MAILUP S.P.A.
Registered office in VIA POLA 9
20124 MILAN (MI)
Share Capital Euro
374,276.15 fully paid-in
Companies House
01279550196
Economic & Administrative
Index (REA) 1743733
Ticker: MAIL.MI

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2020

Financial statements prepared in accordance with IAS/IFRS accounting standards
- Figures in Euro -

Contents

Corporate Bodies

Board of Directors
(In office until the approval of the financial statements as at 31 December 2022)

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
(In office until the approval of the financial statements as at 31 December 2022)

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 firm
(In office until the approval of the financial statements as at 31 December 2022)

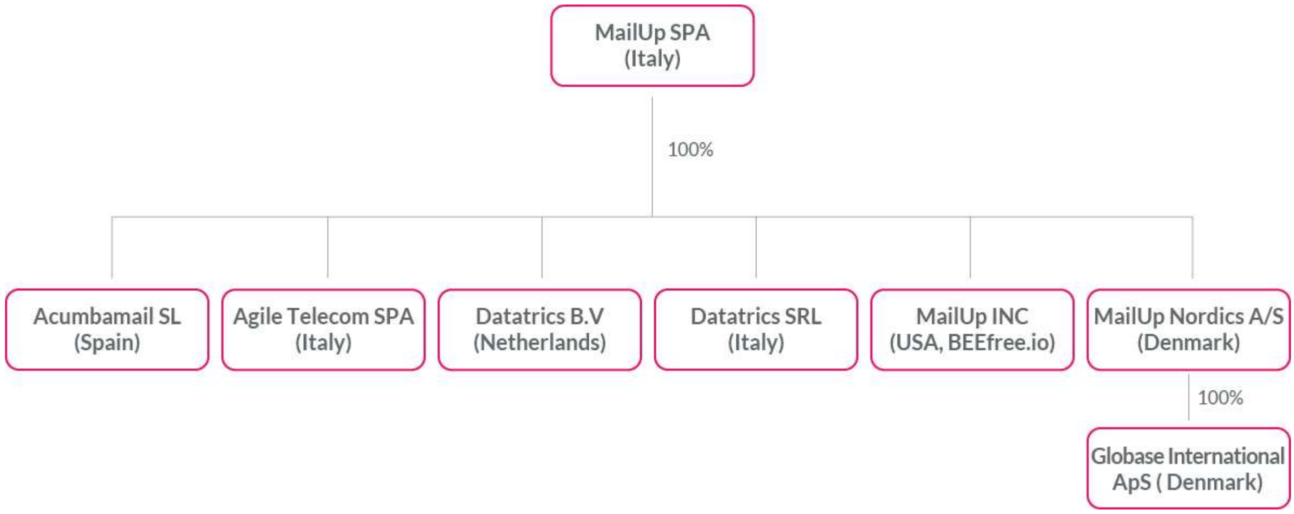
BDO Italia S.p.A.

MailUp Group, European leader in Cloud Marketing Technologies

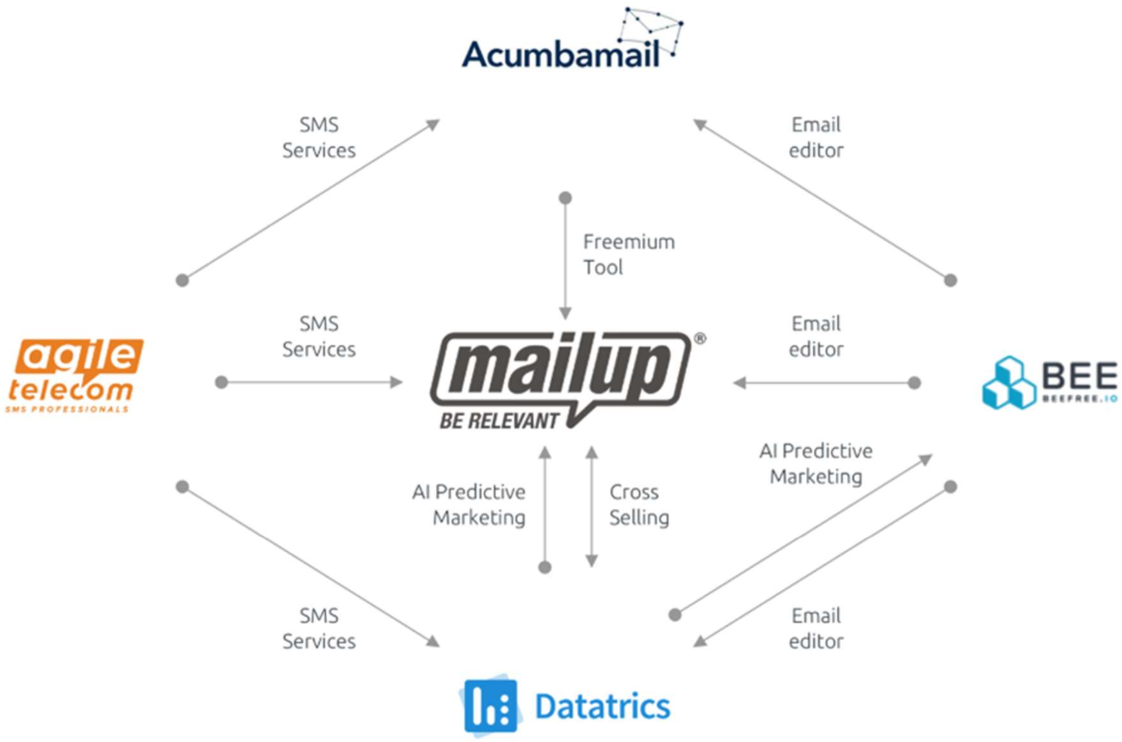
The MailUp Group (hereinafter also the "Group") is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel 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 landing page editing tools, (iii) AI-based innovative solutions in marketing technologies (Predictive Marketing), in addition to (iv) professional consulting services in these areas. 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 about 10,000 direct customers, in addition to about 13,000 customers of the other 4 business units and over 280,000 customers of the free editions of various services, in particular offered by BEEfree.io. At consolidated level, the Group therefore operates with over 23,000 customers distributed in about 130 countries and is present with its offices on three continents with a staff of over 250 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).

MailUp Group structure

Below is the organizational structure of the Group as at 31/12/2020:



All the entities listed in the above chart are 100% owned by MailUp S.p.A. The path of growth by external lines through acquisitions undertaken by the MailUp Group has made it possible, and will increasingly make it possible in the future, to develop significant product strategies in the field of technology and commercial growth, summarized in the graphic representation below:



Acumbamail S.L. is a Spanish e-mail marketing provider that also provides SMS packages and transactional services with a freemium business model that is particularly attractive for small and micro businesses. The Acumbamail platform allows the creation, sending and management of multi-channel marketing campaigns, allowing to track the relative performance in real time. More than 3,100 paying customers use the services of the Spanish subsidiary. Including also the free plans, there are about 80,000 users.

Agile Telecom SpA 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 1.9 billion messages sent per year and manages the sending out of promotional and transactional A2P messages (One-Time Password, notifications and alerts) on behalf of about 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 about 300 customers, which allows the marketing teams to build experiences 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 actionable customer data platform.

Datatrics S.r.l. was established by the parent company on 18/12/2018 to promote the commercial development of the Datatrics platform in Italy, and it began operating in January 2019. Following the economic crisis of 2020, which particularly affected Datatrics operations, a reorganization plan was launched with the aim of responding more efficiently to the challenges of the changed market context and focusing growth efforts on the unified management of customers, relying on a more streamlined and qualified structure. This reorganization includes (i) strengthening of the infrastructure - migrated to Amazon AWS -; (ii) revision of the business model with a view to greater scalability and self-provisioning, relying on the important contribution of partners; (iii) strengthening of Datatrics first line management, with the introduction of the roles of Marketing Manager, Head of Sales and Head of Customer Value Management and the reallocation of some employees to the parent company. In this context, Datatrics S.r.l. was put into liquidation, a procedure that began on 26 November 2020 and will be completed approximately by the first half of 2021.

MailUp Inc. (BEEfree.io), organized according to the dual company model, with a business team located in the United States and based in San Francisco, in the heart of Silicon Valley, and a technological team in Italy, focused on the development and commercialization of the innovative e-mail editor BEE (Best Email 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 with over 7,000 customers, 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 e-mail designers, large companies (such as Netflix) and digital marketing agencies 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.

MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International A.p.S.**, a Danish company specializing in advanced digital marketing automation services for customers in the Nordics market. As of 2019, Globase is no longer separately represented as a business unit, since it only carries out commercial branch activities for the resale of the MailUp platform. In addition, since March 2020, part of the Globase team has been working with the American BEEfree.io on accounting activities for high-end BEEPro customers in the European area.

Summary data

Significant events during FY 2020

In FY 2020, the activities of the MailUp Group were characterised by the events indicated below:

Special information regarding the Covid-19 emergency

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, and the correlated collapse and increased volatility of the financial markets. The directors and top management of MailUp Group are constantly working to ensure a prompt response to the constantly changing scenario, with the health and safety of employees, their families and the entire community as the top priority.

As of 23/02/2020, all Group employees and collaborators have been working remotely. The procedures in force and the infrastructures in place within the Group, as well as the nature of the business, are fully suitable for agile work and remote collaboration. There is currently no substantial impact on operations, productivity or staff availability. In accordance with the regulations issued by the Italian Government during the lockdown period, which provided for the closure of all “non-essential” economic activities for the purposes of containing the contagion, the MailUp Group was included in the list of companies that were allowed to be fully operational. No impact on employment levels is currently expected.

With regard to the Group’s customer base, certain sectors such as travel, hospitality and retail were negatively affected to varying degrees by the emergency situation, whereas companies with e-commerce channels or that were not directly affected by the closure of activities, such as online entertainment, gaming or online services were more resilient. These customers, together with public institutions, could increase their demand for mass e-mail sending, while the increase in online activities and transactions could boost the demand for transactional text messaging. It is believed that the digital sector can play a significant role both in the crisis and in the restart at the end of the emergency. Although the Group’s sales process is completely digital, there have been reductions in customer investments and a slowdown in the sales cycle, particularly regarding larger projects. The Group’s sales structures maintain constant contact with our customers and we are working on a series of measures to provide them with adequate support, in terms of resources, free tools, extensions of payment terms, discounts and e-mail marketing templates.

With regard to the data and outlook for the MailUp Group, it is currently difficult to quantify the potential impact of this crisis, as well as the resulting volatility and uncertainty at macroeconomic level. At the moment, no significant changes in the plans are expected, and the Group is prepared to manage the potential impact of negative economic trends deriving from the current situation. The Board of Directors works constantly with the Business Unit Directors and top management to highlight the best quantitative estimate of the effect of an economic slowdown and to identify all the appropriate measures, cost savings, government and supranational aid and programs that could strengthen the Group's capital and financial profile and, consequently, its ability to react promptly and adequately to external changes and to emerge from the crisis.

On 20/02/2020, MailUp announced that, following the notification of some sales made on the market by some of its major shareholders for a total of 120,000 securities, aimed at increasing the free float and consequently more opportunities to exchange the share, the estimated free float exceeded 36%.

On 23/02/2020, MailUp announced, due to developments in the spread of contagion from Covid-19 in Lombardy and in compliance with the Government and the Region's instructions (although to date, there is no evidence of cases among its employees and collaborators), the adoption of the obligation of remote working and the prohibition of travel involving the use of collective transport for staff at the Milan and Cremona offices; these measures were subsequently extended to the Carpi office and the Group's foreign offices and are still in progress.

On 27/03/2020, the subsidiary BEE launched Page Builder, a new product in the BEEPlugin family for the creation of web pages with which SaaS applications can offer its customers a simple tool to create graphically striking and mobile responsive landing pages. Page Builder exploits the same functionality already available for the creation of e-mail, enriching it with additional features such as the inclusion of forms, videos and scripts, for example for the inclusion on the page of surveys created with Survey Monkey or Typeform. The combination of Email Builder and Page Builder allows SaaS applications to provide a unique and consistent user experience when creating e-mails and web pages. For each new activation of the Page Builder before 30/04/2020, BEE offered three months of free use as a contribution in addressing the Covid-19 emergency. Subsequently, facilitated pricing is available for the bundled activation of Email Builder and Page Builder.

On 21/05/2020, MailUp communicated the first Sustainability Report, a document produced on a voluntary basis by the parent company to communicate in a transparent and consistent manner to all stakeholders the values, strategies and performance directly associated with the related economic, social and environmental impacts, summarized in the acronym ESG (Environmental, Social and Governance). The Sustainability Report represents the first important step towards increasing transparency and alignment of interests among the various stakeholders, which are drivers for long-term sustainable value growth. The reporting, preceded by the Materiality Analysis, which directly involved the representatives of the main corporate functions, covered the period 01/01/2019 - 31/12/2019 and was carried out in accordance with the GRI Sustainability Reporting Standards (GRI Standards).

On 30/07/2020, MailUp announced its positioning as one of the 13 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 2015 and 2018. As part of a group of companies from 22 countries in the EMEA region, with an average growth rate of 1,258%,
MailUp is positioned among the European high tech companies with the highest percentage of growth, the only Italian listed parent company, with an average 2015-2018 growth rate of 323%.

On 19/08/2020, the Board of Directors identified the beneficiaries of the stock option plan called "Stock Option Plan 2020 - 2023", following the resolution passed by the Extraordinary Shareholders' Meeting and the Board of Directors on 23/04/2020. The 19 beneficiaries of the plan include directors, managers, employees and collaborators of MailUp S.p.A. and its subsidiaries, for a total amount of options to be assigned equal to 948,866, on a total basket approved on 23/04/2020, equal to 1,136,209. Among the beneficiaries are the members of the Board of Directors Matteo Monfredini, Nazzareno Gorni, Micaela Cristina Capelli and Armando Biondi and the founders and significant shareholders Luca Azzali, Matteo Bettoni and Alberto Miscia.

During the trading sessions of 07/09/2020 and 08/09/2020, the price of the MailUp (MAIL) share recorded the maximum of the period and the all-time high on that date, with a closing price of Euro 5.68 per share. At this value, the company's capitalization corresponds to about Euro 85 million.

On 10/11/2020, the Group announced a number of measures taken to cope with the drastic effects of the crisis generated by Covid-19, which has led, in particular for Datatrics, on the one hand, to the lengthening of the sales cycle and the postponement/virtualization of marketing investments (trade fairs) due to the pandemic, on the other hand, to a higher churn rate of expired subscriptions, and finally to a persistent and serious state of difficulty in the travel & hospitality sectors. Accordingly, the Company launched a plan to reorganize Datatrics operations in order to respond more efficiently to the challenges of the changed market context: this reorganization includes strengthening the infrastructure - migrated to Amazon AWS - and revising the business model to achieve greater scalability and self-provisioning, relying on the important contribution of partners. In this context, although there were no changes in the workforce, Datatrics S.r.l. was liquidated, which was opened on 26/11/2020, with the reallocation of some employees to MailUp S.p.A. The effects of this restructuring are expected by Q3 2021. This restructuring will allow focusing growth efforts on the unified management of customers, relying on a more streamlined and qualified structure. In particular, Italian customers will be managed by Italian-speaking resources from the Milan offices, the commercial activity will be targeted only to the indirect channel (digital agencies) while the direct channel will be managed by the MailUp business unit through a gradual integration between the two platforms.

On 10/11/2020, the Company also announced that it had obtained a legality rating from the AGCM (Italian Antitrust Authority), with a score of 2 stars ++, out of a total of 3 stars. The Company has therefore been included in the public list of companies with a legality rating held by the AGCM. The legality rating is a concise indicator of compliance with high standards of legality by companies and the degree of attention paid to the proper management of the business. The purpose of the rating is to reward companies that comply with the law, are transparent and operate according to sound ethical principles, resulting in various advantages and benefits in terms of: (i) increased reputation in the market; (ii) access to financing by the Public Administrations; (iii) improved access to credit.

On 25/11/2020, the MailUp Group joined the "Growth Leaders 2021", the ranking of the 400 Italian companies that have recorded the highest compound growth in turnover over the three-year period 2016-2019. The list is drafted by Il Sole 24 Ore in collaboration with Statista, a German web portal for statistics that processes and makes available data and market research in the economic area.

On 18/12/2020, BEE, the business unit that developed and marketed the innovative email & content editing tool, was listed by Business Worldwide Magazine as one of the "Top 20 Most Innovative Companies to Watch 2020". BEE has been recognized for its ability to make it possible for everyone to create emails with an attractive design and numerous easy-to-use templates.

Summary report

Consolidated Income Statement as at 31/12/2020 – Amounts in Euro

	31/12/2020	%	31/12/2019	%	Change	Ch. %
Email Revenues	16,471,759	25.3 %	14,264,235	23.5 %	2,207,524	15.5 %
SMS Revenues	44,517,527	68.2 %	42,724,773	70.3 %	1,792,755	4.2 %
Predictive Marketing Revenues	2,712,047	4.2 %	2,280,294	3.8 %	431,752	18.9 %
Other Revenues	1,532,255	2.3 %	1,528,040	2.5 %	4,215	0.3 %
Total Revenues	**65,233,588**	**100.0 %**	**60,797,342**	**100.0 %**	**4,436,247**	**7.3 %**
Cost of Goods Sold	44,437,483	68.1 %	44,108,421	72.5 %	329,061	0.7 %
Gross Profit	**20,796,106**	**31.9 %**	**16,688,920**	**27.5 %**	**4,107,186**	**24.6 %**
Sales & Marketing costs	6,067,031	9.3 %	4,407,434	7.2 %	1,659,597	37.7 %
Research & Development Opex	**2,855,241**	**4.4 %**	**1,634,865**	**2.7 %**	**1,220,376**	**74.6 %**
Research & Development Capex	*(1,868,113)*	*(2.9 %)*	*(1,634,198)*	*(2.7 %)*	*(233,915)*	*14.3 %*
Research & Development costs	*4,723,354*	*7.2 %*	*3,269,063*	*5.4 %*	*1,454,291*	*44.5 %*
General & Admin Costs	6,785,130	10.4 %	5,851,393	9.6 %	933,737	16.0 %
Total Costs	15,707,401	24.1 %	11,893,691	19.6 %	3,813,709	32.1 %
Ebitda	**5,088,705**	**7.8 %**	**4,795,229**	**7.9 %**	**293,476**	**6.1 %**
General Depreciation Costs	433,251	0.7 %	220,420	0.4 %	212,831	96.6 %
Right of Use Amortization Costs	1,096,314	1.7 %	812,013	1.3 %	284,301	35.0 %
R&D Amortization Costs	2,024,675	3.1 %	1,913,289	3.1 %	111,387	5.8 %
Amortization & Depreciation	154,510	0.2 %	0	0.0 %	154,510	0.0 %
Amortization & Depreciation	3,708,750	5.7 %	2,945,722	4.8 %	763,029	25.9 %
Ebit	**1,379,955**	**2.1 %**	**1,849,507**	**3.0 %**	**(469,553)**	**(25.4 %)**
Net financial income/(charges)	(178,809)	(0.3 %)	(27,172)	0.0 %	(151,636)	558.1 %
Ebt	**1,201,146**	**1.8 %**	**1,822,335**	**3.0 %**	**(621,189)**	**(34.1 %)**
Curent Income Taxes	(565,781)	(0.9 %)	(387,000)	(0.6 %)	(178,782)	46.2 %
Deferred Taxes	(70,437)	(0.1 %)	(285,300)	(0.5 %)	214,862	(75.3 %)
Net Profit (Loss)	**564,927**	**0.9 %**	**1,150,036**	**1.9 %**	**(585,108)**	**(50.9 %)**

Consolidated Balance Sheet as at 31/12/2020 – Amounts in Euro

	31/12/2020	31/12/2019	Change	Ch. %
Intangible fixed assets	5,188,299	4,392,560	795,740	18.1 %
Goodwill	16,477,023	16,631,533	(154,510)	(0.9 %)
Tangible fixed assets	1,700,842	1,773,924	(73,081)	(4.1 %)
Rights of Use (IFRS 16)	3,701,056	4,629,957	(928,901)	(20.1 %)
Financial fixed assets	223,748	220,304	3,444	1.6 %
Fixed Assets	**27,290,970**	**27,648,278**	**(357,308)**	**(1.3 %)**
Receivables from customers	10,354,302	11,291,536	(937,233)	(8.3 %)
Payables to suppliers	(11,795,918)	(12,942,856)	1,146,938	(8.9 %)
Payables to associated companies	(31,220)	(20,749)	(10,471)	50.5 %
Commercial Trade Working Capital	**(1,472,835)**	**(1,672,069)**	**199,233**	**(11.9 %)**
Tax receivables and payables	2,420,896	1,834,077	586,818	32.0 %
Accruals and deferrals	(7,405,599)	(7,206,115)	(199,484)	2.8 %
Other receivables and payables	(3,449,879)	(3,647,203)	197,324	(5.4 %)
Net Working Capital	**(9,907,417)**	**(10,691,309)**	**783,891**	**(7.3 %)**
Provisions for risks and charges	(630,970)	(619,480)	(11,490)	1.9 %
Provisions for severance and pension	(1,983,682)	(1,718,547)	(265,136)	15.4 %
Net Capital Invested	**14,768,900**	**14,618,943**	**149,957**	**1.0 %**
Share capital	374,276	374,276	0	0.0 %
Reserves	16,343,604	15,448,802	894,802	5.8 %
Profit (Loss) for the period	564,927	1,150,036	(585,108)	(50.9 %)
Net Equity	**17,282,807**	**16,973,114**	**309,694**	**1.8 %**
Cash	(9,866,364)	(8,946,689)	(919,675)	10.3 %
Short-term debt	985,500	992,262	(6,762)	(0.7 %)
Financial liabilities right of use (short term)	1,029,099	1,017,635	11,464	1.1 %
AFS Financial Assets	(195)	(490,998)	490,803	(100.0 %)
Medium/long-term debt	2,641,533	1,445,112	1,196,421	82.8 %
Financial liabilities right of use (medium/long te	2,696,519	3,628,507	(931,988)	(25.7 %)
Net financial position	**(2,513,907)**	**(2,354,170)**	**(159,737)**	**6.8 %**
Total sources	**14,768,900**	**14,618,943**	**149,957**	**1.0 %**

Separate Income Statement as at 31/12/2020 – Amounts in Euro

	31/12/2020	%	31/12/2019	%	Change	Ch. %
Email Revenues	11,052,793	52.8 %	10,207,084	56.3 %	845,709	8.3 %
SMS Revenues	4,342,441	20.7 %	4,349,852	24.0 %	(7,412)	(0.2 %)
Intercompany Revenues	279,643	1.3 %	81,986	0.5 %	197,656	241.1 %
Other Revenues	5,255,584	25.1 %	3,504,742	19.3 %	1,750,841	50.0 %
Total Revenues	**20,930,460**	**100.0 %**	**18,143,665**	**100.0 %**	**2,786,795**	**15.4 %**
Cost of Goods Sold	6,324,473	30.2 %	7,460,445	41.1 %	(1,135,972)	(15.2 %)
Gross Profit	**14,605,987**	**69.8 %**	**10,683,220**	**58.9 %**	**3,922,767**	**36.7 %**
Sales & Marketing costs	3,363,593	16.1 %	2,479,781	13.7 %	883,812	35.6 %
Research & Development Opex	**2,828,035**	**13.5 %**	**1,598,788**	**8.8 %**	**1,229,247**	**76.9 %**
Research & Development Cap	*(804,139)*	*(3.8 %)*	*(858,424)*	*(4.7 %)*	*54,286*	*(6.3 %)*
Research & Development cost	*3,632,174*	*17.4 %*	*2,457,213*	*13.5 %*	*1,174,961*	*47.8 %*
General & Admin Costs	4,515,059	21.6 %	3,669,947	20.2 %	845,112	23.0 %
Total Costs	10,706,687	51.2 %	7,748,516	42.7 %	2,958,171	38.2 %
Ebitda	**3,899,300**	**18.6 %**	**2,934,704**	**16.2 %**	**964,596**	**32.9 %**
General Depreciation Costs	323,156	1.5 %	166,405	0.9 %	156,751	94.2 %
Right of Use Amortization Costs	784,254	3.7 %	546,818	3.0 %	237,436	43.4 %
R&D Amortization Costs	1,379,940	6.6 %	1,520,153	8.4 %	(140,214)	(9.2 %)
Amortization & Depreciation	166,893	0.8 %	267,991	1.5 %	(101,098)	(37.7 %)
Amortization & Depreciation	2,654,243	12.7 %	2,501,367	13.8 %	152,876	6.1 %
Ebit	**1,245,056**	**5.9 %**	**433,336**	**2.4 %**	**811,720**	**187.3 %**
Net financial income/(charges)	856,633	4.1 %	1,924,554	10.6 %	(1,067,922)	(55.5 %)
Ebt	**2,101,689**	**10.0 %**	**2,357,891**	**13.0 %**	**(256,202)**	**(10.9 %)**
Curent Income Taxes	(88,811)	(0.4 %)	(49,838)	(0.3 %)	(38,973)	78.2 %
Curent Income Taxes	(296,037)	(1.4 %)	(115,415)	(0.6 %)	(180,622)	156.5 %
Net Profit (Loss)	**1,716,841**	**8.2 %**	**2,192,638**	**12.1 %**	**(475,797)**	**(21.7 %)**

Separate Balance Sheet as at 31/12/2020 – Amounts in Euro

	31/12/2020	31/12/2019	Change	Ch. %
Intangible fixed assets	3,118,415	3,143,432	(25,017)	(0.8 %)
Tangible fixed assets	1,579,291	1,666,522	(87,231)	(5.2 %)
Rights of Use (IFRS 16)	3,301,698	4,005,849	(704,151)	(17.6 %)
Financial fixed assets	20,060,727	19,767,209	293,519	1.5 %
Fixed Assets	**28,060,130**	**28,583,011**	**(522,880)**	**(1.8 %)**
Receivables from customers	2,126,986	1,927,474	199,512	10.4 %
Receivables from subsidiaries	2,637,189	1,371,349	1,265,840	92.3 %
Payables to supplier	(1,739,204)	(1,405,885)	(333,319)	23.7 %
Payables to subsidiaries	(984,436)	(1,328,589)	344,153	(25.9 %)
Payables to associated companies	(31,220)	(20,749)	(10,471)	50.5 %
Commercial Trade Working Capital	**2,009,315**	**543,600**	**1,465,715**	**269.6 %**
Tax receivables and payables	(271,100)	70,429	(341,529)	(484.9 %)
Accruals and deferrals	(5,825,077)	(6,507,930)	682,853	(10.5 %)
Other receivables and payables	(3,179,508)	(3,376,157)	196,649	(5.8 %)
Net Working Capital	**(7,266,370)**	**(9,270,058)**	**2,003,688**	**(21.6 %)**
Provisions for risks and charges	(66,667)	(146,667)	80,000	(54.5 %)
Provisions for severance and pension	(1,710,743)	(1,475,997)	(234,746)	15.9 %
Net Capital Invested	**19,016,350**	**17,690,289**	**1,326,061**	**7.5 %**
Share capital	374,276	374,276	0	0.0 %
Reserves	16,981,944	15,081,363	1,900,582	12.6 %
Profit (Loss) for the period	1,716,841	2,192,638	(475,797)	(21.7 %)
Net Equity	**19,073,061**	**17,648,277**	**1,424,785**	**8.1 %**
Cash	(6,978,157)	(5,868,571)	(1,109,586)	18.9 %
Short-term debt	955,301	938,804	16,497	1.8 %
Financial liabilities right of use (short term)	763,286	761,356	1,930	0.3 %
AFS Financial Assets	(195)	(490,998)	490,803	(100.0 %)
Medium/long-term debt	2,641,533	1,445,112	1,196,421	82.8 %
Financial liabilities right of use (medium/lon	2,561,520	3,256,309	(694,789)	(21.3 %)
Net financial position	**(56,712)**	**42,012**	**(98,724)**	**(235.0 %)**
Total sources	**19,016,350**	**17,690,289**	**1,326,061**	**7.5 %**

CONSOLIDATED AND SEPARATE ANNUAL REPORT ON OPERATIONS AS AT 31 DECEMBER 2020

Dear Shareholders,

The year ended on 31/12/2020 records a positive consolidated result of Euro 564,927 after amortization, depreciation and impairment applied for a total of Euro 3,708,750 and provisions made for current and deferred tax in the amount of Euro 636,218. The EBITDA of the Group amounted to Euro 5,088,705.
Below is the analysis of the position and the trend of operations relative to the year just ended at consolidated level and for the parent company MailUp.

Introduction

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

In this document, we provide information regarding the Group's consolidated position. This Report, drawn up with balances expressed in Euro, is presented so as to accompany the Group 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 Separate and Consolidated Balance Sheet and Income Statement as at 31/12/2020 are shown for comparison purposes.
As regards the consolidated financial statements, which strive to ensure standardized measurement criteria and have been prepared on the basis of full consolidation, please note that the consolidation scope is as shown below (as at 31/12/2020):

Company name	Registered office	Share capital	%
MAILUP S.p.A.	Milan	Euro 374,276	parent company
MAILUP INC.	United States of America	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.	The Netherlands	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 2020

The year 2020 has 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) the GB exit from the EU (Brexit).

However, in the second half of a January, a new risk emerged for economic growth and market performance: the spread of a new virus (CoVid 2019) 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: transport, services, consumption the sectors most affected.

ISTAT revised its GDP estimates downwards in the second quarter of 2020, coinciding with the almost complete cessation of economic activities due to the containment of the health emergency: the decrease was -12.8% compared to the first quarter of the year and -17.7% compared to 2019. The figure is the worst since 1995 and marks the fourth consecutive quarter of zero or negative growth.

The aforementioned decline in GDP is particularly linked to the fall in domestic demand, in terms of private consumption (households and private social institutions), investments, general government expenditure and changes in stocks. Foreign demand also made a negative contribution, linked to a greater reduction in exports than imports.

The added value in all the main production sectors, agriculture, industry and services, shows negative economic trends.

Inflation in August rose by 0.3% on a monthly basis and fell by 0.5% on an annual basis, a negative trend for the fourth consecutive month.

In the fourth quarter of 2020, GDP decreased 1.9% over the previous quarter and 6.6% compared to the same period of 2019. Compared to the previous quarter, the main aggregates of domestic demand include a 1.6% decrease in national final consumption and 0.2% increase in gross fixed investments. Imports and exports increased by 5.4% and 1.3%, respectively. Domestic demand net of inventories made a negative contribution of 1.3% to the change in GDP, with negative contributions of 1.6% from household consumption and ISP, nil from gross fixed investments and a positive contribution of 0.3% from spending of Public Administrations (PA). The change in inventories also contributed positively to the change in GDP by 0.3 percentage points, while the contribution from net foreign demand was negative by 1 percentage point. Negative economic trends were recorded for added value in all the main production sectors, with agriculture, industry and services down by 2.8%, 0.7% and 2.3% respectively.

Internationally, the OECD has generally cut its overall expansion estimates for the whole of 2020, due in particular to the negative impact of the health crisis on confidence, financial markets, tourism and global supply chains.

The area of the member countries has recorded the most significant drop in GDP since 2009, -9.8% in the second quarter of 2020, with the UK economy among the most heavily impacted, followed by France, Italy and the United States. The preliminary prospective estimate of the unemployment rate in the OECD area for the whole of 2020 is 9.4% on average, up 4% compared to 2019, with peaks of 12.4% in Italy.

In the third and fourth quarters, partial reopening and news of the discovery of vaccines against Covid-19 led to an improved outlook for the global economy and triggered a strong rally in risky assets. However, the reintroduction of lockdown periods slowed activity last quarter and, if restrictions remain in place, it could have similar effects in the early part of 2021. Strong overall growth is currently expected for the second half of the year, mainly due to the expected outcomes of the vaccination campaign.

The Group

For a description of the structure of the group and its member companies, please refer to pages 4 and 5 of the introduction to this document.

Significant events during FY 2020

For a detailed description of the main events that occurred during the year, please refer to page 6 of the introduction to this document.

MAIL share performance in the course of FY 2020 and Investor Relations activities

Below is some data on the prices and volumes of the MailUp security (MAIL) in FY 2020.

Placing price	Euro 1.92*	29/07/2014
Maximum price FY 2020	Euro 5.68	07/09/2020
Minimum price FY 2020	Euro 3.79	12/03/2020
Price at period-end	Euro 4.38	30/12/2020

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

After a very good start in 2020, the MailUp share price fell below Euro 4 during March due to the general financial market crisis linked to the Covid-19 emergency. Since April, there has been a gradual but steady growth that has led the share to be quoted stably above Euro 5.

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

Month	Weighted average price €	Average daily volume #
January 2020	4.65	13,827.41
February 2020	4.67	28,217.50
March 2020	4.10	19,057.23
April 2020	4.36	4,611.55
May 2020	4.58	6,765.71
June 2020	5.21	25,910.18
July 2020	5.30	10,726.44
August 2020	5.56	8,415.52
September 2020	5.20	15,163.36
October 2020	4.79	14,677.32
November 2020	4.57	10,705.05
December 2020	4.53	16,499.78

In 2020, MAIL marked a series of new highs for the year and all-time highs, until reaching a price of Euro 5.68. However, the positive trend was first (i) halted by the crisis in global markets following the spread of the Covid-19 pandemic in the second half of February 2020, and then (ii) reversed towards the end of the year, probably due to a series of realizations linked to the rapid and consistent growth of recent years. The phase of low volumes and quotations continued after the close of the period.

The maximum price recorded on 07/09/2020 and 08/09/2020 at Euro 5.68 per share, equal to the maximum for the year and the all-time high at that date, is nearly 20% higher than the first listing of the year (Euro 4.74 as of 02/01/2020).

MAIL.MI - trend in price January-December 2020 - Source www.borsaitaliana.it

MAIL.MI - trend in volumes January-December 2020 - Sourcewww.borsaitaliana.it

In the year ended 31/12/2020, in sixteen trading sessions, volumes traded exceeded 50,000 units, with a maximum recorded on 18/02/2020 (115,847 units). In general, the daily volumes traded during the period were on average more than 14 thousand units, less than the average 26 thousand units traded throughout 2019, but indicative of a high loyalty of the stock base in times of crisis and consequent panic selling that has affected the global financial markets.

MailUp 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 year report, subject to a limited audit by the independent auditing firm; the disclosure of unaudited consolidated quarterly sales data; the unaudited quarterly reports; as of May 2020, the Sustainability Report.
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 2020, a total of 54 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 2020, the Group met with 138 current and potential investors, in more than 31 plenary (conferences) and individual (investor day) meetings in the Milan, Lugano, Frankfurt, London and New York markets, mostly held in virtual mode.
Every month, investors who have requested it receive a newsletter providing the main financial news.
The Group also receives assistance from three 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 section www.mailupgroup.com/en/analyst-coverage/.
In 2020, 19 equity research reports were published.

On 30/06/2020, the Company announced the launch of the first Investor Survey, as part of its program of activities aimed at improving engagement and relations with its investors. The questionnaire, addressed to all investors and anonymous, aims to detect the perception of investors regarding a number of key issues, including the areas of communication, business and the listing market. The survey ended on 05/09/2020 and obtained 43 replies. The survey results indicate general investor satisfaction with financial reporting and confidence in growth drivers through international expansion and acquisitions. There is a general alignment, at business level, between corporate strategy and investor expectations. On the other hand, a profile of greater dissatisfaction emerges with regard to the liquidity of the share and the stock market, which are not considered in line with the size, activities and potential of MailUp Group. In terms of profiling, the majority of investors who responded to the Survey are located in Italy, are individual/private investors and have an average invested amount of less than Euro 500,000.

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

The Marketing Technology (MarTech) Market

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

MarTech overview: ample, complex, fragmented and segmented

In the last decade, technology and traditional off-line marketing have found a fertile common ground of development and contamination that has led to the proliferation of cloud strategies, solutions and tools that make up the ecosystem of MarTech. In recent years, the growth of the ecosystem has been exponential, at a rate of around 30x, going from around 150 application solutions in 2011 to 8,000 in 2020 (source: chiefmartech.com). Global spending on marketing technology is estimated to reach USD 121.5 billion in 2019, with expected growth of 22% to reach USD 355 billion in 2023. (Source: BDO, WARC and University of Bristol).

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);

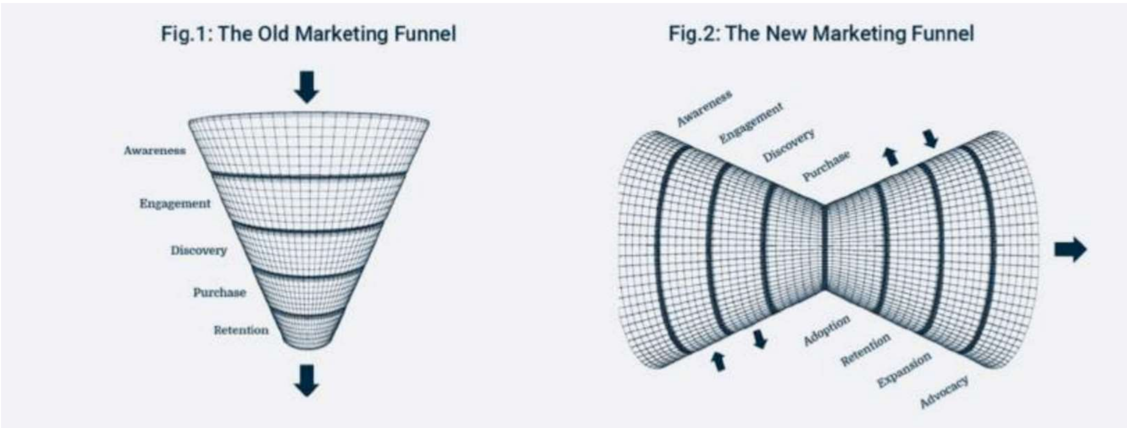
In the MarTech area, e-mails and text messages are still the most used and fastest-growing tools among the solutions available, above all for the effectiveness deriving from their combined use in marketing strategies.

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 with 245 transactions concluded in 2020 (Source: Luma partners).

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, optimizing the customization of marketing campaigns and providing customized scalable solutions.
The use of this “first-party” data takes on increasing strategic importance in the face of expected regulatory changes (European ePrivacy Regulation) that will be anticipated by major browsers such as Google Chrome and Firefox. These changes will render unusable third-party cookies, which are still used to profile anonymous users on a large scale by cross-referencing browsing data across multiple sites. The so-called “cookieless” world will make first-party data assets even more valuable, for example for profiling and retargeting activities. First-party data management is at the heart of CDP (Customer Data Platform) technologies, which differ from traditional DMP systems in data persistence and connection to internal company data sources (sites, CRM, martech systems, ecommerce, legacy systems).

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



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

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

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

1. **E-mail Marketing Segment:** e-mails are one of the most widespread tools to channel digital marketing campaigns and to increase customer acquisition. Despite the competition from other communication tools (instant messaging platforms, chats, social networks), the growth in the use and number of e-mail users is expected to continue, as well as in turnover deriving directly from e-mail marketing. However, to take advantage of other forms of digital communication it is always necessary to have an e-mail address, as well as for any e-commerce transaction and registration regarding portals and online applications. According to the forecasts of Radicati Group, an American research organization specialized in the sector, significant worldwide growth is estimated for the e-mail market both in terms of turnover and users. In particular, with respect to 3.8 billion users at the end of 2018, growth is forecast at a CAGR of 3% in the period 2017-2022. The turnover of e-mail marketing, equal to about USD 23.8 billion at the end of 2017, is

expected to double over the next five years. The number of e-mails sent and received daily is expected to grow by 4% per year up to 2022 compared to the current 281 billion. In terms of operators in this segment, there are about 300 different solutions available, ranging from the most standardized and economic to highly customized tools with high subscription cost.

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

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

Technologies based on Artificial Intelligence / Machine Learning and investments in Marketing Automation will allow reducing investments in marketing operations (marketing analysis, campaign creation, media budget allocation…), which are not very scalable and often delegated to agencies, integrators or external consultants.

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

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

Competitors' behaviour

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

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

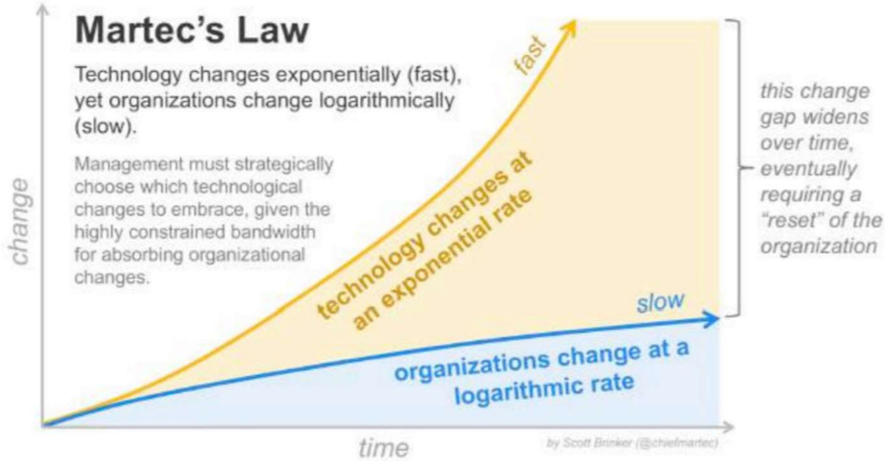
The table below shows a breakdown of some competitors by business unit:

	MailUp / Acumbamail	Agile Telecom	Datatrics	BEE
Italy	contactlab, MagNews	kaleyra, sms it, Commify	ADABRA, Neosperience	BEE PRO (FOR EMAIL DESIGNERS) EDMdesigner, TAXI
Europe	dotdigital, sendinblue, mapp, Splio	link mobility, tyntec, SAP, Mitto, sinch, bics	raptor, blueconic, CLERK.IO, selligent, optimove, agillic, mapp	FOLEON, StampReady, Stamplia, stripo, stensul, chamaileon
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:



Source: Chiefmartec, Value Track Analysis

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

MailUp, thanks to its multi-channel SaaS cloud platform, is the Italian leader in e-mail and SMS marketing automation and is among the top ten operators in the sector at European level, although it is difficult to precisely indicate the size of participants for the variety and different types of players involved. In 2020, the MailUp platform managed over 1 billion unique email addresses on behalf of its customers, sending over 22.4 billion emails split between newsletters, DEM and transactional messages. Agile Telecom has sent about 1.9 billion SMS.

Datatrics, on the other hand, operates in the actionable 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. There are a few dozen personalization systems, if also including those that do not use machine learning algorithms. Complete CDP systems of omni-channel orchestration and marketing automation based on artificial intelligence technologies see a few dozen operators in the world.

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, 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 social climate within the Group is positive and based on full cooperation. As previously pointed out, the Group has chosen to extend, as from the end of February 2020, the already operational agile working method to protect the health and safety of its employees and collaborators. This measure has not caused any problems from the operational and social climate point of view mentioned above.

Operating performance in Group sectors

The income statement for the year 2020 records total consolidated revenues of over Euro 65.2 million, showing an increase of almost Euro 5 million or +7% in relative terms compared to the previous year. Moving on to the main lines of business, the SMS segment, linked in particular to Agile Telecom activities, recorded the highest turnover in absolute terms, amounting to approximately Euro 44.5 million, with a growth of 4.2%, showing evident signs of suffering in conjunction with the various lockdown periods that restrict the use of SMS so-called "drive-to-store". However, the margin on these services is more than twice as high as revenues, due to the different mix of SMS sent, which includes a higher proportion of transactional messages. The Email segment, by its very nature the most stable and consolidated within the Group, recorded an increase of over 15.5% during the year, amounting to Euro 16.5 million in revenues. There was excellent growth in BEE, which grew from Euro 2.6 million to over Euro 3.9 million in revenues (+52% YoY including the Euro/USD exchange rate effect, over +55% in USD) and in Acumbamail (approximately +30%). Revenues from the Predictive Marketing business line, generated by Datatrics B.V. and Datatrics S.r.l., increased by 18.9% to more than Euro 2.7 million in the year. The lower growth compared with the previous year is linked to the drastic effects of the crisis generated by Covid-19: in particular, on the one hand, it led to a lengthening of the sales cycle and the postponement/virtualization of marketing investments (trade fairs) due to the pandemic, and on the other, to a higher churn rate of expired subscriptions, and finally, it caused a persistent and serious state of difficulty in the travel & hospitality sectors.
Revenue generated abroad accounted for 54.1% (+20% compared to 2019) of the total, while recurring revenue stood at 29% (+19% compared to 2019).

Consolidated EBITDA amounts to approximately Euro 5.1 million, up 6% on 2019, and represents approximately 7.8% of total revenues. Despite the effects of the months of lockdown, Gross Profit increased by more than four percentage points on sales (from 27.5% to 31.9%) with growth (+24.5%) well above that of revenues, indicating that the optimizations and cost savings implemented are having the desired effects.

On the top line, however, margins were affected by the economic slowdown resulting from the global health emergency linked to the spread of Covid-19, particularly in terms of a slowdown in the acquisition of new medium/large customers and a delay or cancellation of investments by customers in specific sectors particularly hit by the crisis, such as Travel, Retail and Hospitality. On the cost side, the Group has chosen not to suspend or postpone its planned strategic projects; as a result, the impact of cost items such as Sales & Marketing (up by over 37%) and R&D (+74% on total R&D expenditure, which grew by over 44.5% in the year), where the largest investments are being made, is particularly significant. Lastly, with specific reference to the Datatrics Business Unit, the Company notes that it has launched a plan to reorganize its operations in order to respond more efficiently to the challenges of the changed market context: this reorganization includes strengthening the infrastructure - migrated to Amazon AWS - and revising the business model to achieve greater scalability and self-provisioning, relying on the important contribution of partners. In this context, although there were no changes in the number of employees, the Italian subsidiary Datatrics S.r.l was put into liquidation with proceedings opened on 26/11/2020, with the reallocation of some employees to MailUp. The effects of these interventions are expected by Q3 2021. This restructuring will allow focusing growth efforts on the unified management of customers, relying on a more streamlined and qualified structure. In particular, Italian customers are managed by the Enschede offices, while the commercial activity in Italy will be focused only on the indirect channel (digital agencies).

Profit before tax (EBT) for the period was over Euro 1.2 million, down 34% compared to the same period in 2019, with depreciation and amortization of Euro 3.7 million, up 26%. Depreciation and amortization related to the application of IFRS 16 amounted to Euro 1.1 million, up YoY by 35%. Also noted is the partial impairment of goodwill relating to the investment in Globase for Euro 155 thousand, following the impairment procedure, and the overall negative effect of realized and presumed exchange rate differences for Euro 136 thousand, largely due to the unfavourable trend of the US Dollar/Euro exchange rate.

As a result of the foregoing, consolidated net profit amounted to Euro 0.6 million, a decrease of -50.9% compared to the end of the previous year.

The Consolidated Net Financial Position at 31 December 2020 showed a negative amount (cash) of Euro 2.5 million, an improvement compared to the balance (also negative) of Euro 2.4 million at 31 December 2019. The effect of the adoption of IFRS 16, relating to rental, leasing and hire costs, results in an imputed debt item of approximately Euro 3.7 million. Cash on hand is approximately Euro 9.9 million.

As far as the Parent Company is concerned, the FY2020 results confirm the historic positive trend in revenue growth (+15.4%), which amounted to over Euro 20.9 million.
The EBITDA margin increased by more than 32.9% to approximately Euro 3.9 million. Financial operations remained positive due to the dividends from the subsidiaries Agile Telecom and Acumbamail.
As a result of the above, the net profit for the year, amounting to Euro 1,716,841, decreased by 21.7% compared to the previous year due to the dynamics already highlighted in the comments on the consolidated results.
The Net Financial Position of MailUp is negative (cash) for about Euro 57k, an improvement over the previous year, and is mainly affected by the effect of the financial liability resulting from the application of IFRS 16, for Euro 3.3 million, as well as the use of financial leverage for the incremental development costs of the MailUp platform.

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 deferred tax assets 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 amounts due to banks
- Other financial payables

Main economic figures of the MailUp Group

The table below summarizes the consolidated results as at 31/12/2020 compared with the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

	31/12/2020	31/12/2019
Total revenues	65,233,588	60,797,342
EBITDA	5,088,705	4,795,229
Pre-tax result (EBT)	1,201,146	1,822,335

As previously mentioned, despite the negative impact of Covid 19, revenues for the year were up by more than 7% compared to the same period of 2019, EBITDA is up by over 6% over the 2019 comparison figure (plus Euro 293 thousand). Consolidated EBT was penalized by higher amortization and depreciation, especially on the Right of Use of leased assets, and by financial expenses deriving from unfavourable exchange rate delta on the Euro/US Dollar exchange rate, which are not hedged. For a more detailed analysis please refer to the section "exchange rate risk". For further information, please consult the previous section "Operating performance in Group sectors" and the details contained in the Notes, which are an integral part of these financial statements.

The consolidated income statement has undergone the following changes with respect to that of the previous year (amounts in Euro)

Consolidated Profit & Loss	31/12/2020	%	31/12/2019	%	Change	Ch. %
Email Revenues	16,471,759	25.3 %	14,264,235	23.5 %	2,207,524	15.5 %
SMS Revenues	44,517,527	68.2 %	42,724,773	70.3 %	1,792,755	4.2 %
Predictive Marketing Revenues	2,712,047	4.2 %	2,280,294	3.8 %	431,752	18.9 %
Other Revenues	1,532,255	2.3 %	1,528,040	2.5 %	4,215	0.3 %
Total Revenues	**65,233,588**	**100.0 %**	**60,797,342**	**100.0 %**	**4,436,247**	**7.3 %**
Cost of Goods Sold	44,437,483	68.1 %	44,108,421	72.5 %	329,061	0.7 %
Gross Profit	**20,796,106**	**31.9 %**	**16,688,920**	**27.5 %**	**4,107,186**	**24.6 %**
Sales & Marketing costs	6,067,031	9.3 %	4,407,434	7.2 %	1,659,597	37.7 %
Research & Development Opex	**2,855,241**	**4.4 %**	**1,634,865**	**2.7 %**	**1,220,376**	**74.6 %**
Research & Development Capex	*(1,868,113)*	*(2.9 %)*	*(1,634,198)*	*(2.7 %)*	*(233,915)*	*14.3 %*
Research & Development costs	*4,723,354*	*7.2 %*	*3,269,063*	*5.4 %*	*1,454,291*	*44.5 %*
General & Admin Costs	6,785,130	10.4 %	5,851,393	9.6 %	933,737	16.0 %
Total Costs	15,707,401	24.1 %	11,893,691	19.6 %	3,813,709	32.1 %
Ebitda	**5,088,705**	**7.8 %**	**4,795,229**	**7.9 %**	**293,476**	**6.1 %**
General Depreciation Costs	433,251	0.7 %	220,420	0.4 %	212,831	96.6 %
Right of Use Amortization Costs	1,096,314	1.7 %	812,013	1.3 %	284,301	35.0 %
R&D Amortization Costs	2,024,675	3.1 %	1,913,289	3.1 %	111,387	5.8 %
Amortization & Depreciation	154,510	0.2 %	0	0.0 %	154,510	0.0 %
Amortization & Depreciation	3,708,750	5.7 %	2,945,722	4.8 %	763,029	25.9 %
Ebit	**1,379,955**	**2.1 %**	**1,849,507**	**3.0 %**	**(469,553)**	**(25.4 %)**
Net financial income/(charges)	(178,809)	(0.3 %)	(27,172)	0.0 %	(151,636)	558.1 %
Ebt	**1,201,146**	**1.8 %**	**1,822,335**	**3.0 %**	**(621,189)**	**(34.1 %)**
Curent Income Taxes	(565,781)	(0.9 %)	(387,000)	(0.6 %)	(178,782)	46.2 %
Deferred Taxes	(70,437)	(0.1 %)	(285,300)	(0.5 %)	214,862	(75.3 %)
Net Profit (Loss)	**564,927**	**0.9 %**	**1,150,036**	**1.9 %**	**(585,108)**	**(50.9 %)**

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

	31/12/2020	*31/12/2019*
Net ROE (Net result/Net capital)	0.03	0.07
Gross ROE (EBT/Net capital)	0.08	0.12
ROI (EBITDA/Invested capital)	0.07	0.07
ROS (EBITDA/Sales revenues)	0.08	0.08

Consolidated ROE was affected by the decline in EBT and net income compared with the previous year, due to higher amortization, particularly on the right of use, the impact of negative exchange rate delta against the US Dollar and the impairment of the consolidation difference with the Danish subsidiaries (MailUp Nordics and Globase) resulting from the impairment procedure. The other consolidated income ratios are in line with the previous report, which is certainly a very positive result in the context of the international health crisis that has led to a widespread climate of uncertainty and considerable difficulties for various economic sectors, some of which are strategic for the business of the Group companies.

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	31/12/2020	31/12/2019	Change	Ch. %
Intangible fixed assets	5,188,299	4,392,560	795,740	18.1 %
Goodwill	16,477,023	16,631,533	(154,510)	(0.9 %)
Tangible fixed assets	1,700,842	1,773,924	(73,081)	(4.1 %)
Rights of Use (IFRS 16)	3,701,056	4,629,957	(928,901)	(20.1 %)
Financial fixed assets	223,748	220,304	3,444	1.6 %
Fixed Assets	**27,290,970**	**27,648,278**	**(357,308)**	**(1.3 %)**
Receivables from customers	10,354,302	11,291,536	(937,233)	(8.3 %)
Payables to suppliers	(11,795,918)	(12,942,856)	1,146,938	(8.9 %)
Payables to associated companies	(31,220)	(20,749)	(10,471)	50.5 %
Commercial Trade Working Capital	**(1,472,835)**	**(1,672,069)**	**199,233**	**(11.9 %)**
Tax receivables and payables	2,420,896	1,834,077	586,818	32.0 %
Accruals and deferrals	(7,405,599)	(7,206,115)	(199,484)	2.8 %
Other receivables and payables	(3,449,879)	(3,647,203)	197,324	(5.4 %)
Net Working Capital	**(9,907,417)**	**(10,691,309)**	**783,891**	**(7.3 %)**
Provisions for risks and charges	(630,970)	(619,480)	(11,490)	1.9 %
Provisions for severance and pension	(1,983,682)	(1,718,547)	(265,136)	15.4 %
Net Capital Invested	**14,768,900**	**14,618,943**	**149,957**	**1.0 %**
Share capital	374,276	374,276	0	0.0 %
Reserves	16,343,604	15,448,802	894,802	5.8 %
Profit (Loss) for the period	564,927	1,150,036	(585,108)	(50.9 %)
Net Equity	**17,282,807**	**16,973,114**	**309,694**	**1.8 %**
Cash	(9,866,364)	(8,946,689)	(919,675)	10.3 %
Short-term debt	985,500	992,262	(6,762)	(0.7 %)
Financial liabilities right of use (short term)	1,029,099	1,017,635	11,464	1.1 %
AFS Financial Assets	(195)	(490,998)	490,803	(100.0 %)
Medium/long-term debt	2,641,533	1,445,112	1,196,421	82.8 %
Financial liabilities right of use (medium/long te	2,696,519	3,628,507	(931,988)	(25.7 %)
Net financial position	**(2,513,907)**	**(2,354,170)**	**(159,737)**	**6.8 %**
Total sources	**14,768,900**	**14,618,943**	**149,957**	**1.0 %**

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.

	31/12/2020	*31/12/2019*
Primary structure margin (Own funds - Fixed assets)	(11,946,750)	(11,797,113)
Primary structure ratio (Own funds/Fixed assets)	0.59	0.59
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(252,365)	(1,385,467)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.99	0.95

The primary index is in line with the previous year, the secondary structure margin shows a satisfactory and improving correlation between medium-long term financing sources and investments, which are also obviously oriented towards a multi-year time horizon. All the indicators of the Consolidated Balance Sheet show a good balance between assets and liabilities.

Main financial figures of the MailUp Group

The consolidated net financial position as at 31/12/2020 is as follows (in Euro):

Consolidated Net Financial Position	31/12/2020	31/12/2019	change	ch %
A. Cash	9,866,364	8,946,689	919,675	10.3%
B. Cash equivalents	-	-	-	
C. Assets held for sale	195	490,998	(490,803)	(100.0%)
D. Cash and cash equivalents (A) + (B) + (C)	**9,866,559**	**9,437,687**	**428,872**	**4.5%**
E. Current financial assets		**-**	**-**	
F. Due to banks short term	69,400	100,873	(31,473)	(31.2%)
G. Current financial debt	916,100	891,389	24,711	2.8%
H. Other financial liabilities short term	1,029,099	1,017,635	11,464	1.1%
I. Current financial position (F) + (G) + (H)	**2,014,599**	**2,009,897**	**4,702**	**0.2%**
J. Net short term financial position (I) - (E) - (D)	**(7,851,959)**	**(7,427,789)**	**(424,170)**	**5.7%**
K. Due to banks medium/long term	2,641,533	1,445,112	1,196,421	82.8%
L. Bonds issued	0	0	-	
M. Other financial liabilities medium/long term	2,696,519	3,628,507	(931,988)	(25.7%)
N. Non current financial position (K) + (L) + (M)	**5,338,052**	**5,073,619**	**264,433**	**5.2%**
O. Net financial position (J) + (N)	**(2,513,907)**	**(2,354,170)**	**(159,737)**	**6.8%**
o/w H. Current financial liabilities Rights of Use IFRS 16	1,029,099	1,017,635	11,464	1.1%
o/w M. Non current financial liabilities Rights of Use IFRS 16	2,696,519	3,628,507	(931,988)	(25.7%)
O. Net financial position without IFRS 16 effect	**(6,239,524)**	**(7,000,312)**	**760,787**	**(10.9%)**

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The NFP is positive; the negative sign highlights the higher cash and cash equivalents compared to third-party assets, and slightly up on the previous period. The balance of net debt to the banking system saw an increase in loans received compared to the repayments made of over Euro 1.2 million. The parent company made use of financial leverage, in part related to the “Digital Agenda” call for tenders issued by the Ministry for Economic Development, described in detail below, at extremely favourable operating and economic conditions to support the investments made. The effect of the application of IFRS 16 is shown at the end of the table.

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

	31/12/2020	*31/12/2019*
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.94	0.89
Secondary liquidity (Current assets/Current liabilities)	0.99	0.95
Debt (Net debt/Shareholders’ equity)	(0.15)	(0.14)
Fixed asset coverage ratio ((Own capital + Consolidated liabilities)/Fixed assets)	0.97	0.91

The NFP remained positive and improved compared to the previous year as confirmed by the above indexes. The specific indexes relating to liquidity confirm a balanced structure of cash and cash equivalents. It is recalled that as in the past, the Group does not use external bank debt to finance the core business, while financial leverage is aimed at supporting strategic investments.

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).

	31/12/2020	*31/12/2019*
Total revenues	20,930,460	18,143,665
EBITDA	3,899,300	2,934,704
Pre-tax result (EBT)	2,101,689	2,357,891

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

Separated Profit & Loss	31/12/2020	%	31/12/2019	%	Change	Ch. %
Email Revenues	11,052,793	52.8 %	10,207,084	56.3 %	845,709	8.3 %
SMS Revenues	4,342,441	20.7 %	4,349,852	24.0 %	(7,412)	(0.2 %)
Intercompany Revenues	279,643	1.3 %	81,986	0.5 %	197,656	241.1 %
Other Revenues	5,255,584	25.1 %	3,504,742	19.3 %	1,750,841	50.0 %
Total Revenues	**20,930,460**	**100.0 %**	**18,143,665**	**100.0 %**	**2,786,795**	**15.4 %**
Cost of Goods Sold	6,324,473	30.2 %	7,460,445	41.1 %	(1,135,972)	(15.2 %)
Gross Profit	**14,605,987**	**69.8 %**	**10,683,220**	**58.9 %**	**3,922,767**	**36.7 %**
Sales & Marketing costs	3,363,593	16.1 %	2,479,781	13.7 %	883,812	35.6 %
Research & Development Opex	**2,828,035**	**13.5 %**	**1,598,788**	**8.8 %**	**1,229,247**	**76.9 %**
Research & Development Cap	*(804,139)*	*(3.8 %)*	*(858,424)*	*(4.7 %)*	*54,286*	*(6.3 %)*
Research & Development cost	*3,632,174*	*17.4 %*	*2,457,213*	*13.5 %*	*1,174,961*	*47.8 %*
General & Admin Costs	4,515,059	21.6 %	3,669,947	20.2 %	845,112	23.0 %
Total Costs	10,706,687	51.2 %	7,748,516	42.7 %	2,958,171	38.2 %
Ebitda	**3,899,300**	**18.6 %**	**2,934,704**	**16.2 %**	**964,596**	**32.9 %**
General Depreciation Costs	323,156	1.5 %	166,405	0.9 %	156,751	94.2 %
Right of Use Amortization Costs	784,254	3.7 %	546,818	3.0 %	237,436	43.4 %
R&D Amortization Costs	1,379,940	6.6 %	1,520,153	8.4 %	(140,214)	(9.2 %)
Amortization & Depreciation	166,893	0.8 %	267,991	1.5 %	(101,098)	(37.7 %)
Amortization & Depreciation	2,654,243	12.7 %	2,501,367	13.8 %	152,876	6.1 %
Ebit	**1,245,056**	**5.9 %**	**433,336**	**2.4 %**	**811,720**	**187.3 %**
Net financial income/(charges)	856,633	4.1 %	1,924,554	10.6 %	(1,067,922)	(55.5 %)
Ebt	**2,101,689**	**10.0 %**	**2,357,891**	**13.0 %**	**(256,202)**	**(10.9 %)**
Curent Income Taxes	(88,811)	(0.4 %)	(49,838)	(0.3 %)	(38,973)	78.2 %
Curent Income Taxes	(296,037)	(1.4 %)	(115,415)	(0.6 %)	(180,622)	156.5 %
Net Profit (Loss)	**1,716,841**	**8.2 %**	**2,192,638**	**12.1 %**	**(475,797)**	**(21.7 %)**

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.

	31/12/2020	*31/12/2019*
Net ROE (Net result/Net capital)	0.10	0.14
Gross ROE (EBT/Net capital)	0.12	0.15
ROI (EBITDA/Invested capital)	0.05	0.05
ROS (EBITDA/Sales revenues)	0.25	0.20

The parent company, too, despite excellent performance in terms of EBITDA increase, was primarily impacted by the negative effect on EBT and net income related to the reduction in dividends paid by the subsidiaries, in addition to as already highlighted in the comments on the consolidated profitability indexes in terms of higher amortization and exchange rate losses. We note the improvement in ROS and the maintenance of ROI in the context of a year heavily impacted by the Covid 19 pandemic.

Main equity figures for MailUp

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

Sperated Balance Sheet	31/12/2020	31/12/2019	Change	Ch. %
Intangible fixed assets	3,118,415	3,143,432	(25,017)	(0.8 %)
Tangible fixed assets	1,579,291	1,666,522	(87,231)	(5.2 %)
Rights of Use (IFRS 16)	3,301,698	4,005,849	(704,151)	(17.6 %)
Financial fixed assets	20,060,727	19,767,209	293,519	1.5 %
Fixed Assets	**28,060,130**	**28,583,011**	**(522,880)**	**(1.8 %)**
Receivables from customers	2,126,986	1,927,474	199,512	10.4 %
Receivables from subsidiaries	2,637,189	1,371,349	1,265,840	92.3 %
Payables to supplier	(1,739,204)	(1,405,885)	(333,319)	23.7 %
Payables to subsidiaries	(984,436)	(1,328,589)	344,153	(25.9 %)
Payables to associated companies	(31,220)	(20,749)	(10,471)	50.5 %
Commercial Trade Working Capital	**2,009,315**	**543,600**	**1,465,715**	**269.6 %**
Tax receivables and payables	(271,100)	70,429	(341,529)	(484.9 %)
Accruals and deferrals	(5,825,077)	(6,507,930)	682,853	(10.5 %)
Other receivables and payables	(3,179,508)	(3,376,157)	196,649	(5.8 %)
Net Working Capital	**(7,266,370)**	**(9,270,058)**	**2,003,688**	**(21.6 %)**
Provisions for risks and charges	(66,667)	(146,667)	80,000	(54.5 %)
Provisions for severance and pension	(1,710,743)	(1,475,997)	(234,746)	15.9 %
Net Capital Invested	**19,016,350**	**17,690,289**	**1,326,061**	**7.5 %**
Share capital	374,276	374,276	0	0.0 %
Reserves	16,981,944	15,081,363	1,900,582	12.6 %
Profit (Loss) for the period	1,716,841	2,192,638	(475,797)	(21.7 %)
Net Equity	**19,073,061**	**17,648,277**	**1,424,785**	**8.1 %**
Cash	(6,978,157)	(5,868,571)	(1,109,586)	18.9 %
Short-term debt	955,301	938,804	16,497	1.8 %
Financial liabilities right of use (short term)	763,286	761,356	1,930	0.3 %
AFS Financial Assets	(195)	(490,998)	490,803	(100.0 %)
Medium/long-term debt	2,641,533	1,445,112	1,196,421	82.8 %
Financial liabilities right of use (medium/lon	2,561,520	3,256,309	(694,789)	(21.3 %)
Net financial position	**(56,712)**	**42,012**	**(98,724)**	**(235.0 %)**
Total sources	**19,016,350**	**17,690,289**	**1,326,061**	**7.5 %**

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.

	31/12/2020	*31/12/2019*
Primary structure margin (Own funds - Fixed assets)	(10,693,193)	(12,365,835)
Primary structure ratio (Own funds/Fixed assets)	0.64	0.59
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(6,274,250)	(9,298,059)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.79	0.69

As can be seen from the indexes in the table above, the correlation between sources of financing and corresponding medium/long-term investments has improved compared to the already satisfactory levels of the previous year.

Main financial figures for MailUp

The parent company's net financial position at 31/12/2020 was as follows:

Net Financial Position	31/12/2020	31/12/2019	Change	ch. %
A. Cash	6,978,157	5,868,571	1,109,586	18.9%
B. Cash equivalents	-	-	-	
C. Assets held for sale	195	490,998	(490,803)	(100.0%)
D. Cash and cash equivalents	**6,978,352**	**6,359,569**	**618,783**	**9.7%**
E. Current financial assets		**-**	-	
F. Due to banks	39,201	47,414	(8,213)	(17.3%)
G. Current financial debt	916,100	891,389	24,711	2.8%
H. Due to other provider of finance	763,286	761,356	1,930	0.3%
I. Current financial position (F) + (G) + (H)	**1,718,587**	**1,700,160**	**18,427**	**1.1%**
J. Net financial position short term (I) - (E) - (D)	**(5,259,765)**	**(4,659,409)**	**(600,356)**	**12.9%**
K. Due to banks	2,641,533	1,445,112	1,196,421	82.8%
L. Bonds issued	-	0	-	
M. Due to other provider of finance	2,561,520	3,256,309	(694,789)	(21.3%)
N. Non current financial position (K) + (L) + (M)	**5,203,053**	**4,701,421**	**501,632**	**10.7%**
O. Net financial position (J) + (N)	**(56,711)**	**42,011**	**(98,722)**	**(235.0%)**
o/w H. Current financial liabilities Rights of Use IFRS 16	763,286	761,356	1,930	0.3%
o/w M. Non current financial liabilities Rights of Use IFRS 16	2,561,520	3,256,309	(694,789)	(21.3%)
O. Net financial position without IFRS 16 effect	**(3,381,517)**	**(3,975,654)**	**594,137**	**(14.9%)**

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The MailUp net financial position has returned to a minus sign, with a surplus of cash and cash equivalents over debt, even net of the IFRS 16 effect, which, as shown in the final part of the table, significantly penalizes this surplus. As already mentioned in relation to the consolidated financial data, the parent company has made use of financial leverage, partly in connection with the "Digital Agenda" call for tenders issued by the Ministry of Economic Development, described in detail below, at extremely favourable operating and economic conditions to support the investments made, particularly in relation to Research and Development activities to make the MailUp platform increasingly competitive and performing.

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

	31/12/2020	*31/12/2019*
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.69	0.53
Secondary liquidity (Current assets/Current liabilities)	0.89	0.73
Debt (Net debt/Shareholders' equity)	(0.0030)	0.0024
Fixed asset coverage ratio (Own capital + Consolidated liabilities)/Fixed assets	0.89	0.80

The debt ratio has improved and strengthened positively, the other indicators have remained in line with the previous report.
MailUp has continued to operate prevalently 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.

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

In 2020, 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 31/12/2020, the Group's workforce numbered 243 employees, of whom 4 managers, 19 middle managers, 220 white-collar workers, while as at 31/12/2019, it consisted of 237 employees, of whom 3 managers, 13 middle managers, 220 white-collar workers and 1 part-time labourer.

As at 31/12/2020, the parent company workforce totalled 163 employees, of whom 3 managers, 12 middle managers and 148 white-collar workers.
The number of total employees employed during the year, i.e., ULA (Annual Work Units), was 215.17 at group level, and 150.45 at parent company level.
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. For more detailed information on the environmental sustainability issues implemented by MailUp, please refer to the detailed information contained in the 2019 Sustainability Report prepared by the parent company and shared with investors and the market on 21/5/2020. This Report is a voluntary exercise. It is prepared in accordance with the UN 2030 Agenda and in compliance with the GRI Sustainability Reporting Standards (GRI Standards) Guidelines, according to the "Core" level of application. Also in this regard, it should be noted that the 2020 Sustainability Report is being prepared and subsequently published, which will be drawn up for the first time on a consolidated basis and no longer limited to MailUp alone.

Investments

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

Fixed assets	Increases in the year
Technological platform development costs	1,914,398
Third-party software and trademarks	749,342
IT infrastructure, electronic office machines and systems	285,428
Furniture, office furnishings and leasehold improvements	89,202
Right of Use IFRS 16	167,413

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

Fixed assets	Increases in the year
Technological platform development costs	804,139
Third-party software and trademarks	408,765
IT infrastructure, electronic office machines and systems	254,315
Furniture, office furnishings and leasehold improvements	72,215
Right of Use IFRS 16	80,103

Given the nature of the business, consolidated investments are historically concentrated on intangible assets and, in particular, on the incremental development of the MailUp digital marketing platform, and the BEE editor, owned and marketed by MailUp Inc. For both, for 2020, the specifications of the research and development activity are provided in the following paragraph. In addition to these, Agile Telecom has also invested in strengthening and renewing the SMS sending services.
The material investments of the Group are typically represented by servers and electronic machines designed to enhance and update the technological infrastructure, strategic for the core business, as well as furniture and furnishings related to the leased operational offices. In this context, the investments made in the current year for the set-up and customization of the new offices in Milan located in via Pola 9 are worth mentioning.

Research and development

In accordance with article 2428, paragraph 2, number 1 of the Italian Civil Code, it is specified that in 2020, the Group capitalized internal and external investments relating to the software development of its platforms and technological services for Euro 1.9 million, of which Euro 0.8 million for the parent company alone. As at 31/12/2020, net of the related accumulated amortization/depreciation, these totalled Euro 4.3 million. Additional operating costs relating to the research and development departments amounted to over Euro 2.85 million at consolidated level, of which almost Euro 1.6 million related to the parent company alone, net of costs incurred on behalf of other BUs and charged back to them. Other technical departments, in particular those dealing with the technological infrastructure, 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 was a significant growth in investments relating to the development of the BEE editor equal to USD 1.25 million; originally developed by MailUp, it 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. Agile Telecom also carried out incremental development work on its technological infrastructure dedicated to SMS messaging, using both internal resources and external consultants and the parent company's structures.

We summarize the main additions and improvements made to our services in 2020 as a result of research and development.

MailUp platform:

- In February, version 9.5 of the MailUp platform was released, which introduces statistics by message. This addition is very useful because it extends to all types of statistics the benefits introduced a few months earlier with statistics by sending. Statistics by message are an important element of innovation because the presentation of statistical data has been completely renewed in order to improve the comprehensibility of the data provided. In addition, version 9.5 introduces "engagement filters", which allow extracting segments of recipients based on their activity rate on e-mails received. Less visible but equally important are the performance optimizations, which are mainly based on a better use of hardware resources and a more massive use of asynchronous requests;

- To minimize the impact on customers, statistics by message have been introduced in addition to existing statistics, which remain available in an on-demand menu. From March to June, the development team worked to remove all possible friction elements that could have led a customer to prefer previous statistics and the June 9.5.1 release makes available a number of tricks and improvements such that the "new" statistics will be the option used by all customers. The discontinuation of statistics in the previous version is also a necessary condition to perform a series of hardware optimizations in Q3 2020, both in terms of costs and performance;

- In parallel with the work on MailUp 9.5.1, important activities have begun to strengthen the platform, both in terms of security and compliance. With the support of experienced consultants, vulnerability tests have been carried out and various interventions have been undertaken to increase the level of security against possible external attacks. In order to increase the level of compliance, a data centre in Milan has been identified to give greater guarantees in terms of reliability and a path has begun that will lead to the transfer of a critical component (the e-mail sending engine);

- Since May, all MailUp teams have been focused and working together to help our customer base find new ways to support them in doing their jobs and to facilitate their business continuity during the lockdown period. In this scenario, the Product and Technology team has decided to focus on a platform improvement that aims to enhance the delivery of certified mailings directly from MailUp. The Certified Electronic Mail (PEC) is the system, mainly used in Italy, that allows sending emails with legal value equivalent to a registered letter with return receipt. The service offers an integration between a MailUp list/environment and a customer's PEC box, thus allowing sending emails through MailUp that have the same value as those sent through a PEC channel and sending them to PEC recipients who would otherwise be unreachable. In addition, PEC+ gives the advantage of having the standard tools of the MailUp platform for content management, contact management, unsubscription methods and statistics. MailUp used to offer this service in the past. However, that section was outdated and not always very clear to our customers who needed, very often, our support to complete the list setup. The objective we had set ourselves, and which we achieved, was to keep the upward trend recorded in 2019 stable for 2020 compared to the previous year;

- The last year has seen a general rise in cybercrime. No company can consider itself immune, and MailUp has also decided to invest in security enhancements. With the advice of experts in the field who carried out specific vulnerability tests, action plans were defined to raise the level of protection. The identified activities were ranked by urgency and impact, thus prioritizing the intervention. This includes both preventive actions (e.g. updates with the latest security patches and application of best practices) and actions aimed at minimizing the effects of possible attacks (e.g. isolation of components and enhancement of backup modes). The focus on safety represents a long-term incremental project: of the activities identified, high and medium priority activities were implemented in 2020 and operational policies were strengthened. Periodic assessments and lower priority activities will continue in 2021;

- In parallel to the activities described above for the MailUp platform, the AWS cloud was identified as the most suitable technological solution to improve business continuity, robustness and scalability of the systems. Performance excellence is actually a requirement to maintain a competitive level in the market. The move to the cloud is a multi-year project as simply moving the current configuration to the cloud would be uneconomical in terms of operational fees. It then becomes necessary to redesign several platform modules to adapt them to the cloud, an activity with a significant initial investment and that takes a few years of work to complete, but that is necessary to keep the performance of the MailUp platform competitive. The project related to the new statistics served as a pilot for the re-engineering process. Then as of August 2020, a multi-year journey began in which the MailUp web interface pages are taken one at a time and migrated to the cloud. The complexity of the work is such that precise estimates are difficult. However, it is expected that the completion of the page migration will be completed in 2021, with the rest of the platform being brought to the cloud by 2023.

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 2020, the Group continued to invest in the incremental development of the product. More specifically:

- BEE Pro: the growth strategy based on the product-led approach has been confirmed and expanded, where the product is at the centre of all phases of customer acquisition, conversion, expansion and maintenance. In the acquisition phase, the expansion continued of the network of external designers who collaborate continuously with the business unit, and who have allowed the addition of dozens of new models, every month, allowing the catalogue of e-mail models to exceed 600 units, with very positive effects on traffic to the site. The approach used continues to generate 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 self-feeds. We therefore anticipate further growth in the community of designers collaborating with BEE in 2021, with an expansion in the production of landing page templates. Thanks to an increase in the size of the catalogue, and a continuous effort to optimize the pages of the beefree.io site, the site itself has experienced strong growth in visits, with a total of approximately 1,230,000 single visitors, up about 40% over 2019. The high number of users has provided an enormous quantity of useful 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 ability to use animated GIFs in messages, in the form of a new content block, has been introduced; the message detail page has been improved with new features that allow the message itself to be enriched with variables for tracking links and preview text (the so-called "preheader"); the management of saved forms that can be reused in other messages has been improved; connectors have been added with numerous email delivery platforms, including Amazon SES (Simple Email Service); a number of features have been activated inherited from the improvement of the editor itself (BEE Pro is an application that uses BEE Plugin) including better management of columns, the ability to change the way in which content is presented on mobile devices and the alignment to the left of the message; "comments" were introduced that allow a user to leave notes for other users, directly in the editor, linked to the content to which they relate, with a big increase in team productivity; the functionality "landing page" was introduced in BETA testing mode, with the ability to transform an email into a page with very little effort. All this not only led to sharp growth in the turnover generated by the product (MRR at the end of 2020 up by more than 90% on the MRR recorded at the end of 2019), 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 54 in 2020, up compared to the already excellent value of 52 measured in 2019: a NPS of 54 is a very high figure, and a very positive benchmark in measuring customer satisfaction for SaaS applications in the business-to-business sector;

- BEE Plugin: during 2020, not only was the "embeddable" version of the BEE editor enriched with many new features and radical improvements in the user experience, but a new edition of the same was launched for the creation of Web pages, a fundamental development for the product growth strategy. BEE Plugin, in fact, is no longer just an editor for creating e-mails, but now also a tool for creating landing pages and other Web pages, which responds to a clear need of customers: to offer their users a single interface to create content of various types. Moreover, building on developments made during 2019, the "Partner AddOns" program was launched, which allows other companies to create features integrated into the BEE editor: Nifty Images, a Californian company specialized in creating dynamic content for e-mail and Web pages (e.g. counters, dynamic images, etc.) has launched their first BEE AddOn. AddOns have also been launched by Sendtric and Campaign Genius, also operating in the dynamic content sector. Other partners are developing further addons. The launch of these addons is strategic both from a product point of view (because the product acquires new features, becoming even richer) and from a commercial point of view, thanks to revenue share agreements. From the point of view of the new functions launched during 2020, as indicated in the long list of new features that can be viewed at the address https://docs.beefree.io/updates/, the improvements have been numerous and particularly focused on greater flexibility in the customization of the editor by the companies that adopt it. Among the most important, we point out the management of comments, which allows different users to collaborate asynchronously by leaving notes directly in the editor, linked to the specific graphic element they refer to; the possibility to work on the same content at the same time (real-time co-editing), a function dedicated to the most demanding customers, particularly sophisticated from a technological point of view (and which required a huge investment in research and development) that allows having several members of the design and/or marketing team active in the editor at the same time, reaching new levels of collaboration; a much more flexible management of columns, which define the structure of the content in each section of the page or email; two new content blocks: Menu - for the creation of navigation menus, responsive on mobile devices - and Icons - for the management of lists where small images (icons) are combined with text; the possibility for the most sophisticated users of the product to develop custom content blocks that meet their specific application needs; the addition of a system to manage particular permissions, such as the creation of a user type that can only modify the texts of a message or a page, without being able to change other content elements; the possibility to predefine styles for specific content blocks so that - for example - by default a button is black with white text instead of white with blue text; the translation of the user interface into new languages: the BEE editor can now be displayed in over 20 languages; the addition of multi-user support and two-factor authentication to the BEE Plugin Developer Portal, the area where customers create, configure and manage the editor instances they embed in their software;

- 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 the 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 up to 31/12/2020, the NIMP project foresees the completion of 4 project phases: Realization Objective 1 (OR1), falling within the Industrial Research phase, called "Study of the infrastructure and architecture on containers". For Experimental Development activities, the completion in January 2020 of OR2 "Development of the new delivery software architecture", in February, OR3 "Automatic functional testing and review" and in November, OR4 with the "Realization of multi-channel functionality of the platform".

The last phase, the OR5 with the "Testing and analysis of the entire platform", is currently under development and belongs to the Experimental Development phase.

In particular, during the period covered by this Report, the Research and Development activities continued of the project relating to 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 centralized 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 2020:

- 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 realization 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 organization. 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 realization 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 customized content functions in the e-mail 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 formalized which replicate the interactions captured. Thus, it is possible to create test cases representative of real utilizations 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;

- Presentation and analysis of data by the QA team to assess the success with which the observed behaviour of a system complies with a certain specification of the related behaviour. Failures, error states and bugs are then catalogued;

- The testing activity ends with the revision of the specifications of the requirements useful for the removal of ambiguities. The functional specifications will be reviewed and any deficiencies in the development cycle will be identified.

- The individual microservices modules that make up the system have been developed, giving particular attention to the integration of these modules with each other and with the database to form the overall system.

- Once the development of the engagement filters was completed, an API interface was developed to allow integration with AI systems, in order to make the interface bidirectional.

- All the development of the modules of this phase is supported by solutions capable of ensuring maximum efficiency and effectiveness and a level of security consistent with the information processed. The policies necessary to meet general cyber security requirements were applied with the aim of preserving the confidentiality, integrity and availability of the information managed. To do this, 2 pairs of next-generation firewalls with advanced inspection capabilities were also purchased, necessary to ensure the perimeter security of MailUp data centers.

- The beta version, i.e. a version of the platform that is not final, but which can be made available to testers by specialized departments, has been published on the early adopter environment.

- Testing by the quality assurance departments has been completed, through the creation of E2E tools capable of simulating the use of the new functions by end users. These activities will be accompanied by further application developments to correct bugs and imperfections arising from the results through the continuous improvement methodology.

- The first functional market tests have been carried out: the platform is entering a refinement phase, it still has some bugs, but in order to identify them it is important to release the beta version to a restricted group of users who will use the product. It therefore represents the final stage of testing, before the final release.

- Security tests were carried out on the company's personal data processing procedures, implementing corrective actions in order to bring internal processes in line with the quality standards defined according to international verification protocols.

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 266,289, and the subsidized loan for Euro 806,858, of which Euro 718,716 from Cassa Depositi e Prestiti and Euro 88,141 from Banca Popolare dell'Emilia Romagna.

In the first progress report (SAL, "Stato Avanzamento Lavori"), 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 to 28/02/2021. During the first progress report, the relative progress made was as follows:

- Industrial Research equal to 83%, Euro 375,793 reported against Euro 453,484 forecast;

- Experimental Development equal to 21%, Euro 1,154,654 reported against Euro 5,803,892 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 3,289,482.

Below are the details relating to the second progress report:

- Industrial Research completed at 100%, Euro 455,288 reported against Euro 453,484 forecast;

- Experimental Development progress equal to 45%, Euro 2,834,193 reported against Euro 5,803,892 forecast.

The second disbursement relating to the intermediate progress report was therefore made on 29/07/2020 for Euro 932,931 as a loan from CDP and Euro 114,413 as a loan from BPER. On this occasion, the non-repayable grant of Euro 345,685 was collected.

The third reporting of the NIMP project was performed in June 2020, taking as a reference period that between 01/09/2019 and 31/05/2020.

This further reporting is interposed between the interim and final reports, playing a strategic role for the project.

In the third progress report, the project had reached more than 75% of the estimated costs, for a total of Euro 5,215,389.

Taking into account the whole period up to the third progress report, the expenses reported against those declared are equal to:

- Industrial Research completed at 100%: Euro 455,288 reported against Euro 453,484 forecast;

- Experimental Development currently equal to 73% progress, Euro 4,760,101 reported against Euro 5,803,892 forecast.

The fourth and final progress report will evaluate the expenses reported from 01/06/2020 to 28/02/2021, still in progress.

In accordance with article 3 of the Grant Decree, "Commitments of the Beneficiary" point k) reads: "highlight the implementation of the project in the financial statements for each of the years immediately following the year in which the individual disbursements of the facilities take place" as described in greater detail above, the data reported in the preceding paragraph are summarized below:

Deed date	Issue date	Description	Amount granted	Amount of costs reported
10/02/2020	20/01/2020	Contribution Sustainable Growth Fund project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL I	266,289	1,530,447
29/07/2020	10/07/2020	Contribution Sustainable Growth Fund project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL II	345,658	3,289,482
		Total	**611,947**	**4,819,929**

Transactions with subsidiaries, associates, parents and other related companies

In 2020, 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. Transactions essentially concern the provision of services that are part of the Group's core business, the holding activities provided by the parent company, such as accounting, legal, human resource management and administrative services in general, the provision and use of financial resources, as well as the provision of technological services relating to the development of the Group's proprietary platforms and the management of the shared technology infrastructure. Said relations come under the scope of ordinary business management and are stipulated at arm's length, or at the conditions that would have been established between independent parties.

Company	Fixed Receivables	Trade Receivables	Trade Payables	Other receivables	Dividends	Revenues	Purchases
Agile Telecom		156,851	949,673		812,509	854,650	2,718,462
Globase International		514,257	5,105			279,887	139,934
MailUp Nordics	-					30,440	-
MailUp Inc		842,638	12,255			2,204,682	59,909
Acumbamail		8,322			150,000	191,850	
Datatrics BV	1,635,447	852,328	17,615			852,328	19,334
Datatrics srl	-	-				1,235	
Subsidiaries	**1,635,447**	**2,374,396**	**984,648**	**-**	**962,509**	**4,415,072**	**2,937,639**
Consorzio CRIT Scarl			30,000				30,000
Associated	**-**	**-**	**30,000**	**-**	**-**	**-**	**30,000**
Floor Srl							151,802
Other related companies							**151,802**

The most significant amounts refer to MailUp Inc. The BEE editor is recording accelerated growth and increasing favour in the American market. The Group is thus allocating significant resources to support this process, strengthening the Italian teams dedicated to technology and marketing at the parent company, in parallel with what is happening in the United States.
Following the acquisition of Datatrics B.V. in October 2018, as part of the contractual agreements signed between the parties, MailUp provided an interest-bearing loan of Euro 1,135,447, to which an additional Euro 500,000 was added during the first half of 2020 to support the growth of the Dutch subsidiary's business, considered strategic given the prospects of integration with the Group's other BUs.

The real estate company Floor S.r.l., owned by some of the parent company's reference partners, has signed with MailUp the lease contract for the building where the offices of the Cremona premises are located. The items highlighted refer to the existing real estate lease.

Treasury shares and shares/holdings in parent companies

As at 31/12/2020, MailUp held 138,980 treasury shares for a value of Euro 582,608.34. During 2020, a total of 97,007 shares were purchased for Euro 445,039 at an average price of Euro 4.55 per share. By virtue of the Board of Directors' resolution of 23/04/2020, 31,908 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 121,455 at a unit price of Euro 4.2559, compared with an average purchase price of Euro 3.8064, resulting in a positive delta of Euro 14,342. The purchases of 2020 were made as part of the programs approved by the Shareholders' Meeting on 18/04/2019 and 23/04/2020 respectively. In particular, the most recent Shareholders' Meeting resolved the authorization 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 18/04/2019 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) implement share incentive plans in whatever form they are structured (whether stock options, stock grants or work for equity plans) or proceed with free allotments to shareholders or fulfil obligations deriving from warrants, convertible financial instruments, with mandatory conversion or exchangeable for shares (based on existing transactions or transactions to be resolved/implemented);
  (ii) allow the use of treasury shares in the context of transactions related to the Company's core business or projects consistent with the strategic guidelines that the Company intends to pursue, in relation to which the opportunity to exchange shares is materialized, with the main objective therefore to have a portfolio of treasury shares available to it in the context of extraordinary finance transactions and/or other uses deemed to be of financial, management and strategic interest to the Company with the aim of completing corporate integration transactions with potential strategic partners, exchanges of equity investments or agreements of a commercial and/or professional nature deemed strategic for MailUp;
  (iii) be able to use its treasury shares as investment for efficient use of liquidity generated by the Company's core business; and
  (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 regularize trading and price trends, in the face of temporary distorting phenomena linked to excessive volatility or poor trading liquidity or, more generally, in support of the liquidity of the share and the efficiency of the market.

- to establish the procedures for the purchase and disposal of shares for a period of 18 months from the date of the resolution, to purchase fully paid-up ordinary shares of the Company, on one or more occasions, in an amount freely determinable by it up to a maximum number of treasury shares such as not to exceed 10% of the share capital, taking into account the treasury shares held both directly and those held by subsidiaries, if any, at a unit price not less than 15% and not more than 15% above the reference price that the share will have recorded in the trading session on the day prior to each individual transaction.

Use of subjective estimates and valuations

The set-up of the financial statements requires from the Directors the application of standards and methods which, in some cases, are based on difficult and subjective evaluations and estimates based on historical experiences and assumptions which are each time considered reasonable and realistic based on the relative circumstances. The application of these estimates and assumptions influences the amounts shown in the financial statements – the consolidated statement of financial position, the statement of comprehensive income, the statement of changes 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 that characterizes 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. Impairment is determined by comparing the carrying amount with the recoverable amount, which is the higher of fair value less costs to sell and value in use determined by discounting the estimated future cash flows from using the asset less costs to sell. The expected cash flows are quantified in the light of the information available at the time of the estimate, on the basis of subjective judgements regarding future trends in variables – such as prices, costs, the rate of growth of demand – and are discounted using a rate that takes account of the risk inherent to the asset concerned. Goodwill and other intangible assets with an unlimited useful lifespan are not amortized. The recoverability of their carrying value is checked at least annually 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. To verify the outcome of the impairment procedure, please refer to the specific paragraph in the notes to these consolidated financial statements.

Business combinations

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

Medium/long-term share-based incentive plans

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

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

- risks related to the general economic trend;

- risks related to the market;

- risks related to financial operations;

- risks related to external unlawful acts;

- reputational risks.

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, and the correlated collapse and increased volatility of the financial markets. These phenomena may have a significant impact on the risks highlighted below. With regard to the data and outlook for the MailUp Group, it is currently difficult to quantify the potential impact of this crisis. At the moment, no significant changes in the plans are expected, and the Group is prepared to manage the potential impact of negative economic trends deriving from the current situation. However, there is still a climate of uncertainty about the possible evolution of the situation, at national and especially international level, in terms of duration and extent of possible effects. The Board of Directors works constantly with the Business Unit managers and top management to estimate the impact of an economic slowdown caused by the pandemic and to identify all appropriate measures to minimize the related risks and the possible financial and economic consequences on the Group's businesses. For a detailed analysis of this matter, please refer to the section above "Significant events during FY 2020".

Risks related to the general economic trend and the pandemic

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, following a possible decline in revenues, profitability and cash flows.
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 customers 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 related to 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 Group finance and administration department, which, on the basis of formalized assessment and appointment procedures of commercial partners, seeks to minimize the risk. Following the economic difficulties arising at the present time from the crisis linked to the Covid-19 virus, stricter procedures have been adopted to quantify and control customer risk levels. At the same time, an attempt was made to support customers at this time of generalized difficulty by offering shared payment extensions and favourable conditions on certain services in order to facilitate the maintenance of long-term business relations. 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 to support strategic investments, particularly in product 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 business planning. 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 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 prudently 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 31/12/2020, consolidated bank debt is Euro 3,627,034, of which Euro 916,100 in the short-term, as compared with liquid funds of Euro 9,866,364. 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 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. The Danish Krone/Euro exchange rate is extremely stable and historically oscillates only minimally. Also for the US subsidiary MailUp Inc, the consolidated values are denominated in foreign currency, particularly in US Dollars. Exposure to risks related to exchange rate fluctuations is deemed to be limited and linked to the Euro/Dollar area, in relation to the growth in business volumes of MailUp Inc. and the unfavourable fluctuations of the Dollar seen in the last financial year.

Risk of recovery of impairment assets

The risk of recovering the value of the assets held by the Group refers to the economic and financial performance of the consolidated companies 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.

Risks related to external unlawful acts

With reference to this category, among the main potential risks, fraudulent events related to Cyber attacks were highlighted. These risks may cause the possible slowdown or interruption of the services provided by the Group and compromise the confidentiality of personal data related to these services, as well as damage the Group's commercial reputation. All these assumptions could have a negative, even significant, economic and financial impact. In order to mitigate the risk of such situations, MailUp has implemented and is investing more and more significantly in strengthening a system of controls aimed at improving the Group's IT security.

Reputational and Corporate Social Responsibility (CSR) risks

In carrying out its business, the Group may be subject to worsening of the perception of trust and reputation by its stakeholders due to the dissemination of prejudicial news or failure to meet the sustainability requirements defined in the CSR Report with reference to the economic, environmental, social and product aspects.

Significant events after the end of the fiscal year

On 21/01/2021, the Company announced that it had obtained from the AGCM (Italian Antitrust Authority), partly by virtue of the availability of the sustainability report, an update of the legality rating to the maximum score of 3 stars.

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 strengthen 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;
    - Personalization / Hyper-personalization;
    - 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 specialized: 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 synchronize the platform with external databases, CRM, CMS, e-commerce and other software;

- strengthening of intra-group synergies through the cross-fertilization of knowledge among Group companies and in particular:
    - sharing best practices, experiences and skills;
    - maintaining an unbundled approach to better meet the different needs of segments and/or markets;
    - exploitation of commercial synergies through the sharing of opportunities between the different business units of the Group;

- investment in improving the UX (user experience) of the Group's solutions, not only in terms of improving the relationship with the customer (customer care, customer success and technical support) but also in terms of the application interfaces in order to simplify the 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 e-mail templates catalogue in a scalable manner, with a positive effect on positioning in search engines and to increase the competitive advantage.

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

In compliance with the provisions of Legislative Decree no. 231 of 8 June 2001 ("Discipline of the administrative responsibility of legal entities, companies and associations also without legal personality"), in 2015, MailUp adopted its own Organizational Model and its own Code of Ethics meeting the requirements of the Decree. In collaboration with professionals with proven experience, in the course of the last months of 2017, a complex process of internal audit and revision began, concluding with the approval by the Board of Directors on 15 May 2018 of a new Organizational Model and a new Code of Ethics. On the same date, the administrative body also appointed the Lawyer Gabriele Ambrogetti as monocratic Supervisory Body of the company. Subsequent to the date of establishment, the monocratic Supervisory Body coordinated several times with the Company's legal department and met with the Board of Statutory Auditors in order to plan the information flows and the sharing of the results of the activities involved.

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 section of the MailUp Organization and Management Model dedicated to this matter, although several control protocols are already in place regarding the management of taxation. As part of the updating of the Model, the areas at risk of offences have been identified and, in particular, the correct keeping of the accounting documentation and, overall, the return activities aimed at determining taxes, as well as the management of relations with suppliers, with particular regard to the process of selection and adequate identification of the counterparty. The principles underlying the protocols set out in the special section on tax offences have also been incorporated into the Company's Code of Ethics.

On the occasion of the implementation of the new special part, the special sections dedicated to offences against the public administration, offences related to receiving stolen goods, money laundering and self-laundering, as well as the special sections dedicated to corporate offences and market abuse offences, were also updated with recent regulatory amendments. With reference to corporate offences and market abuse offences, the new procedure on Related Party Transactions (dated 24/03/2020) and the amendments made to the Insider Information and Internal Dealing procedures (both updated on 24/03/2020) were implemented.

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 formalized, monitored and updated, as is specific training of personnel. The Group has also for years been assisted by legal advisors of proven competence and experience, on both national and international level, on these matters. The prevention and contrast of potential abuses by customers (spam) is also highly overseen, thanks to the presence of a technical department exclusively dedicated to this function, as demonstrated by the participation in several organizations and international working groups at the forefront in combating unfair practices and engaged in the dissemination of industry best practices also regarding personal data processing.

The regulatory amendments introduced by the new EU 2016/679 Data Protection Regulation, which entered into force in all European countries on 25/05/2018, known as GDPR (General Data Protection Regulation), also extended to non-European organizations, have however pushed MailUp to start the activities necessary to make its infrastructure fully compliant with the new regulations.

In particular, to better manage the MailUp business and, more generally, the activities of the Group it heads up, it was deemed appropriate to appoint a new Data Protection Officer, i.e. 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. To that end, an extensive selection process took place in 2019, involving a cycle of meetings to identify an external party with the required skill and experience in this area. Several law firms and companies specialized 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 firm appeared, compared to the others, to be more aligned with the needs of the Group, they were engaged, with the approval of the chairman of the Company and the CEOs of the subsidiaries.

MailUp therefore (i) formally appointed ICT Legal Consulting as the Data Protection Officer; and (ii) reported with the methods required by law the contact data of the Data Protection Officer to the pertinent supervisory authorities. In particular, the Data Protection Officer officially took up his duties following the Board Meeting held 24/03/2020.

The new Data Protection Officer, together with the Company's legal department, therefore prepared a "Personal Data Protection Organizational Model" as a tool to align the Company's policies and demonstrate that personal data processing is carried out in accordance with GDPR. In particular, the model reflects the position that MailUp wishes to adopt in relation to the processing of personal data, containing policies and procedures aimed at establishing a comprehensive internal framework on the processing of personal data - rules, standards and guidelines to be followed by employees and staff - but also to demonstrate the various measures implemented by the Company to comply with the various applicable privacy and data protection laws.

In particular, the objective of the model is to ensure a coherent and consistent level of protection of personal data processed in the context of the activities carried out, regardless of where said activities may take place. In addition to policies and procedures that cover all relevant aspects and obligations that must be considered by MailUp in the processing of personal data, the model also includes various operational documents - such as models, questionnaires, assessment tools and fact sheets - to assist employees and staff of the Company in daily operations.

The model will then be localized on all the companies belonging to the Group.

Thank you for the trust placed in us.

Milan, 23 March 2021

The Chairman of the Board of Directors

Matteo Monfredini

CONSOLIDATED ANNUAL FINANCIAL STATEMENTS AS AT 31/12/2020

Consolidated Balance Sheet -amounts in Euro	Notes	31/12/2020	31/12/2019	Change	Ch. %
Tangible fixed assets	1	1.700.842	1.773.924	(73.081)	(4,1%)
Right of use	1	3.701.056	4.629.957	(928.901)	(20,1%)
Intangible fixed assets	2	5.109.145	4.313.406	795.740	0,2 %
Goodwill	3	16.556.177	16.710.687	(154.510)	(0,9%)
Equity investments in associates and joint ventures	4	122.976	119.229	3.747	0,0 %
Other non-current assets	5	848.259	106.880	741.379	6,9 %
Deferred tax assets	6	1.191.131	1.116.143	74.988	0,1 %
Total non-current assets		**29.229.588**	**28.770.226**	**459.362**	**1,6 %**
Receivables from customers	7	10.354.302	11.291.536	(937.233)	(8,3%)
Other current assets	8	5.142.622	4.247.686	894.935	21,1 %
Financial assets AFS	9	195	490.998	(490.803)	(100,0%)
Cash and cash equivalents	10	9.866.364	8.946.689	919.675	10,3 %
Total current assets		**25.363.483**	**24.976.909**	**386.574**	**1,5%**
Total assets		**54.593.071**	**53.747.135**	**845.936**	**1,6 %**
Share capital	11	374.276	374.276	0	0,0 %
Reserves	12	16.343.604	15.448.802	894.802	5,8 %
Profit (Loss) for the period		564.927	1.150.036	(585.108)	(50,9%)
Total equity		**17.282.807**	**16.973.114**	**309.694**	**1,8 %**
Payables to banks and other financiers	13	3.383.214	1.445.112	1.938.102	134,1 %
Liabilities RIGHT OF USE long-term	13	2.696.519	3.628.507	(931.988)	(25,7%)
Other non-current liabilities	14	3.000.000	3.000.000	0	0
Provisions for risks and charges	15	88.667	200.000	(111.333)	(55,7%)
Provisions for personnel	16	1.983.682	1.718.547	265.136	15,4 %
Deferred taxes	17	542.303	419.480	122.824	29,3 %
Total non-current liabilities		**11.694.386**	**10.411.645**	**1.282.740**	**12,3%**
Trade and other payables	18	11.795.918	12.942.856	(1.146.938)	(8,9%)
Payables due to associated company	18	31.220	20.749	10471,33	50,5
Due to banks and other lenders short term	19	985.500	992.262	(6.762)	(0,7%)
Liabilities RIGHT OF USE short-term	20	1.029.099	1.017.635	11.464	1,1 %
Other current liabilities	21	11.774.140	11.388.875	385.266	3,4 %
Total current liabilities		**25.615.877**	**26.362.376**	**(746.499)**	**(2,8 %)**
Total Liabilities		**54.593.071**	**53.747.135**	**845.936**	**1,6 %**

Consolidated Profit & Loss -amounts in euro-	Notes	31/12/2020	%	31/12/2019	%	Change	Ch. %
Email Revenues	22	16,471,759	25.3 %	14,264,235	23.5 %	2,207,524	15.5 %
SMS Revenues	22	44,517,527	68.2 %	42,724,773	70.3 %	1,792,755	4.2 %
Predictive Marketing Revenues	22	2,712,047	4.2 %	2,280,294	3.8 %	431,752	18.9 %
Other Revenues	22	1,532,255	2.3 %	1,528,040	2.5 %	4,215	0.3 %
Total Revenues		**65,233,588**	**100.0 %**	**60,797,342**	**100.0 %**	**4,436,247**	**7.3 %**
Cost of Goods Sold	23	44,437,483	68.1 %	44,108,421	72.5 %	329,061	0.7 %
Gross Profit		**20,796,106**	**31.9 %**	**16,688,920**	**27.5 %**	**4,107,186**	**24.6 %**
Sales & Marketing costs	24	6,067,031	9.3 %	4,407,434	7.2 %	1,659,597	37.7 %
Research & Development Opex	**25**	**2,855,241**	**4.4 %**	**1,634,865**	**2.7 %**	**1,220,376**	**74.6 %**
'Research & Development Capex		*(1,868,113)*	*(2.9 %)*	*(1,634,198)*	*(2.7 %)*	*(233,915)*	*14.3 %*
'Research & Development costs		*4,723,354*	*7.2 %*	*3,269,063*	*5.4 %*	*1,454,291*	*44.5 %*
General & Admin Costs	26	6,785,130	10.4 %	5,851,393	9.6 %	933,737	16.0 %
Total Costs		15,707,401	24.1 %	11,893,691	19.6 %	3,813,709	32.1 %
Ebitda		**5,088,705**	**7.8 %**	**4,795,229**	**7.9 %**	**293,476**	**6.1 %**
General Depreciation Costs	27	433,251	0.7 %	220,420	0.4 %	212,831	96.6 %
Right of Use Amortization Costs	27	1,096,314	1.7 %	812,013	1.3 %	284,301	35.0 %
R&D Amortization Costs	27	2,024,675	3.1 %	1,913,289	3.1 %	111,387	5.8 %
Amortization & Depreciation	27	154,510	0.2 %	0	0.0 %	154,510	0.0 %
Amortization & Depreciation		3,708,750	5.7 %	2,945,722	4.8 %	763,029	25.9 %
Ebit		**1,379,955**	**2.1 %**	**1,849,507**	**3.0 %**	**(469,553)**	**(25.4 %)**
Net financial income/(charges)	28	(178,809)	(0.3 %)	(27,172)	(0.0 %)	(151,636)	558.1 %
Ebt		**1,201,146**	**1.8 %**	**1,822,335**	**3.0 %**	**(621,189)**	**(34.1 %)**
Curent Income Taxes	29	(565,781)	(0.9 %)	(387,000)	(0.6 %)	(178,782)	46.2 %
Deferred Taxes	29	(70,437)	(0.1 %)	(285,300)	(0.5 %)	214,862	(75.3 %)
Net Profit (Loss)		**564,927**	**0.9 %**	**1,150,036**	**1.9 %**	**(585,108)**	**(50.9 %)**
Group profit (loss)		*564,927*	*0.9 %*	*1,150,036*	*1.9 %*	*(585,108)*	*(5087.7%)*
Minority interest profit (loss)		*0*	*0.0 %*	*0*	*0.0 %*	*0*	*0.0 %*
Other items of the statement of comprehensive income			0.0 %	0	0.0 %	0	0.0 %
the year result			0.0 %	0	0.0 %	0	0.0 %
Actuarial profit/(loss) net of the tax effect		(63,666)	(0.1 %)	(127,370)	(0.2 %)	63,704	(50.0 %)
year result			0.0 %	0	0.0 %	0	0.0 %
Profit/(loss) from the conversion of consolidated companies statements in currencies other than euro		54,709	0.1 %	(6,361)	(0.0 %)	61,069	(960)
Comprehensive year profi/(loss)		**555,970**	**0.9 %**	**1,016,305**	**1.7 %**	**(460,335)**	**(45.3 %)**

Earnings:		
per share	0.0380	0.0773
Diluted earnings:	0.0368	0.0772

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Figures in euros	31/12/2019	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	31/12/2020
Share capital	374,276										374,276
Share premium reserve	12,753,906										12,753,906
Legal reserve	80,000										80,000
Extraordinay reserve	3,417,944	2,195,913									5,613,856
Reserve for tresaury stock	(259,023)				(445,040)	121,454					(582,608)
Reserve for exchange rate gains	7,945								11,085		19,030
Profit/(loss) carried forward	220,279	1,150,036							(2,200,087)		(829,772)
Stock option reserve	0							70,468			70,468
OCI reserve and translation	(291,866)						(9,027)				(300,894)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	1,150,036	(1,150,036)								564,927	564,927
Shareholders' equity	**16,973,113**	**2,195,913**	**-**	**-**	**(445,040)**	**121,454**	**(9,027)**	**70,468**	**(2,189,001)**	**564,927**	**17,282,807**

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**

Consolidated Cash Flow statement -amounts in euro-	31/12/2020	31/12/2019
Period profit/(loss)	564,927	1,150,036
Income tax	565,811	387,000
Prepaid/deferred tax	70,407	285,300
Interest expense/(interest income)	42,545	12,994
Exchange (gains)/losses	136,264	14,179
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	**1,379,955**	**1,849,507**
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	456,157	405,891
Other provisions	221,754	126,632
Amortisation and depreciation of fixed assets	3,412,025	2,903,577
Write-downs for permanent losses in value	154,510	0
Other adjustments for non-monetary items	146,484	425,313
2 Cash flow before changes in NWC	**5,770,885**	**5,710,920**
Changes to net working capital		
Decrease/(increase) in trade receivables	937,234	(2,927,582)
Increase/(decrease) in trade payables	(1,136,467)	4,886,809
Decrease/(increase) in accrued income and prepaid expenses	(138,199)	(267,808)
Increase/(decrease) in accrued liabilities and deferred income	337,683	838,473
Increase/(decrease) tax receivables	(992,972)	(1,106,039)
Increase/(decrease) tax payables	406,154	13,660
Increase/(decrease) other receivables	608,934	4,801
Increase/(decrease) other payables	(1,352,068)	(1,537,789)
3 Cash flow after changes in NWC	**4,441,183**	**5,615,444**
Other adjustments		
Interest collected/(paid)	3,237	33,085
(Income tax paid)	(70,247)	(968,337)
(Use of provision)	(190,822)	(94,176)
4 Cash flow after other adjustments	**4,183,351**	**4,586,016**
A Cash flow from operations	**4,183,351**	**4,586,016**
Tangible fixed assets	(374,629)	(1,031,950)
(Investiments)	*(374,629)*	*(1,031,950)*
Intangible fixed assets	(2,663,740)	(2,050,412)
(Investiments)	*(2,663,740)*	*(2,050,412)*
Financial fixed assets	(3,444)	11
(Investiments)	*(3,444)*	*11*
B Cash flow from investments	**(3,041,813)**	**(3,082,351)**
Minority interest funds	101,722	(174,025)
Increase (decrease) in short-term payables to banks	*(31,473)*	*55,652*
Stipulation of loans	*2,112,521*	*2,100,000*
Repayment of loans	*(1,979,326)*	*(2,329,677)*
Own funds	(323,585)	(94,556)
Capital increase by payment		997
Sale (purchase) of treasury shares	*(323,585)*	*(95,553)*
C Cash flow from loans	**(221,863)**	**(268,582)**
Increase (decrease) in liquid funds (A ± B ± C)	**919,675**	**1,235,083**
Initial cash and cash equivalents	8,946,689	7,711,606
Final cash and cash equivalents	9,866,364	8,946,689
Change in cash and cash equivalents	**919,675**	**1,235,083**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT 31/12/2020

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 is a legal entity organized according to the law of the Italian Republic and 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.
After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana, 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).

ACCOUNTING STANDARDS

Criteria for the preparation of the Group consolidated 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 faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31/12/2016. The term IFRS is used to refer to the International Financial Reporting Standards, the revised International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
Please note that the IFRS accounting standards applied in drafting the annual financial statements closed as at 31/12/2020 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2019, with the exception of as outlined in the paragraph "Amendments to accounting standards".
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 31/12/2020, it should adopt accounting standards precisely under these terms.
In 2019, the requirements set forth in article 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 year financial statements will be subject to limited statutory auditing by BDO Italia S.p.A., under the appointment made upon it for the period 2020-2022.

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 31/12/2020 (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 ceases.
According to the provisions of IFRS 3, the subsidiaries acquired by the Group are accounted for according to the acquisition method (purchase account).
The cost of acquisition corresponds to the current value of the assets acquired, shares issued or liabilities assumed as at the date of acquisition.
The equity investment in the associate that is scarcely significant within the Group has been accounted for using the equity method.
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 deferred tax assets.

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	Net profit/(loss)	% held	Book value
MAILUP INC	U.S.A.	41,183	337,653	(141,377)	100	734,916
ACUMBAMAIL S.L.	SPAIN	4,500	273,752	241,660	100	1,096,651
MAILUP NORDICS A/S	DENMARK	67,001	791,263	(169,630)	100	791,263
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	1,746,601	943,681	100	8,812,920
DATATRICS B.V.	THE NETHERLANDS	999	(2,018,026)	(1,320,187)	100	6,806,853
DATATRICS S.R.L.	MILAN	10,000	22,435	8,389	100	10,000
						18,252,603

For detailed information on the activities carried out by the subsidiaries and the strategic role within the MailUp Group, please consult the Report on Operations part of this Consolidated Half-Year Report in the section "The Group".
The consolidated annual financial statements all refer to the closing date of the parent company corresponding to 31/12/2020.

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 31/12/2020;
- the items of the Income Statement have been converted at average exchange rates for FY 2020;
- 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 31/12/2020	Average exchange rate 2020	Exchange rate as at 31/12/2019	Average exchange rate 2019
US Dollar	Euro 1.2271	Euro 1.1413	Euro 1.1234	Euro 1.195
Danish Krona	Euro 7.4409	Euro 7.4544	Euro 7.4715	Euro 7.4666

Source http://cambi.bancaditalia.it

Financial Statements and Alternative Performance Indicators (API)

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) In the Income Statement, the positive and negative items of income are stated according to destination for the previous year. This choice is dictated by the greater ease of reading and comparability with respect to the financial statements of the other players in the same sector. In the reclassification adopted, revenues are segmented among the characteristic business lines, highlighting the different contribution of the individual components on the total volumes. Costs are divided into four macro areas: Cost of Goods Sold (COGS), or costs of providing the Group's core services, and costs relating to the main operating areas, Sales and Marketing (S&M), Research and Development (R&D), in addition to General Costs (G&A) for administrative and structure expenses. Depreciation and amortization is also related to the different business areas. The section analysing the contents of the Income Statement items illustrates in more detail the criteria followed in the economic reclassification adopted. Also for the purposes mentioned above, reference was made to EBITDA (Earnings Before Interest Taxes Depreciation Amortization), an economic value not defined in the IAS/IFRS accounting standards representative of an Alternative Performance Indicator (API), 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 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 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 respect to those applied in the annual financial statements as at 31/12/2019, with the exception of the following.

NEW ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS APPLIED FROM 1 JANUARY 2020

Amendments to IAS 1 and IAS 8

In October 2018, the IASB published some amendments to IAS 1 and IAS 8 that provide clarification on the definition of "materiality".

Amendments to IFRS 9, IAS 39 and IFRS 7

In September 2019, the IASB published a number of amendments to IFRS 9, IAS 39 and IFRS 7 that provide some findings in relation to the reform of the determination of interbank rates. The findings relate to the accounting of hedging transactions and imply that a change in the interbank rate (IBOR) should generally not cause accounting closure of hedging transactions. The effects of any ineffective hedge should nevertheless continue to be reported in the income statement. Given the widespread nature of hedges involving interbank rate based contracts, the findings will affect companies in all sectors.

Amendments to IFRS 3

In October 2018, the IASB published amendments to IFRS 3 that change the definition of "business".

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

As at the date of these financial statements, moreover, the competent bodies of the European Union had not yet completed the endorsement process necessary for the adoption of the following accounting standards and amendments:

- In May 2017, the IASB issued the new IFRS 17 "Insurance Contracts". The new standard will replace IFRS 4 and will be applicable from 1 January 2021.

- In January 2020, the IASB published some amendments to IAS 1 clarifying that the definition of "current" or "non-current" of a liability depends on the right existing at the reporting date. The amendments will apply from 1 January 2022.

- In May 2020, the IASB published an amendment to IFRS 16 that provides a practical expedient for the valuation of lease contracts, in the event that lease fees are renegotiated as a result of Covid-19. The lessee may choose to account for the concession as a variable fee during the period when a lower payment is recognized.

The Group will adopt these new standards, amendments and interpretations, based on the expected date of application and will evaluate the potential impacts thereof, when approved by the European Union.

Disclosure on the book value of financial instruments

In order to provide information capable of illustrating the exposure to financial risks, the information provided by the companies regarding the fair value measurement of financial instruments, as required by accounting standard IFRS 7, is of great importance.
The fair value hierarchy has three levels:
• level 1: if the financial instrument is listed on an active market;

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

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

31 December 2020 MailUp S.p.A.

(Amounts in Euro)	**Book value**	**Fair value**	**Fair value hierarchy**
Other financial assets			
Other non-current financial assets	848,259	848,259	Level 3
Other current financial assets	195	195	Level 1

For details on the composition of the items highlighted above, please refer to the specific explanatory notes provided below in this document.

Potential liabilities

At present, there are no legal or tax disputes that require the recognition of contingent liabilities in the context of Group companies.

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
1,700,842	1,773,924	(73,081)

Plants and machinery

Description	31/12/2020	31/12/2019	Changes
Plants and machinery	72,680	108,185	(35,505)
Other assets	1,628,162	1,665,739	(37,576)
Total	**1,700,842**	**1,773,924**	**(73,081)**

"Other assets" include:

- expenses for the purchase of office furniture and furnishings for Euro 411,111, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 578,179, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 334, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 3,218, net of period depreciation;
- expenses for improvements to third-party assets for Euro 599,662 to set up and customize the new Milan office, net of period depreciation;
- other tangible assets for Euro 35,658.

Right of Use

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
3,701,056	4,629,957	(928,901)

Intangible assets	31/12/2019	Period increases	Period decreases	Period amortization/depreciation	31/12/2020
Rights of use offices IFRS 16	4,207,500	80,311	77,856	(835,385)	3,374,570
Rights of use cars IFRS 16	422,457	135,223		(256,183)	301,497
Rights of use PC IFRS 16		29,737		(4,748)	24,989
Total	**4,629,957**	**245,271**	**77,856**	**(1,096,316)**	**3,701,056**

On 01/01/2019 was the first-time adoption of the accounting standard IFRS 16 Leases. 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 Right of Use (RoU) acquired under non-current assets in the financial statements, as a balancing entry to the financial liability consisting of the present value of future lease fees.
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 or subsequently at the time

of signing new contracts or amendments to them. 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 a recent medium/long-term loan granted in its favour by the banking system, and is equal to 0.8% per annum. 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 amortization/depreciation and equal to Euro 3,374,570 for leased offices, Euro 301,497 for leased vehicles and Euro 24,989 for hired personal computers, respectively. IFRS 16 requires that the Right of Use is amortized on a straight-line basis over the remaining life of the underlying contract.

Intangible assets (2)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
5,109,145	4,313,406	795,740

Description	31/12/2020	31/12/2019	Changes
Platform development	4,334,905	3,959,258	375,647
Third-party software	733,374	310,929	422,445
Trademarks	7,269	8,878	(1,609)
Other	33,597	34,341	(744)
Total	**5,109,145**	**4,313,406**	**795,740**

“Platform development” includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform, net of relevant amortization/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 and which have therefore not been amortized yet. The capitalized developments relative to the BEE editor 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.
The item Other intangible assets includes Euro 25,045 in costs incurred for the new brand, Euro 3,555 in costs incurred to establish the company and Euro 4,997 in other costs that are expected to benefit future years incurred by Datatrics BV.
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 2020, it was not necessary to carry out further verifications regarding both the separate financial statements of the parent company and the consolidated financial statements.

For an in-depth analysis of the new functionalities introduced in 2020 to the MailUp platform and to the BEE editor as part of the research and development activities carried out by MailUp and other Group companies, please refer to the paragraph “Research and development” of the Report on Operations to the Consolidated and Separate Annual Report as at 31/12/2020, an integral part of these financial statements.

Goodwill (3)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
16,556,177	16,710,687	(154,510)

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

Description	31/12/2020
MailUp Inc	162,418
Acumbamail SL	464,923
MailUp Nordics A/S	331,126
MailUp Nordics / Globase	460,137
Agile Telecom SpA	8,256,720
Datatrics B.V.	6,801,699
Faxator goodwill	79,154
Total	**16,556,177**

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 (2020-2023), as resulting from the budget data for 2021 reviewed in light of the economic and financial scenarios determined by the impact of Covid-19 on the global situation, and applying the forecasts of data contained therein for the years from 2022 to 2023. 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 2021-2023 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.
- The WACC of the companies subject to impairment is shown below:
  - Acumbamail: 6.69%
  - Agile Telecom: 7.42%
  - Datatrics BV: 5.09%
  - Globase International Aps: 4.13%
  - MailUp Inc: 6.87%

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 (-10%) of revenues, or, as in the case of Agile and Datatrics, by increasing the main variable costs in percentage terms in order to prudently penalize future margins. In the case of Agile Telecom, the type of sensitivity applied takes into account the peculiarities of the SMS wholesale business, characterized by very low gross margins in percentage terms due to the very high incidence of the purchase costs of items. In the case of Datatrics BV, in addition to the characteristics of the business, the Group's re-launch and heavy investment phase, which is expected to return to positive results within the explicit plan horizon, was evaluated. The application of these specific sensitivity assumptions allowed avoiding distorting effects on the results of the analysis.

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).

In the case of the non-operating sub-holding company MailUp Nordics and its subsidiary Globase International, the impairment test showed that the recoverable value (Value in Use) of the CGU (Cash Generating Unit), consisting of the combination of the above-mentioned Danish subsidiaries, was lower than the value of goodwill recognized in the consolidated financial statements, which amounted to Euro 946,000. The value in use, determined by discounting prospective cash flows, was Euro 791 thousand. The difference thus arising has been recorded as impairment of goodwill (consolidation difference) for Euro 154 thousand. At the same time, the total book value of the investment in MailUp Nordics recorded by the parent company was reduced by means of impairment of Euro 166 thousand, write-off of the intercompany loan for Euro 158 thousand, considered non-recoverable, and impairment of the purchase value of the shareholding, originally Euro 800 thousand, by about Euro 9 thousand. MailUp was thus aligned with the value resulting from the impairment test.

Equity investments in associates and joint ventures (4)

Company name	Country	31/12/2019	Revaluations	Impairment	Purchases	31/12/2020
CRIT Cremona Information Technology	Italy	119,229	3,747			122,976
Total		**119,229**	**3,747**			**122,976**

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 there its operational and administrative office of 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 31/12/2020	Balance as at 31/12/2019	Changes
848,259	106,880	741,379

Description	31/12/2019	Increase	Decrease	31/12/2020
Receivables from associated companies	64,641			64,641
Receivables from others	5,806			5,806
Tax receivables due beyond 12 months	36,434		302	36,131
BPER pledge	0	741,681		741,681
Total	**106,880**	**741,681**	**302**	**848,259**

The receivables in question are all expected to be collected over 12 months and are therefore classified as "non-current".

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

The item "BPER pledge" refers to the amount withheld as pledge by Banca Popolare dell'Emilia Romagna against the first disbursement of the loan connected to the MISE "ICT Digital Agenda" call for tenders, which is discussed in detail in the section on research and development in the Report on Operations. The amount of the pledge is calculated at 40% of the total disbursed by BPER and Cassa Depositi e Prestiti and will be progressively released upon repayment of the related instalments as per the amortization schedule.

Deferred tax assets (6)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
1,191,131	1,116,143	74,988

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

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

Description	31/12/2020	31/12/2019
MailUp S.p.A.	438,620	717,796
Agile Telecom Spa	(2,194)	2,806
Mailup Inc	398,144	253,578
Datatrics BV	357,000	141,963
Datatrics Srl	(438)	0
Total	**1,191,131**	**1,116,143**

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 31/12/2020	Balance as at 31/12/2019	Changes
10,354,302	11,291,536	(937,233)

Description	31/12/2020	31/12/2019	Changes
Receivables from customers	10,354,302	11,291,536	(937,233)
Total	**10,354,302**	**11,291,536**	**(937,233)**

Below is the breakdown of receivables by geographic area:

Receivables divided by geographic area	From customers
Italy Customers	6,166,640
EU Customers	3,099,057
Non-EU Customers	1,088,605
Total	**10,354,302**

Other current assets (8)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
5,142,622	4,247,686	894,935

Description	31/12/2020	31/12/2019	Changes
Inventories	38,137	5,221	32,917
Tax receivables	2,748,815	1,383,144	1,365,670
Other receivables	1,163,083	1,804,934	(641,851)
Accrued income and deferred expenses	1,192,586	1,054,387	138,199
Total	**5,142,622**	**4,247,686**	**894,935**

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 Agile Telecom VAT credit of Euro 1,611,146 for the year 2020, the residual VAT credit of Euro 877,427 for the year 2019, the MailUp VAT deposit for Euro 47,837 and the 2020 VAT credit of Acumbamail for Euro 291, tax receivables for personnel recruitment for Euro 86,751, Agile Telecom Ires and Irap credits for 2019 for Euro 75,331 and other receivables from the tax authorities for withholding taxes of Euro 50,032.

Financial assets not held as fixed assets (9)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
195	490,998	(490,803)

The Group has allocated a fraction of the available liquidity that is not destined, in the short term, to finance the core business or other strategic projects, such as M&A transactions or research and development projects, in investment of shares listed on AIM Italia with a view to short-term disinvestment.
The change represents the fair value at the end of the financial year that has been recognized in the Income Statement in accordance with the FVTPL criterion as required by IFRS 9.
The value of Euro 195 consists of the residual securities in our possession, after the redemption on 08/07/2020 of the investment for Euro 500,000 at nominal value.

Cash and cash equivalents (10)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
9,866,364	8,946,689	919,675

The balance represents liquid funds and cash as well as valuables held as at 31/12/2020.

Liabilities and Shareholders' Equity

Group Shareholders' Equity

Share capital (11)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
374,276	374,276	0

The share capital of the parent company MailUp S.p.A. is entirely paid in and is represented as at 31/12/2020 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 2020, please refer to the specific section of the notes to the separate financial statements as at 31/12/2020, which are an integral part of these financial statements.

Reserves (12)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
16,343,604	15,448,802	894,802

Description	Balance as at 31/12/2019	Increases	Decreases	Balance as at 31/12/2020
Share premium reserve	12,753,906			12,753,906
Legal reserve	80,000			80,000
Stock option reserve		70,468		70,468
Extraordinary reserve	3,417,945	2,195,912		5,613,856
Reserve for exchange adjustments	7,945	11,085		19,030
FTA reserve	(613,449)			(613,449)
OCI reserve	(252,931)	16,831	80,497	(316,597)
Reserve for treasury shares in portfolio	(259,023)	121,455	445,040	(582,608)
Merger surplus reserve	133,068			133,068
Translation reserve	(38,936)	56,875		17,939
Profits/losses carried forward	220,279	1,150,035	2,202,321	(832,007)
Total	**15,448,802**	**3,622,661**	**2,727,858**	**16,343,604**

The increase in the extraordinary reserve is determined by the parent company's profit for 2019 net of the allocation of Euro 11 thousand to the reserve for exchange rate adjustments. In addition to this is the positive effect of Euro 14 thousand resulting from the allocation of a portion of the MBO bonus through the allocation of treasury shares to MailUp employees and collaborators.
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 benefit plans, as represented in the statement of comprehensive income.
The stock option reserve, linked to the incentive plan for members of top management and accounted for in accordance with IFRS 2, increased following the approval on 23/04/2020 of the new "Stock option plan 2020-2023".
The negative reserve for treasury shares in the portfolio corresponds to the purchase price of treasury shares in the parent company held as at 31/12/2020.
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 564,957 compared to Euro 1,150,036 as at 31/12/2019. For an in-depth analysis of the consolidated results, please refer to the specific section of the Annual Report on Operations, an integral part of these financial statements.

Non-current liabilities

Payables to banks and other financiers (13)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
3,383,214	1,445,112	1,938,102

The item "Amounts due to banks" refers only to the parent company. Please refer to the notes to the separate financial statements for further information on their composition.

Please note that the Group debt is represented by unsecured loans. The Group did not resort to subsidized loans or moratorium for repayment of existing debt resulting from legislative measures related to Covid-19 for financial support to businesses.

Long-term right of use liability (13)

Description	Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
Long-term car right of use liability	2,572,725	3,398,121	(825,396)
Long-term office right of use liability	111,562	230,386	(118,824)
Long-term PC right of use liability	12,232	0	12,232
Total	**2,696,519**	**3,628,507**	**(931,988)**

The financial liability shown above is calculated in application of IFRS 16 and corresponds to the present value of the future instalments of rent, hire and lease contracts in force at the date of recognition, with expiry beyond 12 months.

Other non-current liabilities (14)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
3,000,000	3,000,000	0

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 was settled in full. The portion of the capital increase remains, 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 turnover thresholds are reached by 2022.

Provisions for risks and charges (15)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
88,667	200,000	(111,333)

Description	31/12/2019	Increases	Decreases	31/12/2020
Provisions for Severance indemnity upon cession of office (TFM)	200,000	128,667	240,000	88,667
Total	**200,000**	**128,667**	**240,000**	**88,667**

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.
Following the end of the mandate of the Directors in office as of 31/12/2019, the related term-end indemnity was liquidated in April 2020.

Provisions for personnel (16)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
1,983,682	1,718,547	265,136

The change is as follows.

	31/12/2019	Increases	Decreases	Actuarial Gains/Losses	31/12/2020
Dismissal indemnity provision	1,718,547	410,737	191,545	45,943	1,983,682

For specifics on actuarial assumptions, please refer to the statement in the notes to the separate financial statements.

Deferred taxes (17)

Description	31/12/2019	Increases	Decreases	31/12/2020
Provision for deferred taxes	419,480	122,824	0	542,303
Total	**419,480**	**122,824**	**0**	**542,303**

The provision for deferred taxes relates to differences arising from the elimination of intercompany depreciation and amortization that arose in the consolidated financial statements and, in the majority of cases, to the differences recorded by MailUp Inc under amortization relating to the BEE editor asset for 2020, and the same costs that are significant for tax purposes.

Current liabilities

Trade and other payables (18)

Description	31/12/2020	31/12/2019	Changes
Amounts due to suppliers	11,795,918	12,942,856	(1,146,938)
Amounts due to associates	31,220	20,749	10,471
Total	**11,827,138**	**12,963,604**	**(1,136,467)**

Amounts due to suppliers are stated net of commercial discounts. Below is a breakdown of trade payables according to geographic area:

Payables divided by geographic area	Due to suppliers
Italy	8,257,702
EU	2,774,666
Non EU	763,551
Total	**11,795,918**

Amounts due to banks and other lenders short terms (19)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
985,500	992,262	(6,762)

Description	31/12/2020	31/12/2019	Changes
Amounts due to banks - short-term	69,400	100,735	(31,334)
Short-term portion of loans	916,100	891,527	24,573
Total	**985,500**	**992,262**	**(6,762)**

The item "Short-term portion of loans" refers to the residual short-term portions of unsecured loans taken out by the parent company from Banco BPM, Credito Emiliano, Banca BPER and Credit Agricole. The remaining item relates to bank debt to electronic payment circuits for payments made by credit card.

Short-term right of use liabilities (20)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
1,029,099	1,017,635	11,464

Description	31/12/2020	31/12/2019	Changes
Short-term car right of use liability	833,063	818,165	14,898
Short-term office right of use liability	183,157	199,470	(16,313)
Short-term PC right of use liability	12,879	0	12,879
Total	**1,029,099**	**1,017,635**	**11,464**

The financial liability shown above is calculated in application of IFRS 16 and corresponds to the present value of the future instalments of rent, hire and lease contracts in force at the date of recognition, with expiry within 12 months.

Other current liabilities (21)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
11,774,140	11,388,875	385,266

Below is the breakdown of Other current liabilities:

Description	31/12/2020
Advances	1,092
Tax payables	1,071,560
Amount due to social security institutions	453,294
Amounts due to Directors for emoluments	92,827
Amounts due to employees for salaries, holidays, permits and additional months' salaries	1,140,999
Payables for MBO bonuses	410,002
Accrued liabilities	24,142
Deferred income	8,574,043
Other payables	6,181
Total	**11,774,140**

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 last month, the thirteenth month's salary and holiday accrued and not taken. Deferred income: most of the revenues of MailUp come from recurring annual charges. MailUp collects the 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. Compared to 31/12/2019, there was a significant increase in SMS deferred income mainly related to a customer of the subsidiary Agile Telecom. The latter purchased large packets of SMS in prepaid mode, of which it only partially benefited. Therefore, the revenues related to services not yet used at the end of the year were reversed and charged to this item.
The Group did not take advantage of measures to defer tax payments granted to companies to deal with the health crisis, with the exception of the Dutch subsidiary Datatrics B.V., which benefited from the deferral of the payment of VAT payables and withholding taxes on employees that will be paid in constant instalments over the next 24 months.

Income Statement

Revenues (22)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
65,233,588	60,797,342	4,436,247

Income from sales and services comes to Euro 65.2 million, recording an increase of Euro 4.4 million (+7.3 %) on the corresponding figure for the previous year.

Revenues by product type

Below are details of revenues according to product type.

Description	31/12/2020	31/12/2019	Changes
E-mail revenues	16,471,759	14,264,235	2,207,524
SMS revenues	44,517,527	42,724,773	1,792,755
Predictive marketing revenues	2,712,047	2,280,294	431,752
Other revenues	1,532,255	1,528,040	4,215
Total	**65,233,588**	**60,797,342**	**4,436,247**

Other revenues mainly refer to contributions on calls for tenders, mentioned in the specific section of the Report on Operations to these financial statements, as well as contingent assets and income related to residual 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 31/12/2020.

COGS (Cost of goods sold) (23)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
44,437,483	44,108,421	329,062

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases	39,116,425	38,070,183	1,046,242
Services	2,705,771	2,492,567	213,204
Cost of rents and leases	11,880	16,816	(4,936)
Payroll cost	2,548,224	3,467,338	(919,114)
Sundry operating expenses	55,183	61,517	(6,334)
Total	**44,437,483**	**44,108,421**	**329,062**

The COGS are determined by the costs directly attributable to the provision of the services that represent the core business of the Group, i.e. the technological platforms and the services managed by the companies included in the scope of consolidation. This category includes the costs for the IT technological infrastructure, including the costs of the specific personnel, the costs of the areas directly involved in the provision of the service, for example the deliverability departments, help desk, the areas that deal with the personalization of services on customer request and other variable costs directly related to services sold to customers. The largely predominant part is represented by purchases to send text messages, about Euro 38.7 million, by Agile Telecom from external suppliers.

Sales & Marketing costs (24)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
6,067,031	4,407,434	1,659,597

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases	5,966	15,098	(9,132)
Services	1,880,721	1,227,559	653,162
Cost of rents and leases	11,073	5,745	5,328
Payroll cost	4,167,050	3,156,928	1,010,122
Sundry operating expenses	2,221	2,105	116
Total	**6,067,031**	**4,407,434**	**1,659,597**

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.

Research & Development costs (25)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
2,855,242	1,634,865	1,220,376

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases	1,259	13,848	(12,589)
Services	97,272	95,535	1,737
Cost of rents and leases	4,670	2,595	2,075
Payroll cost	4,369,617	3,010,486	1,359,131
Capitalized payroll cost	(1,617,578)	(1,487,600)	(129,978)
Total	**2,855,241**	**1,634,865**	**1,220,376**

These costs relate to the research and development departments involved in the MailUp platform, the BEE editor and the Agile Telecom SMS sending infrastructure. For purposes of greater clarity of exposure, the amount of capitalized payroll costs is recorded separately, then highlighting the resulting net cost in the Income Statement scheme adopted. The capitalization is carried out in relation to the future usefulness of the software development projects of the MailUp platform, the BEE editor and the Agile Telecom SMS sending infrastructure. The research and development activity for the year under review 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 31/12/2020	Balance as at 31/12/2019	Changes
6,785,130	5,851,393	933,737

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases	95,379	172,179	(76,800)
Services	4,313,697	3,372,668	941,029
Cost of rents and leases	105,767	169,337	(63,570)
Payroll cost	1,941,827	1,841,479	100,348
Sundry operating expenses	328,460	295,729	32,730
Total	**6,785,130**	**5,851,393**	**933,737**

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.

Amortization, depreciation and impairment (27)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
3,708,750	2,945,722	763,028

Description	31/12/2020	31/12/2019	Changes
General depreciation costs	433,251	220,420	212,831
Amortization right of use	1,096,314	812,013	284,301
Amortization R&D	2,024,675	1,913,289	111,387
Amortization & Depreciation	154,510	0	154,510
Total	**3,708,750**	**2,945,722**	**763,028**

Right of use amortization was calculated for the first time in 2019 following the application of IFRS 16, as already mentioned.
The amount of Euro 154,510 relates to the impairment of the consolidation difference (goodwill) arising from the purchase of the investment in the sub-holding MailUp Nordics, which in turn is the parent company of Globase International, resulting from the impairment test procedure, as detailed above in accordance with IAS 36.

Financial operations (28)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
178,809	27,172	151,636

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Financial income	(43,539)	(61,837)	18,299
Financial expense	86,084	74,831	11,253
Exchange gains	(46,511)	(27,882)	(18,629)
Exchange losses	182,775	42,061	140,714
Total	**178,809**	**27,172**	**151,636**

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 the interest expense relating to the Right of Use financial liability of Euro 43 thousand calculated as per IFRS 16.
The significant increase in foreign exchange losses is due to the unfavourable fluctuation of the Euro/US Dollar exchange rate.

FY income tax (29)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
(636,219)	(672,299)	36,081

Description	31/12/2020	31/12/2019	Changes
Current tax	(565,781)	(387,000)	(178,782)
Deferred tax	(70,437)	(285,300)	214,862
Total	**(636,219)**	**(672,299)**	**36,081**

The Group companies have set up period taxes on the basis of the application of current tax regulations in force in the relevant country. The related 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. Deferred tax assets/liabilities connected with the consolidation entries deriving from the elisions of intra-group margins and the related effect on the consolidated amortization/depreciation shares, have also been calculated.

Earnings per share (30)

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 2020. Below is the period result and information on shares used to calculate the basic earnings per share.

Description	31/12/2020
Net profit attributable to shareholders	564,927
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	73,881
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	138,980
Weighted number of shares in issue	14,864,616
Basic earnings per share	**0.0380**

Diluted earnings per share are calculated as follows:

Description	31/12/2020
Net profit attributable to shareholders	564,927
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	73,881
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	138,980
Closing shares potentially assignable	948,866
Weighted number of shares in issue	15,339,049
Basic earnings per share	**0.0368**

Workforce

As at 31/12/2020, the Group had 243 employees, of whom 4 managers, 19 middle managers, 220 white-collar workers.
The number of total employees employed during the year, i.e., ULA (Annual Work Units), amounted to 215.17 at group level.

Level of classification	Total number	%	Italy	U.S.A.	Spain	Denmark	The Netherlands
White-collar workers	220	90%	168	13	9	2	28
Middle managers	19	8%	16		2	1	
Managers	4	2%	3	1			
Total	243	100%	187	14	11	3	28

Related party transactions

Transactions implemented by the Group with related parties, identified according to the criteria defined by IAS 2 - Related party disclosure - are carried out at arm's length. For further details in regard, including the table showing the details of the changes, please refer to the specific paragraph of the Report on Operations as at 31/12/2020.

Fees to Directors and Auditors

Directors' fees, including the related contribution, came to Euro 1,295,220 in the year, whilst the fees to the Boards of Auditors, where present, came to Euro 48,000.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-bis of article 2427 of the Italian Civil Code - the total amount of fees due to the independent auditing firm included in the Annual Report as at 31/12/2020 at consolidated level totalled Euro 45,564.

Disclosure regarding coordination and management activities

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

Grants on calls from public administrations

Information pursuant to article 1, paragraph 125 of Law no. 124 of 04 August 2017. It should be noted that in 2020, MailUp alone received the following contributions on calls for tenders from public administrations:

Date	Description	Amount
20/01/2020	Contribution Sustainable Growth Fund project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL I	266,289.81
10/07/2020	Contribution Sustainable Growth Fund project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL II	345,658.15
30/10/2020	National Agency for active policies: contribution for the youth guarantee employment initiative Call Stock 734 project ID96242242	2,400.00
	Total	**614,347.96**

Subsequent events

Please refer to the specific section of the Consolidated Annual Report on Operations as at 31/12/2020, for further details on the matter.

This Consolidated Report, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and Notes, provides a true and fair view of the equity and financial situation as well as the economic result for the period and is consistent with the underlying accounting records.

Thank you for the trust placed in us.

Milan, 23 March 2021

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, 2020

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.

MCP/VDL/cpo - RC037242020BD1217

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Viale Abruzzi, 94
20131 Milano

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 Group (the "Group"), which comprise the statement of financial position as of December 31, 2020, 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, 2020, 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 Group 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.

Bari, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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

Auditor’s Responsibilities for the audit of the 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, 2020, 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 the Mailup Group as of December 31, 2020 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 the Mailup Group as of December 31, 2020 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 7, 2021

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

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

MAILUP S.P.A. SEPARATE FINANCIAL STATEMENTS AS AT 31/12/2020

Separated Balance Sheet -amount in Euro	Notes	31/12/2020	31/12/2019	Changes	Ch.%
Tangible fixed assets	1	1,579,291	1,666,522	(87,231)	(5.2 %)
Right of Use	1	3,301,698	4,005,849	(704,151)	(17.6 %)
Intangible fixed assets	2	3,118,415	3,143,432	(25,017)	(0.8 %)
Investments in subsidiary	3	18,252,603	18,234,108	18,494	0.1 %
Equity investments in associates and joint ventures	4	102,000	102,000	0	0.0 %
Other non-current assets	5	2,449,075	1,432,370	1,016,705	71.0 %
Deferred tax assets	6	438,576	717,752	(279,176)	(38.9 %)
Total non-current assets		**29,241,657**	**29,302,033**	**(60,375)**	**(0.2 %)**
Receivables from customers	7	2,126,986	1,927,474	199,512	10.4 %
Receivables from subsidiaries	8	2,637,189	1,371,349	1,265,840	92.3 %
Other current assets	9	2,195,326	2,565,959	(370,633)	(14.4 %)
Financial assets AFS	10	195	490,998	(490,803)	(100.0 %)
Cash and cash equivalents	11	6,978,157	5,868,571	1,109,586	18.9 %
Total current assets		**13,937,853**	**12,224,350**	**1,713,502**	**14.0 %**
Total assets		**43,179,510**	**41,526,383**	**1,653,127**	**4.0 %**
Share capital	12	374,276	374,276	0	0.0 %
Reserves	13	16,981,944	15,081,363	1,900,582	12.6 %
Profit (Loss) for the period	13	1,716,841	2,192,638	(475,797)	(21.7 %)
Total equity		**19,073,061**	**17,648,277**	**1,424,785**	**8.1 %**
Payables to banks and other financiers	14	3,383,214	1,445,112	1,938,102	134.1 %
Liabilities RIGHT OF USE long-term	15	2,561,520	3,256,309	(694,789)	(21.3 %)
Other non-current liabilities	16	3,000,000	3,000,000	0	0.0 %
Provisions for risks and charges	17	66,667	146,667	(80,000)	(54.5 %)
Provisions for personnel	18	1,710,743	1,475,997	234,746	15.9 %
Total non-current liabilities		**10,722,144**	**9,324,085**	**1,398,059**	**15.0 %**
Trade and other payables	19	1,739,204	1,405,885	333,319	23.7 %
Payables to subsidiaries	20	984,436	1,328,589	(344,153)	(25.9 %)
Payables due to associated company	20	31,220	20,749	10,471	50.5 %
Due to banks and other lenders short term	21	955,301	938,804	16,497	1.8 %
Liabilities RIGHT OF USE short-term	22	763,286	761,356	1,930	0.3 %
Other current liabilities	23	8,910,857	10,098,639	(1,187,782)	(11.8 %)
Total current liabilities		**13,384,304**	**14,554,022**	**(1,169,718)**	**(8.0 %)**
Total Liabilities		**43,179,510**	**41,526,383**	**1,653,126**	**4.0 %**

Separated Profit & Loss	Notes	31/12/2020	%	31/12/2019	%	Change	Ch. %
Email Revenues	24	11,052,793	52.8 %	10,207,084	56.3 %	845,709	8.3 %
SMS Revenues	24	4,342,441	20.7 %	4,349,852	24.0 %	(7,412)	(0.2 %)
Intercompany Revenues	24	279,643	1.3 %	81,986	0.5 %	197,656	241.1 %
Other Revenues	24	5,255,584	25.1 %	3,504,742	19.3 %	1,750,841	50.0 %
Total Revenues		**20,930,460**	**100.0 %**	**18,143,665**	**100.0 %**	**2,786,795**	**15.4 %**
Cost of Goods Sold	25	6,324,473	30.2 %	7,460,445	41.1 %	(1,135,972)	(15.2 %)
Gross Profit		**14,605,987**	**69.8 %**	**10,683,220**	**58.9 %**	**3,922,767**	**36.7 %**
Sales & Marketing costs	26	3,363,593	16.1 %	2,479,781	13.7 %	883,812	35.6 %
Research & Development Opex	**27**	**2,828,035**	**13.5 %**	**1,598,788**	**8.8 %**	**1,229,247**	**76.9 %**
Research & Development Capex		*(804,139)*	*(3.8 %)*	*(858,424)*	*(4.7 %)*	*54,286*	*(6.3 %)*
Research & Development costs		*3,632,174*	*17.4 %*	*2,457,213*	*13.5 %*	*1,174,961*	*47.8 %*
General & Admin Costs	28	4,515,059	21.6 %	3,669,947	20.2 %	845,112	23.0 %
Total Costs		10,706,687	51.2 %	7,748,516	42.7 %	2,958,171	38.2 %
Ebitda		**3,899,300**	**18.6 %**	**2,934,704**	**16.2 %**	**964,596**	**32.9 %**
General Depreciation Costs	29	323,156	1.5 %	166,405	0.9 %	156,751	94.2 %
Right of Use Amortization Costs	29	784,254	3.7 %	546,818	3.0 %	237,436	43.4 %
R&D Amortization Costs	29	1,379,940	6.6 %	1,520,153	8.4 %	(140,214)	(9.2 %)
Amortization & Depreciation	29	166,893	0.8 %	267,991	1.5 %	(101,098)	(37.7 %)
Amortization & Depreciation		2,654,243	12.7 %	2,501,367	13.8 %	152,876	6.1 %
Ebit		**1,245,056**	**5.9 %**	**433,336**	**2.4 %**	**811,720**	**187.3 %**
Net financial income/(charges)	30	856,633	4.1 %	1,924,554	10.6 %	(1,067,922)	(55.5 %)
Ebt		**2,101,689**	**10.0 %**	**2,357,891**	**13.0 %**	**(256,202)**	**(10.9 %)**
Curent Income Taxes	31	(88,811)	(0.4 %)	(49,838)	(0.3 %)	(38,973)	78.2 %
Curent Income Taxes	31	(296,037)	(1.4 %)	(115,415)	(0.6 %)	(180,622)	156.5 %
Net Profit (Loss)		**1,716,841**	**8.2 %**	**2,192,638**	**12.1 %**	**(475,797)**	**(21.7 %)**
Group profit (loss)		*1,716,841*	*8.2 %*	*2,192,638*	*12.1 %*	*(475,797)*	*(21.7 %)*
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		(53,298)	(0.3 %)	(108,564)	(0.6 %)	55,266	(50.9 %)
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							
Utile/(Perdita) dell' esercizio complessivo		**1,663,543**	**7.9 %**	**2,084,073**	**11.5 %**	**(420,531)**	**(20.2 %)**

Earnings:

per share	0.1155	0.1474
per diluted share	0.1119	0.1472

SEPARATE STATEMENT OF CHANGES IN EQUITY

Figures in euros	31/12/2019	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	31/12/2020
Share capital	374,276										374,276
Share premium reserve	12,753,906										12,753,906
Legal reserve	80,000										80,000
Extraordinary reserve	3,417,945	2,181,552				14,359					5,613,856
Reserve for treasury stock	(259,023)				(445,040)	121,455					(582,608)
Reserve for exchange rate gains	7,945	11,085									19,030
Profit/(loss) carried forward	(212,668)										(212,668)
Stock option reserve	-							70,468			70,468
OCI reserve	(226,360)						(53,298)				(279,658)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	2,192,638	(2,192,638)	-							1,716,841	1,716,841
Shareholders' equity	**17,648,276**	**(0)**	**-**	**-**	**(445,040)**	**135,814**	**(53,298)**	**70,468**	**-**	**1,716,841**	**19,073,061**

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			-
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	**15,537,422**	**0**	**-**	**(0)**	**(315,164)**	**284,789**	**(108,565)**	**57,156**	**-**	**2,192,638**	**17,648,277**

Separated Cash Flow statement	31/12/2020	31/12/2019
Period profit/(loss)	1,716,841	2,192,638
Income tax	88,841	49,838
Prepaid/deferred tax	296,007	115,415
Interest expense/(interest income)	10,425	(37,278)
Exchange (gains)/losses	96,687	(4,196)
(Dividends)	(962,509)	(1,881,922)
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	**1,246,292**	**434,495**
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	395,981	368,323
Other provisions	118,081	69,256
Amortisation and depreciation of fixed assets	2,435,936	2,224,121
Write-downs for permanent losses in value	166,893	267,991
Other adjustments for non-monetary items	(81,080)	(181,692)
2 Cash flow before changes in NWC	**4,282,103**	**3,182,493**
Changes to net working capital		
Decrease/(increase) in trade receivables	(1,465,353)	(1,131,786)
Increase/(decrease) in trade payables	(362)	(129,002)
Decrease/(increase) in accrued income and prepaid expenses	(175,343)	(32,906)
Increase/(decrease) in accrued liabilities and deferred income	(507,510)	436,485
Increase/(decrease) tax receivables	259,697	340,577
Increase/(decrease) tax payables	81,831	95,517
Increase/(decrease) other receivables	583,686	36,636
Increase/(decrease) other payables	(933,002)	(1,445,784)
3 Cash flow after changes in NWC	**2,125,747**	**1,352,230**
Other adjustments		
Interest collected/(paid)	34,881	14,957
Dividends collected	962,509	1,881,922
(Use of provision)	(160,490)	(93,900)
4 Cash flow after other adjustments	**2,962,648**	**3,155,209**
A Cash flow from operations	**2,962,648**	**3,155,209**
Tangible fixed assets	(326,530)	(979,109)
(Investiments)	*(326,530)*	*(979,109)*
Intangible fixed assets	(1,212,904)	(1,104,542)
(Investiments)	*(1,212,904)*	*(1,104,542)*
Financial fixed assets	(430,000)	(796,050)
(Investiments)	*(430,000)*	*(796,050)*
B Cash flow from investments	**(1,969,433)**	**(2,879,700)**
Minority interest funds	439,957	50,450
Increase (decrease) in short-term payables to banks	*(8,213)*	*19,301*
Stipulation of loans	*2,112,521*	*2,100,000*
Repayment of loans	*(1,664,351)*	*(2,068,851)*
Own funds	(323,585)	(94,556)
Capital increase by payment		*997*
Sale (purchase) of treasury shares	*(323,585)*	*(95,553)*
C Cash flow from loans	**116,371**	**(44,106)**
Increase (decrease) in liquid funds (A ± B ± C)	**1,109,586**	**231,403**
Initial cash and cash equivalents	5,868,571	5,637,167
Final cash and cash equivalents	6,978,157	5,868,571
Change in cash and cash equivalents	**1,109,586**	**231,403**

NOTES TO THE SEPARATE FINANCIAL STATEMENTS

General information

Business

MailUp S.p.A. (hereinafter MailUp or Company), 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 31/12/2020 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 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) and 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 01/01/2015, and these 2020 financial statements present a comparative year (FY 2019). In this regard, please note that the IFRS accounting standards applied in drafting the financial statements closed as at 31/12/2020 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2019, with the exception of as outlined in the paragraph "Amendments to accounting standards".
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 31/12/2020, it adopted accounting standards precisely under these terms.
The financial statements for the year ended on 31/12/2020 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 31/12/2022.

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. Change to Other comprehensive profits/(losses) are stated net of the related tax effects, separately identifying, in accordance with IAS 1R, 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

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 amortization charged over the years, charged directly to the individual items.
If impairment is noted, the intangible asset is impaired accordingly, in line with the criteria set forth in the next standard **Impairment of intangible assets.**

Amortization 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 amortized according to their assumed possible use, so as to ensure that the net value at period end corresponds to their residual possible use. Amortization/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, which were recognized with the consent of the Board of Statutory Auditors, include the external costs incurred for the strategic project to completely revise the Company's name and the Group's brand.

Fixed assets under construction relate to costs incurred for development projects on the MailUp platform, which as at 31/12/2020 had not been completed and, therefore, could not be used.

Equity investments

Subsidiaries are companies in which the Company simultaneously holds the following three elements: (a) power over the business; (b) exposure, or rights, to variable returns deriving from the involvement with it; (c) capacity to use power to influence the amount of said variable returns.
All equity investments are recorded at purchase cost, including accessory expenses, at the time of initial booking; thereafter, in the event of evidence that an equity investment may have suffered a loss in value, the estimated value that can be recovered on the equity investment is calculated. If impairment is noted, the equity investment is written down accordingly, in line with the criteria set forth in the next paragraph "Impairment of tangible and intangible assets and equity investments".

Companies over which another company exerts significant influence, are considered as associates. Influence is assumed when in the Ordinary Shareholders' Meeting at least one-fifth of votes can be cast or one tenth, if the company has shares listed on the stock exchange. It is specified that in the separate financial statements, investments in associates are measured at cost as per IAS 28.

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

Amortization 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 amortized cost are presented in the statement of financial position net of the related accumulated amortization.

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 amortized 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 amortized 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 2020 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 31/12/2020, an integral part of these financial statements.

Assets held for sale
According to the provisions of IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", non-current assets whose book value will mainly be recovered through a sale rather than continuous use, if the requirements are met as envisaged by the specific standard, are classified as held for sale and valued at the lesser of book value and fair value, net of the costs of sale. As from the date on which said assets are classified as non-current assets held for sale, the related amortization 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 amortized cost criterion and the effective interest rate method. The amortized 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 Italian 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 01/01/2007 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 top 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 2021. The portion actually accrued was therefore allocated in 2020 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 recognized on an accrual basis.

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.

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 amortized 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.

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.

Amendments to accounting standards

The Group has not proceeded with early adoption of any new standards, interpretations or amendments issued but not yet effective.
None of the standards already in force or not yet in force will have, on the basis of current information, any impact on the Group's economic and financial situation.

The nature and effects of these amendments are outlined below. The nature and impact of each new standard/amendment are listed below:

Accounting standards issued and in force

Amendments to IFRS 3: Definition of a business

The amendments to IFRS 3 clarify that to qualify as a business, an integrated set of activities and assets must include at least one input and one underlying process that together contribute significantly to the ability to create an output. In addition, it was clarified that a business can exist without including all the inputs and processes needed to create an output. These amendments have had no impact on the company's financial statements but could have an impact on future periods should the Group undertake business combinations.

Amendments to IFRS 7, IFRS 9 and IAS 39: Reform of the interest rate benchmark

Amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and measurement provide a number of expedients, which apply to all hedging directly affected by the interest rate benchmark reform. Hedging is affected if the reform creates uncertainties about the timing and/or amount of cash flows based on benchmarks of the hedged item or hedging instrument. These amendments had no impact on the Company's financial statements as the Company does not have any interest rate hedging transactions in place.
Amendments to IAS 1 and IAS 8: Definition of material

The amendments provide a new definition of materiality stating that information is material if it is reasonable to assume that its omission, misstatement or concealment could influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about the specific reporting entity. Materiality depends on the nature or extent of the information, or both. An entity assesses whether information, individually or in combination with other information, is material in the context of the financial statements taken as a whole. Information is concealed if it is disclosed in a way that has the same effect on the primary users of financial statements as the omission or misstatement of that information. These amendments have had no impact on the consolidated financial statements and no future impact is anticipated for the Company.

Amendments to References to Conceptual Framework in IFRS Standards

On 29 March 2018, the IASB issued a revised version of the Financial Statements Conceptual Framework that incorporates IFRS accounting standards. This tool ensures that accounting standards are conceptually consistent and that transactions of the same type are treated in the same way, providing useful information to investors and others. The Conceptual Framework also helps companies to implement appropriate accounting policies when no IFRS standard governs the specific transaction; finally, it helps stakeholders in general to understand the accounting standards. The revised Conceptual Framework includes: a new chapter on the measurement and reporting rules for financial results; more accurate definitions and rules -

in particular the definition of liabilities; and clarifications on important topics, such as the rules on administration, prudence and calculation uncertainty in financial reporting. The amendments to the accounting standards shall be effective for years beginning on or after 1 January 2020.

Amendment to IFRS 16 Lease Covid19 - Related rent concessions

The IASB published an amendment on 28 May 2020 clarifying the circumstance that a lessee as a practical expedient may assess that specific reductions in instalments (as a direct result of Covid19) may not be considered as plan changes, and therefore account for them accordingly.

This amendment is effective as of 1 June 2020 (subject to approval by the European Community by the end of 2020); however, lessees may apply it retroactively.

Accounting standards issued but not yet entered into force

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform - Phase 2

On 27 August 2020, the IASB also published amendments to IFRS 9, IAS 39, IFRS 7 and IFRS 16 (Interest rate benchmark reform - Phase 2) that will apply from 1 January 2021.

Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

On 23 January 2020, the IASB issued amendments to the definitions of current and non-current assets in IAS 1, providing a more general approach to the classification of liabilities under that standard, based on contractual arrangements.

The amendments will be effective for financial years beginning on or after 1 January 2022 and must be applied retrospectively. Early application will be allowed.

Amendments to IFRS 3 "Business combinations", IAS 16 "Property, Plant and Equipment", IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", Annual Improvements 2018-2020.

On 14 May 2020, the IASB published a package of amendments clarifying and making minor changes to the following IFRS standards:

- IFRS 3: update of references to the Conceptual Framework of the IAS (no change in the accounting treatment of business combinations);

- IAS 16: the amendment clarifies the impossibility for a company to deduct from the costs of tangible assets the sums obtained from the sale of goods produced while the company is preparing the asset for use. The company must recognize these sales separately as revenue from the related costs, in the income statement.

- IAS 37: the amendment provides clarification on the costs to be included in the measurement of losses generated by a contract.

These changes take effect on 1 January 2022 and early application is permitted.

Amendments to IFRS 4 "Insurance Contracts – Deferral of IFRS 9"

The IASB published an amendment on 25 June 2020 to support companies in implementing the new standard IFRS 17, and to make it easier to report their financial performance. The new amendment will apply as of 1 January 2021.

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 Insurance Contracts, a new complete standard relating to insurance contracts that covers the recognition and measurement, presentation and disclosure. In addition, on 25 June 2020, the IASB issued amendments to IFRS 17. When it enters into force, IFRS 17 will replace IFRS 4 Insurance Contracts which was issued in 2005. IFRS 17 applies to all types of insurance contracts regardless of the type of entity that issues them, as well as certain guarantees and financial instruments with characteristics of discretionary participation.

IFRS 17, which has not yet been endorsed by the European Union, will be effective for years beginning on or after 1 January 2023.

Risk analysis

For a detailed and in-depth analysis of the risks to which the company is exposed in the context of its operating activities, please refer to the Report on Operations, which forms an integral part of this consolidated annual report as at 31/12/2020.

Disclosure on the book value of financial instruments

In order to provide information capable of illustrating the exposure to financial risks, the information provided by the companies regarding the fair value measurement of financial instruments, as required by accounting standard IFRS 7, is of great importance.
The fair value hierarchy has three levels:
• level 1: if the financial instrument is listed on an active market;

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

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

Below is the disclosure on the book value of the financial instruments for the financial year ended on 31/12/2020:

31 December 2020 MailUp S.p.A.

(Amounts in Euro)	**Book value**	**Fair value**	**Fair value hierarchy**
Other financial assets			
Other non-current assets	2,447,805	2,447,805	Level 3
Other current financial assets	195	195	Level 1

Potential liabilities

The Company is not involved in any legal or tax proceedings.

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible assets (1)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
1,579,291	1,666,522	(87,231)

Plants and machinery

Description	Amount
Historic cost	251,292
Previous years' depreciation/amortization	(143,177)
Balance as at 31/12/2019	**108,115**
Acquisitions in the year	-
Period amortization/depreciation	(35,435)
Balance as at 31/12/2020	**72,680**

Other assets

Description	Amount
Historic cost	3,636,167
Previous years' depreciation/amortization	(2,077,760)
Balance as at 31/12/2019	**1,558,407**
Acquisitions in the year	326,528
Period amortization/depreciation	(378,325)
Balance as at 31/12/2020	**1,506,610**

"Other tangible assets" include:

- expenses for the purchase of office furniture and furnishings for Euro 356,518, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 546,865, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 334, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 3,231, net of period depreciation;
- expenses for improvements to third-party assets for Euro 599,662, net of period depreciation.

Assets for rights of use

Intangible assets	31/12/2019	Period increases	Period decreases	Period amortization	31/12/2020
Rights of use offices IFRS 16	3,830,181	4,711		678,716	3,156,176
Rights of use cars IFRS 16	175,668	45,655		100,790	120,533
Rights of use PC IFRS 16	0	29,737		4,748	24,989
Total	**4,005,849**	**80,103**	**0**	**784,254**	**3,301,698**

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 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 amortization/depreciation and equal to Euro 3,156,176 for leased offices, Euro 120,533 for leased vehicles and Euro 24,989 for hired PC, respectively.

Intangible fixed assets (2)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
3,118,415	3,143,432	(25,017)

Description of costs	Value as at 31/12/2019	Period increases	Period decreases	Period amortization	Value as at 31/12/2020
Platform development	2,805,007	804,139		(1,130,690)	2,478,456
Third-party software	310,929	393,208		(98,714)	605,423
Trademarks	8,878	2,754		(4,363)	7,269
Other	18,618	25,045	(12,242)	(4,153)	27,268
Total	**3,143,432**	**1,225,146**	**(12,242)**	**(1,237,921)**	**3,118,415**

"Platform development" includes, with the consent of the Board of Auditors, costs for the development of the MailUp platform for Euro 2,478,456, net of relevant amortization/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 amortized. "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.
The "Other" fixed assets consist of the costs of the complete revision of the Company's name and the Group's brand in the context of the international growth project that characterizes the Group's long-term strategy.
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 specific 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, 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 2020, 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 amortized. The costs are reasonably linked to benefits that extend over several years, and are amortized in relation to their residual possibilities of use, given the economic and financial potential recovery of the investment. The MailUp R&D department also includes a team dedicated to the BEE editor, which developed the software for an amount of Euro 756,517 during 2020. 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 2020 to the MailUp platform and to the BEE editor, in addition to details of the above-specified research and development projects, please refer to the paragraph "Research and development" of the Report on Operations to the consolidated and separate financial statements as at 31/12/2020, an integral part of these financial statements.

Equity investments in subsidiaries (3)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
18,252,603	18,234,108	18,495

Description	Value as at 31/12/2019	Period increases	Period decreases	Value as at 31/12/2020
Subsidiary companies	18,234,108	27,232	8,737	18,252,603
	18,234,108	**27,232**	**8,737**	**18,252,603**

The increase in equity investments relates to the new stock option plan known as the "Stock Option Plan 2020-2023" approved by the Extraordinary Shareholders' Meeting and Board of Directors on 23/04/2020 and with subsequent identification of beneficiaries at the Board of Directors' meeting of 19/08/2020, mentioned in the significant events of the year in the Consolidated Report on Operations, for the part pertaining to beneficiaries attributable to subsidiaries. The decrease, on the other hand, relates to the partial impairment, resulting from the impairment test of the Danish subsidiaries MailUp Nordics and Globase International, of the investment held by MailUp in MailUp Nordics, which reduced the value of this investment from Euro 800,000 to Euro 791,263. Details of this transaction are provided in the paragraph below on "Other non-current assets".

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

Company name	City or foreign country	Share capital in Euros	Shareholders' equity in Euros	Net profit/(loss)	% held	Book value
MAILUP INC	U.S.A.	41,183	337,653	(141,377)	100	734,916
ACUMBAMAIL S.L.	SPAIN	4,500	273,752	241,660	100	1,096,651
MAILUP NORDICS A/S	DENMARK	67,001	791,263	(169,630)	100	791,263
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	1,746,601	943,681	100	8,812,920
DATATRICS B.V.	NETHERLANDS	999	(2,018,026)	(1,320,187)	100	6,806,853
DATATRICS S.R.L.	MILAN	10,000	22,435	8,389	100	10,000
						18,252,603

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

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

Equity investments in associates and joint ventures (4)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
102,000	102,000	-

Company name	City or foreign country	Share capital	Shareholders' equity	Profit/(loss) 2020	% held	Book value
CRIT- Cremona Information Technology	CREMONA (CR)	310,000	373,750	3,747	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 31/12/2020	Balance as at 31/12/2019	Changes
2,449,075	1,432,370	1,016,705

Description	Balance as at 31/12/2019	Increase	Decrease	Reclassifications	Value as at 31/12/2020
Receivables from Subsidiaries (Beyond 12 Months)	1,360,423	503,180	(228,156)		1,635,447
Receivables From Associated Companies (Beyond 12 Months)	64,641				64,641
Receivables from others	1,270				1,270
Tax receivables Beyond	6,036				6,036
Pledged amounts Bper	0	741,681			741,681
	1,432,370	**1,244,861**	**(228,156)**	**0**	**2,449,075**

The receivables from subsidiaries refer to the interest-bearing loan to Datatrics BV. Increases in 2020 refer to an additional Euro 503,000 provided by the parent company to support the financial needs of Datatrics BV.
The decrease in the table refers for Euro 70,000 to the repayment of the interest-bearing loan by Datatrics S.r.l., previously disbursed by the parent company and repaid as a result of the liquidation procedure of the Italian branch of Datatrics B.V., which was approved on 26/11/2020 and will be completed in 2021. For more in-depth analysis of the strategic and organizational issues that led to this decision, reference should be made to the consolidated and separate Report on Operations, an integral part of these financial statements. The remainder of the decrease shown consists of the write-off of the residual interest-bearing loan, including

the 2020 interest portion and already partially impaired in 2019, provided by MailUp to the Danish non-operating sub-holding company MailUp Nordics to support the operational needs of its direct 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, equal to Euro 791 thousand and thus lower than the sum of the purchase value of the equity investment in Nordics, equal to Euro 800 thousand, and the residual long-term loan for Euro 158 thousand. The total difference, Euro 166,893, was recorded as impairment in the MailUp income statement, first of all against the intercompany loan, which was deemed to be unrecoverable, and, for the remaining Euro 8,737, as a reduction in the carrying amount of the investment, which was aligned with the recoverable value resulting from the impairment test. For further details on the calculation methods adopted for the impairment test, reference should be made to the specific paragraph in the consolidated notes to these annual financial statements.
The item BPER pledge refers to the amount withheld as pledge by Banca Popolare dell'Emilia Romagna against the two disbursements in 2020 of the loan connected to the Ministry of Economic Development "ICT Digital Agenda" call for tenders, which is discussed in detail in the section on research and development in the Report on Operations. The amount of the pledge is calculated at 40% of the total disbursed by BPER and Cassa Depositi e Prestiti and will be progressively released upon repayment of the related instalments as per the amortization schedule.

Deferred taxes assets (6)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
438,576	717,752	(279,176)

Deferred tax assets mainly refer to: tax losses that can be carried forward, to future amortization 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 241 thousand, from Euro 588 thousand to Euro 347 thousand.
The book value of the receivable is considered recoverable from the company's future prospects.

Current assets

Receivables from customers (7)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
2,126,986	1,927,474	199,512

The amount relates to trade receivables and also includes receivables for invoices to be issued, in the amount of Euro 131,373. 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 31/12/2019	9,256
Period use	(9,256)
Period provision	51,414
Balance as at 31/12/2020	**51,414**

In addition to the tax-deductible provision of Euro 9,803, the provision for doubtful debt was further increased by an amount of Euro 41,611, equal to half of the trade receivable due from a customer under administration, to reflect the uncertainty regarding the full collection of this amount.

Key accounts

In accordance with the provisions of IFRS 8, please note that for the years ended on 31/12/2020 and 31/12/2019, there are no customers generating revenues that exceed 10% of total revenues.

Receivables from subsidiaries and associates (8)

Description	Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
From associated companies	0	13,067	(13,067)
From subsidiaries	2,637,189	1,371,349	1,265,840

Receivables due from subsidiaries and associates derive from normal commercial operations implemented during FY 2020.

Below is the breakdown of receivables by geographic area:

Receivables divided by geographic area	From customers	From subsidiaries	Total
Italy Customers	1,922,823	156,852	2,079,674
EC Customers	22,688	1,374,908	1,397,595
Non-EC Customers	181,476	1,105,430	1,286,905
Total	**2,126,986**	**2,637,189**	**4,764,175**

Other current assets (9)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
2,195,326	2,565,959	(370,633)

The item is as follows:

Description	Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
Inventories	38,137	5,221	32,917
Tax receivables	131,442	93,733	37,710
Other receivables	1,075,358	1,691,960	(616,602)
Accrued income and deferred expenses	950,388	775,046	175,343
Balance as at 31/12/2020	**2,195,326**	**2,565,959**	**(370,633)**

Tax receivables as at 31/12/2020, are as follows:

Description	Amount
VAT advances	47,626
Tax receivable for personnel recruitment	33,786
Receivables from the Tax Authority for withholdings applied	50,030
Balance as at 31/12/2020	**131,442**

Receivables due from others as at 31/12/2020 are as follows:

Description	Amount
Advances to suppliers	5,769
Contributions on competitiveness agreements tender	430,061
Contributions of the ICT digital agenda call	639,527
Balance as at 31/12/2020	**1,075,358**

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 of the first report on the relative costs and investments. In July 2020, Euro 345 thousand was collected following the presentation of the interim progress report relating to the reporting of costs and investments.

Accrued income and deferred expenses as at 31/12/2020 are as follows:

Description	Amount
Deferred expenses	9,248
Accrued income	941,141
Balance as at 31/12/2020	**950,388**

As at 31/12/2020, there were no accruals or deferrals with a residual duration of more than five years.

Financial assets not held as fixed assets (10)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
195	490,998	(490,803)

MailUp has allocated a fraction of the available liquidity that is not used, 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 value of Euro 195 consists of the residual securities in our possession, after the redemption on 08/07/2020 of the investment for Euro 500,000 at nominal value.
The change represents the fair value at the end of the financial year that has been recognized in the Income Statement in accordance with the FVTPL criterion as required by IFRS 9.

Cash and cash equivalents (11)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
6,978,157	5,868,571	1,109,586

Description	Balance as at 31/12/2020	Balance as at 31/12/2019
Current Accounts receivable	6,977,924	5,867,984
Cash	233	587
Balance as at 31/12/2020	**6,978,157**	**5,868,571**

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

Liabilities and Shareholders' Equity

Shareholders' equity

Share capital (12)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
374,276	374,276	0

The share capital of the parent company MailUp is entirely paid in and is represented as at 31/12/2020 by 14,971,046 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each. The share capital has not changed.

Reserves (13)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
16,981,944	15,081,363	1,900,582

Description	31/12/2019	Increases	Decreases	31/12/2020
Share premium reserve	12,753,906			12,753,906
Stock option reserve	0	70,468		70,468
Legal reserve	80,000			80,000
Extraordinary reserve	3,417,945	2,195,911		5,613,856
Reserve for exchange adjustments	7,945	11,085		19,030
FTA reserve	(613,449)			(613,449)
OCI reserve	(226,360)	16,831	70,129	(279,658)
Reserve for treasury shares in portfolio	(259,023)	121,454	445,039	(582,608)
Merger surplus reserve	133,068			133,068
Profits/losses carried forward IAS	(212,668)			(212,668)
Balance as at 31/12/2019	**15,081,363**	**2,415,749**	**515,168**	**16,981,944**

The stock option reserve, linked to the incentive plan for members of top management and accounted for in accordance with IFRS 2, increased following the approval on 23/04/2020 of the new "Stock option plan 2020-2023". 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, valued at cost, by way of counter-entry in an amount equal to the treasury shares held as at 31/12/2020. 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 23/04/2020, 31,908 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 121,454.61 at a unit price of Euro 4.2559, compared with an average purchase price of Euro 3.8064, resulting in a positive delta of Euro 14,342. This delta was transferred to the extraordinary reserve.

Period result

The net period result is positive and comes to Euro 1,716,635 compared to Euro 2,192,638 as at 31/12/2019. 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 31/12/2020, an integral part of these financial statements.

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	13,492,969	A, B	13,492,987
Share premium reserve IAS	(739,081)		
Stock option reserve	70,468	B	
Legal reserve	80,000	B	
Extraordinary reserve	5,613,856	A, B, C, D	5,613,856
Reserve for exchange rate gains	7,945		
FTA reserve	(613,449)		
OCI reserve	(279,658)		
Negative reserve for treasury shares in portfolio	(582,608)		
Merger surplus reserve	133,068	B, C	133,068
Losses carried forward	(212,668)		
Total	**16,970,841**		**19,239,911**
Restricted portion			
Residual distributable portion			**19,239,911**

(*) 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 amortized of research, development and advertising costs at 31/12/2020.

Non-current liabilities

Payables to banks and other financiers (14)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
3,383,214	1,445,112	1,938,102

Amounts due to banks relates to the residual medium/long-term portion of unsecured loans taken out; in 2020, the following loans were taken out:
-loan with Banca Credem for Euro 1,000,000 for 60 months at a fixed annual rate of 0.60%, loan guaranteed by Medio Credito Centrale;
-loan with Banca Bper for a total of Euro 1,854,202.33 for 84 months, as part of the ICT Digital Agenda call for tenders, of which Euro 1,651,647.55 provided by Cassa Depositi e Prestiti at a subsidised fixed annual rate of 0.8% and Euro 202,554.78 at a fixed annual rate of 2.2% as bank loan from BPER.

Long-term right of use financial liability (15)

Description	31/12/2020	31/12/2019	Changes
Financial liabilities RoU offices MLT IFRS 16	2,498,375	3,171,723	(673,348)
Financial liabilities RoU cars MLT IFRS 16	50,913	84,586	(33,673)
Financial liabilities RoU PC MLT IFRS 16	12,232	0	12,232
Total	**2,561,520**	**3,256,309**	**(694,789)**

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 31/12/2020	Balance as at 31/12/2019	Changes
3,000,000	3,000,000	0

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 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 31/12/2020	Balance as at 31/12/2019	Changes
66,667	146,667	(80,000)

Description	31/12/2019	Increases	Decreases	Reclassifications	31/12/2020
Provision for pensions (TFM)	146,667	100,000	180,000		66,667

The provision for pension and similar commitments is related to the indemnity due to Directors upon cessation of office (TFM).
During the year, the mandate expired and the Directors were paid the relative TFM due to them.

Provisions for personnel (18)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
1,710,743	1,475,997	234,746

The change is as follows:

Description	31/12/2019	Increases	Decreases	Actuarial gains/(losses)	31/12/2020
Staff provision (TFR)	1,475,997	356,747	160,490	38,489	1,710,743
	1,475,997	**356,747**	**160,490**	**38,489**	**1,710,743**

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:

	31/12/2020
Annual technical discounting rate	0.35%
Annual inflation rate	1.00%
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 31/12/2020	Balance as at 31/12/2019	Changes
1,739,204	1,405,885	333,319

Amounts due to suppliers are recorded net of trade discounts and are broken down by geographical area as follows:

- amounts due to Italian suppliers for Euro 1,537,752;
- amounts due to EU suppliers for Euro 123,086;
- amounts due to non-EU suppliers for Euro 78,366.

Payables to subsidiaries and associates (20)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
1,015,656	1,349,337	(333,681)

Description	31/12/2020	31/12/2019	Changes
Subsidiary companies	984,436	1,328,589	(344,153)
Associated companies	31,220	20,749	10,471
Total	**1,015,656**	**1,349,337**	**(333,681)**

Amounts due to subsidiaries are detailed below:

- amounts due to MailUp Inc. for supplies, Euro 12,255;
- amounts due to Agile Telecom for supplies, Euro 949,461;
- amounts due to Globase for Euro 5,105;
- amounts due to Datatrics BV for Euro 17,615;

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

Due to banks and other lenders short term (21)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
955,301	938,804	16,497

Description	31/12/2020	31/12/2020	Changes
Amounts due to banks - short-term	955,301	938,804	16,497
Total	**955,301**	**938,804**	**16,497**

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 31/12/2020	Balance as at 31/12/2019	Changes
763,286	761,356	1,930

Description	31/12/2020	31/12/2019	Changes
Financial liabilities RoU offices ST IFRS 16	673,348	667,984	5,364
Financial liabilities RoU cars ST IFRS 16	77,059	93,372	(16,313)
Financial liabilities RoU PC ST IFRS 17	12,879	0	12,879
Total	**763,286**	**761,356**	**1,930**

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 31/12/2020	Balance as at 31/12/2019	Changes
8,910,857	10,098,639	(1,187,782)

Tax payables

Description	31/12/2020	31/12/2019	Changes
VAT payable	200,233	136,623	63,610
Amounts payable to the Tax Authority for withholdings applied at source	249,162	233,910	15,252
Total	**449,395**	**370,533**	**78,862**

Other current liabilities

Description	31/12/2020	31/12/2019	Changes
Advances	178	53,101	(52,923)
Amount due to social security institutions	392,993	371,793	21,200
Amounts due to Directors for emoluments	83,282	23,570	59,712
Amounts due to employees for salaries and wages payable	383,546	399,960	(16,414)
Amounts due to employees for holidays, permits and additional months' salaries	535,086	645,296	(110,209)
Payables for MBO bonuses	290,911	135,814	155,097
Accrued liabilities	13,863	3,352	10,511
Payables to BMC Holding B.V. within 12 months	0	748,296	(748,296)
Deferred income	6,761,602	7,279,623	(518,021)
Other payables		67,302	(67,302)
Total	**8,461,462**	**9,728,107**	**(1,266,645)**

The payable to BMC Holding relates to the acquisition of Datatrics B.V. described above, the last instalment of which was paid on 26/10/2020.
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 31/12/2020, there are no commitments and guarantees given by MailUp to third parties.

Income Statement

Revenues (24)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
20,930,460	18,143,665	2,786,795

Income from sales and services comes to Euro 20.9 million (Euro 18.1 million as at 31/12/2019), recording an increase of Euro 2.8 million (+15.4%) on the corresponding figure for the previous year.

Revenues by product type

Below are details of revenues according to product type.

Description	31/12/2020	31/12/2019	Change
E-mail revenues	11,052,793	10,207,084	845,709
SMS revenues	4,342,441	4,349,852	(7,412)
Intercompany revenues	4,352,956	2,543,749	1,809,208
Other revenues	1,182,270	1,042,980	139,290
Total	**20,930,460**	**18,143,665**	**2,786,795**

Other revenues mainly refer to contributions on calls for tenders accounted for, mentioned in the specific section of the Report on Operations to these financial statements, as well as contingent assets and income related to residual activities.

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. It should be noted that starting in 2019, with the expansion of the Group and the internal reorganization of certain centralized activities under the Holding Company for the sole purpose of making the structure more efficient, some criteria for the reversal of certain costs of the Holding Company provided to service Group companies have been introduced, with an impact on the EBITDA of business units other than MailUp.
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 31/12/2020.

COGS (Cost of Goods Sold) (25)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
6,324,472	7,460,445	(1,135,972)

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases Cogs	3,139,767	3,286,561	(146,794)
Services Cogs	1,940,360	1,464,658	475,702
Cost of rents and leases Cogs	9,012	13,142	(4,131)
Payroll cost Cogs	1,227,957	2,686,270	(1,458,313)
Sundry operating expenses Cogs	7,377	9,814	(2,437)
Total	**6,324,472**	**7,460,445**	**(1,135,972)**

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 3.1 million, are represented by purchases to send text messages, the main provider of which consists, for Euro 2.7 million, of the subsidiary Agile Telecom. Payroll costs decreased significantly, by Euro 1.5 million, due to a reclassification in the accounting records and a shift to the Sales & Marketing and Research & Development areas.

Sales & Marketing costs (26)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
3,363,593	2,479,781	883,812

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases S&M	2,185	6,396	(4,211)
Services S&M	800,264	641,951	158,314
Cost of rents and leases S&M	11,073	5,745	5,328
Payroll cost S&M	2,550,070	1,823,585	726,485
Sundry operating expenses S&M	0	2,105	(2,105)
Total	**3,363,593**	**2,479,781**	**883,812**

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.
Payroll costs increased significantly compared to 2019, as a result of a strengthening of the commercial division with the inclusion of key figures, and the reclassification of cogs payroll costs mentioned earlier.

Research & Development costs (27)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
2,828,035	1,598,789	1,229,247

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases R&D	264	11,144	(10,880)
Services R&D	307,150	196,390	110,761
Cost of rents and leases R&D	3,539	0	3,539
Payroll cost R&D	3,321,219	2,249,677	1,071,542
Capitalised R&D payroll cost	(804,139)	(858,424)	54,285
Total	**2,828,035**	**1,598,788**	**1,229,247**

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 capitalization is carried out, with the consent of the Board of Statutory Auditors, in relation to the future usefulness of the software development projects of the MailUp platforms. The research and development activity for the year 2020 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.
Payroll costs increased significantly due to the increase in the headcount of the R&D team and the strengthening of the BEE team that deals with the BEE software as indicated above; in addition to the reclassification of Cogs costs as previously mentioned.

General & Admin costs (28)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
4,515,059	3,669,947	845,112

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Purchases	25,548	35,398	(9,850)
Services	2,828,466	2,062,700	765,766
Cost of rents and leases	30,648	46,960	(16,311)
Payroll cost	1,482,895	1,314,107	168,789
Sundry operating expenses	147,501	210,783	(63,282)
Total	**4,515,059**	**3,669,947**	**845,112**

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.

Amortization & depreciation (29)

Below are details:

Description	31/12/2020	31/12/2019	Changes
General depreciation costs	323,156	166,405	156,751
Amortization right of use	784,254	546,818	237,436
Amortization R&D	1,379,940	1,520,153	(140,214)
Amortization & Depreciation	166,893	267,991	(101,098)
Total	**2,654,243**	**2,501,367**	**152,876**

The impairment of Euro 167 thousand relates to the reduction in the total carrying amount of the investment in the non-operating sub-holding company MailUp Nordics and its subsidiary Globase International as a result of impairment testing, as explained in more detail in the previous section on investments and "Other non-current assets". Right of use amortization was calculated for the first time in 2019 following the application of IFRS 16, as already mentioned.

Financial operations (30)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
856,633	1,924,554	(1,067,922)

The breakdown is as follows:

Description	31/12/2020	31/12/2019	Changes
Dividends from subsidiaries	962,509	1,881,922	(919,413)
Financial income	63,351	97,691	(34,340)
Financial expense	(72,541)	(59,254)	(13,286)
Exchange gains	30,687	26,637	4,050
Exchange losses	(127,373)	(22,442)	(104,932)
Total	**856,633**	**1,924,554**	**(1,067,922)**

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 15 April 2020 for Euro 812,509 and by the Shareholders' Meeting of Acumbamail on 30 April 2020 for Euro 150,000.

FY income tax (31)

Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
384,488	165,253	219,235

Taxes	Balance as at 31/12/2020	Balance as at 31/12/2019	Changes
Current tax:	**88,480**	**49,838**	**38,642**
IRES			
IRAP	88,480	49,838	38,642
Substitute tax			
Deferred (prepaid) tax	**296,008**	**115,415**	**180,593**
IRES	296,008	114,218	181,790
IRAP		1,197	(1,197)
	384,848	**165,253**	**219,235**

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

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

Description	Value	Taxes
Pre-tax result	2,101,328	
Theoretical tax liability (%)	24%	504,319
Temporary differences taxable in subsequent years:	(429)	(103)
Temporary differences deductible in subsequent years	291,892	70,054
Reversal of temporary differences from previous years	(235,217)	(56,452)
Differences which do not reverse in subsequent years	(768,953)	(184,549)
deductible tax losses	(1,110,899)	(266,616)
difference	277,722	66,653
Ace	(277,722)	(66,653)
Taxable amount	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	Value	Taxes
Difference between value and cost of production, gross of CDL and impairment	9,215,027	
Costs not significant for IRAP purposes	1,701,788	
Income not significant for IRAP purposes	(142,155)	
	10,774,660	
Theoretical tax liability (%)		3.90%
Deductions for employed staff	(8,505,936)	
Tax base for IRAP	**2,268,724**	
Current IRAP for the year		**88,480**

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	31.12.2020
Net profit attributable to shareholders	1,716,841
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	73,881
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	138,980
Weighted number of shares in issue	14,864,616
Basic earnings per share	**0.12**

Diluted earnings per share are calculated as follows:

Description	31.12.2020
Net profit attributable to shareholders	1,716,841
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	73,881
Opening shares potentially assignable	
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	138,980
Closing shares potentially assignable	948,886
Weighted number of shares in issue	15,339,059
Basic earnings per share	**0.11**

Workforce

In 2020, the number of employees of MailUp came to 163, of whom 3 managers, 12 middle managers and 148 white-collar workers.
The number of total employees employed during the year, i.e., ULA (Annual Work Units), amounted to 150.45 at group level.

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	31/12/2020	31/12/2019
Directors	651,903	641,820
Board of Auditors	25,954	23,920
Independent auditing firm	25,000	24,240

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 of the date of approval of these financial statements, MailUp can no longer be identified as an SME, as for two consecutive years the Group has exceeded the limits on turnover and total annual consolidated assets, which are necessary requirements to maintain this qualification.

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	31/12/2020
DEVELOPMENT PORTING ANGULARIS	32,097
DEVELOPMENT PROJECT PRODUCT DESIGN	19,252
PLATFORM DEVELOPMENT 9.0 AND LATER VERSION	734,531
DEVELOPMENT CRM	18,259
Investement in R&D	**804,139**
Value of Production	**20,909,552**
Incidence %	**4%**

Information pursuant to article 1, paragraph 125 of Law no. 124 of 04 August 2017
It should be noted that in FY 2020 MailUp received the following contributions on calls for tenders from public administrations:

Date	Description	Amount
20/01/2020	Contribution Sustainable Growth Fund project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL I	266,289.81
10/07/2020	Contribution Sustainable Growth Fund project F 140001/00/x39 Call ICT Digital Agenda FRI DM 181017 SAL II	345,658.15
30/10/2020	National Agency for active policies: contribution for the youth guarantee employment initiative Call Stock 734 project ID96242242	2,400.00
	Total	**614,347.96**

Proposal for allocation of profits

It is proposed to the Shareholders' Meeting that the result for the year, equal to Euro 1,716,841, be allocated to the Extraordinary Reserve and that the Reserve for Exchange Rate Adjustments, equal to Euro 19,030, also be allocated to the Extraordinary Reserve.

These financial statements, comprising the Balance Sheet, Income Statement, Statement of Changes in Equity, Statement of Cash Flows and 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, 23 March 2021

The Chairman of the Board of Directors

Matteo Monfredini

REPORT BY THE BOARD OF AUDITORS TO THE FINANCIAL STATEMENTS AS AT 31/12/2020

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 23/03/2021, relative to the financial year ended on 31/12/2020:

- 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 23/04/2020 until approval of the Financial Statements at 31/12/2022.
The Board of Auditors in office as at the date of this Report took office after appointment during the same Shareholders' Meeting of 27/04/2020. It is recalled that its term of office will end with this Meeting to approve the financial statements at 31/12/2022.

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 Legislative Decree 58/9, and compliance with the independence requirements established by the law, on the basis of the criteria set forth by the Rules of Conduct of the Board of Auditors, drafted by the Italian National Board of Chartered and Certified Accountants. In particular, it is acknowledged that no events took place that may cause the requirement of independence to be lost with respect to the verification performed at the time of appointment.
No Auditor has had any interest, on their own behalf or for third parties, in a given operation carried out during the year.
This report therefore summarizes the activities concerning the information envisaged by article 2429, paragraph 2 of the Italian Civil Code and, more specifically:

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

- the possible receipt of complaints from shareholders under article 2408 of the Italian Civil Code,
- the results of the financial year.

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

Meeting attendance of the corporate bodies

The Board of Auditors certifies that:

In 2020, the Board of Auditors held four meetings and attended the Shareholders' Meeting and the six 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 as a mark of unanimous approval.

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

We would like to introduce that, with regard to the Covid-19 pandemic emergency that deeply affected the 2020 financial year, the Board of Statutory Auditors supervised the adoption of the necessary measures to prevent and contain the contagion in the workplace, in accordance with the instructions given by the competent Authorities to allow the continuation of the company's activities. To that end, the Board of Statutory Auditors obtained information on the occasion of meetings of the Board of Directors and periodic audits. The Board of Statutory Auditors also monitored the effects of the pandemic emergency on the performance of the Company and its business, including through the exchange of information with the Independent auditing firm. In the Report on Operations, the Company described the measures adopted to contain the spread of the Covid-19 epidemic in the workplace and provided a summary analysis of the impact of the event on its financial results.

By attending the Meetings of Shareholders and of 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 as to risk the integrity of the Company's assets. The Board of Auditors has also monitored compliance with the Guidelines, Standards of Conduct and Procedures in force in the Group, as well as compliance with the processes whose outcome is submitted to the attention of the Directors and on which they resolve.
The Board of Auditors has acquired knowledge of and monitored, insofar as it is competent to do so, compliance with standards of correct administration, including through the information received directly from the parties responsible for the various corporate departments and the Independent auditing firm.
On the basis of the information acquired during the supervisory activities, it has been seen that the operations of greatest importance in terms of economics, finances and equity, carried out by the Company, including through direct or indirect subsidiaries, were the following:

- Signing of directorship agreements with related parties;
- Review and approval of a transaction with related parties;
- Adoption of a medium-long term share incentive plan and consequent capital increase to service it;
- Authorisation for the purchase and disposal of treasury shares pursuant to article 2357 of the Italian Civil Code.

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 2020, which also provides a complete update on the evolution of the reference legislative framework.
Market abuse legislation
The Board of Auditors monitored the fulfilment of the duties connected with Market abuse legislation regarding corporate disclosures and internal dealing, with specific reference to the processing of inside information and the procedure by which to issue press releases and public information. More specifically, the Board of Auditors has monitored compliance with provisions on the update of the Register of persons having access to inside information.
Supervisory activities regarding transactions with subsidiaries
The provisions issued to subsidiaries suffice to guarantee the timely fulfilment by the latter of the disclosure obligations laid down by the law. The Board of Auditors has examined and assessed the document of verification and updating, both of the areas in which the management and coordination of the parent company takes place and of the companies with regards to which said activities is carried out, verifying compliance with the applicable provisions of articles 2497 ff of the Italian Civil Code.
Supervisory activities of infra-group and related party transactions
As concerns infra-group transactions, the Directors have highlighted, in the Notes to the financial statements and the Report on Operations, just as in previous years, the existence of commercial and financial relations between the Group companies, specifying that said transactions are part of ordinary operations and regulated at market conditions.
Related 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 Statutory Auditors issued the following opinions: allocation of fringe benefits to certain Directors and executives, assignment of the audit

engagement, fairness of the share issue price in the event of a share capital increase with exclusion of option rights.

Supervision of the suitability of the organisational structure

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

Requirements connected with Legislative Decree no. 231/2001

With reference to the organisational and procedural activities implemented in accordance with and pursuant to 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 conducted its security policies in order to ensure an adequate level of protection of personal data subject to processing in application of the regulatory amendments introduced by the new EU 2016/679 European data protection regulation, which came into force in all European countries on 25/05/2018, known as GDPR (General Data Protection Regulation): to this end, on 24/03/2020, the company formally appointed the Law Firm ICT Legal Consulting as Data Protection Officer and communicated in the legal ways the contact details of the Data Protection Officer to relevant supervisory authorities.

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 nor 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 entertained with the Independent auditing firm, both through formal meetings also attended by the Company's administrative managers and informal meetings between individual members of the Board and representatives of the independent auditing firm, in order to allow for a mutual exchange of significant data and information, in compliance with the provisions of article 150 of Legislative Decree no. 58/98. Complete collaboration was afforded at all times, including as regards the preparation of the annual financial statements and no critical issues 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 23/03/2021. The Board of Statutory Auditors agreed with 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 2020 have been approved by the administrative body and consist of the Balance Sheet, Income Statement, Notes and Statement of Cash Flows. Moreover:

- the documents were delivered to the Board of Auditors in time to allow for their deposit at the Company's office complete with this report, regardless of the terms envisaged by article 2429, paragraph 1 of the Italian Civil Code,
- the Independent auditing firm has issued its report in accordance with articles 14 and 16 of Legislative Decree no. 39/2010, stating that the annual financial statements as at 31 December 2020 are compliant with the International financial reporting standards - IFRS - adopted by the

European Union and the provisions issued in implementation of article 9 of 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 audit report contains opinions on the consistency with the financial statements of the Report on Operations and information of the Report on Corporate Governance pursuant to article 123-bis of Legislative Decree no. 58/98.
The draft financial statements were therefore further examined, regarding which the following additional information is provided:

- the Board has expressed its consent to the recognition as intangible assets of the development costs in relation to the future usefulness of the Mailup platform under realization;
- as already mentioned, the Company has adopted the international accounting standards IAS/IFRS as from 2016. To this end, the Board of Auditors has ascertained the suitability, in terms of method, of the impairment testing process implemented to ascertain that assets are booked at a value that does not exceed 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 31/12/2020 is positive for Euro 1,716,841.
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 2020 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 31/12/2020 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, 06/04/2021
The Board of Auditors
Michele Manfredini (Chairman) [*signature*]
Giovanni Rosaschino (Regular auditor) [*signature*]
Fabrizio Ferrari (Regular auditor) [*signature*]

Mailup S.p.A.

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

Financial statements as of December 31, 2020

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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Viale Abruzzi, 94
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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, 2020, 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, 2020, 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, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Roma, Torino, Verona

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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, 2020, 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, 2020 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, 2020 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 7, 2021

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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