MAILUP S.P.A.
Headquartes VIA POLA 9
20124 MILAN (MI)
Share Capital Euro 374.276,15 i.v.
Reg. Imp. 01279550196
Rea   1743733
Ticker: MAIL.MI

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DICEMBER 2019

Corporate Bodies

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

Name and surname	Office
Matteo Monfredini	Chairman of the BoD with proxies
Nazzareno Gorni	Deputy Chairman of the BoD with proxies
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)

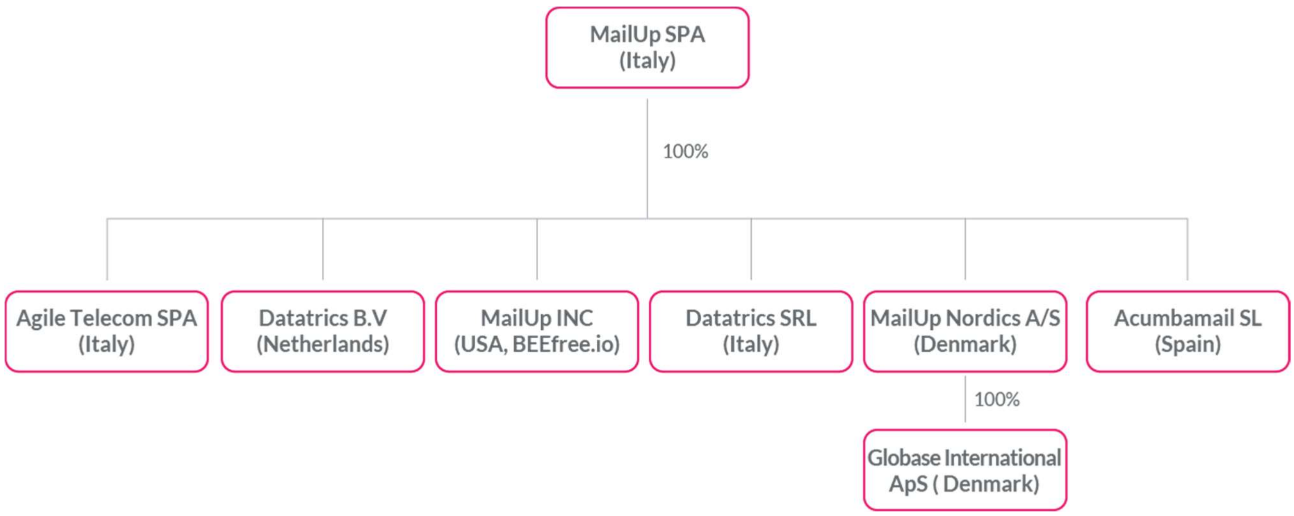
BDO Italia S.p.A.

MailUp Group, European leader in Cloud Marketing Technologies

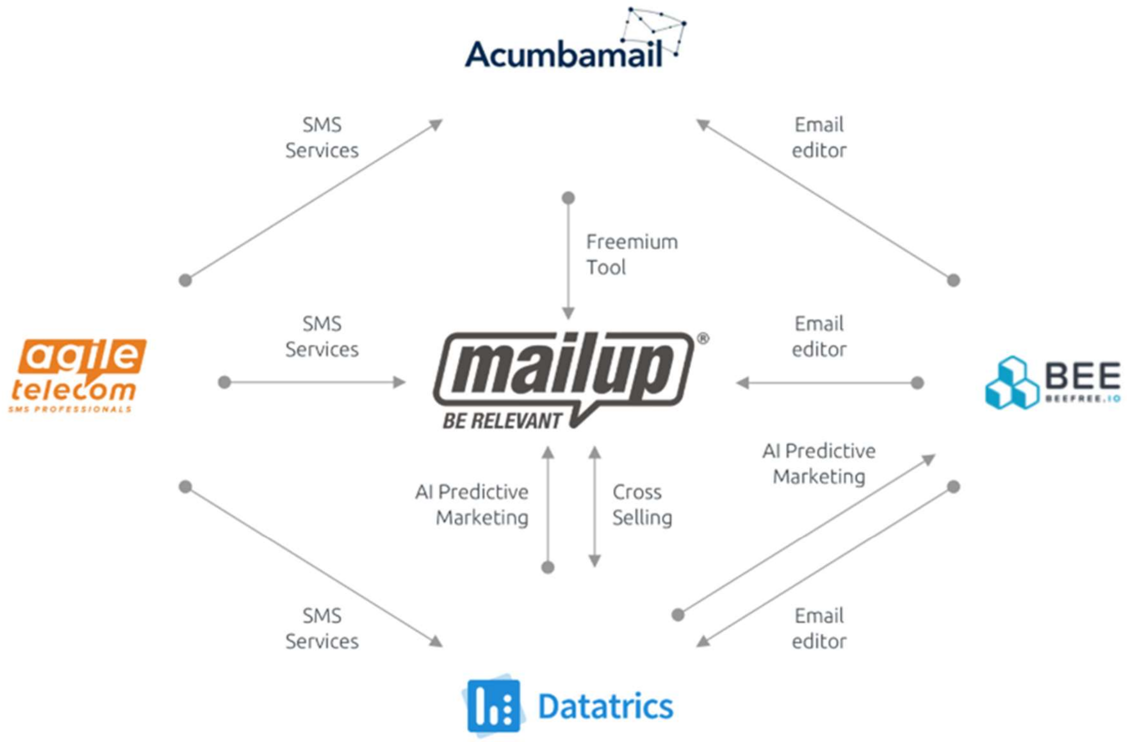
MailUp Group is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel marketing automation.The Group's 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 ones to which are added about 270,000 customers of the free editions of various services, in particular offered by BEEfree.io. At consolidated level, the Group operates with over 23,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 240 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 31/12/2019::



All the entities listed in the above chart are 100% owned by MailUp S.p.A. In particular, during the year ended 31/12/2019, 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:



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 3,000 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 370 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.

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 600 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 6,000 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.

Datatrics S.R.L. è 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 7 employees who have already activated almost 70 customers, including Brosway, Iperbimbo, Calcioshop, Trendevice, Desivero, Mobzilla, WRS (leader in Italy for car/motorcycle accessories). 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. .

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. Since March 2020, part of the Globase team has been collaborating with the American BEEfree.io in accounting activities for high-end BEEPro customers.

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 3,500 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 67,000 users..

Summary Data

Significant events occurred during the reporting period

During FY 2019, MailUp Group's activity was marked by the following events:

On 16 January 2019, Datatrics S.r.l., the Italian subsidiary aimed at promoting and selling the Datatrics technology with MailUp'smain clients, started operations with the first employees.

On 5 March 2019 MailUp Group announced its entry into the Financial Times' FT 1000, compiled with Statista, listing the 1000 European companies that achieved the highest percentage compound annual growth rate in revenue between 2014 and 2017. In its latest edition, displaying technology as the dominating sector (excluding fintech and ecommerce), Germany as the top country and London as the leading city, MailUp Group ranks n. 113 in terms of FY 2017 sales.

On 27 May 2019, MailUp Group participated to the second edition of the AIM Italia Conference organised by Borsa Italiana/Italian Stock Exchange. CEO Mr. Nazzareno Gorni and Executive Director&IR Ms. Micaela Cristina Capelli had several one-to-one and one-to-many investor meetings. The event is part of the Company's Investor Relations program at large, aiming at establishing a continuous relationship with both domestic and international institutional investors, with meeting and conferences held in Milano, London, Lugano, Frankfurt, New York City.

On 31/07/2019, 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. This person 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.

On 24/09/2019, MailUp announced its positioning as one of the 9 Italian companies included in the prestigious Deloitte EMEA Technology FAST 500 ranking, the programme organised by Deloitte every year across three geographical areas - North America, EMEA and Asia-Pacific - and one of the most well respected rankings in the tech sector, based on its growth recorded between 2014 and 2017. Within a group of companies from the 24 countries making up the EMEA region, with an average growth rate of 969%, MailUp was one of the European high tech businesses with the highest growth rate, the only listed Italian parent company, with an average 2014-2017 growth rate of 241%.

On 15/10/2019 during the SaaStock conference in Dublin (Ireland), MailUp Group announced the release of version 3 of BEE, the popular drag-n-drop email editor available online at beefree.io and integrated within more than 600 SaaS applications.
The software was completely rewritten and today guarantees increasing performance levels in terms of:

- loading speed, for a better user experience for the end user
- flexibility, since users are able to control UI, colour and text elements
- extendibility, thanks to the introduction of a new developer platform to create add-ons and custom content

While many structural changes have been made, the interface of the product, which is already used and preferred by more than one million users worldwide, remains almost completely the same.

On 31/10/2019, the Company won the Smart Working Award 2019 from the School of Management at the Polytechnic University of Milan as part of the Smart Working Observatory, in the SME category, for companies that stand out due to their capacity to innovate in ways of working thanks to their Smart Working projects.
This award recognises the smart working policy launched by MailUp Group around one year ago, with the structuring of a Human Resources function at holding company level. The three-year People Strategy plan provided for a smart working trial with a pilot group of employees and, six months later, it was extended to the entire company population. The goal is to create a result-driven business thanks to the introduction of flexible hours, performance development tools and a continuous feedback culture. From this perspective, the company moved its registered office in Milan to new offices designed entirely based on a smart spaces approach: mobile workstations, flexible spaces, areas intended to facilitate activities and the achievement of objectives.

On 22/11/2019, MailUp Group was honoured with the “First half 2019 growth” award as part of the VI edition of the IRTop AIM Investor Day in Milan, for the significant turnover and EBITDA growth achieved in the first half of 2019.

On 16/12/2019, the engagement of Nominated Adviser (Nomad), assigned to BPER Banca S.p.A., taking over for EnVent Capital Markets Ltd, became effective.

Between December 2019 and January 2020, the transfer of activities from the Milan registered office at Viale Francesco Restelli 1 to the new Milan office at Via Pola, 9 was completed. The transfer to that space, including about 1,150 m2 on a single floor with about 90 workstations in free assignment, 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 people’s working lives.

During the trading session of 27/12/2019, the price of the MAIL share reached the maximum of the year and the all-time high, with a closing price of Euro 4.80 per share. At this value, the company's capitalisation corresponds to about Euro 71.8 million.
After the end of the year, the MAIL share recorded a new all-time high, with a price per share of Euro 4.85 marked at the end of the session of 17/02/2019. At this value, the company's capitalisation corresponds to more than Euro 72.6 million.

Summary Report

Consolidated Income Statement as at 31/12/2019

Consolidated Profit & Loss	31/12/2019	%	31/12/2018	%	Change	Ch. %
Email Revenues	13,335,991	21.9 %	11,277,316	28.1 %	2,058,675	18.3 %
SMS Revenues	42,724,773	70.3 %	27,185,472	67.6 %	15,539,301	57.2 %
Predictive Marketing Revenues	2,280,294	3.8 %			2,280,294	
Professional Service Revenues	928,244	1.5 %	547,645	1.4 %	380,599	69.5 %
Other Revenues	1,528,040	2.5 %	1,193,050	3.0 %	334,990	28.1 %
Total Revenues	60,797,342	100.0 %	40,203,483	100.0 %	20,593,858	51.2 %
Cost of Goods Sold	44,108,421	72.5 %	26,817,239	66.7 %	17,291,182	64.5 %
Gross Profit	16,688,920	27.5 %	13,386,244	33.3 %	3,302,676	24.7 %
Sales & Marketing costs	4,407,434	7.2 %	2,938,007	7.3 %	1,469,427	50.0 %
Research & Development Opex	1,634,865	2.7 %	1,063,420	2.6 %	571,445	53.7 %
Research & Development Capex	(1,634,198)	(2.7 %)	(1,473,359)	(3.7 %)	(160,839)	10.9 %
Research & Development costs	*3,269,063*	*5.4 %*	*2,536,779*	*6.3 %*	*732,284*	*28.9 %*
General & Admin Costs	5,851,393	9.6 %	5,615,708	14.0 %	235,685	4.2 %
Total Costs	11,893,691	19.6 %	9,617,134	23.9 %	2,276,557	23.7 %
Ebitda	4,795,229	7.9 %	3,769,109	9.4 %	1,026,119	27.2 %
General Depreciation Costs	220,420	0.4 %	195,277	0.5 %	25,143	12.9 %
Right of Use Amortization Costs	812,013	1.3 %			812,013	
R&D Amortization Costs	1,913,289	3.1 %	1,676,727	4.2 %	236,561	14.1 %
Amortization & Depreciation	2,945,722	4.8 %	1,872,005	4.7 %	1,073,717	57.4 %
Ebit	1,849,507	3.0 %	1,897,105	4.7 %	(47,598)	(2.5 %)
Net financial income/(charges)	(27,172)	(0.0 %)	20,796	0.1 %	(47,968)	(230.7 %)
Ebt	1,822,335	3.0 %	1,917,900	4.8 %	(95,566)	(5.0 %)
Curent Income Taxes	(387,000)	(0.6 %)	(766,513)	(1.9 %)	379,513	(49.5 %)
Deferred Taxes	(146,426)	(0.2 %)	242,678	0.6 %	(389,105)	(160.3 %)
Deferred Taxes	(138,873)	(0.2 %)	(138,800)	(0.3 %)	(74)	0.1 %
Net Profit (Loss)	1,150,036	1.9 %	1,255,267	3.1 %	(105,231)	(8.4 %)

Consolidated Balance Sheet with determination of NWC as at 31/12/2019

Consolidated Balance Sheet	31/12/2019	31/12/2018	Change	Ch. %
Intengible fixed assets	4,392,560	4,080,355	312,205	7.7 %
Goodwill	16,631,533	16,631,533	(0)	(0.0 %)
Tangible fixed assets	1,773,924	1,095,331	678,593	62.0 %
Rights of Use (IFRS 16)	4,629,957		4,629,957	
Financial fixed assets	220,304	220,315	(11)	(0.0 %)
Fixed Assets	27,648,278	22,027,534	5,620,744	25.5 %
Receivables from customers	11,291,536	8,350,869	2,940,667	35.2 %
Receivables from associated companies		13,067	(13,067)	(100.0 %)
Payables to supplier	(12,942,856)	(8,053,296)	(4,889,560)	60.7 %
Payables to associated companies	(20,749)	(23,500)	2,751	(11.7 %)
Commercial Trade Working Capital	(1,672,069)	287,141	(1,959,209)	(682.3 %)
Tax receivables and payables	1,834,077	741,699	1,092,379	147.3 %
Accruals and deferrals	(7,206,115)	(6,635,451)	(570,664)	8.6 %
Other receivables and payables	(3,647,203)	(5,099,121)	1,451,918	(28.5 %)
Net Working Capital	(10,691,309)	(10,705,732)	14,423.6 %	(0)
Provisions for risks and charges	(619,480)	(436,070)	(183,409)	42.1 %
Provisions for severance and pension	(1,718,547)	(1,321,224)	(397,322)	30.1 %
Net Capital Invested	14,618,943	9,564,507	5,054,436	52.8 %
Share capital	374,276	373,279	997	0.3 %
Reserves	15,448,802	14,301,484	1,147,317	8.0 %
Profit (Loss) for the period	1,150,036	1,255,267	(105,231)	(8.4 %)
Net Equity	16,973,114	15,930,030	1,043,083	6.5 %
Cash	(8,946,689)	(7,711,606)	(1,235,083)	16.0 %
Short-term debt	992,262	1,473,399	(481,137)	(32.7 %)
Financial liabilities right of use (short term)	1,017,635		1,017,635	
AFS Financial Assets	(490,998)	(469,489)	(21,509)	4.6 %
Medium/long-term debt	1,445,112	342,173	1,102,939	322.3 %
Financial liabilities right of use (medium/long term)	3,628,507		3,628,507	
Net financial position	(2,354,170)	(6,365,523)	4,011,353	(63.0 %)
Total Sources	14,618,943	9,564,507	5,054,436	52.8 %

Mailup S.p.A Income Statement as at 31/12/2019

Income Statement	31/12/2019	%	31/12/2018	%	Change	Ch. %
Email Revenues	9,381,876	51.7 %	8,765,479	60.4 %	616,397	7.0 %
SMS Revenues	4,349,852	24.0 %	3,636,034	25.1 %	713,819	19.6 %
Professional Service Revenues	825,208	4.5 %	460,847	3.2 %	364,361	79.1 %
Intercompany Revenues	81,986	0.5 %	51,612	0.4 %	30,374	58.8 %
Other Revenues	3,504,742	19.3 %	1,594,659	11.0 %	1,910,084	119.8 %
Total Revenues	18,143,665	100.0 %	14,508,630	100.0 %	3,635,035	25.1 %
Cost of Goods Sold	7,460,445	41.1 %	6,132,221	42.3 %	1,328,224	21.7 %
Gross Profit	10,683,220	58.9 %	8,376,409	57.7 %	2,306,811	27.5 %
Sales & Marketing costs	2,479,781	13.7 %	2,531,929	17.5 %	(52,148)	(2.1 %)
Research & Development Opex	1,598,788	8.8 %	1,077,935	7.4 %	520,853	48.3 %
Research & Development Capex	*(858,424)*	*(4.7 %)*	*(997,909)*	*(6.9 %)*	*139,484*	*(14.0 %)*
Research & Development costs	*2,457,213*	*13.5 %*	*2,075,844*	*14.3 %*	*381,369*	*18.4 %*
General & Admin Costs	3,669,947	20.2 %	3,917,603	27.0 %	(247,656)	(6.3 %)
Total Costs	7,748,516	42.7 %	7,527,467	51.9 %	221,049	2.9 %
Ebitda	2,934,704	16.2 %	848,942	5.9 %	2,085,762	245.7 %
General Depreciation Costs	166,405	0.9 %	148,990	1.0 %	17,415	11.7 %
Right of Use Amortization Costs	546,818	3.0 %			546,818	
R&D Amortization Costs	1,520,153	8.4 %	1,449,737	10.0 %	70,417	4.9 %
Amortization & Depreciation	267,991	1.5 %			267,991	
Amortization & Depreciation	2,501,367	13.8 %	1,598,727	11.0 %	902,640	56.5 %
Ebit	433,336	2.4 %	(749,785)	(5.2 %)	1,183,122	(157.8 %)
Net financial income/(charges)	1,924,554	10.6 %	1,308,445	9.0 %	616,110	47.1 %
Ebt	2,357,891	13.0 %	558,660	3.9 %	1,799,231	322.1 %
Curent Income Taxes	(49,838)	(0.3 %)	(8,689)	(0.1 %)	(41,149)	473.6 %
Deferred Taxes	(115,415)	(0.6 %)	225,812	1.6 %	(341,227)	(151.1 %)
Net Profit (Loss)	2,192,638	12.1 %	775,783	5.3 %	1,416,855	182.6 %

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Mailup S.p.A Balance Sheet with determination of NWC as at 31/12/2019

Balance Sheet	31/12/2019	31/12/2018	Change	Ch. %
Intengible fixed assets	3,143,432	3,392,685	(249,253)	(7.3 %)
Tangible fixed assets	1,666,522	1,010,920	655,601	64.9 %
Rights of Use (IFRS 16)	4,005,849		4,005,849	
Financial fixed assets	19,767,209	19,239,150	528,059	2.7 %
Fixed Assets	28,583,011	23,642,755	4,940,255	20.9 %
Receivables from customers	1,927,474	1,518,205	409,269	27.0 %
Receivables from subsidiaries	1,371,349	635,764	735,585	115.7 %
Receivables from associated companies		13,067	(13,067)	(100.0 %)
Payables to supplier	(1,405,885)	(1,124,736)	(281,150)	25.0 %
Payables to subsidiaries	(1,328,589)	(1,735,989)	407,400	(23.5 %)
Payables to associated companies	(20,749)	(23,500)	2,751	(11.7 %)
Commercial Trade Working Capital	543,600	(717,188)	1,260,788	(175.8 %)
Tax receivables and payables	70,429	506,523	(436,094)	(86.1 %)
Accruals and deferrals	(6,507,930)	(6,104,351)	(403,579)	6.6 %
Other receivables and payables	(3,376,157)	(4,811,884)	1,435,726	(29.8 %)
Net Working Capital	(9,270,058)	(11,126,900)	1,856,841	(16.7 %)
Provisions for risks and charges	(146,667)	(144,405)	(2,261)	1.6 %
Provisions for severance and pension	(1,475,997)	(1,142,221)	(333,776)	29.2 %
Net Invested Capital	17,690,289	11,229,229	6,461,059	57.5 %
Share capital	374,276	373,279	997	0.3 %
Reserves	15,081,363	14,388,360	693,003	4.8 %
Profit (Loss) for the period	2,192,638	775,783	1,416,855	182.6 %
Net Equity	17,648,277	15,537,422	2,110,854	13.6 %
Cash	(5,868,571)	(5,637,167)	(231,403)	4.1 %
Short-term debt	938,804	1,456,291	(517,487)	(35.5 %)
Financial liabilities right of use (short term)	761,356		761,356	
AFS Financial Assets	(490,998)	(469,489)	(21,509)	4.6 %
Medium/long-term debt	1,445,112	342,173	1,102,939	322.3 %
Financial liabilities right of use (medium/long term)	3,256,309		3,256,309	
Net financial position	42,012	(4,308,193)	4,350,205	(101.0 %)
Total Sources	17,690,289	11,229,229	6,461,059	57.5 %

CONSOLIDATED AND SEPARATE ANNUAL REPORT ON OPERATION AS AT DECEMBER 2019

Dear Shareholders,

The year ended on 31/12/2019 records a positive consolidated result of Euro 1,150,036, after amortisation, depreciation and impairment applied for a total of Euro 2,945,772 nd provisions made for current and deferred tax in the amount of Euro 672,299. The EBITDA of the Group amounted to Euro 4,795,229. The separate financial statements of the parent company MailUp S.p.A. (hereinafter "MailUp") for the same period, recorded a positive result of Euro 2,192,638 with EBITDA of Euro 2,934,704.
Below is the analysis of the position and the trend of operations relative to the year just ended of the Group and the company.

Introduction

This Report on Operations is presented for the purposes of the Consolidated Annual Report of the MailUp Group (hereinafter the "MailUp Group" or the "Group") prepared in accordance with International Accounting Standards (IAS/IFRS) as per the resolution of the administrative body of MailUp, as per the faculty envisaged by articles 2-3 of Legislative Decree n. 38/2005.

In the 2019 financial year, the requirements set out in Article 27 of Legislative Decree no. 127/1991 which determine the obligation to prepare the consolidated financial statements, previously prepared on a voluntary basis.

In this document, we provide information regarding the Group's consolidated position. This report, drawn up with balances expressed in units of Euro, is presented so as to accompany the Consolidated Annual Report for the purpose of providing income-related, equity, financial and operating information on the Group accompanied, where possible, by historic elements and forecasts valuations.
The Consolidated Balance Sheet and Income Statement as at 31/12/2019 are shown for comparison purposes. As regards the consolidated financial statements, which strive to ensure standardised measurement criteria and have been prepared on the basis of full consolidation, please note that the consolidation scope is as shown below (as at 31/12/2019):

The Consolidated Income Statement figures for comparison do not include the year 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 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 2019):):

Company Name	Registered office	Share Capital as at 31/12/2019	%
MAILUP S.p.A.	Milan	Euro 374,276.15	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)

Economic context for FY 2019

The macroeconomic context of 2019 was 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 discussions with the European Union for the management of public accounts, with a potential significant increase in the volatility of the spread.

According to ISTAT, the Italian GDP growth forecast for 2019 is 1.2% in real terms, marking a minimal acceleration compared to the previous year.

In 2019, imports of goods and services declined by 0.4%; available resources increased in volume by 0.1% over 2018. As regards commitments, gross fixed investments rose by 1.4%, exports of goods and services by 1.2% and national final consumption by 0.2%.The contribution to the change in GDP of domestic demand net of stocks was positive for 0.4%, while the change in stocks had a negative contribution of 0.6%. As regards domestic demand, both resident household and ISP spending, as well as gross fixed investments and objects of value, made a 0.2% contribution each. The contribution of net foreign demand was positive at 0.5%. In 2019, the change in the GDP deflator was a positive 0.9%, with the following increases: 1.0% for gross fixed investments, 0.5% for resident household spending and 0.8% for PA spending. In 2019, foreign trade improved, as a result of the combination of a 0.5% increase in the export deflator and a 0.2% decline in the deflator for the import of goods and services. In 2019, growth in final consumer spending of resident households slowed, increasing in volume by 0.4% (compared to +0.9% in 2018). Increases in consumer spending on goods and services were 0.1% and 0.9% respectively. The greatest increases in volume by consumption functions regard communications (+7.1%), spending on recreation and culture (+2.0%) and sundry goods/services (+1.2%). The components marking a decline are apparel and footwear (-2.7%), healthcare spending (-0.8%) and alcoholic beverages, tobacco and narcotics (-0.4%).

From an international point of view, the OECD reduced global growth estimates for 2019 first from 3.9% to 3.2% and subsequently to 2.9%, 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, driven by the slowdown in Germany. Japan shows a weak economic dynamic, characterised by declining industrial production, the lowest unemployment rate in the last 25 years and 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 before the effect of the coronavirus, with a potential downturn 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, completed in early 2020 and potentially contributing to a considerable growth reduction elsewhere in Europe as well.

As regards early 2020, the markets have seen a positive start thanks to the reduction in risks and uncertainties, in particular, relating to (i) international trade, (ii) the US/China trade war and (iii) GB's exit from the EU (Brexit). In the second half of a January, a new risk emerged for economic growth and market performance: the spread of a new virus (2019-nCoV) in China, which rapidly transformed into a pandemic, striking first Northern Italy, and then the entire country; as this document is being drafted, it has spread worldwide, triggering restrictive measures on the circulation of people and on economic activity of various levels of severity put into place by many governments to limit the possibility of contagion. This health emergency, along with the financial market crisis that has accentuated starting from the second week of March 2020, threatens to have global medium-term repercussions that cannot yet be fully appreciated. The impact of this health emergency on the global economy will certainly be considerable in the first and second quarters (transport, services and consumption will be the most impacted sectors); it is not yet clear whether the impact may also drag on into subsequent quarters.

The Group

The parent company MailUp is a legal entity organized according to the law of the Italian Republic, which operates in the sector of cloud marketing technology (MarTech). MailUp has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 10,000 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. At consolidated level, the Group operates with over 23,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 240 employees. The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing purposes, (ii) sophisticated e-mail and newsletter editing tools, (iii) innovative solutions in marketing technology, in addition to (iv) professional consulting services in this area.

After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana (Italian Stock Exchange), MailUp added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (predictive marketing using artificial intelligence).

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 3,000 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 370 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.

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 600 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 6,000 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.

Datatrics S.R.L. è 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 7 employees who have already activated almost 70 customers, Brosway, Iperbimbo, Calcioshop, Trendevice, Desivero, Mobzilla, WRS (leader in Italy for car/motorcycle accessories). 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. .

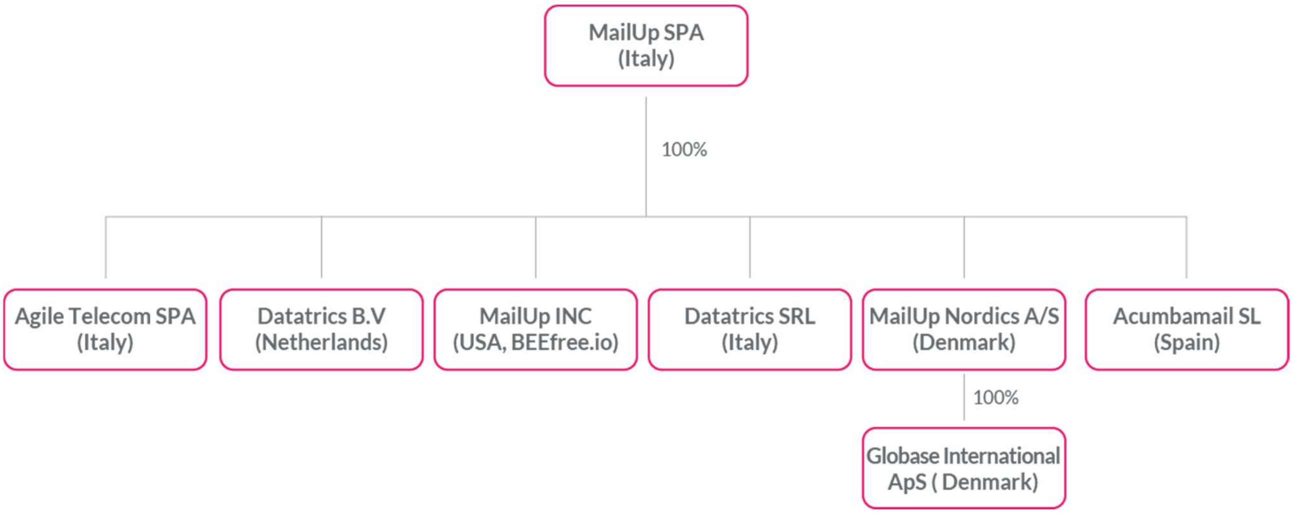
MailUp Nordics A/S is the sub-holding that controls 100% of Globase International A.p.S., a Danish company specialising in advanced digital marketing automation services for customers in the Nordics market. As at 31/03/2019, Globase completed the transition to the new V3 platform, directly derived from 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. Since March 2020, part of the Globase team has been collaborating with the American BEEfree.io in accounting activities for high-end BEEPro customers.

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 3,500 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 67,000 users...

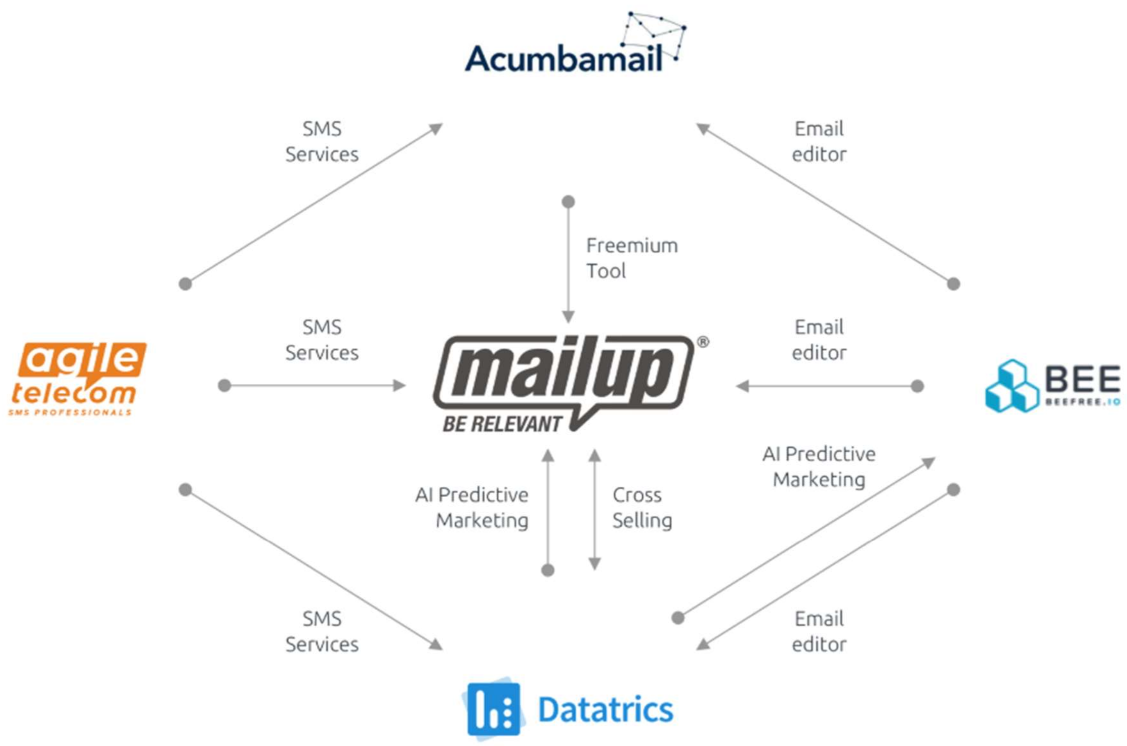
Pursuant to article 2428 Civil Code, it is noted that the activities of the parent company were carried out in the year ended on 31/12/2019 at the registered office in Milan, viale Restelli 1, and at the administrative office of Cremona, via dell'Innovazione Digitale 3, at the CRIT – Centre for technological innovation. Between the month of December 2019 and the month of January 2020, the transfer of the Milan office activities to the new offices in Via Pola 9, also in Milan, was completed

Below is the Group's participation structure updated as at 31/12/2019



All the entities listed in the above chart are 100% owned by MailUp S.p.A..

The growth path for external lines through acquisitions undertaken by the MailUp Group has allowed, and will allow more and more in the future, to develop significant product strategies in the technological and commercial growth fields, summarized in the following graphic representation:



Main events during FY 2019

During the 2019 financial year, the activity of the MailUp Group was 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, Los Angeles.

On 31/07/2019, 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. This person 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.

On 24/09/2019, MailUp announced its positioning as one of the 9 Italian companies included in the prestigious Deloitte EMEA Technology FAST 500 ranking, the programme organised by Deloitte every year across three geographical areas - North America, EMEA and Asia-Pacific - and one of the most well respected rankings in the tech sector, based on its growth recorded between 2014 and 2017. Within a group of companies from the 24 countries making up the EMEA region, with an average growth rate of 969%, MailUp was one of the European high tech businesses with the highest growth rate, the only listed Italian parent company, with an average 2014-2017 growth rate of 241%.

On 15/10/2019 during the SaaStock conference in Dublin (Ireland), MailUp Group announced the release of version 3 of BEE, the popular drag-n-drop email editor available online at beefree.io and integrated within more than 600 SaaS applications.
The software was completely rewritten and today guarantees increasing performance levels in terms of:

- loading speed, for a better user experience for the end user
- flexibility, since users are able to control UI, colour and text elements
- extendibility, thanks to the introduction of a new developer platform to create add-ons and custom content

While many structural changes have been made, the interface of the product, which is already used and preferred by more than one million users worldwide, remains almost completely the same.

On 31/10/2019, the Company won the Smart Working Award 2019 from the School of Management at the Polytechnic University of Milan as part of the Smart Working Observatory, in the SME category, for companies that stand out due to their capacity to innovate in ways of working thanks to their Smart Working projects.
This award recognises the smart working policy launched by MailUp Group around one year ago, with the structuring of a Human Resources function at holding company level. The three-year People Strategy plan provided for a smart working trial with a pilot group of employees and, six months later, it was extended to the entire company population. The goal is to create a result-driven business thanks to the introduction of flexible hours, performance development tools and a continuous feedback culture. From this perspective, the company moved its registered office in Milan to new offices designed entirely based on a smart spaces approach: mobile workstations, flexible spaces, areas intended to facilitate activities and the achievement of objectives.

On 22/11/2019, MailUp Group was honoured with the “First half 2019 growth” award as part of the VI edition of the IRTop AIM Investor Day in Milan, for the significant turnover and EBITDA growth achieved in the first half of 2019.

On 16/12/2019, the engagement of Nominated Adviser (Nomad), assigned to BPER Banca S.p.A., taking over for EnVent Capital Markets Ltd, became effective.

Between December 2019 and January 2020, the transfer of activities from the Milan registered office at Viale Francesco Restelli 1 to the new Milan office at Via Pola, 9 was completed. The transfer to that space, including about 1,150 m2 on a single floor with about 90 workstations in free assignment, 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 people’s working lives.

During the trading session of 27/12/2019, the price of the MAIL share reached the maximum of the year and the all-time high, with a closing price of Euro 4.80 per share. At this value, the company's capitalisation corresponds to about Euro 71.8 million.

After the end of the year, the MAIL share recorded a new all-time high, with a price per share of Euro 4.85 marked at the end of the session of 17/02/2019. At this value, the company's capitalisation corresponds to more than Euro 72.6 million.

MAIL share performance in the course of FY 2019 and Investor Relations activities

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

Placing price	Euro 1.92*	29/07/2014
Maximum price FY 2019	Euro 4.80	27/12/2019
Minimum price FY 2019	Euro 2.26	02/01/2019
Price at period-end	Euro 4.73	30/12/2019

* price adjusted as a result of the free capital increase of 11 April 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, the MailUp share recorded gradual but steady growth. From 15/03/2019, the stock was pricing above Euro 3, while as of 24/09/2019 it was stably above Euro 4.

Below is the monthly evolution of weighted average prices and average daily volumes:

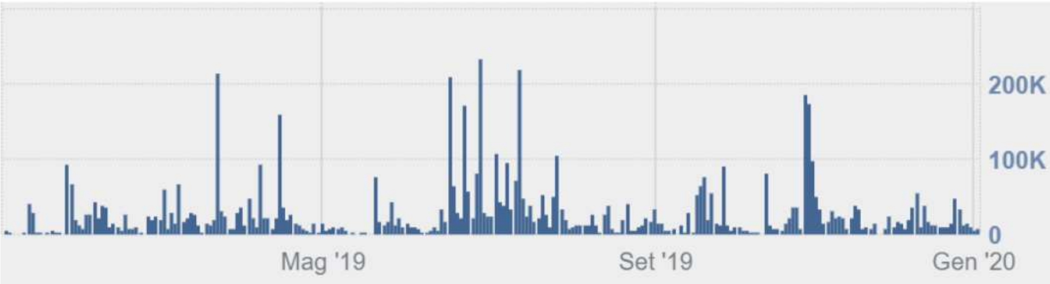
Month	Weighted average price €	Average daily volume #
January 2019	2.59	15,210.00
February 2019	2.81	20,319.00
March 2019	3.03	30,531.43
April 2019	3.22	25,854.73
May 2019	3.26	12,383.52
June 2019	3.63	51,287.90
July 2019	4.15	49,191.43
August 2019	3.95	15,127.95
September 2019	4.18	24,155.57
October 2019	4.53	35,696.57
November 2019	4.43	16,134.76
December 2019	4.64	17,629.86

In 2019, MAIL marked a series of new highs for the year and all-time highs, with a positive trend that continued in early 2020 as well. The constant price growth suffered from a sudden halt corresponding to the global market crisis caused by the spread of the Covid-19 pandemic in the second half of February 2020.

The maximum price recorded on 27/12/2019 at Euro 4.80 per share, equal to the maximum for the year and the all-time high, is about 112.4% higher than the first listing of the year (Euro 2.26 as of 02/01/2019).

Throughout 2019, the MailUp Group share was amongst the 10 companies recording the best stock market performance, with an increase exceeding 100%.

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



MAIL.MI - trend in volumes January-December 2019 - Sourcewww.borsaitaliana.it

During FY 2019, in thirty-two trading sessions volumes traded exceeded 50,000 units, with a maximum recorded on 27/06/2019 (234,047 units). In general, daily volumes traded during the period averaged above 26 thousand units, almost double compared to the same overall figure of 13 thousand units per day in the previous year.

The Company is very careful in handling Investor Relations activities, i.e., communications and financial information activities between the company and investors.
The Investor Relator therefore meets the Company's external communication requirements and, by performing his activities, also in coordination with other company and group functions, aims to enhance the perception of MailUp's and the Group's business activities, strategies and future outlooks by financial operators, particularly professional, Italian and foreign institutional and qualified investors.
Investor Relations activities are based on the MailUp Group's reporting ecosystem, which encompasses a range of resources and working teams that work in close contact to guarantee accurate and timely reporting. The outputs of this system are the separate and consolidated annual financial statements, subject to a full audit by the independent auditing firm; the separate and consolidated half-year report, subject to a limited audit by the independent auditing firm; the disclosure of unaudited consolidated quarterly sales data; and the unaudited quarterly reports.
Furthermore, it is responsible for compulsory price sensitive communications, as well as all communications intended to provide shareholders and the market with prompt information regarding the group, disclosed via press releases.
In the course of 2019, a total of 47 financial press releases were issued.
All accounting and financial documentation and press releases generated by the Group are drafted and published in both Italian and English and made available on the website www.mailupgroup.com, which is also fully available in both languages on a voluntary basis.
The CEO and Investor Relator periodically participate in both individual and group presentations and meetings to present the Group and its performance. The updated presentations are published on the website. For example, in the course of 2019 the Group participated in more than 26 plenary (conferences) and individual (investor day) meetings in the Milan, Lugano, Frankfurt, London and New York markets.
Every month, investors who have requested it receive a newsletter providing the main financial news.

The Group also receives assistance from four corporate brokers, who generate independent research and support the company in its financial sales and marketing activities, helping to spread its equity story and generate contacts with current and potential investors. Equity research reports, all drafted in English, are available on the website in the www.mailupgroup.com/en/analyst-coverage/ section.
Seventeen equity research reports were published in 2019.

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, going from about 150 application solutions in 2011 to over 6,800 in 2018.
In the extremely complex and fragmented context of the MarTech market it is possible to identify 6 main sub-segments:

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

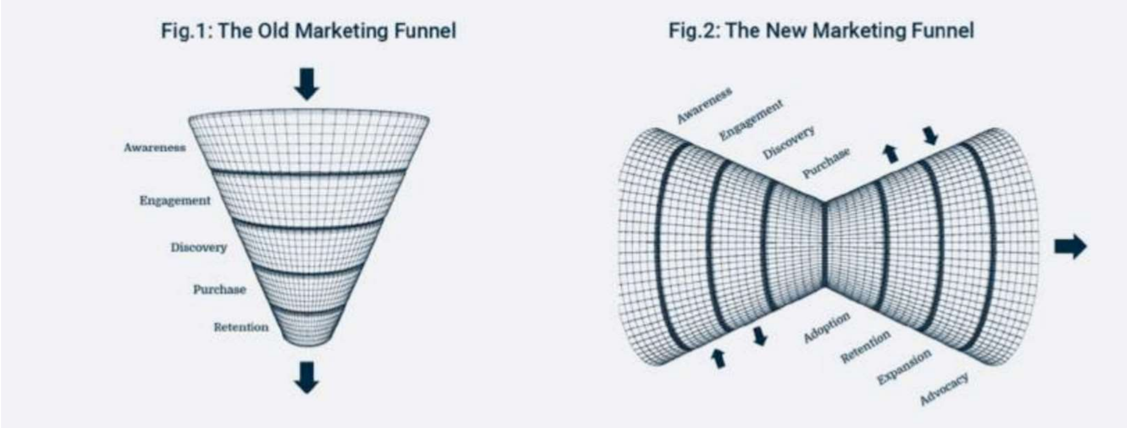
In the MarTech area, e-mails and text messages are still the most used and fastest-growing tools among the solutions available, above all for the effectiveness deriving from their combined use in marketing strategies.

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

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

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

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



Fonte: Market Campaign, 2018 Email Marketing, Value Track Analysis

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

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

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

2. Mobile Marketing / Messaging Segment: it includes SMS campaigns that, despite the almost daily proliferation of new technologies in the smartphone world, remain one of the preferred methods in the area of customer engagement and acquisition. In addition to marketing activities in a strict sense, text messages are widely used in transactional communications, determining an alternative source of revenue for providers of this specific service. Transactional SMS are those sent, for example, after the completion of an online purchase or for 2-factor authentication, the use of which is recommended under the latest guidelines on the protection of personal data. The SMS market is still the channel that is recording the fastest and most intense growth with 4.9 bilion users at the end of 2017 (66% of the worldwide population and growth of 5% that 2016), 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.

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

Competitors' behaviour

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

In such a large, complex and interconnected market, companies must necessarily specialize in a niche or aggregate / include in their offer the most ample and most varied portfolio of alternative solutions. For this reason, from start-ups and micro / small companies to large software multinationals such as Adobe, IBM, Oracle, Salesforce and SAP coexist in the MarTech ecosystem.
The former are developed and sized by their founders to operate within a specific market niche, while the large players are structured to manage multiple and diversified segments at the same time. This is possible since marketing technologies are basically based on cloud applications, like MailUp, which can be accessed in stand-alone mode or can be incorporated as part of more complex platforms.
In order to facilitate access to this market, most players have in fact allocated significant resources to the development of integrations of their marketing technology platform, through plug-and-play applications, for example with the main CRM systems and the most widespread marketing automation platforms. The iPaaS (integration-Platform-as-a-Service) platforms have also significantly increased correspondingly, leading to an increase in the overall level of integration between the various marketing technologies.
This process has become an advantage for marketers who have thus been able to choose the best product available without necessarily being tied to a single supplier.

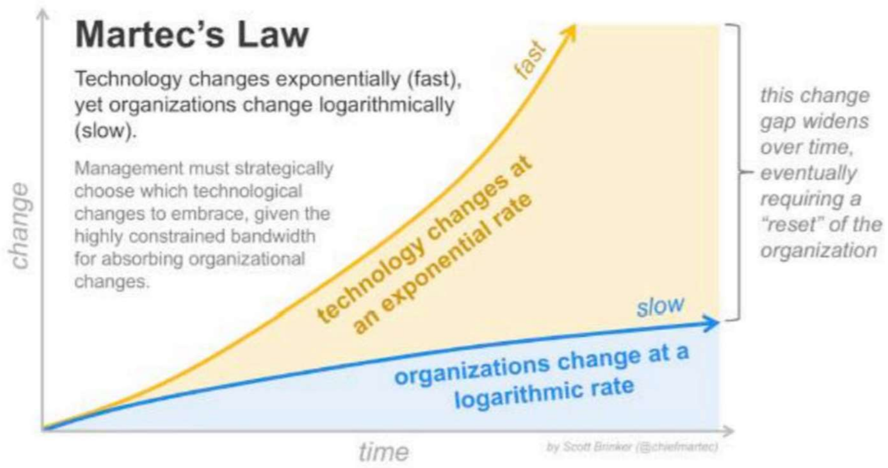
Below are some competitors divided by different business units:

	MailUp / Acumbamail	Agile Telecom	Datatrics	BEE
Italy	contactlab, MagNews	kaleyra, SMS it, Commify	ADABRA, Neosperience	BEE PRO (FOR EMAIL DESIGNERS): EDMdesigner, TAXI, FOLEON, StampReady, Stamplia, stripo, stensul, chamaileon
Europe	dotdigital, sendinblue, mapp, Splio	link mobility, tyntec, SAP, Mitto, sinch, bics	raptor, blueconic, CLERK.IO, selligent, optimove, agillic, mapp	
Other	Latin America: icommkt, emBlue Rest of the World: ActiveCampaign, SendGrid, mailchimp, KLAVIYO, Campaign Monitor	infobip, nexmo, Wavecell, Clickatell	Bluecore, Barilliance, DYNAMIC YIELD, evergage, SharpSpring, emarsys, mparticle, Adobe, TEALIUM	BEE PLUGIN (FOR DEVELOPERS): EDMdesigner, unlayer, stripo

Table for illustrative purposes only, the logos remain the property of their respective owners.

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::



Fonte: 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 2019, the MailUp platform sent more than 21 billion e-mails among newsletters, DEM and transactional messages. Agile Telecom has sent over 1,8 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

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 year 2019 the Mailup Group reported positive result, posts total revenues in excess of EUR 60.8M, showing an increase of EUR 20M+ or +51% in percentage terms versus FY2018 (+46% organic). Moving on to the main business line, the SMS line - dynamic, volatile and highly price-oriented by nature and significantly price-oriented, recorded the the biggest top-line growth in excess of 15.5M (+57%) versus FY2018 at over EUR 42.7M consolidated sales, particularly because of Agile Telecom's volume growth. The Email line, the steadiest and most consolidated within the Group, showed a +18% increase, with revenues in excess of EUR 13.3M, thanks to the excellent performance of BEE editor, which posted a substantial, increasing growth to

EUR 2.6M FY2019 revenues (+111% vs EUR 1.2M in FY2018), measuring the rapidly increasing recognition of the product by marketers globally, 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 upselling to existing customers, who are extremely loyal and sensitive to quality of service.Positive if subdued is the trend for Professional Services, on-demand consulting for customisation and training on the Group platforms, which increased by 69+%. The Predictive Marketing line also posted excellent results, amounting to EUR 2.3M sales, thanks to the performance of the newly acquired Datatrics B.V. (December 2018) and the newly incorporated domestic subsidiary Datatrics S.r.l., for which no comparative data are available for FY2018 as they are first consolidated at P&L level in 2019; Datatrics B.V.'s unaudited individual reports for FY2018 posted revenues of ca. EUR 1M. Foreign revenues amounted to ca. EUR 28.8M, showing a substantial growth trend on FY2018 both in absolute (+79%) and relative terms (47% incidence versus 46%)

Consolidated EBITDA amounted to EUR 4.8M, growing by +27% versus FY2018, for an 8% incidence on sales. The positive net variation exceeding EUR 1M is mainly due to the following factors: (i) the positive impact of EUR 834,196 from first-time adoption of the new IFRS 16 on lease accounting without comparative data restatement, starting from 1 January, 2019; (ii) the negative impact of ca. EUR 1M from contingent liabilities on certain supplies for Agile Telecom; (iii) the negative effect of Datatrics start-up margins. As per sub (ii), the incident was completely resolved both from a legal perspective, with a transaction, and technically, by swiftly activating alternative routes, thus avoiding prospective impacts on margins..

Earnings Before Taxes amount to EUR 1.8M, decreasing by 5% on FY2018, with EUR 2.9M depreciations (+57% versus FY2018), related to IFRS 16 first-time adoption which caused EUR 821,013 greater amortisations and EUR 38,368 greater financial expenditures..

Consolidated Net Earnings for FY2019, after estimated current and deferred taxes, amount to EUR 1.2M, decreasing by 8%versus FY2018, including a negative impact for IFRS 16 for EUR 16,185.

The consolidated Net Financial Position as of 31 December 2019 is negative (for net cash) and amounts to EUR 2.4M, decreasing versus the previously recorded (net cash) amounts of EUR 6.4M as of 31 December 2018. The variation is positively influenced by the operating cash flow, but it is counterbalanced by the bigger debt figure from IFRS 16 first-time adoption, for an amount of EUR 4.6M, as well as cash outs for the last earn-out tranche on Agile Telecom (EUR 600k) and second+third tranche on Datatrics's purchase price (EUR 748k).

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. .

As per the Holding Company, MailUp S.p.A., FY2019 results confirm the historical positive sales growth trend (+25%), with total sales at EUR 18M. In business revenues, the most significant increase, equal to 80%, was recorded in the professional services sector, with still limited amounts in absolute value, followed by SMS (+ 20%) and email (+ 7%). The increase in other revenues (+ 120%) is significant, linked to the growth in intercompany revenues relating to the distribution of staff costs (administration and accounting, billing, management control, human resources, legal services, top management and M&A, technological services and IT) centralized for the whole Group at the parent company. It should be noted that, starting from 2019, with the expansion of the Group linked to the acquisition of Datatrics Bv and the internal reorganization of some centralized activities of the Holding, for the sole purpose of making the structure more efficient, greater focus on staff activities for the benefit of the subsidiaries and some criteria for reversing these costs were perfected.

MailUp's earnings results showed brilliant progress compared to the previous year. EBITDA (+ Euro 2.1 million; + 245%) benefited from the improvement effect of the first application of the Accounting Standard IFRS 16 described above for Euro 561,842, an effect that was also zeroed at the EBIT level (+ 1.2 million; + 150%) from the relative higher costs for depreciation for Euro 546,818, and to EBT (+ Euro 1,8 million; + 300%) from the higher financial charges for Euro 26,840. Financial management remains extremely positive and growing due to the dividends of the subsidiaries Agile Telecom and Acumbamail. The net profit for the year consequently improved significantly and amounted to 2,192,638 euros compared to 775,783 euros in the previous year. MailUp's NFP was negative for Euro 42 thousand mainly due to the accounting, in accordance with the aforementioned IFRS 16, of a financial liability relating to the Right of Use for Euro 4 million, net of which it would have largely resulted in positive territory and in line with the previous year. Also worthy of mention is the use of leverage, under extremely favorable conditions, to support investments in the new Milan office, those related to the incremental development costs of the MailUp platform, detailed in the paragraph on Research and Development, and to support some relevant payments attributable M&A transactions in previous years, due to a difference in higher new credit lines compared to repayments paid for Euro 585 thousand.

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

	31/12/2019	31/12/2018
Total revenues	60,797,342	40,203,483
EBITDA	4,795,229	3,769,109
Pre-tax result (EBT)	1,849,507	1,897,105

With respect to the income results, it should be recalled that consolidated EBITDA benefited, among other things, from the positive effects of lower costs relating to office rental, leasing and long-term car rental by Euro 834 thousand following the application of IFRS 16, mentioned previously, with the modified retrospective method, therefore without recalculation of the values relating to previous periods. The relative impact on consolidated EBT was instead negative for a net amount of Euro 48 thousand, due to higher amortisation and depreciation and specific financial expenses. For further information, please consult the previous section "Operating performance in Group sectors" and the details contained in the Explanatory Notes, which are an integral part of these financial statements

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	31/12/2019	%	31/12/2018	%	Change	Ch. %
Email Revenues	13,335,991	21.9 %	11,277,316	28.1 %	2,058,675	18.3 %
SMS Revenues	42,724,773	70.3 %	27,185,472	67.6 %	15,539,301	57.2 %
Predictive Marketing Revenues	2,280,294	3.8 %			2,280,294	
Professional Service Revenues	928,244	1.5 %	547,645	1.4 %	380,599	69.5 %
Other Revenues	1,528,040	2.5 %	1,193,050	3.0 %	334,990	28.1 %
Total Revenues	60,797,342	100.0 %	40,203,483	100.0 %	20,593,858	51.2 %
Cost of Goods Sold	44,108,421	72.5 %	26,817,239	66.7 %	17,291,182	64.5 %
Gross Profit	16,688,920	27.5 %	13,386,244	33.3 %	3,302,676	24.7 %
Sales & Marketing costs	4,407,434	7.2 %	2,938,007	7.3 %	1,469,427	50.0 %
Research & Development Opex	1,634,865	2.7 %	1,063,420	2.6 %	571,445	53.7 %
Research & Development Capex	(1,634,198)	(2.7 %)	(1,473,359)	(3.7 %)	(160,839)	10.9 %
Research & Development costs	3,269,063	5.4 %	2,536,779	6.3 %	732,284	28.9 %
General & Admin Costs	5,851,393	9.6 %	5,615,708	14.0 %	235,685	4.2 %
Total Costs	11,893,691	19.6 %	9,617,134	23.9 %	2,276,557	23.7 %
Ebitda	4,795,229	7.9 %	3,769,109	9.4 %	1,026,119	27.2 %
General Depreciation Costs	220,420	0.4 %	195,277	0.5 %	25,143	12.9 %
Right of Use Amortization Costs	812,013	1.3 %			812,013	
R&D Amortization Costs	1,913,289	3.1 %	1,676,727	4.2 %	236,561	14.1 %
Amortization & Depreciation	2,945,722	4.8 %	1,872,005	4.7 %	1,073,717	57.4 %
Ebit	1,849,507	3.0 %	1,897,105	4.7 %	(47,598)	(2.5 %)
Net financial income/(charges)	(27,172)	(0.0 %)	20,796	0.1 %	(47,968)	(230.7 %)
Ebt	1,822,335	3.0 %	1,917,900	4.8 %	(95,566)	(5.0 %)
Curent Income Taxes	(387,000)	(0.6 %)	(766,513)	(1.9 %)	379,513	(49.5 %)
Deferred Taxes	(146,426)	(0.2 %)	242,678	0.6 %	(389,105)	(160.3 %)
Deferred Taxes	(138,873)	(0.2 %)	(138,800)	(0.3 %)	(74)	0.1 %
Net Profit (Loss)	1,150,036	1.9 %	1,255,267	3.1 %	(105,231)	(8.4 %)

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

	31/12/2019	*31/12/2018*
Net ROE (Net result/Net capital)	0.07	0.09
Gross ROE (EBT/Net capital)	0.12	0.13
ROI (EBITDA/Invested capital)	0.07	0.07
ROS (EBITDA/Sales revenues)	0.08	0.10

The consolidated income ratios, substantially in line with those previously reported, show a slight downturn deriving from what was already mentioned in the comments on the results, and in particular: (i) the negative impact of roughly Euro 1 million of extra one-off costs connected to a dispute with a strategic supplier; (ii) the negative impact of the profit margins of Datatrics, still in the start-up phase..

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	31/12/2019	31/12/2018	Change	Ch. %
Intengible fixed assets	4,392,560	4,080,355	312,205	7.7 %
Goodwill	16,631,533	16,631,533	(0)	(0.0 %)
Tangible fixed assets	1,773,924	1,095,331	678,593	62.0 %
Rights of Use (IFRS 16)	4,629,957		4,629,957	
Financial fixed assets	220,304	220,315	(11)	(0.0 %)
Fixed Assets	27,648,278	22,027,534	5,620,744	25.5 %
Receivables from customers	11,291,536	8,350,869	2,940,667	35.2 %
Receivables from associated companies		13,067	(13,067)	(100.0 %)
Payables to supplier	(12,942,856)	(8,053,296)	(4,889,560)	60.7 %
Payables to associated companies	(20,749)	(23,500)	2,751	(11.7 %)
Commercial Trade Working Capital	(1,672,069)	287,141	(1,959,209)	(682.3 %)
Tax receivables and payables	1,834,077	741,699	1,092,379	147.3 %
Accruals and deferrals	(7,206,115)	(6,635,451)	(570,664)	8.6 %
Other receivables and payables	(3,647,203)	(5,099,121)	1,451,918	(28.5 %)
Net Working Capital	(10,691,309)	(10,705,732)	14,423.6 %	(0)
Provisions for risks and charges	(619,480)	(436,070)	(183,409)	42.1 %
Provisions for severance and pension	(1,718,547)	(1,321,224)	(397,322)	30.1 %
Net Capital Invested	14,618,943	9,564,507	5,054,436	52.8 %
Share capital	374,276	373,279	997	0.3 %
Reserves	15,448,802	14,301,484	1,147,317	8.0 %
Profit (Loss) for the period	1,150,036	1,255,267	(105,231)	(8.4 %)
Net Equity	16,973,114	15,930,030	1,043,083	6.5 %
Cash	(8,946,689)	(7,711,606)	(1,235,083)	16.0 %
Short-term debt	992,262	1,473,399	(481,137)	(32.7 %)
Financial liabilities right of use (short term)	1,017,635		1,017,635	
AFS Financial Assets	(490,998)	(469,489)	(21,509)	4.6 %
Medium/long-term debt	1,445,112	342,173	1,102,939	322.3 %
Financial liabilities right of use (medium/long term)	3,628,507		3,628,507	
Net financial position	(2,354,170)	(6,365,523)	4,011,353	(63.0 %)
Total Sources	14,618,943	9,564,507	5,054,436	52.8 %

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

	31/12/2019	31/12/2018
Primary structure margin (Own funds – Fixed assets)	(11,797,113)	(7,422,446)
Primary structure ratio (Own funds/Fixed assets)	0.59	0.68
Secondary structure margin ((Own funds + Consolidated liabilities) – Fixed assets)	(1,385,467)	(1,573,624)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.95	0.93

The consolidated balance sheet ratios are affected by the effects of IFRS 16, as mentioned above. Fixed assets for the year include the Right of Use value of rented offices and leased company cars and long-term rentals for Euro 4.6 million, not present in the comparative figures. Net of the above changes, the primary indices are in line with the previous year and reflect the impact of the extraordinary acquisitions to increase fixed assets, as well as investments in the new Milan offices and in research and development projects relating to the services provided by the Group. The effect of IFRS 16 is partially offset in the secondary structural indices by the recording of medium and long-term financial liabilities on the aforementioned RoU for Euro 3.6 million, calculated as the present value of future instalments of rents, leases and hires on company assets. The secondary indices show a substantial balance, which is improving, in the time balance between investments and sources of financing in the medium/long-term.

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 Net Fiancial Position	31/12/2019	31/12/2018	change	ch %
A. Cash	8,946,689	7,711,606	1,235,083	16.0%
B. Cash equivalents	-	-	-	
C. Assets held for sale	490,998	469,489	21,509	4.6%
D. Cash and cash equivalents (A) + (B) + (C)	**9,437,687**	**8,181,095**	**1,256,592**	**15.4%**
E. Current financial assets	-	-	-	
F. Due to banks short term	100,874	45,222	55,652	123.1%
G. Current financial debt	891,389	1,428,178	(536,789)	37.6%
H. Other financial liabilities short term	1,017,635	-	1,017,635	
I. Current financial position (F) + (G) + (H)	**2,009,898**	**1,473,400**	**536,498**	**36.4%**
J. Net short term financial position (I) - (E) - (D)	**(7,427,789)**	**(6,707,695)**	**(720,094)**	**(10.7%)**
K. Due to banks medium/long term	1,445,112	342,173	1,102,939	322.3%
L. Bonds issued	-	-	-	
M. Other financial liabilities medium/long term	3,628,507	-	3,628,507	
N. Non current financial position (K) + (L) + (M)	**5,073,619**	**342,173**	**4,731,446**	**1382.8%**
O. Net financial position (J) + (N)	(2,354,170)	(6,365,523)	4,011,353	(63.0%)
o/w H. Current financial liabilities Rights of Use IFRS 16	1,017,635		1,017,635	n.m.
o/w M. Non current financial liabilities Rights of Use IFRS 16	3,628,507		3,628,507	n.m.
O. Net financial position without IFRS 16 effect	(7,000,312)	(6,365,523)	(634,789)	7.1%

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The effect linked to the application of IFRS 16 is shown below, along with how, without it, the NFP would have been significantly better, due to the positive financial contribution of the core business.

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

	31/12/2019	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)	(0.14)	(0.40)
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	0.91	0.88

The NFP remained abundantly positive in 2019 as well, as shown by the negative sign of the indebtedness index that shows the prevalence of liquidity with respect to financial indebtedness, even with the recognition of financial liabilities on RoU assets for a total of Euro 4.6 million. The change in the debt ratio is also attributable to this effect. Available liquidity increased over the period under analysis by Euro 1.2 million, from which the net increase in bank borrowing of Euro 565 thousand should be deducted. The specific indices relating to liquidity confirm a positive and balanced structure of cash and cash equivalents. As in the past, the Group does not use external indebtedness to finance its core business, while financial leverage is aimed specifically at financing extraordinary and strategic investment activities. For a detailed analysis of the items making up the NFP, reference is made to the Explanatory Notes contained in the file of the Consolidated Annual Report.

Main economic figures for MailUp

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

	31/12/2019	*31/12/2018*
Total revenues	18,143,665	14,508,630
EBITDA	2,934,704	848,942
Pre-tax result (EBT)	2,357,891	558,660

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

Income Statement	31/12/2019	%	31/12/2018	%	Change	Ch. %
Email Revenues	9,381,876	51.7 %	8,765,479	60.4 %	616,397	7.0 %
SMS Revenues	4,349,852	24.0 %	3,636,034	25.1 %	713,819	19.6 %
Professional Service Revenues	825,208	4.5 %	460,847	3.2 %	364,361	79.1 %
Intercompany Revenues	81,986	0.5 %	51,612	0.4 %	30,374	58.8 %
Other Revenues	3,504,742	19.3 %	1,594,659	11.0 %	1,910,084	119.8 %
Total Revenues	18,143,665	100.0 %	14,508,630	100.0 %	3,635,035	25.1 %
Cost of Goods Sold	7,460,445	41.1 %	6,132,221	42.3 %	1,328,224	21.7 %
Gross Profit	10,683,220	58.9 %	8,376,409	57.7 %	2,306,811	27.5 %
Sales & Marketing costs	2,479,781	13.7 %	2,531,929	17.5 %	(52,148)	(2.1 %)
Research & Development Opex	1,598,788	8.8 %	1,077,935	7.4 %	520,853	48.3 %
Research & Development Capex	(858,424)	(4.7 %)	(997,909)	(6.9 %)	139,484	(14.0 %)
Research & Development costs	2,457,213	13.5 %	2,075,844	14.3 %	381,369	18.4 %
General & Admin Costs	3,669,947	20.2 %	3,917,603	27.0 %	(247,656)	(6.3 %)
Total Costs	7,748,516	42.7 %	7,527,467	51.9 %	221,049	2.9 %
Ebitda	2,934,704	16.2 %	848,942	5.9 %	2,085,762	245.7 %
General Depreciation Costs	166,405	0.9 %	148,990	1.0 %	17,415	11.7 %
Right of Use Amortization Costs	546,818	3.0 %			546,818	
R&D Amortization Costs	1,520,153	8.4 %	1,449,737	10.0 %	70,417	4.9 %
Amortization & Depreciation	267,991	1.5 %			267,991	
Amortization & Depreciation	2,501,367	13.8 %	1,598,727	11.0 %	902,640	56.5 %
Ebit	433,336	2.4 %	(749,785)	(5.2 %)	1,183,122	(157.8 %)
Net financial income/(charges)	1,924,554	10.6 %	1,308,445	9.0 %	616,110	47.1 %
Ebt	2,357,891	13.0 %	558,660	3.9 %	1,799,231	322.1 %
Curent Income Taxes	(49,838)	(0.3 %)	(8,689)	(0.1 %)	(41,149)	473.6 %
Deferred Taxes	(115,415)	(0.6 %)	225,812	1.6 %	(341,227)	(151.1 %)
Net Profit (Loss)	2,192,638	12.1 %	775,783	5.3 %	1,416,855	182.6 %

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

	31/12/2019	31/12/2018
Net ROE (Net result/Net capital)	0.14	0.05
Gross ROE (EBT/Net capital)	0.15	0.04
ROI (EBITDA/Invested capital)	0.05	0.02
ROS (EBITDA/Sales revenues)	0.20	0.07

In 2019, MailUp posted a significant improvement in its income results compared to the previous year, due to the operating performance described in the section above, which provides the relative details. The income ratios confirm this trend with a significant improvement in all values in the table.
The total carrying amount of the investment in the non-operating subholding MailUp Nordics and in its subsidiary Globase International was written down by Euro 268 thousand. Indeed, impairment testing brought to light a recoverable amount (value in use) of the CGU (Cash Generating Unit), consisting of the combination of the Danish subsidiaries mentioned above, which is lower than the sum of the purchase value of the equity investment in Nordics, equal to Euro 800 thousand, and the long-term loan disbursed to it by the parent company to support the operating activities of the indirect subsidiary Globase. Against the non-recoverability of the intercompany loan emerging during the impairment test, Mailup therefore aligned with that result and waived part of the receivable due from Nordics. The loan was thus reduced from Euro 423 thousand to Euro 155 thousand. As part of this process, MailUp Nordics also wrote down its direct equity investment in Globase, adjusting to the value emerging from the impairment test. For further details in this regard, reference is made to the explanatory notes to these consolidated and separate financial statements on equity investments.

Main equity figures for MailUp

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

Balance Sheet Mailup spa	31/12/2019	31/12/2018	Change	Ch. %
Intengible fixed assets	3,143,432	3,392,685	(249,253)	(7.3 %)
Tangible fixed assets	1,666,522	1,010,920	655,601	64.9 %
Rights of Use (IFRS 16)	4,005,849		4,005,849	
Financial fixed assets	19,767,209	19,239,150	528,059	2.7 %
Fixed Assets	28,583,011	23,642,755	4,940,255	20.9 %
Receivables from customers	1,927,474	1,518,205	409,269	27.0 %
Receivables from subsidiaries	1,371,349	635,764	735,585	115.7 %
Receivables from associated companies		13,067	(13,067)	(100.0 %)
Payables to supplier	(1,405,885)	(1,124,736)	(281,150)	25.0 %
Payables to subsidiaries	(1,328,589)	(1,735,989)	407,400	(23.5 %)
Payables to associated companies	(20,749)	(23,500)	2,751	(11.7 %)
Commercial Trade Working Capital	543,600	(717,188)	1,260,788	(175.8 %)
Tax receivables and payables	70,429	506,523	(436,094)	(86.1 %)
Accruals and deferrals	(6,507,930)	(6,104,351)	(403,579)	6.6 %
Other receivables and payables	(3,376,157)	(4,811,884)	1,435,726	(29.8 %)
Net Working Capital	(9,270,058)	(11,126,900)	1,856,841	(16.7 %)
Provisions for risks and charges	(146,667)	(144,405)	(2,261)	1.6 %
Provisions for severance and pension	(1,475,997)	(1,142,221)	(333,776)	29.2 %
Net Invested Capital	17,690,289	11,229,229	6,461,059	57.5 %
Share capital	374,276	373,279	997	0.3 %
Reserves	15,081,363	14,388,360	693,003	4.8 %
Profit (Loss) for the period	2,192,638	775,783	1,416,855	182.6 %

Net Equity	17,648,277	15,537,422	2,110,854	13.6 %
Cash	(5,868,571)	(5,637,167)	(231,403)	4.1 %
Short-term debt	938,804	1,456,291	(517,487)	(35.5 %)
Financial liabilities right of use (short term)	761,356		761,356	
AFS Financial Assets	(490,998)	(469,489)	(21,509)	4.6 %
Medium/long-term debt	1,445,112	342,173	1,102,939	322.3 %
Financial liabilities right of use (medium/long term)	3,256,309		3,256,309	
Net financial position	42,012	(4,308,193)	4,350,205	(101.0 %)
Total Sources	17,690,289	11,229,229	6,461,059	57.5 %

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

	31/12/2019	31/12/2018
Primary structure margine (own funds-Fixed assets)	(11.653.756)	(9.025.578)
Primary structure ratio (own funds/Fixed assets)	0,60	0,63
Secondary structure margin ((Own funds+Consolidated liabilities)-Fixed Assets)	(2.329.671)	(3.648.483)
Secondary structure ratio (Own funds+Consolidated liabilities)/Fixed assets)	0,92	0,70

As in the case of the consolidated statement shown above, also for MailUp there was a clear impact of the recognition of right of use assets, totalling Euro 4 million, linked to the application of IFRS 16 with an increase in fixed assets. The secondary margin was considerably rebalanced, also taking into account the relative non-current financial liability on the right of use, amounting to Euro 3.2 million.

Main financial figures for MailUp

The parent company's net financial position as of 31/12/2019 was as follows:

Net Financial Position	31/12/2019	31/12/2018	Change	ch. %
A. Cash	5,868,571	5,637,167	231,404	(4.1%)
B. Cash equivalents		-	-	
C. Assets held for sale	490,998	469,489	21,509	(4.6%)
D. Cash and cash equivalents	**6,359,569**	**6,106,656**	**252,913**	**(4.1%)**
E. Current financial assets		-	-	
F. Due to banks	47,414	28,113	19,301	(68.7%)
G. Current financial debt	891,389	1,428,178	(536,789)	37.6%
H. Due to other provider of finance	761,356	-	761,356	
I. Current financial position (F) + (G) + (H)	**1,700,159**	**1,456,291**	**243,868**	**(16.7%)**
J. Net financial position short term (I) - (E) - (D)	**(4,659,410)**	**(4,650,365)**	**(9,045)**	**(0.2%)**
K. Due to banks	1,445,112	342,173	1,102,939	(322.3%)
L. Bonds issued		-	-	
M. Due to other provider of finance	3,256,309	-	3,256,309	
N. Non current financial position (K) + (L) + (M)	**4,701,421**	**342,173**	**4,359,248**	**(1274.0%)**
O. Net financial position (J) + (N)	42,012	(4,308,193)	4,350,205	(101.0%)
o/w H. Current financial liabilities Rights of Use IFRS 16	761,356		761,356	n.m.
o/w M. Non current financial liabilities Rights of Use IFRS 16	3,256,309		3,256,309	n.m.
O. Net financial position without IFRS 16 effect	(3,975,653)	(4,308,193)	332,540	(7.7%)

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Also for the financial data of MailUp, there was an effect linked to the application of IFRS 16, already described. Without it, the NFP would have been decidedly positive, although slightly lower than in the previous year.

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

	31/12/2019	*31/12/2018*
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.53	0.45
Secondary liquidity (Current assets/Current liabilities)	0.73	0.66
Debt (Net debt/Shareholders' equity)	0.0024	(0.28)
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	0.84	0.70

Aside from the debt ratio, highly penalised by the impact of IFRS 16, the other indicators show an improvement compared to the previous report.
It is necessary to note the recourse made to financial leverage, under highly favourable conditions, to support investments in the new Milan office, those linked to incremental development expenses of the new MailUp platform, described in detail in the Research and Development section, and to support several significant payments linked to M&A transactions in previous years, for a spread of higher new loans taken out compared to repayments made of Euro 585 thousand.
MailUp has always operated using the liquidity generated by the core business. The collection of annual fees in advance and the consequent deferred income on the part of future economic competency mechanism, have represented, and indeed continue to represent the main source of finance, which is inexpensive and rises proportionally according to the systematic growth of turnover seen over time. The use of medium-term bank debt leverage has been limited, in the presence of a favourable market rate situation and creditworthiness amply recognised by the banking system, to the financing of growth by external lines through M&A transactions that the company has pursued following the admission to trading on the AIM Italia market and to the main investments.

Information pertaining to the environment and staff

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

Staff

During the year 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 31/12/2019, the Group's workforce numbers 237 employees, of whom 4 managers, 13 middle managers, 217 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 31/12/2019, the parent company workforce totalled 154 employees, of whom 2 managers, 10 middle managers and 142 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..

Investimenti

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

Fixed Assets	Period Acquisition
Platform development costs	1,892,258
Third-party software and trademarks	244,.713
IT infrastructure, electronic office machines and systems	224,000
Furniture, office furnishings and leasehold improvements	809,404
Right of Use Offices IFRS 16	4,814,618
Right of Use cars IFRS 16	627,351

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

Fixed Assets	Period Acquisition
Platform development costs	858,424
Third-party software and trademarks	244,913
IT infrastructure, electronic office machines and systems	183,085
Furniture, office furnishings and leasehold improvements	806,319
Right of Use Offices IFRS 16	3,830,181
Right of Use cars IFRS 16	175,668

As previously mentioned several times and evident in the two tables relating to investments, the adoption from January2019 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 asan 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 theresearch and development activity are provided in the following paragraph. The material investments of the Group are typically represented by equipment, servers and electronic machinesdesigned to enhance and update the technological infrastructure, strategic for the core business, as well as furnitureand furnishings related to the leased operational offices.
Investments are reported in this area incurred in 2019 for the preparation and customization of the new offices in Milan, equal to Euro 784 thousands.

Research and development

In accordance with Civil Code article 2428, paragraph 2, number 1, it is specified that in year 2019, the Group capitalised investments related to the software development of technological platforms, internal and external, for Euro 1,634,198, of which Euro 858,424 for the parent company alone. As at 31/12/2019, net of the related accumulated amortisation/depreciation, these totalled Euro 3,959,258. Additional costs related to research and development departments were incurred for Euro 1,634,865 at consolidated level, of which Euro 1,390,093 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 629,175 for the year 2019. 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.
- The second half of the year was dedicated to redesigning the reporting pages for providing statistical data. The activity includes:
    a. usability tests to improve the user experience;
    b. data flow optimisation;
- the integration of new graphics libraries;
- The entire IT department has been focused on the new statistical reports, which were made available to customers in an incremental fashion: the first block in October 2019 and the second in February 2020;
- October’s 9.4 release includes a new detail in email statistics to be sent and allows for a number of combinations of exports of lists of addressees concerned by the mailings. As the exports are asynchronous, a new “notifications centre” informs users when a new report is available;
- The activities performed in the final quarter focused on message statistics, in view of the 9.5 update in February 2020. MailUp customers have been offered a new user experience with statistical data, which are easier to consult and feature a clearer data delivery method. In addition to greater data usability, performance and general stability have also been improved;
- Research and development also included the feasibility studies conducted to move the entire MailUp platform to the cloud in the 2020-2021 period, with a view to obtaining a clear benefit in terms of robustness, performance, reliability and scalability;
- The year 2019 came to an end with the introduction of particularly robust elements to boost the general security of the solution. This year, MailUp further raised its level of attention on security issues and data protection, setting more stringent criteria on new functions that will be developed from now on (privacy by design & security by design).

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). In 2019, the Group continued to invest in the development of the product. More specifically:

- BEE Pro: many improvements have been introduced in terms of both product and customer management, linked to the main release in 2019, that is version 3.0 of BEE Plugin, due to the synergistic relationship existing between the latter and BEE Pro, also referred to in the following paragraphs. 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. The catalogue now includes more than 200 templates created by various international email design professionals, and the fact that it leverages a growing network of designers will make it possible to maintain the rapid pace of adding new templates, while continuing to guarantee high quality. The approach used generates a self-feeding growth mechanism: more designers create more templates, which enhance the catalogue and attract new visitors, including more designers, who begin to work with us, creating more templates, which further enhance the catalogue and attract new visitors, and the cycle continues. As a result, the site registered significant growth in visits, with a total of roughly 880,000 unique visitors, more than 66.5% higher than in 2018. In turn, roughly 47,000 of them created BEE Pro trial accounts, up 80% compared to 2018. The high number of users has provided an enormous quantity of feedback for the product team, which has exploited it to respond to market demand by developing and releasing many new functions. 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 the message itself more easily and seeing it instantly on your mobile phone by reading a QR code; also 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; and connectors with a number of email sending platforms were added, including ActiveCampaign, Campaign Monitor, Constant Contact, Klaviyo and SendInBLue. All this not only led to sharp growth in the turnover generated by the product, but also to a high rate of customer satisfaction. This is measured with the well-known Net Promoter Score (NPS), which recorded an average of 52 in 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: in 2019, the embeddable version of the BEE editor received some substantial technical updates. We note first and foremost the launch of version 3.0 of Plugin, between October and early December 2019, which represents the primary release of the year, as a result of the work done for many months by the Italian team in synergy with its American colleagues. The enormous research and development effort - necessary given the strong growth in the use of the product by SaaS businesses all over the world - enabled the BEE editor to make a leap in quality from many perspectives. Specifically, BEE Plugin can now look to the future with a structure that is more reliable (e.g., no downtime event in the second part of 2019), high-performing (e.g., the editor's initial loading time has been more than halved, with a huge and immediate impact on the user experience), customisable (e.g., the editor interface can now be modified even more thoroughly to meet the needs of the applications that include it) and flexible (e.g., in 2020, the BEE editor will transition from being a "product" to being a "platform" on which other companies can build functions that meet their needs). Thanks to the continuous, valuable feedback gathered from our now more than 600 customers, investments also continued to be made in the development of new key functions. 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, and which may be saved and later reused, significantly accelerating the creation process; the addition of a system to manage custom icons for the block of content that makes it possible to create 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 – makes it possible to create different contents for the display of the same message or page depending on the size of the screen; the launch of a new API 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, and which has been adopted by one of the largest email marketing platforms at enterprise level (Cheetah Digital);

- 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 SaaS 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 approaches 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.

In the period until 31/12/2019, the NIMP project called for 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, 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 year 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, make it possible to obtain 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;

- Agile, Devops or XP development methodologies: 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 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 details 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 established, describing the approach taken, cases of functional tests performed and the set-up of the initial conditions;

- Development of customised content functions in the email channel through tools that can retrieve the elements to be inserted in messages directly from the customer's data sources. The messaging apps function was also developed, which is capable of integrating with messenger channels such as Facebook or Telegram;

- Partial release of an alpha version of the new platform in the pre-production environment, in which the new features of the software developed over time are being introduced;

- Application of a versioning system, which allows for frequent alignment between the developers' work environment and the shared environment. This approach, combined with the extreme programming (XP) context, facilitates collaboration between developers and will increase the quality of the software delivered;

- Launch of the automatic functional test writing phase for the installation of tools capable of maintaining a log of all interactions taking place between users of the application to be tested and the application itself. On the basis of such data, test cases are then formalised which replicate the interactions captured. Thus, it is possible to create test cases representative of real utilisations of the application by users;

- Launch of testing on the alpha release program to develop the solution for the automation of Black Box testing using dedicated frameworks supporting the execution of test cases. The Full Stack Testing process is being applied through Robot Framework;

- Collecting of statistical data deriving from the activities of the alpha release program by collecting and analysing data from the test sessions launched, in order to measure effectiveness based on the degree of coverage reached and the error rate with respect to the expected result;

With regard to the activities described above, between January and February 2019 MailUp submitted an initial report of investments and costs incurred regarding the NIMP project until 31/12/2018 and received the corresponding disbursement, after entering into the loan notary deed of 10/02/2020, both by way of the non-repayable grant of Euro 266 thousand, and the subsidised loan for Euro 807 thousand, of which Euro 719 thousand from Cassa Depositi e Prestiti and Euro 88 thousand from Banca Popolare dell'Emilia Romanga.

In the first progress report, the project cost had reached 28% of the total estimate, corresponding to Euro 1,530,447.41, compared to Euro 6,257,376.51.

With reference to the temporal distribution, the project is broken down as follows:

- Industrial Research for the first 12 months of the project, from 01/03/2018 to 28/02/2019;
- Experimental Development for the 33 months of the project, from 01/06/2018 al 28/02/2021.

During the first progress report, the relative progress made was as follows:

- Industrial Research equal to 83%, Euro 375,793.39 reported against Euro 453,484.42 forecast;
- Experimental Development equal to 21%, Euro 1,154,654.02 reported against Euro 5,803,892.09 forecast.

The second reporting of the NIMP project was performed between September and October 2019, taking as a reference period that between 01/01/2019 and 31/08/2019. This was the intermediate progress report required midway through the project, 18 months after it began.
In the second progress report, the project had reached more than 50% of the estimated costs, for a total of Euro 3,289,481.84.

Below are the details relating to the second progress report:

- Industrial Research completed at 100%, Euro 455,288.36 reported against Euro 453,484.42 forecast;
- Experimental Development progress equal to 45%, Euro 2,834,193.49 reported against Euro 5,803,892.09 forecast.

With reference to the progress made at the end of 2019, costs and investments incurred for the NIMP project amount to more than 60% of the forecast totals.

Transactions with subsidiaries, associates, parents and other related companies

In 2019, the MailUp Group implemented transactions between its parent company, subsidiaries and associates included in the scope of consolidation, associates and other related parties that were part of its core business. Interventions all aimed to promote the development in a synergic context that favours positive integrations and lastly, the efficiency of processes in the Group. No atypical or unusual operations were carried out with respect to normal business management. The transactions essentially concern the provision of services that are part of the Group's typical activities, the holding activities provided by the parent company, for example accounting, legal, administrative services in general, funding and the use of financial resources. Said relations come under the scope of ordinary business management and are stipulated at arm's length, or at the conditions that would have been established between independent parties.

Company	Fixed Receivables	Trade Receivables	Other Receivables	Other payables	Dividends	Revenues	Purchases
Agile Telecom		350,983	1,388,113		1,731,922	857,333	2,829,973
Globase International		368,493	349			138,786	349
MailUp Nordics	154,745					12,213	
MailUp Inc	-	464,086	4,819		150,000	1,200,402	20,623
Acumbamail		65,429				96,651	
Datatrics BV	1,135,447	113,066				273,576	
Datatrics srl	70,000	1,158				1,158	
Subsidiaries	**1,360,192**	**1,363,215**	**1,393,281**	**-**	**1,881,922**	**2,580,119**	**2,850,945**
Consorzio CRIT Scarl	1,628,414	0	19,529				20,529
Associated	**1,628,414**	**0**	**19,529**	**-**	**-**	**-**	**20,529**
Zoidberg Srl			15,063				58,404
Floor Srl							151,409
Other related compar	**-**	**-**	**15,063**	**-**	**-**	**-**	**209,813**

The non-current receivables column shows the interest-bearing loans disbursed by the parent company in favor of the sub-holding MailUp Nordics, which has transferred the funding to the operating subsidiary Globase, which has already been mentioned since MailUp has partially waived this credit, for an amount of Euro 268 thousand, recognizing a corresponding write-down in the income statement. After the acquisition

of Datatrics B.V. in October 2018, as part of the contractual agreements signed between the parties, an interest-bearing loan was also disbursed by MailUp for Euro 1,135,447, in addition to Euro 70,000 paid to Datatrics S.R.L., also as an interest-bearing loan.
The property Floor Srl, in which some of the parent company's reference shareholders hold a stake, has signed the rental contract with MailUp for the property where the offices of the Cremona office are located. The items highlighted refer to the existing property lease. Zoidberg S.R.L., sole shareholder of Agile Telecom before the acquisition by MailUp, owns the property where the same company is located and the related relations with the Group refer to the rent and related utilities.

Treasury shares and shares/holdings in parent companies

As at 31/12/2019, MailUp held 73,881 treasury shares for a value of Euro 259,023.10. During the first half of 2019, a total of 90,400 shares were purchased for Euro 315,164.56 at an average price of Euro 3.38 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 year 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.

Use of subjective estimates and valuations

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

Impairment of assets

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

Business combinations

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

Medium/long-term share-based incentive plans

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

Disclosure on risks and uncertainties pursuant to article 2428, paragraph 2, point 6-bis of the Civil Code

Risk analysis

As part of its business, the Group is exposed to risks and uncertainties, deriving from exogenous factors connected with the general macroeconomic context or the specific context in 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 oversight 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.

In March 2020, two important systemic phenomena struck societies and economies at global level: the health emergency linked to the spread of the Covid-19 virus, particularly dramatic in Italy and Lombardy, and the correlated collapse and increased volatility of the financial markets. These phenomena may have a significant impact on all risks highlighted below. At this moment, given the uncertainty of the situation and its possible evolution in terms of duration and the scope of its effects, it is extremely difficult to quantify its potential macroeconomic impacts and its indirect consequences in financial and economic terms on the Group's businesses. For a detailed analysis of this matter, please refer to the section on significant events after year-end.

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 and other strategic investments. As at 31/12/2019, consolidated bank debt is Euro 2,336,501, of which Euro 891,389 in the short-term, as compared with liquid funds of Euro 8,946,689. 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 partly 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 occurred after the end of the reporting period

On 17 February 2020, MAIL share price reached its yearly and historical maximum, closing at EUR 4.85 per share. At suchprice, the company's market capitalization amounts to ca. EUR 72.6M.

On 20 February 2020 March 2019 MailUp announced that, following the notification of several sales from certain relevant shareholders performed on the market in view of increasing the free float and consequently the share's liquidity, the resultingestimated free float exceeds 36%.

On 23 February 2020, due to the recent developments in the Covid-19 virus infection in Lombardy and following Government and Region rulings, albeit no cases were reported among staff so far, MailUp Group notified the adoption of mandatory smartworking and prohibition of business travel via public transport, for the staff in force at the Milan and Cremona corporate offices; such provisions were subsequently extended to Carpi and all international offices.

A special statement concerning the Covid-19 emergency

During the month of March 2020, two significant system phenomena affected both societies and economies worldwide: thesanitary emergency linked to the spread of the Covid-19 virus and the related global stock market crash and increased volatilityof financial markets. MailUp Group Directors and top management are constantly working in order to ensure a prompt response to the swiftly changing scenario, our utmost priorities being the health and safety of our employees and collaborators, their families and the community. The Group's entire workforce has now been working remotely for several weeks. The Group's procedures, as well as nature of business, are fully compliant and ready for remote working and collaboration. Hence the estimated impact on operations, productivity and personnel availability is deemed non substantial. According to the most recent measures published by the Italian government, aimed at stopping all "non-essential" activities in view of containing contagion, MailUp Group is included in the list of companies allowed to be fully operational. We currently do not envisage any impact on employment. As per our client base, we estimate that certain industries such as travel, hospitality and retail will be negatively affected by the current situation with different degrees of severity, whereas certain companies that have e-commerce channels or are not impacted by the lockdown such as entertainment, gaming or online services should be more resilient. Those companies together with public institutions may increase the demand for bulk email messaging, while the increase of online activity and transactions may boost transactional sms. We believe that the digital industry is bound to play a significant role both in the crisis and in the restart once the emergency is over. Although our sales process can be entirely digitalized, we cannot rule out eventual reductions in investments or prospects. We are constantly in touch with our client base and working on a

few measures to support our clients, such as free tools and resources for email marketing and templates. More information regarding these initiatives will be disclosed as soon as they become available.
As per MailUp Group's financials and perspectives, it is very difficult to determine a potential quantitative impact of the crisis. Although we currently forecast no significant changes to our plans, we are prepared to deal with potential impacts on the economic trends deriving from the general situation. The Board of Directors is working alongside business unit directors and all the top management in order to both provide the best quantitative estimate of the effect of an economic slowdown and to identify all the measures and cost-saving opportunities, as well as other government or supernational programs, that would strengthen our balance sheet and financial profile, hence our capacity to react timely and adequately to external changes and come out of the crisis solid and strong.

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 omnichannel marketing orchestration;
    - Marketing automation;
    - Personalisation / Hyper-personalisation;
    - Web page / Landing page editor;
    - Chatbot engine for conversational campaigns (details here: https://help.datatrics.com/en/articles/3512681-conversational-campaigns);
- 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 markets in which the Group already operates, 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;
- introduction of Datatrics into new markets: Sweden, Norway, Germany and possibly France, mainly through the indirect channel;
- 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;
- continuation of the process of expanding integrations with third-party applications, offering users and external developers the possibility to connect and synchronise the platform with external databases, CRM, CMS, e-commerce and other software;
- strengthening of intra-group synergies through the cross-fertilisation 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 usability of the software, improve the conversion rate and reduce the churn rate;
- strengthening of the competitive positioning of BEE Plugin by launching a Platform that enables third-party companies to develop Add-on widgets that can be inserted in the BEE editor, such as count-down timer applications, dynamic maps, live weather or dynamic QR codes. This will provide end customers

with greater flexibility, enabling them to integrate BEE within their own internal systems, while partner companies will be able to leverage the large BEE customer base to convey their solutions. More information on this page: https://docs.beefree.io/addons/;

- development of a community of web designers that can create and publish their own templates in the BEEfree.io catalogue, both free of charge in exchange for visibility and for payment. This will make it possible to expand the email templates catalogue in a scalable manner, with a positive effect on positioning in search engines and to increase the competitive advantage.

Organisation 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 Organisational 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, concluding with the approval by the Board of Directors on 15/05/2018 of a new Organisational 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 (Art. 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.
In particular, the area for improvement worthy of note regards the company budget formation process, which the Supervisory Body believes should preferably be condensed into a dedicated procedure.
As regards non-conformities relating to misalignments between control protocols and company operations, the Supervisory Body has already updated the Model adopted by the Company in order to make it consistent with Company operations.
On 3 December 2019, the Supervisory Body held its usual annual meeting with the Board of Statutory Auditors and the Company's independent auditing firm, to share the activities carried out by the control functions in the course of 2019. During that meeting it was deemed, in the view of all functions involved, that the activities carried out did not bring to light elements worthy of particular attention or which would require reporting to the Board of Directors. Indeed, the same Supervisory Body confirmed the substantial effectiveness of the Model as well as full respect for the protocols and information flows, highlighting how the Company's level of awareness with respect to compliance requirements is really quite high.
In addition, during the reference period, the Supervisory Body did not receive any report relating to measures and/or information received from judicial police bodies, or any other public Authority, indicating the performance of investigation activities for offences pursuant to the Decree, even launched with regard to unknown individuals; it furthermore did not receive any report relating to any disciplinary sanctions imposed against company personnel, or relating to measures to dismiss sanction proceedings, with the relative justifications, or relating to infractions of the Organisation, management and control model by addressees.
With the start of the new year 2020, in the annual audit plan the Supervisory Body then identified the following special parts and the relative families of offence of the Company's Organisation and Management Model to be audited.

Family of offence	Significant offence risks for the Company
SPECIAL PART "I"	Involuntary homicide or serious or very serious involuntary injury committed with violation of rules on occupational health and safety (article 25-septies of Legislative Decree No. 231/01)
SPECIAL PART "E"	Corporate Offences (article 25-ter of Legislative Decree No. 231/01)
SPECIAL PART "L"	Offences of Market Abuse (article 25-sexies of Legislative Decree no. 231/01)

Lastly, subsequent to the approval of Law 157/2019 which entailed the introduction of a new family of offence in Legislative Decree No. 231/2001 - i.e., tax crimes - the Supervisory Body deemed it appropriate to plan activities for 2020 to implement a new special part of the Company's Organisation and Management Model dedicated to this matter, although several control protocols are already in place regarding the Company's management of taxation. This audit activity is expected to be completed by the end of April 2020, and will then be submitted to the Company's management body for approval.

Personal data processing

MailUp, due to the characteristics of its business, which requires the utmost correctness and attention in the processing of data held by the customers of the platform, has always been strategically and particularly sensitive to issues of Data Protection. The internal procedures on these matters are constantly formalised, monitored and updated, as is specific training of personnel. The Group has also for years been assisted by legal advisors of proven competence and experience, on both national and international level, on these matters. The prevention and contrast of potential abuses by customers (spam) is also highly overseen, thanks to the presence of a technical department exclusively dedicated to this function, as demonstrated by the participation in several organisations and international working groups at the forefront in combating unfair practices and engaged in the dissemination of industry best practices also 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 organisations, have however pushed MailUp to start the activities necessary to make its infrastructure fully compliant with the new regulations.
In particular, to better manage the Company's business and, more generally, the activities of the Group it heads up, it was deemed appropriate to appoint a new Data Protection Officer, or a highly qualified, independent individual who also has experience in the personal data protection sector, who will perform that function not only for the "MailUp" business unit - referring to all activities linked to the development and marketing of the software known as the MailUp platform - but rather in favour of the entire Group headed up by the Company, to replace Mr Alberto Miscia in the role currently assigned to him of Data Protection Officer of only the MailUp business unit. To that end, an extensive selection process took place in 2019, involving a cycle of meetings to select an external party with the required skill and experience in this area. Several law offices and companies specialised in business compliance were contacted.
As the terms and conditions of the proposal submitted by the ICT Legal Consulting - Studio Legale Balboni, Bolognini & Partners law office appeared, compared to the others, to be more aligned with the needs of the Company and its Group, they were engaged, with the approval of the chairman of the Company and the CEOs of the subsidiaries.
MailUp - and every other company in the Group - will therefore (i) formally appoint ICT Legal Consulting as the data protection officer; and (ii) report with the methods required by law the contact data of the Data Protection Officer to the pertinent supervisory authorities. In light of the above, Mr Alberto Miscia resigned from his post as Data Protection Officer. In agreement with the management, Mr Alberto Miscia will now be concentrating on Deliverability & Compliance area activities. The new Data Protection Officer will therefore be responsible for analysing the privacy structure of the Company and creating a Group Data Protection Compliance Framework ("G-DPCF"), which will subsequently be localised for all companies in the Group. In parallel, the Data Protection Officer will regularly provide all Group companies with legal consulting services with regard to privacy activities linked to the GDPR.

With reference to MailUp S.p.A., the Data Protection Officer will officially take office after the Board of Directors meeting on 24 March 2020, which will be followed by the appointment of the new Data Protection Officer for the other Group companies (pursuant to the GDPR, and insofar as it is applicable to them). Such appointment shall take place after an analysis by the new Data Protection Officer of the data processing performed by the other Group companies and the relative data protection compliance activities.

Thank you for the trust placed in us.

Milan, 24 March 2020

The Chairman of the Board of Directors

Matteo Monfredini

CONSOLIDATED FINANCIAL STATEMENT AS AT 31/12/2019

Consolidated Balance sheet	Notes	31/12/2019	31/12/2018	Change	Ch. %
Tangible fixed assets	1	1,773,924	1,095,331	678,593	62.0 %
Rights of Use (IFRS 16)	1	4,629,957		4,629,957	
Intangible fixed assets	2	4,313,406	4,001,201	312,205	7.8 %
Goodwill	3	16,710,687	16,710,687	(0)	(0.0 %)
Equity investments in associates and joint ventures	4	119,229	116,767	2,463	2.1 %
Other non-current assets	5	106,880	229,446	(122,565)	(53.4 %)
Deferred tax assets	6	1,116,143	1,199,044	(82,902)	(6.9 %)
Total non-current assets		28,770,226	23,352,476	5,417,751	23.2 %
Receivables from customers	7	11,291,536	8,350,869	2,940,667	35.2 %
Receivables from associated companies	7		13,067	(13,067)	(100.0 %)
Other current assets	8	4,247,686	3,101,518	1,146,168	37.0 %
Financial assets AFS	9	490,998	469,489	21,509	4.6 %
Cash and cash equivalents	10	8,946,689	7,711,606	1,235,083	16.0 %
Total current assets		24,976,909	19,646,549	5,330,360	27.1 %
Total assets		53,747,135	42,999,025	10,748,110	25.0 %
Share capital	11	374,276	373,279	997	0.3 %
Reserves	12	15,448,802	14,301,484	1,147,317	8.0 %
Profit (Loss) for the period		1,150,036	1,255,267	(105,231)	(8.4 %)
Total equity		16,973,114	15,930,030	1,043,083	6.5 %
Payables to banks and other financiers	13	1,445,112	342,173	1,102,939	322.3 %
Liabilities RIGHT OF USE long-term	13	3,628,507		3,628,507	
Other non-current liabilities	14	3,000,000	3,748,296	(748,296)	(20.0 %)
Provisions for risks and charges	15	200,000	177,739	22,261	12.5 %
Provisions for personnel	16	1,718,547	1,321,224	397,322	30.1 %
Deferred taxes	17	419,480	258,332	161,148	62.4 %
Total non-current liabilities		10,411,645	5,847,764	4,563,882	78.0 %
Trade and other payables	18	12,942,856	8,053,296	4,889,560	60.7 %
Payables due to associated company	18	20,749	23,500	(2,751)	(11.7 %)
Due to banks and other lenders short term	19	992,262	1,473,399	(481,137)	(32.7 %)
Liabilities RIGHT OF USE short-term	20	1,017,635		1,017,635	
Other current liabilities	21	11,388,875	11,671,036	(282,162)	(2.4 %)
Total current liabilities		26,362,376	21,221,231	5,141,145	24.2 %
Total Liabilities		53,747,135	42,999,025	10,748,110	25.0 %

Consolidated Profit & Loss	Notes	31/12/2019	%	31/12/2018	%	Change	Ch. %
Email Revenues	22	13,335,991	21.9 %	11,277,316	28.1 %	2,058,675	18.3 %
SMS Revenues	22	42,724,773	70.3 %	27,185,472	67.6 %	15,539,301	57.2 %
Predictive Marketing Revenues	22	2,280,294	3.8 %			2,280,294	
Professional Service Revenues	22	928,244	1.5 %	547,645	1.4 %	380,599	69.5 %
Other Revenues	22	1,528,040	2.5 %	1,193,050	3.0 %	334,990	28.1 %
Total Revenues		**60,797,342**	**100.0 %**	**40,203,483**	**100.0 %**	**20,593,858**	**51.2 %**
Cost of Goods Sold	23	44,108,421	72.5 %	26,817,239	66.7 %	17,291,182	64.5 %
Gross Profit		**16,688,920**	**27.5 %**	**13,386,244**	**33.3 %**	**3,302,676**	**24.7 %**
Sales & Marketing costs	24	4,407,434	7.2 %	2,938,007	7.3 %	1,469,427	50.0 %
Research & Development Opex	**25**	**1,634,865**	**2.7 %**	**1,063,420**	**2.6 %**	**571,445**	**53.7 %**
Research & Development Capex		(1,634,198)	(2.7 %)	(1,473,359)	(3.7 %)	(160,839)	10.9 %
Research & Development costs		*3,269,063*	*5.4 %*	*2,536,779*	*6.3 %*	*732,284*	*28.9 %*
General & Admin Costs	26	5,851,393	9.6 %	5,615,708	14.0 %	235,685	4.2 %
Total Costs		11,893,691	19.6 %	9,617,134	23.9 %	2,276,557	23.7 %
Ebitda		**4,795,229**	**7.9 %**	**3,769,109**	**9.4 %**	**1,026,119**	**27.2 %**
General Depreciation Costs	27	220,420	0.4 %	195,277	0.5 %	25,143	12.9 %
Right of Use Amortization Costs	27	812,013	1.3 %			812,013	
R&D Amortization Costs	27	1,913,289	3.1 %	1,676,727	4.2 %	236,561	14.1 %
Amortization & Depreciation		2,945,722	4.8 %	1,872,005	4.7 %	1,073,717	57.4 %
Ebit		**1,849,507**	**3.0 %**	**1,897,105**	**4.7 %**	**(47,598)**	**(2.5 %)**
Net financial income/(charges)	28	(27,172)	(0.0 %)	20,796	0.1 %	(47,968)	(230.7 %)
Ebt		**1,822,335**	**3.0 %**	**1,917,900**	**4.8 %**	**(95,566)**	**(5.0 %)**
Curent Income Taxes	29	(387,000)	(0.6 %)	(766,513)	(1.9 %)	379,513	(49.5 %)
Deferred Taxes	29	(146,426)	(0.2 %)	242,678	0.6 %	(389,105)	(160.3 %)
Deferred Taxes	29	(138,873)	(0.2 %)	(138,800)	(0.3 %)	(74)	0.1 %
Net Profit (Loss)		**1,150,036**	**1.9 %**	**1,255,267**	**3.1 %**	**(105,231)**	**(8.4 %)**
Group profit (loss)		*1,150,036*	*1.9 %*	*1,255,267*	*3.1 %*	*(105,231)*	*(8.4 %)*
Minority interest profit (loss)							
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		(127,370)	(0.2 %)	(16,208)	-0.0 %	(111,162)	685.9 %
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		(6,361)	(0.0 %)	(25,264)	-0.1 %	18,903	(74.8 %)
Comprehensive year profi/(loss)		**1,016,305**	**1.7 %**	**1,213,795**	**3.0 %**	**(197,490)**	**(16.3 %)**

Earnings:		
per share	0,0773	0,087
per diluted share	0,0772	0,086

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	Comprehensive IS Result	Stock Option Plan	Profit/(loss) carried forward	Period result	31/12/2019
Share capital	373,279		997								374,276
Share premium reserve	12,669,957			83,949				-	-	-	12,753,906
Legal reserve	80,000							-	-	-	80,000
Extraordinay reserve	2,559,640	775,782		17,344		65,178	-	-	-	-	3,417,944
Reserve for tresaury stock	(163,470)				(315,164)	219,611	-	-	-	-	(259,023)
Reserve for exchange rate gains	25,289			(17,344)		-	-	-	-	-	7,945
Profit/(loss) carried forward	(259,203)	1,255,267				-	-	-	(775,785)	-	220,279
Stock option reserve	27,789			(83,949)		-	-	56,159	-	-	-
OCI reserve	(158,135)					-	(133,731)	-	-	-	(291,866)
FTA reserve	(613,449)					-	-	-	-	-	(613,449)
Merger reserve	133,068					-	-	-	-	-	133,068
Period result	1,255,267	(1,255,267)						-	-	1,150,036	1,150,036
Shareholders' equity	**15,930,030**	**775,782**	**997**	**(0)**	**(315,164)**	**284,789**	**(133,731)**	**56,159**	**(775,785)**	**1,150,036**	**16,973,114**

Figures in euros	31/12/2017	Allocation of MailUp results	Share capital increase	Change to share premium reserve	Purchase of own shares	Comprehensive IS result	Stock option plan	Change in% of Acumbamail's controlling interest	Profit/(loss) carried forward	Period result	31/12/2018
Share capital	354,237		16,446				2,596				373,279
Share premium reserve	11,041,306		1,541,364	(131,296)			218,583				12,669,957
Legal reserve	60,000	20,000									80,000
Extraordinay reserve	1,520,535	1,039,104									2,559,640
Reserve for tresaury stock	(115,219)				(48,251)						(163,470)
Reserve for exchange rate gains	25,289										25,289
Profit/(loss) carried forward	896,400	549,013						62,795	(1,767,411)		(259,203)
Stock option reserve	93,448						(65,658)				27,789
OCI reserve	(116,664)					(41,471)					(158,135)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	549,013	(549,013)								1,255,267	1,255,267
Shareholders' equity	**13,827,962**	**1,059,104**	**1,557,810**	**(131,296)**	**(48,251)**	**(41,471)**	**155,521**	**62,795**	**(1,767,411)**	**1,255,267**	**15,930,030**

Consolidated Cash flow statement	31/12/2019	31/12/2018
Period profit/(loss)	1,150,036	1,255,267
Income tax	387,000	766,513
Prepaid/deferred tax	285,300	(103,879)
Interest expense/(interest income)	12,994	(17,833)
Exchange (gains)/losses	14,179	(2,962)
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	1,849,507	1,897,105
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	405,891	328,537
Other provisions	126,632	118,234
Amortisation and depreciation of fixed assets	2,903,577	1,833,771
Other adjustments for non-monetary items	425,313	308,069
2 Cash flow before changes in NWC	5,710,920	4,485,716
Changes to net working capital		
Decrease/(increase) in trade receivables	(2,927,582)	(4,546,435)
Increase/(decrease) in trade payables	4,886,809	3,238,722
Decrease/(increase) in accrued income and prepaid expenses	(267,808)	(478,178)
Increase/(decrease) in accrued liabilities and deferred income	838,473	1,787,404
Increase/(decrease) tax receivables	(1,106,039)	55,852
Increase/(decrease) tax payables	13,660	(64,165)
Increase/(decrease) other receivables	4,801	(871,250)
Increase/(decrease) other payables	(1,537,789)	(359,815)
Other changes in net working capital		38,360
3 Cash flow after changes in NWC	5,615,444	3,286,210
Other adjustments		
Interest collected/(paid)	33,085	11,174
(Income tax paid)	(968,337)	(699,460)
(Use of provision)	(94,176)	(118,245)
4 Cash flow after other adjustments	4,586,016	2,479,679
A Cash flow from operations	4,586,016	2,479,679
Tangible fixed assets	(1,031,950)	(355,387)
(Investiments)	(1,031,950)	(355,387)
Divestment realisation price		
Intangible fixed assets	(2,050,412)	(2,954,344)
(Investiments)	(2,050,412)	(2,954,344)
Divestment realisation price		
Financial fixed assets	11	17,223
(Investiments)	11	17,223
Divestment realisation price		
Financial not fixed assets	(0)	(500,000)
(Investiments)	(0)	(500,000)
Divestment realisation price		
B Cash flow from investments	(3,082,351)	(3,792,508)
Minority interest funds	(174,025)	(1,636,126)
Increase (decrease) in short-term payables to banks	55,652	7,578
Stipulation of loans	2,100,000	
Repayment of loans	(2,329,677)	(1,643,705)
Own funds	(94,556)	(45,655)
Capital increase by payment	997	2,596
Sale (purchase) of treasury shares	(95,553)	(48,251)
C Cash flow from loans	(268,582)	(1,681,781)
Increase (decrease) in liquid funds (A ± B ± C)	1,235,083	(2,994,611)
Initial cash and cash equivalents	7,711,606	10,706,217
Final cash and cash equivalents	8,946,689	7,711,606
Change in cash and cash equivalents	1,235,083	(2,994,611)

Explanatory Notes to the Consolidated Financial Statements as at 31/12/2019

General Information

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 23,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 237 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 Standard

Criteria for the preparation of the Financial Statements

In accordance with article 4 of Legislative Decree no. 38 of 28/02/2005, which regulates the exercise of options envisaged by article 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19/07/2002 relative to the application of international accounting standards, the parent company has exercised the right to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31/12/2016. The term IFRS is used to refer to the International Financial Reporting Standards, the revised International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31/12/2019 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2018.
For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.
With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that, in view of the economic prospects, the capitalisation and financial position of the company, there is no uncertainty as the fact that the Group can operate as a going concern and that, consequently, in preparing the financial statements as at 31 December 2019, it should adopt accounting standards precisely under these terms.
In 2019, the requirements set forth in art. 27 of Legislative Decree no. 127/1991 were met for the second year in a row, triggering the obligation to draft consolidated financial statements, previously prepared on a voluntary basis. 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 in any case prepared the Consolidated Annual Financial Statements already since 2014.

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

Consolidation standards applied in preparing the Consolidated Financial Statements

The Consolidated Financial Statements have been prepared consolidating the Financial Statements of the parent company on a line-by-line basis, and those of all companies in which the company directly or indirectly holds the majority of voting rights as at 31/12/2019 (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 31/12/2019 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)		Company name
MAILUP INC	U.S.A.	41,183	444,874	122,733	100	728,752
ACUMBAMAIL SL	SPAIN	4,500	178,098	166,227	100	1,092,658
MAILUP NORDICS A/S	DENMARK	67,001	803,249	(471,916)	100	800,000
AGILE TELECOM	CARPI (MO)	500,000	1,602,509	1,002,509	100	8,800,000
DATATRICS B.V.	HOLLAND	999	(701,994)	(528,609)	100	6,802,698
DATATRICS S.R.L.	ITALY	10,000	14,046	4,046	100	10,000
						18,234,108

For detailed information on the activities carried out by the subsidiaries and on the strategic role held within the MailUp Group, please consult the Management Report part of this annual financial statement in the "The Group" section.

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

Criteria for converting Financial Statements not prepared in Euros

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

* the assets and liabilities have been converted at exchange rates current as at 31/12/2019;
* the items of the Income Statement have been converted at average exchange rates for FY 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 31/12/2019	Average rate 31/12/2019	Exchange rate as at 31/12/2018	Average rate 2018
USA Dollar	Euro 1.1234	Euro 1.195	Euro 1.145	Euro 1.181
Danish Corona	Euro 7.4715	Euro 7.4666	Euro 7.4673	Euro 7.4532

Fonte 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 31/12/2019, 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.

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 MailUp'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 on the leased asset of Euro 4.7 million net of the related amortisation, as a balancing entry to higher non-current financial liabilities of Euro 3.6 million and current liabilities of Euro 1.1 million;
- Consolidated Income Statement: different nature, qualification and classification of expenses, amortisation of the Right of Use of the asset for Euro 812 thousand and interest financial expenses for Euro 38 thousand, compared to costs for use of third-party assets - operating lease fees, as per IAS 17 for Euro 834 thousand. This resulted in a positive impact on EBITDA for 2019 in the same amount, while the overall economic effect was higher costs of Euro 16 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 the final years;
- Cash Flow Statement: the higher gross non-current assets of Euro 4.55 million of the Right of Use and the higher relative financial liability of Euro 4.02 million have been reclassified cumulatively for the net amount of Euro 535 thousand corresponding to the repayment of the debt of the instalments paid in the year 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	Provision for amortisation Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interest	Fees
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

- Consolidated effects as at 31/12/2019:

Description	Assets for Right of Use IFRS 16	Provision for Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interest	Fees
Right of Use for office lease fees	4,814,618	(609,355)	4,216,286	609,355	24,491	(622,824)
Right of Use for car rental fees	627,351	(202,658)	429,856	202,658	13,877	(211,372)
Total	**5,441,969**	**(812,013)**	**4,646,142**	**812,013**	**38,368**	**(834,196)**

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 31/12/2019 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	Provision for Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interest	Fees
MailUp S.p.A.	4,291,260	(461,079)	3,839,707	461,079	20,842	(472,395)
Acumbamail	40,328	(14,233)	26,199	14,233	271	(14,400)
Agile Telecom	115,278	(39,524)	76,057	39,524	779	(40,000)
Datatrics B.V.	286,271	(67,358)	219,786	67,358	2,047	(68,532)
Mailup Inc	81,481	(27,160)	54,538	27,160	553	(27,497)
Total	4,814,618	(609,355)	4,216,286	609,355	24,491	(622,824)

- Effects as at 31/12/2019 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	Provision for Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interest	Fees
MailUp S.p.A.	261,407	(85,738)	177,958	85,738	5,998	(89,447)
Agile Telecom	111,478	(36,347)	76,016	36,347	2,365	(37,827)
Datatrics B.V.	254,466	(80,573)	175,881	80,573	5,514	(84,098)
Total	627,351	(202,658)	429,855	202,658	13,877	(211,372)

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

	Car right of use liability as at 31/12/19	Office right of use liability as at 31/12/19	Total
Within 12 months	199470	818,165	1,017,635
Beyond 12 months	230,386	3,398,121	3,628,507
Total	429,856	4,216,286	4,646,142

Changes in accounting standards

For the verification of updates in the IAS/IFRS Accounting Standards, please refer to the same section of the Separate Financial Statements as at 31/12/2019 of MailUp. .

Disclosure on the book value of financial instruments

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

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is measured on the basis of valuation techniques that 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 year ended on 31/12/2019:

31 December 2019 MailUp SpA

(Euro Units)	Book Value	Fair value	Fair Value hierarchy
Other Financial Assets			
Other non-current assets	1,432,370	1,432,370	Level 3
Other current financial assets	490,998	490,998	Level 1

Potential liabilities

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

Assets

Fixed Assets

Tangible Fixed Assets (1)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,773,924	1,095,331	678,593

Plant and Machinery

Description	31/12/2019	31/12/2018	Changes
Plant and Machinery	108,185	127,618	(19,432)
Other tangible assets	1,665,739	967,713	698,025
Total	1,773,924	1,095,331	678,593

“Other assets” include:

- expenses for the purchase of office furniture and furnishings for Euro 200,724, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 573,712, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 570, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 2,123, net of period depreciation;
- Expenses for improvements to third-party assets for Euro 877,040 to set up and customise the new Milan office, net of period depreciation;
- Other tangible assets for Euro 11,570.

Right of Use (IFRS 16)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
4,629,957	-	4,629,957

Description	31/12/2018	Period increase	Period Decrease	Amort. the year	31/12/2019
Right of Use offices IFRS16		4,814,618		609,354	4,205,264
Diritto D’uso autovetture IFRS16		627,351		202,659	424,692
Saldo al 31/12/2019		5,441,969		812,013	4,629,956

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 4,205,264 for leased offices and Euro 424,692 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 (2)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
4,313,406	4,001,201	312,205

Description	31/12/2019	31/12/2018	Changes
Platform development	3,959,258	3,807,805	151,453
Third-party software	310,929	144,017	166,912
Trademarks	8,878	10,618	(1,741)
Other	34,341	38,761	(4,420)
Total	4,313,406	4,001,201	312,205

"Platform development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform, net of relevant amortisation/depreciation, of which details are given below; the same item also includes costs for projects to develop the MailUp platform currently in progress, activities not yet completed at year-end and which have therefore not been amortised yet. The capitalised developments relative to the BEE software should also be mentioned. This asset was conferred by the parent company to the subsidiary MailUp Inc, as from 31/12/2016.
"Third party software" includes costs relative to software owned by third parties. The item "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp trademark in Italy and in other countries considered strategic in commercial terms.
"Other" fixed assets consist of the costs for translating platform components of multiple-year use, incurred into order to allow for its use on export markets (ex. English, Spanish) under the scope of the general strategic international growth project pursued by the Group.
With regard to the recoverability of the value of intangible assets, it is recalled that, in the absence of impairment indicators of the same compared to the carrying amount in the financial statements, which occurred in 2018, it was not necessary to carry out further verifications regarding both the separate financial statements of the parent company and the consolidated financial statements.

In FY 2018, MailUp successfully completed the preliminary investigation procedure for the allocation of a loan of Euro 5.1 million (the funds include a non-repayable grant of Euro 1.3 million) on 16 July 2018. This is a research and development project called NIMP – New Innovative Multilateral Platform, to be carried out in the three-year period that started on 01/03/2018 with the participation, among others, of the Politecnico of Milan as a scientific partner and financed by the Ministry of Economic Development and Cassa Depositi e Prestiti, as well as Banca Popolare dell'Emilia Romagna as a banking partner. The proposed project is part of the intervention of the Digital Agenda and in particular in the area of "Technologies for the innovation of the creative industry, content and social media". The project will improve competitiveness in the relational marketing area, oriented to multi-channel approaches and collaboration. New services and functions of the new MailUp platform will be created, with the aim of making available to customers those strategies designed to promote loyalty to a brand (customer loyalty) through the engagement of its consumers. The ultimate goal is to create a lasting relationship with the target group, a relationship of trust and a unique and positive customer experience.

For an in-depth analysis of the new functionalities introduced in 2019 to the MailUp platform and to the BEE software as part of the research and development activities carried out by MailUp and other Group companies, please refer to the paragraph "Research and development activities" of the Report on Operations to the consolidated and separate financial statements as at 31/12/2019, an integral part of these financial statements.

Goodwill (3)

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

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

Description	31/12/2019
MailUp Inc	162,418
Acumbamail SL	464,923
MailUp Nordics A/S	485,636
Mailup Nordics /Globase	460,137
Agile Telecom S.p.A.	8,256,720
Datatrics B.V.	6,801,699
Faxator Goodwill	79,154
Total	16,710,687

Impairment testing of goodwill

The Directors, as recalled in the section on the accounting standards adopted (IAS 36), verify the potential recovery of goodwill recorded on the consolidated financial statements at least once a year, using specific assessments (impairment tests) on each Cash Generating Unit (CGU). Goodwill is calculated as the difference in purchase value of the equity in subsidiaries and shareholders' equity of the subsidiary at the time of first consolidation. In the specific case, the CGUs are represented by the specific subsidiary to which goodwill refers. The potential recovery of the investment is determined with reference to forecast cash flow. Impairment testing was carried out considering the latest economic-financial forecasts for future years (2020-2022), as resulting from the budget data for FY 2019 and applying the forecasts of data contained therein for FYs from 2020 to 2021. These forecasts prepared for impairment testing have been approved by the administrative bodies of the subsidiaries and consider the effects envisaged for the application of the reference IAS/IFRS accounting standards.
The potential recovery of the value of goodwill recorded is checked through a comparison of the book value with the related value for recovery, determined as the value in use (recoverable amount). This recoverable amount is represented by the current value of future cash flows of the subsidiaries, both for the specific flow period and in terms of the specific forecasting time frame, on the basis of the determination of the Terminal Value (TV) in application of the perpetuity method.
In light of the Group's operations and valuation practice relative to similar operations in Italy and abroad, reference was made to the following valuation methods, commonly recognised by professional practice for operations of this type and companies operating in the reference sectors:

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

The discounted cash flow (DCF) method applied to the forecasts of the 2020-2022 Plan approved by the administrative bodies of the subsidiaries and terminal value of the business estimated at the end of the explicit period of the reference business plan, was based on the application of a WACC (weighted average cost of capital) discounting rate.

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

- Risk free rate: rate of return without implicit risk determined on the basis of the returns of the ten-year Italian BTP or securities of similar risk and duration for foreign subsidiaries;
- Risk premium: return expected by investors on a specific market according to the specific country risk and average cost of debt (spread);
- Small Size Premium: a further spread of 3.39% was added, with prudential purposes, which takes into account the small size of the subsidiaries compared to the international competitors in the sector;
- Sector-specific beta that measures the expected variability of returns upon a 1% variation in the market prices;
- The cost of debt is also considered net of the specific tax rate;
- The final value of the WACC is weighted according to the average sector Debt/Equity ratio for the sector (source: Damodaran - Advertising capital structure, updated in the beginning of 2020) to express the weight of recourse to equity and financial capital of third parties.

In order to further stress the results of the impairment test and verify that it holds out even in situations worse than the expected results, the Directors applied prudent sensitivity hypotheses that simulate a reduction in EBITDA, enacted through the percentage reduction of revenues while maintaining costs unchanged, including variable costs and working capital. Sensitivity of 10% was applied for all Group subsidiaries, with the sole exception of Agile Telecom. In the case of Agile Telecom, a reduction of 5% was

applied, which in any event determines a very significant effect in terms of prudential decline in results. Higher rates in the presence, in the specific case, of variable costs with a high impact on turnover and high and progressively rising sales volumes, would have had a distorting effect on the significance of the test.
For the CGU consisting of the two Danish legal entities, MailUp Nordics, the non-operating subholding, and Globase, after the impairment test MailUp and MailUp Nordics recognised a prudential write-down, in the first case of Euro 268 thousand on the value of the loan granted to Nordics to support the operations of Globase, considered no longer recoverable, and in the second case of Euro 379 thousand on the value of the equity investment in Globase recognised in the financial statements. The value in use or recoverable amount determined as the present value of future cash flows (DCF) defined in the 3-year Long Range Plan, applying all prudential assumptions mentioned above, was Euro 955 thousand. The comparison with the cumulative consolidation difference of the two subsidiaries, equal to Euro 946 thousand, did not make it necessary to proceed with a further write-down in the consolidated financial statements.

Reference was made to the multiples method as control method, EV/Sales applied to sales and EV/EBITDA on the gross operating margin, specific for the individual subsidiaries as per the equity research, published by Value Track on 11 February 2020, and in particular for Agile Telecom EV/S (0.9x) and EV/EBITDA (8.0x), MailUp Inc EV/S (3.5x), Acumbamail EV/S (2.0x) and EV/EBITDA (10.0x) and Datatrics B.V. EV/S (3.6x).

Following the assessments performed, aside from the considerations laid out for the Nordics/Globase situation described above, confirmed by the positive outcome of the test performed with both methods described above, no need was seen to apply any impairment to the book values and goodwill booked.

Equity investments in associates and joint ventures (4)

Company name	Country	31/12/2018	Revaluations	Write-downs	Purchases	31/12/2019
CRIT Cremona information Technology	Italy	116,767	2,462			119,229
Total		116,767	2,462			119,229

The amount booked amongst the assets of the Balance Sheet refers to the equity investment of MailUp in Consorzio CRIT (Cremona Information Technology). The revaluation derives from the application of the equity method that takes into account the results achieved by the associate available at the current date.
The CRIT has allowed, as fundamental stimulus factor and meeting place for the players involved, not only consortium members but also the institutions, for the creation of the Digital Innovation Center in Cremona, the new building complex officially inaugurated on 10 June 2017, where the consortium members are established, including MailUp, which transferred its operational and administrative office from Cremona in July 2017. Also the co-working space called Cobox, managed by the CRIT consortium, has been transferred to the Center.
All these initiatives refer to the strategic objectives of the CRIT, i.e. to enable synergies to be achieved between consortium members, develop services of mutual interest, both managerial and operative in nature (start-up incubator, common training structures, canteen, meeting rooms) and construct a centre of excellence that can generate new businesses and transfer economic opportunities and better quality of life for the local world of businesses and communities, deriving from the use of new communication and information technologies.

Other non-current assets (5)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
106,880	229,446	(122,564)

Description	31/12/2018	Increase	Decrease	31/12/2019
Receivables from associated companies	64,641			64,641
Receivables from others	38,907	4,137	6,610	36,434
Tax receivables due beyond 12 months	125,897		120,092	5,805
Total	229,445	4,137	126,702	106,880

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 (6)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,116,143	1,199,044	(82,901)

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

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

see tax reconciliation notes table file:

Description	31/12/2019	31/12/2018
MailUp S.p.A.	717,796	799,880
MailUp Inc	253,578	230,238
Acumbamail SL	0	53
MailUp Nordics A/S	0	81,689
Mailup Nordics /Globase	0	21,427
Datatrics B.V.	141,963	47,499
Agile Telecom S.p.A.	2,806	18,257
Total	1,116,143	1,199,044

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

Current Assets

Receivables from customers (7)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
11,291,536	8,350,869	2,940,667

Description	31/12/2019	31/12/2018	Changes
Receivables from customers	11,291,536	8,350,869	2,940,667
From associated companies	0	13,067	(13,067)
	11,291,536	8,363,936	2,927,600

Below is the breakdown of receivables by geographic area:

Receivables divided by Geographic Area	From customers	From associated companies	Total
Italy Customers	6,694,442	-	6,694,442
EU Customers	2,970,394		2,970,394
Non-EU Customers	1,626,699		1,626,699
Total	11,291,536	0	11,291,536

Other current assets (8)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
4,247,686	3,101,518	1,146,168

Description	31/12/2019	31/12/2018	Changes
Inventories	5,221	8,331	(3,110)
Tax receivables	1,383,144	499,983	883,161
Other receivables	1,804,934	1,806,625	(1,691)
Accrued income and deferred expenses	1,054,387	786,579	267,808
Total	4,247,686	3,101,518	1,146,168

The item Receivables from others includes the residual receivable from the Lombardy Region for the last tranche of the non-repayable grant on the Big Data Analytics project, in addition to the receivable accrued for the non-repayable grant on the New Innovative Multilateral Platform project, which is mentioned both in the notes to the separate financial statements and in detail in the Report on Operations. The item Tax receivables includes the VAT receivable of Agile Telecom for Euro 1,035,014 relating to the year 2019, in addition to the VAT advance paid by MailUp for Euro 68,657, tax receivables for personnel recruitment of Euro 235,228 and other tax receivables for withholdings of Euro 44,245.

Financial assets AFS (9)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
490,998	469,489	21,509

The Group has allocated a fraction of the available liquidity that is not destined, in the short term, to finance the core business or other strategic projects, such as M&A transactions or research and development projects, to investment of shares listed on AIM Italia with a view to short-term disinvestment.
The change represents the fair value at the closing date of the year which was recorded in the Income Statement according to the FVTPL criterion as required by IFRS 9.

Cash and cash equivalents (10)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
8,946,689	7,711,606	1,235,083

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

Liabilities

Group Shareholders' Equity

Share capital (11)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
374,276	373,279	997

The share capital of the parent company MailUp S.p.A. is entirely paid in and is represented as at 31/12/2019 by 14,971,046 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

For detailed information on the changes in the share capital of MailUp during FY 2019, please refer to the specific section of the notes to the separate financial statements as at 31/12/2019, which are an integral part of this report.

Reserves (12)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
15,448,802	14,301,484	1,147,317

Description	Balance as at 31/12/2018	Increases	Decreases	Balance as at 31/12/2019
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 reserve	2,559,640	858,305		3,417,945
Reserve for exchange adjustments	25,289		17,344	7,945
FTA reserve	(613,449)			(613,449)
OCI reserve	(125,561)	40,222	167,592	(252,931)
Reserve for treasury shares in portfolio	(163,470)	219,611	315,164	(259,023)
Merger surplus reserve	133,068			133,068
Translation reserve	(32,576)	6,471	12,832	(38,937)
Profits/losses carried forward	(259,203)	1,255,267	775,785	220,279
Total	14,301,484	2,463,825	1,316,507	15,448,802

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 option reserve was reduced to zero following the completion of the relative incentive plan, as noted in the separate financial statements.
The negative reserve for treasury shares corresponds to the purchase price of treasury shares in the parent company held as at 31/12/2019.
The translation reserve expresses the net effect of the conversion in the Consolidated Financial Statements of the Financial Statements of foreign subsidiaries held in currencies other than the Euro (MailUp Inc and MailUp Nordics/Globase).

Period result

The net period result is positive and comes to Euro 1,050,136 with respect to Euro 1,255,267 as at 31 December 2018. For an in-depth analysis of the consolidated results, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2019, an integral part of these financial statements.

Other comprehensive income

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

Non-current liabilities

Payables to bank and other financiers (13)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,445,112	342,173	1,102,939

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

Please note that the Group debt is represented by unsecured loans.

Liabilities Right of use long term(13)

Description	Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
Long-term car right of use liability	3,398,121		3,398,121
Long-term office right of use liability	230,386		230,386
Total	3,628,507	-	3,628,507

The financial liability shown above is calculated in application of IFRS 16. For details on this matter, please refer to the beginning of this document.

Other non-current liabilities (14)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
3,000,000	3,748,296	(748,296)

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

Provisions for risks and charges (15)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
200,000	177,739	22,261

Description	31/12/2018	Increases	Decreases	Reclassifications	31/12/2019
Provisions for Severance indemnity upon cession of office (TFM)	120,000	80,000			200,000
Provision future for risks and charges	57,739		57,739		0
Total	177,739	80,000	57,739	0	200,000

In previous years, a provision for legal disputes was recognised in relation to the separate financial statements of the parent company. MailUp currently has a lawsuit underway with the tax authorities in connection with the companies' income tax, regional production tax and value added tax for 2004. 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 appeal was also rejected in cassation and the Company used the relative provision to close out the tax receivables previously recognised.

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 personnel (16)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,718,547	1,321,224	397,322

The change is as follows:

Description	31/12/2018	Increases	Decreases	Actuarial Gains/Losses	31/12/2019
Dismissal indemnity provision	1,321,224	353,319	109,926	153,930	1,718,547

For the specifications on the actuarial assumptions, please refer to the notes to the separate financial statements.

Deferred taxes Liabilities (17)

Description	31/12/2018	Increases	Decreases	31/12/2019
Provision for deferred taxes	258,332	161,148		419,480
Total	258,332	161,148	0	419,480

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 between the costs relating to the BEE Software asset in the annual financial statements for statutory purposes, equal to the annual depreciation of the asset, and the same costs that are significant for tax purposes, equal to the gross annual increase in the investment.

Current Liabilities

Trade and other payables (18)

Description	31/12/2019	31/12/2018	Changes
Amounts due to suppliers	12,942,856	8,053,296	4,889,560
Payables to associates	20,749	23,500	(2,751)
Total	12,963,605	8,076,796	4,886,809

Amounts due to suppliers are stated net of commercial discounts.

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

Receivables divided by Geographic Area	Due from suppliers	From associated companies	Total
Italy	11,225,663	20,749	11,204,914
EU	1,019,644		1,019,644
Non EU	697,548		697,548
Total	12,942,856	20,749	12,922,107

Due to banks and other lenders short term (19)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
992,262	1,473,399	(481,137)

Description	31/12/2019	31/12/2018	Changes
Amounts due to banks - short-term	100,873	45,221	55,652
Short-term portion of loans	891,389	1,428,178	(536,788)
Total	992,262	1,473,399	(481,137)

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

Liabilities Right of Use short-tem (20)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,017,635	0	1,017,635

Description	31/12/2019	31/12/2018	Changes
Short-term office right of use liabilities	818,165		818,165
Short-term car right of use liabilities	199,470		199,470
Total	1,017,635		1,017,635

The financial liability shown above is calculated in application of IFRS 16. For details on this matter, please refer to the beginning of this document.

Other current liabilities (21)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
11,388,875	11,671,036	(282,161)

Below is the breakdown of current liabilities:

Description	31/12/2019
Advances	54,465
Tax payables	246,075
Amount due to social security institutions	424,941
Amounts due to Directors for emoluments	32,433
Amounts due to employees for salaries, holidays, permits and additional months' salaries	1,269,602
Payables for MBO bonuses	282,806
Amounts due to BMC Holding B.V. within 12 months	748,296
Accrued liabilities	8,465
Deferred income	8,252,037
Other payables	69,755
Total	11,388,875

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 relate 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 ICT Digital Agenda call. Deferred income: most of the revenues of MailUp come from recurring charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges are used to form the year's income, whilst the part 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.

Income Statement

Revenues (22)

Balance as at 31/12/2019	Balance as at 31/12/2018	Change
60,797,342	40,203,483	20,593,859

I Income from sales and services comes to Euro 60.7 million, recording an increase of Euro 20.6 million (+51%) on the corresponding figure for the previous year.

Revenues by product type

Below are details of revenues according to product type.

Description	31/12/2019	31/12/2018	Changes
E-mail revenues	13,335,991	11,277,316	2,058,675
SMS revenues	42,724,773	27,185,472	15,539,301
Predictive marketing revenues	2,280,294		2,280,294
Professional services revenues	928,244	547,645	380,599
Other revenues	1,528,040	1,193,050	334,990
Total	60,797,342	40,203,483	20,593,858

The other revenues refer to the contributions on calls received, mentioned in the specific section in the notes relating to the separate financial statements and other revenues from marginal activities.
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 31/12/2019.

COGS (Cost of good sold) (23)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
44,108,421	26,817,239	17,291,182

La voce è così dettagliata:

Description	31/12/2019	31/12/2018	Changes
Purchases Cogs	38,070,183	22,566,928	15,503,254
Services Cogs	2,492,567	1,349,517	1,143,050
Cost of rents and leases Cogs	16,816	28,545	(11,729)
Payroll cost Cogs	3,467,338	2,835,217	632,122
Sundry operating expenses Cogs	61,517	37,032	24,485
Total	44,108,421	26,817,239	17,291,182

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 purchases to send text messages, about Euro 37.5 million, by Agile Telecom from external suppliers.

Costs Sales & Marketing (24)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
4,407,434	2,938,007	1,469,427

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
Purchases S&M	15,098	8,264	6,834
Services S&M	1,227,559	1,049,089	178,470
Cost of rents and leases S&M	5,745	5,873	(128)
Payroll cost S&M	3,156,928	1,871,609	1,285,319
Sundry operating expenses S&M	2,105	3,172	(1,068)
Total	4,407,434	2,938,007	1,469,427

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.
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Costs Research & Development (25)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,634,865	1,063,420	571,445

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
Purchases R&D	13.848	4.321	9.527
Services R&D	95.535	191.932	100.427
Cost of rents and leases R&D	2.595	5.431	(2.835)
Payroll cost R&D	3.010.486	2.335.096	675.391
Capitalised payroll cost	(1.487.600)	(1.473.359)	(14.241)
Total	1.634.865	1.063.420	571.445

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 capitalised 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 Annual Report.

General costs (26)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
5,851,393	5,615,708	235,685

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
General purchases	172,179	101,016	71,163
General services	3,372,668	3,077,719	294,948
Cost of rents and leases General	169,337	597,391	(428,054)
Payroll cost General	1,841,479	1,644,781	196,698
Sundry operating expenses General	295,729	194,801	100,929
Total	5,851,393	5,615,708	235,685

General costs express overhead expenses, mainly related to the offices instrumental to the activity performed (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 already highlighted multiple times.

Amortization & Depreciation (27)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
2,945,722	1,872,005	1,073,717

Description	31/12/2019	31/12/2018	Changes
Amortisation, depreciation and provisions General	220,420	195,277	25,143
Amortisation Right of Use	812,013		812,013
Amortisation R&D	1,913,289	1,676,728	236,561
Total	2,945,722	1,872,005	1,073,717

Right of use amortisation was calculated for the first time in 2019 following the application of IFRS 16, as already mentioned.

Financial operations (28)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
(27,172)	20,796	(47,968)

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
Financial income	61,837	60,922	915
Financial expense	(74,831)	(43,089)	(31,742)
Exchange gains	27,882	25,164	2,718
Exchange losses	(42,061)	(22,202)	(19,859)
Total	(27,172)	20,796	(47,968)

The amount consists of interest income on bank current accounts and other remunerated deposits of liquidity, exchange rate gains and losses and interest expense on medium/long-term bank loans.
Financial expenses include the interest cost arising from the actuarial valuation in accordance with IAS 19R and, for 2019, the interest expense relating to the Right of Use financial liability of Euro 38 thousand calculated in accordance with IFRS 16, as highlighted above.

FY Income taxes (29)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
672,299	662,634	9,666

Description	31/12/2019	31/12/2018	Changes
Imposte correnti	387,000	766,513	(379,513)
Imposte differite	285,300	(103,879)	389,179
Total	672,300	662,634	9,666

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

Earnings per share

Basic earnings per share are calculated by dividing the net period income attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding own shares, in issue during 2019. Below is the period result and information on shares used to calculate the basic earnings per share.

Description	31.12.2019
Net profit attributable to shareholders	1,150,036
Opening number of ordinary shares	14,931,166
Opening portfolio treasury shares	73,320
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	73,881
Weighted number of shares in issue	14,877,506
Basic earnings per share	0.0773

Diluted earnings per share is calculated as follows:

Description	31.12.2019
Net profit attributable to shareholders	1,150,036
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	14,971,046
Closing portfolio treasury shares	73,881
Closing shares potentially assignable	
Weighted number of shares in issue	14,897,446
Basic earnings per share	0.0772

Workforce

As at 31/12/2019, the Group had 237 employees, of whom 4 managers, 15 middle managers, 217 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	217	92%	160	9	7	5	36
Middle managers	13	6%	13		2		
Managers	4	2%	2	1		1	
Total	237	100%	176	10	9	6	36

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 this regard, including the table showing the details of the changes, please refer to the specific paragraph of the Consolidated Annual Report on Operations as at 31/12/2019.

Fees to Directors and Auditors

Directors' fees, including the related contribution, came to Euro 641,819 in the year, whilst the fees to the Boards of Auditors, where present, came to Euro 39,520.

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 Annual Report as at 31/12/2019 at consolidated level totalled Euro 44,813.

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 Annual Report on Operations as at 31/12/2019, for further details on the matter.

These Annual 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.

Thank you for the trust placed in us.

Milan, 24 March 2020

The Chairman of the Board of Directors

Matteo Monfredini

Mailup S.p.A.

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

Consolidated financial statements as of December 31, 2019

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

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

To the shareholders of
Mailup S.p.A.

Report on the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of Mailup S.p.A. (the "Company") and its subsidiaries (the "Group"), which comprise the statement of financial position as of December 31, 2019, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of December 31, 2019, of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

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

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

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

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

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

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

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

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

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

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

Report on other legal and regulatory requirements

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

The directors of Mailup S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Mailup S.p.A. as of December 31, 2019, including their consistency with the consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Mailup S.p.A. as of December 31, 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the consolidated financial statements of Mailup S.p.A. as of December 31, 2019 and are compliant with applicable laws and regulations.

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

Milan, April 8, 2020

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

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

SEPARATED FINANCIAL STATEMENT AS AT 31/12/2019

Balance sheet	Note	31/12/2019	31/12/2018	Delta	Change %
Tangible fixed assets	1	1,666,522	1,010,920	655,601	64.9 %
Rights of Use (IFRS 16)	1	4,005,849		4,005,849	
Intangible fixed assets	2	3,143,432	3,392,685	(249,253)	(7.3 %)
Investments in subsidiary	3	18,234,108	18,224,108	10,000	0.1 %
Equity investments in associates and joint ventures	4	102,000	102,000	0	0.0 %
Other non-current assets	5	1,432,370	1,034,403	397,967	38.5 %
Deferred tax assets	6	717,752	798,883	(81,132)	(10.2 %)
Total non-current assets		29,302,033	24,563,000	4,739,032	19.3 %
Receivables from customers	7	1,927,474	1,518,205	409,269	27.0 %
Receivables from subsidiaries	8	1,371,349	635,764	735,585	115.7 %
Receivables from associated companies	8		13,067	(13,067)	(100.0 %)
Other current assets	9	2,565,959	2,705,458	(139,498)	(5.2 %)
Financial assets AFS	10	490,998	469,489	21,509	4.6 %
Cash and cash equivalents	11	5,868,571	5,637,167	231,403	4.1 %
Total current assets		12,224,350	10,979,150	1,245,200	11.3 %
Total assets		41,526,383	35,542,150	5,984,233	16.8 %
Share capital	12	374,276	373,279	997	0.3 %
Reserves	13	15,081,363	14,388,360	693,003	4.8 %
Profit (Loss) for the period		2,192,638	775,783	1,416,855	182.6 %
Total equity		17,648,277	15,537,422	2,110,854	13.6 %
Payables to banks and other financiers	14	1,445,112	342,173	1,102,939	322.3 %
Liabilities RIGHT OF USE long-term	15	3,256,309		3,256,309	
Other non-current liabilities	16	3,000,000	3,748,296	(748,296)	(20.0 %)
Provisions for risks and charges	17	146,667	144,405	2,261	1.6 %
Provisions for personnel	18	1,475,997	1,142,221	333,776	29.2 %
Total non-current liabilities		9,324,085	5,377,095	3,946,990	73.4 %
Trade and other payables	19	1,405,885	1,124,736	281,150	25.0 %
Payables to subsidiaries	20	1,328,589	1,735,989	(407,400)	(23.5 %)
Payables due to associated company	20	20,749	23,500	(2,751)	(11.7 %)
Due to banks and other lenders short term	21	938,804	1,456,291	(517,487)	(35.5 %)
Liabilities RIGHT OF USE short-term	22	761,356		761,356	
Other current liabilities	23	10,098,639	10,287,118	(188,479)	(1.8 %)
Total current liabilities		14,554,022	14,627,633	(73,611)	(0.5 %)
Total Liabilities		41,526,383	35,542,151	5,984,233	16.8 %

Income Statement	Notes	31/12/2019	%	31/12/2018	%	Change	Ch. %
Email Revenues	24	9,381,876	51.7 %	8,765,479	60.4 %	616,397	7.0 %
SMS Revenues	24	4,349,852	24.0 %	3,636,034	25.1 %	713,819	19.6 %
Professional Service Revenues	24	825,208	4.5 %	460,847	3.2 %	364,361	79.1 %
Intercompany Revenues	24	81,986	0.5 %	51,612	0.4 %	30,374	58.8 %
Other Revenues	24	3,504,742	19.3 %	1,594,659	11.0 %	1,910,084	119.8 %
Total Revenues		18,143,665	100.0 %	14,508,630	100.0 %	3,635,035	25.1 %
Cost of Goods Sold	25	7,460,445	41.1 %	6,132,221	42.3 %	1,328,224	21.7 %
Gross Profit		10,683,220	58.9 %	8,376,409	57.7 %	2,306,811	27.5 %
Sales & Marketing costs	26	2,479,781	13.7 %	2,531,929	17.5 %	(52,148)	(2.1 %)
Research & Development Opex	27	1,598,788	8.8 %	1,077,935	7.4 %	520,853	48.3 %
Research & Development Capex		(858,424)	(4.7 %)	(997,909)	(6.9 %)	139,484	(14.0 %)
Research & Development costs		2,457,213	13.5 %	2,075,844	14.3 %	381,369	18.4 %
General & Admin Costs	28	3,669,947	20.2 %	3,917,603	27.0 %	(247,656)	(6.3 %)
Total Costs		7,748,516	42.7 %	7,527,467	51.9 %	221,049	2.9 %
Ebitda		2,934,704	16.2 %	848,942	5.9 %	2,085,762	245.7 %
General Depreciation Costs	29	166,405	0.9 %	148,990	1.0 %	17,415	11.7 %
Right of Use Amortization Costs	29	546,818	3.0 %			546,818	
R&D Amortization Costs	29	1,520,153	8.4 %	1,449,737	10.0 %	70,417	4.9 %
Amortization & Depreciation	29	267,991	1.5 %			267,991	
Amortization & Depreciation		2,501,367	13.8 %	1,598,727	11.0 %	902,640	56.5 %
Ebit		433,336	2.4 %	(749,785)	(5.2 %)	1,183,122	(157.8 %)
Net financial income/(charges)	30	1,924,554	10.6 %	1,308,445	9.0 %	616,110	47.1 %
Ebt		2,357,891	13.0 %	558,660	3.9 %	1,799,231	322.1 %
Curent Income Taxes	31	(49,838)	(0.3 %)	(8,689)	(0.1 %)	(41,149)	473.6 %
Deferred Taxes	31	(115,415)	(0.6 %)	225,812	1.6 %	(341,227)	(151.1 %)
Net Profit (Loss)		2,192,638	12.1 %	775,783	5.3 %	1,416,855	182.6 %
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			(108,564)	(0.6 %)	(17,829)	(0.1 %)	(90,735)
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							
Comprehensive year profi/(loss)		2,084,073	11.5 %	757,954	5.2 %	1,326,120	175.0 %

Earnings:		
per share	0,1474	0,054
diluted share	0,1472	0,053

Separate statement of changes in equity

Figures in euros	31/12/2018	Allocation of MailUp result	Share capital increase	Change to share premium reserve	Purchase of own shares	Use our share for MBO	Comprehensive IS Result	Stock Option Plan	Profit/(loss) carried forward	Period result	31/12/2019
Share capital	373,279							997			374,276
Share premium reserve	12,669,957			83,949							12,753,906
Legal reserve	80,000			-							80,000
Extraordinary reserve	2,559,640	775,783		17,344		65,178					3,417,945
Reserve for treasury stock	(163,470)				(315,164)	219,611					(259,023)
Reserve for exchange rate gains	25,289			(17,344)							7,945
Profit/(loss) carried forward	(212,668)										(212,668)
Stock option reserve	27,790			(83,949)				56,159			(1)
OCI reserve	(117,795)						(108,565)				(226,360)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	775,783	(775,783)							-	2,192,638	2,192,638
Shareholders' equity	**15,537,421**	**0**	**-**	**(0)**	**(315,164)**	**284,789**	**(108,565)**	**57,156**	**-**	**2,192,638**	**17,648,276**

Figures in euros	31/12/2017	Allocation of MailUp result	Share capital increase	Change to share premium reserve	Purchase of own shares	Comprehensive IS result	Stock option plan	Other transaction linked to the merge with network Srl	Period result	31/12/2018
Share capital	354,237		16,446	-			2,596			373,279
Share premium reserve	11,041,306		1,541,364	(131,296)			218,583			12,669,957
Legal reserve	60,000	20,000								80,000
Extraordinary reserve	1,520,535	1,039,104								2,559,640
Reserve for treasury stock	(115,219)				(48,251)					(163,470)
Reserve for exchange rate gains	25,289									25,289
Profit/(loss) carried forward	(212,668)									(212,668)
Stock option reserve	93,448						(65,658)			27,790
OCI reserve	(99,966)					(17,829)				(117,795)
FTA reserve	(613,449)									(613,449)
Merger reserve	133,068									133,068
Period result	1,059,104	(1,059,104)							775,783	775,783
Shareholders' equity	13,245,684	-	1,557,810	(131,296)	(48,251)	(17,829)	155,521	-	775,783	15,537,422

Separated Statement Cash Flow as at 31/12/2019

	31/12/2019	31/12/2018
Period profit/(loss)	2,192,638	775,783
Income tax	49,838	8,689
Prepaid/deferred tax	115,415	(225,812)
Interest expense/(interest income)	(37,278)	(25,330)
Exchange (gains)/losses	(4,196)	(9,693)
(Dividends)	(1,881,922)	(1,273,422)
(Gains) / losses arising from the sale of assets		
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	434,495	(749,785)
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	368,323	328,537
Other provisions	69,256	67,376
Amortisation and depreciation of fixed assets	2,224,121	1,591,351
Write-downs for permanent losses in value	267,991	
Other adjustments for non-monetary items	(181,692)	295,463
2 Cash flow before changes in NWC	3,182,493	1,532,941
Changes to net working capital		
Decrease/(increase) in trade receivables	(1,131,786)	(329,247)
Increase/(decrease) in trade payables	(129,002)	470,476
Decrease/(increase) in accrued income and prepaid expenses	(32,906)	(466,692)
Increase/(decrease) in accrued liabilities and deferred income	436,485	1,517,535
Increase/(decrease) tax receivables	340,577	(369,324)
Increase/(decrease) tax payables	95,517	185,129
Increase/(decrease) other receivables	36,636	(848,611)
Increase/(decrease) other payables	(1,445,784)	(271,578)
Other changes in net working capital		
3 Cash flow after changes in NWC	1,352,230	1,420,628
Other adjustments		
Interest collected/(paid)	14,957	11,424
(Income tax paid)		(18,317)
(Gains) / losses arising from the sale of current assets		
Dividends collected	1,881,922	1,273,422
(Use of provision)	(93,900)	(101,466)
4 Cash flow after other adjustments	3,155,209	2,585,691
A Cash flow from operations	3,155,209	2,585,691
Tangible fixed assets	(979,109)	(365,399)
(Investiments)	(979,109)	(365,399)
Divestment realisation price		
Intangible fixed assets	(1,104,542)	(1,145,858)
(Investiments)	(1,104,542)	(1,145,858)
Divestment realisation price		
Financial fixed assets	(796,050)	(1,884,731)
(Investiments)	(796,050)	(1,884,731)
Divestment realisation price		
Financial not fixed assets	(0)	(500,000)
(Investiments)	(0)	(500,000)
Divestment realisation price		
Acquisition or sales of subsidiaries companies		
B Cash flow from investments	(2,879,700)	(3,895,987)
Minority interest funds	50,450	(1,576,421)
Increase (decrease) in short-term payables to banks	19,301	4,783
Stipulation of loans	2,100,000	
Repayment of loans	(2,068,851)	(1,581,205)
Own funds	(94,556)	(45,655)
Capital increase by payment	997	2,596
Sale (purchase) of treasury shares	(95,553)	(48,251)
Change to share premium reserve		
C Cash flow from loans	(44,106)	(1,622,076)
Increase (decrease) in liquid funds (A ± B ± C)	231,403	(2,932,373)
Initial cash and cash equivalents	5,637,167	8,569,540
Final cash and cash equivalents	5,868,571	5,637,167
Change in cash and cash equivalents	231,403	(2,932,372)

Notes to the Separate Financial Statements as at 31/12/2019

General information

Business

MailUp SpA (hereinafter MailUp), is a corporate of renowned standing in the Cloud Marketing Technologies (or MarTech) sector (newsletters/e-mails, SMS, social networks). It has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 10,000 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. The ordinary shares of MailUp were admitted to trading on the AIM Italia market of Borsa Italiana starting July 2014. For further details and information on the Company's business, please refer to the Report on Operations to the separate and consolidated financial statements at 31/12/2019 that forms an integral part of these financial statements.

Accounting standards

Criteria for the preparation of the separate financial statements

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

Tables of the financial statements

The tables of the financial statements used have the following characteristics:
a) On the Balance Sheet - Statement of financial position, the assets and liabilities are stated in increasing order of liquidity; an asset/liability is classified as current when it meets one of the following criteria:
- it is expected to be realized/extinguished or expected to be sold or used in the normal operative cycle;
- it is mainly held for trading;
- it is expected to be realized/extinguished within 12 months of year end.

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

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

Measurement criteria

Tangible assets

These mainly consist of:

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

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

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

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

Intangible Assets

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

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

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

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

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

Fixed assets under construction relate to costs incurred for development projects on the MailUp® platform, which as at 31/12/2019 had not been completed and, therefore, could not be used.

Equity Assets

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

Financial Assets

IFRS 9 provides for a single approach to analysing and classifying all financial assets, including those containing embedded derivatives. Financial assets are classified and measured considering both the business model within which they are held and the contractual characteristics of the cash flows from the assets. The three following categories may be identified on the basis of the characteristics of an instrument and business model within which it is held:

(i) financial assets measured at amortised cost;
(ii) financial assets designated at fair value through other comprehensive income (hereinafter also "OCI");
(iii) financial assets designated at fair value through profit or loss ("FVTPL").

A financial asset is measured according to the amortised cost method when both of the following conditions are met:

– the business model within which the financial asset is held consists in holding it solely for the purposes of collecting the related cash flows; and

– the financial asset generates cash flows representative solely of the return on the financial asset on contractually predetermined dates.

According to the amortised cost method, the initial amount is then adjusted to take account of principal repayments, any impairment losses and the amortisation of the difference between the initial amount and maturity amount.

Amortisation is applied on the basis of the effective internal interest rate, i.e. the rate that exactly discounts the estimated future payments to the initial amount.

Receivables and other financial assets measured at amortised cost are presented in the statement of financial position net of the related accumulated amortisation.

Financial assets representative of debt instruments held within a business model that allows both the collection of contractual cash flows and capital gains on disposal (known as a "hold-to-collect-and-sell business model") are measured at fair value through OCI.

In such cases, changes in the fair value of the instrument are taken to equity through other comprehensive income. The cumulative amount of changes in fair value taken to the equity reserve that includes other comprehensive income is reversed to profit or loss when the instrument is derecognised. Interest income calculated according to the effective interest rate, foreign exchange differences and impairment losses are taken to profit or loss.

A financial asset representative of a debt instrument not measured at amortised cost or at FVTOCI is measured at fair value through profit or loss.

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

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

Prepaid tax assets

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

Cash and liquid funds

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

Own shares

Own shares are booked at purchase cost, including accessory expenses of the sale and are stated reducing shareholders' equity. The financial effects deriving from any subsequent sales are noted as shareholders' equity. For details on purchases of treasury shares carried out in 2019 and the related authorization resolutions, please refer to the specific explanatory paragraph in the Report on Operations to the separate and consolidated financial statements as at 31/12/2019, an integral part of these financial statements.
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Assets held for sale

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

Non-current financial liabilities

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

Employee benefits

Staff provisions disbursed at or following termination of the contract of employment mainly consist of Severance Indemnity ("TFR"), which is regulated by Italian legislation under article 2120 of the Civil Code. The TFR is a defined benefit plan, that is a formalised programme of post-employment benefits that constitutes a future obligation and for which the company assumes the related actuarial and investment risks. As required by IAS 19R, MailUp uses the Projected Unit Credit Method to determine the current value of the obligations and the related social security cost of
the current provisions; this method of calculation requires the use of objective actuarial hypotheses that are compatible with demographic (mortality rate, staff turnover rate) and financial (discounting rate, future increases in salary levels) variables. Actuarial gains and losses are immediately recognised in full on the statement of comprehensive income in compliance with IAS 19R.
Following the social security reform, as from 1 January 2007, the TFR accrued following the coming into force of said reform, is allocated to pension funds or treasury funds established by INPS for companies with more

than 50 employees or, for companies with fewer than 50 employees, may remain in the company as for previous years, or alternatively allocated to pension funds. On this, the allocation of the accruing portions of TFR in pension funds or INPS means that a portion of the TFR accruing is classified as a defined contributions plan, insofar as the company obligation consists exclusively of paying the contributions to the pension provision or INPS. The liability relative to previous TFR continues to constitute a defined benefits plan, to be assessed according to actuarial hypotheses.
From an accounting viewpoint, through the actuarial valuation, the interest cost that constitutes the figurative expense that the company would incur in asking the market for a loan in the amount of the TFR is carried under "Financial income/expense" on the Income Statement, and the current service cost, which defines the amount of rights accrued during the year by the employees who have not transferred the portions accrued as from 01 January 2007 to complementary welfare, under "payroll costs". Actuarial gains and losses that reflect the effects deriving from changes to the actuarial hypotheses used are booked directly as shareholders' equity, without being carried on the Income Statement and are stated on the Statement of Comprehensive Income.

Benefits incentive plan for senior management

Starting in the previous year, additional benefits are also recognized to the management of MailUp and other Group companies through an incentive plan of Management By Objectives or MBO, which consists in the recognition of bonuses upon achievement of certain results with respect to a pre-established plan previously communicated and accepted by the recipients. The pre-established targets referred to both economic and financial results, consolidated and by business unit, and to individual objectives or KPIs according to the relative areas of responsibility. These results were measured during the year and final reporting was at the beginning of 2020. The portion actually accrued was therefore allocated in 2019 on an accruals basis between personnel costs or Directors' remuneration depending on the recipient.

Provisions for risks and charges

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

Trade payables

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

Other current liabilities

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

Booking of revenues

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

Costs

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

Dividends

Income for dividends is recorded when the right to collection matures, which normally coincides with the meeting resolution to distribute the dividends.

The dividends resolved are recognised as amounts due to shareholders at the time the distribution is resolved.

Taxes

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

Profit/(loss) per share

Basic

Profit/(loss) per share is calculated as a ratio of the economic result for the weighted average of ordinary shares in issue during the year, excluding any own shares.

Diluted

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

Impairment of intangible assets

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

Provision for doubtful debt

The provision for doubtful debt reflects the best estimate of the Directors as to the losses relative to the loans portfolio with regards to customers. This forecast is based on the losses expected by the Company, determined according to
previous experience with similar receivables, current and historic past due positions, careful monitoring of credit quality and forecasts regarding the economic and market conditions.

Prepaid tax

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

Provisions for risks and charges

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

The valuation criteria adopted by the Group inspired by the 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

MailUp has various rental agreements in place for the use of offices, long-term leasing and long-term 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 company 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 the management to make estimates and assumptions that may affect the measurement of the Right of Use and the 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 company.

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 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 the accounting standard IFRS 16 Leases, already mentioned. For the sake of completeness, below are the accounting standards and amendments subject to changes 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 MailUp'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 4 million net of the related amortisation, as a balancing entry to higher non-current financial liabilities of Euro 3.2 million and current liabilities of Euro 761 thousand;
- Consolidated Income Statement: different nature, qualification and classification of expenses, amortisation of the Right of Use of the asset for Euro 547 thousand and interest financial expenses for Euro 27 thousand, compared to costs for use of third-party assets - operating lease fees, as per IAS 17 for Euro 562 thousand. This resulted in a positive impact on EBITDA for 2019 in the same amount, while the overall economic effect was higher costs of Euro 12 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 the final years;
- Cash Flow Statement: the higher gross non-current assets of Euro 4.55 million of the Right of Use and the higher relative financial liability of Euro 4.02 million have been reclassified cumulatively for the net amount of Euro 535 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.

- Effects on the separate financial statements as at 01/01/2019:

Description	Assets for Right of Use IFRS 16	Provision for amortisation Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interest	Fees
Right of Use for office lease fees	1,691,664	-	1,691,664	-	-	-
Right of Use for car lease fees	212,543	-	212,543	-	-	-
Total	1,904,207		1,904,207			

MailUp 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.

- Effects on the separate financial statements as at 31/12/2019:

Description	Assets for Right of Use IFRS 16	Provision for Assets for Right of Use	Liabilities for leases IFRS 16	Amortisation Assets for Right of Use	IFRS 16 interest	Fees
Right of Use for office lease fees	4,291,260	(461,079)	3,839,707	461,079	20,842	(472,395)
Right of Use for car rental fees	261,407	(85,738)	177,958	85,738	5,998	(89,447)
Total	4,552,667	(546,817)	4,017,665	546,817	26,840	(561,842)

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.

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

Description	Car right of use liability as at 31/12	Office right of use liability as at 31/12	Total
Short-term	93,372	667,984	761,356
Medium/long-term	84,586	3,171,723	3,256,309
Total	177,958	3,839,707	4,017,665

Accounting standards, amendments and interpretations that have been ratified but are not yet applicable/have not been adopted by the company in advance

The Group is still assessing the impact of these amendments on its financial position or operating results.

Amendment to 'References to the Conceptual Framework in IFRS Standards' (issued on 29 March 2018)
The IASB has published a revised version of the Conceptual Framework for Financial Reporting, with its initial recognition for 1 January 2020. The aim of the amendment is to update the references in various standards and interpretations that have now been superseded.
The main changes relate to:
- a new chapter on measurement;
- better definitions and guidance, with particular regard to the definition of liabilities;
- clarifications of important concepts such as stewardship, prudence and measurement uncertainty;
- clarifications on definitions and recognition criteria for assets and liabilities.

Amendments to IAS 1 and IAS 8 'Definition of Material' (issued on 31 October 2018)
The IASB has published 'Definition of Material (Amendments to IAS 1 and IAS 8)' to clarify the definition of 'material' in order to help companies to assess whether information should be included in the financial statements. Information is deemed 'material' if omitting, misstating or obscuring it could influence the decisions of the users of financial statements. The amendments will apply from 1 January 2020. Early adoption is, however, permitted.

Amendments to IFRS 9, IAS 39 and IFRS 7 on 'Interest Rate Benchmark Reform': (issued on 26 September 2019)
The IASB has issued amendments to IFRS 9, IAS 39 and IFRS 7. These amendments provide temporary reliefs allowing hedge accounting to continue to be used in the period of uncertainty leading up to the interest rate reform. The latter concerns the replacement of the current interest rate benchmarks with an alternative risk-free interest rate. These amendments enter into force on 1 January 2020; early application is permitted.

Accounting standards, amendments and interpretations not yet ratified

Amendments to IFRS 3 'Definition of a Business' (issued on 22 October 2018)
The IASB has published an amendment to IFRS 3, 'Definition of a Business', with the objective of helping companies to decide whether a transaction is an acquisition of a business or of a group of assets that does not meet the definition of a business according to IFRS 3-'Business Combinations'. The amendments will apply to acquisitions after 1 January 2020. Early adoption is permitted. The Group did not choose for early adoption.
IFRS 17-'Insurance Contracts' (issued on 18 May 2017) with initial recognition scheduled for 1 January 2021. The standard does not apply to the Group.

Risk Analysis

For a detailed and in-depth analysis of the risks to which the Company is exposed in the context of its operating activities, please refer to the Report on Operations to the separate and consolidated financial statements as at 31/12/2019, which forms an integral part of these financial statements.

Disclosure on the book value of financial instruments

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

- level 1: if the financial instrument is listed on an active market;
- level 2: if the fair value is measured on the basis of valuation techniques that 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 year ended on 31/12/2019:

31 December 2019 MailUp SpA

(Euro Units)	Book Value	Fair value	Fair Value hierarchy
Other Financial Assets			
Other non-current assets	1,432,370	1,432,370	Level 3
Other current financial assets	490,998	490,998	Level 1

Potential liabilities

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

Assets

Non-current assets

Tangible fixed assets (1)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,666,522	1,010,920	655,602

Plants and machinery

Description	Amount
Historic cost	223,844
Previous years' depreciation/amortisation	(96,738)
Balance as at 31/12/2018	127,106
Period acquisitions	15,871
Period amortisation/depreciation	(34,862)
Balance as at 31/12/2019	108,115

Other assets

Description	Amount
Historic cost	2,692,077
Previous years' depreciation/amortisation	(1,808,262)
Balance as at 31/12/2018	883,815
Period acquisitions	973,535
Sale of furniture and fittings	(10,296)
Period amortisation/depreciation	(288,646)
Balance as at 31/12/2019	1,558,407

"Other tangible assets" include:

- expenses for the purchase of office furniture and furnishings for Euro 141,043, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 537,601, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 570, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 2,153, net of period depreciation;
- expenses for improvements to third-party assets for Euro 877,040, net of period depreciation.

Right of use

Description	31/12/2018	Period increases	Period decreases	Period amortisation/depreciation	31/12/2019
Office right of use IFRS 16		4,291,260		(461,079)	3,830,181
Car right of use IFRS 16		261,407		(85,739)	175,668

Balance as at 31/12/2019		4,552,667		(546,818)	4,005,849

On 01/01/2019 was the first-time adoption of the accounting standard IFRS 16 Leases, as amply illustrated above. 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 tangible 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 3,830,181 for leased offices and Euro 175,668 for leased vehicles, respectively. IFRS 16 requires the Right of Use to be amortised on a straight-line basis over the remaining life of the underlying contract.

Intangible Fixed assets (2)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
3,143,432	3,392,685	(249,253)

Description of costs	Value as at 31/12/2018	Period increases	Period decreases	Period amortisation/depreciation	Value as at 31/12/2019
Platform development	3,219,477	858,424		(1,272,895)	2,805,007
Third-party software	143,682	242,713		(61,032)	325,362
Trademarks	10,618	3,972		(5,713)	8,878
Other	18,908			(14,722)	4,186
	3,392,685	1,105,109		(1,354,362)	3,143,432

"Platform development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform for Euro 2,805,007, net of relevant amortisation/depreciation, including investments for projects to develop the MailUp platform currently in progress, activities not yet completed at year end and which have not, therefore, been amortised. "Third party software" includes costs relative to software owned by third parties and purchased by the company.
The item "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp trademark in Italy and in other countries considered strategic in commercial terms.
"Other" fixed assets consist of the costs for translating platform components of multiple-year use, incurred into order to allow for its use on export markets (ex. English, Spanish) under the scope of the general strategic international growth project pursued by the Group.
For a detailed description of the incremental software developments carried out during the year and the related research and development projects, reference should be made to the section of the Report on Operations to the separate and consolidated financial statements included in this report.

Impairment testing of intangible assets

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

Development costs

"Platform development" includes the costs relating to the incremental development, update and innovation of the MailUp platform owned by the company, marketed in SaaS (Software as a Service) mode, which has always been a strategic factor in the company's success. The same item includes costs for projects to develop the MailUp platform, currently under development; these had not been completed at year end and have therefore not been 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. MailUp's R&D department also includes a team dedicated to the BEE software, which developed the software for an amount of Euro 545,715 during 2019. This asset was transferred at the end of 2016 to the subsidiary MailUp Inc, which deals with exclusive marketing in its various versions. The development activity mentioned above is contracted by the subsidiary to the parent company by virtue of specific contractual agreements and subject to specific intercompany invoicing.

For an in-depth analysis of the new functionalities introduced in 2019 to the MailUp platform and to the BEE software, in addition to details of the above-specified research and development projects, please refer to the paragraph "Research and development activities" of the Report on Operations to the consolidated and separate financial statements as at 31/12/2019, an integral part of these financial statements.

Investments in subsidiary (3)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
18,234,108	18,224,108	10,000

Description	Value as at 31/12/2018	Period increases	Period decreases	**Value as at 31/12/2019**
Subsidiary companies	18,224,108	10,000		18,234,108
	18,224,108	10,000		18,234,108

The increase in equity investments relates to the establishment of the wholly-owned subsidiary Datatrics S.R.L. at the end of 2018, effective as of 16/01/2019.

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

Company name	City or foreign country	Share capital	Shareholders' equity	Net profit/(loss)	**% held**	Book value
MAILUP INC	UNITED STATES	41,183	444,874	122,733	100	728,752
ACUMBAMAIL SL	SPAIN	4,500	178,098	166,227	100	1,092,658
MAILUP NORDICS A/S	DENMARK	67,001	803,249	(471,916)	100	800,000
AGILE TELECOM	CARPI (MO)	500,000	1,602,509	1,002,509	100	8,800,000
DATATRICS B.V.	HOLLAND	999	(701,994)	(528,609)	100	6,802,698
DATATRICS S.R.L.	ITALY	10,000	14,046	4,046	100	10,000
						18,234,108

For details on the activities performed by the subsidiaries and their strategic role within the Group, please refer to the Report on Operations to the separate and consolidated financial statements, an integral part of this annual report.

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

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

Equity investments in associates and joint ventures(4)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
102,000	102,000	-

Company name	City or foreign country	Share capital	Shareholders' equity	**Net profit/(loss)**	**% held**	**Book value**
CRIT- Cremona Information Technology	CREMONA (CR)	310,000	362,364	6,088	32.90	102,000

The company purchased shares for Euro 2 thousand in the consortium CRIT Cremona Information Technology upon incorporation. It then increased its investment in the associated company by Euro 100 thousand as a result of the transformation to limited liability consortium on 16 March 2016 and the subsequent strengthening of the capital by the shareholders to relaunch the growth project of the consortium. The purpose of the CRIT is to develop a technological pole in Cremona that enables synergies to be achieved between consortium members, to develop services of mutual interest, both managerial and operative in nature (co-working, start-up incubator, common training structures, canteen, meeting room). The consortium also developed a building complex, the "Digital Innovation 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 in Cremona to the Centre as of July 2017.

Other non-current assets (5)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,432,370	1,034,403	397,967

Description	Balance as at 31/12/2018	Increase	Decrease	Reclassifications	Balance as at 31/12/2019
Receivables from subsidiaries	842,364	969,456	(451,397)		1,360,423
Receivables from associated companies	64,641				64,641
Receivables from others	6,036				6,036
Tax receivables due beyond the year	121,362		(120,092)		1,270
	1,034,403	849,364	(451,397)		1,432,370

The receivables from subsidiaries refer to interest bearing loans to MailUp Nordics, Datatrics S.R.L. and Datatrics BV. Increases in 2019 include an additional Euro 880 thousand disbursed by the parent company by way of an interest bearing loan to Datatrics BV, according to what was set forth in the contract during the acquisition of the Dutch subsidiary. The same agreement called for the disbursement of Euro 70 thousand to Datatrics S.R.L., also in the form of an interest bearing loan.
The decrease in the table refers for Euro 183 thousand to the repayment to the parent company of the previous loan by Mailup Inc., thanks to the brilliant results in economic terms and in cash flows of the US subsidiary, which allowed for positive and autonomous management of working capital and the growing investments required by the accelerated growth of the BEE Editor.
The remainder of the decrease shown consists of the write-down of Euro 268 thousand in the total carrying amount of the investment in the non-operating subholding MailUp Nordics and in its subsidiary Globase International. Indeed, impairment testing brought to light a recoverable amount (value in use) of the CGU (Cash Generating Unit), consisting of the combination of the Danish subsidiaries mentioned above, which is lower by that amount than the sum of the purchase value of the equity investment in Nordics, equal to Euro 800 thousand, and the long-term loan disbursed to it by the parent company to support the operating activities of the indirect subsidiary Globase. Against the non-recoverability of the intercompany loan emerging during the impairment test, Mailup aligned with that result and waived on 23/03/2020, detecting this effect on the financial statement at 31/12/2019, part of the receivable due from Nordics, accordingly reducing it from Euro 423 thousand to Euro 155 thousand. As part of this process, Nordics wrote down its direct equity investment in Globase, adjusting to the value emerging from the impairment test.

The company currently has a lawsuit underway with the Tax Authorities in connection with the companies' income tax, regional production tax and value added tax for 2004. The petition proposed by the company has been rejected on a first and second instance and the company has submitted an appeal in cassation. Over the years, the company paid the entire amount assessed inclusive of sanctions and interest, recognising the tax receivable for the payments thus advanced for Euro 120 thousand. The appeal was also rejected in cassation and the company reversed the receivable using the provision for risks previously recognised for Euro 57 thousand and recognising a non-deductible contingent liability for the difference.
"Receivables from others" relate to caution deposits due beyond the year. Receivables all have a maturity in excess of 12 months.

Deferred tax assets (6)

Balance as at 31/12/2019	Balance as at 31/12/2018	Change
717,752	798,883	(81,132)

Deferred 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.
With respect to losses that can be carried forward for tax purposes, please note that, following the positive economic results of MailUp recognised in the year in question, previous deferred tax assets were partially utilised and the relative receivable declined by Euro 115 thousand, from Euro 703 thousand to Euro 588 thousand.
The value entered in the credit balance is considered recoverable from the future prospects of the company.

Current assets

Receivables from customers (7)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,927,474	1,518,205	409,269

The amount relates to trade receivables and also includes receivables for invoices to be issued, in the amount of Euro 82,181. The adjustment of the nominal loan value to fair value has been obtained by means of a specific provision for doubtful debt, that has been affected as follows during the year:

Description	Amount
Balance as at 31/12/2018	7,376
Period use	(7,376)
Period provision	9,256
Balance as at 31/12/2019	9,256

Key accounts

In accordance with the provisions of IFRS 8, please note that for the years ended on 31/12/2019 and 31/12/2018, there are no customers generating revenues that exceed 10% of total revenues.

Receivables from subsidiaries (8)

Description	Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
From associated companies	0	13,067	(13,067)
From subsidiaries	1,371,349	635,764	735,585

Receivables due from subsidiaries and associates derive from normal commercial operations implemented during FY 2019.

Below is the breakdown of receivables by geographic area:

Receivables divided by Geographic Area	From customers	From subsidiaries	Total
Italy Customers	1,785,463	351,343	2,136,806
EU Customers	80,281	548,243	628,524
Non-EU Customers	61,729	471,763	533,492
Balance as at 31/12/2019	1,927,474	1,371,349	3,298,823

Other current assets (9)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
2,565,959	2,705,458	(139,498)

The item is as follows:

Description	Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
Tax receivables	93,733	229,502	(135,769)
Other receivables	1,697,181	1,733,816	(36,636)
Accrued income and deferred expenses	775,046	742,140	32,906
Balance as at 31/12/2019	2,565,959	2,705,458	(139,498)

Tax receivables as at 31/12/2019, are as follows:

Description	Amount
Tax receivable for personnel recruitment	51,243
Receivables from the Tax Authority for withholdings applied	42,490
Balance as at 31/12/2019	93,733

Receivables due from others as at 31/12/2019 are comprised as follows:

Description	Amount
Supplier deposits	14,279
Contributions on competitiveness agreements tender	431,427
Contributions to the ICT Digital Agenda Call for Proposals	1,251,475
Balance as at 31/12/2019	1,697,181

Contributions on competitiveness agreements tender refer to the Big Data call, a project concluded on 28/02/2018 and completely reported on, of which the final tranche of the non-repayable grant has not yet been disbursed by the Lombardy Region.
As concerns the ICT digital agenda call by the MISE, described in detail in the research and development section of the Report on Operations, an integral part of these annual financial statements, please note the collection of Euro 266 thousand in February 2020 following the submission, in February 2019, of the first report on the relative costs and investments. In 2019, the Company also performed the project's intermediate progress reporting and is waiting for the relative payment.

Accrued income and deferred expenses as at 31/12/2019 are as follows:

Description	Amount
Deferred expenses	6,026
Accrued income	769,020
Balance as at 31/12/2019	775,046

As at 31/12/2019, there were no accruals or deferrals with a residual duration of more than five years.

Financial assets AFS (10)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
490,998	469,489	21,509

MailUp has allocated a fraction of the available liquidity that is not destined, in the short term, to finance the core business or other strategic projects, such as M&A transactions or research and development projects, to investment of shares listed on AIM Italia with a view to short-term disinvestment.
The change represents the fair value at the closing date of the year that was registered in the Account Economic according to the FVTPL criterion as required by IFRS 9.

Cash and cash equivalents (11)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
5,868,571	5,637,167	231,403

Description	Balance as at 31/12/2019	Balance as at 31/12/2018
Current Accounts receivable	5,867,984	5,626,775
Cash	587	10,393
Balance as at 31/12/2019	5,868,571	5,637,167

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

Liabilities

Shareholders' equity

Share capital (12)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
374,276	373,279	997

The share capital of the parent company MailUp is entirely paid in and is represented as at 31 December 2019 by 14,971,046 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each. The share capital has changed as a result of the following events: - on 25/06/2019 and 11/07/2019 - 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 - 39,880 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.

Reserves (13)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
15,081,363	14,388,360	693,003

Description	31/12/2018	Increases	Decreases	31/12/2019
Share premium reserve	12,669,957	83,949		12,753,906
Stock option reserve	27,790	56,159	(83,949)	0
Legal reserve	80,000			80,000
Extraordinary reserve	2,559,640	858,305		3,417,945
Reserve for exchange adjustments	25,289		(17,344)	7,945
FTA reserve	(613,449)			(613,449)
OCI reserve	(117,796)	34,283	(142,848)	(226,360)
Reserve for treasury shares in portfolio	(163,470)	219,611	(315,164)	(259,023)
Merger surplus reserve	133,068			133,068
Profits/losses carried forward IAS	(212,668)			(212,668)
Balance as at 31/12/2019	14,388,360	1,252,307	559,305	15,081,363

The share premium reserve increased due to the completion of the 2016 Plan stock option plan. When the options are exercised and the shares are subsequently issued, the difference between accounting par value and fair value is released from the stock option reserve and recognised as a share premium in the specific reserve. The stock option reserve linked to the incentive plan for the benefit of senior management and accounted for in accordance with IFRS 2 was therefore eliminated. The FTA reserve was generated during the transition to the IFRS of the individual and consolidated financial statements. The OCI reserve represents the effects deriving from the remeasuring of the defined benefits plan as well as the translation of financial statements in currency other than the Euro. In compliance with the provisions of articles 2357 and 2424 of the Italian Civil Code, the negative reserve for treasury shares in portfolio has been entered under the liabilities, under Group equity, by way of counter-entry in an amount equal to the treasury shares held as at 31/12/2019. The reserve for treasury shares is restricted and shall be maintained until such time as the shares are sold. 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, this delta is merge into the extraordinary reserve.

Period result

The net period result is positive and comes to Euro 2,192,638 with respect to Euro 775,783 as at 31/12/2018. For an in-depth analysis of the consolidated results, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2019, an integral part of these financial statements.

Other comprehensive income

The section of the accounting schedules includes the Statement of Comprehensive Income, which highlights the other components of the comprehensive income, net of the tax effect. The shareholders' equity accounts are broken down as follows according to their origin, possible use, distributable nature and use made in last the three years.

Nature/Description	Amount	Possible use (*)	Available amount
Share premium reserve	13,492,987	A, B	13,492,987
IAS Share premium reserve	(739,081)		
Stock option reserve	0	B	
Legal reserve	80,000	B	
Extraordinary reserve	3,417,945	A, B, C, D	3,417,945
Reserve for exchange rate gains	7,945		
FTA reserve	(613,449)		
OCI reserve	(226,360)		
Negative reserve for treasury shares	(259,023)		
Merger surplus reserve	133,068	B, C	133,068
Losses carried forward	(212,668)		
Total	**15,081,363**		**17,043,999**
Restricted portion (**)			(2,805,007)
Residual distributable portion			**14,238,992**

(*) A: capital increase; B: loss coverage; C: shareholder distribution; D: other statutory restrictions
(**) The restricted portion is calculated on the basis of article 2426 of the Italian Civil Code, paragraph 5, and corresponds to the remaining amount not yet amortised of research, development and advertising costs at 31/12/2019.

Non-current liabilities

Payables to bank an other financiers (14)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,445,112	342,173	1,102,939

Amounts due to banks relates to the residual medium/long-term portion of unsecured loans taken out. Due to banks refers to the medium / long-term residual portions of the loans unsecured list, during 2019 the following loans were turned on:
- € 600,000 loan with Banca Credem for a 36-month term at a fixed rate;
- € 500,000 loan with Banca Credem for 18 months with a fixed rate;
- financing with Credit Agricole for Euro 1.000.000, duration 5 years from BEI funds, linked to the customization and preparation of the new offices of the Milan office.

Long-term right of use financial liabilities (15)

Description	31/12/2019	31/12/2018	Changes
Financial liabilities RoU offices MLT IFRS 16	3,171,723		3,171,723
Financial liabilities RoU cars MLT IFRS 16	84,586		84,586
Total	3,256,309		3,256,309

The financial liability shown above is calculated in application of IFRS 16. For details on this matter, please refer to the beginning of this document.

Other non-current liabilities (16)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
3,000,000	3,748,296	(748,296)

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

Provisions for risks and charges (17)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
146,667	144,405	2,261

Description	Balance as at 31/12/2018	Increases	Decreases	Reclassificati ons	Balance as at 31/12/2019
Provision for pensions (TFM)	86,667	60,000			146,667
Provision for legal disputes	57,739		57,739		0

The provision for pension and similar commitments is related to the indemnity due to Directors upon cessation of office (TFM).
A provision has been established for legal disputes. The Company currently has a lawsuit underway with the Tax Authorities in connection with the companies' income tax, regional production tax and value added tax for 2004. 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 appeal was also rejected in cassation and the Company used the relative provision to close out the tax receivables previously recognised.

Provisions for personnel (18)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,475,997	1,142,221	333,776

The change is as follows:

Description	31/12/2018	Increases	Decreases	Actuarial gains/(losses)	31/12/2019
Staff provision (TFR)	1,142,222	309,607	109,650	133,818	1,475,997
	1,142,222	309,607	109,650	133,818	1,475,997

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 following were used

Economic-financial hypotheses

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

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

	31/12/2019
Annual technical discounting rate	0.70%
Annual inflation rate	1.50%
Annual comprehensive remuneration increase rate	2.50%

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

Current Liabilities

Trade and other payables (19)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,405,885	1,124,736	281,150

Amounts due to suppliers are stated net of commercial discounts. The item also includes payables:
- for invoices to be received from Italy suppliers, Euro 1,256,098;
- payables for invoices to be received from EU suppliers, Euro 40,041;
- payables for invoices to be received from non-EU suppliers, Euro 109,746.

Payables to subsidiaries and associates (20)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,349,337	1,759,489	(410,151)

Description	31/12/2018	31/12/2019	Changes
Subsidiary companies	1,328,589	1,735,989	(407,400)
Associated companies	20,749	23,500	(2,751)
Total	1,349,337	1,759,489	(410,151)

Amounts due to subsidiaries are detailed below:
- amounts due to MailUp Inc. for supplies, Euro 4,547;
- amounts due to Agile Telecom for supplies, Euro 1,323,694;
- amounts due to Globase for Euro 348;

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

Amounts due to banks and other lenders short term (21)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
938,804	1,456,291	(517,487)

Description	31/12/2019	31/12/2018	Changes
Amounts due to banks - short-term	938,804	1,456,291	(517,487)
Total	938,804	1,456,291	(517,487)

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

Short-term right of use liabilities (22)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
761,356	0	761,356

Description	31/12/2019	31/12/2018	Changes
Financial liabilities RoU offices ST IFRS 16	667,984		667,984
Financial liabilities RoU cars ST IFRS 16	93,372		93,372
Total	761,356	0	761,356

The financial liability shown above is calculated in application of IFRS 16. For details on this matter, please refer to the beginning of this document.

Other current liabilities (23)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
10,098,639	10,287,118	(188,479)

Tax payables

Description	31/12/2019	31/12/2018	Changes
VAT payable	136,623	171,712	(35,090)
Amounts payable to the Tax Authority for withholdings applied at source	233,910	170,622	63,288
Total	370,533	342,334	28,198

Other current liabilities

Description	31/12/2019	31/12/2018	Changes
Advances	53,101	35,881	17,220
Amount due to social security institutions	371,793	300,889	70,904
Amounts due to Directors for emoluments	23,570	27,314	(3,744)
Amounts due to employees for salaries and wages payable	399,960	344,768	55,191
Amounts due to employees for holidays, permits and additional months' salaries	645,296	647,372	(2,077)
Amounts due to Zoidberg s.r.l.		600,000	(600,000)
Payables for MBO bonuses	135,814	298,206	(162,392)
Accrued liabilities	3,352	7,822	(4,470)
Payables to BMC Holding B.V. within 12 months	748,296	748,296	0
Deferred income	7,279,623	6,838,668	440,955
Other payables	67,301	95,566	(28,265)
Total	9,728,106	9,944,784	(216,677)

The amount due to Zoidberg Srl related to the acquisition of the company Agile Telecom on 29 December 2015. It was extinguished with the payment of the third and final tranche of the earn-out agreed by the

parties. Similarly, the debt to BMC Holding relates to the acquisition of Datatrics B.V. already described above. The other payables are largely represented by the support activities provided by the external consultant who assisted MailUp in the investigation with the Ministry of Economic Development regarding the ICT Digital Agenda call, which has been mentioned several times previously, and in the separate and consolidated Report on Operations.
Deferred income: approximately 75% of the revenues of MailUp come from recurring annual charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges are used to form the year's income, whilst the part not pertaining to it, i.e. the deferred income, is used as a basis for the following year's income.

Commitments and guarantees

As at 31/12/2019, there are no commitments and guarantees given by MailUp to third parties.

Income Statement

Revenues (24)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
18,143,665	14,508,630	3,635,035

Income from sales and services comes to Euro 18.1 million (Euro 14.5 million as at 31/12/2018), recording an increase of Euro 3.6 million (+25.1%) on the corresponding figure for the previous year.

Revenues by product type

Below are details of revenues according to product type.

Description	31/12/2019	31/12/2018	Changes
E-mail revenues	9,381,876	8,765,479	616,397
SMS revenues	4,349,852	3,636,034	713,819
Professional services revenues	825,208	460,847	364,361
Intercompany revenues	2,543,748	938,933	1,604,815
Other revenues	1,042,980	707,338	335,642
Total	18,143,664	14,508,630	3,635,034

The other revenues mainly refer to the contributions on the calls for tenders, mentioned in the specification section of the Report on Operations in these financial statements, in addition to contingent assets and income relating to residual assets.
Growth in intercompany revenues is linked to the division of staff costs (administration and accounting, invoicing, management control, human resources, legal services, top management and M&A, tech and IT services) centralised for the entire Group within the parent company. Indeed, as of 2019, several criteria for the allocation of some costs of the holding company were amended to achieve a more accurate representation of business unit results and stricter compliance with tax regulations on "transfer pricing".
For a more in-depth analysis of the economic results of the company, please refer to the specific section of the Report on Operations to the separate and consolidated financial statements as at 31/12/2019.

COGS (Cost of Good Sold) (25)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
7,460,445	6,132,221	1,328,224

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
Purchases Cogs	3,286,561	2,684,832	601,729
Services Cogs	1,464,658	1,060,899	403,759
Cost of rents and leases Cogs	13,142	13,417	(275)
Payroll cost Cogs	2,686,270	2,363,352	322,918
Sundry operating expenses Cogs	9,814	9,721	93
Total	7,460,445	6,132,221	1,328,224

The COGS are determined by the costs directly related to the provision of the service that represents the Company's core business, that is the digital marketing platform MailUp. This category includes the costs for the IT technological infrastructure to support the platform, including the costs of the specific personnel, the costs of the areas directly involved in the provision of the service, for example the deliverability departments, help desk, the areas that deal with the personalisation of services on customer request and other variable costs directly related to services sold to customers. Most of these costs, Euro 3.2 million, are represented by purchases to send text messages, the main provider of which consists, for Euro 2.8 million, of the subsidiary Agile Telecom. Payroll costs, amounting to Euro 2.7 million, also had a significant impact following the organisational strengthening that took place in this area in 2019.

Sales & Marketing costs (26)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
2,479,781	2,531,929	(52,148)

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
Purchases S&M	6,396	8,014	(1,618)
Services S&M	641,951	857,901	(215,950)
Cost of rents and leases S&M	5,745	5,873	(128)
Payroll cost S&M	1,823,585	1,656,969	166,616
Sundry operating expenses S&M	2,105	3,172	(1,068)
Total	2,479,781	2,531,929	(52,148)

This includes the costs of departments that deal with commercial and marketing activities located at the Milan office. In addition to payroll costs, mainly relating to sales, there are some typical costs of marketing such as Pay per Click and events.

Research & Development costs (27)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,598,788	1,077,935	520,853

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
Purchases R&D	11,144	2,578	8,566
Services R&D	196,390	162,106	34,284
Payroll cost R&D	2,249,678	1,911,160	338,518
Capitalised R&D payroll cost	(858,424)	(997,909)	139,485
Total	1,598,788	1,077,935	520,853

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 capitalised 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, with the consent of the Board of Statutory Auditors, in relation to the future usefulness of the software development projects of the MailUp platforms. The research and development activity for the year 2019 is described in detail in the specific section of the Report on Operations to the consolidated financial statements.
There are also the costs of the Italian team that deals with the development of BEE software, owned by the subsidiary MailUp Inc.

General Costs (28)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
3,669,947	3,917,603	(247,656)

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
General purchases	35,398	37,635	(2,237)
General services	2,062,700	2,168,296	(105,596)
Cost of rents and leases General	46,960	389,136	(342,177)
Payroll cost General	1,314,107	1,159,619	154,488
Sundry operating expenses General	210,783	162,917	47,866
Total	3,669,947	3,917,603	(247,656)

General costs express overhead 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.

Amortisation, depreciation and impairment (29)

Below are details:

Description	31/12/2019	31/12/2018	Changes
Amortisation, depreciation and provisions General	166,405	148,990	17,415
Amortisation Right of Use	546,818		546,818
Amortisation R&D	1,520,153	1,449,737	70,417
Write-downs and provisions	267,991		267,991
Total	2,501,367	1,598,727	902,640

The write-down of Euro 268 thousand relates to the reduction in the total carrying amount of the investment in the non-operating subholding MailUp Nordics and in its subsidiary Globase International. Indeed, impairment testing brought to light a value in use of the CGU (Cash Generating Unit), consisting of the combination of the Danish subsidiaries mentioned above, which is lower by that amount than the sum of the purchase value of the equity investment in Nordics, equal to Euro 800 thousand, and the long-term loan disbursed to it by the parent company to support the operating activities of the indirect subsidiary Globase. Against the non-recoverability of the intercompany loan emerging during the impairment test, Mailup aligned with that result and waived part of the receivable due from Nordics, accordingly reducing it from

Euro 423 thousand to Euro 155 thousand. Right of use amortisation was calculated for the first time in 2019 following the application of IFRS 16, as already mentioned.

Financial operations (30)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
1,924,554	1,308,445	616,110

The breakdown is as follows:

Description	31/12/2019	31/12/2018	Changes
Dividends from subsidiaries	1,881,922	1,273,422	608,500
Financial income	97,691	63,197	34,494
Financial expense	(59,254)	(37,867)	(21,387)
Exchange gains	26,637	21,118	5,519
Exchange losses	(22,442)	(11,426)	(11,016)
Total	1,924,554	1,308,445	616,110

The amount consists of interest income on bank current accounts and other remunerated deposits of liquidity, exchange rate gains and losses and interest expense on medium/long-term bank loans.
Financial expenses also include the interest cost deriving from the actuarial valuation according to IAS 19R.
The dividends are those approved by the shareholders' meeting of Agile Telecom on 16 April 2019 for Euro 1,731,921.78 and by the shareholders' meeting of Acumbamail on 29 March 2019 for Euro 150,000.

FY income tax (31)

Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
165,253	(217,123)	382,376

Taxes	Balance as at 31/12/2019	Balance as at 31/12/2018	Changes
Current tax:	49,838	8,689	41,149
IRES			0
IRAP	49,838	8,689	41,149
Substitute tax			0
Deferred (prepaid) tax	115,415	(225,812)	341,227
IRES	114,218	(224,722)	340,137
IRAP	1,197	(1,090)	1,090
	165,253	(217,123)	382,376

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

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

Description	Amount	Taxes
Pretax Result	2,377,882	
Theoretical tax liability (%)	24%	570,692
Timing differences deductible in subsequent years:	(20,064)	(4,815)
Timing differences taxable in subsequent years	139,613	33,507
Reversal of timing differences from previous years	(318,872)	(76,529)
Differences which do not reverse in subsequent years	(1,624,692)	(389,926)
Losses tax deductible	(443,093)	(106,342)
Difference	110,774	26,586
Ace	(110,774)	(26,586)
Taxable income	0	0
Current period income tax		-
Deferred tax net of uses of tax accrued in previous years		
Net period IRES tax		-

Determination of the tax base for IRAP

Description	Amount	Taxes
Difference between value and cost of production, gross of CDL and impairment	7,894,798	
Costs not significant for IRAP purposes	1,542,205	
Income not significant for IRAP purposes	(397,480)	
	9,039,523	
Theoretical tax liability (%)		3.90%
Deductions for employed staff	(7,761,631)	
Tax base for IRAP	1,277,892	
Current IRAP for the year		49,838

Earnings per share

Basic earnings per share are calculated by dividing the net period income attributable to ordinary company shareholders by the weighted average number of ordinary shares, excluding treasury shares, in issue during 2019. Below is the income and information on shares used to calculate the basic earnings per share.

Description	31/12/2019
Net profit attributable to shareholders	2,192,638
Opening number of ordinary shares	14,931,166
Opening portfolio treasury shares	73,320
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	73,881
Weighted number of shares in issue	14,877,506
Basic earnings per share	0.1474

Diluted earnings per share are calculated as follows:

Description	31/12/2019
Net profit attributable to shareholders	2,192,638
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	14,971,046
Closing portfolio treasury shares	73,881
Closing shares potentially assignable	
Weighted number of shares in issue	14,897,446
Basic earnings per share	0.1472

Workforce

In 2019, the number of employees of MailUp came to 154, of whom 2 managers, 10 middle managers and 142 office workers.

Disclosure on related party transactions

To view the table on related party transactions and the relative detailed information, please refer to the separate and consolidated Report on Operations, which is an integral part of these annual financial statements.

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

Title	31/12/2019	31/12/2018
Directors	641,820	728,333
Board of auditors	23,920	23,920
Independent auditing firm	24,240	21,000

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

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

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

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

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

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

25, paragraph 15 of Decree Law 179/2012.

Below are details of the research and development projects:

Project	31/12/2019
PLATFORM DEVELOPMENT 9.0 AND LATER VERSIONS	78,445
DEVELOPMENT OF API INTEGRATIONS	4,157
DEVELOPMENT OF DATABASE MANAGEMENT PROJECT	263,545
INFRASTRUCTURE DEVELOPMENT FOR VERS. 9.0 AND LATER	512,277
Investments in R&D	**858,424**
Value of production	**18,143,665**
% Incidence	**5%**

Information pursuant to article 1, paragraph 125 of Italian Law no. 124 of 04 August 2017 It should be noted that in FY 2019 MailUp received the following contributions on calls for tenders from public administrations:

Date	Description	Amount
25/01/2019	Contribution from the Province of Cremona for the recruitment of differently abled people, supporting the entry and permanence in the job market of people with disabilities	11,250.00
26/09/2019	Contribution from the Lombardy Region for call ID 734 Youth Guarantee call - reimbursement for internship indemnity	2,200.00
09/05/2019	Digitalisation voucher contribution - disbursement of balance prog. ID v-dgt00007456	3,006.93
	Total	16,456.93

Proposal for allocation of profits

It is proposed to the Shareholders' Meeting to allocate the period result of Euro 2,192,638 to the reserve for exchange adjustments for Euro 11,085.47 and to the extraordinary reserve for Euro 2,181,552.31.

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

Thank you for the trust placed in us.

Milan, 24 March 2020

The Chairman of the Board of Directors

Matteo MonfredinI

REPORT BY THE BOARD OF AUDITORS TO THE FINANCIAL STATEMENTS AS AT 31.12.2019

To the Shareholders' Meeting of MAILUP SPA
This Report has been approved by the board in time for its deposit at the Company's office within 15 days prior to the convening of the Shareholders' Meeting to approve these financial statements.
The administrative body has made the following documents available, approved on 24/03/2020, relative to the financial year ended on 31/12/2019:

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

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

General introduction

The Board of Auditors already mentioned in the previous report to the financial statements that the administrative body has chosen to adopt, as from FY 2016, the international accounting standards IAS/IFRS.
The Board of Auditors acknowledges that during the year, for all Auditors, on the basis of the declarations made by the Auditors and information that is in any case available, it has assessed both the lack of any grounds for forfeiture, ineligibility and incompatibility as envisaged by articles 2382 and 2399 of the Italian Civil Code and by article 148 of Italian Legislative Decree 58/9, and compliance with the independence requirements established by the law, on the basis of the criteria set forth by the Rules of Conduct of the Board of Auditors, drafted by the Italian National Board of Chartered and Certified Accountants. In particular, it is acknowledged that no events took place that may cause the requirement of independence to be lost with respect to the verification performed at the time of appointment.
No Auditor has had any interest, on their own behalf or for third parties, in a given operation carried out during the year.
This report therefore summarises the activities concerning the information envisaged by article 2429, par. 2 of the Italian Civil Code and, more specifically:
•the activities carried out in the performance of duties provided for by law;
•the observations and proposals regarding the financial statements, with particular reference to the possible use by the board of the derogation referred to in article 2423, par. 5 of the Italian Civil Code;
•the possible receipt of complaints from shareholders under article 2408 of the Italian Civil Code;
•the results of the financial year.
In any case, we remain at your disposal for further information on any aspects during the meeting discussion.

Meeting attendance of the corporate bodies

The Board of Auditors certifies that:

In 2019, the Board of Auditors held five meetings and attended the Shareholders' Meeting and the five meetings of the Board of Directors;
Since the closure of the financial statements and up to the date of this report, the Board of Auditors has met once.
The activities carried out by the Board regarded, in terms of time frame, the whole year; during the year, the meetings were held regularly pursuant to article 2404 of the Italian Civil Code and specific minutes were duly prepared of said meetings, signed in acknowledgement of unanimous approval.

Supervision of compliance with the law, the Articles of Association and the regulations and compliance with standards of correct administration

By attending the meetings of shareholders and the Board of Directors, the Board of Auditors has monitored compliance with the provisions of the Articles of Association, the law and regulations, governing the operation and function of the Company's bodies and compliance with standards of correct administration. The frequency of the meetings of the Board of Directors, the average percentage attendance by Directors and meeting duration were appropriate and no significant resolutions were passed without suitably informing the Directors and Auditors. The Board of Auditors verified that all resolutions were passed in the interests of the Company and supported by suitable documentation.
The disclosure obligations relating to regulated or inside information or that required by the Supervisory Authorities, were duly fulfilled.

Information on the overall activity carried out by the Company and its subsidiaries

The Board of Auditors has acquired suitable information from the Directors, at least once a quarter, on the activities pursued by the Company in the various sectors in which it operates, including through subsidiaries, and on the most important operations in terms of profit and loss, cash flows and the financial position. Also on the basis of the information flows acquired as part of its supervisory activities, the Board of Auditors has successfully ascertained that the action resolved and implemented was compliant with the law and the Articles of Association and not evidently imprudent or risky, in potential conflict of interests or in conflict with resolutions passed by the Corporate Bodies or such so as to risk the integrity of the Company's assets. The Board of Auditors has also monitored compliance with the Guidelines, Standards of Conduct and Procedures in force in the Group, as well as compliance with the processes whose outcome is submitted to the attention of the Directors and on which they resolve.
The Board of Auditors has acquired knowledge of and monitored, insofar as it is competent to do so, compliance with standards of correct administration, including through the information received directly from the parties responsible for the various corporate departments and the Independent auditing firm.
On the basis of the information acquired during the supervisory activities, it has been seen that the operations of greatest importance in terms of profit and loss, cash flows and financial position carried out by the Company, including through direct or indirect subsidiaries, were the following:

- Issue of a short-term incentive plan for top management
- Review and approval of a transaction with related parties.

All the above operations have been suitably explained and presented during the meetings of the Board of Directors called to pass the related resolutions and fully explained in the Report on Operations for FY 2019, which also provides a complete update on the evolution of the reference legislative framework.

Market abuse legislation

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

Supervisory activities regarding transactions with subsidiaries

The provisions issued to subsidiaries suffice to guarantee the timely fulfilment by the latter of the disclosure obligations laid down by the law.

The Board of Auditors has examined and assessed the document of verification and updating, both of the areas in which the management and coordination of the parent company take place and of the companies with regard to which said activities are carried out, verifying compliance with the applicable provisions of articles 2497 ff of the Italian Civil Code.

Supervisory activities of infra-group and related party transactions

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

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

Opinions given by the Board of Auditors

In the course of the year, the Board of Auditors expressed the following opinions: attribution of a fringe benefit to certain Directors and executives.

Supervision of the suitability of the organisational structure

The Board of Auditors has been suitably informed of all interventions on the Group's organisational structure, developed according to standards of coherence between form and substance, verifying that the decision-making structure of the Company coincides with the delegations assigned.

Requirements connected with Italian Legislative Decree no. 231/2001

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

Privacy regulations

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

Supervision of the suitability of the administrative-accounting system

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

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

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

Omissions or inappropriate actions

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

- during the course of its activities, no omissions or irregularities or inappropriate actions or in any case significant actions worthy of note took place, which would need to be reported to the control bodies or described in this report;
- the Board of Auditors did not receive any notifications in accordance with article 2408 of the Italian Civil Code or any claims made by third parties;
- no transactions were identified, either with third parties or infra-group and/or with related parties, that suggest any atypical or unusual elements, in terms of content, nature, dimensions and time frame.

Supervision of the statutory auditing of the accounts

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

Supervisory activities with regard to the annual and consolidated financial statements

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

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

– the Notes to the financial statements give, where necessary, the information required by the international accounting standards on impairment. Compliance of the impairment testing procedure with the requirements of IAS 36 and the Joint Document prepared by the Bank of Italy/Consob/Isvap no. 4 of 03 March 2010 was adequately assessed by the Board of Directors in the meeting held on 24/03/2020 autonomously and ahead of the approval of the financial reports, as recommended by the aforementioned Document. The Board of Statutory Auditors shared the assessments made by the Directors.

The financial statements are compliant with the events and information of which the Board of Auditors has become aware under the scope of the exercise of its duties of supervision and its powers of control and inspection.

The Report on Operations meets legal requirements and is coherent with the data and results of the financial statements; it provides an extensive disclosure on the important activities and operations, of which the Board of Auditors had been promptly made aware, and on the main risks of the Company and subsidiary companies and on infra-group and related party transactions.

Observations regarding the annual financial statements and their approval

The draft financial statements for the year ended on 31 December 2019 have been approved by the administrative body and consist of the Balance Sheet, Income Statement, Notes and Cash Flow Statement. Moreover:

•the documents were delivered to the Board of Auditors in time to allow for their deposit at the Company's office complete with this report, regardless of the terms envisaged by article 2429, par. 1 of the Italian Civil Code,

•the Independent auditing firm has issued its report in accordance with articles 14 and 16 of Italian Legislative Decree 39/2010, stating that the annual financial statements as at 31 December 2019 are compliant with the International Financial Reporting Standards - IFRS - adopted by the European Union and the provisions issued in implementation of article 9 of Italian Legislative Decree no. 38/2005 and have been prepared clearly, providing a truthful, correct representation of the equity and financial position, the economic result and cash flow of MAILUP S.p.A. for the year ended as at that date.

The auditing report gives opinions on the consistency with the financial statements of the Report on Operations and information on the Corporate Governance Report pursuant to article 123-bis of Italian Legislative Decree 58/98.

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

•the Board has expressed its consent to the recognition as intangible assets of the development costs in relation to the future usefulness of the Mailup platform under realisation;

•as already mentioned, the Company has adopted the international accounting standards IAS/IFRS as from 2016. To this end, the Board of Auditors has ascertained the suitability, in terms of method, of the impairment testing process implemented to ascertain that assets are booked at a value that does not exceed their recoverable amount and that, therefore, they have not suffered impairment to be recognised at the date of year-end close. The Board of Auditors agreed with the Board of Directors' assessment regarding not applying these measurement processes (impairment test), since there were no signs of a loss of value of intangible assets.

Period result

The net result ascertained by the administrative body in relation to the year ended on 31/12/2019 is positive for Euro 2,192,638.

For all that is explained in this report, the Board of Auditors has no observations to make regarding the approval of the financial statements as at 31 December 2019 and the proposal made by the Board of Directors as to the allocation of the period profit.

Conclusions

On the basis of the foregoing and insofar as the Board of Auditors is aware and as has been seen from the regular controls performed, it is unanimously agreed that there is no reason why you should not approve the draft financial statements for the year ended on 31/12/2019 as they have been prepared and proposed to you by the administrative body.

As its term of office has now expired, the Board of Auditors would kindly thank you for the trust placed in it.

Cremona, 03/04/2020

The Board of Auditors

Michele Manfredini (Chairman)

Giovanni Rosaschino (Regular Auditor)

Fabrizio Ferrari (Regular auditor)

Mailup S.p.A.

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

Financial statements as of December 31, 2019

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

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

To the shareholders of
Mailup S.p.A.

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Mailup S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2019, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders equity for the year then ended, a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of December 31, 2019, of the result of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis of opinion

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

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

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

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

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

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

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Auditor’s Responsibilities for the audit of the Financial Statements

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

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

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

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

Report on other legal and regulatory requirements

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

The directors of Mailup S.p.A. are responsible for the preparation of the report on operations and of the corporate governance report of Mailup S.p.A. as of December 31, 2019, including their consistency with the financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Mailup S.p.A. as of December 31, 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the report on operations and the above mentioned specific information of the corporate governance report are consistent with the financial statements of Mailup S.p.A. as of December 31, 2019 and are compliant with applicable laws and regulations.

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

Milan, April 8, 2020

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

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

MAILUP
GROUP

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