,462	1.2%	243,705	1.4%	110,757	45.4%
Other Revenues	930,311	3.2%	346,311	1.9%	584,000	168.6%
Total Revenues	**29,310,449**	**28.9%**	**18,034,466**	**33.7%**	**11,275,983**	**62.5%**
Cost of Goods Sold	20,768,146	70.9%	11,685,772	64.8%	9,082,373	77.7%
Gross Profit	**8,542,304**	**29.1%**	**6,348,694**	**35.2%**	**2,193,609**	**34.6%**
Sales & Marketing costs	2,131,175	7.3%	1,358,425	7.5%	772,749	56.9%
Research & Development Opex	**813,005**	**2.8%**	**420,234**	**2.3%**	**392,771**	**93.5%**
Research & Development Capex	*(742,526)*	*(2.5%)*	*(766,124)*	*(4.2%)*	*23,598*	*(3.1%)*
Research & Development costs	*1,555,531*	*5.3%*	*1,186,358*	*6.6%*	*369,173*	*31.1%*
General & Admin Costs	3,454,403	11.8%	2,704,756	15.0%	749,646	27.7%
Total Costs	6,398,582	21.8%	4,483,415	24.9%	1,915,167	42.7%
Ebitda	**2,143,722**	**7.3%**	**1,865,279**	**10.3%**	**278,443**	**14.9%**
General Depreciation Costs	93,035	0.3%	81,321	0.5%	11,714	14.4%
R&D Amortization Costs	916,224	3.1%	776,524	4.3%	139,700	18.0%
Right of Use Amortization Costs	324,738	1.1%		0.0%	324,738	100.0%
Amortization & Depreciation	1,333,997	4.6%	857,845	4.8%	476,152	55.5%
Ebit	**809,725**	**2.8%**	**1,007,434**	**5.6%**	**(197,709)**	**(19.6%)**
Net financial income/(charges)	(23,568)	(0.1%)	11,707	0.1%	(35,276)	(301.3%)
Ebt	**786,157**	**2.7%**	**1,019,142**	**5.7%**	**(232,985)**	**(22.9%)**
Curent Income Taxes	360,760	1.2%	377,285	2.1%	(16,525)	(4.4%)
Deferred Taxes	14,475	0.0%	128,744	0.7%	(114,269)	(88.8%)
Net Profit (Loss)	**410,922**	**1.4%**	**513,113**	**2.8%**	**(102,191)**	**(19.9%)**

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.

	30/06/2019	*30/06/2018*
Net ROE (Net result/Net capital)	0.03	0.04
Gross ROE (EBT/Net capital)	0.05	0.07
ROI (EBITDA/Invested capital)	0.04	0.05
ROS (EBITDA/Sales revenues)	0.08	0.11

The income ratios, which were slightly lower than in the previous year, were affected by the combined negative effect of (i) the adoption of the new IFRS 16 accounting standard, (ii) the contingent liability in Agile Telecom costs, and (iii) the negative contribution to the margins of Datatrics, as mentioned above. ROI is weighed down by the very significant growth of the denominator capital invested, linked to M&A investments in the second half of 2018, in particular the acquisition of Datatrics B.V., the high strategic value for the future, and also resulting from the adoption of IFRS 16 from the beginning of 2019, for which additional assets were recorded corresponding to the Right of Use (RoU) of rented offices and company cars under lease and long-term rental, calculated as the present value of the related contracts and equal to Euro 2.43 million, already net of the related half-year depreciation of Euro 325 thousand.

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 Euro):

Consolidated Balance Sheet	30/06/2019	31/12/2018	Change	Ch %
Intengible fixed assets	3,988,323	4,001,201	(12,878)	(0.3%)
Goodwill	16,710,687	16,710,687	0	0.0%
Tangible fixed assets	1,086,367	1,095,331	(8,964)	(0.8%)
Rights of Use (IFRS 16)	2,430,756	n.a.	2,430,756	n.m.
Financial fixed assets	216,069	220,315	(4,246)	(1.9%)
Fixed Assets	24,432,202	22,027,534	2,404,668	10.9%
Receivables from customers	10,515,208	8,350,869	2,164,339	25.9%
Receivables from associated companies	13,067	13,067	0	0.0%
Payables to supplier	(10,919,872)	(8,053,296)	(2,866,576)	35.6%
Payables to associated companies	(23,500)	(23,500)	0	0.0%
Trade Working Capital	(415,097)	287,141	(702,238)	(244.6%)
Tax receivables and payables	1,075,554	741,699	333,855	45.0%
Accruals and deferrals	(6,934,688)	(6,635,451)	(299,237)	4.5%
Other receivables and payables	(3,977,344)	(5,099,121)	1,121,776	(22.0%)
Net Working Capital	(10,251,575)	(10,705,732)	454,157	(4.2%)
Provisions for risks and charges	(529,374)	(436,070)	(93,303)	21.4%
Provisions for severance and pension	(1,593,701)	(1,321,224)	(272,477)	20.6%
Net Capital Invested	12,057,552	9,564,507	2,493,045	26.1%
Share capital	374,029	373,279	750	0.2%
Reserves	15,652,895	14,301,484	1,351,410	9.4%
Profit (Loss) for the period	410,922	1,255,267	(844,345)	(67.3%)
Net Equity	16,437,846	15,930,030	507,816	3.2%
Short-term debt/(cash)	(6,512,524)	(6,238,207)	(274,318)	4.4%
AFS Financial Assets	(491,877)	(469,489)	(22,388)	4.8%
Medium/long-term debt	2,624,108	342,173	2,281,935	666.9%
Net Financial Position	(4,380,293)	(6,365,523)	1,985,230	(31.2%)
Total sources	12,057,552	9,564,507	2,493,045	26.1%

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.

	30/06/2019	*31/12/2018*
Primary structure margin (Own funds – Fixed assets)	(9,348,455)	(7,422,446)
Primary structure ratio (Own funds/Fixed assets)	0.64	0.68
Secondary structure margin ((Own funds + Consolidated liabilities) – Fixed assets)	(1,227,124)	(1,573,624)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.95	0.93

The balance sheet ratios are also affected by the effects of IFRS 16, as mentioned above. Fixed assets for the half-year include the Right of Use value of rented offices and company cars leased and long-term lease for Euro 2.4 million. This effect is partially offset in the secondary structural indices by the recording of medium and long-term financial liabilities on the aforementioned RoU for Euro 2.1 million calculated, again in accordance with IFRS 16, as the present value of future instalments of rents, leases and hires on company assets. The delta of the primary structural indices, net of the above changes, confirms the results of the previous year's Financial Statements, with a clear impact of the extraordinary acquisitions to increase fixed assets, as well as investments in research and development projects relating to the services provided by the Group. The situation including consolidated liabilities shows a substantial balance in the time balance between investments and sources of financing with a similar time horizon.

Main financial figures of the MailUp Group

The consolidated net financial position as at 30/06/2019 was as follows (in Euro):

Consolidated Net Fiancial Position	30/06/2019	31/12/2018	change	ch %
A. Cash	7,974,254	7,711,606	262,648	**3.4%**
B. Cash equivalents	-	-	-	
C. Assets held for sale	491,877	469,489	22,388	
D. Cash and cash equivalents (A) + (B) + (C)	**8,466,131**	**8,181,095**	**285,036**	**3.5%**
E. Current financial assets	-	-	-	
F. Due to banks short term	73,110	45,222	27,888	**61.7%**
G. Current financial debt	1,057,843	1,428,178	(370,335)	**25.9%**
H. Other financial liabilities short term	330,777	-	330,777	
I. Current financial position (F) + (G) + (H)	**1,461,730**	**1,473,400**	**(11,670)**	**(0.8%)**
J. Net short term financial position (I) - (E) - (D)	**(7,004,401)**	**(6,707,695)**	**(296,706)**	**(4.4%)**
K. Due to banks medium/long term	516,907	342,173	174,734	**51.1%**
L. Bonds issued	-	-	-	
M. Other financial liabilities medium/long term	2,107,201	-	2,107,201	n.m.
N. Non current financial position (K) + (L) + (M)	**2,624,108**	**342,173**	**2,281,935**	**666.9%**
O. Net financial position (J) + (N)	**(4,380,293)**	**(6,365,522)**	**1,985,229**	**(31.2%)**
o/w H. Current financial liabilities Rights of Use IFRS 16	330,777		330,777	n.m.
o/w M. Non current financial liabilities Rights of Use IFRS 16	2,107,201		2,107,201	n.m.
O. Net financial position without IFRS 16 effect	**(6,818,271)**	**(6,365,522)**	**(452,749)**	**7.1%**

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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.

	30/06/2019	*31/12/2018*
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.89	0.87
Secondary liquidity (Current assets/Current liabilities)	0.95	0.93
Debt (Net debt/Shareholders' equity)	(0.27)	(0.40)
Fixed asset hedging rate (Own capital + Consolidated liabilities)/Fixed assets	0.94	0.88

The NFP remained abundantly positive also in HY1 2019, as shown in the table above and by the negative sign of the indebtedness index that shows the prevalence of available liquidity with respect to financial indebtedness. Available liquidity increased by Euro 262 thousand in the period under review, despite the net reduction in financial indebtedness of Euro 167 thousand, with loan repayments prevailing over the opening of new credit lines. We have already discussed the accounting of the financial liabilities on the RoU, short and medium/long-term, for a total of Euro 2.44 million, calculated as the present value of the future instalments of the rental, leasing and hire contracts on company assets as prescribed by the accounting standard IFRS 16 operating from 01/01/2019. Without this change, exclusively related to the adoption of the new accounting standard, the consolidated NFP would have shown a positive delta of Euro 453 thousand, compared to the decrease of Euro 1.985 million in the specific table. The delta of the debt ratio is also attributable to this effect. The specific indices relating to liquidity 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, especially in R&D projects. 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 Half-Year Financial Statements.

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 HY1 2019, there were no injuries at work and no charges were recorded with regards to occupational diseases on employees or former employees and mobbing cases.
As at 30/06/2019, the Group's workforce numbers 218 employees, of whom 4 managers, 13 middle managers, 200 white-collar workers and 1 part-time labourer. As at 31/12/2018, the Group's workforce numbered 202 employees, of whom 4 managers, 9 middle managers, 188 white-collar workers and 1 part-time labourer, including 18 employees of the Dutch subsidiary Datatrics B.V.
As at 30/06/2019, the parent company workforce totalled 154 employees, of whom 2 managers, 8 middle managers and 144 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

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

Fixed Assets	Period Acquisition
Platform development costs	740,336
Third-party software and trademarks	89,877
IT infrastructure, electronic office machines and systems	130,716
Furniture, office furnishings and leasehold improvements	22,031
Right of use Offices IFRS 16	1,990,337
Right of use cars IFRS 16	440,419

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

Fixed Assets	Period Acquisition
Platform development costs	440,417
Third-party software and trademarks	74,214
IT infrastructure, electronic office machines and systems	101,613
Furniture, office furnishings and leasehold improvements	22,031
Right of use Offices IFRS 16	1,538,877
Right of use cars IFRS 16	186,908

As previously mentioned several times and evident in the two tables relating to investments, the adoption from January 2019 of the accounting standard IFRS 16 brought about a significant discontinuity with respect to the previous period. The modified retrospective approach applied does not provide for a recalculation of the comparative amounts of the previous period. The main office rental, leasing and long-term rental contracts for company cars are in fact recorded as an asset as a Right of Use (RoU) and as a financial debt divided into the short and medium/long-term component.
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 research and 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 the core business, as well as furniture and furnishings related to the leased operational offices.

Research and development

In accordance with Civil Code article 2428, paragraph 2, number 1, it is specified that in HY1 2019, the Group capitalised investments related to the software development of technological platforms, internal and external, for Euro 740,336, of which Euro 440,417 for the parent company alone. As at 30/06/2019, net of the related accumulated amortisation/depreciation, these totalled Euro 3,755,581. Additional costs related to research and development departments were incurred for Euro 813,005 at consolidated level, of which Euro 686,713 specific to the parent company. Other technical departments also carry out support activities related to research and development. 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. There were also investments related to the development of the BEE software: in addition to the amount of Euro 315,583 for the first half of 2019, additional research and development costs were incurred for Euro 19,099. 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 US 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 summarise the main additions and improvements made to our services in the first half of 2019 as a result of research and development.

MailUp platform:

- At the beginning of February, version 9.2 of the MailUp platform was released. Among the main features, it includes two innovative tools for data presentation: statistics for engagement and the new multi-list dashboard. The first relates to the presentation of statistical data in order to help users improve the effectiveness of their campaigns via e-mail and then to take any corrective action to improve the performance of future campaigns. The second feature is instead a summary tool to have an immediate overview of the progress of the campaigns;

- Also in release 9.2, important optimisations were introduced on the import of contacts, with the extension to all customers of the new import engine developed in 2018, and on the extraction of statistical data, by optimising the performance of the summary report and the report of the openings;

- In March 2019, with version 9.2.1, some optimisations were introduced, such as making the queuing process that precedes each SMS sending asynchronous, and some useful options were added to the advanced customisation feature, which can now be set by list, and workflows related to activities on a specific link;

- In parallel to the activities described above, in 2019, important R&D activities on the statistical module continued, aimed at gradually replacing the 2018 version with a more advanced one, to ensure better performance and scalability. For this reason, it was chosen to develop the Amazon AWS cloud solution and to gradually proceed to the divestment of the previous solution following this path:
  a. build a new infrastructure on Amazon AWS;
  b. copy existing statistical data to the new infrastructure (e.g. information on openings and clicking on e-mails already stored for each customer);
  c. ensure that new statistical data also reaches the new infrastructure (duplication of flows);
  d. ensure that MailUp modules start using the new infrastructure. This step is gradual, starting with the filters and ending with the statistics pages. This migration path is expected to have a significant benefit in terms of performance and overall robustness;
  e. once all the modules of the platform use the new infrastructure, it will be possible to dismantle the previous one, also allowing a containment of the costs of hardware and software licenses;

- In June 2019, release 9.3 completed the above steps from “a” to the first part of “d” for the filter part only. The migration of the filter functionality was not just simple data migration, it was also an opportunity to improve and/or optimise the functionality itself. In the process of migration of flows, the component of R&D and therefore innovation has been very relevant in terms of hours worked, amounting to over 75% of the total hours worked for software programmers and architects.

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 free tool available online (BEE Free) and as a component to be integrated into other software applications (BEE Plugin), and finally, as a complete suite for e-mail creation for freelance designers, digital agencies, and marketing teams of companies (BEE Pro). During the first half of 2019, the Group continued to invest in the development and distribution of the product. More specifically:

- BEE Pro: many improvements have been introduced in terms of both product and customer management. The growth strategy is based on the product-led approach, where the product is at the centre of all phases of customer acquisition, conversion and maintenance. In the acquisition phase, many e-mail templates have been added to the catalogue on the site beefree.io, and the structure of the catalogue itself has been optimised with a view to better positioning on search engines. As a result, the site registered significant growth in visits, more than 52% higher than in the first six months of 2018. From the point of view of the product, many new features have been developed and released. Below is a partial list: the possibility of using custom icons to block social media content, one of the most widely used in the creation of e-mails and pages, has been introduced; the detail page of the message has been improved with new features that allow sharing more easily the message itself and see it instantly on your mobile phone by reading a QR code; introduced – with great appreciation from customers – was a feature in which customers had shown great interest and which consists of the ability to save portions of an e-mail and then reuse them rapidly and quickly when creating or editing other messages. 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), which recorded an average of 52 in the first six months of 2019, a very high figure, and a very positive benchmark in measuring customer satisfaction for SaaS applications in the business-to-business sector;

- BEE Plugin: thanks to the valuable feedback collected from over 500 customers of the embeddable version of the BEE editor, investments continued in the development of key functions for the editor itself, together with a partial update of the technology used to make the product even more performing (e.g. initial loading time), configurable and flexible. 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 introduction of new structures (rows) selectable by the user in the design phase of e-mails or pages; the addition of a system to manage custom icons for the block of content that allows creating links to social networks; the introduction of the hide on desktop function, much requested by customers and that – combined with the hide on mobile function – allows creating different contents for the display of the same message or page depending on the size of the screen; a new API has been introduced that allows more sophisticated users to perform a series of operations automatically, without requiring user intervention, such as updating the HTML of an e-mail (e.g. to make it compatible with new versions of Outlook, Gmail, etc.), creating PDF versions of the message, and more. In addition, the adoption of the editor by large companies with special security needs has led to the further development of the on-premise version of BEE Plugin, which can be installed in a cloud environment completely isolated from the outside;

- Synergistic relationship between the two versions and the other platforms of the Group: it is recalled that, from a technical point of view, both BEE Free and BEE Pro are customers of BEE Plugin. In fact, they are both software applications that incorporate the BEE editor, integrating it through the BEE Plugin service. Acumbamail, Datatrics and MailUp, three 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.

In 2018, the preliminary investigation procedure at the Ministry of Economic Development for the allocation of a loan of Euro 5.1 million, including a non-repayable grant of Euro 1.3 million, was successfully completed. 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 users. The ultimate goal is to create a lasting relationship with the target group, a relationship of trust and a unique and positive customer experience.

During 2018 and in the first half of 2019, the NIMP project foresaw the completion, actually achieved, of the Realisation Objective 1 (OR1), falling within the industrial research phase, called "Study of the infrastructure and architecture on containers", the development of a large part of the OR2 "Development of the new delivery software architecture", currently still in progress, relating to the experimental development phase, such as the two following ones, and the approach to the OR3 and OR4, respectively "Automatic functional tests and revision" and "Realisation of the multi-channel functionalities of the platform".

In particular, during the period covered by this Report, the research and development activities relating to the project focused on innovative aspects and the introduction of some technological solutions specified below:

- Nutanix, hyperconvergence solution: integrates hardware, software, storage, deduplication, compression into a single system;
- Cisco Systems, next generation router: the hardware and software suites, simple and flexible, allow obtaining the latest WAN innovations and ensure centralised management under maximum security;
- Microservices & Containers: extremely flexible architectures (scalability, resource sizing, language independence and OS);

- Amazon Web Services, cloud computing: reduces data centre management and maintenance costs and allows releasing applications in multi-region mode;
- Development methodologies Agile, Devops or XP: proposes 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;
- Automation and big data for the development of data models: the foundations are laid for marketing automation functions, i.e. the automated and integrated management of a wide range of marketing processes, such as e-mail marketing campaigns, lead generation activities and web analytics, which are fundamental for tracking visitors and recorded online conversations, with the aim of identifying each individual user and treating them as such and not as an individual within a few large clusters.

Below is a brief description of the activities carried out as part of the NIMP project during the first half of 2019:

- Requirements analysis: preliminary phase to the software development of the NIMP project, the purpose of which was to define the functionalities that the new product will have to offer, i.e. the requirements that must be met by the new platform;
- Definition of the hardware components for the realisation of the infrastructure: identification of the hardware components, software and Cloud providers that lay the foundations for the new architecture of the platform. Nutanix and Cisco, respectively leaders in the field of hyperconvergence and networking, were chosen;
- Identification of architectural aspects on container technology: the approach to Microservices & Containers has been defined, which requires not to have a common code base for all developers, but to create numerous smaller code bases managed by teams that implement an agile development and release logic;
- Description of domains (fields of application, areas of responsibility, ...), players (which entities are involved in the processes), roles (who does what, when), types and flows of information: development of the software division into subsystems, with a detail of how these parts interact and the interfaces of the various parts. This study makes it possible to determine the overall efficiency, reusability, and maintainability of the system;
- Definition of relations between service and event (scalability): the ability of the architecture to increase or decrease in scale according to the needs and availability required is being defined, eliminating bottlenecks that could make the increase in the overall computing power or throughput irrelevant;
- Definition of security and compliance specifications: evaluation and definition of the platform's security by identifying the threats, vulnerabilities and associated risks, with the aim of protecting them from possible attacks (internal or external) that could cause direct or indirect damage to the organisation. During this phase, regulatory/legal analyses were also carried out for the management of problems related to the processing of personal data and the management of periodic obligations regarding information security and the right to new technologies;
- Creation of a hybrid infrastructure based on containers: close to completion is the realisation of the infrastructure through the installation and configuration of new hardware components and the purchase of AWS instances to create the processing environment that combines the public cloud and a private cloud allowing the sharing of data and applications between them;
- Testing of the architecture to verify its reliability, security and resilience: we are proceeding with the test plan and testing of the architecture, in accordance with the performance requirements required, describing the approach taken, cases of functional tests performed and the set-up of the initial conditions.

With regard to the above activities, in the first half of 2019, MailUp submitted a first report on the investments and costs incurred in relation to the NIMP project until 31/12/2018 and is awaiting the corresponding disbursement, both as a non-repayable grant and as a subsidised loan, while a second report on the progress of the project at mid-term, i.e. until 31/08/2019, will be submitted by 31/10/2019 and is currently being prepared.

Transactions with subsidiaries, associates, parents and other related companies

In HY1 2019, the MailUp Group implemented transactions between its parent company, subsidiaries and affiliates 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. Transactions essentially concern the provision of services that are part of the Group's core business, the holding activities provided by the parent company, such as accounting, legal, human resource management and administrative services in general, the provision and use of financial resources, as well as the provision of technological services relating to the development of the Group's proprietary platforms and the management of its IT infrastructure. Said relations come under the scope of ordinary business management and are stipulated at arm's length, or at the conditions that would have been established between independent parties.

Company	Fixed Receivables	Trade Receivables	Trade Payables	Other receivables	Dividends	Revenues	Purchases
Agile Telecom		488,887	2,593,522	1,731,922	1,731,922	360,554	1,397,853
Globase International		293,453	349			74,635	349
MailUp Nordics	417,020					6,062	
MailUp Inc	184,534	505,276	19,512			558,049	13,486
Acumbamail		47,733			150,000	46,168	
Datatrics BV	605,447	125,246				124,925	
Datatrics srl	70,000						
Subsidiaries	**1,277,002**	**1,460,595**	**2,613,383**	**1,731,922**	**1,881,922**	**1,170,392**	**1,411,689**
Consorzio CRIT Scarl	64,641	13,067	23,500				
Associated	**64,641**	**13,067**	**23,500**	**-**	**-**	**-**	**-**
Zoidberg Srl			13,318				26,466
Floor Srl							75,506
Other related companies	**-**	**-**	**13,318**	**-**	**-**	**-**	**101,972**

The column Fixed receivables includes interest-bearing loans granted by the parent company to the sub-holding company MailUp Nordics, which transferred the funds to the operating subsidiary Globase, and to the subsidiary MailUp Inc. Following the acquisition of Datatrics in October 2018, as part of the contractual agreements signed between the parties, MailUp also provided an interest-bearing loan in its favour for Euro 255,769, followed in the first half of 2019 by two tranches of financing for a total of Euro 350 thousand and a further amount of Euro 200 thousand in July 2019. As part of the same agreements, in March 2019, Datatrics S.r.l. also received an interest-bearing loan of Euro 70 thousand from the parent company.

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. Zoidberg S.r.l., the sole shareholder of Agile Telecom prior to the acquisition by MailUp, owns the property in which the company has its headquarters and the relative relations with the Group refer to the rent and associated utilities.

Treasury shares and shares/holdings in parent companies

As at 30/06/2019, MailUp held 31,181 treasury shares for a value of Euro 85,484. During the first half of 2019, a total of 47,700 shares were purchased for Euro 141,616 at an average price of Euro 2.95 per share. By virtue of the Board of Directors' resolution of 06/05/2019, 89,939 treasury shares, present at that date in the stock held by MailUp, were assigned to the recipients of the short-term incentive plan for top management, upon their express request and upon positive verification of the results actually achieved. The value of the shares assigned was Euro 284,811 at a unit price of Euro 3.17, compared with an average purchase price of Euro 2.4445, resulting in a positive delta of Euro 65,178. The purchases of the first half of 2019 were made as part of the programs approved by the Shareholders' meeting on 26/04/2018 and 18/04/2019 respectively. In particular, the most recent Shareholders' meeting resolved the authorisation to purchase and sell treasury shares and in particular the following:

- to revoke the previous resolution authorizing the purchase and disposal of treasury shares of 26/08/2018 with effect from the date of the meeting;
- to authorize the Administrative Body, and for it the Chair pro tempore, with ample faculty of sub-delegation, to carry out operations involving the purchase and disposal of treasury shares to:

(i) be able to use its treasury shares as investment for efficient use of liquidity generated by the core business;
(ii) purchase treasury shares from the beneficiaries of any stock option plans approved by the competent corporate bodies or however implement new plans structured in any form or proceed with free assignments to Shareholders or fulfil obligations deriving from warrants, convertible financial instruments, with mandatory 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) take action (where possible and provided for by the applicable legal and regulatory provisions), in compliance with current provisions, including through intermediaries, to limit anomalous price movements and to regularise trading and price trends, in the face of temporary distorting phenomena linked to excessive volatility or poor trading liquidity;

- 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 parent company and its subsidiaries in the portfolio from time to time, does not exceed the 10% limit of the share capital.

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 Italian and international policy, the effects of which are unpredictable and cannot be easily measured. In Italy, like in other EU countries, the widespread climate of political instability could negatively influence consumer trust, their buying power and spending capacity. The MailUp Group has been able to grow and achieve important objectives. However, the possible permanence of national and international conditions of uncertainty and the unpredictable effects of the same, could still have negative impact on the Group's business. For a more detailed analysis, see the notes on the macroeconomic situation at the beginning of this Report.

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 channel or the sending of e-mails could be replaced by other technologies, with the consequence that the Group may not be able to successfully and/or quickly manage any transition to the use of these innovations, although R&D activities are already underway that have already allowed and will allow the integration of platforms with other external systems and of other technological platforms 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, Sepa Direct Debit) 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 2019, 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 therefore considered that the liquidity risk is not significant.

Interest rate risk

The parent company has moderately resorted, from the end of 2015, to the financial leverage through the medium and long-term banking channel, benefiting from the favourable trend of debt costs, to support extraordinary growth operations by external lines and investments related to software development activities. As at 30/06/2019, consolidated bank debt is Euro 1,574,750, of which Euro 1,057,843 in the short-term, as compared with liquid funds of Euro 7,974,524. 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 and receivables 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 10/07/2019, the MAIL share recorded a new historical high, with a price per share of Euro 4.49. At this value, the company's capitalization corresponds to more than Euro 67 million.

On 30 July 2019, the Board of Directors of MailUp acknowledged that the wholly-owned subsidiary MailUp Inc., also with a view to synergy with the other platforms of the MailUp Group, and also in light of the objectives set out in the business plan at consolidated level, decided to initiate a process of internalisation of development and business development, through the inclusion – in its corporate organisational chart – of a professional figure responsible for this as Chief Growth Officer, who will be responsible for the strategy and commercial development of the five Business Units of the MailUp Group. In particular, the figure will be responsible for the Group's corporate development, and will be responsible for improving the synergy between the MailUp Group's platforms, identifying opportunities for development and mutual growth. Following a search process, this figure was identified in Armando Biondi, former Independent Director of the Company, who agreed to take on the role of Chief Growth Officer as described above. Mr. Biondi, former co-founder of AdEspresso and Global Head of Growth Operations at Hootsuite, has nearly twenty years of experience in the new technology sectors, first as an entrepreneur and then as a business angel and guest contributor to leading IT companies.
As a result of the foregoing, Mr. Biondi signed a special agreement with the American subsidiary, expiring on 30/04/2020, and is qualified as Non-Executive Director of the Company, no longer endowed with the independence requirements pursuant to article 148, paragraph 3, of the Consolidated Finance Act (TUF). The signing of the employment contract is of lesser importance, although not insignificant pursuant to the "Procedure for Transactions with Related Parties" approved by MailUp on 18/07/2014, as well as further legislation, including sector-specific regulations, due to the organic relationship that binds Mr. Biondi with the Company, as a Director, and the circumstance according to which the RPT Procedure is also applicable to transactions carried out by Italian or foreign subsidiaries of the MailUp Group.
In accordance with the provisions of the above Procedure, the transaction was therefore submitted for prior examination to the Committee for Transactions with Related Parties, which met in the form of "equivalent monitoring", in the person of the Independent Director, Ignazio Castiglioni, who examined the Company's interest in the signing and execution by MailUp Inc. of the Employment Contract, as well as the convenience and substantial correctness of the related conditions, expressing a reasoned opinion in favour of the corporate interest, the economic convenience and the substantial correctness of said transaction.

As already mentioned in the initial part of this Report, the MailUp registered and operational office in Milan will be transferred to the new offices in Via Pola 9, also in Milan, by the end of this year. The project involves the construction of about 1,150 sqm on a single floor with about 90 workstations in free assignment, and is part of a larger project called "MailUp People Strategy" which has among its objectives to introduce Smart Working as a model of distributed work and improve the quality of working life of people.

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;
  - customisation;
  - professional services specialised 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;

    investment in improving the UX (user experience) of the Group's solutions, not only in terms of improving the relationship with the customer (customer care, customer success and technical support) but also in terms of the application interfaces in order to simplify the use of the software.

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.
As part of the annual verification plan drawn up at the instigation of the Supervisory Body, on 10/07/2019 the company Operari S.r.l. conducted an audit aimed at verifying the compliance of the company's operations with the Special Parts of the Organisation and Management Model adopted by it and aimed at preventing the following families of offences:

Family of offence	Significant offence risks for the Company
SPECIAL PART "A"	Offences against the public administration (Articles 24-25 of Legislative Decree no. 231/01)
SPECIAL PART "INSTRUMENTAL ACTIVITIES"	Activities instrumental to the commission of offences (Article 6, paragraph 2, letter c) 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 annual report as at 31 December 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 its 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 extended to non-European organizations, have however pushed MailUp to start the activities necessary to make its infrastructure fully compliant with the new regulations.
The analysis, as emerges from the report of the DPO approved by the Board of Directors on 06/05/2019, has shown substantial compliance of business processes, policies and procedures adopted for data management and security. However, by the end of 2019, the opportunity emerged to identify an organisational solution that would allow the assignment of the role of DPO to an external figure that can ensure specific legal and IT skills and that can also perform this role in a broader view regarding connections with other Group companies, both Italian and foreign, that process data in a significant way and often in relation with the Company. To this end, a series of meetings was initiated to select the most appropriate consultant who is expected to take on the role of Group DPO from January 2020.

Thank you for the trust placed in us.

Milan, 17 September 2019

The Chairman of the Board of Directors

Matteo Monfredini

MailUp S.p.A. Consolidated Balance Sheet as at 30/06/2019

Consolidated Balance Sheet	Notes	30/06/2019	31/12/2018	Change	Ch %
Tangible fixed assets	1	1,086,367	1,095,331	(8,964)	(0.8 %)
Rights of Use (IFRS 16)	2	2,430,756	0	2,430,756	100.0 %
Intangible fixed assets	3	3,988,323	4,001,201	(12,878)	(0.3 %)
Goodwill	4	16,710,687	16,710,687	0	0.0 %
Equity investments in associates and joint ventures	5	116,767	116,767	0	0.0 %
Other non-current assets	6	225,199	229,446	(4,246)	(1.9 %)
Deferred tax assets	7	1,228,200	1,199,044	29,156	2.4 %
Total non-current assets		**25,786,301**	**23,352,476**	**2,433,825**	**10.4 %**
Receivables from customers	8	10,515,208	8,350,869	2,164,339	25.9 %
Receivables from associated companies	8	13,067	13,067	0	0.0 %
Other current assets	9	3,938,963	3,101,518	837,445	27.0 %
Financial assets AFS	10	491,877	469,489	22,388	4.8 %
Cash and cash equivalents	11	7,974,254	7,711,606	262,648	3.4 %
Total current assets		**22,933,369**	**19,646,549**	**3,286,820**	**16.7 %**
Total assets		**48,719,669**	**42,999,025**	**5,720,644**	**13.3 %**
Share capital	12	374,029	373,279	750	0.2 %
Reserves	13	15,652,895	14,301,484	1,351,410	9.4 %
Profit (Loss) for the period	14	410,922	1,255,267	(844,345)	(67.3 %)
Total equity		**16,437,846**	**15,930,030**	**507,816**	**3.2 %**
Due to banks and other lenders medium/long term	15	2,624,108	342,173	2,281,935	666.9 %
Other non-current liabilities	16	3,374,148	3,748,296	(374,148)	(10.0 %)
Provisions for risks and charges	17	257,739	177,739	80,000	45.0 %
Provisions for severance and pension	18	1,593,701	1,321,224	272,477	20.6 %
Deferred tax liabilities	19	271,635	258,332	13,303	5.1 %
Total non-current liabilities		**8,121,331**	**5,847,764**	**2,273,567**	**38.9 %**
Trade and other payables	20	10,919,872	8,053,296	2,866,576	35.6 %
Payables due to associated company	20	23,500	23,500	0	0.0 %
Due to banks and other lenders short term	21	1,461,730	1,473,399	(11,669)	(0.8 %)
Other current liabilities	22	11,755,391	11,671,036	84,354	0.7 %
Total current liabilities		**24,160,493**	**21,221,231**	**2,939,261**	**13.9 %**
Total Liabilities		**48,719,669**	**42,999,025**	**5,720,644**	**13.3 %**

MailUp S.p.A. Consolidated Income Statement as at 30/06/2019

Consolidated Profit & Loss	Notes	30/06/2019	%	30/06/2018	%	Change	Ch %
SMS Revenues	23	20,837,289	71.1%	11,951,648	66.3%	8,885,641	74.3%
Email Revenues	23	6,335,383	21.6%	5,492,803	30.5%	842,580	15.3%
Predictive Marketing Revenues	23	853,004	2.9%	n.a	n.a.	853,004	n.m.
Professional Service Revenues	23	354,462	1.2%	243,705	1.4%	110,757	45.4%
Other Revenues	23	930,311	3.2%	346,311	1.9%	584,000	168.6%
Total Revenues		**29,310,449**	**28.9%**	**18,034,466**	**33.7%**	**11,275,983**	**62.5%**
Cost of Goods Sold	24	20,768,146	70.9%	11,685,772	64.8%	9,082,373	77.7%
Gross Profit		**8,542,304**	**29.1%**	**6,348,694**	**35.2%**	**2,193,609**	**34.6%**
Sales & Marketing costs	25	2,131,175	7.3%	1,358,425	7.5%	772,749	56.9%
Research & Development Opex	**26**	**813,005**	**2.8%**	**420,234**	**2.3%**	**392,771**	**93.5%**
Research & Development Capex		*(742,526)*	*(2.5%)*	*(766,124)*	*(4.2%)*	*23,598*	*(3.1%)*
Research & Development costs		*1,555,531*	*5.3%*	*1,186,358*	*6.6%*	*369,173*	*31.1%*
General & Admin Costs	27	3,454,403	11.8%	2,704,756	15.0%	749,646	27.7%
Total Costs		6,398,582	21.8%	4,483,415	24.9%	1,915,167	42.7%
Ebitda		**2,143,722**	**7.3%**	**1,865,279**	**10.3%**	**278,443**	**14.9%**
General Depreciation Costs	28	93,035	0.3%	81,321	0.5%	11,714	14.4%
R&D Amortization Costs	28	916,224	3.1%	776,524	4.3%	139,700	18.0%
Right of Use Amortization Costs	28	324,738	1.1%		0.0%	324,738	100.0%
Amortization & Depreciation		1,333,997	4.6%	857,845	4.8%	476,152	55.5%
Ebit		**809,725**	**2.8%**	**1,007,434**	**5.6%**	**(197,709)**	**(19.6%)**
Net financial income/(charges)	29	(23,568)	(0.1%)	11,707	0.1%	(35,276)	(301.3%)
Ebt		**786,157**	**2.7%**	**1,019,142**	**5.7%**	**(232,985)**	**(22.9%)**
Curent Income Taxes	30	360,760	1.2%	377,285	2.1%	(16,525)	(4.4%)
Deferred Taxes	30	14,475	0.0%	128,744	0.7%	(114,269)	(88.8%)
Net Profit (Loss)		**410,922**	**1.4%**	**513,113**	**2.8%**	**(102,191)**	**(19.9%)**
Group profit (loss)		*410,922*	*1.4 %*	*479,766*	*2.7 %*	*(68,845)*	*(14.3 %)*
Minority interest profit (loss)				*33,347*	*0.2 %*	*(33,347)*	*(100.0 %)*
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		(97,937)	(0.3 %)	4,644	0.0 %	(102,581)	(2,208.8 %)
Profit/(loss) that will be subsequently reclassified to the year result							
Profit/(loss) from the conversion of consolidated companies statements in currencies other than euro		(5,242)	0.0 %	(8,455)	0.0 %	3,213	(38.0 %)
Comprehensive year profi/(loss)		**307,744**	**1.0 %**	**509,302**	**2.8 %**	***(201,559)***	***(39.6 %)***

Earnings:

per share	31	0.0276	0.0340
per share (diluted)	31	0.0275	0.0336

Consolidated Statement of Changes in Equity

Figures in euros	31/12/2018	Allocation of MailUp results	Share capital increase	Change to share premium reserve	Purchase of own shares	Use of Own Share for MBO	Compre hensive IS Result	Stock Option Plan	Profit/(loss) carried forward	Period result	30/06/2019
Share capital	373,279		750								374,029
Share premium reserve	12,669,957							83,949	-	-	12,753,906
Legal reserve	80,000							-	-	-	80,000
Extraordinay reserve	2,559,640	775,783		17,344		65,178	-	-	-	-	3,417,945
Reserve for tresaury stock	(163,470)				(141,625)	219,611	-	-	-	-	(85,484)
Reserve for exchange rate gains	25,289			(17,344)		-	-	-	-	-	7,945
Profit/(loss) carried forward	(259,203)	1,255,267				-	-	-	(977,225)	-	18,839
Stock option reserve	27,789					-	-	(27,789)	-	-	0
OCI reserve	(158,135)					-	98,263	-	-	-	(59,872)
FTA reserve	(613,449)					-	-	-	-	-	(613,449)
Merger reserve	133,068					-	-	-	-	-	133,068
Period result	1,255,267	(1,255,267)						-	-	410,922	410,922
Shareholders' equity	**15,930,030**	**775,783**	**750**	**(0)**	**(141,625)**	**284,789**	**98,263**	**56,160**	**(977,225)**	**410,922**	**16,437,847**

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	Changes related to the merger with the subsidiary Network Srl	Profit/(loss) carried forward	Period result	30/06/2018
Share capital	354,237						750				354,987
Share premium reserve	11,041,306						62,400				11,103,706
Legal reserve	60,000	20,000									80,000
Extraordinay reserve	1,520,535	1,039,104									2,559,639
Reserve for tresaury stock	(115,219)				(21,333)						(136,552)
Reserve for exchange rate gains	25,289										25,289
Profit/(loss) carried forward	896,400	549,013							(1,059,216)		386,197
Stock option reserve	93,448						45,394				138,842
OCI reserve	(116,664)					(3,881)					(120,545)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	549,013	(549,013)								479,766	479,766
Shareholders' equity	**13,827,962**	**1,059,104**	**-**	**-**	**(21,333)**	**(3,881)**	**108,544**	**-**	**(1,059,216)**	**479,766**	**14,390,947**

Consolidated Cash Flow Statement as at 30/06/2019

Consolidated Cash Flow statement	30/06/2019	30/06/2018
Profit (Loss) for the period	410,922	513,113
Current income taxes	360,760	377,285
Deferred /(Pre-paid) taxes	14,475	128,743
Interests payable / (interests receivable)	14,897	(2,808)
Exchange (Gains)/Losses	8,671	(8,899)
1 Profit (loss) before taxes. interest. dividends and gains/losses on the sale of assets	**809,725**	**1,007,435**
Adjustments for non-monetary items without a counter-entry in the net working capital:		
Accruals for severance payments	203,828	150,378
Other accruals to provisions	51,694	56,140
Amortization and depreciation of fixed assets	1,325,620	850,856
Other adjustments for non-monetary items	(219,751)	116,249
2 Cash flow before NWC variation	**2,171,117**	**2,181,057**
Changes in Net Working Capital		
Decrease/(increase) in receivables from customers	(2,164,339)	(1,243,430)
Increase/(decrease) in payables to suppliers	2,866,576	938,879
Decrease/(increase) in deferred receivables /prepayments	(214,972)	(233,235)
Increase/(decrease) in accrued liabilities / deferred income	514,209	705,335
Decrease/(increase) in tax receivables	(671,892)	(369,074)
Increase/(decrease) in tax liabilities	338,037	18,849
Decrease/(increase) in other credits	20,263	395,682
Increase/(decrease) in other liabilities	(1,142,039)	350,228
Other changes in the net working capital		
3 Cash flow after NWC variation	**1,716,959**	**2,744,291**
Other adjustments	(9,106)	
Interests received/(paid)	11,324	2,808
(Income taxes paid)	(16,628)	
(Gains)/losses on the sale of equity		1,004
(Use of provisions)	(58,615)	(91,042)
4 Cash flow after other adjustments	**1,643,935**	**2,657,061**
A Operating cash flow	**1,643,935**	**2,657,061**
Tangible fixed assets	(161,953)	(120,166)
(Investments)	*(161,953)*	*(120,166)*
Intangible fixed assets	(817,089)	(868,952)
(Investments)	*(817,089)*	*(868,952)*
Financial fixed assets	4,246	38,961
(Investments)	*4,246*	*38,961*
AFS investment	0	(501,494)
(AFS Investments)	*0*	*(501,494)*
B Cash flow from investments	**(974,795)**	**(1,451,651)**
Borrowings	(485,228)	(820,534)
Increase (decrease) in short-term payables towards banks	*27,889*	*(337)*
Loan facilities	600,000	
Loan repayments	*(1,113,117)*	*(820,197)*
Shareholders' equity	78,736	(20,583)
Share capital increase	*750*	*750*
Sale (purchase) of treasury shares	*77,986*	*(21,333)*
Changes in share premium reserve		
C Cash flow from financing activities	**(406,492)**	**(841,117)**
Increase (decrease) in the liquidity (A ± B ± C)	262,648	364,293
Initial cash and cash equivalents	7,711,606	10,706,217
Final cash and cash equivalents	7,974,254	11,070,510
Change in cash and cash equivalents	**262,648**	**364,293**

Explanatory Notes to the Consolidated Financial Statements as at 30/06/2019

General information

Business

MailUp Group is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant 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 technologies (Predictive Marketing), 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 messaging apps) 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 22,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 220 employees.

After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana, 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 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 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 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).

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 30/06/2019, it adopted accounting standards precisely under these terms.

It should be noted that MailUp, despite its controlling interests in MailUp Inc., Agile Telecom S.p.A., Acumbamail S.L., MailUp Nordics A/S, Datatrics B.V. and Datatrics S.r.l. 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 no. 127/1991, despite having exceeded the limits indicated in the aforementioned article in 2018, 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.

The Consolidated Half-Year Financial Statements ended on 30/06/2019 will be subject to limited 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 30/06/2019 (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.
For the investment in the associated company, which is not very significant within the Group, it was decided to maintain the valuation of the Financial Statements at 31/12/2018 unchanged.
In preparing these Consolidated Financial Statements, the items of the assets and liabilities, as well as income and expenses of the businesses included in the consolidation area, have been stated on a line-by-line basis.
The following have then been eliminated:

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

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

Full subsidiaries consolidated on a line-by-line basis

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

Company name	City or foreign country	Share capital in Euros	Shareholders' equity in Euros	Net profit/(loss) Euro	% control
MAILUP INC	U.S.A.	*41,183	379,243	86,363	100
ACUMBAMAIL S.L.	SPAIN	4,500	95,362	83,491	100
MAILUP NORDICS A/S	DENMARK	*67,001	999,627	(7,687)	100
GLOBASE INTERNATIONAL **	DENMARK	*16,750	(69,255)	(78,406)	100
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	1,006,687	406,687	100
DATATRICS B.V.	HOLLAND	999	(470,187)	(296,802)	100
DATATRICS S.r.l.	ITALY	10,000	11,654	1,654	100

(* historic exchange rate applied as at the date of first consolidation)
(** indirect control via MailUp Nordics A/S)

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, adopted by over 500 SaaS applications, from start-ups to companies with billions of dollars in sales, many of them in Silicon Valley, and in the Pro version, appreciated by 5,000 e-mail designers, agencies & marketing teams in more than 115 countries. The business unit is investing both in incremental improvements to existing services and in the development of new services that will complement and integrate existing ones, thus increasing average revenue per customer.

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 3,100 paying customers use the services of the Spanish subsidiary that sends about 500 million e-mails per year. Including the free plans, there are more than 59,000 users.

MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International A.p.S.**, a Danish company specialising in advanced digital marketing automation services for customers in the Nordics market. As at 31/03/2019, Globase completed the transition to the new V3 platform, directly derived from MailUp, which will improve sending performance and efficiency in the delivery of messaging services. Therefore, as of 01/04/2019, Globase is no longer separately represented as a product business unit, since it only carries out a commercial branch activity for the resale of MailUp and, as of May 2019, of Datatrics. Moreover, by 2019, the Globase product portfolio will also be enriched by the services of the American business unit BEEfree.io

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 1.8 billion messages sent per year and manages the sending out of promotional and transactional messages (One-Time Password, notifications and alerts) to about 3,200 customers. It is also practically the parent company's exclusive provider of reference for the SMS delivery services provided by the MailUp and Acumbamail platforms, 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 220 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.

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 team now consists of 5 employees who have already activated almost 40 customers, including Sportit, Calcioshop, Trendevice, Desivero, DoctorShop (e-commerce of medical instruments leader in Italy), Mobzilla, WRS (leader in Italy for car/motorcycle accessories) and Arredatutto.com. The commercial activity is carried out both through cross-selling on the MailUp customer base, through the creation of a network of partners, and through direct sales.

The Interim Financial Statements refer to the same closing date of the parent company.

Criteria for converting Financial Statements not prepared in Euros

The conversion of Financial Statements of subsidiaries denominated in currencies other than the Euro, MailUp Inc. and MailUp Nordics, including the Danish sub-subsidiary Globase International, is carried out by adopting the following procedures:

* the assets and liabilities have been converted at exchange rates current as at 30/06/2019;
* the items of the Income Statement have been converted at average exchange rates for HY1 2019;
* the emerging exchange differences have been debited or credited to a specific reserve of consolidated equity named "Reserve from conversion differences";
* equity items are converted at historical exchange rates on the date of the first consolidation;
* where such exists, goodwill and adjustments to fair value connected with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the exchange rate in force on the date of first consolidation.

The following are the exchange rates used:

	Exchange rate as at 30/06/2019	Average exchange rate HY1 2019	Exchange rate as at 31/12/2018	Average exchange rate HY1 2018
USA Dollar	Euro 1.138	Euro 1.181	Euro 1.145	Euro 1.2108
Danish Corona	Euro 7.4636	Euro 7.4532	Euro 7.4673	Euro 7.4476

Source http://cambi.bancaditalia.it/

Tables of the Financial Statements

The tables of the financial statements used have the following characteristics:
a) on the 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) the Other Comprehensive Income highlights all changes to Other comprehensive profits/(losses) occurring during the period, 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 01/01/2013, 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 Cash Flow Statement is prepared applying the indirect method.

Measurement criteria

The measurement criteria adopted by the Group, based on IAS/IFRS accounting standards, are consistent and substantially unchanged with those applied in the Annual Financial Statements as at 31/12/2018, with the exception of the following.

IFRS 16: Leases

The Group has various rental agreements in place for the use of offices, long-term leasing and rental of vehicles and other minor assets owned by third parties. Lease agreements are generally stipulated for a period of 6 years or more but may have extension options. Lease terms are individually negotiated and contain a wide range of different terms and conditions.

As of 01/01/2019, following the first application of accounting standard IFRS 16, for contracts regarding leases payable, the new standard provides, with limited exceptions, for the recognition of the Right of Use (RoU) 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 fees.
Short-term contracts (lease contracts with a duration of less than or equal to 12 months and that do not contain an option to purchase) and those relating to low-value assets (i.e. with a unit value of less than Euro 5 thousand) are excluded from this provision. Short-term and low-value lease fees are recognised as costs in the Income Statement on a straight-line basis over the lease term.

The value assigned to the rights of use corresponds to the amount of the leasing liabilities recorded, in addition to the initial direct costs incurred, the fees settled at the start date of the contract or previously, the costs of restoration, net of any leasing incentives received. The costs of restoration, recognisable in rare cases, are normally related to offices, for which it could be contractually provided for the restoration to the original state at the end of the lease agreement. The discounted value of the liability thus determined increases the Right of Use of the underlying asset, with the recognition of a dedicated provision as balancing entry. Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the rights of use are amortised on a straight-line basis over the estimated useful life or the duration of the contract, whichever is shorter.

The financial liability for leasing is recognised at the date of commencement of the agreement for a total value equal to the present value of the rental, hire and lease fees to be paid during the term of the contract, discounted using marginal interest rates (Incremental borrowing rate - IBR), when the interest rate implicit in the leasing contract is not easily determinable. Variable lease payments remain recorded in the Income Statement as a cost pertaining to the period.

After the commencement date, the amount of liabilities for lease contracts increases to reflect the accrual of interest and decreases to reflect payments made. Each lease payment is divided between the repayment of the principal portion of the liability and the financial cost. The financial cost is charged to the Income Statement over the duration of the contract, to reflect a constant interest rate on the residual debt of the liability, for each period.

In the case of sub-lease agreements and amendments to the lease contract, the rules required by IFRS 16 - Leases apply.

IFRS 16 requires management to make estimates and assumptions that may affect the measurement of the Right of Use and financial liability for leases, including the determination of:

- contracts within the scope of application of the new rules for the measurement of assets/liabilities using the financial method;
- the terms of the contract;
- interest rate used for discounting future lease fees.

Contracts are included or excluded from the application of the standard, on the basis of detailed analyses carried out on individual agreements and in line with the rules laid down by the IFRS standards.

The lease term is calculated considering the non-cancellable period of the lease, together with the periods covered by an option to extend the agreement if it is reasonably certain that it will be exercised, or any period covered by an option to terminate the lease contract if it is reasonably certain that it will not be exercised. The Group assesses whether it is reasonably certain to exercise the extension or termination options, taking into account all the relevant factors that create an economic incentive for such decisions.

The initial assessment is reviewed if a significant event occurs or if there is a change in the characteristics that affect the assessment and that are under the control of the Group.

The Group’s marginal interest rates are reviewed on a recurring basis and applied to all contracts with similar characteristics, which are considered as a single portfolio of contracts. The rates are determined on the basis of the average effective rate of indebtedness of the Parent Company, suitably adjusted in accordance with the new accounting rules, to simulate a theoretical marginal rate of interest consistent with the contracts being assessed. The most significant elements considered in the rate adjustment are the credit-risk spread of each country observable on the market and the different duration of the lease contracts. The interest rates expressed in lease agreements are rare.

Lease incentives received by and no later than the date of commencement of the agreement are recorded as a direct reduction in the value of the Right of Use; the corresponding value reflects the money already received net of the receivable to be collected. Lease incentives agreed during the term of the contract are considered as amendments to the original contract measured at the date of the amendment, with a consequent impact of equal value on the value of both the Right of Use and the lease liability.

Changes in accounting standards

The accounting standards adopted by the Group have not been amended compared to those applied in the Annual Financial Report as at 31 December 2018, with the exception of accounting standard IFRS 16 Leases, already mentioned. For the sake of completeness, below are the accounting standards and amendments subject to change during the year and the standards not yet approved/applied.

IFRS 16 - Leases - impacts arising from first-time adoption

With regard to the first-time adoption of the standard, the MailUp Group has decided to adopt the modified retrospective method, therefore the data for the comparative period has not been recalculated.

The adoption of IFRS 16 had no effect on initial shareholders’ equity at 01/01/2019.

The key assumptions used for the first-time adoption of IFRS 16 are summarised below:

- all agreements in force on 01/01/2019 relating to the use of third-party assets have been analysed in light of the new definition of leasing included in the new standard;
- the analyses carried out also considered the presence of agreements that are not structured as a lease from a legal point of view but that could nevertheless contain a lease on the basis of the new definition contained in IFRS 16;
- lease contracts for assets with a modest unit value (i.e. unit value lower than Euro 5 thousand) and short-term contracts (i.e. duration less than 12 months) were managed separately. Costs relating to these contracts will continue to be recognised in the Income Statement as separately identified operating costs;
- for lease contracts falling within the scope of application of the new standard, assets for Right of Use have been recorded for an amount equal to the financial liability estimated on the basis of the relative underlying contract, adjusted by the amount of any advance payments or already recorded in the Financial Statements, as well as by any incentives received from the lessor before 01/01/2019;

The main impacts on the Group’s Financial Statements of the adoption of IFRS 16 can be summarised as follows:

- Statement of Financial Position: higher non-current assets due to the recording of the Right of Use of the leased asset of Euro 2.4 million net of the related amortisation, as a balancing entry to higher non-current financial liabilities of Euro 2.1 million and current liabilities of Euro 330 thousand;
- Consolidated Income Statement: different nature, qualification and classification of expenses, amortisation of the Right of Use of the asset for Euro 324 thousand and interest financial expenses for Euro 16 thousand, compared to costs for use of third-party assets - operating lease fees, as per IAS 17 for Euro 333 thousand. This resulted in a positive impact on EBITDA for the first half of 2019 of the same amount, while the overall economic effect was higher costs of Euro 7 thousand. Moreover, the combination of the straight-line amortisation of the Right of Use of 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 expenses in the Income Statement in the first years of the lease contract and decreasing expenses in recent years;
- Cash Flow Statement: the higher gross non-current assets of Euro 2.76 million of the Right of Use and the higher relative financial liability of Euro 2.44 million have been reclassified cumulatively for the net amount of Euro 318 thousand corresponding to the repayment of the debt of the instalments paid in the six-month period under analysis.

The tables that follow provide details of the consolidated accounting effects deriving from IFRS 16 at the date of first-time adoption, corresponding to 01/01/2019, and at the end of the half-year.

- Consolidated effects as at 01/01/2019:

Description	Assets for Right of Use IFRS 16	Accumulated amortisation Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interests	Lease, rent costs
Right of Use for office lease fees	2,217,258	-	2,217,258	-	-	-
Right of Use for car lease fees	522,281	-	522,281	-	-	-
Total	**2,739,539**		**2,739,539**			

- Effects as at 01/01/2019 divided on the individual companies included in the consolidation area:

Description	Right of Use for office lease fees	Right of Use for car rental lease fees
MailUp SpA	1,691,664	212,543
Acumbamail SL	40,328	-
Agile Telecom SpA	115,278	88,611
Datatrics B.V.	286,271	221,127
MailUp Inc	83,717	-
Total	**2,217,258**	**522,281**

The Group has used the modified retrospective method, which does not require the recalculation of the comparative values of the previous year and does not have an impact on the shareholders' equity of the current period.

- Consolidated effects as at 30/06/2019:

Description	Assets for Right of Use IFRS 16	Accumulated amortisation Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interests	Lease, rent costs
Right of Use for office lease fees	2,217,258	(226,921)	1,994,296	226,921	8,498	(231,461)
Right of Use for car rental fees	538,236	(97,817)	443,682	97,817	7,485	(102,036)
Total	**2,755,494**	**(324,738)**	**2,437,978**	**324,738**	**15,983**	**(333,497)**

The fees shown in the table with a negative sign are no longer recorded as costs in the Consolidated Income Statement, as was the case up to the previous Financial Statements, with the exception of those relating to smaller contracts of limited duration, for which the previous accounting method continues to apply.

- Effects as at 30/06/2019 divided on the individual companies included in the consolidation area for the homogeneous category of lease contracts for instrumental offices:

Description	Assets for Right of Use IFRS 16	Accumulated amortisation Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interests	Lease, rent costs
MailUp SpA	1,691,664	(152,787)	1,541,935	152,787	6,517	(156,247)
Acumbamail SL	40,328	(7,117)	33,277	7,117	150	(7,200)
Agile Telecom SpA	115,278	(19,762)	95,707	19,762	429	(20,000)
Datatrics B.V.	286,271	(33,679)	253,095	33,679	1090	(34,266)
MailUp Inc	83,717	(13,576)	70,281	13,576	312	(13,748)
Total	**2,217,258**	**(226,921)**	**1,994,296**	**226,921**	**8,498**	**(231,461)**

- Effects as at 30/06/2019 divided on the individual companies included in the consolidation area for the homogeneous category of long-term lease and rental contracts for company cars and vehicles:

Description	Assets for Right of Use IFRS 16	Accumulated amortisation Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interests	Lease, rent costs
MailUp SpA	228,498	(41,589)	188,295	41,589	3,177	(43,380)
Agile Telecom SpA	88,611	(17,221)	71,920	17,220	1,226	(17,916)
Datatrics B.V.	221,127	(39,007)	183,468	39,008	3,082	(40,740)
Total	**538,236**	**(97,817)**	**443,682**	**97,817**	**7,485**	**(102,036)**

- Breakdown of the financial liability according to the time horizon:

Description	Liability Right of Use car as at 30/09	Liability Right of Use offices as at 30/06	Total
Short-term	102,296	228,481	330,777
Medium/long-term	341,386	1,765,815	2,107,201
Total	**443,682**	**1,994,296**	**2,437,978**

Other accounting standards, amendments and interpretations applicable from 01/01 2019

The following are the amendments to the standards applicable from 01/01/2019. It should be noted that said adoptions have not produced significant effects on the Group's financial, equity and economic situation.

Interpretation IFRIC 23 - Uncertainty on the tax treatment of income taxes
IFRIC 23 aims to clarify how to calculate current and deferred direct taxes when there are uncertainties about the tax treatment adopted by the entity preparing the Financial Statements and that may not be accepted by the tax authority.

Amendment to IAS 28 - Investments in Associates and Joint Ventures
The amendments aim to clarify that the impairment provisions of IFRS 9 - Financial Instruments apply to long-term interests in associates and joint ventures.

Amendment to IAS 19 - Plan Amendment, Curtailment or Settlement
With this amendment, the IASB clarifies the determination of pension costs in the event of a change in the defined benefit plan.

Document IASB - Annual Improvements to IFRS Standards 2015-2017 Cycle, which involved the following amendments:

- IFRS 3 - Investments in Associates and Joint Ventures: clarifies that a company must remeasure the interest previously held in a business that qualifies as a joint operation, when it obtains control;
- IFRS 11 - Joint Arrangements: clarifies that a company shall not remeasure a previously held interest in a joint operation when it acquires joint control;
- IAS 23 - Financial expenses: clarifies that a company considers as part of general financing specific financing originally aimed at the development of the asset, when the same financing remains in place even when the asset is available for use or sale.

Finally, the amendment to IAS 12 - Income taxes: clarifies that a company must recognise the tax effects of dividends in the Income Statement.

Accounting standards, amendments and interpretations not yet approved

Amendment to the Conceptual Framework in IFRS Standards (issued on 29 March 2018)

The IASB published the revised version of the Conceptual Framework for Financial Reporting, with first-time adoption scheduled for 01/01/2020. The main amendments regard:
- a new chapter on valuation;
- better definitions and guidance, in particular with regard to the definition of liabilities;
- clarification of important concepts, such as stewardship, prudence and uncertainty in valuations.

Amendment Definition of a business to IFRS 3 (issued on 22 October 2018)
The IASB published the amendment Definition of a business to IFRS 3 with the objective of helping to determine whether a transaction is an acquisition of a business or group of businesses that does not meet the definition of business of IFRS 3. The amendments will apply to acquisitions after 01/01/2020. Early application is permitted.

Amendment Definition of material to IAS 1 and IAS 8 (issued on 31 October 2018)
The IASB published the amendment Definition of material to IAS 1 and IAS 8, which aims to clarify the definition of "material" in order to help companies assess whether information is to be included in the Financial Statements. The amendments will apply from 01/01/2020. However, early application is permitted.

IFRS 17 - Insurance Contract (issued on 18 May 2017) with first-time adoption on 01/01/2021. The standard does not apply to the Group.

Use of subjective estimates and valuations

The set-up of the Financial Statements requires from the 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 in Equity and the Cash Flow Statement – as well as in the relative 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 in the Consolidated Annual Financial Statements 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 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 in the Consolidated Annual Financial Statements 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. Since the conditions are not met, the impairment tests on goodwill recorded in the balance sheet assets will be carried out at the time of the 2019 Annual Financial Statements.

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".

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, which forms an integral part of this consolidated half-year report as at 30/06/2019.

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 take as a reference parameters observable 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 based on parameters not observable on the market.

Below is the disclosure on the book value of the financial instruments for the half-year ended on 30/06/2019:

30 June 2019 MailUp SpA

(euro units)	**Book Value**	**Fair value**	**Fair Value Hierarchy**
Other financial assets			
Other no-current financial assets	99,302	**99,302**	Livello 3
Other current financial assets	491,877	**491,877**	Livello 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.

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible Fixed assets (1)

Balance as at 30/06/2019	Balance as at 31/12/2018	Change
1,086,367	1,095,331	(8,964)

Description	30/06/2019	31/12/2018	Changes
Plants and machinery	126,451	127,618	(1,167)
Other assets	959,916	967,713	(7,797)
Total	**1,086,367**	**1,095,331**	**(8,964)**

“Other assets” include:

- expenses for the purchase of office furniture and furnishings for Euro 232,329, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 607,328, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 1,479, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 1,772, net of period depreciation;
- Expenses for improvements to third-party assets for Euro 106,494, net of period depreciation.
- Other tangible assets for Euro 10,514

Right of Use (2)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
2,430,756	0	2,430,756

Description	30/06/2019	31/12/2018	Changes
Right of Use offices IFRS 16	1,990,337	0	1,990,337
Right of Use cars IFRS 16	440,419	0	440,419
Total	**2,430,756**	**0**	**2,430,756**

On 01/01/2019 was the first-time adoption of the accounting standard IFRS 16 Leases, as amply illustrated above. In the specific case of the Group, for office rental contracts, long-term vehicle leasing and rental contracts, with limited exceptions for short-term contracts or contracts of reduced value, it provides for the recognition of the RoU acquired under intangible assets in the Financial Statements, as a balancing entry to the financial liability consisting of the present value of future lease fees.
The approach chosen is the modified retrospective approach, which does not involve the restatement of comparative data for the comparison period. The value of the Right of Use was determined by discounting the future lease fees provided for in the relevant contract at the time of first-time adoption of the accounting standard. The marginal rate used for the homogeneous category of rental contracts for instrumental offices coincides with the rate applied to the parent company, on the occasion of the most recent medium/long-term loan granted in its favour by the banking system, and is equal to 0.8% per year. For vehicle lease and rental contracts, the average annual rate of the lease operations, equal to 3%, specified in the relative contracts, was chosen. As for other tangible and intangible assets, the amounts shown above are net of the related provision for amortisation/depreciation of Euro 226,921 for leased offices and Euro 97,817 for leased vehicles, respectively. IFRS 16 requires that the Right of Use is amortised on a straight-line

basis over the remaining life of the underlying contract.

Intangible Fixed assets (3)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
3,988,323	4,001,201	(12,878)

Description	30/06/2019	31/12/2018	Changes
Platform development	3,775,581	3,807,805	(32,224)
Third-party software	174,321	144,017	30,304
Trademarks	9,962	10,618	(656)
Other	28,459	38,761	(10,301)
Total	**3,988,323**	**4,001,201**	**(12,878)**

Platform development includes the costs of incremental development, updating and innovation of the MailUp platform owned by the company, marketed as a Software as a Service net of related amortisation, as well as costs for development projects in progress, activities not yet completed at the end of the half-year and, therefore, not yet amortised. The same item includes costs for projects to develop the MailUp platform, currently under development; these had not been completed at the end of the half-year and have therefore not been amortised. 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. The capitalised developments relative to the BEE software are also included. Within the MailUp R&D department, there is a team dedicated to the BEE editor which, in collaboration with the management and an American colleague, deals with software developments under specific contractual agreements. This asset was transferred at the end of 2016 to the subsidiary MailUp Inc, which deals with exclusive marketing in its various versions.

“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” assets consist of the costs of translating components of the platform with multi-year usefulness incurred to make it usable on foreign markets (e.g. English, Spanish).

Since there were no signs of impairment of intangible assets, there was no need, during the period under evaluation, to verify their recoverability by means of impairment tests.

As part of the research and development activities of the Group, we recall the 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 MailUp platform are being 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. In the first half of 2019, MailUp submitted a first report on the investments and costs incurred in relation to the NIMP project until 31/12/2018 and is awaiting the corresponding disbursement, both as a non-repayable grant and as a subsidised loan, while a second report on the progress of the project at mid-term, i.e. until 31/08/2019, will be submitted by 31/10/2019 and is currently being

prepared.
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 of the Group, please refer to the paragraph "Research and development activities" of the Consolidated Half-Year Report on Operations, an integral part of this half-year report.

Goodwill (4)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
16,710,687	16,710,687	0

Goodwill deriving from transactions for the acquisition of subsidiaries is detailed as follows:

Description	**30/06/2019**
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**

Impairment testing of goodwill

The Directors verify, at least once a year, the potential recovery of goodwill recorded in the Consolidated Financial Statements, using specific assessments (impairment tests) on each cash generating unit (or CGU). Goodwill is calculated as the difference in purchase value of the equity in subsidiaries and shareholders' equity of the subsidiary at the time of first consolidation. In the specific case, the CGUs are represented by the specific subsidiary to which goodwill refers. The potential recovery of the investment is determined with reference to forecast cash flow. Since there was no evidence and/or indicators of impairment of goodwill recorded with respect to the accounting data, in HY1 2019 and up to the date of preparing this document, compared with the assumptions already made in the impairment test in the previous Consolidated Annual Financial Statements, it is considered appropriate to postpone this verification to the 2019 Annual Financial Statements.

Equity investments in associates and joint ventures (5)

Associated companies

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
116,767	116,767	0

Company name	Country	31/12/2018	Reclassification	Depreciation	Purchases	30/06/2019
CRIT- Cremona Information Technology	Italy	116,767	0	0	0	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 Consortium does not prepare the Half-Year Financial Statements for which it was decided to keep the value of the shareholding unchanged compared to the end of the previous year. 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 Centre", 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 (6)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
225,199	229,446	(4,246)

Description	31/12/2018	Increase	Decrease	30/06/2019
Receivables from associated companies	64,641			64,641
Receivables from others	38,907		(4,246)	34,661
Tax receivables due beyond 12 months	125,897			125,897
Total	**229,446**	**0**	**(4,246)**	**225,199**

Receivables all have a maturity in excess of 12 months.
The item "Receivables from others" refers to caution deposits due beyond the year.

Deferred tax assets (7)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
1,228,200	1,199,044	29,156

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.

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

Description	30/06/2019	31/12/2018
MailUp SpA	764,995	799,880
MailUp Inc	239,003	230,238
Acumbamail SL		53
MailUp Nordics A/S	81,730	81,689
MailUp Nordics /Globase	21,437	21,427
Datatrics B.V.	121,699	47,499
Agile Telecom SpA	(664)	18,257
Total	**1,228,200**	**1,199,044**

Current assets

Receivables from customers (8)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
10,528,275	8,363,936	2,164,339

Description	30/06/2019	31/12/2018	Changes
Receivables from customers	10,515,208	8,350,869	2,164,339
Receivables from associated	13,067	13,067	0
	10,528,275	**8,363,936**	**2,164,339**

Receivables from customers are presented net of the related write-down provision; the changes in the first half of 2019 are shown below.

Description	31/12/2018	Increases	Uses	30/06/2019
Allowance for doubtful accounts	(62,950)	(10,205)	3,119	(70,036)
Total	**(62,950)**	**(10,205)**	**3,119**	**(70,036)**

Below is the breakdown of receivables by geographic area:

Description	Trade accounts	Associated companies	Total
Italy	6,740,051	13,067	6,753,118
EU	2,701,938		2,701,938
Non-EU	1,143,255		1,143,255
Total	**10,585,244**	**13,067**	**10,598,311**

Other current assets (9)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
3,938,963	3,101,518	837,445

The item is as follows:

Description	30/06/2019	31/12/2018	Changes
Inventories	10,336	8,331	2,005
Tax receivables	1,142,719	499,983	642,736
Receivables from others	1,784,356	1,806,624	(22,268)
Accruals and deferrals	1,001,551	786,579	214,972
Total	**3,938,963**	**3,101,518**	**837,445**

Receivables from others include the receivable from the Lombardy Region for the contribution to the Big Data Analytics project for the final tranche of Euro 430 thousand, equal to 50% of the total amount; in addition, the receivable of Euro 1,251 thousand was allocated for the non-repayable grant of the call ICT Digital Agenda financed by the MISE through Cassa Depositi e Prestiti. With regard to this call, in the first half of 2019, MailUp submitted a first report on the investments and costs incurred in relation to the New Innovative Multilateral Platform project until 31/12/2018 and is awaiting the corresponding disbursement, both as a non-repayable grant and as a subsidised loan, while a second report on the progress of the project at mid-term, i.e. until 31/08/2019, will be submitted by 31/10/2019 and is currently being prepared.
The item "Tax receivables" includes the VAT receivable of Euro 585 thousand and the tax receivable on research and development activities of Agile Telecom S.p.A. for Euro 137 thousand, and the tax receivable for research and development activities of MailUp for Euro 264 thousand; it also includes Euro 85 thousand relating to the tax receivable for personnel recruitment and Euro 67 thousand relating to receivables from the tax authorities for withholdings.
For details on the research and development activities carried out by the Group in the first half of 2019, please refer to the specific section of the Consolidated Half-Year Report on Operations.

Financial assets AFS (10)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
491,877	469,489	22,388

The Group has allocated a portion 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.

Cash and cash equivalent (11)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
7,974,254	7,711,606	262,648

Description	30/06/2019	31/12/2018	Changes
Cash at bank and post office	7,973,529	7,700,794	272,735
Cash and cash equivalents	725	10,812	(10,087)
Total	**7,974,254**	**7,711,606**	**262,648**

The balance represents liquid funds and cash as well as valuables held as at 30/06/2019.

Liabilities

Group Shareholders’ Equity

Share capital (12)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
374,029	373,279	750

The share capital of the parent company MailUp S.p.A. is entirely paid in and is represented as at 30/06/2019 by 14,961,166 ordinary shares with no par value, whose accounting parity corresponds to Euro 0.025 each.

The share capital has changed as a result of the following events:
- on 30/06/2019 - 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 374,029.15 divided into 14,961,166 ordinary shares without nominal value.

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

Reserves (13)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
15,652,895	14,301,484	1,351,410

Changes in the reserves of the Group’s shareholders’ equity are detailed below:

Description	31/12/2018	Increases	Decreases	30/06/2019
Share premium reserve	12,669,957	83,949	-	12,753,906
Stock option reserve	27,790	-	27,790	0
Legal reserve	80,000	-	-	80,000
Extraordinary or optional reserve	2,559,640	858,305	-	3,417,945
Reserve for exchange rate translation/gains	(7,357)	-	22,586	(29,943)
FTA reserve	(613,449)	-	-	(613,449)
OCI reserve	(125,561)	30,926	128,863	(223,498)
Negative reserve for treasury shares	(163,470)	219,611	141,625	(85,484)
Merger surplus reserve	133,068	-	-	133,068
Group consolidation reserve	70	201,441	-	201,511
Profit/(loss) carried forward	(259,203)	1,255,267	977,225	18,839
Total	**14,301,484**	**2,649,499**	**1,298,089**	**15,652,895**

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 and is accounted for in accordance with IFRS 2. 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 individual companies and Group's operative objectives. During the half-year in question, the beneficiaries exercised the last tranche of the options allocated to them in accordance with the incentive plan.
The negative reserve for treasury shares corresponds to the purchase price of treasury shares in the parent company held as at 30/06/2019. During the first half of 2019, a total of 47,700 shares were purchased for Euro 141,616. By virtue of the Board of Directors' resolution of 06/05/2019, 89,939 treasury shares, present at that date in the stock held by MailUp, were assigned to the recipients of the short-term incentive plan for top management, upon their express request and upon positive verification of the results actually achieved. The value of the shares assigned was Euro 284,811 at a unit price of Euro 3.17, compared with an average purchase price of Euro 2.4445, resulting in a positive delta of Euro 65,178.
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 410,922 with respect to Euro 1,255,267 as at 31/12/2018. For an in-depth analysis of the results, reference should be made to the specific section of the Consolidated Report on Operations as at 30/06/2019, while for further information on the adoption of IFRS 16, please refer to the paragraph dedicated to the accounting standards adopted in the initial part of the Explanatory Notes.

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.

Non-current liabilities

Amounts due to banks and other lenders medium/long term (15)

Description	30/06/2019	31/12/2018	Changes
Amounts due to banks	2,624,108	342,173	2,281,935

Description	30/06/2019	31/12/2018	Changes
Amounts due to banks	516,907	342,173	174,734
Financial liabilities RoU offices MLT IFRS 16	1,765,815	0	1,765,815
Financial liabilities RoU cars MLT IFRS 16	341,386	0	341,386
Total	**2,624,108**	**342,173**	**2,281,935**

Amounts due to banks relates to the residual medium/long-term portion of unsecured loans taken out. All bank loans are at variable rates with the exception of the two loans to Credem for an original amount of Euro 1 million and Euro 600 thousand, taken out in 2017 and 2019 respectively, which benefit from a finite fixed rate of 0.8%. As detailed above, the adoption of IFRS 16 as at 01/01/2019 resulted in the accounting of the financial liability relating to the RoU on contracts for office rental, lease and long-term rental for company vehicles, equal to the present value of the future instalments contractually envisaged.

Other non-current liabilities (16)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
3,374,148	3,748,296	(374,148)

Description	30/06/2019	31/12/2018	Changes
Amounts due to BMC Holding beyond 12 months	3,374,148	3,748,296	(374,148)
Total	**3,374,148**	**3,748,296**	**(374,148)**

This is the medium-term portion of the amount due to BMC Holding B.V., the seller of Datatrics B.V., for the cash portion of the purchase price, equal to Euro 374,148, 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 on 30/10/2018.

Provisions for risks and charges (17)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
257,739	177,739	80,000

Description	31/12/2018	Increases	Decreases	Reclassifications	30/06/2019
Provision for legal disputes	57,739				57,739
Provision for pensions (TFM)	120,000	80,000			200,000
Total	**177,739**	**80,000**			**257,739**

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

Provisions for serverance and pension (18)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
1,593,701	1,321,224	272,477

The change is as follows.

Description	31/12/2018	Increases	Decreases	Actuarial gains/(losses)	30/06/2019
Staff provision (TFR)	1,321,224	164,902	21,289	128,864	1,593,701
	1,321,224	**164,902**	**21,289**	**128,864**	**1,593,701**

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:

	30/06/2019
Annual technical discounting rate	0.80%
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).

Deferred taxes liabilities (19)

Description	31/12/2018	Increases	Decreases	30/06/2019
Provision for deferred taxes	258,332	13,303		271,635
	258,332	**13,303**		**271,635**

The provision for deferred taxes relates to consolidation differences deriving from the elimination of intra-group amortisation/depreciation. The provision for deferred taxes relates to differences arising from the elimination of intercompany depreciation and amortisation that arose in the Consolidated Financial Statements and, in the majority of cases, to the differences recorded by MailUp Inc under costs relating to the BEE Software asset for statutory purposes, equal to the period 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 (20)

Description	30/06/2019	31/12/2018	Changes
Amounts due to suppliers	10,919,872	8,053,296	2,866,576
Amounts due to associated companies	23,500	23,500	0
Total	**10,943,372**	**8,076,796**	**2,866,576**

Amounts due to suppliers are net of commercial discounts.

Below is a breakdown of trade payables according to geographic area.

Payables divided by geographic area	Trade	Associated companies	Total
Italy	8,376,616	23,500	8,403,166
EU	1,793,786		1,793,786
Non-EU	746,469		746,469
Total	**10,919,872**	**23,500**	**10,943,372**

Due to banks and other lenders short term (21)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
1,461,730	1,473,399	(11,669)

Description	30/06/2019	31/12/2018	Changes
Amounts due to banks - short-term	1,130,953	1,473,399	(342,446)
Financial liabilities RoU offices ST IFRS 16	228,481		228,481
Financial liabilities RoU cars ST IFRS 16	102,296		102,296
	1,461,730	**1,473,399**	**(11,669)**

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. The table also shows the short-term financial liability corresponding to the present value of the Right of Use (RoU) on future fees for office rentals, car leases and long-term rentals calculated in accordance with IFRS 16. For details on calculation, please refer to the initial part of these Notes.

Other current liabilities (22)

Balance as at 30/06/2019	Balance as at 31/12/2018	Changes
11,755,391	11,671,036	84,354

Below is the breakdown of current liabilities:

Description	30/06/2019
Advances	35,100
Tax payables	1,003,925
Amount due to social security institutions	417,338
Amounts due to Directors for emoluments	28,011
Amounts due to employees for salaries, holidays, permits and additional months' salaries	1,516,908
Payables for MBO bonuses	1,121
Amounts due to BMC Holding B.V. within 12 months	748,296
Accrued liabilities	2,551
Deferred income	7,933,687
Other payables	68,454
Total	**11,755,391**

Tax payables mainly refer to withholdings applied to income from employment and autonomous work to be paid during the following period, as debt for direct taxes allocated and due and VAT. Amounts due to social security institutions mainly relates to various types of social charges to be paid during the following period with reference to the remuneration of the month of June, the thirteenth month's salary and holiday accrued and not taken. Amounts due to BMC Holding refer to the acquisition of Datatrics B.V., which has already been discussed with regard to the non-current portion of the same item. 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 call ICT Digital Agenda.
Deferred income: most of the revenues of MailUp come from annual 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 not pertaining to it, i.e. the Deferred income, is used as a basis for the following year's income. Other subsidiaries that offer their services with SaaS advance fees, such as Acumbamail, MailUp Inc, Datatrics and Globase, are also subject to the calculation of deferred income, albeit to a lesser extent as these fees are mainly monthly. Deferred income also relates to the SMS channel, in the event that, typically in MailUp, the sale is anticipated with respect to the actual use and sending by the customer.

Commitments and guarantees

As at 30/06/2019, there are no commitments and guarantees given by the Group to third parties.

Income Statement

Revenues (23)

Balance as at 30/06/2019	Balance as at 30/06/2018	Changes
29,310,449	18,034,467	11,275,982

Income from sales and services comes to Euro 29.1 million (Euro 18 million as at 30/06/2018), recording an increase of Euro 11 million (+62.5%) on the corresponding figure for the previous year.

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

Description	30/06/2019	30/06/2018	Changes
SMS revenues	20,837,289	11,951,648	8,885,642
E-mail revenues	6,335,383	5,492,803	842,579
Predictive marketing revenues	853,004		853,004
Professional services revenues	354,462	243,705	110,757
Other revenues	930,311	346,311	584,000
Total	**29,310,449**	**18,034,467**	**11,275,982**

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 Consolidated Financial Statements as at 30/06/2019.

COGS (Cost of Goods Sold) (24)

The breakdown is as follows:

Balance as at 30/06/2019	Balance as at 30/06/2018	Changes
20,768,145	11,685,773	9,082,372

Description	30/06/2019	30/06/2018	Changes
Purchases	17,986,285	9,539,224	8,447,061
Services	1,046,889	660,539	386,350
Cost of rents and leases	10,128	11,795	(1,667)
Payroll costs	1,697,518	1,459,381	238,137
Sundry operating expenses	27,325	14,834	12,491
Total	**20,768,145**	**11,685,773**	**9,082,372**

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 personalisation 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, about Euro 17.9 million, by Agile Telecom at external suppliers.

Sales & Marketing costs (25)

Balance as at 30/06/2019	Balance as at 30/06/2018	Changes
2,131,175	1,358,425	772,749

The breakdown is as follows:

Description	30/06/2019	30/06/2018	Changes
Purchases	8,476	4,017	4,459
Services	558,679	441,583	117,096
Cost of rents and leases	2,873	3,060	(187)
Payroll costs	1,561,100	906,744	654,356
Sundry operating expenses	48	3,021	(2,973)
Total	**2,131,175**	**1,358,425**	**772,749**

This includes the costs of departments that deal with commercial and marketing activities on behalf of Group companies. In addition to payroll costs, mainly relating to sales, there are some typical costs of marketing such as Pay per Click or events to increase the visibility of the Group's services.

Research & Development costs (26)

Balance as at 30/06/2019	Balance as at 30/06/2018	Changes
813,005	420,234	392,771

The breakdown is as follows:

Description	30/06/2019	30/06/2018	Changes
Purchases	10,733	471	10,262
Services	130,030	94,109	35,921
Cost of rents and leases	10,364	5,729	4,635
Payroll costs	1,404,404	1,086,048	318,356
Capitalized payroll cost	(742,526)	(766,124)	23,598
Total	**813,005**	**420,234**	**392,771**

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 capitalisation is carried out in relation to the future usefulness of the software development projects of the MailUp platform and the BEE editor. The research and development activity for the half-year subject of analysis is described in detail in the specific section of the Report on Operations to the Consolidated Financial Statements. R&D projects are specifically analysed in the Report on Operations, an integral part of this Consolidated Half-Year Report.

General costs (27)

Balance as at 30/06/2019	Balance as at 30/06/2018	Changes
3,454,403	2,704,756	749,646

The breakdown is as follows:

Description	30/06/2019	30/06/2018	Changes
Purchases	99,366	37,253	62,113
Services	1,652,420	1,412,842	239,578
Cost of rents and leases	67,655	309,032	(241,377)
Payroll costs	874,975	899,370	(24,396)
Sundry operating expenses	759,987	46,259	713,728
Total	**3,454,403**	**2,704,756**	**749,646**

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.

The significant reduction in Costs of rents and leases is due to the different accounting of the same in accordance with IFRS 16. As previously pointed out, these costs of Euro 333 thousand were not recorded, with a corresponding improvement in EBITDA compared to the first half of 2018 not subject to recalculation and were replaced by amortisation of the Right of Use of Euro 324 thousand and interest expense of Euro 16 thousand, with a total worsening effect of Euro 7 thousand on the consolidated result for the period.

Amortization, depreciation and impairment (28)

Below are details:

Description	30/06/2019	30/06/2018	Changes
General depreciation costs	93,035	81,321	11,714
R&D Amortization costs	916,224	776,524	139,700
Right of Use amortization costs	324,738		324,738
Total	**1,333,997**	**857,845**	**476,152**

Financial operations (29)

Balance as at 30/06/2019	Balance as at 30/06/2018	Changes
(23,568)	11,707	(35,276)

The breakdown is as follows:

Description	30/06/2019	30/06/2018	Changes
Financial income	19,582	28,342	(8,760)
Financial expense	(34,479)	(25,534)	(8,945)
Exchange gains	2,504	34,987	(32,483)
Exchange losses	(11,175)	(26,088)	14,913
Total	**(23,568)**	**11,707**	**(35,275)**

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 include the interest cost arising from the actuarial valuation in accordance with IAS 19R and, for the first-half of 2019 only, the interest expense relating to the Right of Use financial liability of Euro 16 thousand calculated in accordance with IFRS 16, as highlighted above.

FY income/deferred taxes (30)

Balance as at 30/06/2019	Balance as at 30/06/2018	Changes
375,235	506,029	130,794

Description	30/06/2019	30/06/2018	Changes
Current tax	360,760	377,285	(16,525)
Deferred (prepaid) tax	14,475	128,744	(114,269)
Total	**375,235**	**506,029**	**130,794**

The Group has allocated taxes for the period on the basis of the application of the tax regulations in force in the individual countries of the parent company and its subsidiaries. The period'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 periods 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 (31)

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 treasury shares, in issue during HY1 2019. Below is the income and information on shares used to calculate the basic earnings per share:

Description	30/06/2019
Net profit attributable to shareholders	410,922
Opening number of ordinary shares	14,931,166
Opening portfolio treasury shares	73,320
Closing number of ordinary shares	14,961,166
Closing portfolio treasury shares	31,181
Weighted number of shares in issue	14,893,916
Basic earnings per share	**0.0276**

Diluted earnings per share were calculated as follows:

Description	30/06/2019
Net profit attributable to shareholders	410,922
Opening number of ordinary shares	14,931,166
Opening portfolio treasury shares	73,320
Opening shares potentially assignable	39,880
Closing number of ordinary shares	14,961,166
Closing portfolio treasury shares	31,181
Closing shares potentially assignable	9,880
Weighted number of shares in issue	14,918,796
Diluted basic earnings per share	**0.0275**

Workforce

As at 30/06/2019, the Group had 218 employees, of whom 4 managers, 13 middle managers, 200 white-collar workers and one labourer.

Level of classification	Total number	%	Italy	United States of America	Spain	Denmark	The Netherlands
Labourers	1	0%	1				
Office workers	200	92%	160	3	6	4	27
Middle managers	13	6%	11		2		
Managers	4	2%	2	1		1	
Total	**218**	**100%**	**174**	**4**	**8**	**5**	**27**

Related party transactions

Transactions implemented by the Group with related parties, identified according to the criteria defined by IAS 2 - Related party disclosure - are carried out at arm's length. For further details in regard, including the table showing the details of the changes, please refer to the specific paragraph of the Consolidated Half-Year Report on Operations as at 30/06/2019.

Fees to Directors and Auditors

Directors' fees, including the related contribution, came to Euro 523,480 in the half-year, whilst the fees to the Boards of Auditors, where present, came to Euro 21,750.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-bis of article 2427 of the Civil Code - the total amount of fees due to the independent auditing firm
included in the Half-Year Report as at 30/06/2018 at consolidated level totalled Euro 23,020.

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 Consolidated Half-Year Report on Operations as at 30/06/2019, for further details on the matter.

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

Milan, 17 September 2019

The Chairman of the Board of Directors

Matteo Monfredini

MailUp S.p.A.

Independent Auditors' review report

Condensed consolidated financial statement
as of June 30th, 2019

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Independent Auditors' review report on condensed consolidated interim financial statements

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of MailUp S.p.A. and its subsidiaries (hereinafter the "MAILUP Group") comprising the statement of financial position as of June 30, 2019, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders' equity for the period then ended and other explanatory notes. The directors of MailUp S.p.A. are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard applicable to interim financial reporting (IAS 34) adopted by the European Union. Our responsibility is to express a conclusion on this interim consolidated financial reporting based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements of MAILUP Group as of June 30, 2019, is not prepared, in all material respects, in accordance with the *International Accounting Standard* applicable to interim financial reporting (IAS 34), as adopted by the European Union.

Milan, September 17th, 2019

BDO Italia S.p.A.

Signed by Manuel Coppola

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

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