



MailUp S.p.A

Consolidated and separate financial
statements as at 31.12.2015

BE RELEVANT

Contents

Corporate bodies	3
MailUp S.p.A. Leader in the sending of e-mail and text messages	4
Pro-forma consolidated income statement as at 31/12/2015	7
Summary data	9
Summary report	13
Group consolidated financial statements as at 31/12/2015	43
Notes to the Group consolidated financial statements as at 31/12/2015	51
Independent Auditors' Report on the consolidated financial statements as of 31/12/2015	77
Report on operations accompanying the financial statements as at 31/12/2015	80
Financial statements as at 31/12/2015	104
Notes to the financial statements as at 31/12/2015	111
Report by the Board of Auditors to the shareholders' meeting	153
Independent Auditors' Report on the financial statements as of 31/12/2015	155

Corporate bodies

BOARD OF DIRECTORS

Chairman **Matteo Monfredini**

Deputy Chairman: **Luca Azzali**

Director with powers: **Matteo Bettoni**

Director with powers: **Nazzareno Gorni**

Director with powers: **Alberto Domenico Miscia**

Director with powers: **Giandomenico Sica**

Independent director: **Valerio De Molli**

BOARD OF AUDITORS

Chairman: **Michele Manfredini**

Regular Auditors: **Giovanni Rosaschino, Fabrizio Ferrari**

INDEPENDENT AUDITING FIRM

Independent auditing firm: **BDO Italia S.p.A.**

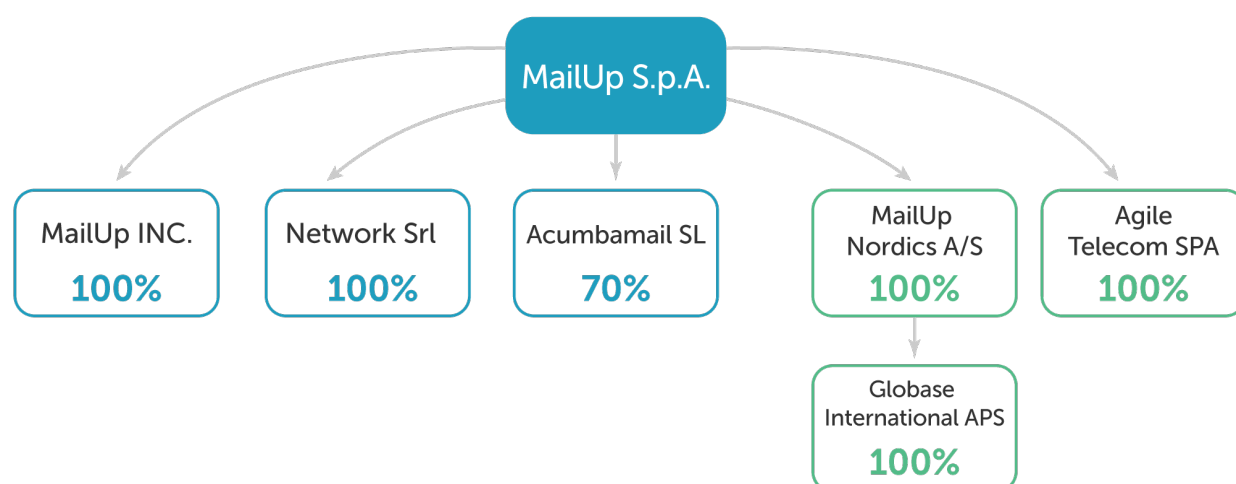
MailUp S.p.A. Leader in the sending of e-mail and text messages

MailUp is a technological company that has developed a digital cloud computing platform (Software as a Service - SaaS) used by SMEs and large enterprises to create, send and monitor newsletters, e-mails, text messages and social networks. With more than 25 billion messages sent each year and more than 10,000 clients, MailUp leads the ESP sector both in terms of the number of e-mails sent and the number of clients.

MailUp is an open system complete with a large library of free APIs to connect external databases, CRMs, CMS, e-commerce systems, ERPs and web analytics and business intelligence systems. Thanks to SMTP+, the client has an outgoing SMTP server available through which to send large quantities of e-mail from a web application, an e-commerce website and even one's own, usual mailbox. Data can be collected directly by MailUp or other software applications: the result is a database that "talks to everyone". Every day, in Italy and across the globe, more than 10,000 multinationals, entities and SMEs put themselves in the hands of MailUp to communicate in a significant, ethical manner. More than 800 retailers have opted to offer the multi-channel platform to their own clients, sharing our way of doing business and innovation. MailUp Inc. also operates on the US market, where it has more than 100 clients. We share a culture of professional, responsible e-mail marketing, driven by competence, an exchange of ideas and constant research.

MailUp Group structure

Below is the organisational structure of the group as at 31 December 2015:



MailUp Inc

Established in San Francisco by the parent company in November 2011, it aims to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. Since the end of this year, the company has also been marketing the new

product BEE Plugin. The strategic location allows for the capture and anticipation of innovative ideas coming from Silicon Valley, California, an area in which the main players on the reference market and the digital economy in general, are concentrated. This is why, as well as for the specific competences accrued, the resources of MailUp Inc are monitoring and coordinating, in collaboration with the Italian colleagues, the development and technical update programmes of the MailUp platform, as well as the road maps for the implementation of the new releases and the development of integrations with third party partners.

Network S.r.l.

With registered office in Cremona, Network S.r.l. provides IT-systems consultancy, software analysis, design and engineering, supply, design, installation and management of all problems relating to mass e-mailing (abuse and deliverability services) or through other messaging channels. Having developed these specific professional aspects, Network deals with the management, on behalf of the parent company MailUp, of the development and maintenance of software and applications, management of databases and the hardware and software infrastructure, customer assistance services, improvement to the performance of allocation to addressees, abuse prevention and the maintenance and update of the website in relation to the MailUp® platform, the multi-channel direct marketing tool (newsletters, mails, text messages, social networks) owned by MailUp S.p.A. The company also designs, develops and retails video surveillance and intelligent video analysis solutions. 96% of turnover is realised with regards to its parent company.

Acumbamail SL

Acumbamail SL, a start-up founded in 2012 with registered office in Ciudad Real, Spain, has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees.

MailUp Nordics A/S

MailUp Nordics A/S controls 100% of the capital of the company Globase International ApS, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows. The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group aims to position the MailUp platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing. The acquisition also enables know-how to be increased, particularly in managing problems reported by medium/large clients.

Agile Telecom S.p.A.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Code (Italian Legislative Decree no. 259 of 01 August 2003; Annex no. 9). The company is also entered on the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator") and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing customers the best possible sending quality at the lowest possible price.

The distinctive traits of the work of Agile Telecom are as follows:

- Platform and know-how for highly-flexible, scalable message routing management, which enables customised rules and routing dynamics of messages, so as to optimise quality and cost.
- Direct connections with numerous national and international telecommunications operators with high capacity and sending volumes such as to allow for low purchase costs.
- Capacity to supply customised text message services, such as, for example, for high/low quality sending (MT - Mobile Terminated), SMS receipt service (MO - Mobile Originated), sending with customisable TTL (Time-to-live) service, necessary, for example, to send OTP (One-time password), i.e. PIN numbers that only remain valid for a few minutes.
- System for monitoring the quality of the sending of text messages available in several countries and with several telephone operators (SMSC.net).
- System for the dynamic comparison of the costs of sending through several international aggregators.
- System for the sending via signalling protocol SS7, the same used by mobile telephony operators.
- System for the management of the MNP (Mobile Number Portability) database supplied by the Ministry of Economic Development, which means that each addressee can know the corresponding telephony operator. This means that the optimal and/or least expensive sending route can be set.
- Membership of the GSMA international association that groups together all the main mobile telephony operators.

Pro-forma consolidated income statement as at 31/12/2015

The income statements of the subsidiaries Agile Telecom S.p.A. and MailUp Nordics A/S, in turn the parent company of Globase International ApS, have not been consolidated, insofar as acquired respectively on 29 December and 13 November 2015 and, on the basis of the indications given in OIC 17, the consolidation of the income statement could only have taken place as from that date, clearly with insignificant effects on the group income statement.

A pro forma income statement has also been prepared, as presented below, which also includes financial data for Agile and the MailUp Nordics Group for the whole of FY 2015, in order to provide a more fitting representation of the consolidated results.

For a clearer understanding of the group economic variables, the pro forma income statement has the values reclassified according to management logics, which best reflect the specificities of the MailUp Group business. More specifically: income is divided up according to the relative business lines, whilst the costs refer to the functional cost centre that generated them.

The financial and extraordinary operations are influenced by the contingency asset determined by the restructuring of the MailUp Nordics Group for Euro 646 thousand, applied during the first half of 2015 by the previous Dutch parent company, Ad Pepper Media NV, which transferred to MailUp through the free transfer of its receivables due from the Danish subsidiaries.

DESCRIPTION	PRO - FORMA 31/12/2015	CONSOLIDATED 31.12.2014	delta
INCOME FROM SALES OF MAIL	8.520.177	6.063.420	2.456.757
INCOME FROM SALES OF SMS	10.036.946	1.816.829	8.220.118
INCOME FROM SALES BEE	6.899	-	6.899
INCOME FROM SALES AND SERVICES	101.133	123.814 -	22.681
OTHER INCOME	245.339	30.161	215.178
VALUE OF PRODUCTION	18.910.494	8.034.223	### ##
VARIABLE COSTS	5.818.888	1.644.276	4.174.611
COMMERCIAL COSTS	2.580.160	1.853.874	726.285
- Gross industrial costs	5.235.478	2.630.002	2.605.476
- Capitalisation of payroll costs for R&D activities -	1.540.862 -	1.023.466 -	517.396
INDUSTRIAL COSTS	3.694.616	1.606.536	2.088.080
TOTAL PRODUCTION COSTS	12.093.663	5.104.686	6.988.977
LEVEL 2 CONTRIBUTION MARGIN	6.816.831	2.929.537	3.887.294
GENERAL COSTS	3.855.184	2.095.954	1.759.230
EBITDA	2.961.647	833.582	2.128.065
AMORTISATION, DEPRECIATION AND PROVISIONS	1.080.953	628.368	452.585
AMORTISATION OF CONSOLIDATION DIFFERENCE	700.670	-	700.670
EBIT	1.180.024	205.214	974.810
FINANCIAL AND EXTRAORDINARY OPERATIONS	685.543 -	1.976	687.519
EBT	1.865.567	203.238	1.662.328
TAX	764.305	195.297	569.008
PREPAID TAX -	165.496 -	59.077 -	106.419
DEFERRED TAX	24.097 -	1.454	25.551
NET PROFIT	1.242.661	68.472	1.174.189

Summary data

Main industrial events characterising FY 2015

During 2015, the business was characterised by the development of the growth for external lines and globalisation in addition by the development of a series of innovative projects aimed at improving the quality of the product and services offered by the group.

More specifically, with reference to the growth path for external lines:

1) the majority share has been acquired of Acumbamail SL (70%), emerging leader in the e-mail marketing field in Spain, created in 2012 with a growth rate recorded in turnover of 100% (2015 on 2014) and EBITDA of around 25% (2015).

With this acquisition, MailUp strengthened its presence on the Spanish-speaking markets (Spain and South America), which with more than 450 million people and an internet penetration rate that is growing strongly, representing one of the fastest growing markets of the international digital economy.

2) Globase International Aps (subsidiary of MailUp Nordics, formerly Ad Pepper Media Denmark A/S) has been acquired, one of the major Danish players in the field of e-mail marketing. Globase was established in 1999 and develops solutions enabling companies to manage and improve communication and marketing campaigns with its clients through all channels. The reference market is that of medium/large companies in Denmark and the Nordics. The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M.

For MailUp, it is an acquisition not only of the market, but also know-how, useful to strengthen in the management of the problems of medium-large clients.

3) Agile Telecom S.p.A. has been purchased, a company specialised in professional messaging solutions (text messages) for Italian and foreign companies, thanks to the direct interconnection with telecommunications operators on an international scale. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator" and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing its business customers the best possible sending quality at the lowest possible price.

With this acquisition, MailUp has reinforced its know-how in the field of text messages, which, already before the operation was an important part of the Group's turnover.

With reference to the events of industrial significance:

1) anti-spam policies have been strengthened, as a consequence of the entrance of MailUp into the "Certified Senders Alliance" (CSA), created by the main European internet service providers (including Vodafone, GMX, Web.de, T-Online, Freenet and 1&1), which aims to encourage the collaboration of internet service providers and e-mail service providers, respecting the best standards in the fight against spam.

MailUp has also obtained certification by Suretypmail, the accreditation programme that - in improving the sender's reputation with the main ISPs - allows all clients of the platform to send e-mails and newsletters, even to mailboxes that are protected by the most effective anti-spam programs;

2) BEE Plugin has been distributed to more than 400 international beta tester companies and, following the test results, has been launched officially on the market.

BEE Plugin (an "embeddable" editor used to create newsletter templates) is just one of the new MailUp products, the evolution of BEE Free, which has had enjoyed great success overseas, confirmed as amongst the most interesting new features of the e-mail marketing sector, according to the data published by Product Hunt, a point of reference for the Silicon Valley technology professionals.

Product Hunt is invested in by successful players such as Google Ventures, SV Angels – investors in Pinterest, Airbnb, Foursquare – and Andreessen Horowitz – investors in Facebook, Zynga and Skype;

3) again on an international scale, we have the launch of the MailUp App for Shopify, the new product aiming to conquer the more than 243,000 e-commerce sites using the Shopify platform. MailUp App for Shopify is an application that thanks to BEE Plugin, integrates our platform to send e-mails and text messages with Shopify, the market leading e-commerce platform in the segment of small and medium enterprises.

Shopify Inc has recently been launched on the stock exchange with a double listing in both New York and Toronto. With a market capitalisation of more than US\$ 2.5 billion, Shopify is one of the most successful technological companies of the United States of America;

4) a commercial presence has been launched in Indonesia, one of the fastest growing digital economies internationally, with more than 250 million inhabitants, of whom 70 million network connected and with growth of internet penetration that is amongst the highest on the Asian continent. With last summer's launch (ref. www.mailup.id), MailUp is officially the top e-mail service provider in the country, with customer care service and local support.

The path has been developed in partnership with YDigital, one of the main Indonesian marketing agencies and part of the Swiss Mountain Partners Group, investors, amongst others, in Alando (sold to EBay), Ciao! (sold to Microsoft), BuyVip (sold to Amazon) and Scout24 (sold to Deutsche Telekom);

5) a commercial presence has been launched in Japan, thanks to a partnership with Interarrows, a company based in Tokyo and market leaders in the introduction into Japan of cutting-edge, international technological solutions for digital marketing. The brands imported by Interarrows include success cases such as comScore, KISSmetrics, Appsee, ShoutEm and bMobilized. According to the agreement, the MailUp platform has been localised into Japanese and Interarrows is responsible for marketing, sales and support.

MailUp has also been included in the SoftBank C&S portfolio and, in particular, it has been published on the website www.marketingbank.jp, the suite of products that SoftBank C&S offers in Japan, together with brands like Microsoft Azure, Dropbox and KISSmetrics. SoftBank is Japan's most important technological company, listed on the Tokyo stock exchange with a market cap in excess of US\$ 90 billion.

6) Jade has been launched (<http://www.mailup.it/jade/>), the application for iPad that enables a digital registration form to be created in just a few steps, to collect contacts even off-line. Data is saved to the iPad and, once the user connects to the internet, automatically sent to the MailUp account.

Certification as Innovative SME and tax benefits

In 2015, MailUp obtained certification as an innovative SME, which, amongst the various benefits, entitles it to a series of tax incentives for investors who have invested, who invest and who will invest in MailUp, as long as they retain their investment for a continuous period of two years.

This certification is a consequence of Italian Law no. 33 of 24 March 2015 converting Italian Decree Law no. 3/2015 ("Investment Compact"), which introduced a new type of business, the "Innovative Small or Medium Enterprise", assigning them many of the benefits already assigned to innovative start-ups by the "Growth Decree 2.0" at end 2012.

DL 3/2015 in its current formulation envisages the following tax incentives on the amounts invested in innovative SMEs:

- An IRPEF deduction of 19% of the investment for natural persons who have invested up to Euro 500 thousand in innovative SMEs for each tax period;
- A deduction of 20% from the amount subject to IRES taxation of the investment for legal entities that have invested up to Euro 1.8 million in innovative SMEs for each tax period.

If the terms of DL 3/2015 should be confirmed, natural persons and legal entities that invested in MailUp as from 2013 may be able to access these benefits.

As an innovative SME operating on the market for more than seven years, in order to make the tax incentives effective for its investors, MailUp will need to submit a development plan for new or significantly improved products, services or processes, with respect to the current state-of-the-art in the sector concerned.

This plan will then need to be assessed and approved by an independent assessment organisation, which represents the entrepreneurial associations, or by a public organisation, as is specified in the implementing decree of the Ministry for the Economy and Finance, currently being approved.

At the same time as obtaining the certification, the company has also pointed out that it is also completing the procedure for the submission of the development plan.

The technical methods for the implementation of tax benefits will be described in an implementing decree of the Ministry for the Economy and Finance, currently being approved.

Main significant events after period end

In the last quarter of 2015, MailUp S.p.A. launched two new products on the market, BEE Plugin and BEE Pro, which, after having enjoyed positive feedback in Silicon Valley from the insiders, during the first quarter of 2016 began yielding their first results, growing by an average of 17% month on month from January 2016 to March 2016, with around US\$ 7,000 in average income in the last reference month (March 2016).

Summary report

Consolidated managerial income statement (€/000)

DESCRIPTION	CONSOLIDATED 31/12/2015	%	CONSOLIDATED 31.12.2014	%	delta	delta %
INCOME FROM SALES OF MAIL	6.912	72,65%	6.063	75,47%	848	13,99%
INCOME FROM SALES OF SMS	2.254	23,69%	1.817	22,61%	437	24,05%
INCOME FROM SALES BEE	7	0,07%	-	0,00%	7	
INCOME FROM SALES AND SERVICES	101	1,06%	124	1,54%	(23)	- 18,32%
OTHER INCOME	240	2,52%	30	0,38%	209	694,54%
VALUE OF PRODUCTION	9.513	100,00%	8.034	100,00%	1.479	18,41%
VARIABLE COSTS	1.670	17,56%	1.644	20,47%	26	1,57%
COMMERCIAL COSTS	2.115	22,24%	1.854	23,07%	262	14,11%
- Gross industrial costs	3.376	35,48%	2.630	32,73%	746	28,35%
- Capitalisation of payroll costs for R&D activities	(1.541)	- 16,20%	(1.023)	- 12,74%	(517)	50,55%
INDUSTRIAL COSTS	1.835	19,29%	1.607	20,00%	228	14,21%
LEVEL 2 CONTRIBUTION MARGIN	3.893	40,92%	2.930	36,46%	963	32,88%
GENERAL COSTS	2.814	29,58%	2.096	26,09%	718	34,25%
EBITDA	1.079	11,34%	834	10,38%	245	29,43%
AMORTISATION, DEPRECIATION AND PROVISIONS	1.061	11,15%	628	7,82%	433	68,84%
EBIT	18	0,19%	205	2,55%	(187)	- 91,27%
FINANCIAL AND EXTRAORDINARY OPERATIONS	33	0,35%	(2)	- 0,02%	35	- 1786,76%
EBT	51	0,54%	203	2,53%	(152)	- 74,79%
TAX	88	0,92%	195	2,43%	(108)	- 55,16%
PREPAID TAX	(62)	- 0,66%	(59)	- 0,74%	(3)	5,48%
DEFERRED TAX	24	0,25%	(1)	- 0,02%	26	- 1757,29%
NET PROFIT	2	0,02%	68	0,85%	(67)	- 97,24%

Consolidated balance sheet with determination of NWC (€/000)

DESCRIPTION	31/12/2015	31/12/2014	Delta	Delta %
ASSETS				
Intangible fixed assets	4.118	2.404	1.714	71%
Consolidation differences	6.946	-	6.946	
Tangible fixed assets	754	716	39	5%
Financial fixed assets	136	47	89	191%
Fixed assets	11.955	3.167	8.788	278%
Inventories	23	39	(16)	-42%
Trade receivables	2.867	1.394	1.473	106%
Trade payables	(2.320)	(773)	(1.547)	200%
Commercial working capital	569	659	(90)	-14%
Tax receivables and payables	(747)	(129)	(618)	481%
Accruals and deferrals	(2.980)	(2.476)	(504)	20%
Other receivables and payables	(1.733)	(731)	(1.002)	137%
Net working capital	(4.890)	(2.676)	(2.214)	83%
Provision for risks and charges	(151)	(87)	(64)	73%
Provision for severance indemnity (TFR)	(670)	(425)	(245)	58%
Net invested capital	6.244	(21)	6.265	-29330%
LIABILITIES				
Share capital	217	200	17	8%
Other reserves	5.294	2.995	2.299	77%
Profits/losses carried forward	1.740	-	1.740	
Period profit/loss	(12)	68	(81)	-118%
Minority interests in capital and reserves	15	-	15	
Third party income	14	-	14	
Shareholders' equity	7.267	3.264	4.004	123%
Short-term payables/(cash)	(2.628)	(3.335)	707	-21%
Medium/long-term payables	1.604	50	1.554	3109%
Net financial position	(1.024)	(3.285)	2.261	-69%
Total sources of funds	6.244	(21)	6.265	-29330%

MailUp managerial income statement (€/000)

DESCRIPTION	31/12/2015	%	31/12/2014	%	delta	delta %
INCOME FROM SALES OF MAIL	6.214	69,58%	5.734	74,31%	480	8,37%
INCOME FROM SALES OF SMS	2.226	24,93%	1.817	23,54%	409	22,53%
OTHER INCOME	491	5,49%	165	2,14%	325	196,62%
VALUE OF PRODUCTION	8.931	100,00%	7.716	100,00%	1.214	15,74%
VARIABLE COSTS	1.657	18,56%	1.644	21,31%	13	0,78%
COMMERCIAL COSTS	2.021	22,62%	1.786	23,14%	235	13,16%
INDUSTRIAL COSTS	1.576	17,64%	1.406	18,22%	170	12,08%
LEVEL 2 CONTRIBUTION MARGIN	3.677	41,18%	2.881	37,33%	797	27,65%
GENERAL COSTS	2.582	28,91%	1.935	25,07%	647	33,46%
EBITDA	1.095	12,26%	946	12,26%	149	15,78%
AMORTISATION, DEPRECIATION AND PROVISIONS	1.027	11,50%	612	7,93%	415	67,91%
Amortisation, depreciation and provisions	1.027	11,50%	612	7,93%	415	67,91%
EBIT	68	0,76%	334	4,33%	(266)	-79,65%
FINANCIAL OPERATIONS	37	0,42%	2	0,03%	35	1540,80%
EBT	105	1,18%	336	4,36%	(231)	-68,66%
PERIOD INCOME TAX	41	0,46%	134	1,73%	(93)	-69,40%
PREPAID TAX	(57)	-0,64%	-	0,00%	(57)	
DEFERRED TAX	10	0,11%	-	0,00%	10	
NET PROFIT	112	1,25%	203	2,63%	(91)	-44,90%

MailUp balance sheet with determination of NWC (€/000)

DESCRIPTION	31/12/2015	31/12/2014	delta	delta %
ASSETS				
Intangible fixed assets	4.295	2.567	1.728	67%
Tangible fixed assets	651	670	(19)	- 3%
Financial fixed assets	7.616	312	7.304	2339%
FIXED ASSETS	12.562	3.550	9.013	254%
Trade receivables	1.283	1.394	(112)	- 8%
Trade payables	(1.691)	(1.391)	(300)	22%
COMMERCIAL WORKING CAPITAL	(408)	3	(412)	- 12359%
Tax receivables and payables	(3)	26	(29)	- 112%
Accruals and deferrals	(2.795)	(2.477)	(318)	13%
Other receivables and payables	(2.354)	(520)	(1.833)	352%
NET WORKING CAPITAL	(5.560)	(2.968)	(2.593)	87%
Provision for risks and charges	(136)	(86)	(50)	58%
Provision for severance indemnity (TF)	(271)	(201)	(70)	35%
NET INVESTED CAPITAL	6.595	295	6.300	2135%
LIABILITIES				
Share capital	217	200	17	8%
Legal reserve	40	6	34	607%
Other reserves	5.261	3.109	2.152	69%
Net income/(loss) for the period	112	203	(91)	- 45%
SHAREHOLDERS' EQUITY	5.629	3.518	2.112	60%
Short-term payables/(cash)	(576)	(3.273)	2.697	- 82%
Medium/long-term payables	1.542	50	1.492	2984%
NET FINANCIAL POSITION	966	(3.223)	4.188	- 130%
TOTAL SOURCES OF FUNDS	6.595	295	6.300	2135%

Report on operations accompanying the consolidated financial statements as at 31/12/2015

Dear Shareholders,

The year ended on 31/12/2015 reports positive results of Euro 1,889, of which the profit pertaining to minority interests comes to Euro 14,330.

The Notes provide you with information relating to the presentation of the consolidated financial statements as at 31/12/2015; this document, in compliance with the provisions of Art. 2428 of the Italian Civil Code, provides you with information on the consolidated position of the Group and on operating performance. This report, drawn up with balances expressed in Euro, is presented so as to accompany the consolidated financial statements for the purpose of providing income-related, equity, financial and operating information on the company accompanied, where possible, by historic elements and forecasts valuations.

To allow for comparison, the consolidated financial statements are also provided for the year 2014.

As regards the consolidated financial statements, which strive to ensure standardised measurement criteria and have been prepared on the basis of full consolidation, please note that the consolidation scope is as shown below:

Company name	Registered office	Share capital	%
MAILUP SPA	Milan	216,667	of the parent company
NETWORK S.R.L.	Cremona (CR)	10,500	100%
MAILUP INC.	United States of America	45,926	100%
ACUMBAMAIL SL	Spain	4,500	70%
MAILUP NORDICS A/S	Denmark	67,000	100%
AGILE TELECOM SPA	Carpi (MO)	500,000	100%

The income statements of the subsidiaries Agile Telecom S.p.A. and MailUp Nordics A/S, in turn the parent company of Globase International ApS, have not been consolidated, insofar as acquired respectively on 29 December and 13 November 2015 and, on the basis of the indications given in OIC 17, the consolidation of the income statement could only have taken place as from that date, clearly with insignificant effects on the group income statement.

A pro forma income statement has also been prepared, as presented below, which also includes financial data for Agile and the MailUp Nordics Group for the whole of FY 2015, in order to provide a more fitting representation of the consolidated results.

For a clearer understanding of the group economic variables, the pro forma income statement has the values reclassified according to management logics, which best reflect the specificities of the MailUp Group business. More specifically: income is divided up according to the relative business lines, whilst the costs refer to the functional cost centre that generated them. The financial and extraordinary operations are influenced by the contingency asset determined by the restructuring of the MailUp Nordics Group for Euro 646 thousand, applied during the first half of 2015 by the previous Dutch parent company, Ad Pepper Media NV, which transferred to MailUp through the free transfer of its receivables due from the Danish subsidiaries.

DESCRIPTION	PRO - FORMA 31/12/2015	CONSOLIDATED 31.12.2014	delta
INCOME FROM SALES OF MAIL	8.520.177	6.063.420	2.456.757
INCOME FROM SALES OF SMS	10.036.946	1.816.829	8.220.118
INCOME FROM SALES BEE	6.899	-	6.899
INCOME FROM SALES AND SERVICES	101.133	123.814	- 22.681
OTHER INCOME	245.339	30.161	215.178
VALUE OF PRODUCTION	18.910.494	8.034.223	10.876.271
VARIABLE COSTS	5.818.888	1.644.276	4.174.611
COMMERCIAL COSTS	2.580.160	1.853.874	726.285
- Gross industrial costs	5.235.478	2.630.002	2.605.476
- Capitalisation of payroll costs for R&D activities	- 1.540.862	- 1.023.466	- 517.396
INDUSTRIAL COSTS	3.694.616	1.606.536	2.088.080
TOTAL PRODUCTION COSTS	12.093.663	5.104.686	6.988.977
LEVEL 2 CONTRIBUTION MARGIN	6.816.831	2.929.537	3.887.294
GENERAL COSTS	3.855.184	2.095.954	1.759.230
EBITDA	2.961.647	833.582	2.128.065
AMORTISATION, DEPRECIATION AND PROVISIONS	1.080.953	628.368	452.585
AMORTISATION OF CONSOLIDATION DIFFERENCE	700.670	-	700.670
EBIT	1.180.024	205.214	974.810
FINANCIAL AND EXTRAORDINARY OPERATIONS	685.543	- 1.976	687.519
EBT	1.865.567	203.238	1.662.328
TAX	764.305	195.297	569.008
PREPAID TAX	- 165.496	- 59.077	- 106.419
DEFERRED TAX	24.097	- 1.454	25.551
NET PROFIT	1.242.661	68.472	1.174.189

Operating conditions and growth of activities

MailUp is a legal entity organised according to the order of the Italian Republic, which goes about its business in the sector of marketing technologies on the cloud (newsletters/e-mails, text messages, social networks). Established on 23 September 2002, MailUp S.p.A. has developed and owns the MailUp® platform that can be accessed over the internet in SaaS (Software-as-a-Service) mode for the management and professional sending of newsletters, e-mails and text messages. As it is entirely web-based, it requires no installation of hardware or software.

The core business consists of the supply of services entailing the sending of e-mails and text message, other related complementary services (e.g. campaigns on social networks) and the new feature in the form of the BEE Plugin service.

E-mail sending

The MailUp service allows clients to send e-mail messages, at limited costs, with the purpose of ensuring commercial and marketing communication (e.g. promotions), information (e.g. newsletters) or transactions (e.g. notifications, notices) to its contacts. Each client therefore uploads a list of its database entries onto the MailUp SYSTEM and can schedule the sending of communications on this.

The MailUp sending system automatically handles sending errors and deletion, in respect of legislation governing personal data processing and industry best practices, of addressees who no longer wish to receive information from the sender.

The MailUp® platform guides the client through the creation of the e-mail to be sent, ensuring a high rate of message delivery.

The creation of e-mail messages is one of the main components of the service, which uses tools to enable the creation of graphically elaborate messages, without having to contact specialists, thanks to hundreds of graphic models available in addition to the BEE editor, which, by simply dragging blocks of contents and images, enables the creation of a pleasant, "responsible" message, i.e. one that adapts its form in relation to the device used to view it (e.g. on mobile devices that have a small screen).

In order to verify that the message created is effectively reproduced on the most widespread devices (e.g. PCs, Macs, tablets, smartphones, etc.), the MailUp system has a function that enables a preview of the message to be viewed on more than 60 different mail clients (e.g. Gmail, Hotmail, Yahoo, Outlook, Apple Mail, Android and Lotus Notes), so as to avoid any unforeseen display errors.

The client can obtain detailed reports that monitor the effectiveness of the e-mail in real time.

The MailUp system can manage mass sendings (including with millions of addressees per individual sending).

Access to the MailUp system is granular, i.e. permits of the various users can be limited, so as to allow them to view and manage only a subset of data and functions available, as required in certain cases for security or privacy purposes. MailUp also includes the SMTP+ service (with SMTP Relay protocol), which enables the easy transfer - with no need to write lines of code - of the flow of messages from a server or internal application of the user to MailUp, which will then deal with the dispatch to the user's end addressees. In order to send transaction messages with a high rate of delivery, MailUp also provides clients with functions, tools and

applications that integrate with external software ("API" or "Application Programming Interface"), which enable the connection of the platform with third party applications using standard SOAP and RESTful protocols.

Thanks to agreements with the main mailbox providers (like Hotmail, Yahoo! and AOL), MailUp receives a notification (referred to as a "feedback loop") each time one of their users marks a specific message sent through MailUp as undesired. This means that the user can immediately be deleted from the MailUp client list, so as to keep the list "cleaner" and ensure a better rate of delivery on subsequent sendings.

Differently to its competitors, the cost structure according to the Issuer's business model is not connected with the number of e-mail messages sent: a flat (fixed) charge is instead applied. This means complete freedom in communication, with a certain, predetermined cost: sending any type of message, of any size, with no restrictions of cost or contacts in the database.

Text message sending

The MailUp offer integrates the e-mail function with the possibility of being able to send text messages of up to 160 characters in more than 200 countries, or even linking up to 3 messages, for a total of 459 characters, with personalised sender and notice of receipt with detailed errors.

In order to be able to send the messages, a package of credits needs to be purchased, which can be used within two years if the client has only purchased the SMS service. If, on the other hand, the client has stipulated a contract for both e-mail and SMS services, the duration of the credit to use the SMS service will be linked to the expiry of the e-mail service.

The sending of text messages is characterised by a high quality of service, with high sending capacity that ensures a rapid delivery, even where volumes are high.

The text message sending platform is integrated with the e-mail sending platform, thereby enabling a single database and single segmentation to be managed. The marketing automation logics can also be set on the SMS channel, just as for e-mail, thereby enabling - for example, a text message to be sent to all addressees who did not receive a particular e-mail, or who received it and clicked on a specific link.

BEE Plugin and other services

BEE Plugin is a service that allows for the inclusion of the system used to create "responsible" e-mails (i.e. those prepared to be read on all the main e-mail clients, including smartphones and tablets) developed by MailUp for its platform, within third party applications. This product has been on sale since November 2015 on the website <http://developers.beefree.io> and represents a first step along the strategy of "Embeddable ESP", i.e. the possibility of including the technology developed by MailUp in other third party applications (e.g. management software, CRM, CMS) requiring a professional system to create and send e-mail.

Differently to the two core business lines, this third line of business targets the market of software developers and suppliers of cloud applications.

There are then some services, complementary to the above core business, relative to marketing communication on social media. With the social channel (available free of charge), posts can be published on several Facebook, Twitter and LinkedIn profiles, from a single

environment, activity monitored in terms of opening, clicks, comments, likes, retweets and the popularity trends measured of each profile over time (followers, friends, subscribers, contacts).

With offices in Milan and Cremona, MailUp S.p.A. has a portfolio of around 9,500 clients.

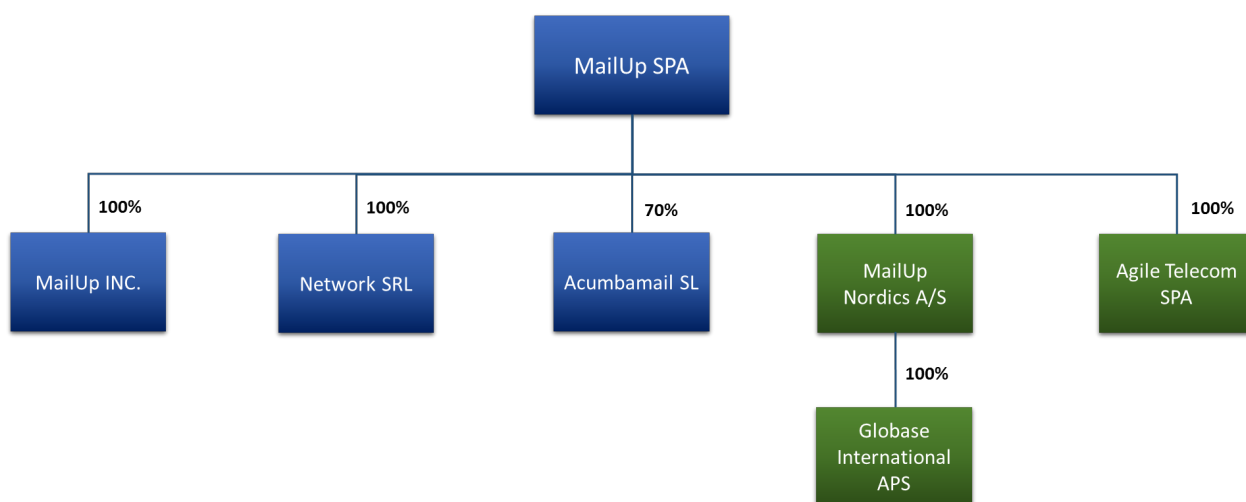
MailUp clients cover all sectors, from small businesses to multinationals, from professional firms through to banks and from non-profit institutions to public entities.

MailUp has been listed on the AIM Italia/alternative investment market stock exchange organised and managed by Borsa Italiana S.p.A., since 29 July 2014.

In accordance with Art. 2428, we would point out that business is carried out in the registered office of Milan, at Viale Restelli 1, and in the administrative office of Cremona, at Via Dei Comizi Agrari, 10.

From a legal viewpoint, as mentioned, MailUp S.p.A. directly controls the following companies, who carry out complementary and/or functional activities to the group's core business:

MailUp Inc
Network S.r.l.
Acumbamail SL
MailUp Nordics AS
Agile Telecom spa



The graph showing the Group structure shows the companies, acquired in 2015, which have not been consolidated in the income statement, in green.

Main events

In FY 2015, the business was characterised by the expansion project through external lines, with the acquisition of new controlling investments in addition to the development of a series of innovative projects aimed at improving the quality of the product and services offered by the group.

More specifically, with reference to the growth path for external lines, please note the following:

On 31 July 2015, 70% of the share capital was acquired of Acumbamail S.L., a start-up founded in 2012 with registered office in Ciudad Real, Spain, which has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees. In 2015, the Spanish subsidiary, an emerging leader on the national sector market, booked revenues up 100% on the previous year (Euro 263 thousand) and EBITDA of 25% of turnover (Euro 65 thousand).

The four founding members of Acumbamail, with a 30% share, have kept operative roles in the company: two as developers and two as directors with powers of attorney.

A shareholders' agreement stipulated between MailUp and the founding members, with a term of 3 years, establishes that the founding members still on the board of directors, shall deal with the ordinary administration, with the director chosen by MailUp having the power to veto in addition to certain limits to expenditure and on the specific matters for which the Board of Directors is competent.

The agreement also includes a stock option to allow MailUp to purchase, or the founding members to sell, the 30% share remaining with the latter, as from 2018, with a valuation to be calculated according to the targets achieved during the three years.

On 13 November, 100% was acquired of the share capital of the company AD Pepper Denmark A/S (now MailUp Nordics A/S), which in turn owns 100% of the capital of the company Globase International ApS, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. The group of the two companies was owned by Ad Pepper Media NV, a Dutch group listed on the German stock exchange, operating in digital marketing and, in particular, lead generation, which decided to dispose of its e-mail marketing business in Northern Europe following the cessation of its core business in Denmark.

Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows.

The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group aims both to position the MailUp platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, and to increase its know-how, particularly as regards handling problems of medium/large clients.

On 04 December 2015, the Board of Directors of MailUp S.p.A. resolved to proceed with a

binding offer to purchase 100% of the capital of Agile Telecom S.p.A.

The acquisition was classed, in accordance with Article 4 of the AIM Italia Issuers' Regulation, as a "reverse take over" and, therefore, the Board of Directors convened the shareholders to meet on 23 December 2015, to approve the operation.

The operation, which was then completed with the parties stipulating the contract of purchase and sale and conferral of the investments on 29 December 2015, envisages the acquisition by MailUp of the entire share capital of Agile Telecom, for a total price of Euro 6,000,000, which was paid as follows:

- Euro 1,993,488 entirely in cash on the closing date;
- Euro 1,206,512 by means of the assumption by MailUp of a debt of Zoidberg S.r.l. due to Agile Telecom as at the closing date;
- Euro 800,000 entirely in cash within 10 days of approval of the 2015 financial statements of Agile Telecom;
- Euro 2,000,000 in new issue MailUp shares, of which Euro 16,666.68 by way of share capital, the value of which has been calculated on the basis of the average value of the MailUp security in the last three months.

On 23 December 2015, the shareholders' meeting resolved in an ordinary session to approve the acquisition of Agile Telecom S.p.A., in accordance with Article 18 of the Articles of Association; and in an extraordinary session it resolved a share capital increase in exchange for payment with the exclusion of stock option in accordance with Article 2441, paragraph four, first sentence of the Italian Civil Code, for a total of Euro 2,000,000, of which Euro 1,983,333.32 by way of premium, by means of the issue of 666,667 new ordinary shares in MailUp S.p.A., to be reserved for subscription by Zoidberg S.r.l. as shareholder of Agile Telecom S.p.A. and to be released by means of the conferral in kind by Zoidberg S.r.l. of 165,000 ordinary shares representing 33% of the share capital of Agile Telecom S.p.A.

As part of the operation, the parties also envisaged the recognition to the sellers of a supplementary price (an "earn-out"), to be paid according to the average value of EBITDA of Agile Telecom for the two years 2015-2016. This supplementary price will be paid by MailUp, for an amount equal to at least 25% in cash, with regards to the residual amount, by means of the assignment of a number of shares in MailUp to be calculated on the basis of the average market price of the Issuer's shares in the three months immediately prior to the reference date.

The subsidiary, Agile Telecom, with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Code (Italian Legislative Decree no. 259 of 01 August 2003; Annex no. 9). The company is also entered on the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator" and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing its business customers the best possible sending quality at the lowest possible price.

The shareholders' meeting held on 23 December then resolved as follows:

- Assignment to the Board of Directors of a power, in accordance with Article 2443 of the Italian Civil Code, to increase the share capital, free of charge (including through the issue of bonus shares) and/or in exchange for payment, in one or more tranches and in a divisible manner, including with the exclusion of stock options in accordance with Article 2441, paragraphs 4 and 5 of the Italian Civil Code, with or without warrant;
- Attribution to the Board of Directors of a power, in accordance with Article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches and in a divisible manner, in exchange for payment and also with the exclusion of stock options in accordance with Article 2441, paragraph 5 and/or paragraph 8 of the Italian Civil Code and/or free of charge in accordance with Article 2349 of the Italian Civil Code, at the service of one or more incentive plans;

With reference to the events of industrial significance, please note the following:

1. Anti-spam policies have been strengthened, as a consequence of the entrance of MailUp into the "Certified Senders Alliance" (CSA), created by the main European internet service providers (including Vodafone, GMX, Web.de, T-Online, Freenet and 1&1), which aims to encourage the collaboration of internet service providers and e-mail service providers, respecting the best standards in the fight against spam.
MailUp has also obtained certification by Suretymail, the accreditation programme that - in improving the sender's reputation with the main ISPs - allows all clients of the platform to send e-mails and newsletters, even to mailboxes that are protected by the most effective anti-spam programs;
2. BEE Plugin has been distributed to more than 400 international beta tester companies and, following the test results, has been launched officially on the market.
BEE Plugin (an "embeddable" editor used to create newsletter templates) is just one of the new MailUp products, the evolution of BEE Free, which has had enjoyed great success overseas, confirmed as amongst the most interesting new features of the e-mail marketing sector, according to the data published by Product Hunt, a point of reference for the Silicon Valley technology professionals.
Product Hunt is invested in by successful players such as Google Ventures, SV Angels – investors in Pinterest, Airbnb, Foursquare – and Andreessen Horowitz – investors in Facebook, Zynga and Skype;
3. Again on an international scale, we have the launch of the MailUp App for Shopify, the new product aiming to conquer the more than 150,000 e-commerce sites using the Shopify platform. MailUp App for Shopify is an application that thanks to BEE Plugin, integrates our platform to send e-mails and text messages with Shopify, the market leading e-commerce platform in the segment of small and medium enterprises.
Shopify Inc has recently been launched on the stock exchange with a double listing in both New York and Toronto. With a market capitalisation of more than US\$ 2.5 billion, Shopify is one of the most successful technological companies of the United States of America;

4. A commercial presence has been launched in Indonesia, one of the fastest growing digital economies internationally, with more than 250 million inhabitants, of whom 70 million network connected and with growth of internet penetration that is amongst the highest on the Asian continent. With last summer's launch (ref. www.mailup.id), MailUp is officially the top e-mail service provider in the country, with customer care service and local support. The path has been developed in partnership with YDigital, one of the main Indonesian marketing agencies and part of the Swiss Mountain Partners Group, investors, amongst others, in Alando (sold to EBay), Ciao! (sold to Microsoft), BuyVip (sold to Amazon) and Scout24 (sold to Deutsche Telekom);
5. A commercial presence has been launched in Japan, thanks to a partnership with Interarrows, a company based in Tokyo and market leaders in the introduction into Japan of cutting-edge, international technological solutions for digital marketing. The brands imported by Interarrows include success cases such as comScore, KISSmetrics, Appsee, ShoutEm and bMobilized. According to the agreement, the MailUp platform has been localised into Japanese and Interarrows is responsible for marketing, sales and support. MailUp has also been included in the SoftBank C&S portfolio and, in particular, it has been published on the website www.marketingbank.jp, the suite of products that SoftBank C&S offers in Japan, together with brands like Microsoft Azure, Dropbox and KISSmetrics. SoftBank is Japan's most important technological company, listed on the Tokyo stock exchange with a market cap in excess of US\$ 90 billion.
6. Jade has been launched (<http://www.mailup.it/jade/>), the application for iPad that enables a digital registration form to be created in just a few steps, to collect contacts even off-line. Data is saved to the iPad and, once the user connects to the internet, automatically sent to the MailUp account.
7. Certification as innovative SME: in 2015, MailUp obtained certification as an innovative SME, which, amongst the various benefits, entitles it to a series of tax incentives for current and future investors in MailUp, as long as they retain their investment for a continuous period of two years.
This certification is a consequence of Italian Law no. 33 of 24 March 2015 converting Italian Decree Law no. 3/2015 ("Investment Compact"), which introduced a new type of business, the "Innovative Small or Medium Enterprise", assigning them many of the benefits already assigned to innovative start-ups by the "Growth Decree 2.0" at end 2012.
DL 3/2015 in its current formulation envisages the following tax incentives on the amounts invested in innovative SMEs:
 - an IRPEF deduction of 19% of the investment for natural persons who have invested up to Euro 500 thousand in innovative SMEs for each tax period;
 - a deduction of 20% from the amount subject to IRES taxation of the investment for legal entities that have invested up to Euro 1.8 million in innovative SMEs for each tax period.

If the terms of DL 3/2015 should be confirmed, natural persons and legal entities that invested in MailUp as from 2013 may be able to access these benefits.

As an innovative SME operating on the market for more than seven years, in order to make the tax incentives effective for its investors, MailUp will need to submit a development plan for new or significantly improved products, services or processes, with respect to the current state-of-

the-art in the sector concerned.

This plan will then need to be assessed and approved by an independent assessment organisation, which represents the entrepreneurial associations, or by a public organisation, as is specified in the implementing decree of the Ministry for the Economy and Finance, currently being approved.

At the same time as obtaining the certification, the company has also pointed out that it is also completing the procedure for the submission of the development plan.

The technical methods for the implementation of tax benefits will be described in an implementing decree of the Ministry for the Economy and Finance, currently being approved.

MailUp S.p.A. on the AIM ITALIA market

On 29 July 2014, we debuted on AIM Italia, with the start of trading:

- the company's capitalisation is Euro 26.69 million and a total of 8,666,667 shares have been issued;
- as at the listing date, 29 July 2014, the reference price of the MailUp security was listed at Euro 2.50.

Below is some data on the prices and volumes of the MailUp security during the initial listing period.

Placing price	Euro 2.500	29.07.2014
Maximum annual price	Euro 3.198	14.04.2015
Minimum annual price	Euro 2.740	20.01.2015

Operating performance

General economic performance

The economic data relative to the Italian economy show economic growth at 0.8% for 2015, recording growth after three consecutive years of downturn. In terms of the domestic demand (which made a positive contribution towards the growth of the GDP by 0.5%), in 2015, in terms of volume, positive changes are recorded in final national consumption. On a sector level, value added recorded increases in volume in agriculture (3.8%), industry in the strictest sense (1.3%) and services (0.4%), whereas construction is down 0.7%. Net debt of public administrations measured in relation to GDP came to -2.6%, as compared with the -3.0% in 2014. Tax pressure goes from 43.6% in 2014 to 43.3% in 2015. Inflation trends represent a critical element on the Italian macroeconomic scene and that of the Eurozone. The current prolonged weakness of price trends is an aspect of concern for the rooting of expectations that can threaten the effectiveness of the monetary policy.

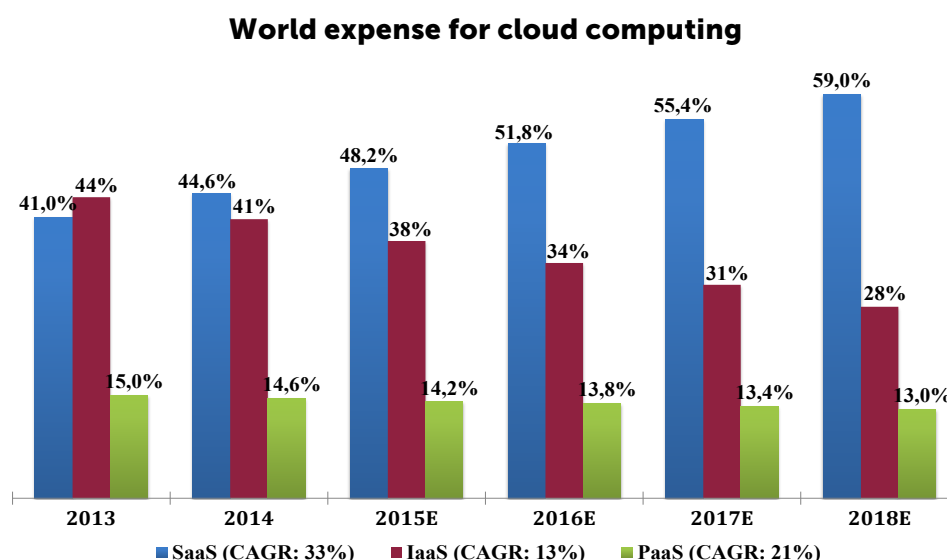
Growth in demand and trends of the markets on which the company operates

The cloud computing market -

The cloud consists of a set of hardware and software resources that provide services on request, through the internet. Cloud services can be classified on the basis of the method by which the contents made available to the end users are used; more specifically, the offer can be made in three ways:

- IaaS (Infrastructure as a Service): This consists of using the infrastructure made available by providers to run your own application in exchange for payment that is proportional to the use of the infrastructure. The end user pays for the installation and management of the operating system and specific applications.
- PaaS (Platform as a Service): In this case, the provider also supplies the operating system, middleware and Runtime environment necessary to run the application, hence the end user pays for the development, implementation and management of the specific applications.
- SaaS (Software as a Service): The client pays the fee for use not only of the hardware and software structure as in PaaS, but also of the specific applications made available by the provider. The only liability of the end user is to manage the number of licences required according to the number of users.

According to the estimates of Goldman Sachs, the expenses for the cloud computing platforms and infrastructures will grow at a rate of 33% (CAGR) between 2013 and 2018, despite the fact that growth of the entire IT corporate market will not exceed 5%. By 2018, 59% of cloud services will be SaaS, as compared with 41% in 2013.

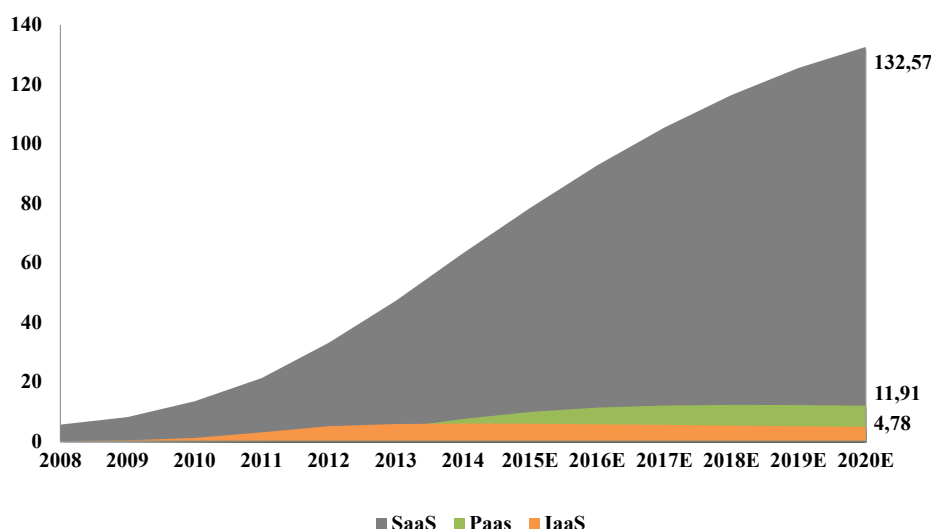


Source: Forbes 24/01/2015

In 2016, global income generated by SaaS software will reach US \$106bln, thereby recording growth of 21% on the forecast expense level for 2015.

SaaS will generate income of US \$78.43 bln in 2015, up to US \$132.57 bln in 2020, with CAGR of 9.14%.

Dimension of the world market of the public cloud (US \$ bln)



Source: Forbes 24/01/2015

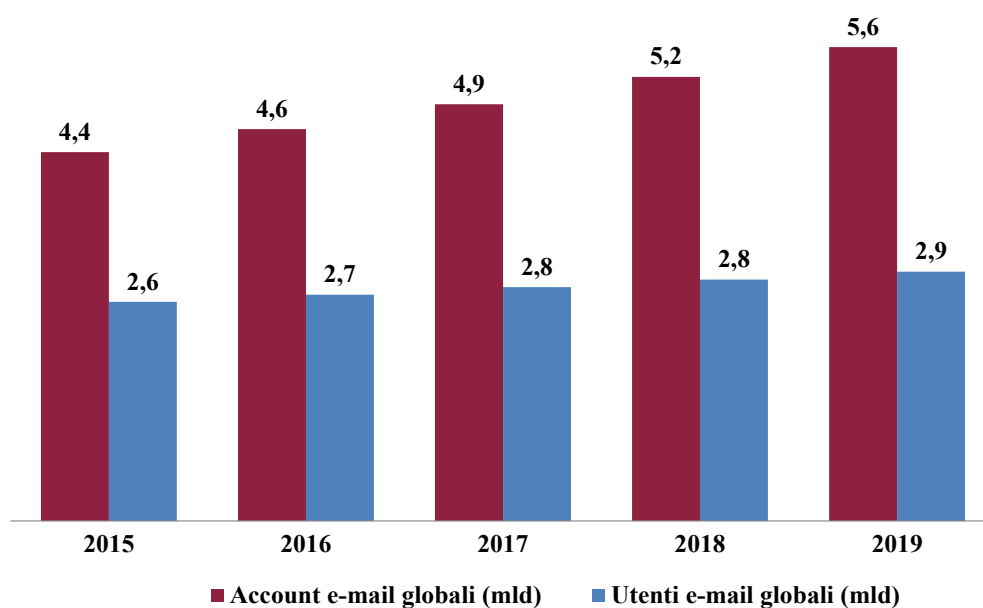
MailUp products are developed and marketed in SaaS mode and can be classified in the segment of digital marketing known precisely as “digital marketing”. Today companies invest far more in internet marketing than in the more traditional channels of television, radio and newspapers.

Growth forecasts of the e-mail marketing market

The e-mail marketing market does not only regard the marketing of SaaS platforms to provide the service, but rather a more extensive range of products with a high technological content, such as landing pages, graphic design, list building, business intelligence, integration systems, hosting and housing, CRM and other software applications that rely on and exploit the technological potential of the platforms.

According to a study conducted by the Radicati group, an American research company specialised in IT, in 2015 the number of e-mail users worldwide will be 2.6 billion. It is estimated that the average number of e-mail accounts per user will rise from an average of 1.7 accounts per user to 1.9, as a result of the growing use of instant messaging (IM) services, social networking and payment operations requiring an e-mail address.

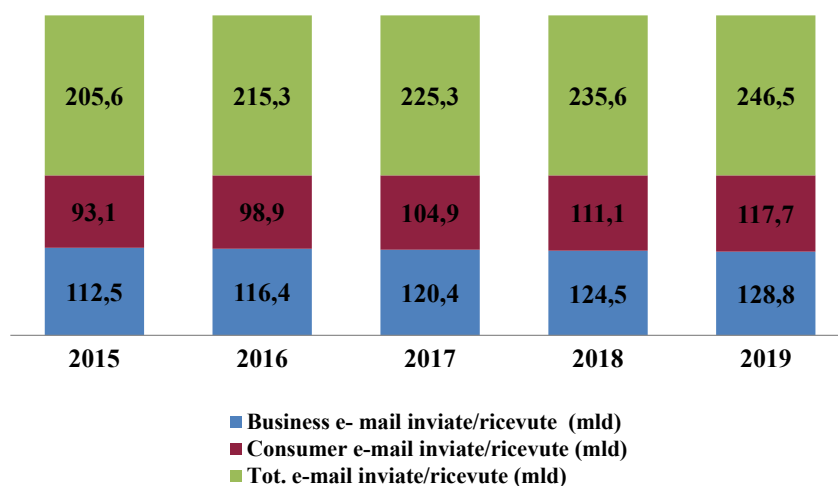
2015-2019 growth forecasts - Users and e-mail accounts



Source: The Radicati Group, E-mail Statistics Report 2015-2019, March 2015

In 2015, the estimated number of e-mails sent and received every day exceeded 205 billion. This figure is expected to grow at an average annual rate of 3% (CAGR 2016-2019) over the next four years, thereby reaching 246 billion by end 2019.

2015-2019 forecasts on daily world e-mail traffic (received/sent)



Source: The Radicati Group, E-mail Statistics Report 2015-2019, March 2015

Competitors' behaviour

The ESP (Email Service Provider) market brings together dozens of operators both in Italy and abroad, although only a few operators are purely technological (i.e. with an offer that is only

linked to the supply of Software-as-a-Service): more often, the technological offer of competitors is flanked by a wide range of complementary services (such as, for example, strategic consultancy, graphic design, development of contests, landing pages (i.e. the web pages to which the addressee is guided to "conversion", i.e. purchase), media planning, list building (i.e. marketing aimed at acquiring new clients or potential clients), operative consultancy, business intelligence, system integration, hosting/housing, CRM, full-managed send management (i.e. when the client does not independently access the sending platform, but rather uses the consultancy service of the supplier, which then deals with all stages of creation, sending and campaign analysis) and/or the supply of other software applications.

This variety of offer makes it difficult to precisely outline the specific sector of ESPs in terms of market dimension, sector operators, services offered, etc.

However, there is no doubt that MailUp S.p.A. is one of Italy's most important operators (in terms of the volumes of e-mails sent) in the E-mail Service Provider industry (source: Cisco Sender Base, June 2015).

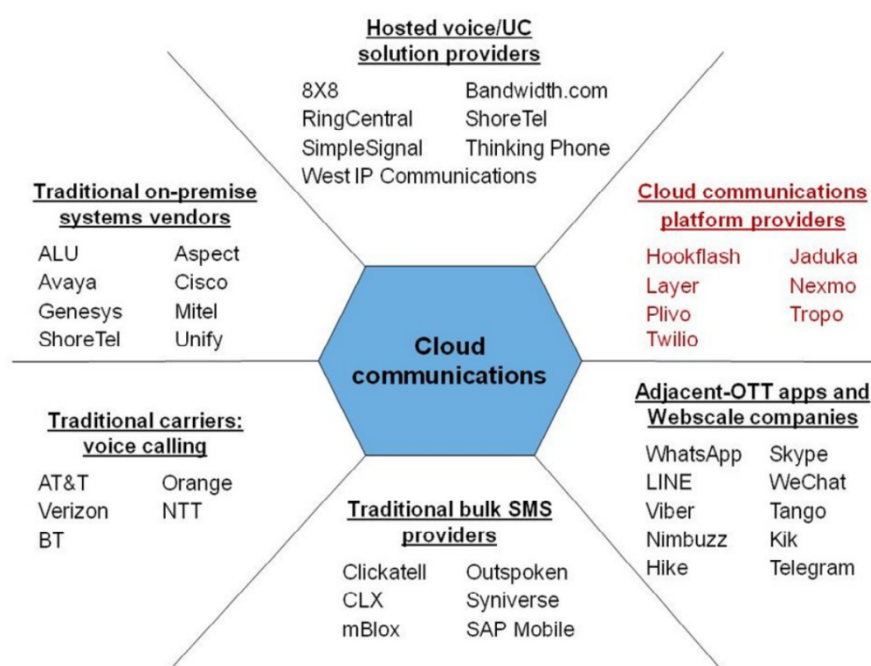
On export markets, on a par with Italy, each country has various operators with the above-described articulated offer characteristics, but far more rarely, purely technological players. These latter are mainly concentrated on the more evolved markets, like in the English-speaking markets as well as France, Germany and Poland.

On Anglo-Saxon markets, competition numbers hundreds of operators, some of which are already listed or have been recently acquired. Some of these have achieved a customer base of dozens of thousands of units and in some cases even millions of users (only partly paying).

MailUp is one of the few solutions worldwide to associate the typical functions of ESP (E-mail Service Provider) with the possibility of sending transaction e-mails via the SMTP Relay or API/Web Service channel, plus the possibility of having the platform in whitelabel (i.e. resellable to third party brand), multi-lingual and integrated with the SMS/Social/Fax channels.

The SMS sector comes under the scope of Cloud Communication technologies, which worldwide sees these main operators (see IDC scheme).

Cloud Communications Landscape



Source: IDC, 2014

This market is expected to grow with a CAGR of 127.5% in the period 2013-2018, according to the Worldwide Cloud Communications Platforms 2014-2018 Forecast: The Resurgence of Voice and SMS of IDC and in particular as regards "SMS messages", are expected to reach a value of USD\$ 3.5 billion in 2018.

Social, political and union climate

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

Operating performance in company sectors

As regards the group, the financial year just ended should be considered as basically positive. The group has increased the gross value of production by 22.04% on 2014. EBITDA has grown 29.43% on 2014.

The table below gives the results achieved in the last two years in terms of value of production, EBITDA and EBT.

	31/12/2015	31/12/2014
Value of production	11,054,010	9,057,688
EBITDA	1,078,888	833,581
Pre-tax result (EBT)	51,246	203,238

Main financial figures

The reclassified income statement of the company has undergone the following changes with respect to that of the previous year (amounts are stated in euros):

	31/12/2015	31/12/2014	Change
Net revenues	9,366,388	8,008,714	1,357,674
Increases in fixed assets for in-house works	1,540,862	1,023,466	517,396
Various income	146,760	25,508	121,252
Value of production	11,054,010	9,057,688	1,996,322
Production costs	5,401,945	4,461,083	940,862
Labour costs	4,573,177	3,763,024	810,153
EBITDA	1,078,888	833,581	245,307
Amortisation, depreciation and impairment	1,060,964	628,368	432,596
EBIT	17,924	205,213	(187,289)
Financial income and expense	33,322	(1,975)	35,297
Pre-tax result (EBT)	51,246	203,238	(151,992)
Income tax	49,358	134,766	(85,408)
Net result	1,888	68,472	(66,584)

The following tables showing some profitability indexes, compared with the same indexes relating to the financial statements of previous years, provide a better illustration of the income situation.

	31/12/2015	31/12/2014
Net ROE (Net result/Net capital)	0.00	0.02
Gross ROE (EBT/Net capital)	0.01	0.06
ROI (EBITDA/Total assets)	0.06	0.10
ROS (EBITDA/Income from sales and services)	0.12	0.10

The above indicators are affected by the significant increase in the value of fixed assets, particularly equity investments, in the case of ROI, and the significant increase of equity following the share capital increase resolved by the shareholders' meeting on 23/12/2015.

Moreover, these same indicators, an expression of a comparison of economic and equity values, are penalised by the fact that the equity data represents the value of the entire group as at 31/12/2015, whilst the economic data does not include the brilliant results achieved by Agile Telecom and the MailUp Nordics Group in FY 2015.

Main asset and equity figures

The reclassified balance sheet of the company, as compared with that of the previous year, is as follows (figures are expressed in euros):

Description	31/12/2015	31/12/2014	Change
Net intangible fixed assets	11,064,048	2,404,097	8,659,951
Net tangible fixed assets	754,331	715,718	38,613
Equity investments and other fixed assets	2,000	2,000	0
Total fixed receivables	134,348	44,935	89,413
Tax receivables due beyond 12 months	121,362	134,637	(13,275)
Long-term capital	12,076,088	3,301,387	8,774,701
Inventories	22,505	38,758	(16,253)
Trade receivables	2,866,722	1,393,765	1,472,957
Other receivables	521,111	209,825	311,286
Own shares	57,502	0	57,502
Accrued income and deferred expenses	531,871	467,020	64,851
Short-term company assets	3,999,712	2,109,368	1,890,344
Trade payables	2,320,262	773,059	1,547,203
Advances	21,622	20,369	1,253
Amounts due to tax authorities and social security/welfare	1,217,526	412,314	805,212
Other payables	1,940,083	771,177	1,168,906
Accrued liabilities and deferred income	3,511,410	2,942,710	568,700
Short-term company liabilities	9,010,903	4,919,629	4,091,274
Net working capital	7,064,897	491,126	6,573,771
Employee severance indemnity (TFR)	670,174	425,201	244,973
Other medium/long-term liabilities	151,084	87,285	63,799

Medium/long-term liabilities	821,258	512,486	308,772
Capital invested	6,243,640	(21,360)	6,265,000
Equity	(7,267,485)	(3,263,598)	(4,003,887)
Medium/long-term financial payables	(1,604,251)	(50,000)	(1,554,251)
Net short-term financial position	2,628,095	3,334,958	(706,863)
Own means and net financial borrowing	(6,243,640)	21,360	(6,265,000)

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 (i) the method of financing medium/long-term commitments and (ii) the breakdown of the sources of finance, compared with the same balance sheet indicators for the previous year.

	31/12/2015	31/12/2014
Primary structure margin (Own funds - Fixed assets)	(4,808,604)	(37,789)
Primary structure ratio (Own funds/Fixed assets)	0.60	0.99
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(2,383,095)	524,697
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.80	1.16

Equity indicators also clearly show the very significant incidence of investments, which has generated consolidation differences for approximately Euro 7 million consequent to the acquisitions made in 2015.

Main financial data

The net financial position as of 31/12/2015 was as follows (in euros):

	31/12/2015	31/12/2014	Change
Bank deposits	3,264,705	3,343,620	(78,915)
Cash and cash equivalents	1,012	370	642
Liquid funds and own shares	3,265,717	3,343,990	(78,273)
Financial assets not held as fixed assets	0	0	0
Amounts due to banks (within 12 months)	20,956	9,032	11,924
Portion of short-term financing	616,665	0	616,665
Short-term financial payables	637,622	9,032	628,590

Net short-term financial position	2,628,095	3,334,958	(706,863)
Amounts due to other providers of finances (beyond 12 months)	33,416	50,000	(16,584)
Share of long-term financing	1,570,835	0	1,570,835
Net medium/long-term financial position	1,604,251	50,000	1,554,251
Net financial position	1,023,845	3,284,958	(2,261,113)

The following tables showing some balance sheet indicators, compared with the same indicators relating to previous years, provide a better illustration of the financial situation.

	31/12/2015	31/12/2014
Primary liquidity	0.69	1.00
Secondary liquidity	0.75	1.11
Debt	1.06	0.62
Rate of coverage of assets	0.80	1.10

The effect of allocating the liquid funds generated by core business to investments in the acquisitions of subsidiaries, is clearly revealed. This is flanked by the use of medium/long-term bank loans, which, moreover, took place at particularly favourable conditions, due to the effect of the current reference rate market situation and credit rating recognised by the banking system to the MailUp Group. As in the past, the Group does not use bank debt to finance current operations.

Information pertaining to the environment and workforce

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

Workforce

During the year, no incidents took place nor any injuries at work involving staff on the payroll nor indeed were any charges recorded with regards to occupational diseases on employees or former employees and mobbing cases.

As at 31 December 2015, the Group's workforce numbers 132 employees, of whom 2 managers, 4 middle managers, 125 white-collar workers and 1 labourer.

As at 31 December 2014, the Group's workforce numbers 85 employees, of whom 3 middle managers, 81 white-collar workers and one manager.

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 Group companies does not entail risks nor any onset of situations that may damage the environment.

Investments

During the period investments were made in the following areas:

Fixed assets	Period acquisitions
Development costs	1,059,398
Industrial patents and intellectual property rights	63,672
Concessions, licenses and trademarks	12,981
Consolidation differences	7,006,703
Construction in progress and advance payments	602,012
Other intangible fixed assets	558,176
Other assets	224,349

Given the nature of the business at hand, the investments made by the MailUp Group are historically concentrated on intangible assets and, in particular, on the development of the MailUp platform, detailed, for 2015, in the next paragraph and also including the development projects still in progress at the end of the year, included under Fixed assets in progress and advances.

In 2015, extraordinary costs were incurred in relation to the acquisition of Agile Telecom S.p.A., which made a reverse take over necessary, costs capitalised in connection with the multiple year use (Other intangible fixed assets). The main investment made by the Group in 2015, as already mentioned on several occasions, is connected with the strategic growth project for external lines, by means of the acquisition of controlling shares in companies with complementary business to that of MailUp.

Investments in other assets refer to office furniture and furnishing and electronic machines.

Research and development

In accordance with Article 2428, paragraph 2, number 1, it is specified that during the year, new development costs were recorded for Euro 1,059,398. At year end, net of amortisation/depreciation, these were Euro 2,330,067.

The company continues to systematically develop the MailUp® platform for the management and professional sending of newsletters, e-mails and text messages, accessible over the

internet in SaaS (Software-as-a-Service) mode. The cost incurred for this activity were capitalised in connection with the multiple year use.

These activities this year regarded the development of the platform and, in particular, incremental improvements on the previous versions, particularly on the creation motor and sending of e-mails, which now have a capacity to send that is 8 times higher. This means that we can meet the demands of larger clients, requiring higher sending speeds. Important changes have also been made to the vetting (customer analysis) system, to prevent crime, typically spam and phishing. Thanks to these new algorithms, we have gained accreditation with important international certification systems, like the Germany CSA (Certified Sender Alliance) and the American SuretyEmail. The new APP for Apple iPad "Jade" has also been published, which enables MailUp clients to more quickly increase the number of registered members, in an automated fashion.

For the segment of software developers, new methods have been introduced for integration with MailUp (API), both e-mail and text messages to facilitate the connection between MailUp and other services/software. Some companies have therefore begun developing connectors spontaneously, as in the case of SAP CRM, Python, MS Dynamics, CRM or Prestashop. The new App for Shopify has been released, one of the main SaaS e-commerce systems with more than 240,000 active on-line shops. To support the growth of the SMS business line, the "landing page SMS" function has been introduced, which enables SMS campaigns to be sent, with an abridged link to a web page that has been optimised for mobile devices, thereby facilitating the use of text messages, even for businesses without a website optimised for mobiles or which are unable to update it quickly. The new blog dedicated to e-mail design (<http://emaildesign.beefree.io/>), which has enabled the brand to be strengthened and new international leads obtained, was launched. At year end, the new business line "BEE Plugin" was also launched, connected with the BEE editor, now available via API for integration by third party applications, as lead management system, CRM and CMS. Commercial partnerships have also been started with retailers in Japan and Indonesia. Finally, three new languages have been introduced (Chinese, Portuguese, Indonesian and Japanese).

Investments have been renewed and updates provided of the technological infrastructure that supports the supply of platform services, the research for the best performance levels and reliability and the aim to also cope with the renewed globalisation needs. In addition to pursuing the cloud project, in 2015, a process was also launched for automating the infrastructure, which has significantly reduced manual activities involved in maintaining the systems.

Transactions with subsidiary, related, parent and associated companies

During the year, relations were entertained with subsidiaries, coming under the scope of the company's core business. Interventions all aimed to promote the development in a synergic context that enables positive integrations in the Group environment. No atypical or unusual operations were carried out with respect to normal business management. Operations essentially regard the exchange of assets, the provisions of services, the supply and use of financial means. 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	Financial receivables	Trade receivables	Trade payables	Other payables	Sales	Purchases
Network S.r.l.		56,037	826.45		55,200	2,657,628
MailUp Inc	114,816	143,535	31,843		223,153	175,182
Agile Telecom S.p.A.		90,930	2,039	1,206,512	90,930	216,050
Total	114,816	290,502	859,927	1,206,512	369,283	3,048,860

Other payables due to the subsidiary Agile Telecom include a portion of the purchase price of the totalitarian share in Agile Telecom, which, as highlighted previously and envisaged contractually by the parties, ensues from the assumption by MailUp of a debt by the seller Zoidberg S.r.l. with regards to Agile Telecom.

Treasury stock and shares/holdings in parent companies

As at 31/12/2015, the parent company has 19,200 own shares purchased during the year at the price of Euro 57,502. On 30 April 2015, the shareholders' meeting resolved to authorise purchases and operations on own shares as at that same date of 30 April 2015 and within 18 months of said date. The purchase price of own shares takes place at a unit purchase price that is below the minimum and above the maximum of a value that is respectively lower or greater than 15% of the reference price recorded by the security during the session of the day prior to each individual purchase. The maximum number of shares held can never exceed 10% of the share capital.

Disclosure relative to risks and uncertainties pursuant to Art. 2428, subsection 2, point 6-bis of the Italian Civil Code

The MailUp Group is exposed to various types of risks. The strategy adopted aims to limit exposure to these risks by means of suitable, specific risk management policies that envisage analyses, monitoring and control of the risks. The following is a series of information on aimed at providing indications as to the dimension of company risk exposure.

Risk connected with the general economic trend

The economic-financial position of MailUp, but also that of the companies belonging to the Group, is influenced by all factors comprising the macroeconomic context. In 2015 too, the recession continued that entailed a considerable worsening of the economy, even if the first signs of recovery have been seen. In Italy, like in other EU countries, widespread austerity measures have been adopted, which have negatively influenced consumer trust, their buying power and spending capacity. In this difficult macroeconomic situation, MailUp has successfully grown and achieved important objectives, but the crisis of the Eurozone countries

and unforeseeable effects of its continuation, may in any case have negative effects on the Group business.

Market risks

The sectors in which MailUp operates are characterised by rapid technological development and suffer the competitive pressure deriving from the development of technology.

The Group's success depends, amongst other aspects, on the capacity to innovate and strengthen its technologies, in order to respond to the technological and emerging progress in the sector in which it operates.

The Group consequently finds 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 its business and/or encourage the development and growth of new operators.

In particular, the SMS system may be surpassed by other network-based systems (such as Messenger, WhatsApp, WeChat, Push Notifications), with the consequence that the company may not be able to successfully and/or quickly manage any transition to the use of these platforms.

If the solutions offered by MailUp should be unable to satisfy the needs of clients and/or respond to technological progress, the company will need to be able to improve its technological platform quickly and develop and introduce new services, new applications and new solutions onto 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 its services 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 to respond 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 company's economic, equity and financial position.

Credit risk

The credit risk is the Group's exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the finance and administration department, which, on the basis of formalised assessment and appointment procedures of commercial partners, seeks to minimise the risk. Following the economy's difficulties, stricter procedures have been adopted to quantify and control client risk levels.

It must be considered that the financial activities of the company 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, and also thanks to its listing on the AIM market, MailUp enjoys a good level of liquidity and has reduced debt with regards to the banking system, aimed exclusively at investing and maintaining its financial independence with respect to operations.

In order to optimise the management of financial resources, reducing the liquidity risk, the Group has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with the business planning process.

The foreseeable cash flow for FY 2016 includes, in addition to the dynamics of working capital and investments, also the effects of the maturity of current liabilities: The Group expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that in FY 2016, the Group will be able to generate financial resources that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.

It is considered that the liquidity risk is not significant.

With reference to the requirements laid down by Art. 2428, paragraph 3, point 6-bis of the Italian Civil Code in connection with the Group's use of financial instruments, it is specified that no contracts have been stipulated in relation to financial instruments.

Interest rate risk

At end 2015, the Group obtained financial resources through banks to cope with extraordinary operations.

As at 31/12/2015, bank debt gross of amounts held on account, comes to Euro 2,208,456.

The underlying loan contracts envisage terms and conditions that are in line with market practice.

The loans are also connected with the risk of interest rate changes, as they are negotiated at variable rates. It cannot be excluded that growth of interest rates may result in an increase in costs connected with the financing of debt, with consequent negative effects on the consolidated economic-financial position.

Exchange rate risk

There are trade receivables and payables held in foreign currencies by MailUp, for limited amounts, with regards to the American subsidiary MailUp Inc., as well as marginal amounts for trade payables in foreign currencies with third party suppliers. The companies relating to the subsidiary MailUp Nordics, in particular Globase International, operate on the Danish market and the consolidated assets and liabilities on the 2015 financial statements are originally held in Danish Corona. The Danish Corona/Euro exchange rate is extremely stable and historically oscillates only minimally. Exposure to risks connected with exchange rate fluctuation is therefore very limited. Under this scope, we also note the presence of a financial receivable held in US dollars due to MailUp Inc., in the amount of Euro 114,816 as at 31/12/2015, for a loan disbursed by the parent company and partially reimbursed in 2015.

Conversion exchange rate risk

MailUp holds an equity investment in MailUp Inc. with registered office in the USA. The equity investment is booked for a value of Euro 37,352 and is therefore subject to changes in the

Euro/Dollar exchange rate, noted on the consolidated financial statements in the “conversion” reserve. Although it monitors exposure to the risk of conversion exchange rates, the Group is only slightly subject to it.

Significant events after period end

No significant events took place after year end.

Outlook

The Group intends to continue to further develop its business and services through a profitable growth process, in order to successfully gain standing and reinforce its position in the reference sector.

To this end, in particular, the aim is to proceed with the following:

- **localisation of the MailUp platform in other languages;**
- **investments in marketing & sales** as necessary to increase the customer base, both in Italy and abroad, through international marketing campaigns and business development in selected contexts;
- **focussed business development** aimed, amongst others, at developing new contacts with partners (suppliers of SaaS cloud systems, software and digital services) and retailers (such as, for example, hosting and telecommunications providers), which can speed up market penetration;
- **focussed investments on improving performance** in order to reduce the rate of clients lost and improve the use of its services, the on-boarding (i.e. service activation) process, the functions and integrations with external systems in order to improve the client conversion rate (intended as the ratio of potential clients and clients acquired);
- **the introduction of new services**, which should allow for an increase in client spending, despite the fact that it is already driven to upgrade the service following the increase in the list of addressees and consequent increase of sending time; these also include strengthening the SMS services;
- **investments aiming to develop integrations** between the services supplied and other e-commerce systems, CRM and CMS;
- **acquisition of systems, software and technologies** under the scope of marketing technologies on cloud, which enable a rapid expansion of the service portfolio or the attack of market brackets that have thus far not been overly targeted;
- **corporate acquisitions** in foreign countries in order to speed up the entry into new markets.

The Group does not, moreover, exclude the possibility of potentially increasing its market share in the medium-term for external lines by acquiring or collaborating on a commercial level with other companies operating on the reference market or other related markets, assessing the relevant value of such both in strategic and financial terms.

Organisation and management models of Italian Legislative Decree no. 231/2001

During FY 2015, MailUp S.p.A. adopted its own organisation and management model and the code of ethics compliant with the requirements laid down by Italian Legislative Decree no. 231/2001, which, in 2016, should also be adopted by the newly-acquired companies.

Personal data processing

In compliance with Italian Legislative Decree no. 196 of 30/06/2003, in relation to the Personal Data Protection Code ("Consolidated Privacy Law"), the Group has, through formal communications, appointed the data controllers and data supervisors. MailUp has always paid particularly close attention to the correct application of the Privacy Code, even outside normal legislative obligations, in view of the strategic importance, for its business, of the impeccable management of client databases included on the MailUp platform. MailUp is in fact appointed by clients as External Controller for the processing of personal data as required in order to send out commercial communications in the form of newsletters, e-mails, text messages and social messages, through the platform. The internal procedures on these matters are constantly formalised, monitored and updated, as is specific training of employees. The same attention to the protection of privacy has always been, and increasingly will be in the future, shared with the other subsidiaries. The Group has for years been assisted by legal advisors of proven competence and experience, on both a national and international level, on the specific matters of privacy and digital marketing. The prevention and fight against potential abuse by clients in this area is also closely monitored, thanks to a dedicated technical department and the adoption of particularly strict, protective contractual regulations.

Chairman of the Board of Directors

Matteo Monfredini

Group consolidated financial statements as at 31/12/2015

Balance sheet - Assets	31/12/2015	31/12/2014
------------------------	------------	------------

B) Fixed assets		
<i>I. Intangible</i>		
1) Start-up and expansion costs	255,680	327,012
2) Research, development and advertising costs and expenses	2,330,067	1,519,351
3) Industrial patents and intellectual property rights	159,473	66,284
4) Concessions, licences, trademarks and similar rights	20,644	14,836
5) Goodwill	7,025,436	0
6) Assets under construction and payments on account	604,374	337,945
7) Other	668,374	138,669
	11,064,048	2,404,097
<i>II. Tangible</i>		
2) Plant and machinery	8,919	14,245
3) Industrial and commercial equipment	0	1,258
4) Other assets	745,412	700,215
	754,331	715,718
<i>III. Financial</i>		
1) Equity investments in:		
d) other companies	2,000	2,000
	2,000	2,000
2) Receivables		
d) third parties		

- beyond 12 months	134,348	44,935
	<u>134,348</u>	<u>44,935</u>
	136,348	46,935
Total fixed assets	11,954,727	3,166,750

C) Current assets

I. Inventories

4) Finished products and goods for resale	22,505	38,758
	<u>22,505</u>	<u>38,758</u>

II. Receivables

1) Trade		
- within 12 months	2,866,722	1,393,765
	<u>2,866,722</u>	<u>1,393,765</u>

4-bis) Tax receivables

- within 12 months	125,065	90,098
- beyond 12 months	121,362	134,637
	<u>246,427</u>	<u>224,735</u>

4-ter) Prepaid tax

- within 12 months	224,573	59,077
	<u>224,573</u>	<u>59,077</u>

5) Other

- within 12 months	171,473	60,650
	<u>171,473</u>	<u>60,650</u>
	3,509,195	1,738,227

III. Short-term financial assets

5) Treasury stock	57,502	0
	<u>57,502</u>	<u>0</u>

IV. Liquid funds

1) Cash at bank and post office	3,264,705	3,343,620
2) Cash and equivalents in hand	1,012	370
	3,265,717	3,343,990
Total current assets	6,854,919	5,120,975

D) Accruals and deferrals		
- miscellaneous	531,871	467,020
	531,871	467,020

Total assets	19,341,517	8,754,745
---------------------	-------------------	------------------

Balance sheet - Liabilities	31/12/2015	31/12/2014
------------------------------------	-------------------	-------------------

A) Equity		
<i>I. Share capital</i>	216,667	200,000
<i>II. Share premium reserve</i>	4,966,801	2,983,468
<i>IV. Legal reserve</i>	40,000	5,656
<i>VII. Other reserves</i>		
- Extraordinary or optional reserve	236,724	125,866
- Reserve for the purchase of treasury stock	57,502	0
- Other reserves	(6,780)	(119,864)
	287,446	6,002
<i>VIII. Profit (loss) carried forward</i>	1,740,002	0
<i>IX. Period profit</i>	(12,441)	68,472
Total Group equity	7,238,475	3,263,598
A.2) Equity of minority interests		
<i>I. Minority interests in capital and reserves</i>	14,680	0
<i>IX. Income (loss) pertaining to minority interests</i>	14,330	0
Total equity of minority interests	29,010	0

Total Group and minority interests' equity	7,267,485	3,263,598
---	------------------	------------------

B) Provisions for risks and expenses

1) Provisions for pensions and similar obligations	60,000	20,000
2) Provisions for taxation, including deferred	33,345	9,546
3) Other	57,739	57,739
Total provisions for risks and charges	151,084	87,285

C) Employee leaving indemnities

Employee severance indemnity (TFR)	670,174	425,201
------------------------------------	---------	---------

D) Payables

4) Amounts due to banks		
- within 12 months	637,622	9,032
- beyond 12 months	1,570,835	0
	<u>2,208,457</u>	<u>9,032</u>
5) Amounts due to other providers of finance		
- beyond 12 months	33,416	50,000
	<u>33,416</u>	<u>50,000</u>
6) Advances		
- within 12 months	21,622	20,369
	<u>21,622</u>	<u>20,369</u>
7) Trade payables		
- within 12 months	2,320,262	773,059
	<u>2,320,262</u>	<u>773,059</u>
12) Tax payables		
- within 12 months	991,889	261,551
	<u>991,889</u>	<u>261,551</u>
13) Social security charges payable		

- within 12 months	225,637	150,763
	<u>225,637</u>	<u>150,763</u>
14) Other payables		
- within 12 months	1,940,083	771,177
	<u>1,940,083</u>	<u>771,177</u>
Total payables	7,741,366	2,035,951

E) Accruals and deferrals		
- miscellaneous	3,511,410	2,942,710
	<u>3,511,410</u>	<u>2,942,710</u>

Total liabilities	19,341,517	8,754,745
--------------------------	-------------------	------------------

Memorandum accounts	31/12/2015	31/12/2014
---------------------	------------	------------

3) Third party property held at the company		
Other	500,248	500,248
	<u>500,248</u>	<u>500,248</u>

Total memorandum accounts	500,248	500,248
----------------------------------	----------------	----------------

Income statement	31/12/2015	31/12/2014
------------------	------------	------------

A) Value of production		
1) Income from sales and services	9,366,388	8,008,714
4) Increases in fixed assets for in-house works	1,540,862	1,023,466
5) Other revenues and income:		
- other	146,760	25,508
Total value of production	11,054,010	9,057,688

B) Production costs		
6) <i>For raw, ancillary and consumable materials and goods for sale</i>	1,783,888	1,811,621
7) <i>For services</i>	2,994,770	2,208,129
8) <i>For rental, lease and hire</i>	454,363	348,968
9) <i>For payroll and related</i>		
a) Wages and salaries	3,453,700	2,834,654
b) Welfare and social security	904,410	756,654
c) Employee termination indemnities	213,440	170,464
e) Other costs	1,627	1,252
	4,573,177	3,763,024
10) <i>Amortisation, depreciation and impairment</i>		
a) Amortisation of intangible fixed assets	785,688	376,410
b) Depreciation of tangible fixed assets	269,909	245,236
d) Impairment of current receivables	5,367	6,722
	1,060,964	628,368
11) <i>Change in raw materials, consumables, supplies and goods</i>	16,253	(21,539)
14) <i>Other operating costs</i>	152,672	113,904
Total production costs	11,036,086	8,852,475
Difference between value and cost of production (A-B)	17,924	205,213

C) Financial income and expense		
16) <i>Other financial income:</i>		
e) <i>income other than the above:</i>		
- other	3,298	1,275

	3,298	1,275
<i>17) Interest payable and similar charges:</i>		
- other	2,878	1,889
	2,878	1,889
<i>17-bis) Exchange losses and gains</i>	32,902	(1,361)
Total financial income and expense	33,322	(1,975)

E) Extraordinary income and expense		
<i>20) Income:</i>		
- other	1	0
	1	0
Total extraordinary items	1	0

Pre-tax result (A-B±C±D±E)	51,247	203,238
<i>22) Current, deferred and prepaid income tax</i>		
a) Current tax	87,576	195,297
b) Deferred tax	24,097	(1,454)
c) Prepaid tax	(62,315)	(59,077)
	49,358	134,766

23) Period profit (loss)	1,889	68,472
Minority interest profit (loss)	14,330	0
Group profit/(loss)	(12,442)	0

Chairman of the Board of Directors
Matteo Monfredini

Notes to the Group consolidated financial statements as at 31/12/2015

Basis of preparation

The consolidated financial statements as at 31 December 2015 of MailUp S.p.A. (hereinafter also referred to as the "Parent Company") and subsidiaries (hereinafter also referred to as the "MailUp Group" or the "Group"), were prepared in compliance with the provisions of the Italian Civil Code and notably in respect of the principles for the preparation and structure, as envisaged by Art. 2423-bis and 2423-ter of the Italian Civil Code. They consist of the consolidated balance sheet (prepared in compliance with the scheme envisaged by Art. 2424 and 2424-bis of the Italian Civil Code), the consolidated income statement (prepared in compliance with the layout pursuant to Art. 2425 and 2425-bis of the Italian Civil Code) and these notes. The provisions of law applied to the preparation of the financial statements have been interpreted and supplemented by the Italian Accounting Standards issued by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (National Boards of Chartered Accountants and Book-keepers) and the Organismo Italiano di Contabilità (Italian Accounting Organisation), where applicable and not conflicting.

Save for the necessary adjustments made to the layouts envisaged for the financial statements for the purpose of preparing the consolidated financial statements, the structure and contents of the consolidated income statement and balance sheet are as prescribed for the financial statements of the parent company MailUp S.p.A.

These notes contain all the information required by Art. 38 of Italian Legislative Decree no. 127/91 as subsequently amended.

The explanatory notes illustrate, analyse and in some cases supplement the financial statement data and contain the information required by Article 2427 of the Italian Civil Code and by some legislative provisions. Furthermore, all the supplementary information considered necessary for providing a true and fair view of the financial and equity situation is provided, even if not requested by specific provisions of law.

For each individual item of the Balance Sheet and Income Statement, the corresponding figure of the consolidated financial statements of the previous year closed on 31/12/2014, has been indicated.

Contents of the consolidated financial statements

The Consolidated financial statements of the MailUp Group, complete with the Directors' Report on operations, consist of the following documents:

1. the consolidated statement of financial position as at 31 December 2015, compared with the consolidated statement of financial position as at 31 December 2014;
2. the consolidated statement of comprehensive income for FY 2015, compared with the consolidated statement of comprehensive income for the financial year ended on 31 December 2014;
3. the pro-forma consolidated income statement, comprising the results of the companies acquired in 2015, as at 01 January 2015, stated within the Report on Operations;
4. the statement of changes in equity for the financial years closed on the 31 December 2015 and 2014;
5. the consolidated statement of cash flows for FY 2015, compared with the consolidated statement of cash flows for the financial year ended on 31 December 2014;

6. the notes.

The consolidated financial statements comprise the financial statements of the parent company and its subsidiaries, the identification of which is described in the paragraph below entitled "Consolidation area".

All figures given on the notes to the consolidated financial statements are stated in euros, except where otherwise specified. The data used for the consolidation has been taken from the financial statements of the individual companies, all referring to 31 December 2014. This data has been appropriately amended and reclassified where necessary, in order to bring them into line with international accounting standards and homogeneous classification criteria within the Group.

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 December 2015.

The income statements of the subsidiaries Agile Telecom S.p.A. and MailUp Nordics A/S have not been consolidated, insofar as acquired respectively on 29 December and 13 November 2015 and, on the basis of the indications given in OIC 17, the consolidation of the income statement could only have taken place as from that date, clearly with insignificant effects on the group income statement.

A pro forma income statement has also been prepared, as presented below, stated separately in the Report on Operations, which also includes financial data for these subsidiaries for the whole of FY 2015, in order to provide a more fitting representation of the group results.

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.

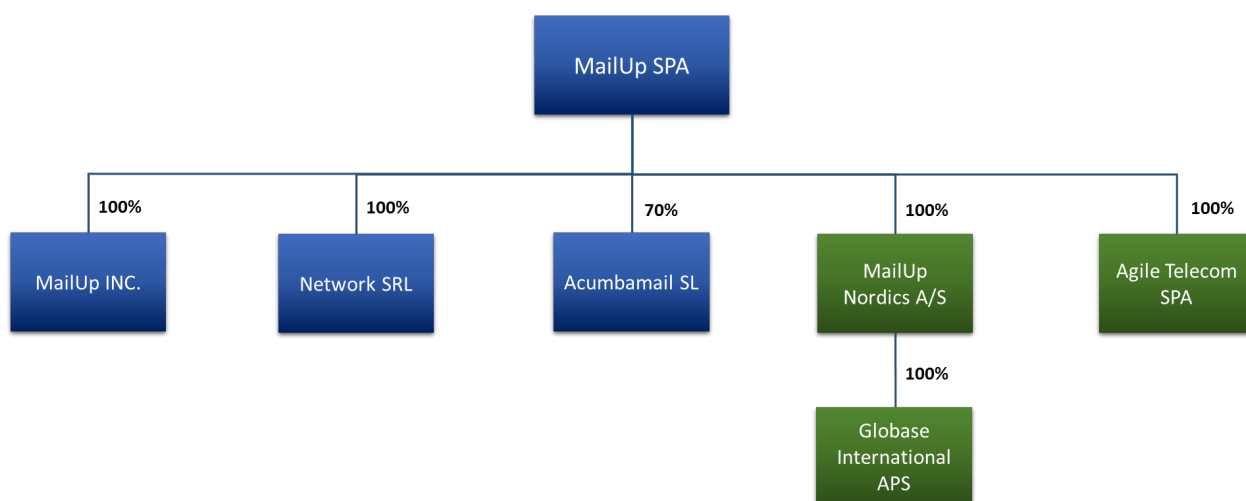
The following have then been eliminated:

- 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;
- the difference between the carrying value of the investments and the corresponding portions of equity is allocated to Goodwill/Consolidation difference;

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

The investment held by minority shareholders in the subsidiaries consolidated is identified separately from the Group's equity.

Group structure



The graph showing the Group structure shows the companies, acquired in 2015, which have not been consolidated in the income statement, in green.

Full subsidiaries consolidated on a line-by-line basis

A list of companies coming under the consolidation area is given in the table below. The table gives the investments of which MailUp S.p.A directly holds control:

Company name	Registered office	Capital share	Equity	Profit/Loss	%
NETWORK S.R.L.	Cremona (CR)	10,500	192,430	59,146	100%
MAILUP INC.	United States of America	45,926	(116,629)	40,539	100%
ACUMBAMAIL SL	Spain	4,500	96,700	47,766	70%
MAILUP NORDICS A/S	Denmark	67,000	1,027,681	713,317	100%
AGILE TELECOM SPA	Carpi (MO)	500,000	1,792,139	1,248,859	100%

Network S.r.l. provides IT-systems consultancy, software analysis, design and engineering, supply, design, installation and management of all problems relating to mass e-mailing (abuse and deliverability services) or through other messaging channels. Having developed these specific professional aspects, Network deals with the management, on behalf of the parent company MailUp S.p.A., of the development and maintenance of software and applications, management of databases and the hardware and software infrastructure, customer assistance services, improvement to the performance of allocation to addressees, abuse prevention and the maintenance and update of the website in relation to the MailUp® platform, the multi-channel direct marketing tool (newsletters, mails, text messages, social networks) owned by MailUp S.p.A. The company also designs, develops and retails video surveillance and intelligent video analysis solutions. 96% of turnover is realised with regards to its parent company.

MailUp Inc., established in San Francisco by the parent company in November 2011, it aims to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. Since the end of this year, the company has also been marketing the new product BEE Plugin. The strategic location allows for the capture and anticipation of innovative ideas coming from Silicon Valley, California, an area in which the main players on the reference market and the digital economy in general, are concentrated. This is why, as well as for the specific competences accrued, the resources of MailUp Inc are monitoring and coordinating, in collaboration with the Italian colleagues, the development and technical update programmes of the MailUp platform, as well as the road maps for the implementation of the new releases and the development of integrations with third party partners.

Acumbamail SL, a start-up founded in 2012 with registered office in Ciudad Real, Spain, has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees.

MailUp Nordics A/S controls 100% of the capital of the company Globase International ApS, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows. The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group aims to position the MailUp platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing. The acquisition also enables know-how to be increased, particularly in managing problems reported by medium/large clients.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Code (Italian Legislative Decree no. 259 of 01 August 2003; Annex no. 9). The company is also entered on the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator" and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing customers the best possible sending quality at the lowest possible price.

The distinctive traits of the work of Agile Telecom are as follows:

- Platform and know-how for highly-flexible, scalable message routing management, which enables customised rules and routing dynamics of messages, so as to optimise quality and cost.
- Direct connections with numerous national and international telecommunications operators with high capacity and sending volumes such as to allow for low purchase costs.

- Capacity to supply customised text message services, such as, for example, for high/low quality sending (MT - Mobile Terminated), SMS receipt service (MO - Mobile Originated), sending with customisable TTL (Time-to-live) service, necessary, for example, to send OTP (One-time password), i.e. PIN numbers that only remain valid for a few minutes.
- System for monitoring the quality of the sending of text messages available in several countries and with several telephone operators (SMSC.net).
- System for the dynamic comparison of the costs of sending through several international aggregators.
- System for the sending via signalling protocol SS7, the same used by mobile telephony operators.
- System for the management of the MNP (Mobile Number Portability) database supplied by the Ministry of Economic Development, which means that each addressee can know the corresponding telephony operator. This means that the optimal and/or least expensive sending route can be set.
- Membership of the GSMA international association that groups together all the main mobile telephony operators.

Criteria for converting financial statements not prepared in euros

The conversion of the financial statements of the subsidiary MailUp Inc., which are prepared in a currency other than the euro, the currency in which the consolidated financial statements are prepared, is carried out using the following procedures:

- The assets and liabilities of the foreign subsidiaries have been converted at exchange rates current as at 31/12/2015;
- The items of the income statement have been converted at average exchange rates for FY 2015;
- The emerging exchange differences have been debited or credited to a specific reserve of consolidated equity named "Reserve from conversion differences".
- The exchange differences originating from the conversion of the items of equity are allocated to a specific item of equity together with those deriving from the conversion of the income statement at average exchange rates with respect to the year end exchange rate.

The same criteria have been used to convert the financial statements of the subsidiary MailUp Nordics S/A as regards the balance sheet only.

The exchange rates used when preparing these consolidated financial statements for the purpose of converting the figures given in different currencies, in euros, were (source Bank of Italy):

Currency	Exchange rate as at 31/12/2015	Exchange rate as at 31/12/2014	Average exchange rate as at 31/12/2015	Average exchange rate as at 31/12/2014
USA Dollar	1.0887	1.2141	1.1095	1.3285
Danish Corona	7.4626			

The criteria used to prepare these financial statements were applied for the preparation of the items of the balance sheet and income statement as at 31/12/2015 and at the end of the previous year.

The items of the financial statements have been valued on a general principle of prudence and accruals, with a view to the company as a going-concern.

A standard of prudence was applied resulting in individual measurement of the elements composing the single asset and liability entries or items, to avoid offsetting among losses which should have been recognised and income not to recognise as they were not realised.

In keeping with the accrual method of accounting, the effect of transactions and other events was recognised and attributed to the year to which these transactions and events refer, and not when the related cash movements occur (collections and payments).

The continuity in applying the measurement policies over a period of time is a necessary element for the purpose of comparing company financial statements from the various years.

The measurement criteria adopted, moreover, are those used in preparing the financial statements of the parent company and have been analytically detailed in the Notes, of which they are a part and to which reference is made, as the specified financial statements of MailUp S.p.A. closed as at 31/12/2015.

Exceptions

(Re: Art. 2423, fourth paragraph, Italian Civil Code)

No exceptional cases occurred that made it necessary to make exceptions pursuant to Art. 2423, paragraph 4 of the Italian Civil Code.

Specifically, the accounting policies adopted for the drawing up of the financial statements were as follows.

Fixed assets

Intangible fixed assets

Intangible fixed assets are recorded at historic purchase cost or cost of internal production and stated net of the amortisation charged over the years, charged directly to the individual items.

Start-up and expansion costs relate to expenses incurred to amend the Articles of Association and, in particular, to change the legal status of the company from limited liability to joint stock and the extraordinary expenses incurred for the consequent listing on the AIM market.

The costs of research and development, industrial patents and the rights to use intellectual property, licences, concessions and trademarks are amortised according to their assumed possible use, so as to ensure that the net value at period end corresponds to their residual possible use. Amortisation/depreciation starts when an asset becomes available for use. Research and development costs include the development costs incurred internally for the creation and innovation of 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.

Goodwill/consolidation difference is determined by the value resulting from the removal of the equity investments; booked on the financial statements of the Parent company at purchase cost, with the equity of the subsidiaries. This item also includes goodwill recorded in Agile Telecom for the Faxator service with a book value of Euro 79 thousand.

Other intangible fixed assets relate to the extraordinary expenses incurred in support of the acquisitions of subsidiaries made in 2015 and, in particular, for the reverse take-overs as a consequence of the acquisition of the subsidiaries Agile Telecom, the extraordinary globalisation costs and the costs incurred to improve third party assets. The latter are amortised at rates that depend on the duration of the rental contract for the asset to which they refer, if less than that of future use.

Fixed assets under construction and advances relate to costs incurred for development projects on the MailUp platform, which as at 31/12/2015 had not been completed and, therefore, could not be used.

Regardless of any amortisation/depreciation booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

In short, the Group has applied the rates calculated on the following useful lives:

- Establishment and constitution expenses 5 years
- Rights for the use of intellectual property 5 years
- Trademarks 5 years
- Research and development costs 5 years
- Consolidation difference 10 years
- Extraordinary expenses for acquisitions of subsidiaries/RTO and globalisation 5 years
- Improvements to third party assets according to the residual term of the lease contract of the property to which the expenses incurred refer

Tangible

These are posted at purchase price and adjusted by the corresponding depreciation funds.

When reporting the value in the financial statements, accessory charges and costs relating to use of the assets have also been considered.

The depreciation, charged to the income statement, has been calculated considering the utilisation, intended use and economic-technical duration of the assets, in relation to the residual possible usefulness. We believe that this approach represents the following rates well and is consistent with the previous year and with the 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 machinery: 20%
 - Signs: 20%

Assets with a unit value of less than Euro 516.46, susceptible to autonomous use, are registered in full to the income statement, under item B.6, if their utility is limited to just one accounting period.

Regardless of any amortisation/depreciation booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

Financial

Financial fixed assets are stated at their purchase cost, including related charges.

The investment in the CRIT consortium has been measured at cost insofar as irrelevant both quantitatively and qualitatively for the purpose of ensuring a clear, truthful and correct representation of the Group position.

The cost is written down to reflect permanent losses in value in the event that the investee companies have suffered losses, and income capable of absorbing said losses is not envisaged in the near future. The original value is restored during subsequent years if the reasons for the impairment cease to apply.

Losses exceeding the carrying value of the investments are allocated to a specific provision of the liabilities.

Financial lease transactions (leasing)

Financial lease transactions are shown on the financial statements according to the equity method, booking the charges paid on an accruals basis. A specific section of the explanatory notes gives the supplementary information required by the law in relation to the representation of financial lease charges according to the financial method.

Inventories

Goods held as inventories are reported at the lower of the purchase price and realisable value determined from market trends.

Purchase costs include the prices paid to suppliers, net of discounts and bonuses.

Where necessary, the purchase price is suitably impaired to adjust it to its presumed realisation value.

Receivables

These are stated at their estimated realisable value. The presumed nominal loan value is adjusted by means of a specific provision for doubtful debt, taking into account general and sector-specific economic conditions.

Own shares

Own shares reported under current assets, insofar as held for sale in the short-term, are quoted at the lower of the purchase price and realisable value determined from market trends. On 30/04/2015, the shareholders' meeting resolved to authorise purchases and operations on own shares as at that same date of 30/04/2015 and within eighteen months of said date. The purchase price of own shares takes place at a unit purchase price that is below the minimum and above the maximum of a value that is respectively lower or greater than 15% of the reference price recorded by the security during the session of the day prior to each individual purchase. The maximum number of own shares held can never exceed 10% of the share capital.

Payables

These are booked at face value, amended for returns or invoice adjustments.

Accruals and deferrals

These are determined on an effective accruals basis in accordance with the matching principle.

Provisions for risks and charges

They are allocated to cover losses or payables of certain or probable existence whose amount or date of accrual cannot be determined on the closing date of the year.

The general principles of prudence and accruals were observed when valuing these reserves and no steps were taken to form general risk reserves without economic justification.

Potential liabilities have been posted on the financial statements and recorded in funds insofar as they were held to be likely and their relevant charges could be reasonably estimated.

Provision for severance indemnity (TFR)

The reserve represents the effective liability accrued with regards to the employees, in accordance with the law and current employment contracts, taking into consideration every form of remuneration of an ongoing nature.

The provision reflects the total of the individual indemnities accrued in favour of the employees as of the reporting date, net of any advances paid out, and is equal to that which would have to be paid to the employees in the event of the termination of the employment contract as of that date.

Severance indemnity upon cession of office (TFM)

Severance indemnity upon cession of office as Director is a deferred form of remuneration to be paid at the end of the professional mandate, reserved for directors and comparable with the TFR assigned to employees. It differs from TFR in the sense that there is no specific regulation of such within the Italian Civil Code: this means that the amount of TFM due to the administrative body, by virtue of paragraph 1 of Art. 2389 of the Italian Civil Code, is decided in the Articles of Association or by the shareholders' meeting.

Income tax

Current tax is determined on the basis of current tax legislation and stated both on the income statement and under tax payables or receivables.

Prepaid tax, including the benefit deriving from the carrying forward of tax losses, is recorded as prepaid tax under current assets. The tax benefit relating to the carrying forward of tax losses is noted when it is reasonably certain that it will indeed be realised.

Tax is provisioned on an accruals basis, and as such represents:

- the provisions for tax paid or to be paid for the year, determined in accordance with current rates and legislation;
- the sum total of deferred tax or prepaid tax relating to timing differences which have arisen or been cancelled during the year.

Revenue recognition

Revenues from the sale of products are recognised at the time ownership is transferred, which normally takes place upon delivery or shipment of goods.

Revenues of a financial nature and those deriving from the provision of services are recognised on an accruals basis.

Revenues and income, costs and expense related to foreign currency transactions are calculated at the exchange rate as of the date on which the transaction took place.

Conversion of amounts denominated in foreign currency

Receivables and payables which are originally expressed in foreign currencies - booked on the basis of the exchange rates effective on their date of accrual - are aligned to the exchange rates effective on the closing date of the financial statements.

Guarantees, commitments, third party assets and risks

The valuation of third party assets held by the company has been carried out at the value assumed from existing documentation.

Elements coming under more than one entry of the financial statements

Please note that in accordance with paragraph 2 of Art. 2424 of the Italian Civil Code, there are no elements coming under more than one entry of the financial statements.

Application of standardised accounting standards

The companies coming within the consolidation area have applied correct accounting standards that are substantively compliant with Italian legislation and sufficiently homogeneous with the standards adopted by the parent company.

Consequently, there has been no need to make any changes to the accounts of subsidiaries.

Significant changes made to the balance of other assets and liabilities

Total changes to intangible fixed assets

Description	31/12/2015	31/12/2014	Change
Start-up and expansion costs	255,680	327,012	(71,332)
Research, development and advertising costs	2,330,067	1,519,351	810,716
Industrial patents and intellectual property rights	159,473	66,284	93,189
Concessions, licences, trademarks and similar rights	20,644	14,836	5,807
Amortisation/Consolidation difference	7,025,436	0	7,025,436
Fixed assets under construction and other advances	604,374	337,945	266,430
Other	668,374	138,669	529,705
Total	11,064,048	2,404,097	8,659,951

“Start-up and expansion costs” includes the extraordinary costs incurred by the Parent company in connection with the corporate transformation from the legal status of “S.r.l.” (limited liability company) to that of “S.p.A.” (joint stock company) and the listing on the AIM Italia market.

“Research, development and advertising costs” includes the capitalised costs relative to the development, update and modernisation of the MailUp® platform owned by the Parent company. No advertising or research costs have been capitalised.

The costs are reasonably linked to benefits that extend over several years, and are amortised in

relation to their residual possibilities of use. In 2015, these activities regarded incremental improvements on the previous versions, particularly on the creation motor and sending of e-mails, which now have a capacity to send that is 8 times higher. This means that we can meet the demands of larger clients, requiring higher sending speeds. Important changes have also been made to the vetting (customer analysis) system, to prevent crime, typically spam and phishing. Thanks to these new algorithms, we have gained accreditation with important international certification systems, like the Germany CSA (Certified Sender Alliance) and the American SuretyEmail. The new APP for Apple iPad "Jade" has also been published, which enables MailUp clients to more quickly increase the number of registered members, in an automated fashion.

For the segment of software developers, new methods have been introduced for integration with MailUp (API), both e-mail and text messages to facilitate the connection between MailUp and other services/software. Some companies have therefore begun developing connectors spontaneously, as in the case of SAP CRM, Python, MS Dynamics, CRM or Prestashop. The new App for Shopify has been released, one of the main SaaS e-commerce systems with more than 240,000 active on-line shops. To support the growth of the SMS business line, the "landing page SMS" function has been introduced, which enables SMS campaigns to be sent, with an abridged link to a web page that has been optimised for mobile devices, thereby facilitating the use of text messages, even for businesses without a website optimised for mobiles or which are unable to update it quickly. The new blog dedicated to e-mail design (<http://emaildesign.beefree.io/>), which has enabled the brand to be strengthened and new international leads obtained, was launched. At year end, the new business line "BEE Plugin" was also launched, connected with the BEE editor, now available via API for integration by third party applications, as lead management system, CRM and CMS. Commercial partnerships have also been started with retailers in Japan and Indonesia.

"Industrial patent rights" includes costs for the purchase of software owned by third parties.

Concessions, licences, trademarks and similar rights includes the expenses incurred for the deposit and protection of the MailUp® trademark in Italy and in other countries considered as strategic in commercial terms.

Goodwill/consolidation difference is determined by the value resulting from the removal of the equity investments; booked on the financial statements of the Parent company at purchase cost, with the equity of the subsidiaries. This item also includes goodwill recorded in Agile Telecom for the Faxator service with a book value of Euro 79 thousand.

Fixed assets under construction and advances includes the costs for the software development projects on the MailUp platform incurred in 2015 and expected to be completed next year. This is why as at 31 December 2015, these costs have not been amortised/depreciated.

"Other intangible fixed assets" relates to the extraordinary expenses incurred in support of the acquisitions of subsidiaries made in 2015 and, in particular, for the reverse take-overs as a consequence of the acquisition of the subsidiaries Agile Telecom, the extraordinary globalisation costs and the costs incurred to improve third party assets.

Total changes to tangible fixed assets

Description	31/12/2015	31/12/2014	Change
Plants and machinery	8,919	14,245	(5,326)
Industrial and commercial equipment	0	1,258	(1,258)

Other assets	745,412	700,215	45,197
Total	754,331	715,718	38,613

Impairment and write-backs of value applied during the period

(Ref. Art. 2427, first paragraph, nos. 2 and 3-bis, Italian Civil Code)

No impairment was applied this year or during previous years.

Total write-backs of tangible fixed assets during the period

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

No write-backs were applied this year or during previous years.

Financial fixed assets

Total changes to equity investments

Company name	Country	31/12/2014	Revaluations	Write-downs	31/12/2015
CRIT Cremona information Technology	Italy	2,000			2,000
Total		2,000			2,000

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) and to establish the physical place of meeting, developing a building complex where Cremona-based ICT companies 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.

No changes have been made to the investments held with respect to last year.

Changes to current assets

Current assets	31/12/2015	31/12/2014	Change
Inventories	22,505	38,758	(16,253)
Trade receivables	2,866,722	1,393,765	1,472,957
Tax receivables	246,427	224,735	21,691
Prepaid tax	224,573	59,077	165,496
Other receivables	171,473	60,650	110,823
Own shares	57,502	0	57,502

Liquid funds	3,265,717	3,343,990	(78,273)
Total	6,854,919	5,120,975	1,733,944

Tax receivables as at 31 December 2015 come to Euro 246,427 (Euro 224,735 as at 31 December 2014), detailed as follows:

Tax receivables	Amounts in euros
MailUp S.p.A.	221,558
Network S.r.l.	16,112
MailUp Inc	769
Acumbamail Srl	401
Agile Telecom Spa	7,587

Tax receivables mainly consist of receivables due from the tax authority in connection with tax litigation for Euro 120,092, receivables for withholdings applied in the amount of Euro 14,290, receivables for IRES advances for Euro 47,353, receivables for IRAP advances for Euro 54,665 and tax receivables for a residual amount.

Prepaid tax comes to Euro 224,573 as at 31 December 2015 (Euro 59,077 as at 31 December 2014). The balance includes prepaid tax determined both on the consolidation accounts (Euro 64 thousand) mainly for the elimination of the unrealised profit on intra-group transactions and on temporary differences between the values of assets and liabilities assumed for the preparation of the consolidated financial statements and the respective values relevant for tax purposes of the consolidated companies (MailUp S.p.A. Euro 57 thousand; MailUp Nordics Euro 103 thousand).

Other receivables are as follows:

Description	Amount
Guarantee deposits	59,389
Supplier deposits	22,406
Other tradable securities	39,893
Capital contributions to be collected	45,000
Sundry	4,785
Total	171,473

There are no receivables with a duration of more than 5 years.

The breakdown of receivables as of 31/12/2015 according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Receivables divided by Geographic Area	Clients	Other	Total
ITALY	1,990,482	167,261	2,157,743
EU	598,845	3,510	602,354
NON-EU	277,395	702	278,097
Total	2,866,722	171,473	3,038,195

Own shares in the portfolio are Euro 57,502, corresponding to 19,200 shares, acquired at an average price of Euro 2.995.

For more details on the purchase of own shares, please refer to the financial statements of the parent company MailUp S.p.A.

Liquid funds come to Euro 3,265,717 as at 31 December 2015 (Euro 3,343,900 as at 31 December 2014). The balance represents liquid funds and cash as well as valuables held on the closing date of the year.

Change to accruals and deferrals

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
531,871	467,020	64,851

Prepaid expenses refer in particular (Article 2427, paragraph one, no. 7 of the Italian Civil Code):

- variable remuneration on sales for Euro 119,221
- marketing costs (called "pay per click") for Euro 155,944
- costs for the certification of e-mail deliverability for Euro 33,591
- SMS purchase costs for Euro 75,180
- annual fee of specialist Nuova Investimenti SIM for Euro 17,951
- annual server maintenance cost for Euro 11,396
- consultancy for Euro 9,086
- insurance for Euro 10,036
- lease and hire charges for Euro 17,407
- software user's licences for Euro 12,287
- hosting and housing service costs for Euro 4,452
- trade fair and events participation costs for Euro 9,653
- staff training and identification costs for Euro 7,174
- costs for internet anti-spam services Euro 11,020
- advertising and propaganda costs for Euro 3,230
- association contributions for Euro 3,320
- Agile Telecom office rental costs for Euro 6,593
- other residual items for Euro 10,952

Accrued income, of Euro 13,378, relates to income for services paid as charges, pertaining to FY 2015, but invoiced and collected in the next accounting period. The item also includes interest income on the loan disbursed by Agile Telecom to the company Digitel Italia S.p.A. for the period running until the transfer of the loan in December 2015.

As at 31/12/2015, there were no accruals or deferrals with a residual duration of more than five years.

Changes in equity

Items of equity	31/12/2014	Increases	Decreases	31/12/2015
Capital	200,000	16,667		216,667
Share premium reserve	2,983,468	1,983,333		4,966,801
Legal reserve	5,656	34,344		40,000
Extraordinary or optional reserve	125,866	168,360	57,502	236,725
Reserve for own shares in portfolio	0	57,502		57,502
Consolidation reserve	(139,287)	139,287		0
Conversion reserve	19,423	(6,780)	19,423	(6,780)
Profit (loss) carried forward	0	1,740,002		1,740,002
Period profit (loss)	68,472	(12,442)	68,472	(12,442)
Total equity	3,263,598	4,120,273	145,397	7,238,475

Equity of minority interests	31/12/2014	Increases	Decreases	31/12/2015
Minority interests in capital and reserves	0	14,680	0	14,680
Third party profits	0	14,330	0	14,330
Total equity of minority interests	0	29,010	0	29,010

The share capital of the parent company is entirely paid in and is represented as at 31 December 2015 by 8,666,667 ordinary shares of a par value of Euro 0.025 each.

On 25 July 2014, the Parent company was admitted for listing on the AIM Italia market of Borsa Italiana S.p.A.

On 29.12.2015, the extraordinary shareholders' meeting resolved to increase the share capital by Euro 16,667, by issuing 666,667 ordinary shares in exchange for the conferral by Zoidberg S.r.l. of 33% of the share capital of Agile Telecom S.p.A. and the registration of a new share

premium of Euro 1,983,333.

The profit and loss carried forward comprises the period profits of the subsidiaries that have not been consolidated on the income statement (Agile Telecom and MailUp Nordics), as indicated at the start of this document. The value also includes the allocation of the consolidated net profits as at 31/12/2014 and the consolidation adjustments recorded to bring the historic cost of the assets into line with the value net of inter-company margins of previous years.

Reconciliation between the equity and the result for the year of the Parent company and the corresponding consolidated balances

The statement below reconciles the net result and equity of the parent company with the respective values resulting from the consolidated financial statements:

	Equity 31/12/2015	Equity 31/12/2014	Result 31/12/2015	Result 31/12/2014
Data of the parent company MailUp S.p.A.	5,629,380	3,517,693	111,686	202,704
Equity and period result of subsidiaries	3,112,223	(8,023)	132,362	18,912
Consolidation adjustments to equity and result	(203,296)			
Elimination of book value of consolidated companies	(8,109,430)	(112,352)		
Elimination of internal profits in tangible and intangible assets	(185,798)	(203,296)	(185,798)	(203,2996)
Consolidation difference	6,946,282		(60,421)	
Tax effects in connection with consolidation adjustments	49,134	57,781	(8,647)	57,781
Other	(20)	11,795	(1,624)	(7,629)
Equity and period result of consolidated financial statements	7,238,475	3,263,598	(12,442)	68,472

Changes to provisions for risks and charges

Description	31/12/2014	Increases	Decreases	31/12/2015
Severance indemnity upon cession of office (TFM)	20,000	40,000		60,000
Tax, including deferred	9,546	27,845	4,046	33,345
Other	57,739			57,739
Total	87,285	63,799	4,046	151,084

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

The provision for pension and similar commitments refers to the indemnity due to directors upon cessation of office.

The tax provision includes liabilities recorded for deferred tax in connection with temporary taxable differences and deriving from consolidation effects.

"Other" includes a provision for current legal disputes. The parent company currently has a lawsuit underway with the Financial Administration in connection with the companies' income tax, regional production tax and value added tax for 2004.

The Tax Authority has issued a notice of assessment on the basis of the use of the results of the sector studies' calculation; the reconstruction of revenues prepared by the Office entailed greater tax, totalling Euro 58,468 and sanctions for Euro 49,344, already paid in full.

The petition proposed by the company has been rejected on a first and second instance and the company has submitted an appeal in cassation. The company's lawyers believe that they are likely to be successful in the last instance of proceedings. An amount has been allocated on the financial statements considering the reduction, by the tax courts, of the office claims. In the petitions submitted, it has, amongst other aspects, been shown that the recalculation of the sector study with a more evolved study, brings about a more favourable result for the company. Therefore, a provision for risks has been allocated, in accordance with Art. 2423-bis of the Italian Civil Code and accounting standard OIC 19, for an amount equal to the greater tax deriving from the application of said study.

Changes to TFR

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
670,174	425,201	244,973

The provision represents the effective liability of the Group companies as of 31/12/2015 towards its employees on the workforce as of that date, net of any advances paid.

The reserve set up represents the effective liability accrued with regards to the employees, in accordance with the Law and current Labour Agreements, taking into consideration every form of remuneration of an ongoing nature.

Change in payables

Payables	31/12/2015	31/12/2014	Change
Due to banks within 12 months	637,622	9,032	628,590
Amounts due to banks beyond 12 months	1,570,835	0	1,570,835
Amounts due to other providers of finance	33,416	50,000	(16,584)
Advances	21,622	20,369	1,253
Trade payables	2,320,262	773,059	1,547,203
Tax payables	991,889	261,551	730,338
Due to social security institutions	225,637	150,763	74,874
Other payables	1,940,083	771,177	1,168,903
Total	7,741,366	2,035,952	5,705,414

Amounts due to banks consist almost exclusively of a loan disbursed by Banco Popolare in support of the acquisition of Agile Telecom for a total amount of Euro 2 million, which can be

repaid in 48 months, stipulated at particularly favourable conditions and in the presence of an extremely limited cost of money.

“Amounts due to other lenders” relates to a beneficial-rate loan obtained by the parent company from Finlombarda following participation in the tender “Development of innovation of Lombardy businesses in the tertiary sector” aimed at presenting and developing projects seeking to innovate the Lombardy production system.

The item “Advances” includes the advances received from customers relating to supplies of goods and services not yet delivered.

“Trade payables” are noted net of commercial discounts; the item includes amounts payable for invoices to be received, totalling Euro 621 thousand.

Tax payables as at 31/12/2015, are as follows:

Tax payables	Amounts in euros
MailUp S.p.A.	193,030
Network S.r.l.	93,336
Acumbamail Sl	26,410
MailUp Nordics A/S	72,476
Agile Telecom Spa	606,637

Tax payables	31/12/2015
Amount payable to the tax authority for IRES	336,161
Amount payable to the tax authority for IRAP	59,044
Amount payable to the tax authority for withholdings applied at source	320,411
Amount payable to the tax authority for VAT	237,863
Amount payable to the Spanish tax authority for Acumbamail SL tax	26,410
Amount payable to the tax authority for Tobin Tax	12.00
Total	991,889

Amounts payable to social security institutes are as follows:

Amounts payable to social security and welfare institutions	Amounts in euros
---	------------------

MailUp S.p.A.	88,529
Network S.r.l.	78,206
Acumbamail Srl	3,151
MailUp Nordics A/S	1,315
Agile Telecom Spa	54,435

Amount payable to social security institutions	31/12/2015
Amount payable to INPS for employees	214,069
Amount payable to INPS for directors	1,834
Amount payable by way of complementary welfare	5,818
Amount payable to the health service	1,297
Amount payable to INAIL	1,589
Amount payable to bilateral entity	1,030
Total	225,637

“Other payables” refers to amounts due to directors for emoluments and amounts due to employees for salaries and wages, holidays, permits and additional months’ salaries accrued during the period. The item also includes payables for SMS in stock for Euro 258,079. This provision correlates income already noted with the related costs for sending text messages that will be billed in the future by suppliers when the clients of the Parent company effectively send the messages.

Other payables also include the amount due to Zoidberg for Euro 800,000 in connection with a portion of the purchase price of the controlling shareholding in Agile Telecom, which will be paid, as established by contract, to the seller, ten days after approval of the financial statements as at 31/12/2015.

The breakdown of payables as of 31/12/2015 according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Payables divided by Geographic area	Trade	Other	Total
Italy	1,798,538	1,807,215	3,605,753
EU	336,511	132,867	469,379
Non-EU	185,214	0	185,214

Total	2,320,262	1,940,083	4,260,346
--------------	------------------	------------------	------------------

There are no payables with a residual duration in excess of 5 years nor any payables backed by collateral over assets of companies included in the consolidation.

Change to accruals and deferrals

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
3,511,410	2,942,710	604,118

These represent the entries connected to the year recognised with accruals accounting.

As at 31/12/2015, there were no accruals or deferrals with a residual duration of more than five years.

Approximately 80% of the revenues of MailUp S.p.A. come from recurring charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges is used to form the year's turnover, whilst the part not pertaining to it, i.e. the Deferred income, is used as a basis for the following year's turnover.

The items are comprised as follows (Article 2427, first paragraph, no. 7, Italian Civil Code).

Description	Amount
Sundry accrued liabilities	4,120
Deferred income for charges for services supplied by the Parent company	3,292,694
Deferred income for text messages invoiced but not sent	212,603
Other deferred income	1,993
Total	3,511,410

Change in Memorandum accounts

Description	31/12/2015	31/12/2014	Changes
Third party property held at the company	500,248	500,248	0
Total	500,248	500,248	0

Third party property held at the company relates to assets purchased on hire and lease contracts.

Changes to the income statement

Description	31/12/2015	31/12/2014	Changes
Income from sales	9,366,388	8,008,714	1,357,674
Work performed for own purposes and capitalised	1,540,862	1,023,466	517,396
Other revenue and income	146,760	25,508	121,252
Total	11,054,010	9,057,688	1,996,321

The increase in turnover on last year is closely linked to the performance of the Group's core business and is described in the report on operations, to which we would refer you.

Revenues by geographical area

(Ref. Art. 2427, first paragraph, no. 10, Italian Civil Code)

Income from sales	Italy	EU countries	Non-EU countries	Total
Income from sales to third parties	8,225,005	559,285	582,098	9,366,388
Total income from sales	8,225,005	559,285	582,098	9,366,388

Production costs	31/12/2015	31/12/2014	Change
Purchase of goods and services intended for resale	1,783,888	1,811,621	(27,733)
Services	2,994,770	2,208,129	786,640
Use of third party assets	454,363	348,968	105,395
Workforce	4,573,177	3,763,024	810,153
Amortisation, depreciation and impairment	1,060,964	628,368	432,596
Change in inventory of raw materials	16,253	(21,539)	37,792
Sundry operating expenses	152,671	113,904	38,767
Total	11,036,086	8,852,475	2,183,611

Financial income and expense	31/12/2015	31/12/2014	Changes
Proceeds other than the above	3,298	1,275	2,023

(Interest and other financial charges)	(2,878)	(1,889)	(989)
Exchange rate gains (losses)	32,902	(1,361)	34,263
Total	33,322	(1,975)	35,297

Income tax	31/12/2015	31/12/2014	Change
Current tax	87,576	195,297	(107,721)
Deferred (prepaid) tax	(38,218)	(60,531)	(22,313)
Total	49,358	134,766	(85,407)

As regards the operating performance and overall position of the companies included in the consolidation area, we would refer you to the information given in the report on operations to the consolidated financial statements, prepared by the Board of Directors.

Financial lease transactions (leasing)

The Company currently has one financial lease contract. In accordance with Article 2427, first paragraph, no. 22, Italian Civil Code, the following information is provided:

lease agreement of: 01/08/2013

duration of lease agreement years (months): 48

asset used: office furnishing

cost of asset: Euro 98,515

Balloon payment on lease paid on 01/08/2013 equal to Euro 19,903;

Lease charges paid during the year, equal to Euro 28,679;

Current value of the lease instalments not yet due Euro 32,534;

Actual financial charges attributable to it, referring to the year Euro 2,056;

Value of the asset at year-end considered as fixed asset Euro 69,945;

Virtual amortisation and depreciation of the period Euro 11,822.

Financial expense due to values reported in the assets

During the year, no financial charges to values posted as assets have been reported on the balance sheet.

Disclosure on the fair value of derivative financial instruments

(Ref. Art. 2427-bis, first paragraph, no. 1 of the Italian Civil Code)

As at 31/12/2015, the Group companies had no contracts in place concerning derivative financial instruments.

Sales transactions with reconveyance agreement

(Ref. Art. 2427, first paragraph, no. 6-ter of the Italian Civil Code)

No Group company has made any financing transactions involving the temporary disposal of assets.

Disclosure on financial instruments issued by the company

(Ref. Art. 2427, first paragraph, no. 19, Italian Civil Code)

No Group company has issued any financial instruments.

Disclosure on related party transactions

(Ref. art. 2427, first paragraph, no. 22-bis of the Italian Civil Code)

Transactions between companies are commercial and financial in nature; such transactions are performed at arm's length and carefully monitored by the Board of Directors. With the counterparties in question, transactions were implemented relating to the normal business of the individual entities; no atypical or unusual transactions are noted.

Such transactions are generally settled in the short-term and formalised by contracts. Please refer to the Report on Operations for a full presentation of such transactions.

Information relating to off-balance sheet agreements

(Ref. Art. 2427, first paragraph, no. 22-ter of the Italian Civil Code)

As at 31 December 2015, there were no guarantees of any kind not resulting from the balance sheet and/or memorandum accounts. It is, however, noted that under the current contract, in connection with the purchase of Agile Telecom S.p.A., the company is obliged to also pay the Sellers a supplementary price (an "earn-out") to be paid according to the average value of EBITDA of Agile Telecom for the two years 2015-2016. This supplementary price will be paid by MailUp, for an amount equal to at least 25% in cash, with regards to the residual amount, by means of the assignment of a number of shares in MailUp to be calculated on the basis of the average market price of the Issuer's shares in the three months immediately prior to the reference date.

Disclosure regarding coordination and management activities

In accordance with paragraph 4 of Art. 2497-bis of the Italian Civil Code, we would specify that the parent company is not subject to third party coordination and management.

Workforce data

The number of employees relating to the parent company and fully-consolidated subsidiaries as at the end of the year, is shown in the statement below:

Workforce	31/12/2015	31/12/2014	Changes
Office workers	126	81	45
Middle management and Managers	6	4	2
Total	132	85	47

Fees due to directors and auditors

Below are the fees due to the Directors and Auditors of the companies included in the consolidation area:

Title	Fees	of which Parent company
Directors	939,118	772,175
Board of Statutory Auditors	30,305	16,305
Independent auditing company	41,504	15,000

Statement of cash flows

As envisaged by Accounting Standard OIC no. 10, below is the financial information.

Description	FY 31/12/2015	FY 31/12/2014
A. Cash flow from operations		
Period profit (loss)	1,889	68,472
Income tax	87,576	195,297
Deferred/(prepaid) tax	(38,218)	(60,531)
Interest expense/(interest income)	(420)	1,976
1. Period profit (loss) before income tax, interest, dividends and capital gains/losses on disposals	50,826	205,214
Value adjustments for non-monetary elements that have no equivalent item		
Provisions for TFR	213,440	172,749
Other provisions	63,799	20,000
Amortisation and depreciation of fixed assets	1,054,798	621,646
2. Cash flow before changes in NWC	1,382,862	1,019,610
Changes to net working capital		
Decrease/(increase) in inventories	16,253	(17,894)
Decrease/(increase) in trade receivables	(1,472,957)	(86,502)
Increase/(decrease) in trade payables	1,547,203	240,743

Decrease/(increase) in accrued income and prepaid expenses	(64,851)	(145,064)
Increase/(decrease) in accrued liabilities and deferred income	568,699	487,873
Other changes in net working capital	1,678,559	142,449
3. Cash flow after changes in NWC	3,655,768	1,641,213
Other adjustments		
Interest collected/(paid)	420	(1,976)
(Income tax)	(87,576)	(195,297)
(Deferred)/prepaid tax	38,218	60,531
(Use of provisions)	31,533	(42,238)
4. Cash flow after other adjustments	3,638,363	1,462,233
CASH FLOW FROM OPERATIONS (A)	3,638,363	1,462,233
B. Cash flow from investments		
Tangible fixed assets (investments)	(307,723)	(178,163)
Intangible fixed assets (investments)	(2,438,937)	(1,614,563)
Financial fixed assets (investments)	(89,413)	(41,594)
Short-term financial assets	(57,502)	0
Consolidation differences from acquisitions of subsidiaries	(7,006,703)	0
CASH FLOW FROM INVESTMENTS (B)	(9,900,276)	(1,843,320)
C. Cash flow from loans		
Minority interest funds		
Increase (decrease) in short-term payables to banks	11,924	(5,400)
Stipulation/(repayment) of loans	2,170,916	0
Own funds		
Capital increase by payment	16,667	30,707
Use of capital increase reserves		154,293
Change to extraordinary reserve		(64,972)
(Profit)/loss carried forward	1,943,299	44,057
Change to share premium reserve	1,983,333	2,983,468
Change to other reserves	57,502	(77,503)
CASH FLOW FROM LOANS (C)	6,183,640	3,064,650

INCREASE (DECREASE) IN LIQUID FUNDS (A+-B+-C)	(78,273)	2,692,562
Opening liquidity	3,343,990	651,428
Closing liquidity	3,265,717	3,343,990
INCREASE (DECREASE) IN LIQUID FUNDS	(78,273)	2,692,562

Chairman of the Board of Directors

Matteo Monfredini

Independent Auditors' Report on the consolidated financial statements as of 31/12/2015



MailUp S.p.A.

Independent Auditors' report for the purpose of the AIM Italy
Rules for Companies

MCP/cpo - RC037242015BD1351

INDEPENDENT AUDITORS' REPORT

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

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of MailUp S.p.A. and its subsidiaries (hereinafter the "MailUp Group"), which comprise the statement of financial position as of December 31, 2015, the statement of income and other explanatory notes.

Directors' responsibility 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 the Italian regulations and accounting principles governing financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3 of Legislative Decree No. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of MailUp S.p.A. as of December 31, 2015 and of the result of its operations for the year then ended in accordance with the Italian regulations and accounting principles governing financial statements.

Other matters

The consolidated financial statements for the year ended December 31, 2014 were audited by the auditor in charge who expressed an unqualified opinion issued on April 13, 2015.

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

BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 I.V.

Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842

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.

This report is not issued in accordance with law because MailUp S.p.A. has prepared on voluntary basis the consolidated financial statements for the purposes of the AIM Italy Rules for Companies.

Milan, April 12, 2016

BDO Italia S.p.A.

Signed by
Manuel Coppola
(Partner)

<i>This report has been translated into English from the Italian original solely for the convenience of international readers.</i>
--

Report on operations accompanying the financial statements as at 31/12/2015

Dear Shareholders,

The year ended on 31/12/2015 reports a positive result for Euro 111,686.

Operating conditions and growth of activities

MailUp S.p.A. is a legal entity organised according to the order of the Italian Republic, which goes about its business in the sector of marketing technologies on the cloud (newsletters/e-mails, text messages, social networks). Established on 23 September 2002, MailUp S.p.A. has developed and owns the MailUp® platform that can be accessed over the internet in SaaS (Software-as-a-Service) mode for the management and professional sending of newsletters, e-mails and text messages. As it is entirely web-based, it requires no installation of hardware or software.

The core business consists of the supply of services entailing the sending of e-mails and text message, other related complementary services (e.g. campaigns on social networks) and the new feature in the form of the BEE Plugin service.

E-mail sending

The MailUp service allows clients to send e-mail messages, at limited costs, with the purpose of ensuring commercial and marketing communication (e.g. promotions), information (e.g. newsletters) or transactions (e.g. notifications, notices) to its contacts. Each client therefore uploads a list of its database entries onto the MailUp SYSTEM and can schedule the sending of communications on this.

The MailUp sending system automatically handles sending errors and deletion, in respect of legislation governing personal data processing and industry best practices, of addressees who no longer wish to receive information from the sender.

The MailUp® platform guides the client through the creation of the e-mail to be sent, ensuring a high rate of message delivery.

The creation of e-mail messages is one of the main components of the service, which uses tools to enable the creation of graphically elaborate messages, without having to contact specialists, thanks to hundreds of graphic models available in addition to the BEE editor, which, by simply dragging blocks of contents and images, enables the creation of a pleasant, "responsible" message, i.e. one that adapts its form in relation to the device used to view it (e.g. on mobile devices that have a small screen).

In order to verify that the message created is effectively reproduced on the most widespread devices (e.g. PCs, Macs, tablets, smartphones, etc.), the MailUp system has a function that enables a preview of the message to be viewed on more than 60 different mail clients (e.g. Gmail, Hotmail, Yahoo, Outlook, Apple Mail, Android and Lotus Notes), so as to avoid any unforeseen display errors.

The client can obtain detailed reports that monitor the effectiveness of the e-mail in real time.

The MailUp system can manage mass sendings (including with millions of addressees per individual sending).

Access to the MailUp system is granular, i.e. permits of the various users can be limited, so as to allow them to view and manage only a subset of data and functions available, as required in certain cases for security or privacy purposes. MailUp also includes the SMTP+ service (with SMTP Relay protocol), which enables the easy transfer - with no need to write lines of code - of the flow of messages from a server or internal application of the user to MailUp, which will then deal with the dispatch to the user's end addressees. In order to send transaction messages with a high rate of delivery, MailUp also provides clients with functions, tools and applications that integrate with external software ("API" or "Application Programming Interface"), which enable the connection of the platform with third party applications using standard SOAP and RESTful protocols.

Thanks to agreements with the main mailbox providers (like Hotmail, Yahoo! and AOL), MailUp receives a notification (referred to as a "feedback loop") each time one of their users marks a specific message sent through MailUp as undesired. This means that the user can immediately be deleted from the MailUp client list, so as to keep the list "cleaner" and ensure a better rate of delivery on subsequent sendings.

Differently to its competitors, the cost structure according to the Issuer's business model is not connected with the number of e-mail messages sent: a flat (fixed) charge is instead applied. This means complete freedom in communication, with a certain, predetermined cost: sending any type of message, of any size, with no restrictions of cost or contacts in the database.

Text message sending

The MailUp offer integrates the e-mail function with the possibility of being able to send text messages of up to 160 characters in more than 200 countries, or even linking up to 3 messages, for a total of 459 characters, with personalised sender and notice of receipt with detailed errors.

In order to be able to send the messages, a package of credits needs to be purchased, which can be used within two years if the client has only purchased the SMS service. If, on the other hand, the client has stipulated a contract for both e-mail and SMS services, the duration of the credit to use the SMS service will be linked to the expiry of the e-mail service.

The sending of text messages is characterised by a high quality of service, with high sending capacity that ensures a rapid delivery, even where volumes are high.

The text message sending platform is integrated with the e-mail sending platform, thereby enabling a single database and single segmentation to be managed. The marketing automation logics can also be set on the SMS channel, just as for e-mail, thereby enabling - for example, a text message to be sent to all addressees who did not receive a particular e-mail, or who received it and clicked on a specific link.

BEE Plugin and other services

BEE Plugin is a service that allows for the inclusion of the system used to create "responsible" e-mails (i.e. those prepared to be read on all the main e-mail clients, including smartphones and tablets) developed by MailUp for its platform, within third party applications. This product

has been on sale since November 2015 on the website <http://developers.beefree.io> and represents a first step along the strategy of “Embeddable ESP”, i.e. the possibility of including the technology developed by MailUp in other third party applications (e.g. management software, CRM, CMS) requiring a professional system to create and send e-mail.

Differently to the two core business lines, this third line of business targets the market of software developers and suppliers of cloud applications.

There are then some services, complementary to the above core business, relative to marketing communication on social media. With the social channel (available free of charge), posts can be published on several Facebook, Twitter and LinkedIn profiles, from a single environment, activity monitored in terms of opening, clicks, comments, likes, retweets and the popularity trends measured of each profile over time (followers, friends, subscribers, contacts).

With offices in Milan and Cremona, MailUp S.p.A. has a portfolio of around 9,500 clients.

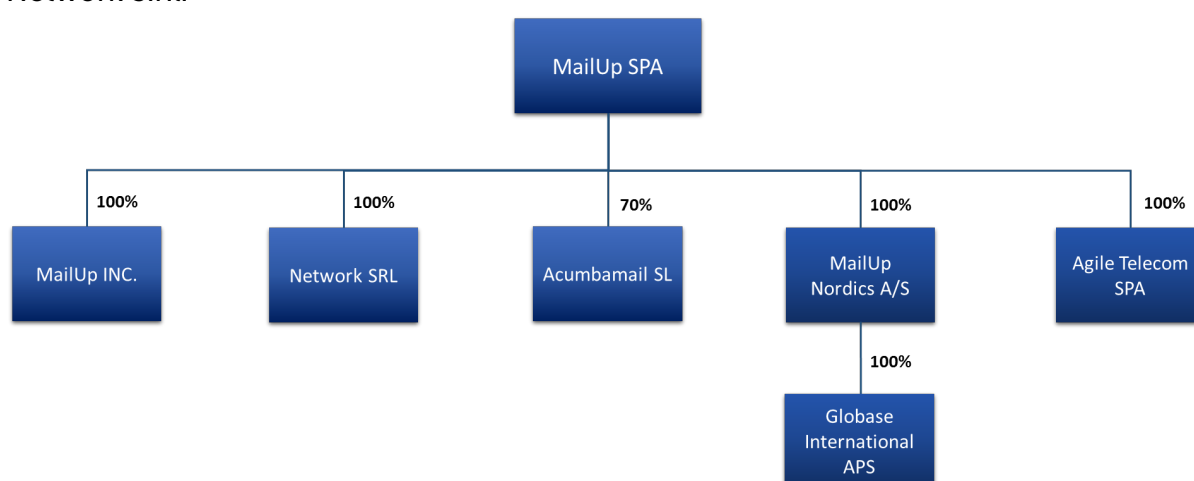
MailUp clients cover all sectors, from small businesses to multinationals, from professional firms through to banks and from non-profit institutions to public entities.

MailUp S.p.A. has been listed on the AIM Italia/alternative investment market stock exchange organised and managed by Borsa Italiana S.p.A., since 29 July 2014.

In accordance with Art. 2428, we would point out that business is carried out in the registered office of Milan, at Viale Restelli 1, and in the administrative office of Cremona, at Via Dei Comizi Agrari, 10.

From a legal viewpoint, MailUp S.p.A. directly controls the following companies, who carry out complementary and/or functional activities to the group’s core business:

Acumbamail SL
Agile Telecom S.p.A.
MailUp Inc
MailUp Nordics A/S
Network S.r.l.



More information on the Group companies is available from the consolidated financial

statements.

Main events

In FY 2015, the business was characterised by the expansion project through external lines, with the acquisition of new controlling investments in addition to the development of a series of innovative projects aimed at improving the quality of the product and services offered by the group.

More specifically, with reference to the growth path for external lines, please note the following:

On 31 July 2015, 70% of the share capital was acquired of **Acumbamail S.L.**, a start-up founded in 2012 with registered office in Ciudad Real, Spain, which has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees. In 2015, the Spanish subsidiary, an emerging leader on the national sector market, booked revenues up 100% on the previous year (Euro 263 thousand) and EBITDA of 25% of turnover (Euro 65 thousand).

The four founding members of Acumbamail, with a 30% share, have kept operative roles in the company: two as developers and two as directors with powers of attorney.

A shareholders' agreement stipulated between MailUp and the founding members, with a term of 3 years, establishes that the founding members still on the board of directors, shall deal with the ordinary administration, with the director chosen by MailUp having the power to veto in addition to certain limits to expenditure and on the specific matters for which the Board of Directors is competent.

The agreement also includes a stock option to allow MailUp to purchase, or the founding members to sell, the 30% share remaining with the latter, as from 2018, with a valuation to be calculated according to the targets achieved during the three years.

On 13 November, 100% was acquired of the share capital of the company AD Pepper Denmark A/S (now **MailUp Nordics A/S**), which in turn owns 100% of the capital of the company **Globase International ApS**, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. The group of the two companies was owned by Ad Pepper Media NV, a Dutch group listed on the German stock exchange, operating in digital marketing and, in particular, lead generation, which decided to dispose of its e-mail marketing business in Northern Europe following the cessation of its core business in Denmark.

Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows.

The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group aims both to position the MailUp platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, and to increase its know-how, particularly as regards handling problems of medium/large clients.

On 04 December 2015, the Board of Directors of MailUp S.p.A. resolved to proceed with a binding offer to purchase 100% of the capital of **Agile Telecom S.p.A.**

The acquisition was classed, in accordance with Article 4 of the AIM Italia Issuers' Regulation, as a "reverse take over" and, therefore, the Board of Directors convened the shareholders to meet on 23 December 2015, to approve the operation.

The operation, which was then completed with the parties stipulating the contract of purchase and sale and conferral of the investments on 29 December 2015, envisages the acquisition by MailUp of the entire share capital of Agile Telecom, for a total price of Euro 6,000,000, which was paid as follows:

- Euro 1,993,488 entirely in cash on the closing date;
- Euro 1,206,512 by means of the assumption by MailUp of a debt of Zoidberg S.r.l. due to Agile Telecom as at the closing date;
- Euro 800,000 entirely in cash within 10 days of approval of the 2015 financial statements of Agile Telecom;
- Euro 2,000,000 in new issue MailUp shares, of which Euro 16,666.68 by way of share capital, the value of which has been calculated on the basis of the average value of the MailUp security in the last three months.

On 23 December 2015, the shareholders' meeting resolved in an ordinary session to approve the acquisition of Agile Telecom S.p.A., in accordance with Article 18 of the Articles of Association; and in an extraordinary session it resolved a share capital increase in exchange for payment with the exclusion of stock option in accordance with Article 2441, paragraph four, first sentence of the Italian Civil Code, for a total of Euro 2,000,000, of which Euro 1,983,333.32 by way of premium, by means of the issue of 666,667 new ordinary shares in MailUp S.p.A., to be reserved for subscription by Zoidberg S.r.l. as shareholder of Agile Telecom S.p.A. and to be released by means of the conferral in kind by Zoidberg S.r.l. of 165,000 ordinary shares representing 33% of the share capital of Agile Telecom S.p.A.

As part of the operation, the parties also envisaged the recognition to the sellers of a supplementary price (an "earn-out"), to be paid according to the average value of EBITDA of Agile Telecom for the two years 2015-2016. This supplementary price will be paid by MailUp, for an amount equal to at least 25% in cash, with regards to the residual amount, by means of the assignment of a number of shares in MailUp to be calculated on the basis of the average market price of the Issuer's shares in the three months immediately prior to the reference date.

The subsidiary, Agile Telecom, with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Code (Italian Legislative Decree no. 259 of 01 August 2003; Annex no. 9). The company is also entered on the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM)

under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an “aggregator” and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing its business customers the best possible sending quality at the lowest possible price.

The shareholders’ meeting held on 23 December then resolved as follows:

1. Assignment to the Board of Directors of a power, in accordance with Article 2443 of the Italian Civil Code, to increase the share capital, free of charge (including through the issue of bonus shares) and/or in exchange for payment, in one or more tranches and in a divisible manner, including with the exclusion of stock options in accordance with Article 2441, paragraphs 4 and 5 of the Italian Civil Code, with or without warrant;
2. Attribution to the Board of Directors of a power, in accordance with Article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches and in a divisible manner, in exchange for payment and also with the exclusion of stock options in accordance with Article 2441, paragraph 5 and/or paragraph 8 of the Italian Civil Code and/or free of charge in accordance with Article 2349 of the Italian Civil Code, at the service of one or more incentive plans.

With reference to the events of industrial significance, please note the following:

1. anti-spam policies have been strengthened, as a consequence of the entrance of MailUp into the “Certified Senders Alliance” (CSA), created by the main European internet service providers (including Vodafone, GMX, Web.de, T-Online, Freenet and 1&1), which aims to encourage the collaboration of internet service providers and e-mail service providers, respecting the best standards in the fight against spam.
MailUp has also obtained certification by Suretymail, the accreditation programme that - in improving the sender’s reputation with the main ISPs - allows all clients of the platform to send e-mails and newsletters, even to mailboxes that are protected by the most effective anti-spam programs;
2. BEE Plugin has been distributed to more than 400 international beta tester companies and, following the test results, has been launched officially on the market.
BEE Plugin (an “embeddable” editor used to create newsletter templates) is just one of the new MailUp products, the evolution of BEE Free, which has had enjoyed great success overseas, confirmed as amongst the most interesting new features of the e-mail marketing sector, according to the data published by Product Hunt, a point of reference for the Silicon Valley technology professionals.
Product Hunt is invested in by successful players such as Google Ventures, SV Angels – investors in Pinterest, Airbnb, Foursquare – and Andreessen Horowitz – investors in Facebook, Zynga and Skype;
3. again on an international scale, we have the launch of the MailUp App for Shopify, the new product aiming to conquer the more than 150,000 e-commerce sites using the Shopify platform. MailUp App for Shopify is an application that thanks to BEE Plugin, integrates our

platform to send e-mails and text messages with Shopify, the market leading e-commerce platform in the segment of small and medium enterprises.

Shopify Inc has recently been launched on the stock exchange with a double listing in both New York and Toronto. With a market capitalisation of more than US\$ 2.5 billion, Shopify is one of the most successful technological companies of the United States of America;

4. a commercial presence has been launched in Indonesia, one of the fastest growing digital economies internationally, with more than 250 million inhabitants, of whom 70 million network connected and with growth of internet penetration that is amongst the highest on the Asian continent. With last summer's launch (ref. www.mailup.id), MailUp is officially the top e-mail service provider in the country, with customer care service and local support.

The path has been developed in partnership with YDigital, one of the main Indonesian marketing agencies and part of the Swiss Mountain Partners Group, investors, amongst others, in Alando (sold to EBay), Ciao! (sold to Microsoft), BuyVip (sold to Amazon) and Scout24 (sold to Deutsche Telekom);

5. a commercial presence has been launched in Japan, thanks to a partnership with Interarrows, a company based in Tokyo and market leaders in the introduction into Japan of cutting-edge, international technological solutions for digital marketing. The brands imported by Interarrows include success cases such as comScore, KISSmetrics, Appsee, ShoutEm and bMobilized. According to the agreement, the MailUp platform has been localised into Japanese and Interarrows is responsible for marketing, sales and support.

MailUp has also been included in the SoftBank C&S portfolio and, in particular, it has been published on the website www.marketingbank.jp, the suite of products that SoftBank C&S offers in Japan, together with brands like Microsoft Azure, Dropbox and KISSmetrics. SoftBank is Japan's most important technological company, listed on the Tokyo stock exchange with a market cap in excess of US\$ 90 billion;

6. Jade has been launched (<http://www.mailup.it/jade/>), the application for iPad that enables a digital registration form to be created in just a few steps, to collect contacts even off-line. Data is saved to the iPad and, once the user connects to the internet, automatically sent to the MailUp account;

7. certification as innovative SME: in 2015, MailUp obtained certification as an innovative SME, which, amongst the various benefits, entitles it to a series of tax incentives for current and future investors in MailUp, as long as they retain their investment for a continuous period of two years.

This certification is a consequence of Italian Law no. 33 of 24 March 2015 converting Italian Decree Law no. 3/2015 ("Investment Compact"), which introduced a new type of business, the "Innovative Small or Medium Enterprise", assigning them many of the benefits already assigned to innovative start-ups by the "Growth Decree 2.0" at end 2012.

DL 3/2015 in its current formulation envisages the following tax incentives on the amounts invested in innovative SMEs:

- an IRPEF deduction of 19% of the investment for natural persons who have invested up to Euro 500 thousand in innovative SMEs for each tax period;
- a deduction of 20% from the amount subject to IRES taxation of the investment for legal entities that have invested up to Euro 1.8 million in innovative SMEs for each tax period.

If the terms of DL 3/2015 should be confirmed, natural persons and legal entities that invested in MailUp as from 2013 may be able to access these benefits.

As an innovative SME operating on the market for more than seven years, in order to make the tax incentives effective for its investors, MailUp will need to submit a development plan for new or significantly improved products, services or processes, with respect to the current state-of-the-art in the sector concerned.

This plan will then need to be assessed and approved by an independent assessment organisation, which represents the entrepreneurial associations, or by a public organisation, as is specified in the implementing decree of the Ministry for the Economy and Finance, currently being approved.

At the same time as obtaining the certification, the company has also pointed out that it is also completing the procedure for the submission of the development plan.

The technical methods for the implementation of tax benefits will be described in an implementing decree of the Ministry for the Economy and Finance, currently being approved.

MailUp S.p.A. on the AIM ITALIA market

On 29 July 2014, we debuted on AIM Italia, with the start of trading:

- the company's capitalisation is Euro 26.09 million and a total of 8,666,667 shares have been issued;
- as at the listing date, 29 July 2014, the reference price of the MailUp security was listed at Euro 2.50.

Below is some data on the prices and volumes of the MailUp security during the initial listing period.

Placing price	Euro 2.500	29.07.2014
Maximum annual price	Euro 3.198	14.04.2015
Minimum annual price	Euro 2.740	20.01.2015

Operating performance

General economic performance

The economic data relative to the Italian economy show economic growth at 0.8% for 2015, recording growth after three consecutive years of downturn. In terms of the domestic demand (which made a positive contribution towards the growth of the GDP by 0.5%), in 2015, in terms of volume, positive changes are recorded in final national consumption. On a sector level, value added recorded increases in volume in agriculture (3.8%), industry in the strictest sense (1.3%) and services (0.4%), whereas construction is down 0.7%. Net debt of public administrations measured in relation to GDP came to -2.6%, as compared with the -3.0% in 2014. Tax pressure goes from 43.6% in 2014 to 43.3% in 2015. Inflation trends represent a critical element on the Italian macroeconomic scene and that of the Eurozone. The current

prolonged weakness of price trends is an aspect of concern for the rooting of expectations that can threaten the effectiveness of the monetary policy.

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

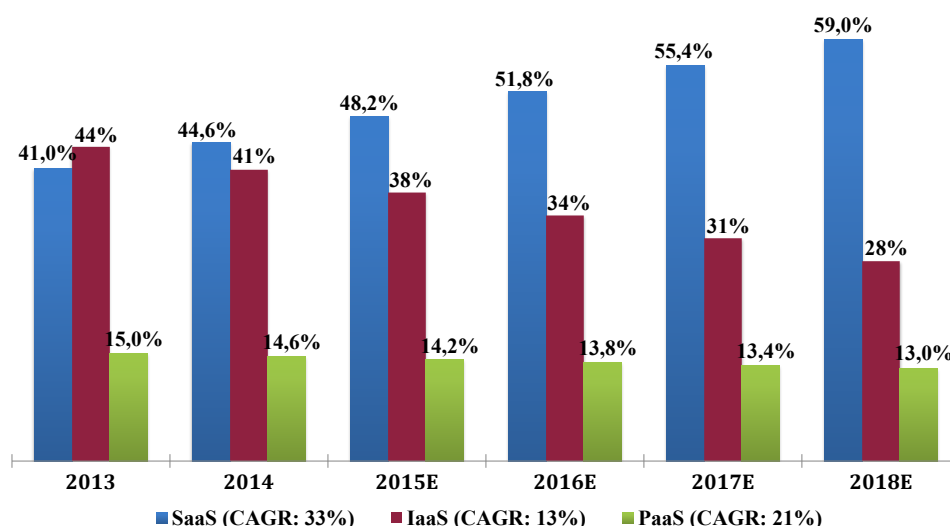
The cloud computing market

The cloud consists of a set of hardware and software resources that provide services on request, through the internet. Cloud services can be classified on the basis of the method by which the contents made available to the end users are used; more specifically, the offer can be made in three ways:

- **IaaS (Infrastructure as a Service):** This consists of using the infrastructure made available by providers to run your own application in exchange for payment that is proportional to the use of the infrastructure. The end user pays for the installation and management of the operating system and specific applications.
- **PaaS (Platform as a Service):** In this case, the provider also supplies the operating system, middleware and Runtime environment necessary to run the application, hence the end user pays for the development, implementation and management of the specific applications.
- **SaaS (Software as a Service):** The client pays the fee for use not only of the hardware and software structure as in PaaS, but also of the specific applications made available by the provider. The only liability of the end user is to manage the number of licences required according to the number of users.

According to the estimates of Goldman Sachs, the expenses for the cloud computing platforms and infrastructures will grow at a rate of 33% (CAGR) between 2013 and 2018, despite the fact that growth of the entire IT corporate market will not exceed 5%. By 2018, 59% of cloud services will be SaaS, as compared with 41% in 2013.

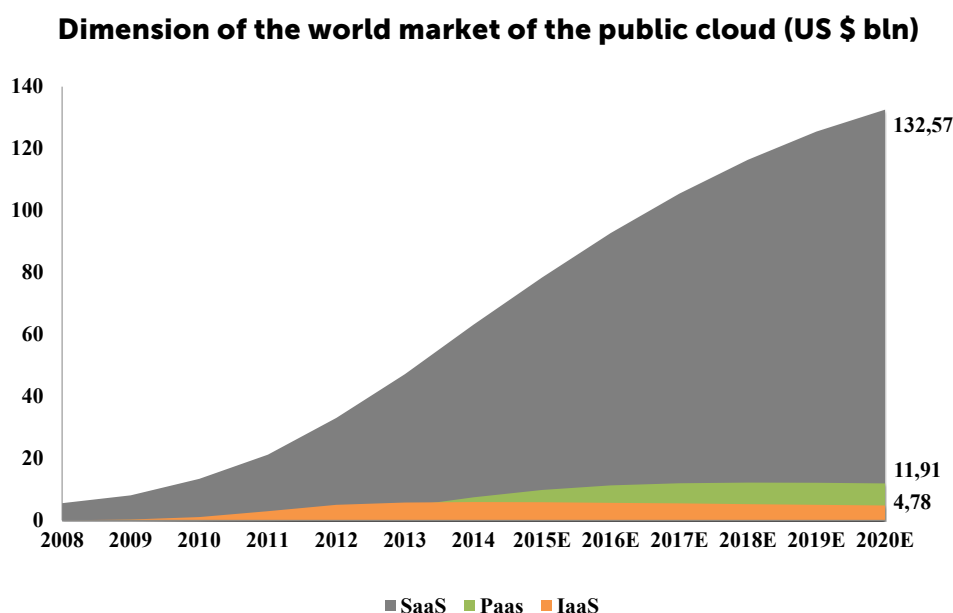
World expense for cloud computing



Source: Forbes 24/01/2015

In 2016, global income generated by SaaS software will reach US \$106bln, thereby recording growth of 21% on the forecast expense level for 2015.

SaaS will generate income of US \$78.43 bln in 2015, up to US \$132.57 bln in 2020, with CAGR of 9.14%.



Source: Forbes 24/01/2015

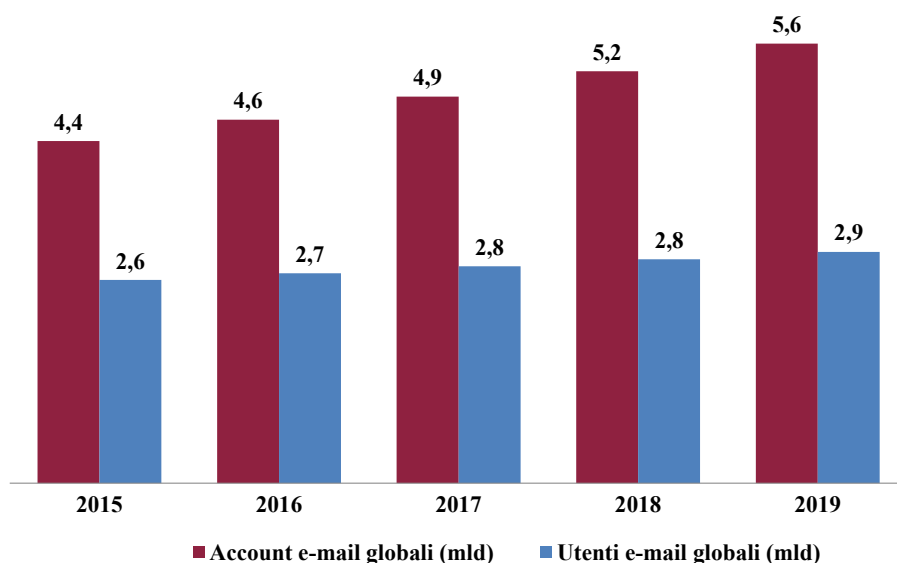
MailUp products are developed and marketed in SaaS mode and can be classified in the segment of digital marketing known precisely as “digital marketing”. Today companies invest far more in internet marketing than in the more traditional channels of television, radio and newspapers.

Growth forecasts of the e-mail marketing market

The e-mail marketing market does not only regard the marketing of SaaS platforms to provide the service, but rather a more extensive range of products with a high technological content, such as landing pages, graphic design, list building, business intelligence, integration systems, hosting and housing, CRM and other software applications that rely on and exploit the technological potential of the platforms.

According to a study conducted by the Radicati group, an American research company specialised in IT, in 2015 the number of e-mail users worldwide will be 2.6 billion. It is estimated that the average number of e-mail accounts per user will rise from an average of 1.7 accounts per user to 1.9, as a result of the growing use of instant messaging (IM) services, social networking and payment operations requiring an e-mail address.

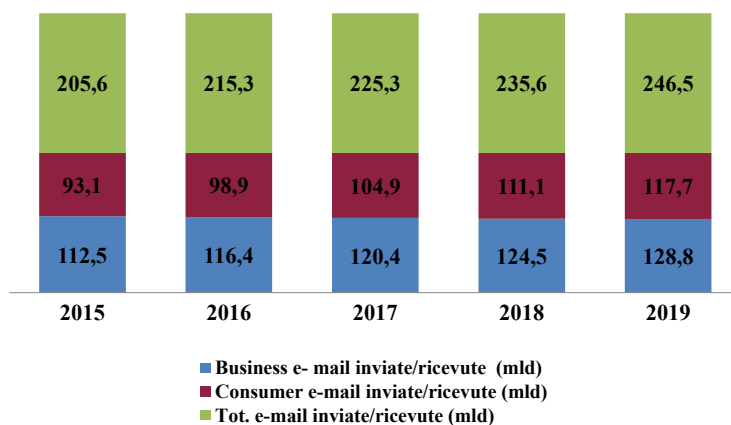
2015-2019 growth forecasts - Users and e-mail accounts



Source: The Radicati Group, E-mail Statistics Report 2015-2019, March 2015

In 2015, the number of e-mails sent and received every day exceeded 205 billion. This figure is expected to grow at an average annual rate of 3% (CAGR 2016-2019) over the next four years, thereby reaching 246 billion by end 2019.

2015-2019 forecasts on daily world e-mail traffic (received/sent)



Source: The Radicati Group, E-mail Statistics Report 2015-2019, March 2015

Competitors' behaviour

The ESP (Email Service Provider) market brings together dozens of operators both in Italy and abroad, although only a few operators are purely technological (i.e. with an offer that is only linked to the supply of Software-as-a-Service): more often, the technological offer of competitors is flanked by a wide range of complementary services (such as, for example, strategic consultancy, graphic design, development of contests, landing pages (i.e. the web pages to which the addressee is guided to "conversion", i.e. purchase), media planning, list

building (i.e. marketing aimed at acquiring new clients or potential clients), operative consultancy, business intelligence, system integration, hosting/housing, CRM, full-managed send management (i.e. when the client does not independently access the sending platform, but rather uses the consultancy service of the supplier, which then deals with all stages of creation, sending and campaign analysis) and/or the supply of other software applications.

This variety of offer makes it difficult to precisely outline the specific sector of ESPs in terms of market dimension, sector operators, services offered, etc.

However, there is no doubt that MailUp S.p.A. is one of Italy's most important operators (in terms of the volumes of e-mails sent) in the E-mail Service Provider industry (source: Cisco Sender Base, June 2015).

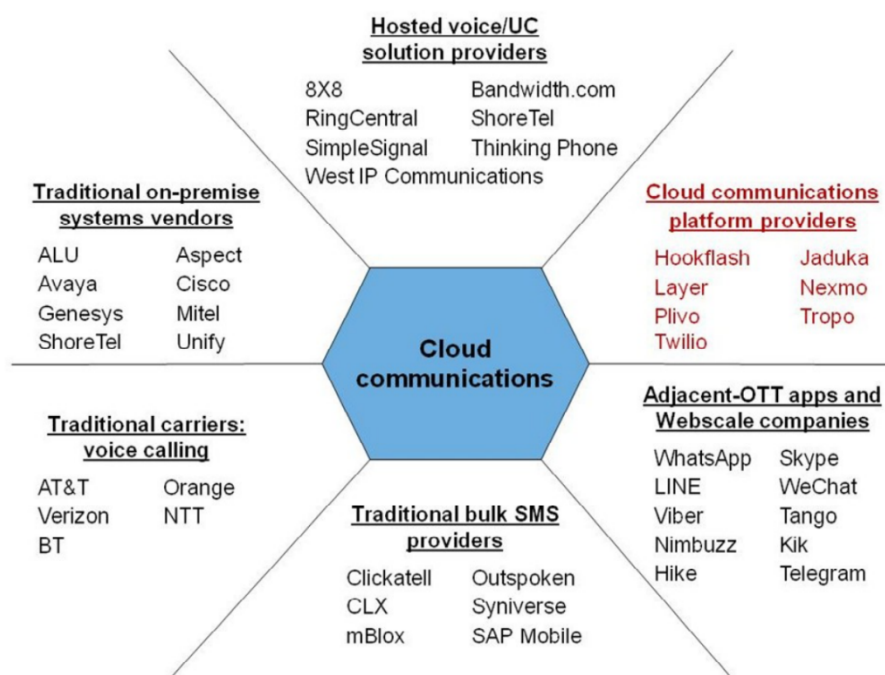
On export markets, on a par with Italy, each country has various operators with the above-described articulated offer characteristics, but far more rarely, purely technological players. These latter are mainly concentrated on the more evolved markets, like in the English-speaking markets as well as France, Germany and Poland.

On Anglo-Saxon markets, competition numbers hundreds of operators, some of which are already listed or have been recently acquired. Some of these have achieved a customer base of dozens of thousands of units and in some cases even millions of users (only partly paying).

MailUp is one of the few solutions worldwide to associate the typical functions of ESP (E-mail Service Provider) with the possibility of sending transaction e-mails via the SMTP Relay or API/Web Service channel, plus the possibility of having the platform in whitelabel (i.e. resellable to third party brand), multi-lingual and integrated with the SMS/Social/Fax channels.

The SMS sector comes under the scope of Cloud Communication technologies, which worldwide sees these main operators (see IDC scheme).

Cloud Communications Landscape



Source: IDC, 2014

This market is expected to grow with a CAGR of 127.5% in the period 2013-2018, according to the Worldwide Cloud Communications Platforms 2014-2018 Forecast: The Resurgence of Voice and SMS of IDC and in particular as regards "SMS messages", are expected to reach a value of USD\$ 3.5 billion in 2018.

Social, political and union climate

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

Operating performance in company sectors

As regards MailUp, the financial year just ended is certainly positive. The Company has increased its gross value of production by 15.73% as compared with the 21.38% of 2014, with absolute growth in revenues of more than 1.2 billion, in line with the 2014 figure. Income from sales and services is up 14.51% on the 22% of 2014, with a particularly positive performance seen by the SMS sector (+ 23.5%). EBITDA has increased by Euro 150 thousand, plus 15.8% on 2014; EBT, on the other hand, has reduced on last year as a result of the increased amortisation/depreciation for euro 421,983 as a consequence of the strategic policies that have resulted in a considerable rise in investments, particularly in the area of the technological development of the MailUp® platform and the organisational and structural growth characterised by the listing on the AIM market in 2014 and the growth for external lines in 2015, with three acquisitions of subsidiaries, as already described.

The table below gives the results achieved in the last three years in terms of value of production, EBITDA and EBT.

	31/12/2015	31/12/2014
Value of production	8,930,703	7,716,451
EBITDA	1,095,208	945,912
Pre-tax result (EBT)	105,441	336,402

Main financial figures

The reclassified income statement of the company has undergone the following changes with respect to that of the previous year (amounts are stated in euros):

	31/12/2015	31/12/2014	Change
Net revenues	8,810,120	7,693,272	1,116,848
Various income	120,583	23,179	97,404
Value of production	8,930,703	7,716,451	1,214,252
Production costs	5,654,670	4,959,920	694,750

Labour costs	2,180,825	1,810,619	370,206
EBITDA	1,095,208	945,912	149,296
Amortisation, depreciation and impairment	1,027,232	611,791	415,441
EBIT	67,976	334,121	(266,145)
Financial income and expense	37,463	2,284	35,179
Rounding off to Euro unit	2	(3)	5
Pre-tax result (EBT)	105,441	336,402	(230,961)
Income tax	40,918	136,448	(95,530)
Prepaid/deferred tax	(47,163)	(2,750)	(44,413)
Net result	111,686	202,704	(91,018)

The following tables showing some profitability indexes, compared with the same indexes relating to the financial statements of previous years, provide a better illustration of the income situation.

	31/12/2015	31/12/2017
Net ROE (Net result/Net capital)	0.02	0.06
Gross ROE (EBT/Net capital)	0.02	0.10
ROI (EBITDA/Total assets)	0.07	0.11
ROS (EBITDA/Income from sales and services)	0.12	0.12

The above indicators are affected by the significant increase in the value of fixed assets, particularly equity investments and the increase of equity following the share capital increase resolved by the shareholders' meeting on 23/12/2015. These changes are a consequence of the acquisition process of controlling stakes in companies that complement the core business of MailUp, as extensively described previously.

The effect, in terms of income, of the purchases has also been limited by the fact that the two most important operations were completed in the latter part of the year.

More specifically, MailUp finalised the most significant acquisition (Agile Telecom) on 29/12/2015.

Main asset and equity figures

The reclassified balance sheet of the company, as compared with that of the previous year, is as follows (figures are expressed in euros):

Description	31/12/2015	31/12/2014	Change
Net intangible fixed assets	4,295,406	2,567,141	1,728,265
Net tangible fixed assets	651,083	670,257	(19,174)
Equity investments and other fixed assets	7,413,529	114,352	7,299,177
Total fixed receivables	202,387	197,872	4,515
Tax receivables due beyond 12 months	121,362	133,187	(11,825)
Long-term capital	12,683,767	3,682,809	9,000,958
Trade receivables	1,282,613	1,394,312	(111,699)
Other receivables	284,693	111,273	173,420
Accrued income and deferred expenses	501,482	465,821	35,661
Short-term company assets	2,068,788	1,971,406	97,382
Trade payables	1,542,909	1,390,980	151,929
Advances	21,622	20,369	1,253
Amounts due to tax authorities and social security/welfare	281,559	195,192	86,367
Other payables	2,607,775	523,249	2,084,526
Accrued liabilities and deferred income	3,296,753	2,942,632	354,121
Short-term company liabilities	7,750,618	5,072,422	2,678,196
Net working capital	(5,681,830)	(3,101,016)	(2,580,814)
Employee severance indemnity (TFR)	(271,056)	(200,695)	(70,361)
Provisions for risks and charges	(135,614)	(85,989)	(49,625)
Medium/long-term liabilities	(406,670)	(286,684)	(119,986)
Capital invested	6,595,267	295,109	6,300,158
Equity	(5,629,379)	(3,517,693)	(2,111,686)
Medium/long-term financial payables	(1,541,751)	(50,000)	(2,696,721)
Net short-term financial position	575,863	3,272,584	(1,491,751)
Own means and net financial borrowing	(6,595,267)	(295,109)	(6,300,158)

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 (i) the method of financing medium/long-

term commitments and (ii) the breakdown of the sources of finance, compared with the same balance sheet indicators for the previous year.

	31/12/2015	31/12/2014
Primary structure margin (Own funds - Fixed assets)	(7,054,388)	(165,116)
Primary structure ratio (Own funds/Fixed assets)	0.44	0.96
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(5,105,967)	171,568
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.60	1.05

The equity indicators also clearly show the particularly significant incidence of investments, which took concrete form specifically in the increase of equity investments by more than Euro 7 million. As already stressed, the effects of this policy will be seen in full as from the next financial year.

Main financial data

The net financial position as of 31/12/2015 was as follows (in euros):

	31/12/2015	31/12/2014	Change
Bank deposits	1,086,297	3,281,356	(2,195,059)
Cash and cash equivalents	40	260	(220)
Liquid funds and own shares	1,086,336	3,281,616	(2,195,280)
Short-term financial assets	0	0	0
Amounts due to banks (within 12 months)	18,808	9,032	9,776
Portion of short-term financing	491,665	0	491,665
Short-term financial payables	510,473	9,032	501,441
Net short-term financial position	575,864	3,272,584	(2,696,720)
Amounts due to other providers of finances (beyond 12 months)	33,416	50,000	(16,584)
Share of long-term financing	1,508,335	0	1,508,335
Net medium/long-term financial position	1,541,751	50,000	1,491,751
Net financial position	(965,887)	3,222,584	(4,188,471)

The following tables showing some balance sheet indicators, compared with the same indicators relating to previous years, provide a better illustration of the financial situation.

	31/12/2015	31/12/2014
Primary liquidity	0.32	0.94
Secondary liquidity	0.38	1.03
Debt	1.16	0.62
Rate of coverage of assets	0.60	1.00

In this case too, the effect of allocating the liquid funds generated by core business to investments in the acquisitions of subsidiaries, is clearly revealed. This is flanked by the use of medium/long-term bank loans, which, moreover, took place at particularly favourable conditions, due to the effect of the current reference rate market situation and credit rating recognised by the banking system to MailUp.

Information pertaining to the environment and workforce

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

Workforce

During the year, no incidents took place nor any injuries at work involving staff on the payroll nor indeed were any charges recorded with regards to occupational diseases on employees or former employees and mobbing cases.

Environment

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

Investments

During the year investments were made in the following areas:

Fixed assets	Period acquisitions
Development costs	1,212,590
Industrial patents and intellectual property rights	60,573
Concessions, licenses and trademarks	12,981
Construction in progress and advance payments	654,603
Other intangible fixed assets	552,446
Other assets	239,393
Equity investments in subsidiaries	7,299,177

Given the nature of the business at hand, the investments made by MailUp are historically concentrated on intangible assets and, in particular, on the development of the MailUp platform, detailed, for 2015, in the next paragraph and also including the development projects still in progress at the end of the year, included under Fixed assets in progress and advances. In 2015, extraordinary costs were incurred in relation to the acquisition of Agile Telecom S.p.A., which made a reverse take over necessary, costs capitalised in connection with the multiple year use (Other intangible fixed assets). The main investment made in 2015, as already mentioned on several occasions, is connected with the strategic growth project for external lines, by means of the acquisition of controlling shares in companies with complementary business to that of MailUp.

Investments in other assets refer to office furniture and furnishing and electronic machines.

Research and development

In accordance with Article 2428, paragraph 2, number 1, it is specified that during the year, software development costs were booked essentially pertaining to the MailUp® platform for Euro 1,212,590, plus the conversion of fixed assets under construction for a further Euro 383,175. At year end, net of amortisation/depreciation, these were Euro 2,628,015.

The company continues to systematically develop the MailUp® platform for the management and professional sending of newsletters, e-mails and text messages, accessible over the internet in SaaS (Software-as-a-Service) mode. The cost incurred for this activity were capitalised in connection with the multiple year use.

These activities this year regarded the development of the platform and, in particular, incremental improvements on the previous versions, particularly on the creation motor and sending of e-mails, which now have a capacity to send that is 8 times higher. This means that we can meet the demands of larger clients, requiring higher sending speeds. Important changes have also been made to the vetting (customer analysis) system, to prevent crime, typically spam and phishing. Thanks to these new algorithms, we have gained accreditation with important international certification systems, like the Germany CSA (Certified Sender Alliance) and the American SuretyEmail. The new APP for Apple iPad "Jade" has also been published, which enables MailUp clients to more quickly increase the number of registered members, in an automated fashion.

For the segment of software developers, new methods have been introduced for integration with MailUp (API), both e-mail and text messages to facilitate the connection between MailUp and other services/software. Some companies have therefore begun developing connectors spontaneously, as in the case of SAP CRM, Python, MS Dynamics, CRM or Prestashop. The new App for Shopify has been released, one of the main SaaS e-commerce systems with more than 240,000 active on-line shops. To support the growth of the SMS business line, the "landing page SMS" function has been introduced, which enables SMS campaigns to be sent, with an abridged link to a web page that has been optimised for mobile devices, thereby facilitating the use of text messages, even for businesses without a website optimised for mobiles or which are unable to update it quickly. The new blog dedicated to e-mail design (<http://emaildesign.beefree.io/>), which has enabled the brand to be strengthened and new international leads obtained, was launched. At year end, the new business line "BEE Plugin" was also launched, connected with the BEE editor, now available via API for integration by third party applications, as lead management system, CRM and CMS. Commercial partnerships

have also been started with retailers in Japan and Indonesia. Finally, three new languages have been introduced (Chinese, Portuguese, Indonesian and Japanese).

Investments have been renewed and updates provided of the technological infrastructure that supports the supply of platform services, the research for the best performance levels and reliability and the aim to also cope with the renewed globalisation needs. In addition to pursuing the cloud project, in 2015, a process was also launched for automating the infrastructure, which has significantly reduced manual activities involved in maintaining the systems.

Transactions with subsidiary, related, parent and associated companies

During the year, relations were entertained with subsidiaries, coming under the scope of the company's core business. Interventions all aimed to promote the development in a synergic context that enables positive integrations in the Group environment. No atypical or unusual operations were carried out with respect to normal business management. Operations essentially regard the exchange of assets, the provisions of services, the supply and use of financial means. 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	Financial receivables	Trade receivables	Trade payables	Other payables	Sales	Purchases
Network S.r.l.		56,037	826.45		55,200	2,657,628
MailUp Inc	114,816	143,535	31,843		223,153	175,182
Agile Telecom S.p.A.		90,930	2,039	1,206,512	90,930	216,050
Total	114,816	290,502	859,927	1,206,512	369,283	3,048,860

Other payables due to the subsidiary Agile Telecom include a portion of the purchase price of the totalitarian share in Agile Telecom, which, as highlighted previously and envisaged contractually by the parties, ensues from the assumption by MailUp of a debt by the seller Zoidberg S.r.l. with regards to Agile Telecom.

Treasury stock and shares/holdings in parent companies

As at 31/12/2015, MailUp owns 19,200 own shares purchased during the year, valued at the purchase price for Euro 57,502, a value that is in any case below the market valuation on that date. On 30 April 2015, the shareholders' meeting resolved to authorise purchases and operations on own shares as at that same date of 30 April 2015 and within 18 months of said date. The purchase price of own shares takes place at a unit purchase price that is below the minimum and above the maximum of a value that is respectively lower or greater than 15% of the reference price recorded by the security during the session of the day prior to each

individual purchase. The maximum number of shares held can never exceed 10% of the share capital.

Disclosure relative to risks and uncertainties pursuant to Art. 2428, subsection 2, point 6-bis of the Italian Civil Code

The company is exposed to various types of risks. The company's strategy aims to limit exposure to these risks by means of suitable, specific risk management policies that envisage analyses, monitoring and control of the risks. The following is a series of quantitative information on aimed at providing indications as to the dimension of company risk exposure.

Risk connected with the general economic trend

The economic-financial position of the Company, but also that of the companies belonging to the Group, is influenced by all factors comprising the macroeconomic context. In 2015 too, the recession continued that entailed a considerable worsening of the economy, even if the first signs of recovery have been seen. In Italy, like in other EU countries, widespread austerity measures have been adopted, which have negatively influenced consumer trust, their buying power and spending capacity. In this difficult macroeconomic situation, MailUp has successfully grown and achieved important objectives, but the crisis of the Eurozone countries and unforeseeable effects of its continuation, may in any case have negative effects on the MailUp business.

Market risks

The sectors in which MailUp operates are characterised by rapid technological development and suffer the competitive pressure deriving from the development of technology.

The company's success depends, amongst other aspects, on the capacity to innovate and strengthen its technologies, in order to respond to the technological and emerging progress in the sector in which it operates, through the constant commitment to developing the platform, the group's main strategic asset.

The company consequently finds itself having to cope with a more acute competition by virtue of the emerging technologies and services that may be introduced or implemented in the future. The new technologies, in fact, may limit or reduce the company's business and/or encourage the development and growth of new operators.

In particular, the SMS system may be surpassed by other network-based systems (such as Messenger, WhatsApp, WeChat, Push Notifications), with the consequence that the company may not be able to successfully and/or quickly manage any transition to the use of these platforms.

If the solutions offered by the company should be unable to satisfy the needs of clients and/or respond to technological progress, the company will need to be able to improve its technological platform quickly and develop and introduce new services, new applications and new solutions onto the market quickly and at competitive prices.

The company'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 company's technological platform obsolete.

In order to maintain its competitiveness on the market, the company will therefore need to invest in research and development, with a high capacity to adjust to continue to respond to the rapid technological changes and constantly develop the characteristics of its services so as to respond to the changing market demands.

If the company 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 company's economic, equity and financial position.

Credit risk

The credit risk is the Company's exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the finance and administration department, which, on the basis of formalised assessment and appointment procedures of commercial partners, seeks to minimise the risk. Following the economy's difficulties, stricter procedures have been adopted to quantify and control client risk levels.

It must be considered that the financial activities of the company 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 company 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, and also thanks to its listing on the AIM market, MailUp enjoys a good level of liquidity and has reduced debt with regards to the banking system, aimed exclusively at investing and maintaining its financial independence with respect to operations.

In order to optimise the management of financial resources, reducing the liquidity risk, the company has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with the business planning process.

The foreseeable cash flow for FY 2016 includes, in addition to the dynamics of working capital and investments, also the effects of the maturity of current liabilities: The company expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that in FY 2016, the company will be able to generate financial resources that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.

It is considered that the liquidity risk is not significant.

With reference to the requirements laid down by Art. 2428, paragraph 3, point 6-bis of the Italian Civil Code in connection with the company's use of financial instruments, it is specified that no contracts have been stipulated in relation to financial instruments.

Interest rate risk

At end 2015, the company obtained financial resources through banks to cope with extraordinary operations.

As at 31/12/2015, bank debt gross of amounts held on account comes to Euro 2,018,808.

The underlying loan contracts envisage terms and conditions that are in line with market practice.

The loans are also connected with the risk of interest rate changes, as they are negotiated at variable rates. It cannot be excluded that growth of interest rates may result in an increase in costs connected with the financing of debt, with consequent negative effects on the company's economic-financial position.

Exchange rate risk

The only trade receivables and payables held in foreign currencies by MailUp, for limited amounts, are with regards to the American subsidiary MailUp Inc., as well as marginal amounts for trade payables in foreign currencies with third party suppliers. Exposure to risks connected with exchange rate fluctuation is therefore very limited. Under this scope, we also note the presence of a financial receivable held in US dollars due to MailUp Inc., in the amount of Euro 114,816 as at 31/12/2015, for a loan disbursed by the parent company and partially reimbursed in 2015.

Conversion exchange rate risk

MailUp holds an equity investment in MailUp Inc. with registered office in the USA. The equity investment is booked for a value of Euro 37,352 and is therefore subject to changes in the Euro/Dollar exchange rate, noted on the consolidated financial statements in the "conversion" reserve. Although it monitors exposure to the risk of conversion exchange rates, the company is only slightly subject to it.

Significant events after the end of the accounting period

No significant events took place after year end.

Outlook

The company intends to continue to further develop its business and services through a profitable growth process, in order to successfully gain standing and reinforce its position in the reference sector.

To this end, in particular, MailUp aims to proceed with the following:

- **localisation of the platform in other languages;**
- **investments in marketing & sales** as necessary to increase the customer base, both in Italy and abroad, through international marketing campaigns and business development in selected contexts;
- **focussed business development** aimed, amongst others, at developing new contacts with partners (suppliers of SaaS cloud systems, software and digital services) and retailers (such as, for example, hosting and telecommunications providers), which can speed up market penetration;
- **focussed investments on improving performance** in order to reduce the rate of clients lost and improve the use of its platform, the on-boarding (i.e. service activation) process, the functions and integrations with external systems in order to improve the client conversion rate (intended as the ratio of potential clients and clients acquired);
- **the introduction of new services**, which should allow for an increase in client spending, despite the fact that it is already driven to upgrade the service following the increase in the list of addressees and consequent increase of sending time; these also include strengthening the SMS services;
- **investments aiming to develop integrations** between the MailUp platform and other e-commerce systems, CRM and CMS;
- **acquisition of systems, software and technologies** under the scope of marketing technologies on cloud, which enable a rapid expansion of the service portfolio or the attack of market brackets that have thus far not been overly targeted;
- **corporate acquisitions** in foreign countries in order to speed up the entry into new markets.

The Group does not, moreover, exclude the possibility of potentially increasing its market share in the medium-term for external lines by acquiring or collaborating on a commercial level with other companies operating on the reference market or other related markets, assessing the relevant value of such both in strategic and financial terms.

Organisation and management models of Italian Legislative Decree no. 231/2001

During FY 2015, MailUp adopted its own organisation and management model and the code of ethics compliant with the requirements laid down by Italian Legislative Decree no. 231/2001, which, in 2016, should also be adopted by the newly-acquired companies.

Personal data processing

In compliance with Italian Legislative Decree no. 196 of 30/06/2003, in relation to the Personal Data Protection Code ("Consolidated Privacy Law"), the Group has, through formal communications, appointed the data controllers and data supervisors. MailUp has always paid particularly close attention to the correct application of the Privacy Code, even outside normal legislative obligations, in view of the strategic importance, for its business, of the impeccable management of client databases included on the platform. MailUp is in fact appointed by clients as External Controller for the processing of personal data as required in order to send out commercial communications in the form of newsletters, e-mails, text messages and social

messages, through the platform. The internal procedures on these matters are constantly formalised, monitored and updated, as is specific training of employees. The Group has also for years been assisted by legal advisors of proven competence and experience, on both a national and international level, on the specific matters of privacy and digital marketing. The prevention and fight against potential abuse by clients in this area is also closely monitored, thanks to a dedicated technical department and the adoption of particularly strict, protective contractual regulations.

Allocation of the year's result

We propose to the shareholders' meeting that the net result for the year be allocated as follows:

Year's result as at 31/12/2015	Euro	111,686
To the legal reserve	Euro	20,000
To the exchange gains reserve	Euro	25,289
To the extraordinary reserve	Euro	66,397

We thank you for your confidence and we request that you approve the financial statements presented here.

Chairman of the Board of Directors

Matteo Monfredini

Financial statements as at 31/12/2015

Balance sheet - Assets

31/12/2015 31/12/2014

B) Fixed assets		
<i>I. Intangible</i>		
1) Start-up and expansion costs	255,680	326,832
2) Research, development and advertising costs and expenses	2,628,015	1,654,336
3) Industrial patents and intellectual property rights	92,844	52,831
4) Concessions, licences, trademarks and similar rights	20,644	14,836
6) Assets under construction and payments on account	656,966	400,436
7) Other	641,257	117,870
	<u>4,295,406</u>	<u>2,567,141</u>
<i>II. Tangible</i>		
2) Plant and machinery	1,066	5,874
4) Other assets	650,017	664,383
	<u>651,083</u>	<u>670,257</u>
<i>III. Financial</i>		
1) Equity investments in:		
a) subsidiaries	7,411,529	112,352
d) other companies	2,000	2,000
	<u>7,413,529</u>	<u>114,352</u>
2) Receivables		
a) subsidiaries		
- beyond 12 months	114,816	152,937
	<u>114,716</u>	<u>152,937</u>

d) third parties		
- beyond 12 months	87,571	44,935
	87,571	44,935
	202,387	197,872
Total fixed assets	7,615,916	312,224

C) Current assets

II. Receivables

1) Trade		
- within 12 months	1,083,040	1,312,964
	1,083,040	1,312,964
2) Subsidiaries		
- within 12 months	199,572	81,348
	199,572	81,348
4-bis) Tax receivables		
- within 12 months	100,196	88,085
- beyond 12 months	121,362	133,187
	221,558	221,272
4-ter) Prepaid tax		
- within 12 months	56,788	0
	56,788	0
5) Other		
- within 12 months	70,207	23,188
	70,207	23,188
	1,631,165	1,638,772
III. Short-term financial assets		
5) Own shares	57,502	0
	57,502	0
IV. Liquid funds		

1) Cash at bank and post office	1,086,297	3,281,356
3) Cash and equivalents in hand and at bank	40	260
	<u>1,086,337</u>	<u>3,281,616</u>
Total current assets	2,775,004	4,920,388

D) Accruals and deferrals		
- miscellaneous	501,482	465,821
	<u>501,482</u>	<u>465,821</u>

Total assets	15,838,891	8,935,831
---------------------	-------------------	------------------

Balance sheet - Liabilities	31/12/2015	31/12/2014
------------------------------------	-------------------	-------------------

A) Equity		
<i>I. Share capital</i>	216,667	200,000
<i>II. Share premium reserve</i>	4,966,801	2,983,468
<i>IV. Legal reserve</i>	40,000	5,656
<i>VI. Reserve for treasury stock</i>	57,502	0
<i>VII. Other reserves</i>		
Extraordinary or optional reserve	236,725	125,866
Difference from rounding-off to the nearest euro	(2)	(1)
	<u>236,723</u>	<u>125,865</u>
<i>IX. Period profit</i>	111,686	202,704
Total equity	5,629,379	3,517,693

B) Provisions for risks and charges		
1) Provisions for pensions and similar obligations	60,000	20,000
2) Provisions for taxation, including deferred	17,875	8,250
3) Other	57,739	57,739
Total provisions for risks and charges	135,614	85,989

C) Employee leaving indemnities		
Employee severance indemnity (TFR)	271,056	200,695

D) Payables		
4) Amounts due to banks		
- within 12 months	510,473	9,032
- beyond 12 months	1,508,335	0
	2,018,808	9,032
5) Amounts due to other providers of finance		
- beyond 12 months	33,416	50,000
	33,416	50,000
6) Advances		
- within 12 months	21,622	20,369
	21,622	20,369
7) Trade payables		
- within 12 months	685,022	613,261
	685,022	613,261
9) Amounts due to subsidiaries		
- within 12 months	2,064,399	777,719
	2,064,399	777,719
12) Tax payables		
- within 12 months	193,030	117,056
	193,030	117,056
13) Social security charges payable		
- within 12 months	88,529	78,136
	88,529	78,136
14) Other payables		
- within 12 months	1,401,263	522,212
- beyond 12 months	0	1,037

	1,401,263	523,249
Total payables	6,506,089	2,188,822

E) Accruals and deferrals

- miscellaneous	3,296,753	2,942,632
	3,296,753	2,943,632

Total liabilities	15,838,891	8,935,831
--------------------------	-------------------	------------------

Memorandum accounts 31/12/2015 31/12/2014

3) Third party property held at the company		
- Other	500,248	500,248
	500,248	500,248

Total memorandum accounts	500,248	500,248
----------------------------------	----------------	----------------

Income statement 31/12/2015 31/12/2014

A) Production revenues

1) Turnover from sales and services	8,810,120	7,683,272
5) Other revenues and income		
- miscellaneous	65,983	23,179
- operating grants	9,600	0
- payments towards capital	45,000	0
	120,583	23,179
Total value of production	8,930,703	7,716,451

B) Production costs

6) Raw, ancillary and consumable materials and goods for resale	1,498,092	1,591,907
---	-----------	-----------

7) Services	3,647,068	2,975,298
8) Use of third party assets	373,604	282,540
9) Payroll		
a) Wages and salaries	1,618,585	1,333,231
b) Welfare and social security	449,628	386,787
c) Employee termination indemnities	112,612	90,601
	<u>2,180,825</u>	<u>1,810,619</u>
10) Amortisation, depreciation and impairment		
a) Amortisation of intangible fixed assets	764,928	372,594
b) Depreciation of tangible fixed assets	257,367	232,655
d) Impairment of receivables classed as current assets and liquid funds	4,937	6,542
	<u>1,027,232</u>	<u>611,791</u>
14) Other operating costs	135,906	110,175
Total production costs	8,862,727	7,382,330
Difference between value and cost of production (A-B)	67,976	334,121

C) Financial income and charges

16) Other financial income:		
a) from accounts receivable included in fixed assets		
- from subsidiaries	3,639	2,602
d) income other than the above:		
- other	3,287	1,265
	<u>6,926</u>	<u>3,867</u>
	<u>6,926</u>	<u>3,867</u>
17) Interest payable and similar charges:		
- other	2,509	631

	2,509	631
<i>17-bis) Exchange losses and gains</i>	33,046	(952)
Total financial income and expense	37,463	2,284
E) Extraordinary income and expense		
<i>20) Income:</i>		
- miscellaneous	2	0
	2	0
<i>21) Expenses:</i>		
- miscellaneous	0	3
	0	3
Total extraordinary items	2	3

Pre-tax result (A-B±C±D±E)	105,441	336,402
<i>22) Current, deferred and prepaid income tax</i>		
a) Current tax	40,918	136,448
b) Deferred tax	9,625	(2,750)
c) Prepaid tax	(56,788)	0
	(6,245)	133,698
23) Period profit (loss)	111,686	202,704

Chairman of the Board of Directors

Matteo Monfredini

Notes to the financial statements as at 31/12/2015

Introduction

Dear Shareholders,

These financial statements, submitted for your examination and approval, are consistent with the results of the accounts duly kept and show a period profit of Euro 111,686.

Business

MailUp S.p.A. is an established company in the marketing technology on the cloud sector (newsletters/e-mails, text messages, social networks). It leads Italy in the ESP sector in terms of the number of e-mails sent and number of clients. In July 2014, it was listed on the Borsa Italiana AIM Italia market. Established in 2002 as NWeb S.r.l., MailUp S.p.A. has developed and owns the MailUp® platform that can be accessed over the internet in SaaS (Software-as-a-Service) mode for the management and professional sending of newsletters, e-mails, text messages and other commercial communications via social networks. As it is entirely web-based, it requires no installation of hardware or software. The MailUp® platform guarantees high performance, ease of use, also thanks to the BEE drag and drop editor, high rates of delivery and the possibility of obtaining detailed statistics on the receipt, opening and reading of messages and the related contents. The platform has a large library of free web services to connect external databases, CRMs, CMS, e-commerce systems, ERPs and web analytics and business intelligence systems. With offices in Milan and Cremona, MailUp has a portfolio of around 9,500 clients (direct and indirect), ranging from small businesses to multinationals and is present, including through the foreign subsidiaries based in San Francisco, Copenhagen and Ciudad Real (Spain) on the main international markets.

2015 again, after an extremely positive 2014, was a year of strong growth for the company, both in economic and structural terms, consolidating the exceptional results achieved the previous year. Revenues increased cumulatively by 16% on last year, and in absolute terms by more than Euro 1,200,000. Income from charges for sending newsletters, e-mails and other related options, the majority of the turnover generated, showed an increase in excess of 8%, whilst the text message channel recorded growth of more than 22%, thereby further confirming the very significant growth trend recorded in the last four years. We would recall that the performance of SMS income is very much subject to seasonal and short-term oscillation and is characterised by smaller margins suffering the high level of competition due to very aggressive competitors in terms of pricing, whereas the e-mail charges guarantee constant, linear growth, earning greater client loyalty in the long term. Growth in sales made directly via e-commerce, managed entirely on-line by users, on which the company is focussing heavily, particularly with a view to increasing automation of the customer interface processes, a key activity, given the large number and fragmented nature of them, and which simplifies and makes collections more secure.

The company has intensified its research and development of the MailUp® platform, through the work of the dedicated department of software developers and programmers of the 100% subsidiary Network S.r.l. and the help of external, highly specialised technicians, the main investment and success factor considering the specific nature and function of the platform.

These activities regarded incremental improvements on the previous versions, particularly on the creation motor and sending of e-mails, which now have a capacity to send that is 8 times higher. This means that we can meet the demands of larger clients, requiring higher sending speeds. Important changes have also been made to the vetting (customer analysis) system, to prevent crime, typically spam and phishing. Thanks to these new algorithms, we have gained accreditation with important international certification systems, like the Germany CSA (Certified Sender Alliance) and the American SuretyEmail. The new APP for Apple iPad "Jade" has also been published, which enables MailUp clients to more quickly increase the number of registered members, in an automated fashion.

For the segment of software developers, new methods have been introduced for integration with MailUp (API), both e-mail and text messages to facilitate the connection between MailUp and other services/software. Some companies have therefore begun developing connectors spontaneously, as in the case of SAP CRM, Python, MS Dynamics, CRM or Prestashop. The new App for Shopify has been released, one of the main SaaS e-commerce systems with more than 240,000 active on-line shops. To support the growth of the SMS business line, the "landing page SMS" function has been introduced, which enables SMS campaigns to be sent, with an abridged link to a web page that has been optimised for mobile devices, thereby facilitating the use of text messages, even for businesses without a website optimised for mobiles or which are unable to update it quickly. The new blog dedicated to e-mail design (<http://emaildesign.beefree.io/>), which has enabled the brand to be strengthened and new international leads obtained, was launched. At year end, the new business line "BEE Plugin" was also launched, connected with the BEE editor, now available via API for integration by third party applications, as lead management system, CRM and CMS. Commercial partnerships have also been started with retailers in Japan and Indonesia. Finally, three new languages have been introduced (Chinese, Portuguese, Indonesian and Japanese).

Investments have been renewed and updates provided of the technological infrastructure that supports the supply of platform services, the research for the best performance levels and reliability and the aim to also cope with the renewed globalisation needs. In addition to pursuing the cloud project, in 2015, a process was also launched for automating the infrastructure, which has significantly reduced manual activities involved in maintaining the systems.

The value of comprehensive net fixed assets has increased by 67% on last year, following the considerable investments made in the application and technological development of the MailUp platform, the extraordinary expenses deriving from the acquisitions of strategic controlling investments in Italian and foreign companies and, in particular, the reverse takeover (RTO) for the acquisition of Agile Telecom S.p.A. Increases in intangible fixed assets have been recorded of around Euro 1,840 thousand, in addition to Euro 650 thousand in increases in fixed assets under construction for projects being completed next year and around Euro 240 thousand in tangible fixed assets.

2015 saw an intensification of the structural and organisational strengthening that had already been underway for some years, through the selection and inclusion of staff with excellent professional profiles and experience. The number of employed staff has increased by eighteen as compared with 31/12/2014. The trend of employees in terms of average value is given further on.

The project that began late 2011 with the establishment, behind Silicon Valley, California, of the subsidiary MailUp Inc., with the aim of penetrating and rooting into the American market,

makes the most of and stays ahead of the most innovative trends in the sector, reinforcing the approach to international markets that is already in place and resulting in a considerable increase in turnover (+ 21%) and the achievement of positive results in excess of US\$ 44 thousand. The considerable popularity with North American clients should be noted for the new product BEE Plugin, deriving from the platform editor.

In equity terms, we should point out some indicative figures:

- reference is made to the next paragraph for more in-depth information on the share capital increase totalling Euro 2 million resolved by the extraordinary shareholders' meeting on 23 December 2015, of which Euro 1,983,333.32 by way of premium, with a share capital increase to Euro 216,666.68;
- financial exposure to third party clients has reduced significantly, by almost Euro 230 thousand, despite the above-described growth in turnover. This just goes to prove the effectiveness of the action taken to monitor the credit and, in particular, the positive effect of the policies implemented to encourage the use of electronic payment (credit cards and PayPal) by clients, not only from e-commerce, which has seen an increase in excess of Euro 2.5 million with respect to last year in terms of volume conveyed, volumes that have more than doubled in the year just ended. In financial terms, MailUp continues to benefit from the collection of charges in advance, generally on an annual basis, and which forms the main source of finance for operations;
- apart from the investments mentioned previously, in 2015 MailUp basically allocated the financial resources generated internally from core business and collected from investors during the listing process, to the acquisition of controlling stakes in Italian and foreign companies that complemented its own business, in implementation of the strategic growth plan for external lines that is discussed in detail in the paragraph below. The increase in the value of equity investments came to almost Euro 7.3 million. In this respect, please note the use of a 48-month bank loan of Euro 2 million disbursed by the Banco Popolare Group at extremely favourable conditions in terms of the spread and other related costs, with a cost of money that is very much reduced (negative Euribor) and the desire by some banks to support this growth process, which made the decision-making procedure very quick and simple. MailUp continues to maintain its independence of the banking system for the financing of current operations, choosing not to use any form of short-term bank loans;
- Deferred income, i.e. the portion pertaining to 2016 of income on regular charges for invoices receivable issued in 2015, has increased according to percentages that are in line with the growth of the related turnover. In absolute terms, the entity of this item is particularly significant but is typical of business where sales are mainly made in the form of prepaid regular charges, mainly annual in our case, and, as already stressed, determines positive effects as regards cash flow. These deferrals also represent a portion of future income that has already been calculated and is therefore certain, with accounting expression in the next year, a solid basis on which to start, particularly where they grow over time.

On the income statement, we should note the following events:

- production costs have increased in percentage by approximately 20% due to the strengthening of the workforce and the adjustment of the organisational and logistics structure made in order to sustain the company's strategic development, above all in the medium-term. Net of amortisation/depreciation, the comprehensive increase in production costs is just under the percentage growth seen in the value of production. Staff costs, historically one of the main items of the company's cost structure, have increased by around 20% as a result of the structural reinforcement of the workforce described above;
- losses on receivables, totalling approximately Euro 70 thousand and less than that recorded for 2014 despite the growing income, remain below the physiological percentage of 1% of turnover as further proof of the excellent monitoring of debt collection activities and the positive effect in this area of the growth of collections by means of electronic payments;
- period profits will be allocated to the legal reserve until it reaches the legal limit and to the extraordinary reserve for the difference, so as to increase the equity and give the company greater solidity.

Significant events occurring during the half-year

In FY 2015, the business was characterised by the expansion project through external lines, with the acquisition of new controlling investments in addition to the development of a series of innovative projects aimed at improving the quality of the product and services offered by the group.

More specifically, with reference to the growth path for external lines, please note the following:

On 31 July 2015, 70% of the share capital was acquired of Acumbamail S.L., a start-up founded in 2012 with registered office in Ciudad Real, Spain, which has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees. In 2015, the Spanish subsidiary, an emerging leader on the national sector market, booked revenues up 100% on the previous year (Euro 263 thousand) and EBITDA of 25% of turnover (Euro 65 thousand).

The four founding members of Acumbamail, with a 30% share, have kept operative roles in the company: two as developers and two as directors with powers of attorney.

A shareholders' agreement stipulated between MailUp and the founding members, with a term of 3 years, establishes that the founding members still on the board of directors, shall deal with the ordinary administration, with the director chosen by MailUp having the power to veto in addition to certain limits to expenditure and on the specific matters for which the Board of Directors is competent.

The agreement also includes a stock option to allow MailUp to purchase, or the founding members to sell, the 30% share remaining with the latter, as from 2018, with a valuation to be calculated according to the targets achieved during the three years.

On 13 November, 100% was acquired of the share capital of the company AD Pepper Denmark A/S (now MailUp Nordics A/S), which in turn owns 100% of the capital of the company Globase International ApS, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. The group of the two companies was owned by Ad Pepper Media NV, a Dutch group listed on the German stock exchange, operating in digital marketing and, in particular, lead generation, which decided to dispose of its e-mail marketing business in Northern Europe following the cessation of its core business in Denmark.

Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows.

The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group aims both to position the MailUp platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing, and to increase its know-how, particularly as regards handling problems of medium/large clients.

On 04 December 2015, the Board of Directors of MailUp S.p.A. resolved to proceed with a binding offer to purchase 100% of the capital of Agile Telecom S.p.A.

The acquisition was classed, in accordance with Article 4 of the AIM Italia Issuers' Regulation, as a "reverse take over" and, therefore, the Board of Directors convened the shareholders to meet on 23 December 2015, to approve the operation.

The operation, which was then completed with the parties stipulating the contract of purchase and sale and conferral of the investments on 29 December 2015, envisages the acquisition by MailUp of the entire share capital of Agile Telecom, for a total price of Euro 6,000,000, which was paid as follows:

- Euro 1,993,488 entirely in cash on the closing date;
- Euro 1,206,512 by means of the assumption by MailUp of a debt of Zoidberg S.r.l. due to Agile Telecom as at the closing date;
- Euro 800,000 entirely in cash within 10 days of approval of the 2015 financial statements of Agile Telecom;
- Euro 2,000,000 in new issue MailUp shares, of which Euro 16,666.68 by way of share capital, the value of which has been calculated on the basis of the average value of the MailUp security in the last three months.

On 23 December 2015, the shareholders' meeting resolved in an ordinary session to approve the acquisition of Agile Telecom S.p.A., in accordance with Article 18 of the Articles of Association; and in an extraordinary session it resolved a share capital increase in exchange for payment with the exclusion of stock option in accordance with Article 2441, paragraph four, first sentence of the Italian Civil Code, for a total of Euro 2,000,000, of which Euro 1,983,333.32 by way of premium, by means of the issue of 666,667 new ordinary shares in MailUp S.p.A., to be reserved for subscription by Zoidberg S.r.l. as shareholder of Agile

Telecom S.p.A. and to be released by means of the conferral in kind by Zoidberg S.r.l. of 165,000 ordinary shares representing 33% of the share capital of Agile Telecom S.p.A.

As part of the operation, the parties also envisaged the recognition to the sellers of a supplementary price (an "earn-out"), to be paid according to the average value of EBITDA of Agile Telecom for the two years 2015-2016. This supplementary price will be paid by MailUp, for an amount equal to at least 25% in cash, with regards to the residual amount, by means of the assignment of a number of shares in MailUp to be calculated on the basis of the average market price of the Issuer's shares in the three months immediately prior to the reference date.

The subsidiary, Agile Telecom, with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Code (Italian Legislative Decree no. 259 of 01 August 2003; Annex no. 9). The company is also entered on the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an "aggregator" and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing its business customers the best possible sending quality at the lowest possible price.

The shareholders' meeting held on 23 December then resolved as follows:

1. Assignment to the Board of Directors of a power, in accordance with Article 2443 of the Italian Civil Code, to increase the share capital, free of charge (including through the issue of bonus shares) and/or in exchange for payment, in one or more tranches and in a divisible manner, including with the exclusion of stock options in accordance with Article 2441, paragraphs 4 and 5 of the Italian Civil Code, with or without warrant;
2. Attribution to the Board of Directors of a power, in accordance with Article 2443 of the Italian Civil Code, to increase the share capital, in one or more tranches and in a divisible manner, in exchange for payment and also with the exclusion of stock options in accordance with Article 2441, paragraph 5 and/or paragraph 8 of the Italian Civil Code and/or free of charge in accordance with Article 2349 of the Italian Civil Code, at the service of one or more incentive plans;

With reference to the events of industrial significance, please note the following:

1) anti-spam policies have been strengthened, as a consequence of the entrance of MailUp into the "Certified Senders Alliance" (CSA), created by the main European internet service providers (including Vodafone, GMX, Web.de, T-Online, Freenet and 1&1), which aims to encourage the collaboration of internet service providers and e-mail service providers, respecting the best standards in the fight against spam.

MailUp has also obtained certification by Suretymail, the accreditation programme that - in improving the sender's reputation with the main ISPs - allows all clients of the platform to

send e-mails and newsletters, even to mailboxes that are protected by the most effective anti-spam programs;

2) BEE Plugin has been distributed to more than 400 international beta tester companies and, following the test results, has been launched officially on the market.

BEE Plugin (an “embeddable” editor used to create newsletter templates) is just one of the new MailUp products, the evolution of BEE Free, which has had enjoyed great success overseas, confirmed as amongst the most interesting new features of the e-mail marketing sector, according to the data published by Product Hunt, a point of reference for the Silicon Valley technology professionals.

Product Hunt is invested in by successful players such as Google Ventures, SV Angels – investors in Pinterest, Airbnb, Foursquare – and Andreessen Horowitz – investors in Facebook, Zynga and Skype;

3) again on an international scale, we have the launch of the MailUp App for Shopify, the new product aiming to conquer the more than 150,000 e-commerce sites using the Shopify platform. MailUp App for Shopify is an application that thanks to BEE Plugin, integrates our platform to send e-mails and text messages with Shopify, the market leading e-commerce platform in the segment of small and medium enterprises.

Shopify Inc has recently been launched on the stock exchange with a double listing in both New York and Toronto. With a market capitalisation of more than US\$ 2.5 billion, Shopify is one of the most successful technological companies of the United States of America;

4) a commercial presence has been launched in Indonesia, one of the fastest growing digital economies internationally, with more than 250 million inhabitants, of whom 70 million network connected and with growth of internet penetration that is amongst the highest on the Asian continent. With last summer’s launch (ref. www.mailup.id), MailUp is officially the top e-mail service provider in the country, with customer care service and local support.

The path has been developed in partnership with YDigital, one of the main Indonesian marketing agencies and part of the Swiss Mountain Partners Group, investors, amongst others, in Alando (sold to EBay), Ciao! (sold to Microsoft), BuyVip (sold to Amazon) and Scout24 (sold to Deutsche Telekom);

5) a commercial presence has been launched in Japan, thanks to a partnership with Interarrows, a company based in Tokyo and market leaders in the introduction into Japan of cutting-edge, international technological solutions for digital marketing. The brands imported by Interarrows include success cases such as comScore, KISSmetrics, Appsee, ShoutEm and bMobilized. According to the agreement, the MailUp platform has been localised into Japanese and Interarrows is responsible for marketing, sales and support.

MailUp has also been included in the SoftBank C&S portfolio and, in particular, it has been published on the website www.marketingbank.jp, the suite of products that SoftBank C&S offers in Japan, together with brands like Microsoft Azure, Dropbox and KISSmetrics. SoftBank is Japan’s most important technological company, listed on the Tokyo stock exchange with a market cap in excess of US\$ 90 billion.

6) Jade has been launched (<http://www.mailup.it/jade/>), the application for iPad that enables a digital registration form to be created in just a few steps, to collect contacts even off-line. Data

is saved to the iPad and, once the user connects to the internet, automatically sent to the MailUp account.

7) certification as innovative SME: in 2015, MailUp obtained certification as an innovative SME, which, amongst the various benefits, entitles it to a series of tax incentives for current and future investors in MailUp, as long as they retain their investment for a continuous period of two years.

This certification is a consequence of Italian Law no. 33 of 24 March 2015 converting Italian Decree Law no. 3/2015 ("Investment Compact"), which introduced a new type of business, the "Innovative Small or Medium Enterprise", assigning them many of the benefits already assigned to innovative start-ups by the "Growth Decree 2.0" at end 2012.

DL 3/2015 in its current formulation envisages the following tax incentives on the amounts invested in innovative SMEs:

- an IRPEF deduction of 19% of the investment for natural persons who have invested up to Euro 500 thousand in innovative SMEs for each tax period;
- a deduction of 20% from the amount subject to IRES taxation of the investment for legal entities that have invested up to Euro 1.8 million in innovative SMEs for each tax period.

If the terms of DL 3/2015 should be confirmed, natural persons and legal entities that invested in MailUp as from 2013 may be able to access these benefits.

As an innovative SME operating on the market for more than seven years, in order to make the tax incentives effective for its investors, MailUp will need to submit a development plan for new or significantly improved products, services or processes, with respect to the current state-of-the-art in the sector concerned.

This plan will then need to be assessed and approved by an independent assessment organisation, which represents the entrepreneurial associations, or by a public organisation, as is specified in the implementing decree of the Ministry for the Economy and Finance, currently being approved.

At the same time as obtaining the certification, the company has also pointed out that it is also completing the procedure for the submission of the development plan.

The technical methods for the implementation of tax benefits will be described in an implementing decree of the Ministry for the Economy and Finance, currently being approved.

Basis of preparation

These financial statements, prepared according to the ordinary layout, comply with the dictates of Articles 2423 et seq. of the Italian Civil Code, supplemented by the accounting standards prepared by the OIC, as emerges from these explanatory notes, drawn up in accordance with Article 2427 of the afore-mentioned Civil Code, which, pursuant to and for the purposes of Article 2423, form an integral part of these statutory financial statements.

Financial statement values are shown in units of Euros by rounding the corresponding amounts. Any rounding differences have been entered under the item "Euro rounding reserve" included among the Equity entries and "Rounding from Euros" under the item "Extraordinary income and charges" in the income statement.

In accordance with article 2423, paragraph five of the Italian Civil Code, the explanatory notes have been drawn up in units of euros.

The financial statements for the year ended on 31/12/2015 have been subject to statutory auditing by BDO Italia S.p.A., under the appointment made upon it for the period 2014-2016.

Please note that despite it holds controlling investments in Network S.r.l., MailUp Inc., Agile Telecom S.p.A., Acumbamail SL and, MailUp Nordics A/S, MailUp S.p.A. is not required to prepare consolidated financial statements in accordance with Art. 27 of Italian Decree Law 127/91. However, as the parent company of subsidiaries, strictly linked in terms of the creation of value within the group business and in connection with the AIM issuers' regulation, MailUp S.p.A. has chosen as from last year to also prepare consolidated annual accounts.

Measurement criteria

(Ref. Art. 2427, first paragraph, no. 1, Italian Civil Code and accounting standard OIC 12)

The financial statements closed as at 31/12/2015 have been prepared according to the ordinary layout.

The criteria used for the preparation of the financial statements as at 31/12/2015 are consistent with those used for the preparation of the previous years' financial statements, particularly with regards to the valuations and the continuity of said criteria.

The valuation of these financial statement items is based on the general criteria of prudence, accruals and from the perspective of a going concern as well as by taking into account the economic function of the asset or liability item in consideration.

A standard of prudence was applied resulting in individual measurement of the elements composing the single asset and liability entries or items, to avoid offsetting among losses which should have been recognised and income not to recognise as they were not realised.

In keeping with the accrual method of accounting, the effect of transactions and other events was recognised and attributed to the year to which these transactions and events refer, and not when the related cash movements occur (collections and payments).

The continuity in applying the measurement policies over a period of time is a necessary element for the purpose of comparing company financial statements from the various years.

The valuation taking into account the economic function of the asset or liability concerned, considering that it expresses the principle of prevalence of substance over form – compulsory where not expressly in contrast with other rules specific to financial statements – allows for the representation of the transaction according to the economic reality subject to the formal measures.

The compulsory indications envisaged by Art. 2427 of the Italian Civil Code, by the other provisions of the Italian Civil Code and by the accounting standards, follow the order of the items of the financial statements outlined by Art. 2424 of the Italian Civil Code.

Exceptions

(Re: Art. 2423, fourth paragraph, Italian Civil Code)

No exceptional cases occurred that made it necessary to make exceptions pursuant to Art. 2423, paragraph 4 of the Italian Civil Code. The company has not performed any economic

value adjustments.

Specifically, the accounting policies adopted for the drawing up of the financial statements were as follows.

Fixed assets

Intangible fixed assets

Intangible fixed assets are recorded at historic purchase cost or cost of internal production and stated net of the amortisation charged over the years, charged directly to the individual items.

Start-up and expansion costs, recorded with the consent of the Board of Auditors, relate to expenses incurred to amend the Articles of Association and, in particular, to change the legal status of the company from limited liability to joint stock and the extraordinary expenses incurred for the consequent listing on the AIM market.

The costs of research and development, industrial patents and the rights to use intellectual property, licences, concessions and trademarks are amortised according to their assumed possible use, so as to ensure that the net value at period end corresponds to their residual possible use. Amortisation/depreciation starts when an asset becomes available for use. Research and development costs, recorded with the consent of the Board of Auditors, include the development costs incurred internally to create and innovate the MailUp platform. Costs are capitalised only when the following can be proven:

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 intangible fixed assets, booked with the consent of the Board of Auditors, relate to the extraordinary expenses incurred in support of the acquisitions of subsidiaries made in 2015 and, in particular, for the reverse take-overs as a consequence of the acquisition of the subsidiaries Agile Telecom, the extraordinary globalisation costs and the costs incurred to improve third party assets. The latter are amortised at rates that depend on the duration of the rental contract for the asset to which they refer, if less than that of future use.

Fixed assets under construction and advances relate to costs incurred for development projects on the MailUp platform, which as at 31/12/2015 had not been completed and, therefore, could not be used.

Regardless of any amortisation/depreciation booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

Tangible

These are posted at purchase price and adjusted by the corresponding depreciation funds.

When reporting the value in the financial statements, accessory charges and costs relating to use of the assets have also been considered.

The depreciation, charged to the income statement, has been calculated considering the utilisation, intended use and economic-technical duration of the assets, in relation to the residual possible usefulness. We believe that this approach represents the following rates well and is consistent with the previous year and with the 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%

Assets with a unit value of less than Euro 516.46, susceptible to autonomous use, are registered in full to the income statement, under item B.6, if their utility is limited to just one accounting period.

Regardless of any amortisation/depreciation booked previously, should there be a permanent loss of value, the asset is written down accordingly. If the reasons for the write-down are eliminated in subsequent periods, the original value adjusted for amortisation/depreciation only is written back.

Financial

Financial fixed assets only include items of equity intended to be used on a permanent basis.

Financial fixed assets are stated at their purchase cost, including related charges.

Equity investments in subsidiaries have been measured on the basis of the purchase value, in compliance with the provisions of Articles 2423 and 2423-bis of the Italian Civil Code.

Financial lease transactions (leasing)

Financial lease transactions are shown on the financial statements according to the equity method, booking the charges paid on an accruals basis. A specific section of the explanatory notes gives the supplementary information required by the law in relation to the representation of financial lease charges according to the financial method.

Receivables

These are stated at their estimated realisable value. The presumed nominal loan value is adjusted by means of a specific provision for doubtful debt, taking into account general and sector-specific economic conditions.

Payables

These are booked at face value, amended for returns or invoice adjustments, representing the

presumed extinguishing value.

Accruals and deferrals

These are determined on an effective accruals basis in accordance with the matching principle.

Treasury stock

Own shares reported under current assets, insofar as held for sale in the short-term, are quoted at purchase price, moreover in line with the realisable value determined from market trends.

On 30/04/2015, the shareholders' meeting resolved to authorise purchases and operations on own shares as at that same date of 30/04/2015 and within eighteen months of said date. The purchase price of own shares takes place at a unit purchase price that is below the minimum and above the maximum of a value that is respectively lower or greater than 15% of the reference price recorded by the security during the session of the day prior to each individual purchase. The maximum number of own shares held can never exceed 10% of the share capital.

Provisions for risks and charges

They are allocated to cover losses or payables of certain or probable existence whose amount or date of accrual cannot be determined on the closing date of the year.

The general principles of prudence and accruals were observed when valuing these reserves and no steps were taken to form general risk reserves without economic justification.

Potential liabilities have been posted on the financial statements and recorded in funds insofar as they were held to be likely and their relevant charges could be reasonably estimated.

Provision for severance indemnity (TFR)

The reserve represents the effective liability accrued with regards to the employees, in accordance with the law and current employment contracts, taking into consideration every form of remuneration of an ongoing nature.

The provision reflects the total of the individual indemnities accrued in favour of the employees as of the reporting date, net of any advances paid out, and is equal to that which would have to be paid to the employees in the event of the termination of the employment contract as of that date.

Income tax

Current tax is determined on the basis of current tax legislation and stated both on the income statement and under tax payables or receivables.

Prepaid tax, including the benefit deriving from the carrying forward of tax losses, is recorded as prepaid tax under current assets. The tax benefit relating to the carrying forward of tax losses is noted when it is reasonably certain that it will indeed be realised.

Tax is provisioned on an accruals basis, and as such represents:

the provisions for tax paid or to be paid for the year, determined in accordance with current rates and legislation;
the sum total of deferred tax or prepaid tax relating to timing differences which have arisen or been cancelled during the year.

Revenue recognition

Financial and service revenues are recognised on an accruals basis. More specifically, income from subscription contracts is noted on a pro rata temporis basis, according to contract duration.

Income from consumption-based contracts is recognised when the service is provided, i.e. when the related services are made available to the client.

Revenues and income, costs and expense related to foreign currency transactions are calculated at the exchange rate as of the date on which the transaction took place.

Conversion of amounts denominated in foreign currency

Receivables and payables which are originally expressed in foreign currencies - booked on the basis of the exchange rates effective on their date of accrual – are aligned to the exchange rates effective on the closing date of the financial statements.

Guarantees, commitments, third party assets and risks

The valuation of third party assets held by the company has been carried out at the value assumed from existing documentation and indicated in the memorandum accounts.

Workforce data

(Ref. Art. 2427, first paragraph, no. 15, Italian Civil Code)

The average company workforce, broken down according to category, has changed as follows from the same period of last year.

Workforce	31/12/2015	31/12/2014	Change
Managers	0	0	0
Middle managers	1	2	(1)
Office workers	53	34	19
Labourers	0	0	0
Other	0	0	0
	54	36	18

The company applies the national labour agreement for the commercial sector.

Assets

B) Fixed assets

I. Intangible fixed assets

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
4,295,406	2,567,141	1,728,265

Total changes to intangible fixed assets

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

Description of costs	VNC as at 31/12/2014	Increases	Decreases	Reclassifications	Period amortisation/depreciation	Other period reductions	VNC as at 31/12/2015
Start-up and expansion	326,832				(71,152)		255,680
Research, development and advertising	1,654,336	1,212,590		383,175	(622,086)		2,628,015
Industrial patent rights	52,831	60,573			(20,560)		92,844
Concessions, licences and trademarks	14,836	12,981			(7,174)		20,644
Construction in progress and advance payments	400,436	654,603		(398,074)			656,966
Other	117,870	552,446		14,898	(43,956)		641,257
	2,567,141	2,493,193		0	(764,928)		4,295,406

“Start-up and expansion costs” includes the expenses relating to the corporate transformation from the legal status of “S.r.l.” (limited liability company) to that of “S.p.A.” (joint stock company). Extraordinary expenses have also been entered here as incurred for the listing on the AIM market.

“Research, development and advertising” includes costs for the development of the MailUp® SaaS (Software-as-a-Service) platform for Euro 2,628,015, net of relevant amortisation. No advertising or research costs have been capitalised.

“Industrial patent rights” includes costs for the purchase of software owned by third parties.

“Fixed assets under construction and advances” include costs for projects to develop the MailUp platform, currently under development; these activities had not been completed at year end and have therefore not been amortised.

“Other intangible fixed assets” relates to the extraordinary expenses incurred in support of the acquisitions of subsidiaries made in 2015 and, in particular, for the reverse take-overs as a consequence of the acquisition of the subsidiaries Agile Telecom, the extraordinary globalisation costs and the costs incurred to improve third party assets.

Previous revaluations, amortisations and write-downs

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

The historic cost as at 31/12/2014 consists of the following.

Description of costs	Historic cost	Provision for amortisation/depreciation	Revaluations	Write-downs	Net value as of 31/12/2014
Start-up and expansion costs	355,758	(28,926)			326,832
Research, development and advertising	2,313,185	(658,849)			1,654,336
Industrial patent rights	89,065	(36,234)			52,831
Concessions, licences and trademarks	37,883	(23,047)			14,836
Construction in progress and advance payments	400,436				400,436
Other	181,011	(63,141)			117,870
	3,377,388	(810,197)			2,567,141

No legal value adjustments or impairment have been applied.

Breakdown of items concerning start-up and expansion costs, and research, development and advertising costs

(Ref. Art. 2427, first paragraph, no. 3, Italian Civil Code)

Hereinafter, please find the breakdown of the cost items of start-up and expansion and research and development, together with the reasons for their inclusion.

Start-up and expansion costs

Description of costs	Value 31/12/2014	Period increases	Decrease	Period amortisation/depreciation	Value 31/12/2015
Transformation and listing	321,504			(70,010)	251,494

Other changes to deed of incorporation	5,328			(1,142)	4,186
	326,832			(71,152)	255,680

Start-up and expansion costs have been included under the assets with the consent of the Board of Auditors, insofar as it has been estimated that they may be of use in several years, as it is to be reasonably expected that they will continue to bring benefits to the economic results of future years. Start-up and expansion costs include the extraordinary costs incurred by the company in connection with the corporate transformation from the legal status of "S.r.l." (limited liability company) to that of "S.p.A." (joint stock company) and the listing on the AIM Italia market.

Research and development costs

Description of costs	Value 31/12/2014	Period increases	Period decreases	Period amortisation/depreciation	Value 31/12/2015
Research and development on the MailUp platform	1,654,336	1,595,765		(622,086)	2,628,015
	1,654,336	1,595,765		(622,086)	2,628,015

"Research, development and advertising costs" includes the capitalised costs, with the consent of the Board of Auditors, relative to the development, update and modernisation of the MailUp® platform owned by the company. The costs are reasonably linked to benefits that extend over several years, and are amortised in relation to their residual possibilities of use.

In 2015, these activities regarded incremental improvements on the previous versions, particularly on the creation motor and sending of e-mails, which now have a capacity to send that is 8 times higher. This means that we can meet the demands of larger clients, requiring higher sending speeds. Important changes have also been made to the vetting (customer analysis) system, to prevent crime, typically spam and phishing. Thanks to these new algorithms, we have gained accreditation with important international certification systems, like the Germany CSA (Certified Sender Alliance) and the American SuretyEmail. The new APP for Apple iPad "Jade" has also been published, which enables MailUp clients to more quickly increase the number of registered members, in an automated fashion.

For the segment of software developers, new methods have been introduced for integration with MailUp (API), both e-mail and text messages to facilitate the connection between MailUp and other services/software. Some companies have therefore begun developing connectors spontaneously, as in the case of SAP CRM, Python, MS Dynamics, CRM or Prestashop. The new App for Shopify has been released, one of the main SaaS e-commerce systems with more than 240,000 active on-line shops. To support the growth of the SMS business line, the "landing

page SMS" function has been introduced, which enables SMS campaigns to be sent, with an abridged link to a web page that has been optimised for mobile devices, thereby facilitating the use of text messages, even for businesses without a website optimised for mobiles or which are unable to update it quickly. The new blog dedicated to e-mail design (<http://emaildesign.beefree.io/>), which has enabled the brand to be strengthened and new international leads obtained, was launched. At year end, the new business line "BEE Plugin" was also launched, connected with the BEE editor, now available via API for integration by third party applications, as lead management system, CRM and CMS. Commercial partnerships have also been started with retailers in Japan and Indonesia.

Fixed assets under construction and advances, whose increase of Euro 656,966 is in relation to the costs for projects to develop the MailUp platform incurred in 2015 and intended for marketing as future functions of the MailUp® platform, but which as at 31 December had not been completed and could not be used. For these costs, the Board of Auditors has consented to the implementation.

II. Tangible fixed assets

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
651,083	670,257	(19,174)

Plant and machinery

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

Description	Amount
Historic cost	60,526
Previous years' depreciation/amortisation	(54,652)
Balance as at 31/12/2014	5,874
Period acquisitions	
Period amortisation/depreciation	(4,808)
Balance as at 31/12/2015	1,066

Other assets

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

Description	Amount
Historic cost	1,391,577

Previous years' depreciation/amortisation	(727,194)
Balance as at 31/12/2014	664,383
Period acquisitions	239,393
Period transfers	(1,200)
Period amortisation/depreciation	(252,559)
Balance as at 31/12/2015	650,017

"Other tangible assets" include:

- expenses for the purchase of office furniture and furnishings for Euro 90,472, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 552,273, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 7,272, net of period depreciation.

Impairment and write-backs of value applied during the year

(Ref. Art. 2427, first paragraph, nos. 2 and 3-bis, Italian Civil Code)

No impairment was applied this year or during previous years.

Total revaluation of tangible fixed assets at year end

(Ref. Art. 2427, first paragraph, no. 2, Italian Civil Code)

No write-backs were applied this year or during previous years.

III. Financial fixed assets

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
7,615,916	312,224	7,303,692

Equity investments

Description	31/12/2014	Increase	Decrease	31/12/2015
Subsidiary companies	112,352	7,299,177		7,411,529

Other companies	2,000			2,000
	114,352	7,299,177		7,413,529

The following information relating to the equity investments held directly or indirectly for the subsidiary and associated companies, is provided below (article 2427, first paragraph, no. 5, Civil Code).

Subsidiary companies

Company name	City or foreign country	Share capital	Equity	Profit/Loss	% held	Book value
NETWORK	Cremona (CR)	10,500	192,430	59,146	100	75,000
MAILUP INC	United States of America	45,926	(116,629)	40,539	100	37,352
ACUMBAMAIL SL	Spain	4,500	96,700	47,766	70	499,177
MAILUP NORDICS A/S	Denmark	67,001	1,027,681	713,317	100	800,000
AGILE TELECOM SPA	Carpi (MO)	500,000	1,792,139	1,248,859	100	6,000,000
Total						7,411,529

Network S.r.l. provides IT-systems consultancy, software analysis, design and engineering, supply, design, installation and management of all problems relating to mass e-mailing (abuse and deliverability services) or through other messaging channels. Having developed these specific professional aspects, Network deals with the management, on behalf of the parent company MailUp S.p.A., of the development and maintenance of software and applications, management of databases and the hardware and software infrastructure, customer assistance services, improvement to the performance of allocation to addressees, abuse prevention and the maintenance and update of the website in relation to the MailUp® platform, the multi-channel direct marketing tool (newsletters, mails, text messages, social networks) owned by MailUp S.p.A. The company also designs, develops and retails video surveillance and intelligent video analysis solutions. 96% of turnover is realised with regards to its parent company.

MailUp Inc., established in San Francisco by the parent company in November 2011, it aims to market and localise the MailUp® platform in the United States of America and, more generally, on the American continent. Since the end of this year, the company has also been marketing the new product BEE Plugin. The strategic location allows for the capture and anticipation of innovative ideas coming from Silicon Valley, California, an area in which the main players on the reference market and the digital economy in general, are concentrated. This is why, as well as for the specific competences accrued, the resources of MailUp Inc are monitoring and coordinating, in collaboration with the Italian colleagues, the development and technical

update programmes of the MailUp platform, as well as the road maps for the implementation of the new releases and the development of integrations with third party partners.

Acumbamail SL, a start-up founded in 2012 with registered office in Ciudad Real, Spain, has developed an e-mail marketing platform that is widespread on the Spanish-speaking markets (Spain and LATAM) and features considerable development potential, with a freemium sales model targeting a lower profile customer base, which therefore complements MailUp, which is instead increasingly taking a position on the medium/high bracket of the market. The freemium model, in fact, envisages an initial level of free use of the platform, which thereafter requires payment where a certain threshold of use is surpassed, thereby favouring customers with limited volumes and a reduced number of addressees.

MailUp Nordics A/S controls 100% of the capital of the company Globase International ApS, a Danish company operating in the e-mail marketing sector on the Scandinavian markets (Denmark, Norway, Sweden, Finland and Iceland) with a focus on medium/large customers. Globase, which was established in 1999, develops solutions enabling its clients to manage and improve marketing campaigns using all communication channels available. In addition to an innovative proprietary software platform, professional consultancy services are also provided for the development of customisations, datasets and the configuration and management of marketing automation flows. The company numbers around 100 customers, including Mercedes-Benz, Bang & Olufsen and 3M. The acquisition of the MailUp Nordics Group aims to position the MailUp platform on the Northern European market, exploiting the recognition of the Globase trademark and the favourable positioning on a market with high entry barriers and a high level of spending on e-mail marketing. The acquisition also enables know-how to be increased, particularly in managing problems reported by medium/large clients.

Agile Telecom S.p.A., with registered office in Carpi (MO), is an operator authorised by the Ministry of Economic Development and Communication to offer a public electronic communication service pursuant to Article 25 of the Code (Italian Legislative Decree no. 259 of 01 August 2003; Annex no. 9). The company is also entered on the Register of Operators in Communication (ROC) held by the Authority for Guarantees in Telecommunications (AGCOM) under no. 23397. Agile Telecom has been operating since 1999 as an independent international operator specialised in SMS services on a carrier level (referred to as an “aggregator” and A2P (application-to-person), accessible directly from third party web servers and applications by means of SMPP, UCP, HTTP or API protocols and from any server by means of a proprietary web application. Dozens of direct connections with carriers and operators across the globe allow Agile Telecom to optimise delivery of messages in all countries, guaranteeing customers the best possible sending quality at the lowest possible price.

The distinctive traits of the work of Agile Telecom are as follows:

- Platform and know-how for highly-flexible, scalable message routing management, which enables customised rules and routing dynamics of messages, so as to optimise quality and cost.
- Direct connections with numerous national and international telecommunications operators with high capacity and sending volumes such as to allow for low purchase costs.

- Capacity to supply customised text message services, such as, for example, for high/low quality sending (MT - Mobile Terminated), SMS receipt service (MO - Mobile Originated), sending with customisable TTL (Time-to-live) service, necessary, for example, to send OTP (One-time password), i.e. PIN numbers that only remain valid for a few minutes.
- System for monitoring the quality of the sending of text messages available in several countries and with several telephone operators (SMSC.net).
- System for the dynamic comparison of the costs of sending through several international aggregators.
- System for the sending via signalling protocol SS7, the same used by mobile telephony operators.
- System for the management of the MNP (Mobile Number Portability) database supplied by the Ministry of Economic Development, which means that each addressee can know the corresponding telephony operator. This means that the optimal and/or least expensive sending route can be set.
- Membership of the GSMA international association that groups together all the main mobile telephony operators.

Other companies

Company name	City or foreign country	Share capital	Equity	Profit/Loss	% held	Book value
CRIT Cremona Information Technology	CREMONA (CR)	16,000	16,001	0	12	2,000

The company has subscribed units in the consortium CRIT Cremona Information Technology. 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) and to establish the physical place of meeting, developing a building complex where Cremona-based ICT companies 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.

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

The investments are valued, in compliance with the principle of continuity of accounting principles, at purchase or subscription cost:

The investments reported at purchase cost have not been written-down for lasting losses of value. No cases of 'value restoration' occurred.

The investment in the foreign company MailUp Inc. has a booked cost that exceeds the

corresponding portion of equity. After the initial start-up phase, in FY 2015 the company achieved positive results of Euro 40,539, with a good increase in turnover. The directors do not believe the loss of equity to be permanent; the positive signs seen, reinforced by the excellent prospects of the marketing of BEE Plugin, should be confirmed in the near future. The prospects of the US and South American market lead us to believe that the booked cost of the equity investment will indeed be recovered.

The booked value of the equity investments acquired in 2015 (Acumbamail, MailUp Nordics (the parent company of Globase) and Agile Telecom) also exceed the corresponding portion of equity. During the acquisition, the directors considered that the companies had good prospects to make profit and believe that they represent strategic investments for the group insofar as they will allow for important synergies with the business of the parent company. The Directors therefore confirm the values assigned and the figures booked, excluding any impairment.

No equity investment has had a change of allocation.

During the year, no company in which an equity investment is held has decided to increase capital either upon payment or free of charge.

Additional information is available from the group's consolidated financial statements.

Receivables

Description	31/12/2014	Increase	Decrease	31/12/2015	Of which transactions with reconveyance obligation
Subsidiaries	152,937		38,121	114,816	
Other	44,935	47,995	5,359	87,571	
	197,872	47,995	43,480	202,387	

The receivable due from subsidiaries regards MailUp Inc. and is in connection with an interest-bearing loan.

The item receivables due from others includes:

- Euro 14,641 for the residual receivable due from the consortium CRIT.
- Euro 64,589, receivables due from insurance for policies on the use of amounts intended for severance indemnity upon cession of office for directors.
- the residual amount of Euro 8,341 relates to caution deposits.

The breakdown of receivables as of 31/12/2015 according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Receivables divided by Geographic Area	Subsidiaries	Third parties	Total
ITALY		87,571	87,571
UNITED STATES – MAILUP INC	114,816		114,816
Total	114,816	87,571	202,387

Own shares

Own shares in the portfolio are Euro 57,502, corresponding to 19,200 shares.

No financial fixed assets have been recorded in the financial statement for values greater than their fair value.

C) Current assets

II. Receivables

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
1,634,165	1,638,772	(7,607)

The balance is divided up according to due dates (Article 2427-bis, first paragraph, no. 6, Italian Civil Code).

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total	Of which transactions with reconveyance obligation
Due from customers	1,083,040			1,083,040	
Subsidiaries	199,572			199,572	
Tax receivables	100,196	121,362		221,572	
Prepaid tax	56,788			56,788	
Others	70,207			70,207	
Total	1,509,803	121,362		1,631,165	

Receivables due from customers also include receivables for invoices to be issued in the amount of Euro 114,713 and receivables for bills submitted for collection, subject to collection, for Euro 12,288.

Receivables due from subsidiaries derive from normal commercial operations implemented

during FY2015.

Tax receivables as at 31/12/2015, are as follows:

Description	Amount
Receivable for the petition for repayment of IRES pursuant to Decree Law 201/2011	1,270
Receivables for IRES tax advances	47,353
Receivables for IRAP tax advances	38,553
Receivables for withholdings applied	14,290
Tax receivables relative to tax litigation	120,092
Total	221,558

Receivables due from third parties as of 31/12/2015 comprise as follows:

Description	Amount
E-commerce caution deposits	3,717
Supplier deposits	19,490
Capital contributions to be collected	45,000
Sundry	2,000
Total	70,207

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

Description	Provision for doubtful debt pursuant to Art. 106 of Italian Presidential Decree no. 917/1986	Total
Balance as of 31/12/2014	6,542	6,542
Period use	6,542	6,542
Provisions for the period	4,937	4,937
Balance as of 31/12/2015	4,937	4,937

The breakdown of receivables as of 31/12/2015 according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Receivables divided by Geographic Area	Trade accounts	Subsidiaries	Third parties	Total
Italy	1,026,674	56,037	70,207	1,152,918
EU	49,082			49,082
Non EU	7,284	143,535		150,819
Total	1,083,040	199,572	70,207	1,352,819

III. Financial assets

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
57,502	0	57,502

Own shares

As at 31/12/2015, own shares in the portfolio are Euro 57,502, corresponding to 19,200 shares, acquired at an average price of Euro 2.9949.

No financial fixed assets have been recorded in the financial statement for values greater than their fair value.

IV. Liquid funds

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
1,086,337	3,281,616	(2,195,280)

Description	31/12/2015	31/12/2014
Cash at bank and post office	1,086,297	3,281,356
Cash and cash equivalents	40	260
	1,086,337	3,281,616

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

D) Accruals and deferrals

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
501,482	465,821	35,661

These record the income and expenses with an earlier or postponed accrual compared with the actual cash and/or document manifestation, they do not take into account the data of payment or collection of the related income or expenses, common to two or more periods and divisible based on time.

As at 31/12/2015, there were no accruals or deferrals with a residual duration of more than five years.

The breakdown of prepaid expenses, totalling Euro 496,227, is as follows (Article 2427, first paragraph, no. 7, Italian Civil Code):

- variable remuneration on sales for Euro 119,221
- marketing costs (called "pay per click") for Euro 155,944
- costs for the certification of e-mail deliverability for Euro 33,591
- SMS purchase costs for Euro 75,180
- annual fee of specialist Nuova Investimenti SIM for Euro 17,951
- annual server maintenance cost for Euro 11,396
- consultancy for Euro 9,086
- insurance for Euro 8,203
- lease charges for Euro 6,433
- hire charges for Euro 7,890
- software user's licences for Euro 9,259
- hosting and housing service costs for Euro 4,452
- trade fair and events participation costs for Euro 9,653
- staff training and identification costs for Euro 7,174
- costs for internet anti-spam services Euro 11,020
- advertising and propaganda costs for Euro 3,230
- other residual items for Euro 6,544

Accrued income, of Euro 5,255, relates to income for services paid as charges, pertaining to 2015, but invoiced and collected in the next year.

Liabilities

A) Equity

(Ref. Art. 2427, first paragraph, nos. 4, 7 and 7-bis, Italian Civil Code)

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
5,629,379	3,517,693	2,111,686

Description	31/12/2014	Increases	Decreases	31/12/2015
Capital	200,000	16,667		216,667
Share premium reserve	2,983,468	1,983,333		4,966,801
Legal reserve	5,656	34,344		40,000
Extraordinary or optional reserve	125,866	168,360	57,502	236,725
Reserve for treasury stock	0	57,502		57,502
Difference from rounding-off to the nearest euro	(1)		1	(2)
Period profit (loss)	202,704	111,686	202,704	111,686
Total	3,517,693	2,371,892	260,207	5,629,379

The following table details transactions in the net worth

Description	31/12/2014	Distribution of dividends	Other allocations	Increases	Decreases	Reclassifications	31/12/2015
Capital	200,000			16,667			216,667
Share premium reserve	2,983,468			1,983,333			4,966,801
Legal reserve	5,656			34,344			40,000
Other reserves							
Extraordinary reserve	125,866		(57,502)	168,360			236,725
Reserve for own shares in portfolio	0			57,502			57,502
Miscellaneous other reserves	(1)				1		(2)
Period profit (loss)	202,704		(202,704)	111,686			111,686
Total	3,517,693		(260,206)	2,371,892			5,629,379

Share capital comprises (Article 2427, paragraph one, nos. 17 and 18 Italian Civil Code) 8,666,667 shares with a book value of Euro 0,025 each.

Please note that on 23.12.2015, the extraordinary shareholders' meeting resolved to increase the share capital by Euro 16,667, by issuing 666,667 ordinary shares in exchange for the conferral by Zoidberg S.r.l. of 33% of the share capital of Agile Telecom S.p.A. and the registration of a new share premium of Euro 1,983,333.

In compliance with the provisions of Articles 2357 and 2424, the Reserve for own shares in portfolio has been entered under the liabilities, under Group equity, by way of counter-entry in an amount equal to the own shares held as at 31/12/2015. The own share reserve is restricted and shall be maintained until such time as the shares are sold.

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

The equity accounts are broken down as follows according to their origin, possible use, distributable nature and use made in last the three years (Article 2427, first paragraph, no. 7-bis, Italian Civil Code)

Nature/Description	Amount	Possible use (*)	Available amount	Use made in last 3 years for covering losses	Use made in last 3 years For other reasons
Capital	216,667	B	216,667		
Share premium reserve	4,966,801	A, B, C	4,963,468		
Legal reserve	40,000	B	40,000		
Reserve for own shares in portfolio	57,502				
Other reserves	236,725	A, B, C	236,725		
Total	5,517,693		5,456,860		
Restricted portion					
Residual distributable portion	5,200,193		5,200,193		

(*) A: capital increase; B: loss coverage; C: shareholder distribution

Please note that in compliance with OIC 28, the unrestricted portion of the Premium reserve has been reduced by the amount missing to reach the legal limit envisaged for the Legal reserve.

Reserves incorporated into the share capital

The share capital includes Euro 154,293 consisting of previous years' profits, formerly the extraordinary reserve, following the resolution to increase the share capital passed on 03/07/2014.

B) Provisions for risks and expenses

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
135,614	85,989	49,625

Description	31/12/2014	Increases	Decreases	31/12/2015
Severance indemnity upon cession of office (TFM)	20,000	40,000		60,000
Tax, including deferred	8,250	12,375	2,750	17,875
Other	57,739			57,739
Total	85,989	52,375	2,750	135,614

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

The provision for pension and similar commitments refers to the indemnity due to directors upon cessation of office.

The tax funds include deferred tax liabilities for Euro 17,875 relating to taxable timing differences. For a description of these, please see the relevant paragraph of the explanatory notes.

"Other" includes a provision for current legal disputes. The company currently has a lawsuit underway with the Financial Administration in connection with the companies' income tax, regional production tax and value added tax for 2004.

The office has issued a notice of assessment on the basis of the use of the results of the sector studies' calculation; the reconstruction of revenues prepared by the Authority entailed greater tax, totalling Euro 58,468 and sanctions for Euro 49,344, already paid in full.

The petition proposed by the company has been rejected on a first and second instance and the company has submitted an appeal in cassation. The company's lawyers believe that they are likely to be successful in the last instance of proceedings. An amount has been allocated on the financial statements considering the reduction, by the tax courts, of the office claims. In the petitions submitted, it has, amongst other aspects, been shown that the recalculation of the sector study with a more evolved study, brings about a more favourable result for the company. Therefore, a provision for risks has been allocated, in accordance with Art. 2423-bis of the Italian Civil Code and accounting standard OIC 19, for an amount equal to the greater tax deriving from the application of said study.

C) Employee severance indemnity (TFR)

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
271,056	200,695	70,361

The change is as follows.

Changes	31/12/2014	Increases	Decreases	31/12/2015
TFR, period changes	200,695	112,612	42,251	271,056

The provision represents the effective liability of the company as of 31/12/2015 towards its employees on the workforce as of that date, net of any advances paid.

The reserve set up represents the effective liability accrued with regards to the employees, in accordance with the Law and current Labour Agreements, taking into consideration every form of remuneration of an ongoing nature.

D) Payables

(Ref. Art. 2427, first paragraph, no. 4, Italian Civil Code)

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
6,506,089	2,188,822	4,317,267

Payables are valued at their face value and their due date is divided up as follows (Article 2427, first paragraph, no. 6, Italian Civil Code).

Description	Within 12 months	Beyond 12 months	Beyond 5 years	Total	Of which transactions with reconveyance obligation
Amounts due to banks	510,473	1,508,335		2,018,808	
Amounts due to other providers of finance		33,416		33,416	
Advances	21,622			21,622	
Trade payables	685,022			685,022	
Amounts due to subsidiaries	2,064,399			2,064,399	
Tax payables	193,030			193,030	
Amount payable to social security institutions	88,529			88,529	
Other payables	1,401,263			1,401,263	
Total	4,964,338	1,541,751		6,506,089	

Amounts due to banks relates to the loan stipulated by the company during the year.

"Amounts due to other lenders" relates to the residual amount of a beneficial-rate loan

obtained from Finlombarda following participation in the tender “Development of innovation of Lombardy businesses in the tertiary sector” aimed at presenting and developing projects seeking to innovate the Lombardy production system.

The item “Advances” includes the advances received from customers relating to supplies of goods and services not yet delivered.

“Trade payables” are stated net of commercial discounts. The item also includes amounts payable for invoices to be received from Italy suppliers, for Euro 102,027 and payables for invoices to be received from EU suppliers, for Euro 14,331.

Amounts due to subsidiaries are detailed below:

- amounts due to Network S.r.l. for Euro 826,045;
- amounts due to MailUp Inc. for Euro 31,843;
- amounts due to Agile Telecom S.p.A. for Euro 1,206,512.

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

Tax payables as at 31/12/2015, are as follows:

Description	Amount
VAT payable	63,125
Payable for Tobin Tax	12,000
Amount payable to the tax authority for withholdings applied at source	117,905
Total	193,030

“Amounts due to social security institutes” refers to welfare contributions due to the various institutes on the salary paid to employees in December 2015 and contributions due on the directors’ fees as at 31/12/2015.

“Other payables” comprises:

Description	Amount
Amounts due to directors for emoluments	39,677
Amounts due to employees for salaries and wages payable	120,142
Amounts due to employees for holidays, permits and additional months’ salaries	182,220
Payables or clients for the contractual supply of text messages, not yet made	258,079
Amounts due to Zoidberg S.r.l.	800,000
Sundry	1,144
Total	1,401,263

The amount due to Zoidberg S.r.l. relates to the acquisition of the company Agile Telecom S.p.A., payment of which is contractually envisaged after approval of the 2015 financial statements.

The breakdown of payables as at 31/12/2015 according to geographic area, is shown in the following table (Article 2427, first paragraph, no. 6, Italian Civil Code).

Payables divided by Geographic area	Trade accounts	Subsidiaries	Third parties	Total
Italy	490,617	2,032,556	1,401,263	3,924,436
EU	121,795			121,795
Non-EU	72,610	31,843		104,453
Total	685,022	2,064,399	1,401,263	4,150,684

E) Accruals and deferrals

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
3,296,753	2,942,632	354,120

These represent the entries connected to the year recognised with accruals accounting. As at 31/12/2015, there were no accruals or deferrals with a residual duration of more than five years.

The items are comprised as follows (Article 2427, first paragraph, no. 7, Italian Civil Code).

Description	Amount
Sundry accrued liabilities	4,058
Deferred income for charges for services supplied by the company	3,292,694
Total	3,296,753

Approximately 75% of the revenues of MailUp come from recurring charges. MailUp collects the recurring charges deriving from the e-mail service, but, on an accruals basis, only part of the charges is 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.

Memorandum accounts

(Ref. Art. 2427, first paragraph, no. 9, Italian Civil Code)

Description	31/12/2015	31/12/2014	Changes
Third party property held at the company	500,248	500,248	0
Total	500,248	500,248	0

The memorandum accounts include the value of third party property held by the company under hire or lease agreements.

Income statement

A) Value of production

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
8,930,703	7,716,451	1,214,252

Description	31/12/2015	31/12/2014	Changes
Revenues from sales and services	8,810,120	7,693,272	1,116,848
Other revenue and income	120,583	23,179	97,404
Total	8,930,703	7,716,451	1,214,252

Revenues according to category of activity

(Ref. Art. 2427, first paragraph, no. 10, Italian Civil Code)

Category	31/12/2015	31/12/2014	Changes
Provision of services	8,810,106	7,693,272	1,116,848
Rental income	34,431	12,202	22,229
Other	86,152	10,977	75,175
Total	8,930,689	7,716,451	1,214,252

Income from sales and services derives from the supply of services for the sending and management of newsletters, e-mails and text messages.

Revenues by geographical area

(Ref. Art. 2427, first paragraph, no. 10, Italian Civil Code)

Area	Services	Various income	Total
Italy	8,117,387	120,583	8,237,970
EU	269,755		269,755
Non-EU	422,978		422,978
Total	8,810,120	120,583	8,930,703

B) Production costs

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
8,862,727	7,382,330	1,480,397

Costs of production are broken down as follows:

Description	31/12/2015	31/12/2014	Changes
Raw and ancillary materials and goods	1,498,092	1,591,907	(93,815)
Services	3,647,068	2,975,298	671,770
Costs for the enjoyment of third party goods	373,604	282,540	91,064
Wages and salaries	1,618,585	1,333,231	285,354
Welfare and social security	449,628	386,787	62,841
Employee severance indemnity (TFR)	112,612	90,601	22,011
Amortisation of intangible fixed assets	764,928	372,594	392,333
Depreciation of tangible fixed assets	257,367	232,655	24,711
Impairment of current receivables	4,937	6,542	(1,606)
Sundry operating expenses	135,906	110,175	25,731
Total	8,862,727	7,382,330	1,480,397

Raw, ancillary and consumable materials and goods for resale

Description	Amount
Purchases of production for services resold	1,469,978
Assets of a value less than Euro 516,46	24,933
Accessory expenses on purchases	139
Stationery	3,042
Total	1,498,092

Costs for services

Description	Amount
Transport on purchases	898
Industrial services relating to the platform (housing, licence charges, compliance)	438,794
Electricity, gas, water	13,873
Staff itemised reimbursements	17,979
Kilometre reimbursement	13,803
Maintenance of own assets	6,303
Maintenance of third party assets	2,672
Directors' fees	772,175
Auditors' fees	16,305
Cleaning service	26,812
Commission to reporters	528
Technical consultancy (IT, quality, compliance, help desk)	1,023,108
Marketing and advertising service expenses (pay per click, SEM)	481,858
Trade fairs and exhibitions	82,044
Administrative services	39,085
Internet connection expenses	19,112
Legal expenses	44,999
Administrative consultancy	77,674
Other third party consultancy	157,771

Telephone costs	15,109
Bank service expenses	80,764
Sundry insurance	34,609
Entertainment expenses	902
Travel and business trips	63,880
Share in general and condominium expenses	29,210
Staff training costs	17,747
Staff head-hunting costs	8,906
Supply of food and drink	2,594
Employee medical expenses	1,800
Postal charges and postage	603
Entertainment expenses in favour of employees	11,138
Costs relating to the AIM Italia market	107,600
Financial disclosures	32,181
Other services	4,232
Total	3,647,068

Costs for the use of third party assets mainly relate to the rental of Milan and Cremona offices.

Payroll costs

This item includes all expenses for employees, including performance promotions, category promotions, cost of living bonuses, costs for unpaid holidays and allocations required by law and collective employment contracts.

Depreciation of tangible fixed assets

Depreciation of these assets is calculated based on the useful duration of the asset and its use in the production phase.

Sundry operating expenses

These are analysed as follows

- stamp duty and registration tax, for Euro 3,761;
- government concession tax, for Euro 4,351;
- other tax and duties, for Euro 8,633;
- losses on loans not covered by a specific provision, equal to Euro 70,236;
- donations and gifts, for Euro 1,714;
- association fees, for Euro 4,527;
- fines and sanctions, for Euro 903;
- ordinary contingent liabilities, for Euro 25,301;

- Tobin tax, for Euro 12,000;
- subscriptions, magazines and books, for Euro 660;
- sundry charges, for Euro 3,820.

C) Financial income and charges

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
37,463	2,284	35,179

These are analysed as follows

Description	31/12/2015	31/12/2014	Changes
Loan interests	3,639	2,602	1,037
Income other than the above	3,287	1,265	2,022
(Interest and other financial expense)	(2,509)	(631)	(1,878)
Exchange gains	33,046	(952)	33,998
	37,463	2,284	35,179

Income other than the above refers to bank interest income.

Period income tax

Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
(6,245)	133,698	(139,943)

Taxes	Balance as at 31/12/2015	Balance as at 31/12/2014	Changes
Current tax:	40,918	136,448	(95,530)
IRES		56,977	(56,977)
IRAP	40,918	79,471	(38,553)
Deferred (prepaid) tax	(47,163)	(2,750)	(44,413)
IRES	(47,163)	(2,750)	(44,413)

IRAP			
Total	(6,245)	133,698	(139,943)

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	Tax
Pre-tax result	105,441	
Theoretical tax liability (%)	27.5	28,996
Timing differences taxable in subsequent years:	(45,000)	(12,375)
Timing differences deductible in subsequent years:	4,518	1,242
Reversal of timing differences from previous years	11,000	3,025
Differences which do not reverse in subsequent years	(55,885)	(15,368)
Use of Super Ace	(20,074)	(5,520)
Taxable amount	0	
Current period income tax		0

The "super ace" can be carried forward net of the portion used to reduce the taxable income and comes to Euro 190,533.

Determination of the tax base for IRAP

Description	Value	Tax
Difference between value and cost of production	2,248,801	
Costs not significant for IRAP purposes	863,878	
Income not significant for IRAP purposes		
	3,112,679	

Theoretical tax liability (%)	3.9	121,395
Deductions for employed staff:	(2,063,512)	(80,477)
Tax base for IRAP	1,049,147	
Current IRAP for the year		40,918

Financial lease transactions (leasing)

The Company currently has 1 financial lease contract. In accordance with Article 2427, first paragraph, no. 22, Italian Civil Code, the following information is provided:

lease agreement of: 01/08/2013

duration of lease agreement years (months): 48

asset used: office furnishing

cost of asset: Euro 98,515

Balloon payment on lease paid on 01/08/2013 equal to Euro 19,903;

Lease charges paid during the year, equal to Euro 28,679;

Current value of the lease instalments not yet due Euro 32,534;

Actual financial charges attributable to it, referring to the year Euro 2,056;

Value of the asset at year-end considered as fixed asset Euro 69,945;

Virtual amortisation and depreciation of the period Euro 11,822.

Financial expense due to values reported in the assets

During the year, no financial charges to values posted as assets have been reported on the balance sheet.

Disclosure on financial instruments issued by the company

(Ref. Art. 2427, first paragraph, no. 19, Italian Civil Code)

The Company has not issued any financial instruments.

Disclosure on the fair value of derivative financial instruments

(Ref. Art. 2427-bis, first paragraph, no. 1 of the Italian Civil Code)

As at 31/12/2015, the company had no contracts in place concerning derivative financial instruments.

Disclosure on related party transactions

(Ref. Art. 2427, first paragraph, no. 22-bis of the Italian Civil Code)

Related party transactions implemented by the company were performed at arm's length.

Information relating to off-balance sheet agreements

(Ref. Art. 2427, first paragraph, no. 22-ter of the Italian Civil Code)

As at 31 December 2015, there were no guarantees of any kind not resulting from the balance sheet and/or memorandum accounts. It is, however, noted that under the current contract, in connection with the purchase of Agile Telecom S.p.A., the company is obliged to also pay the

Sellers a supplementary price (an "earn-out") to be paid according to the average value of EBITDA of Agile Telecom for the two years 2015-2016. This supplementary price will be paid by MailUp, for an amount equal to at least 25% in cash, with regards to the residual amount, by means of the assignment of a number of shares in MailUp to be calculated on the basis of the average market price of the Issuer's shares in the three months immediately prior to the reference date.

Disclosure regarding coordination and management activities

In accordance with paragraph 4 of Art. 2497-bis of the Italian Civil Code, we would specify that the company is not subject to third party coordination and management.

Requirements envisaged by Art. 25, paragraph 2, letter H Decree Law 179 2012

For the purpose of identifying innovative SMEs and their registration with the specific special section of Companies House, Art. 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 15 percent of the larger of cost and total value of production of the innovative SME.
- 2) use of employees or collaborators, by any title, in a percentage equal to or greater than two thirds of the total workforce, of staff with a degree.
- 3) owner or depositary or licensee of at least one industrial property right relative to an industrial, biotechnological invention, topography of a product with semi-conductors or new plant variety or owner of rights relating to an original processing program registered with the Special public register for processing programs, as long as said rights relate directly to the company object and business.

As regards the research and development expenses incurred by the innovative SME, these financial statements clearly show that as at 31/12/2015, these expenses came to Euro 2,628,215, making for more than 15% of the total production (Euro 8,930,703).

Thus the maintenance of both requirements is confirmed, also in terms of compliance with Art. 25, paragraph 15 of Decree Law 179/2012.

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

(Ref. art. 2427, first paragraph, no. 16-bis of the Italian Civil Code)

In accordance with the law, the total fees due to the Directors and the auditing body for the period until 31/12/2015, are indicated below (Article 2427, first paragraph, no. 16, Italian Civil Code).

Title	Fees
Directors	772,175
Board of Auditors	16,305
Independent auditing company	15,000

Statement of cash flows

As envisaged by Accounting Standard OIC no. 10, below is the financial information.

Description	FY 31/12/2015	FY 31/12/2014
A. Cash flow from operations		
Period profit (loss)	111,686	202,704
Income tax	40,918	133,698
Deferred/(prepaid) tax	(47,163)	0
Interest expense/(interest income)	(4,417)	(2,283)
1. Period profit (loss) before income tax, interest, dividends and capital gains/losses on disposals	101,024	334,119
Value adjustments for non-monetary elements that have no equivalent item		
Provisions for TFR	112,612	90,601
Other provisions	49,625	20,000
Amortisation and depreciation of fixed assets	1,022,296	605,250
2. Cash flow before changes in NWC	1,285,556	1,049,970
Changes to net working capital		
Decrease/(increase) in trade receivables	111,700	(101,179)
Increase/(decrease) in trade payables	151,929	430,677
Decrease/(increase) in accrued income and prepaid expenses	(35,6619)	(145,233)
Increase/(decrease) in accrued liabilities and deferred income	354,120	488,418
Other changes in net working capital	2,068,053	52,449
3. Cash flow after changes in NWC	3,935,697	1,775,102
Other adjustments		
Interest collected/(paid)	4,417	2,283
(Income tax)	(40,918)	(133,698)
Prepaid tax	47,163	0
(Use of provisions)	(42,251)	(26,950)
4. Cash flow after other adjustments	3,904,108	1,616,737
CASH FLOW FROM OPERATIONS (A)	3,904,108	1,616,737
B. Cash flow from investments		
Tangible fixed assets (investments)	(238,193)	(164,644)

Intangible fixed assets (investments)	(2,493,193)	(1,726,819)
Financial fixed assets (investments)	(4,515)	(80,596)
Short-term financial assets (investments)	(57,502)	0
Acquisition of subsidiaries	(7,299,177)	0
CASH FLOW FROM INVESTMENTS (B)	(10,095,580)	(1,972,059)
C. Cash flow from loans		
Minority interest funds		
Increase (decrease) in short-term payables to banks	9,775	805
Stipulation/(repayment) of loans	1,983,416	0
Own funds		
Capital increase by payment	16,667	30,707
Change to share premium reserve	1,983,333	2,983,468
CASH FLOW FROM LOANS (C)	3,993,191	3,014,980
INCREASE (DECREASE) IN LIQUID FUNDS (A+-B+-C)	(2,195,280)	2,659,658
Opening liquidity	3,281,617	621,958
Closing liquidity	1,086,336	3,281,617
INCREASE (DECREASE) IN LIQUID FUNDS	(2,195,280)	2,659,658

These financial statements, comprising the balance sheet, income statement and explanatory notes, provide a true and fair view of the equity and financial situation as well as the economic result for the year and are consistent with the underlying accounting records.

Chairman of the Board of Directors
Matteo Monfredini

Report by the Board of Auditors to the shareholders' meeting

Report of the Auditors to the Shareholders' Meeting in accordance with Art. 2429, paragraph 2 of the Italian Civil Code

Dear Shareholders of MAILUP S.p.A.

During the year ended on 31 December 2015, our activity adhered to the provisions of the law and the rules of conduct of the Board of Auditors, as recommended by Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (the Italian National Board of Chartered Accountants and Book-keepers).

Supervisory activities

We have monitored compliance with law and the articles of association and respect for principles of correct administration. We have attended meetings of shareholders and the company's Board of Directors, in connection with which, on the basis of the information available, we have noted no violations of the law and the articles of association, nor any clearly imprudent or risky transactions, nor any in potential conflict of interest or such as to risk the integrity of the company's assets.

During the meetings, we obtained information from the directors on the trend of corporate operations implemented by the company and/or subsidiaries; we have no particular comments to make on the matter.

During the meetings, we obtained information from the managing directors on the general trend of operations and the foreseeable outlook, as well as on the most important transactions in terms of their dimensions or characteristics, as implemented by the company and/or its subsidiaries; on the basis of the information acquired, we have no particular comments to make on the matter.

We met with the independent auditor of the accounts and note that no significant data or information emerged worthy of note in this report.

We have acquired information from the Supervisory Body, on which a regular member of the Board of Auditors sits; no critical issues were revealed with respect to the correct implementation of the organisational model as would be worthy of note in this report.

Insofar as we are competent to do so, we have gained awareness of and monitored the suitability of the company's organisational structure, including through the collection of information from the department managers; we have no particular comments to make in this regard.

We have gained awareness and monitored the suitability and function of the administrative and accounting system as well as its reliability in terms of correctly representing operative events. We did so by obtaining information from the department managers and through our examination of the company documents; we have no particular comments to make in this regard.

We have monitored compliance with the rules governing related party transactions and have no particular comments to make in this respect.

No reports were received pursuant to Art. 2408 of the Italian Civil Code.

During the year, the following opinion was issued: opinion accompanying the report by the administrative body, in compliance with the provisions of Art. 2441, paragraph 6 of the Italian Civil Code, on the fairness of the share issue price in the event of a share capital increase with the exclusion of stock options.

During the supervisory activities as described above, no other significant events emerged such as to be worthy of note in this report.

Financial statements

We have examined the draft financial statements for the year ended on 31 December 2015, which were made available to us within the terms pursuant to Art. 2429 of the Italian Civil Code; in this regard, we would report as follows.

As we are not responsible for the statutory auditing of the financial statements, we have monitored their general layout and compliance with the law insofar as their preparation and structure. On this matter, the Board has no particularly comments worthy of note.

We have verified compliance with the provisions of law governing the preparation of the Report on Operations and in this respect we have no particular comments to make.

As far as we are aware, in preparing the financial statements, the directors made no exception to provisions of law in accordance with Art. 2423, paragraph 4 of the Italian Civil Code.

In accordance with Art. 2426, paragraph 1 no. 5 of the Italian Civil Code, we have given our consent to the entry under the assets of the Balance Sheet of: start-up and expansion costs for Euro 255,680, which have not increased during the year and include extraordinary costs incurred by the company in connection with the corporate transformation from the legal status of “S.r.l.” (limited liability company) to that of “S.p.A.” (joint stock company) and its listing on the Italian stock market; research and development costs have been recorded for Euro 2,628,015, up by Euro 1,595,765 during the period, in connection with the development, update and modernisation of the MailUp® platform owned by the company, as detailed in the description given in the Notes. The costs relating to these activities are reasonably related to profits that have extended for several years and are amortised in connection with their residual possible use and in any case over no more than five financial years. Finally, costs for other intangible fixed assets and advances were booked for Euro 656,966 in relation to projects to develop the MailUp platform incurred in 2015 and intended for marketing as future functions of the MailUp® platform, but which as at 31 December had not been completed and could not be used.

Conclusions

Also considering the results of the activities carried out by the party appointed to perform the statutory auditing of the accounts given in the Auditor’s report, the Board suggests that the Shareholders’ Meeting approve the financial statements for the year ended on 31 December 2015, as they have been prepared by the directors.

Cremona, 12 April 2016

The Board of Auditors

Michele Manfredini (Chairman)

Fabrizio Ferrari (Regular Auditor)

Giovanni Rosaschino (Regular Auditor)

Independent Auditors' Report on the financial statements as of 31/12/2015



MailUp S.p.A.

Independent Auditors' report in accordance
with article 14 of legislative decree
No. 39 of January 27, 2010

Financial Statements as of December 31, 2015

MCP/cpo - RC037242015BD1350

INDEPENDENT AUDITORS' REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE No.39 OF JANUARY 27, 2010

To the shareholders of
MailUp S.p.A.

Report on the financial statements

We have audited the accompanying financial statements of MailUp S.p.A., which comprise the statement of financial position as of December 31, 2015, the statement of income and other explanatory notes.

Directors' responsibility 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 the Italian regulations and accounting principles governing financial statements.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) drawn up pursuant to article 11, paragraph 3 of Legislative Decree No. 39/2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view, in order to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of MailUp S.p.A. as of December 31, 2015 and of the result of its operations for the year then ended in accordance with the Italian regulations and accounting principles governing financial statements.

Other matters

The financial statements for the year ended December 31, 2014 were audited by the auditor in charge who expressed an unqualified opinion issued on April 13, 2015.

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

BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 I.v.
Codice Fiscale, Partita IVA e Registro Imprese di Milano n. 07722780967 - R.E.A. Milano 1977842
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.

Report on other legal and regulatory requirements

Opinion on the consistency of the financial statements with the report on operations

We have performed the procedures required by auditing standard (SA Italia) No. 720B in order to express, as required by law, an opinion on the consistency of the report on operations, which is the responsibility of the Directors of MailUp S.p.A., with the financial statements of MailUp S.p.A. as of December 31, 2015. In our opinion, the report on operations is consistent with the financial statements of MailUp S.p.A. as of December 31, 2015.

Milan, April 12, 2016

BDO Italia S.p.A.

Signed by
Manuel Coppola
(Partner)

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



MILANO Via Francesco Restelli 1 | 20124 Milano | +39.02.71040485

CREMONA Via Dei Comizi Agrari 10 | 26100 Cremona | +39.0372.24525 | Fax +39 0372 800725

SAN FRANCISCO 450, Townsend St | San Francisco, CA 94107 | Ph. 1 888 962 4587

CONTACTS mailup.com | email: commerciale@mailup.com