MAILUP GROUP

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

MAILUP CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2020

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

Contents

Corporate Bodies

Board of Directors
(Expiry of terms for approval of the financial statements as at 31 December 2022)

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

Board of Statutory Auditors
(Expiry of terms for approval of the financial statements as at 31 December 2022)

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

Independent auditing firm
(Expiry of terms for approval of the financial statements as at 31 December 2022)

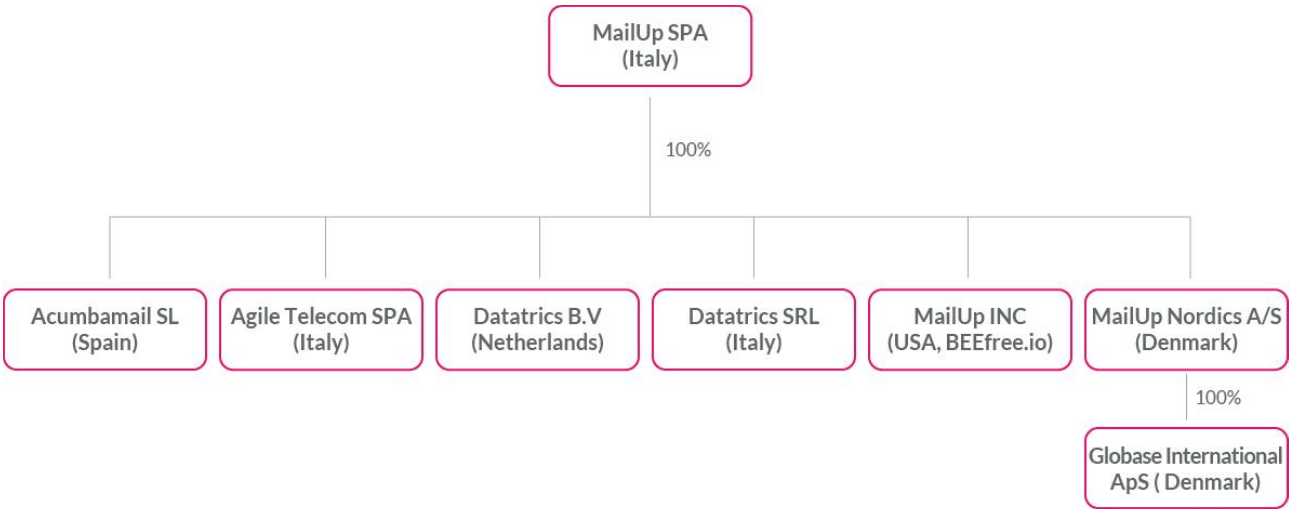
BDO Italia S.p.A.

MailUp Group, European leader in Cloud Marketing Technologies

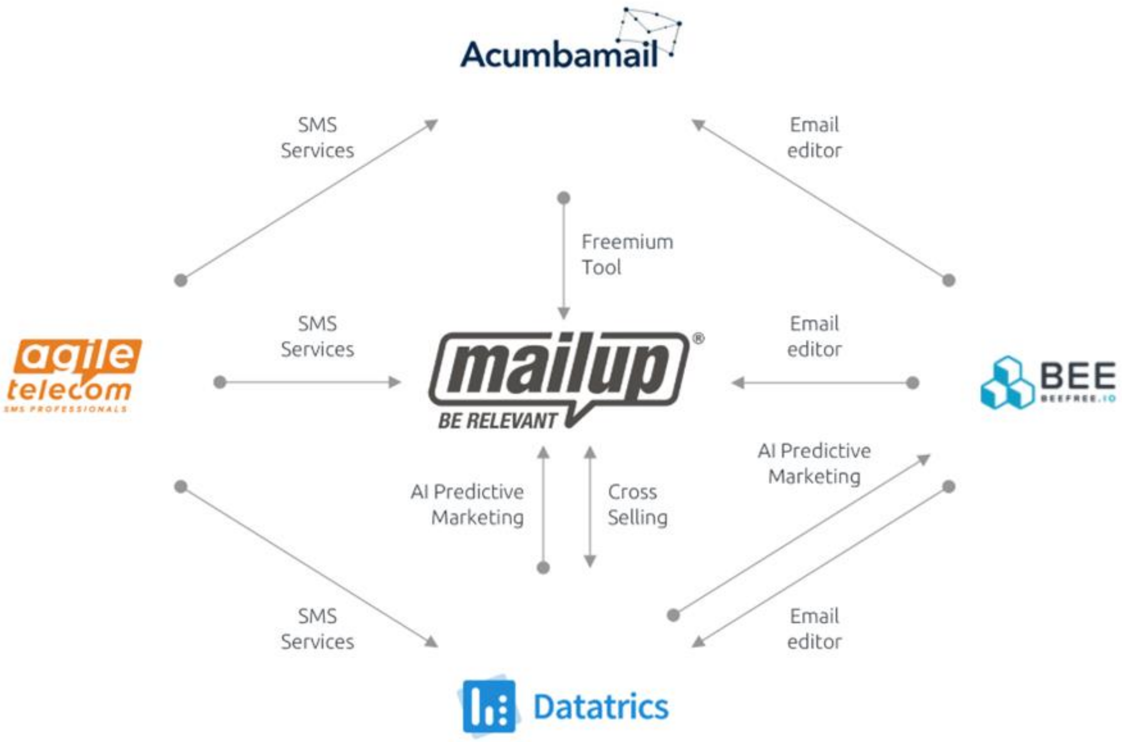
The MailUp Group (hereinafter also the "Group") is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel marketing automation. The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing and transaction purposes, (ii) sophisticated e-mail and landing page editing tools, (iii) AI-based innovative solutions in marketing technologies (Predictive Marketing), in addition to (iv) professional consulting services in these areas. The parent company MailUp S.p.A. (hereinafter "MailUp") has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and messaging apps) of cloud computing for the professional management of digital marketing campaigns used by about 10,000 direct customers, in addition to about 13,000 customers of the other 4 business units and over 280,000 customers of the free editions of various services, in particular offered by BEEfree.io. At consolidated level, the Group therefore operates with over 23,000 customers distributed in about 130 countries and is present with its offices on three continents with a staff of over 250 employees. After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana, MailUp Group added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (artificial intelligence).

MailUp Group structure

Below is the organizational structure of the Group as at 30/06/2020:



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



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

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Datatrics B.V. is the latest acquisition; the Dutch company, established in 2012, owns a cutting-edge proprietary predictive marketing platform used by about 300 customers, which allows the marketing teams to build experiences based on data managed by artificial intelligence, resulting in a better customer experience and a consequent increase in conversion and loyalty of customers, through a data management platform developed with a self-learning algorithm. The use of artificial intelligence allows the combination of data from multiple sources, both internal of customers (CRM, e-mail, social networks, e-commerce, web analytics and other) and external (demographic data, weather, traffic and other) using an open actionable customer data platform.

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Summary data

Main events of HY1 2020

In HY1 2020, the activities of the MailUp Group were characterized by the events indicated below:

Special information regarding the Covid-19 emergency

In March 2020, two important systemic phenomena struck societies and economies at global level: the health emergency linked to the spread of the Covid-19 virus, and the correlated collapse and increased volatility of the financial markets. The directors and top management of MailUp Group are constantly working to ensure a prompt response to the constantly changing scenario, with the health and safety of employees, their families and the entire community as the top priority.

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

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

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

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

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

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

On 21/05/2020, MailUp communicated the first Sustainability Report, a document produced on a voluntary basis by the parent company to communicate in a transparent and consistent manner to all stakeholders the values, strategies and performance directly associated with the related economic, social and environmental impacts, summarized in the acronym ESG (Environmental, Social and Governance). The Sustainability Report represents the first important step towards increasing transparency and alignment of interests among the various stakeholders, which are drivers for long-term sustainable value growth. The reporting, preceded by the Materiality Analysis, which directly involved the representatives of the main corporate functions, covered the period 1 January - 31 December 2019 and was carried out in accordance with the GRI Sustainability Reporting Standards (GRI Standards).

During the trading session of 18/06/2020, the price of the MAIL share related to the parent company reached the maximum of the period and the all-time high at that date, with a closing price of Euro 5.50 per share. At this value, the company's capitalization corresponds to about Euro 82.3 million.
After the end of the year, the MailUp (MAIL) share recorded a new all-time high per share of Euro 5.68 marked at the end of the session of 07/09/2020 and 08/09/2020. At this value, the company's capitalization corresponds to about Euro 85 million.

In view of the ambitious growth targets outlined, the MailUp Business Unit (BU), responsible for the development and marketing of the MailUp platform, will necessarily have to focus on:

- increasing the value of the Customer Base: set up a new sales approach, develop a customer centric strategy, work on reducing Churn;
- internationalization: continue the planned expansion in the Latin American market;
- integration and synergy: expand the commercial offer and perimeter through an integration project between MailUp & Datatrics (MailUp+CDP);
- technological evolution: migrate the MailUp infrastructure to Cloud services.

In this context, people, roles and skills represent the essential assets for the achievement of the 2020 objectives, which has been the focus of the project **MailUp Evolution**.
The new organizational structure has the following objectives:

- implement new strategic structures and new roles (Sales Director, Customer Value Manager, Head of Product & Technology);
- ensure efficiency in all customer life cycle areas by unifying CRM, Customer Support and Customer Care into a single Customer Value Management (CVM) structure;
- define new processes and responsibilities aligned to the new (economic and market) objectives;
- analyse and update the skills needed to implement the new strategy;
- introduce new methodologies and skills from the external market, allowing everyone a new opportunity for development and growth.

To complete the inclusion of the new Key Roles mentioned above, starting from May 2020, the MailUp BU has started the deployment of the new organizational structure, which should be fully adopted from the beginning of next year.
In this context, the Group HR function was called upon to guide and support this adoption process. In order to facilitate the transition to the new Structure, some activities are necessary:

- outline the macro-structure choices into a real working model;
- maximize organizational clarity by identifying the organizational boundaries between the various units of the BUs and the way they interface with each other and with Group structures;
- give as much concreteness as possible to the organizational design, linking responsibilities to operational processes.

Summary report

Consolidated Income Statement as at 30/06/2020 – Amounts in Euro

	30/06/2020	%	30/06/2019	%	Change	Cha. %
E-mail revenues	7,669,505	24.2 %	6,335,383	21.6 %	1,334,122	21.1 %
SMS revenues	21,466,413	67.7 %	20,837,289	71.1 %	629,124	3.0 %
Predictive marketing revenues	1,425,722	4.5 %	853,004	2.9 %	572,718	67.1 %
Professional services revenues	342,565	1.1 %	354,462	1.2 %	(11,897)	(3.4 %)
Other revenues	786,266	2.5 %	930,311	3.2 %	(144,046)	(15.5 %)
Total revenues	**31,690,470**	**100.0 %**	**29,310,449**	**100.0 %**	**2,380,021**	**8.1 %**
Cost of Goods Sold	21,913,438	69.1 %	20,768,146	70.9 %	1,145,292	5.5 %
Gross profit	**9,777,032**	**30.9 %**	**8,542,304**	**29.1 %**	**1,234,729**	**14.5 %**
Sales & Marketing costs	3,006,142	9.5 %	2,131,175	7.3 %	874,967	41.1 %
Research & Development Opex	**1,215,385**	**3.8 %**	**813,005**	**2.8 %**	**402,380**	**49.5 %**
Research & Development Capex	*(948,398)*	*(3.0 %)*	*(742,526)*	*(2.5 %)*	*(205,872)*	*27.7 %*
Research & Development costs	*2,163,783*	*6.8 %*	*1,555,531*	*5.3 %*	*608,252*	*39.1 %*
General & Admin Costs	3,378,094	10.7 %	3,454,403	11.8 %	(76,308)	(2.2 %)
Total costs	7,599,621	24.0 %	6,398,582	21.8 %	1,201,039	18.8 %
EBITDA	**2,177,411**	**6.9 %**	**2,143,722**	**7.3 %**	**33,690**	**1.6 %**
General Depreciation Costs	175,660	0.6 %	93,035	0.3 %	82,625	88.8 %
Right of Use Amortization costs	541,835	1.7 %	324,738	1.1 %	217,097	66.9 %
R&D Amortization Costs	931,489	2.9 %	916,224	3.1 %	15,265	1.7 %
Amortization & depreciation	1,648,984	5.2 %	1,333,997	4.6 %	314,987	23.6 %
EBIT	**528,428**	**1.7 %**	**809,725**	**2.8 %**	**(281,297)**	**(34.7 %)**
Net financial income/ (charges)	(39,906)	(0.1 %)	(23,568)	(0.1 %)	(16,338)	69.3 %
EBT	**488,521**	**1.5 %**	**786,157**	**2.7 %**	**(297,635)**	**(37.9 %)**
Current Income Taxes	(264,621)	(0.8 %)	(360,760)	(1.2 %)	96,140	(26.6 %)
Deferred tax	181,088	0.6 %	(14,475)	0.0 %	195,563	(1,351.1 %)
Net profit (loss)	**404,989**	**1.3 %**	**410,922**	**1.4 %**	**(5,933)**	**(1.4 %)**

Consolidated Balance Sheet as at 30/06/2020 – Amounts in Euro

	30/06/2020	31/12/2019	Change	Ch. %
Intangible fixed assets	4,840,389	4,392,560	447,829	10.2 %
Goodwill	16,631,533	16,631,533	0	0.0 %
Tangible fixed assets	1,872,294	1,773,924	98,370	5.5 %
Rights of Use (IFRS 16)	4,225,882	4,629,957	(404,075)	(8.7 %)
Financial fixed assets	220,339	220,304	35	0.0 %
Fixed Assets	**27,790,437**	**27,648,278**	**142,159**	**0.5 %**
Receivables from customers	8,926,201	11,291,536	(2,365,335)	(20.9 %)
Payables to supplier	(11,222,853)	(12,942,856)	1,720,003	(13.3 %)
Payables to associated companies	(20,749)	(20,749)	0	0.0 %
Commercial Trade Working Capital	**(2,317,400)**	**(1,672,069)**	**(645,332)**	**38.6 %**
Tax receivables and payables	2,356,937	1,834,077	522,860	28.5 %
Accruals and deferrals	(8,298,715)	(7,206,115)	(1,092,601)	15.2 %
Other receivables and payables	(3,583,311)	(3,647,203)	63,892	(1.8 %)
Net Working Capital	**(11,842,489)**	**(10,691,309)**	**(1,151,181)**	**10.8 %**
Provisions for risks and charges	(443,952)	(619,480)	175,528	(28.3 %)
Provisions for severance and pension	(1,853,640)	(1,718,547)	(135,093)	7.9 %
Net Capital Invested	**13,650,356**	**14,618,943**	**(968,587)**	**(6.6 %)**
Share capital	374,276	374,276	0	0.0 %
Reserves	16,548,021	15,448,802	1,099,219	7.1 %
Profit (Loss) for the period	404,989	1,150,036	(745,047)	(64.8 %)
Net Equity	**17,327,286**	**16,973,114**	**354,173**	**2.1 %**
Cash	(9,911,569)	(8,946,689)	(964,881)	10.8 %
Short-term debt	1,025,130	992,262	32,867	3.3 %
Financial liabilities right of use (short term)	1,070,912	1,017,635	53,277	5.2 %
AFS Financial Assets	(490,195)	(490,998)	803	(0.2 %)
Medium/long-term debt	1,453,788	1,445,112	8,676	0.6 %
Financial liabilities right of use (medium/long term)	3,175,005	3,628,507	(453,502)	(12.5 %)
Net financial position	**(3,676,930)**	**(2,354,170)**	**(1,322,760)**	**56.2 %**
Total sources	**13,650,356**	**14,618,943**	**(968,587)**	**(6.6 %)**

CONSOLIDATED HALF-YEAR REPORT ON OPERATIONS AS AT 30/06/2020

Dear Shareholders,

The half-year ended on 30/06/2020 records a positive consolidated result of Euro 404,989 after amortization, depreciation and impairment applied for a total of Euro 1,648,984 and provisions made for current and deferred tax in the amount of Euro 83,533. The EBITDA of the Group amounted to Euro 2,177,411.
Below is the analysis of the position and the trend of operations relative to the year just ended of the Group and the company.

Introduction

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

In this document, we provide information regarding the Group's consolidated position. This Report, drawn up with balances expressed in Euro, is presented so as to accompany the Group Consolidated Half-Year Report for the purpose of providing income-related, equity, financial and operating information on the Group accompanied, where possible, by historic elements and forecasts valuations.
The Consolidated Balance Sheet as at 31/12/2019 and the Consolidated Income Statement as at 30/06/2020 are shown for comparison purposes.
As regards the consolidated financial statements, which strive to ensure standardized measurement criteria and have been prepared on the basis of full consolidation, please note that the consolidation scope is as shown below (as at 30/06/2020):

Company name	Registered office	Share capital as at 30/06/2020	%
MAILUP S.p.A.	Milan	Euro 374,276.15	parent company
MAILUP INC.	United States of America	Euro 41,183*	100%
MAILUP NORDICS A.S.	Denmark	Euro 67,001*	100%
GLOBASE INTERNATIONAL A.P.S.	Denmark	Euro 16,750*	100% controlled by MailUp Nordics
AGILE TELECOM S.P.A.	Carpi (MO)	Euro 500,000	100%
ACUMBAMAIL S.L.	Spain	Euro 4,500	100%
DATATRICS B.V.	The Netherlands	Euro 999	100%
DATATRICS S.R.L.	Milan	Euro 10,000	100%

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

Economic Framework HY1 2020

The year 2020 has seen a positive start thanks to the reduction in risks and uncertainties, in particular, relating to (i) international trade, (ii) the US/China trade war and (iii) the GB exit from the EU (Brexit).

However, in the second half of January, a new risk emerged for economic growth and market performance: the spread of a new virus (CoVid 2019) in China, which rapidly transformed into a pandemic, striking first Northern Italy, and then the entire country; as this document is being drafted, it has spread worldwide, triggering restrictive measures on the circulation of people and on economic activity of various levels of severity put into place by many governments to limit the possibility of contagion. This health emergency, along with the financial market crisis that has accentuated starting from the second week of March 2020, threatens to have global medium-term repercussions that cannot yet be fully appreciated: transport, services, consumption the sectors most affected.

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

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

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

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

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

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

The Group

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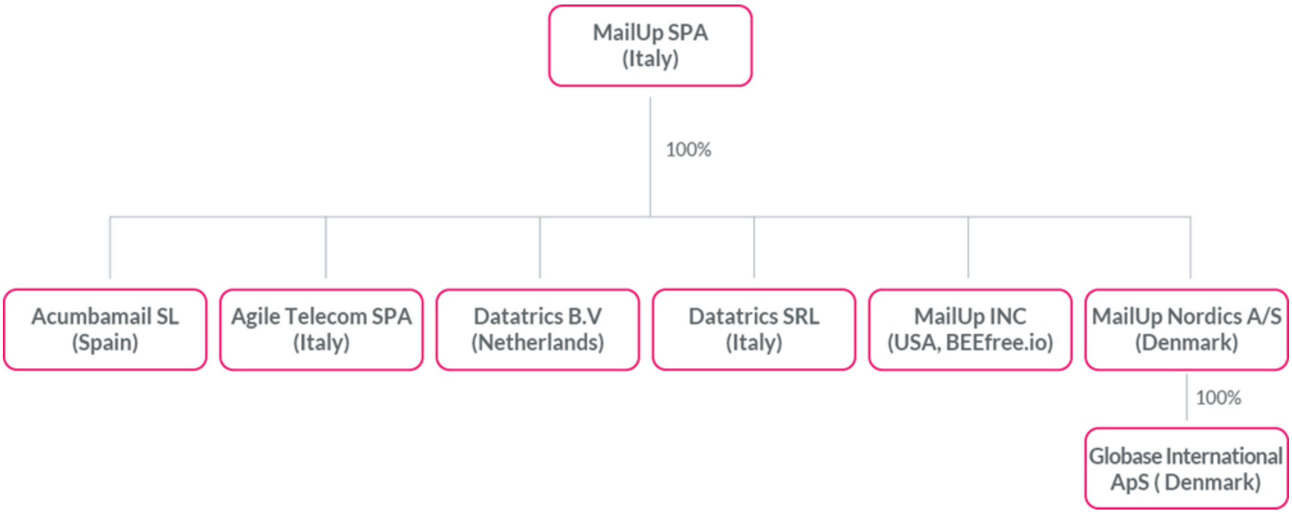
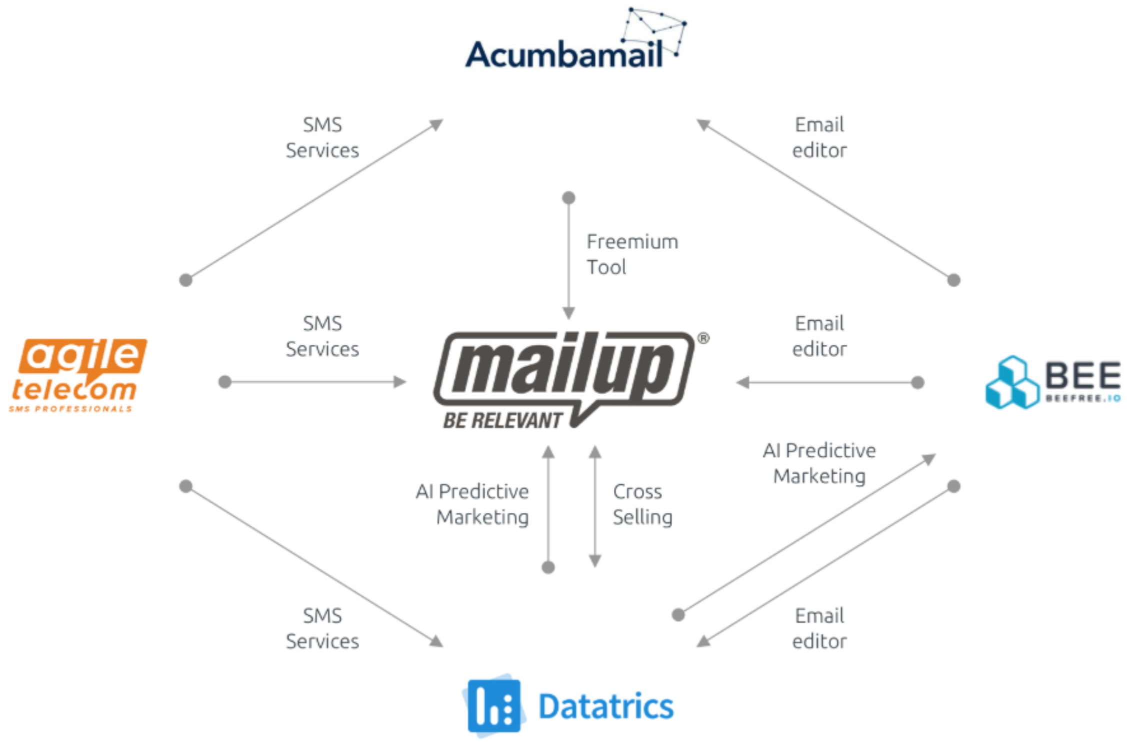
MailUp Nordics A/S is the sub-holding that controls 100% of **Globase International A.p.S.**, a Danish company specializing in advanced digital marketing automation services for customers in the Nordics market. As of 2019, Globase is no longer separately represented as a business unit, since it only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

Below is the Group's participation structure updated as at 30/06/2020.



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

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



Main events of HY1 2020

In HY1 2020, the activities of the MailUp Group were characterized by the events indicated below:

Special information regarding the Covid-19 emergency

In March 2020, two important systemic phenomena struck societies and economies at global level: the health emergency linked to the spread of the Covid-19 virus, and the correlated collapse and increased volatility of the financial markets. The directors and top management of MailUp Group are constantly working to ensure a prompt response to the constantly changing scenario, with the health and safety of employees, their families and the entire community as the top priority.

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

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

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

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

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

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

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

During the trading session of 18/06/2020, the price of the MAIL share related to the parent company reached the maximum of the period and the all-time high at that date, with a closing price of Euro 5.50 per share. At this value, the company's capitalization corresponds to about Euro 82.3 million.
After the end of the year, the MailUp (MAIL) share recorded a new all-time high per share of Euro 5.68 marked at the end of the session of 07/09/2020 and 08/09/2020. At this value, the company's capitalization corresponds to about Euro 85 million.

In view of the ambitious growth targets outlined, the MailUp Business Unit (BU), responsible for the development and marketing of the MailUp platform, will necessarily have to focus on:

- increasing the value of the Customer Base: set up a new sales approach, develop a customer centric strategy, work on reducing Churn;
- internationalization: continue the planned expansion in the Latin American market;
- integration and synergy: expand the commercial offer and perimeter through an integration project between MailUp & Datatrics (MailUp+CDP);
- technological evolution: migrate the MailUp infrastructure to Cloud services.

In this context, people, roles and skills represent the essential assets for the achievement of the 2020 objectives, which has been the focus of the project **MailUp Evolution**.
The new organizational structure has the following objectives:

- implement new strategic structures and new roles (Sales Director, Customer Value Manager, Head of Product & Technology);
- ensure efficiency in all customer life cycle areas by unifying CRM, Customer Support and Customer Care into a single Customer Value Management (CVM) structure;
- define new processes and responsibilities aligned to the new (economic and market) objectives;
- analyse and update the skills needed to implement the new strategy;
- introduce new methodologies and skills from the external market, allowing everyone a new opportunity for development and growth.

To complete the inclusion of the new Key Roles mentioned above, starting from May 2020, the MailUp BU has started the deployment of the new organizational structure, which should be fully adopted from the beginning of next year.
In this context, the Group HR function was called upon to guide and support this adoption process. In order to facilitate the transition to the new Structure, some activities are necessary:

- outline the macro-structure choices into a real working model;
- maximize organizational clarity by identifying the organizational boundaries between the various units of the BUs and the way they interface with each other and with Group structures;
- give as much concreteness as possible to the organizational design, linking responsibilities to operational processes.

MAIL share performance in HY1 2020 and Investor Relations activities

Below is some data on the prices and volumes of the MailUp share (MAIL) in HY1 2020.

Placing price	Euro 1.92*	29/07/2014
Maximum price HY1 2020	Euro 5.50	18/06/2020
Minimum price HY1 2020	Euro 3.79	12/03/2020
Price at period-end	Euro 5.24	30/06/2020

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

After a very good start in 2020, the MailUp share price fell below Euro 4 during March due to the general financial market crisis linked to the Covid-19 emergency. Since April, there has been a gradual but steady growth. From 08/06/2020, the share is stable above Euro 5.

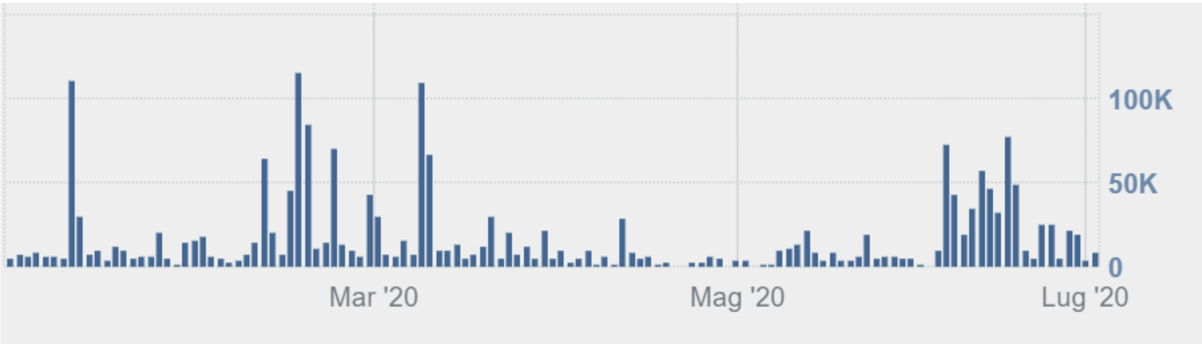
Below is the monthly evolution of weighted average prices and average daily volumes:

Month	Weighted average price €	Average daily volume #
January 2020	4.65	13,827.41
February 2020	4.67	28,217.50
March 2020	4.10	19,057.23
April 2020	4.36	4,611.55
May 2020	4.58	6,765.71
June 2020	5.21	25,910.18

In HY1 2020, MAIL marked a series of new highs for the year and all-time highs, with a positive trend that continued after the end of the period. The constant price growth suffered from a sudden halt corresponding to the global market crisis caused by the spread of the Covid-19 pandemic in the second half of February 2020.

The maximum price recorded on 18/06/2020 at Euro 5.50 per share, equal to the maximum for the year and the all-time high, is about 16% higher than the first listing of the year (Euro 4.74 as of 02/01/2020).

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



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

In the HY ended 30/06/2020, in twenty trading sessions volumes traded exceeded 50,000 units, with a maximum recorded on 18/02/2020 (115,847 units). In general, the daily volumes traded during the period were on average more than 16 thousand pieces, less than the average 26 thousand pieces traded throughout 2019, but indicative of a high loyalty of the stock base in times of crisis and consequent panic selling that has affected the global financial markets.
MailUp is very careful in handling Investor Relations activities, i.e., communications and financial information activities between the company and investors.
The Investor Relator therefore meets the Company's external communication requirements and, by performing his activities, also in coordination with other company and group functions, aims to enhance the perception of MailUp's and the Group's business activities, strategies and future outlooks by financial operators, particularly professional, Italian and foreign institutional and qualified investors.
Investor Relations activities are based on the MailUp Group's reporting ecosystem, which encompasses a range of resources and working teams that work in close contact to guarantee accurate and timely reporting. The outputs of this system are the separate and consolidated annual financial statements, subject to a full audit by the independent auditing firm; the separate and consolidated half-year report, subject to a limited audit by the independent auditing firm; the disclosure of unaudited consolidated quarterly sales data; the unaudited quarterly reports; as of May 2020, the Sustainability Report.
Furthermore, it is responsible for compulsory price sensitive communications, as well as all communications intended to provide shareholders and the market with prompt information regarding the group, disclosed via press releases.
In HY1 2020, a total of 29 financial press releases were issued.
All accounting and financial documentation and press releases generated by the Group are drafted and published in both Italian and English and made available on the website www.mailupgroup.com, which is also fully available in both languages on a voluntary basis.
The CEO and Investor Relator periodically participate in both individual and group presentations and meetings to present the Group and its performance. The updated presentations are published on the website. For example, in 2020, the Group participated in more than 16 plenary (conferences) and individual (investor day) meetings held mostly in virtual mode, meeting 96 current and potential investors.

Every month, investors who have requested it receive a newsletter providing the main financial news.

The Group also receives assistance from three corporate brokers, who generate independent research and support the company in its financial sales and marketing activities, helping to spread its equity story and generate contacts with current and potential investors. Equity research reports, all drafted in English, are available on the website in the section www.mailupgroup.com/en/analyst-coverage/.
In HY1 2020, 11 equity research reports were published.

On 30/06/2020, the Company announced the launch of the first Investor Survey, as part of its program of activities aimed at improving engagement and relations with its investors. The questionnaire, addressed to all investors and anonymous, aims to detect the perception of investors regarding a number of key issues, including the areas of communication, business and the listing market. The survey ended on 05/09/2020.

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

The Marketing Technology (MarTech) Market

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

MarTech overview: ample, complex, fragmented and segmented

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

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

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

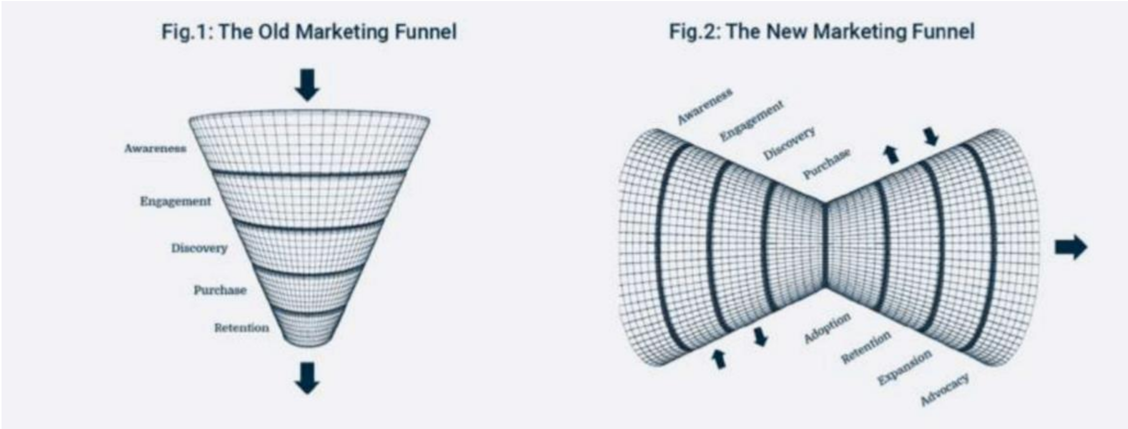
In the MarTech area, e-mails and text messages are still the most used and fastest-growing tools among the solutions available, above all for the effectiveness deriving from their combined use in marketing strategies.

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

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

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

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



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

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

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

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

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

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

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

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

Competitors' behaviour

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

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

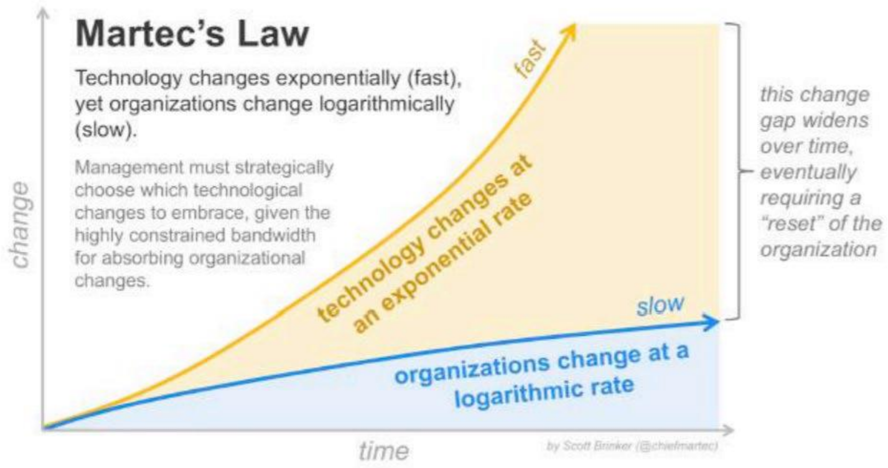
The table below shows a breakdown of some competitors by business unit:

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

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

Market consolidation: the probable scenario in the immediate future

As it is a relatively young market, it is natural that MarTech has not yet reached a stable structure and this is also demonstrated by the very high number of operators present. Currently, the number of incoming companies is still higher than those outgoing and this can mean prospective growth, but also increasingly complex challenges for the players already present.
Given the numerous new solutions recently launched in the field of marketing technologies, only a very small number of innovative SaaS players has managed to survive and it is expected that about half of them will be acquired by large operators always looking for opportunities to expand their technological offer.
By virtue of this trend, the number of M&A transactions that are affecting the market is growing particularly sharply. Therefore, there are strong expectations that the expansion in the number of participants will slow down, sooner or later, in favour of a scenario of player concentration resulting from a series of acquisitions and mergers. This trend is already underway and observable if we consider the cloud market as a whole.
The timing and magnitude of this market concentration will depend on the combined effect and the interaction of some opposing factors. The growth of the market, which in turn depends on various financial, technical and economic sub-factors, and the sustainability of the business, i.e. the high survival capacity of the operators, linked for example to the significant costs of switching to a replacement service perceived by users, especially in the presence of a consolidated user experience, are strongly attractive factors for new potential entries. Limits to individual growth, for which even software giants, due to the presence of niches in which small operators can specialize, cannot completely dominate the ecosystem, and the push to exit, for example the risks associated with the highly competitive climate or the unexpected emergence of new technologies capable of drastically revolutionizing the technological environment, represent a deterrent to entry or a stimulus to exit for operators in difficulty. We must also consider how the impact of organizational dynamics with respect to the speed of technological innovation in the market can affect the strategic choices of the players of the MarTech ecosystem, as summarized by the following graph:



Source: Chiefmartec, Value Track Analysis

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

MailUp, thanks to its multi-channel SaaS cloud platform, is the Italian leader in e-mail and SMS marketing automation and is among the top ten operators in the sector at European level, although it is difficult to precisely indicate the size of participants for the variety and different types of players involved. In 2019, the MailUp platform sent more than 21 billion e-mails among newsletters, DEM and transactional messages. Agile Telecom has sent about 1.8 billion SMS.

Datatrics, on the other hand, operates in the actionable Customer Data Platform market, differentiating itself for the availability of omni-channel marketing orchestration functions and for the use of machine learning algorithms (artificial intelligence) to simplify and make more effective the marketing automation activities that traditionally required marketing managers to design ad hoc campaigns for each customer segment. In a market with very liquid borders where different solutions can be interconnected, it is difficult to identify competitors with precision, in any case traditional marketing automation sees hundreds of operators in the world, while at present, there are about 100 customer data platform systems on a global scale. There are a few dozen personalization systems, if also including those that do not use machine learning algorithms. Complete CDP systems of omni-channel orchestration and marketing automation based on artificial intelligence technologies see a few dozen operators in the world.

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

Below is a summary of the main industry trends, as identified by Value Track, with the relative positioning of the Group's offer:

MarTech: Main trends of 2019 and MailUp positioning

	Which are the main goals for marketers?	How can MarTech provider help marketers achieve their main goals?	MailUp Group offer
1	**Increasing their return** on marketing investments by improving conversion rates and reducing cost per contact	1) Offering solutions based on **advanced enabling technologies** (e.g. Editors, Customer Data Platforms – CDP, Demand Side Platforms – DSP, Advertising Retargeting Platforms) in order to deliver a **hyper-personalized experience** to customers	✓✓ CDP - Datatrics ✓✓ Email editor - BEE × DSP / AdTech – "Work in progress"
		2) Integrating **more and more channels / media** i.e. email, SMS, Social Networks, Instant Messaging and developing **Marketing Automation features** in order to reach customers on every possible media used	✓✓ ESP – MailUp, Acumbamail ✓✓ SMS - Agile Telecom ✓✓ IM - MailUp (Instant Messaging Apps)
2	**Not getting crazy** with all new solutions available on the market	Integrating their products / tools in a homogenous MarTech suite or **offering more and more professional services** to allow marketers build their own "stack" by cherry picking tools / solutions from different providers	✓× Professional consulting services – MailUp, Globase
3	**Being compliant** with regulation	Offering solutions aimed at **moving from DMP** (Data Management Platforms) based only on 3rd party data **to CDP** developed in line with GDPR	✓✓ Compliant with GDPR
4	Granting to actual and prospect clients **a safe and secure digital experience**	Delivering **two-factor authentication (2FA) / One-time password (OTP)** via app, SMS or by a physical security key (token)	✓✓ SMS – Agile Telecom × 3rd party apps × App - based push notification

Source: Value Track Analysis

Social, political and union climate

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

Operating performance in Group sectors

In the first half of 2020, the MailUp Group reported positive results. Total consolidated revenues went from Euro 29.3 million to over Euro 31.7 million, an increase of over Euro 2.4 million, 8.1% in percentage terms. Moving on to the main lines of business, the SMS segment, linked in particular to Agile Telecom activities, recorded the highest turnover in absolute terms, amounting to approximately Euro 21.5 million, substantially stable compared with the same period of the previous year, due to the sharp slowdown in traffic linked to retail customers in the second quarter. In June, turnover and margins of this line of services started to recover, realigning with historical performance. The e-mail sector, by its very nature the most stable and consolidated within the Group, recorded an increase of more than 21%, reaching almost Euro 7.7 million in revenues, thanks to the excellent contributions of (i) MailUp, which recorded excellent growth (especially the recurring component) and margins, (ii) BEE, which rose in the first half from Euro 1 million to over Euro 1.8 million in revenues (+71.2%), despite the slowdown due to the penalization of larger sales following the health crisis and investments in the commercial structure. The trend in Professional Services, i.e. consulting services on platforms customization and training provided at the request of customers, was also stable albeit with low absolute value. The Predictive Marketing revenues business line, generated by Datatrics B.V., the Dutch subsidiary acquired at the end of 2018 and supported by Datatrics S.r.l. at national level, performed well (+67.1% revenues to over Euro 1.4 million); however, the effects of the health crisis and the resulting lockdown in terms of a decline in customer investments, as well as the impact on margins of sales & marketing investments and commissions to partners due to growth in the indirect channel, could cause growth to slow down in the coming months. Foreign revenues amounted to approximately Euro 17.7 million, an increase over the first half of 2019 both in absolute terms (+32.2%) and as overall incidence (56% compared to the previous 46%).

Consolidated EBITDA exceeded Euro 2.18 million, an increase of 1.6% compared to EBITDA of Euro 2.14 million in the first half of 2019. The net positive change of Euro 33,690 is mainly due to investments in commercial structure, Sales and Customer Success, particularly in the BEE and Datatrics Business Units.

Profit before tax was Euro 488 thousand, down by approximately Euro 298 thousand compared to the same period in 2019, with amortization and depreciation up by more than 23% (Euro 315 thousand). In this case, the application of IFRS 16 resulted in a negative effect of higher amortization and depreciation of Euro 217 thousand and higher financial expenses of Euro 7,312.

The net profit for the six-month period ended 30/06/2020, after the estimate of current and deferred taxes for the period, amounts to Euro 405 thousand, substantially stable compared to the same period of the previous year.

The consolidated net financial position as at 30/06/2020 shows a negative (cash) amount of Euro 3.7 million, up compared to the (always negative) balance of Euro 2.4 million as at 31/12/2019; the change is influenced by the positive cash flow from operations, which is however more than offset by the higher indebtedness of Euro 4.2 million, resulting from the adoption, from 01/01/2019, of the new IFRS 16 accounting standard, relating to rental, leasing and hire costs. Gross of the IFRS16 effect, the consolidated NFP is negative (cash) for Euro 7.9 million.

Alternative performance indicators

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

• Financial indicators used to measure the Group's economic performance

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

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

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

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

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

Net invested capital: given by the algebraic sum of:

- Net working capital
- Provisions for risks and charges
- Employee severance indemnity (TFR) and other employee benefits
- Fixed assets

Net financial position: given by the algebraic sum of:
- Liquid funds and equivalent
- Current and non-current amounts due to banks
- Other financial payables

Main economic figures of the MailUp Group

The table below summarizes the consolidated results as at 30/06/2020 compared with the previous period in terms of total revenues, EBITDA and pre-tax result (EBT).

	30/06/2020	30/06/2019
Total revenues	31,690,470	29,310,449
EBITDA	2,177,411	2,143,722
Pre-tax result (EBT)	488,521	786,157

As previously mentioned, despite the negative impact of Covid-19, revenues for the half year were up by more than 8% compared to the same period of 2019, while EBITDA is still in line with the 2019 comparison figure (plus Euro 34 thousand). EBT was penalized by higher amortization and depreciation for Euro 315 thousand following the investments made to support the growth and consolidation of the Group's products.

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

E-mail revenues	30/06/2020	%	30/06/2019	%	Change	Cha. %
SMS revenues	7,669,505	24.2 %	6,335,383	21.6 %	1,334,122	21.1 %
Predictive marketing revenues	21,466,413	67.7 %	20,837,289	71.1 %	629,124	3.0 %
Professional services revenues	1,425,722	4.5 %	853,004	2.9 %	572,718	67.1 %
Other revenues	342,565	1.1 %	354,462	1.2 %	(11,897)	(3.4 %)
Total revenues	786,266	2.5 %	930,311	3.2 %	(144,046)	(15.5 %)
Cost of Goods Sold	**31,690,470**	**100.0 %**	**29,310,449**	**100.0 %**	**2,380,021**	**8.1 %**
Gross profit	21,913,438	69.1 %	20,768,146	70.9 %	1,145,292	5.5 %
Sales & Marketing costs	**9,777,032**	**30.9 %**	**8,542,304**	**29.1 %**	**1,234,729**	**14.5 %**
Research & Development Opex	3,006,142	9.5 %	2,131,175	7.3 %	874,967	41.1 %
Research & Development Capex	**1,215,385**	**3.8 %**	**813,005**	**2.8 %**	**402,380**	**49.5 %**
Research & Development costs	*(948,398)*	*(3.0 %)*	*(742,526)*	*(2.5 %)*	*(205,872)*	*27.7 %*
General & Admin Costs	*2,163,783*	*6.8 %*	*1,555,531*	*5.3 %*	*608,252*	*39.1 %*
Total costs	3,378,094	10.7 %	3,454,403	11.8 %	(76,308)	(2.2 %)
EBITDA	7,599,621	24.0 %	6,398,582	21.8 %	1,201,039	18.8 %
General Depreciation Costs	**2,177,411**	**6.9 %**	**2,143,722**	**7.3 %**	**33,690**	**1.6 %**
Right of Use Amortization costs	175,660	0.6 %	93,035	0.3 %	82,625	88.8 %
R&D Amortization Costs	541,835	1.7 %	324,738	1.1 %	217,097	66.9 %
Amortization & depreciation	931,489	2.9 %	916,224	3.1 %	15,265	1.7 %
EBIT	1,648,984	5.2 %	1,333,997	4.6 %	314,987	23.6 %
Net financial income/ (charges)	**528,428**	**1.7 %**	**809,725**	**2.8 %**	**(281,297)**	**(34.7 %)**
EBT	(39,906)	(0.1 %)	(23,568)	(0.1 %)	(16,338)	69.3 %
Current Income Taxes	**488,521**	**1.5 %**	**786,157**	**2.7 %**	**(297,635)**	**(37.9 %)**
Deferred tax	(264,621)	(0.8 %)	(360,760)	(1.2 %)	96,140	(26.6 %)
Net profit (loss)	181,088	0.6 %	(14,475)	0.0 %	195,563	(1,351.1 %)
E-mail revenues	**404,989**	**1.3 %**	**410,922**	**1.4 %**	**(5,933)**	**(1.4 %)**

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

	30/06/2020	*30/06/2019*
Net ROE (Net result/Net capital)	0.02	0.03
Gross ROE (EBT/Net capital)	0.03	0.05
ROI (EBITDA/Invested capital)	0.04	0.04
ROS (EBITDA/Sales revenues)	0.07	0.08

Consolidated income indexes are substantially in line with the previous report and show, in some cases, a modest decline due to the effect of the current pandemic, which has contained growth and adversely affected the results of some BUs, in particular Datatrics BV.

Main equity figures of the MailUp Group

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

	30/06/2020	31/12/2019	Change	Ch. %
Intangible fixed assets	4,840,389	4,392,560	447,829	10.2 %
Goodwill	16,631,533	16,631,533	0	0.0 %
Tangible fixed assets	1,872,294	1,773,924	98,370	5.5 %
Rights of Use (IFRS 16)	4,225,882	4,629,957	(404,075)	(8.7 %)
Financial fixed assets	220,339	220,304	35	0.0 %
Fixed Assets	**27,790,437**	**27,648,278**	**142,159**	**0.5 %**
Receivables from customers	8,926,201	11,291,536	(2,365,335)	(20.9 %)
Payables to supplier	(11,222,853)	(12,942,856)	1,720,003	(13.3 %)
Payables to associated companies	(20,749)	(20,749)	0	0.0 %
Commercial Trade Working Capital	**(2,317,400)**	**(1,672,069)**	**(645,332)**	**38.6 %**
Tax receivables and payables	2,356,937	1,834,077	522,860	28.5 %
Accruals and deferrals	(8,298,715)	(7,206,115)	(1,092,601)	15.2 %
Other receivables and payables	(3,583,311)	(3,647,203)	63,892	(1.8 %)
Net Working Capital	**(11,842,489)**	**(10,691,309)**	**(1,151,181)**	**10.8 %**
Provisions for risks and charges	(443,952)	(619,480)	175,528	(28.3 %)
Provisions for severance and pension	(1,853,640)	(1,718,547)	(135,093)	7.9 %
Net Capital Invested	**13,650,356**	**14,618,943**	**(968,587)**	**(6.6 %)**
Share capital	374,276	374,276	0	0.0 %
Reserves	16,548,021	15,448,802	1,099,219	7.1 %
Profit (Loss) for the period	404,989	1,150,036	(745,047)	(64.8 %)
Net Equity	**17,327,286**	**16,973,114**	**354,173**	**2.1 %**
Cash	(9,911,569)	(8,946,689)	(964,881)	10.8 %
Short-term debt	1,025,130	992,262	32,867	3.3 %
Financial liabilities right of use (short term)	1,070,912	1,017,635	53,277	5.2 %
AFS Financial Assets	(490,195)	(490,998)	803	(0.2 %)
Medium/long-term debt	1,453,788	1,445,112	8,676	0.6 %
Financial liabilities right of use (medium/long term)	3,175,005	3,628,507	(453,502)	(12.5 %)
Net financial position	**(3,676,930)**	**(2,354,170)**	**(1,322,760)**	**56.2 %**
Total sources	**13,650,356**	**14,618,943**	**(968,587)**	**(6.6 %)**

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

	30/06/2020	31/12/2019
Primary structure margin (Own funds - Fixed assets)	(12,098,071)	(11,797,113)
Primary structure ratio (Own funds/Fixed assets)	0.59	0.59
Secondary structure margin ((Own funds + Consolidated liabilities) - Fixed assets)	(1,848,943)	(1,385,467)
Secondary structure ratio ((Own funds + Consolidated liabilities)/Fixed assets)	0.94	0.95

The primary ratios are in line with the previous year and are largely balanced, as shown by the secondary ratios, by medium/long-term sources of financing, representing a situation in substantial equilibrium. Worth mentioning is the increase in fixed assets attributable to investments aimed at developing and improving the Group's platforms and services.

Main financial figures of the MailUp Group

The consolidated net financial position as at 30/06/2020 is as follows (in Euro):

Consolidated Net Financial Position	30/06/2020	31/12/2019	Change	Ch. %
A. Cash	9,911,569	8,946,689	964,881	10.8 %
B. Cash equivalents				
C. Assets held for sale	490,195	490,998	(803)	(0.2 %)
D. Cash and cash equivalents (A) + (B) + (C)	**10,401,764**	**9,437,687**	**964,077**	**10.2 %**
E. Current financial assets				
F. Due to banks short term	75,280	100,873	(25,593)	(25.4 %)
G. Current financial debt	949,850	891,389	58,460	6.6 %
H. Other financial liabilities short term	1,070,912	1,017,635	53,277	5.2 %
I. Current financial position (F) + (G) + (H)	**2,096,042**	**2,009,897**	**86,144**	**4.3 %**
J. Net short term financial position (I) - (E) - (D)	**(8,305,723)**	**(7,427,789)**	**(877,933)**	**11.8 %**
K. Due to banks medium/long term	1,453,788	1,445,112	8,676	0.6 %
L. Bonds issued				
M. Other financial liabilities medium/long term	3,175,005	3,628,507	(453,502)	(12.5 %)
N. Non current financial position (K) + (L) + (M)	**4,628,793**	**5,073,619**	**(444,827)**	**(8.8 %)**
O. Net financial position (J) + (N)	**(3,676,930)**	**(2,354,170)**	**(1,322,760)**	**56.2 %**
o/w H. Current financial liabilities Rights of Use IFRS 16	1,070,912	1,017,635	53,277	5.2 %
o/w M. Non current financial liabilities Rights of Use IFRS 16	3,175,005	3,628,507	(453,502)	(12.5 %)
O. Net financial position without IFRS 16 effect	**(7,922,847)**	**(7,000,312)**	**(922,534)**	**13.2 %**

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The NFP is growing significantly as a result of higher cash and cash equivalents of over Euro 964 thousand. The effect linked to the application of Accounting Standard IFRS 16 on the comparison figures is shown at the end of the table, along with how, without it, the NFP would have been significantly better, due to the positive financial contribution of the core business.

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

	30/06/2020	31/12/2019
Primary liquidity (Immediate and deferred liq./ Current liabilities)	0.87	0.89
Secondary liquidity (Current assets/Current liabilities)	0.93	0.95
Debt (Net debt/Shareholders' equity)	(0.21)	(0.14)
Fixed asset coverage ratio ((Own capital + Consolidated liabilities)/Fixed)	0.92	0.91

The NFP remained abundantly positive also in 2020, as shown by the negative sign of the indebtedness index that shows the prevalence of liquidity with respect to financial indebtedness. The same effect can be seen in the indebtedness index, which is also negative and in any case better than in the previous period. The specific indicators relating to liquidity confirm a balanced structure of cash and cash equivalents. As in the past, the Group does not use external indebtedness to finance its core business, while financial leverage is aimed specifically at financing extraordinary and strategic investment activities.

Information pertaining to the environment and staff

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

Staff

In 2020, there were no injuries at work and no charges were recorded with regards to occupational diseases on employees or former employees and mobbing cases.
As at 30/06/2020, the Group's workforce numbers 250 employees, of whom 5 managers, 18 middle managers, 226 white-collar workers and 1 part-time labourer. As at 31/12/2019, the Group's workforce numbered 237 employees, of whom 4 managers, 13 middle managers, 217 white-collar workers and 1 part-time labourer.
The Group has always been committed to safeguarding relations with employees; at present, there are no employment law disputes in progress.

Environment

Please note that the type of business carried out by the Company does not entail risks nor any onset of situations that may damage the environment. For more detailed information on the environmental sustainability issues implemented by MailUp, please refer to the detailed information contained in the 2019 Sustainability Report prepared by the parent company and shared with investors and the market on 21/5/2020.

Investments

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

Fixed assets	Increases in the year
Technological platform development costs	1,155,828
Third-party software and trademarks	142,054
IT infrastructure, electronic office machines and systems	227,228
Furniture, office furnishings and leasehold improvements	74,360
Office right of use IFRS 16	32,973
Car right of use IFRS 16	108,018

Given the nature of the business, consolidated investments are historically concentrated on intangible assets and, in particular, on the incremental development of the proprietary MailUp digital marketing platform, and the BEE software, owned and marketed by MailUp Inc. For both, for HY1 2020, the specifications of the research and development activity are provided in the following paragraph. In addition to these, Agile Telecom has also invested in strengthening the technological infrastructure for sending SMS messages.
The material investments of the Group are typically represented by equipment, servers and electronic machines designed to enhance and update the technological infrastructure, strategic for the core business, as well as furniture and furnishings related to the leased operational offices. In this context, the investments made in the current year for the set-up and customization of the new offices in Milan are worth mentioning.

Research and development

In accordance with article 2428, paragraph 2, number 1 of the Italian Civil Code, it is specified that in HY1 2020, the Group capitalized internal and external investments relating to the software development of its platforms and technological services for Euro 1,155,829. As at 30/06/2020, net of the related accumulated amortization/depreciation, these totalled Euro 4,314,835. Additional costs related to research and development departments were incurred for Euro 1,215,385 at consolidated level. Other technical departments also carry out support activities related to research and development. The parent company mainly carries out incremental development activities in relation to the SaaS MailUp platform of digital marketing on the cloud. The investment incurred for this development were capitalized by virtue of the future economic use, certifying the potential economic and financial recovery of the investment. There was a significant growth in investments relating to the development of the BEE editor equal to Euro 610,822; originally developed by MailUp, it was transferred at the end of 2016, in its two main versions, BEE Plugin and BEE Pro, to the US subsidiary MailUp Inc, which deals exclusively with its commercialization. The development activity, contracted by the subsidiary to the parent company by virtue of specific contractual agreements, is carried out by an Italian team of developers under MailUp assisted by an American colleague and coordinated by the management of MailUp Inc. Agile Telecom also carried out incremental development work on its technological infrastructure dedicated to SMS messaging, using both internal resources and external consultants and the parent company's structures.

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

MailUp platform:

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

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

- In parallel with the work on MailUp 9.5.1, important activities have begun to strengthen the platform, both in terms of security and compliance. With the support of experienced consultants, vulnerability tests have been carried out and various interventions have been undertaken to increase the level of security against possible external attacks. In order to increase the level of compliance, a data centre in Milan has been identified to give greater guarantees in terms of reliability and a path has begun that will lead to the transfer of a critical component (the e-mail sending engine) to this data centre by 2020.

BEE editor:

BEE, the drag-and-drop editor for e-mails and landing pages owned by the subsidiary MailUp Inc., is continuing to record sharp growth both as a free tool available online (BEE Free) and as a component to be integrated into other software applications (BEE Plugin), and finally, as a complete suite for e-mail creation for freelance designers, digital agencies, and marketing teams of companies (BEE Pro). In HY1 2020, the Group continued to invest in the development of the product. More specifically:

- BEE Pro: the growth strategy based on the product-led approach has been confirmed and expanded, where the product is at the centre of all phases of customer acquisition, conversion and maintenance. In the acquisition phase, a new element of the strategy was introduced: a team of external designers who collaborate continuously with the business unit, and who have allowed the addition of dozens of new models, every month, allowing the catalogue of e-mail models to exceed 400 units, with very positive effects on traffic to the site. The approach used generates a self-feeding growth mechanism: more designers create more templates, which enhance the catalogue and attract new visitors, including more designers, who begin to work with us, creating more templates, which further enhance the catalogue and attract new visitors, and the cycle continues. As a result, the site registered significant growth in visits, with a total of roughly 600,000 unique visitors, more than 50% higher than in HY1 2019. The optimization of the conversion process from visits to trial accounts has allowed a substantial increase in the number of accounts, so that in June - for example - more than 7,600 free trials were recorded, with a growth of more than 115% over the previous year. The high number of users has provided an enormous quantity of feedback for the product team, which has exploited it to respond to market demand by developing and releasing many new functions. Below is a partial list: the possibility to use animated GIF in messages has been introduced, in the form of a new content block; the message detail page has been improved with new features that allow enriching the message with link tracking variables and preview text (the so-called "preheader"); the management of saved forms that can be reused in other messages has been improved; connectors with numerous e-mail sending platforms have been added, including Amazon SES (Simple Email Service). All this not only led to sharp growth in the turnover generated by the product, but also to a high rate of customer satisfaction. This is measured with the well-known Net Promoter Score (NPS), which recorded an average of 54 in HY1 2020, up compared to 52 in 2019: a NPS of 54 is a very high figure, and a very positive benchmark in measuring customer satisfaction for SaaS applications in the business-to-business sector;

- BEE Plugin: during HY1 2020, not only was the "embeddable" version of the BEE editor enriched with many new features, but a new edition of the same was launched for the creation of Web pages, a fundamental development for the product growth strategy. BEE Plugin, in fact, is no longer just an editor for creating e-mails, but now also a tool for creating landing pages and other Web pages, which responds to a clear need of customers: to offer their users a single interface to create content of various types. Building on developments made during 2019, the "Partner AddOns" program was launched, which allows other companies to create features integrated into the BEE editor: Nifty Images, a Californian company specialized in creating dynamic content for e-mail and Web pages (e.g. counters, dynamic images, etc.) has launched their first BEE AddOn, which can be tested at https://bee.niftyimages.com/. Other partners are developing additional addons. The launch of these addons is strategic both from a product point of view (because the product acquires new features, becoming even richer) and from a commercial point of view, thanks to revenue share agreements. From the point of view of the new functions launched during HY1 2020, as indicated in the long list of new features that can be viewed at https://docs.beefree.io/updates/, the improvements have been numerous and particularly focused on greater flexibility in the customization of the editor by the companies that adopt it. Among the most important, we point out: two new blocks of content: Menu - for the creation of navigation menus, responsive on mobile devices - and Icons - for the management of lists where small images (icons) are combined with text; the possibility for the most sophisticated users of the product to develop custom content blocks that meet their specific application needs; the addition of a system to manage particular permissions, such as the creation of a user type that can only modify the texts of a message or a page, without being able to change other content elements; the possibility to predefine styles for specific content blocks so that - for example - by default a button is black with white text instead of white with blue text; the translation of the user interface into new languages: the BEE editor can now be displayed in over 20 languages; the addition of multi-user support and two-factor authentication to the BEE Plugin Developer Portal, the area where customers create, configure and manage the editor instances they embed in their software;

- Synergistic relationship between the two versions and the other platforms of the Group: it is recalled that, from a technical point of view, both BEE Free and BEE Pro are "customers" of BEE Plugin. In fact, they are both software applications that incorporate the BEE editor, integrating it through the BEE Plugin service. Acumbamail, Datatrics and MailUp, three other SaaS applications within the Group, are in turn "customers" of BEE Plugin. This means that the improvements in the BEE editor have a positive impact on the other applications of the Group, generating a virtuous cycle that is extremely important and positive as it contributes to the constructive exchange of information and product innovation to the advantage of all the Group business units.

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

In the period up to 30/06/2020, the NIMP project foresaw the completion of 3 project phases: the Realization Objective 1 (OR1), part of the industrial research phase, called "Study of infrastructure and architecture on containers", in January 2020, the OR2 "Development of the new software delivery architecture" in February, the OR3 "Automatic functional tests and revision" both part of the experimental development phase.

The OR4 and OR5 are currently being developed, respectively "Implementation of the platform's multi-channel functionality" and "Testing and analysis of the entire platform", also part of the experimental development phase.

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

- Nutanix, hyperconvergence solution: integrates hardware, software, storage, deduplication, compression into a single system;

- Cisco Systems, next generation router: the hardware and software suites, simple and flexible, make it possible to obtain the latest WAN innovations and ensure centralized management under maximum security;

- Microservices & Containers: extremely flexible architectures (scalability, resource sizing, language independence and OS);

- Amazon Web Services, cloud computing: reduces data centre management and maintenance costs and allows releasing applications in multi-region mode;

- Agile, Devops or XP development methodologies: proposes an approach that reduces the level of structure, in favour of an enhancement of the ability of the individual and the team to operate in a responsible, adaptive, pragmatic and creative way;

- Automation and big data for the development of data models: the foundations are laid for marketing automation functions, i.e. the automated and integrated management of a wide range of marketing processes, such as e-mail marketing campaigns, lead generation activities and web analytics, which are fundamental for tracking visitors and recorded online conversations, with the aim of identifying each individual user and treating them as such and not as an individual within a few large clusters.

Below is a brief description of the activities carried out as part of the NIMP project during the first half of 2020:

- Requirements analysis: preliminary phase to the software development of the NIMP project, the purpose of which was to define the functionalities that the new product will have to offer, i.e. the requirements that must be met by the new platform;

- Definition of the hardware components for the realization of the infrastructure: identification of the hardware components, software and Cloud providers that lay the foundations for the new architecture of the platform. Nutanix and Cisco, respectively leaders in the field of hyperconvergence and networking, were chosen;

- Identification of architectural aspects on container technology: the approach to Microservices & Containers has been defined, which requires not to have a common code base for all developers, but to create numerous smaller code bases managed by teams that implement an agile development and release logic;

- Description of domains (fields of application, areas of responsibility, ...), players (which entities are involved in the processes), roles (who does what, when), types and flows of information: development of the software division into subsystems, with details of how these parts interact and the interfaces of the various parts. This study makes it possible to determine the overall efficiency, reusability, and maintainability of the system;

- Definition of relations between service and event (scalability): the ability of the architecture to increase or decrease in scale according to the needs and availability required is being defined, eliminating bottlenecks that could make the increase in the overall computing power or throughput irrelevant;

- Definition of security and compliance specifications: evaluation and definition of the platform's security by identifying the threats, vulnerabilities and associated risks, with the aim of protecting them from possible attacks (internal or external) that could cause direct or indirect damage to the organization. During this phase, regulatory/legal analyses were also carried out for the management of problems related to the processing of personal data and the management of periodic obligations regarding information security and the right to new technologies;

- Creation of a hybrid infrastructure based on containers: close to completion is the realization of the infrastructure through the installation and configuration of new hardware components and the purchase of AWS instances to create the processing environment that combines the public cloud and a private cloud allowing the sharing of data and applications between them;

- Testing of the architecture to verify its reliability, security and resilience: we are proceeding with the test plan and testing of the architecture, in accordance with the performance requirements established, describing the approach taken, cases of functional tests performed and the set-up of the initial conditions;

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

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

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

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

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

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

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

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

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

The second reporting of the NIMP project was performed between September and October 2019, taking as a reference period that between 01/01/2019 and 31/08/2019. This was the intermediate progress report required midway through the project, 18 months after it began.
In the second progress report, the project had reached more than 50% of the estimated costs, for a total of Euro 3,289,482.

Below are the details relating to the second progress report:

- Industrial Research completed at 100%, Euro 455,288 reported against Euro 453,484 forecast;
- Experimental Development progress equal to 45%, Euro 2,834,193 reported against Euro 5,803,892 forecast.

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

The third reporting of the NIMP project was performed in June 2020, taking as a reference period that between 01/09/2019 and 31/05/2020.
This further reporting is interposed between the interim and final reports, playing an important strategic role for the project.

In the third progress report, the project had reached more than 75% of the estimated costs, for a total of Euro 5,215,389.38.

Below are the details relating to the third progress report:

- Industrial Research: it had already been 100% completed, so no expenses related to this project item were reported during the third progress report;
- Experimental Development progress equal to 73%, Euro 1,939,408 reported against Euro 5,803,892 forecast.

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

- Industrial Research completed at 100%: Euro 455,288 reported against Euro 453,484 forecast;
- Experimental Development currently equal to 73% progress, Euro 4,760,101 reported against Euro 5,803,892 forecast.

Transactions with subsidiaries, associates, parents and other related companies

In 2020, the MailUp Group implemented transactions between its parent company, subsidiaries and associates included in the scope of consolidation, associates and other related parties that were part of its core business. Interventions all aimed to promote the development in a synergic context that favours positive integrations and lastly, the efficiency of processes in the Group. No atypical or unusual operations were carried out with respect to normal business management. Transactions essentially concern the provision of services that are part of the Group's core business, the holding activities provided by the parent company, such as accounting, legal, human resource management and administrative services in general, the provision and use of financial resources, as well as the provision of technological services relating to the development of the Group's proprietary platforms and the management of the shared technology infrastructure. Said relations come under the scope of ordinary business management and are stipulated at arm's length, or at the conditions that would have been established between independent parties.

Company	Fixed Receivables	Trade Receivables	Other Receivables	Other payables	Dividends	Revenues	Purchases
Agile Telecom		251,440	239,992		812,509	496,339	1,204,396
Globase International		511,627	92,443			141,767	91,940
MailUp Nordics	157,716					1,579	
MailUp Inc		1,077,026	2,132			1,099,252	32,946
Acumbamail		82,051			150,000	108,651	
Datatrics BV	1,635,447	299,341	1,719			299,341	2,513
Datatrics srl	70,000 -	698				698	
Subsidiaries	**1,863,163**	**2,220,786**	**336,285**	**-**	**962,509**	**2,147,626**	**1,331,795**
Consorzio CRIT Scarl			19,529				19,529
Associated	**-**	**-**	**19,529**	**-**	**-**	**-**	**19,529**
Zoidberg Srl							26,405
Floor Srl							135,902
Direq Srl			45,447				73,696
Other related companies	**-**	**-**	**45,447**	**-**	**-**	**-**	**236,003**

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

The real estate company Floor S.r.l., owned by some of the parent company's reference partners, has signed with MailUp the lease contract for the building where the offices of the Cremona premises are located. The items highlighted refer to the existing real estate lease. Zoidberg S.r.l., the sole shareholder of Agile Telecom prior to the acquisition by MailUp, owns the property in which the company has its headquarters and the relative relations with the Group refer to the rent and associated utilities. Direq S.r.l., a company that refers to the corporate structure of Zoidberg S.r.l., is the supplier of Agile Telecom for the purchase of SMS delivery, the core business of the subsidiary based in Carpi.

Treasury shares and shares/holdings in parent companies

As at 30/06/2020, MailUp held 79,980 treasury shares for a value of Euro 302,487.15. During the first half of 2020, a total of 38,007 shares were purchased for Euro 164,918.66 at an average price of Euro 4.29 per share. By virtue of the Board of Directors' resolution of 23/04/2020, 31,908 treasury shares, present at that date in the stock held by MailUp, were assigned to the recipients of the short-term incentive plan for top management, upon their express request and upon positive verification of the results actually achieved. The value of the shares assigned was Euro 121,454.61 at a unit price of Euro 4.2559, compared with an average purchase price of Euro 3.8064, resulting in a positive delta of Euro 14,342. The purchases of the HY 2020 were made as part of the programs approved by the Shareholders' Meeting on 18/04/2019 and 23/04/2020 respectively. In particular, the most recent Shareholders' Meeting resolved the authorization to purchase and sell treasury shares and in particular the following:

- to revoke the previous resolution authorizing the purchase and disposal of treasury shares of 18/04/2019 with effect from the date of the meeting;
- to authorize the Administrative Body, and for it the Chair pro tempore, with ample faculty of sub-delegation, to carry out operations involving the purchase and disposal of treasury shares to:
  (i) implement share incentive plans in whatever form they are structured (whether stock options, stock grants or work for equity plans) or proceed with free allotments to shareholders or fulfil obligations deriving from warrants, convertible financial instruments, with mandatory conversion or exchangeable for shares (based on existing transactions or transactions to be resolved/implemented); (ii) allow the use of treasury shares in the context of transactions related to the Company's core business or projects consistent with the strategic guidelines that the Company intends to pursue, in relation to which the opportunity to exchange shares is materialized, with the main objective therefore to have a portfolio of treasury shares available to it in the context of extraordinary finance transactions and/or other uses deemed to be of financial, management and strategic interest to the Company, with the aim of completing corporate integration transactions with potential strategic partners, exchanges of equity investments or agreements of a commercial and/or professional nature deemed strategic for MailUp;
  (iii) be able to use its treasury shares as investment for efficient use of liquidity generated by the Company's core business; and
  (iv) take action (where possible and provided for by the applicable legal and regulatory provisions), in compliance with current provisions, including through intermediaries, to limit anomalous price movements and to regularize trading and price trends, in the face of temporary distorting phenomena linked to excessive volatility or poor trading liquidity or, more generally, in support of the liquidity of the share and the efficiency of the market.

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

Use of subjective estimates and valuations

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

Impairment of assets

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

As a result of the health crisis caused by the Covid-19 virus, mentioned several times above, and the negative economic impacts that have affected many of the Group's customers, despite positive consolidated half-yearly results, some of the subsidiaries have shown lower half-yearly performance than forecast in the 2020 budget, in particular Datatrics BV and Agile Telecom. For the latter, the Directors of the Parent Company verified the consistency of the assumptions made in the last annual financial statements for the 2020-2023 three-year plan underlying the impairment tests with respect to the new and more uncertain future scenarios, projecting the half-yearly results at 31/12/2020 and formulating ad hoc assumptions until 2023 that take account of the changed economic climate. Agile Telecom is expected to recover, already in progress, the reduced margins of Q1 2020 and to maintain the income and financial outlook already tested positively in previous impairment tests, despite the sensitivity applied which, in the presence of high volumes of turnover, penalizes margins in a decidedly prudent sense, since no similar corrective assumptions are envisaged for operating costs.

Also for Datatrics, the tests carried out based on updated assumptions did not require a review of the impairment results, even though there was sensitivity. The significant investments made to strengthen the sales and marketing organization included in the plan, which are related to the strategic value for the Group of the Datatrics business, were redistributed over time and a return to positive results is expected to be postponed by one year compared with the previous plan.

The other subsidiaries, in the presence of significantly lower goodwill values than in the previous cases, were in line with forecasts or showed contained declines that are not expected to affect realignment with respect to the previously formulated plans and the outcome of the related impairment.

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

Risk analysis

As part of its business, the Group is exposed to risks and uncertainties, deriving from exogenous factors connected with the general macroeconomic context or the specific context in the segments in which it goes about its business, as well as to risks deriving from strategic choices or internal operating risks.

The identification and mitigation of such risks has been carried out systematically, allowing for the monitoring and timely oversight of the risk levels detected.

Under the scope of the business risks, the main risks identified, monitored and managed by the company are as follows:

- risks related to the general economic trend;

- risks related to the market;

- risks related to financial operations;

- risks related to the security of the technological infrastructure (cyber security).

In March 2020, two important systemic phenomena struck societies and economies at global level: the health emergency linked to the spread of the Covid-19 virus, and the correlated collapse and increased volatility of the financial markets. These phenomena may have a significant impact on the risks highlighted below. With regard to the data and outlook for the MailUp Group, it is currently difficult to quantify the potential impact of this crisis. At the moment, no significant changes in the plans are expected, and the Group is prepared to manage the potential impact of negative economic trends deriving from the current situation. However, there is still a climate of uncertainty about the possible evolution of the situation, at national and especially international level, in terms of duration and extent of possible effects. The Board of Directors works constantly with the Business Unit Directors and top management to estimate the impact of an economic slowdown caused by the pandemic and to identify all appropriate measures to minimize the related risks and the possible financial and economic consequences on the Group's businesses. For a detailed analysis of this matter, please refer to the section above "Main events of HY1 2020".

Risks related to the general economic trend and the pandemic

The economic-financial position of the companies belonging to the Group, is influenced by all factors comprising the Italian and international macroeconomic context. In the reference period, there are still general economic uncertainties and regarding Italian and international policy, the effects of which are unpredictable and cannot be easily measured. In Italy, like in other EU countries, the widespread climate of political instability could negatively influence consumer trust, their buying power and spending capacity. The MailUp Group has been able to grow and achieve important objectives. However, the possible permanence of national and international conditions of uncertainty and the unpredictable effects of the same, could still have negative impact on the Group's business, following a possible decline in revenues, profitability and cash flows.
For a more detailed analysis, see the notes on the macroeconomic situation at the beginning of this Report.

Market risks

The sectors in which MailUp and the Group operate are characterized by rapid technological development and suffer the competitive pressure deriving from the past pace of development of technology. The Group and company's success depends, amongst other aspects, on the capacity to innovate and strengthen its technologies, in order to respond to the technological progress in the sector in which it operates. The Group may consequently find itself having to cope with a more acute competition by virtue of the emerging technologies and services that may be introduced or implemented in the future. The new technologies, in fact, may limit or reduce the company's business and/or encourage the development and growth of new operators. In particular, the SMS channel or the sending of e-mails could be replaced by other technologies, with the consequence that the Group may not be able to successfully and/or quickly manage any transition to the use of these innovations, although R&D activities are already underway that have already allowed and will allow the integration of platforms with other external systems and of other technological platforms with such systems.

If the solutions offered by the Group should be unable to satisfy the needs of customers and/or respond to technological progress, improvements will need to be made quickly to its technological platforms and ability to develop and introduce new services, new applications and new solutions on the market quickly and at competitive prices. The Group's incapacity to improve, develop, introduce and supply services quickly that are able to satisfy market demands, including in technological terms, may have a negative impact on operating results or may make the services offered by the Group obsolete. In order to maintain its competitiveness on the market, the Group will therefore need to invest in research and development, with a high capacity to adjust to continue responding to the rapid technological changes and constantly develop the characteristics of its services so as to respond to the changing market demands.

If the Group should be unable to adjust promptly to the technological evolution and/or the introduction of a new technology, negative effects may be seen on the consolidated economic, equity and financial position.

Risks related to financial operations

Credit risk

The credit risk is determined by the exposure to potential losses deriving from failure by counterparties to fulfil the obligations they have assumed. Credit management is entrusted to the Group finance and administration department, which, on the basis of formalized assessment and appointment procedures of commercial partners, seeks to minimize the risk. Following the economic difficulties arising at the present time from the crisis linked to the Covid-19 virus, stricter procedures have been adopted to quantify and control customer risk levels. At the same time, an attempt was made to support customers at this time of generalized difficulty by offering shared payment extensions and favourable conditions on certain services in order to facilitate the maintenance of long-term business relations. In order to reduce the risk of insolvency deriving from trade receivables, a series of measures has been introduced aiming to encourage the use of electronic payment systems (credit cards, PayPal, Sepa Direct Debit) by customers, for example strengthening and innovating the e-commerce sale system. This choice resulted in the constant growth of collections made by electronic payment systems, improving the quality of trade receivables and reducing the impact of the costs of debt collection.

It must be considered that the financial assets of the Group have a good credit standing.

Liquidity risk

The liquidity risk consists of the impossibility of respecting payment commitments due to difficulties in obtaining funds or liquidating assets on the market. The consequence is a negative impact on the economic results if the Group is forced to incur additional costs to fulfil its commitments or, as an extreme consequence, a situation of insolvency that risks the company as a going concern. At present, also thanks to its admission to trading on the AIM Italia market and the excellent relations with the banking system, the MailUp Group enjoys a good level of liquidity and reduced debt, aimed exclusively at growth by external lines, implemented through acquisitions and to support strategic investments, particularly in product research and development.

In order to optimize the management of financial resources, reducing the liquidity risk, the Group has adopted processes for the systematic monitoring of prospective liquidity conditions, in connection with business planning. The Group expects to cope with its financial needs through the flows deriving from operations and cash on hand. Considering the positive trend of sales volumes, which is expected to be maintained in the forthcoming years, it is expected that financial resources can be generated that, together with current funds, will be able to guarantee suitable support for the ordinary and extraordinary investments planned too.

It is therefore considered that the liquidity risk is not significant.

Interest rate risk

The parent company has prudently resorted, from the end of 2015, to the financial leverage through the medium and long-term banking channel, benefiting from the favourable trend of debt costs, to support extraordinary growth operations by external lines and investments related to software development activities and other strategic investments. As at 30/06/2020, consolidated bank debt is Euro 2,403,638, of which Euro 949,850 in the short-term, as compared with liquid funds of Euro 9,911,569. Bank indebtedness is the sole responsibility of the parent company.

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

The loans are connected with the risk of interest rate changes, as they are partly negotiated at variable rates. It is not possible to exclude that a rise in interest rates could result in an increase in related financial expenses with consequent negative effects on the economic and financial situation of the company, even if the net prevalence of own financial resources compared to recourse to indebtedness to third parties greatly reduces the possible impact.

Exchange rate risk

There are trade receivables and payables held in foreign currencies by MailUp, for limited amounts, mainly with regards to foreign subsidiaries, as well as marginal amounts for trade payables and receivables in foreign currencies with third-party suppliers and customers. The companies relating to the subsidiary MailUp Nordics, in particular Globase, operate on the Danish and Northern European market and the consolidated assets and liabilities on these financial statements are originally held in Danish Krone. Also for MailUp Inc, the consolidated values are denominated in foreign currency, particularly in US Dollars. The Danish Krone/Euro exchange rate is extremely stable and historically oscillates only minimally. Exposure to risks connected with exchange rate fluctuation is therefore very limited.

Risk of recovery of impairment assets

The risk of recovering the value of the assets held by the Group refers to the economic and financial performance of the consolidated companies and the capacity to produce sufficient cash flow to guarantee recovery of the investment value.

This risk is monitored by the management through the regular verification of economic results, including under the scope of specific valuation procedures, such as, for example, by carrying out impairment tests at least once a year.

Risks related to external unlawful acts

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

Reputational and Corporate Social Responsibility (CSR) risks

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

Significant events after the end of the fiscal year

On 30/07/2020, MailUp announced its positioning as one of the 13 Italian companies included in the prestigious Deloitte EMEA Technology FAST 500 ranking, the programme organized by Deloitte every year across three geographical areas - North America, EMEA and Asia-Pacific - and one of the most well respected rankings in the tech sector, based on its growth recorded between 2015 and 2018. Within a group of companies from the 22 countries making up the EMEA region, with an average growth rate of 1,258%, MailUp was one of the European high tech businesses with the highest growth rate, the only listed Italian parent company, with an average 2015-2018 growth rate of 323%.

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

On 07/09/2020, the MailUp (MAIL) share recorded a new all-time high, with a price per share of Euro 5.68. At this value, the company's capitalization corresponds to more than Euro 85 million.

Outlook

The Group intends to continue to develop its business and services thanks to the profitable growth process already in place, in order to successfully gain standing and reinforce its position in the reference sector. To this end, in particular, the aim is to proceed with the following:

- expansion of the already rich and diversified range of modules and technological solutions offered to digital marketing professionals through the strengthening of existing tools and the inclusion of innovative features oriented to concepts such as:
  - Customer Data Platform;
  - Data driven omnichannel marketing orchestration;
  - Marketing automation;
  - Personalization / Hyper-personalization;
  - Web page / Landing page editor;
  - Chatbot engine for conversational campaigns (details here: https://help.datatrics.com/en/articles/3512681-conversational-campaigns);
- strengthening the ARPU (Average Revenue Per Unit) and the perception by the market of the uniqueness of the Group's offer compared to that of its competitors, through the introduction of new services and changes to its pricing policies;
- introduction of Datatrics in markets in which the Group already operates, starting with Italy, Denmark and Latin American countries, starting with the MailUp customer base but also through the indirect channel, starting with the sectors where Datatrics is most specialized: e-commerce, retail, travel and hospitality;
- introduction of Datatrics into new markets: Sweden, Norway, Germany and possibly France, mainly through the indirect channel;
- expansion of the reference market to include geographical areas not yet covered and acquisition of technological know-how through M&A transactions of strategic shareholdings in the Marketing Technology ecosystem;
- continuation of the process of expanding integrations with third-party applications, offering users and external developers the possibility to connect and synchronize the platform with external databases, CRM, CMS, e-commerce and other software;

- strengthening of intra-group synergies through the cross-fertilization of knowledge among Group companies and in particular:
    - sharing best practices, experiences and skills;
    - maintaining an unbundled approach to better meet the different needs of segments and/or markets;
    - exploitation of commercial synergies through the sharing of opportunities between the different business units of the Group;
- investment in improving the UX (user experience) of the Group's solutions, not only in terms of improving the relationship with the customer (customer care, customer success and technical support) but also in terms of the application interfaces in order to simplify the usability of the software, improve the conversion rate and reduce the churn rate;
- strengthening of the competitive positioning of BEE Plugin by launching a Platform that enables third-party companies to develop Add-on widgets that can be inserted in the BEE editor, such as count-down timer applications, dynamic maps, live weather or dynamic QR codes. This will provide end customers with greater flexibility, enabling them to integrate BEE within their own internal systems, while partner companies will be able to leverage the large BEE customer base to convey their solutions. More information on this page: https://docs.beefree.io/addons/;
- development of a community of web designers that can create and publish their own templates in the BEEfree.io catalogue, both free of charge in exchange for visibility and for payment. This will make it possible to expand the e-mail templates catalogue in a scalable manner, with a positive effect on positioning in search engines and to increase the competitive advantage.

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

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

Lastly, subsequent to the approval of Law 157/2019 which entailed the introduction of a new family of offence in Legislative Decree No. 231/2001 - i.e., tax crimes - the Supervisory Body deemed it appropriate to plan activities for 2020 to implement a new special section of the MailUp Organization and Management Model dedicated to this matter, although several control protocols are already in place regarding the management of taxation. As part of the updating of the Model, therefore, the areas at risk of offences have been identified and, in particular, the correct keeping of the accounting documentation and, overall, the return activities aimed at determining taxes, as well as the management of relations with suppliers, with particular regard to the process of selection and adequate identification of the counterparty. The principles underlying the protocols set out in the special section on tax offences have also been incorporated into the Company's Code of Ethics.

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

Personal data processing

MailUp, due to the characteristics of its business, which requires the utmost correctness and attention in the processing of data held by the customers of the platform, has always been strategically and particularly sensitive to issues of Data Protection. The internal procedures on these matters are constantly formalized, monitored and updated, as is specific training of personnel. The Group has also for years been assisted by legal advisors of proven competence and experience, on both national and international level, on these matters. The prevention and contrast of potential abuses by customers (spam) is also highly overseen, thanks to the presence of a technical department exclusively dedicated to this function, as demonstrated by the participation in several organizations and international working groups at the forefront in combating unfair practices and engaged in the dissemination of industry best practices also regarding personal data processing.

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

In particular, to better manage the MailUp business and, more generally, the activities of the Group it heads up, it was deemed appropriate to appoint a new Data Protection Officer, i.e. a highly qualified, independent individual who also has experience in the personal data protection sector, who will perform that function not only for the "MailUp" business unit - referring to all activities linked to the development and marketing of the software known as the MailUp platform - but rather in favour of the entire Group. To that end, an extensive selection process took place in 2019, involving a cycle of meetings to identify an external party with the required skill and experience in this area. Several law offices and companies specialized in business compliance were contacted.

As the terms and conditions of the proposal submitted by the ICT Legal Consulting - Studio Legale Balboni, Bolognini & Partners law office appeared, compared to the others, to be more aligned with the needs of the Group, they were engaged, with the approval of the chairman of the Company and the CEOs of the subsidiaries.

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

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

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

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

Thank you for the trust placed in us.

Milan, 15 September 2020

The Chairman of the Board of Directors

Matteo Monfredini

CONSOLIDATED FINANCIAL STATEMENTS AS AT 30/06/2020

Consolidated Balance Sheet as at 30/06/2020 - Amounts in Euro -

	Notes	30/06/2020	31/12/2019	Change	Change %
Tangible fixed assets	1	1,872,294	1,773,924	98,370	5.5%
Right of use	1	4,225,882	4,629,957	(404,075)	(8.7%)
Intangible fixed assets	2	4,761,235	4,313,406	447,829	10.4 %
Goodwill	3	16,710,687	16,710,687	0	0.0 %
Equity investments in associates and joint ventures	4	119,229	119,229	0	0.0 %
Other non-current assets	5	429,659	106,880	322,779	302.0 %
Deferred tax assets	6	1,306,371	1,116,143	190,228	17.0 %
Total non-current assets		**29,425,357**	**28,770,226**	**655,131**	**2.3 %**
Receivables from customers	7	8,926,201	11,291,536	(2,365,335)	(20.9%)
Other current assets	8	5,358,476	4,247,686	1,110,790	26.2 %
Financial assets AFS	9	490,195	490,998	(803)	(0.2%)
Cash and cash equivalents	10	9,911,569	8,946,689	964,881	10.8 %
Total current assets		**24,686,441**	**24,976,909**	**(290,468)**	**(1.2%)**
Total Assets		**54,111,798**	**53,747,135**	**364,663**	**0.7 %**
Share capital	11	374,276	374,276	0	0.0 %
Reserves	12	16,548,021	15,448,802	1,099,219	7.1 %
Period (Loss) for the period		404,989	1,150,036	(745,047)	(64.8%)
Total equity		**17,327,286**	**16,973,114**	**354,173**	**2.1 %**
Payables to banks and other financiers	13	1,776,531	1,445,112	331,419	22.9 %
Liabilities Right of Use long-term	13	3,175,005	3,628,507	(453,502)	(12.5%)
Other non-current liabilities	14	3,000,000	3,000,000	0	0
Provisions for risks and charges	15	22,167	200,000	(177,833)	(88.9%)
Provisions for personnel	16	1,853,640	1,718,547	135,093	7.9 %
Deferred taxes	17	421,785	419,480	2,305	0.5 %
Total non-current liabilities		**10,249,127**	**10,411,645**	**(162,518)**	**(1.6%)**
Trade and other payables	18	11,222,853	12,942,856	(1,720,003)	(13.3%)
Payables due to associated company	18	20,749	20,749	0	0
Due to banks and other lenders short term	19	1,025,130	992,262	32,867	3.3 %
Liabilities Right of Use short-term	20	1,070,912	1,017,635	53,277	5.2 %
Other current liabilities	21	13,195,741	11,388,875	1,806,867	15.9 %
Total current liabilities		**26,535,384**	**26,362,376**	**173,008**	**0.7 %**
Total Liabilities		**54,111,798**	**53,747,135**	**364,662**	**0.7 %**

Consolidated Income Statement as at 30/06/2020 - Amounts in Euro -

	Notes	30/06/2020	%	30/06/2019	%	Change	Delta %
E-mail revenues	22	7,669,505	24.2 %	6,335,383	21.6 %	1,334,122	21.1 %
SMS revenues	22	21,466,413	67.7 %	20,837,289	71.1 %	629,124	3.0 %
Predictive marketing revenues	22	1,425,722	4.5 %	853,004	2.9 %	572,718	67.1 %
Professional services revenues	22	342,565	1.1 %	354,462	1.2 %	(11,897)	(3.4 %)
Other revenues	22	786,266	2.5 %	930,311	3.2 %	(144,046)	(15.5 %)
Total revenues		**31,690,470**	**100.0 %**	**29,310,449**	**100.0 %**	**2,380,021**	**8.1 %**
Cost of Goods Sold	23	21,913,438	69.1 %	20,768,146	70.9 %	1,145,292	5.5 %
Gross profit		**9,777,032**	**30.9 %**	**8,542,304**	**29.1 %**	**1,234,729**	**14.5 %**
Sales & Marketing costs	24	3,006,142	9.5 %	2,131,175	7.3 %	874,967	41.1 %
Research & Development Opex	**25**	**1,215,385**	**3.8 %**	**813,005**	**2.8 %**	**402,380**	**49.5 %**
'Research & Development Capex		*(948,398)*	*(3.0 %)*	*(742,526)*	*(2.5 %)*	*(205,872)*	*27.7 %*
'Research & Development costs		*2,163,783*	*6.8 %*	*1,555,531*	*5.3 %*	*608,252*	*39.1 %*
General & Admin Costs	26	3,378,094	10.7 %	3,454,403	11.8 %	(76,308)	(2.2 %)
Total costs		7,599,621	24.0 %	6,398,582	21.8 %	1,201,039	18.8 %
EBITDA		**2,177,411**	**6.9 %**	**2,143,722**	**7.3 %**	**33,690**	**1.6 %**
General Depreciation Costs	27	175,660	0.6 %	93,035	0.3 %	82,625	88.8 %
Right of Use Amortization Costs	27	541,835	1.7 %	324,738	1.1 %	217,097	66.9 %
R&D Amortization Costs	27	931,489	2.9 %	916,224	3.1 %	15,265	1.7 %
Amortization & Depreciation		1,648,984	5.2 %	1,333,997	4.6 %	314,987	23.6 %
EBIT		**528,428**	**1.7 %**	**809,725**	**2.8 %**	**(281,297)**	**(34.7 %)**
Net Financial Income/(charges)	28	(39,906)	(0.1 %)	(23,568)	(0.1 %)	(16,338)	69.3 %
EBT		**488,521**	**1.5 %**	**786,157**	**2.7 %**	**(297,635)**	**(37.9 %)**
Current Income Taxes	29	(264,621)	(0.8 %)	(360,760)	(1.2 %)	96,140	(26.6 %)
Deferred taxes	29	181,088	0.6 %	(14,475)	0.0 %	195,563	(1,351.1 %)
Period profit/(loss)		**404,989**	**1.3 %**	**410,922**	**1.4 %**	**(5,933)**	**(1.4 %)**
Group profit (loss)		*404,989*	*1.3 %*	*410,922*	*1.4 %*	*(5,933)*	*(144.4%)*
Minority interest profit (loss)							
Other items of the statement of comprehensive income							
Profit/(loss) that will not be subsequently reclassified to the year result							
Actuarial profit/(loss) net of the tax effect		(31,993)	(0.1 %)	(97,937)	(0.3 %)	65,944	(67.3 %)
Profit/(loss) that will be subsequently reclassified to the year result							
Profit/(loss) deriving from the conversion of the financial statements of consolidated companies carried in currencies other than the Euro		10,281	0.0 %	(5,242)	0.0 %	15,523	(296)
Comprehensive year profit/(loss)		**383,277**	**1.2 %**	**307,744**	**1.0 %**	**75,534**	**24.5 %**

Earnings:

per share	30	0.0272	0.0276
per diluted share	30	0.0272	0.0275

Consolidated Statement of Changes in Equity - Amounts in Euro -

Figures in euros	31/12/2019	Allocation of MailUp results	Share capital increase	Change to share premium reserve	Purchase of own shares	Use of Own Share for MBO	Compre hensive IS Result	Stock Option Plan	Profit/(loss) carried forward	Period result	30/06/2020
Share capital	374,276										374,276
Share premium reserve	12,753,906										12,753,906
Legal reserve	80,000										80,000
Extraordinay reserve	3,417,944	2,195,912		-							5,613,855
Reserve for tresaury stock	(259,023)				(164,918)	121,454					(302,487)
Reserve for exchange rate gains	7,945								11,085		19,030
Profit/(loss) carried forward	220,279	1,150,036							(2,192,637)		(822,323)
Stock option reserve	0										0
OCI reserve	(252,931)						(31,992)				(284,923)
Translation reserve	(38,936)						10,280				(28,656)
FTA reserve	(613,449)										(613,449)
Merger reserve	133,068										133,068
Period result	1,150,036	(1,150,036)								404,989	404,989
Shareholders' equity	**16,973,112**	**2,195,912**	**-**	**-**	**(164,918)**	**121,454**	**(21,712)**	**-**	**(2,181,552)**	**404,989**	**17,327,286**

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

Consolidated Cash Flow Statement - Amounts in Euro -

	30/06/2020	30/06/2019
Period profit/(loss)	404,989	410,922
Income tax	264,621	360,760
Prepaid/deferred tax	(181,088)	14,475
Interest expense/(interest income)	27,019	14,897
Exchange (gains)/losses	12,887	8,671
(Dividends)		
(Gains) / losses arising from the sale of assets		
1 Year profit/(loss) before income tax, interest, dividends and capital gains/losses on disposals	**528,428**	**809,725**
Value adjustments for non-monetary elements that have no equivalent item in net working capital:		
Provisions for TFR	235,983	203,828
Other provisions	70,157	51,694
Amortisation and depreciation of fixed assets	1,600,994	1,325,620
Write-downs for permanent losses in value		
Other adjustments for non-monetary items	(63,297)	(219,751)
2 Cash flow before changes in NWC	**2,372,264**	**2,171,117**
Changes to net working capital		
Decrease/(increase) in trade receivables	2,365,300	(2,164,339)
Increase/(decrease) in trade payables	(1,769,519)	2,866,576
Decrease/(increase) in accrued income and prepaid expenses	(81,542)	(214,972)
Increase/(decrease) in accrued liabilities and deferred income	1,174,142	514,209
Increase/(decrease) tax receivables	(1,086,547)	(671,892)
Increase/(decrease) tax payables	563,687	338,037
Increase/(decrease) other receivables	200,264	20,263
Increase/(decrease) other payables	(399,970)	(1,142,039)
Other changes in net working capital		
3 Cash flow after changes in NWC	**3,338,079**	**1,716,959**
Other adjustments		(9,106)
Interest collected/(paid)	(28,490)	11,324
(Income tax paid)	(121,302)	(16,628)
(Gains) / losses arising from the sale of current assets		
Dividends collected		
(Use of provision)	(78,107)	(58,615)
4 Cash flow after other adjustments	**3,110,180**	**1,643,935**
A Cash flow from operations	**3,110,180**	**1,643,935**
Tangible fixed assets	(308,678)	(161,953)
(Investiments)	(308,678)	(161,953)
Divestment realisation price		
Intangible fixed assets	(1,296,680)	(817,089)
(Investiments)	(1,296,680)	(817,089)
Divestment realisation price		
Financial fixed assets	(35)	4,246
(Investiments)	(35)	4,246
Divestment realisation price		
Financial not fixed assets	0	0
(Investiments)	0	0
Divestment realisation price		
Acquisition or sales of subsidiaries companies		
B Cash flow from investments	**(1,605,393)**	**(974,795)**
Minority interest funds	(496,442)	(485,228)
Increase (decrease) in short-term payables to banks	(25,593)	27,889
Stipulation of loans	484,115	600,000
Repayment of loans	(954,964)	(1,113,117)
Own funds	(43,464)	78,736
Capital increase by payment		750
Sale (purchase) of treasury shares	(43,464)	77,986
Change to share premium reserve		
C Cash flow from loans	**(539,906)**	**(406,492)**
Increase (decrease) in liquid funds (A ± B ± C)	**964,881**	**262,648**
Initial cash and cash equivalents	8,946,689	7,711,606
Final cash and cash equivalents	9,911,569	7,974,254
Change in cash and cash equivalents	**964,881**	**262,648**

Explanatory Notes to the Consolidated Financial Statements as at 30/06/2020

General information

MailUp Group is a vertically integrated operator active in Cloud Marketing Technologies (MarTech), a sector in significant expansion and evolution, and offers a wide range of solutions to its customers, with particular focus on messaging and data-driven and multi-channel marketing automation.
The Group's core business is represented by the development and sale of (i) technologies for the mass sending of e-mails and mobile messaging, in particular through the SMS channel, for marketing and transaction purposes, (ii) sophisticated e-mail and newsletter editing tools, (iii) innovative solutions in marketing technologies (Predictive Marketing), in addition to (iv) professional consulting services in this area. The parent company MailUp is a legal entity organized according to the law of the Italian Republic and has developed a multi-channel Software-as-a-Service (SaaS) platform (e-mail, newsletter, SMS and social) of cloud computing for the professional management of digital marketing campaigns used by over 10,000 direct customers, in addition to numerous indirect customers managed by the widespread network of retailers. At consolidated level, the Group operates with over 23,000 customers distributed in 115 countries and is present with its offices on three continents with a staff of over 240 employees.
After admission to trading of the ordinary shares in 2014 on the AIM Italia market operated by Borsa Italiana, MailUp added to the organic growth a development path for external lines, acquiring established and emerging businesses in the same market segment or complementary businesses: Acumbamail (Spanish market and LatAm), Globase (Nordics market), Agile Telecom (SMS wholesale market) and Datatrics (predictive marketing using artificial intelligence).

Accounting standards

Criteria for the preparation of the Group consolidated financial statements

In accordance with article 4 of Italian Legislative Decree no. 38 of 28/02/2005, which regulates the exercise of options envisaged by article 5 of Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19/07/2002 relative to the application of international accounting standards, the parent company has exercised the faculty to voluntarily adopt the international financial reporting standards (hereinafter also referred to as the IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission for the preparation of its consolidated financial statements starting from the year ended 31/12/2016. The term IFRS is used to refer to the International Financial Reporting Standards, the revised International Accounting Standards (IAS) and all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).
Please note that the IFRS accounting standards applied in drafting the half-year financial statements closed as at 30/06/2020 are those in force on that date and are compliant with those adopted for preparing the financial statements as at 31/12/2019, with the exception of as outlined in the paragraph "Changes in accounting standards".
For the purpose of preparing the accounting schedules, prevalence is given to the economic substance of transactions rather than to their legal form.
With reference to IAS 1, paragraphs 25 and 26, the Directors confirm that, in view of the economic prospects, the capitalisation and financial position of the Company, there is no uncertainty as the fact that the Group can operate as a going concern and that, consequently, in preparing the financial statements as at 30/06/2020, it should adopt accounting standards precisely under these terms.
In 2019, the requirements set forth in article 27 of Legislative Decree no. 127/1991 were met for the second year in a row, triggering the obligation to draft consolidated financial statements, previously prepared on a voluntary basis. As the parent company of subsidiaries, strictly linked in terms of the creation of value within the Group business and in connection with the AIM Italia Issuers' Regulation, MailUp has in any case prepared the consolidated annual financial statements already since 2014.

These half-year financial statements will be subject to limited statutory auditing by BDO Italia S.p.A., under the appointment made upon it for the period 2020-2022.

Consolidation standards applied in preparing the consolidated financial statements

The consolidated financial statements have been prepared consolidating the financial statements of the parent company on a line-by-line basis, and those of all companies in which the company directly or indirectly holds the majority of voting rights as at 30/06/2020 (line-by-line consolidation).
Companies are defined as subsidiaries when the parent company has the power, directly or indirectly, to manage them so as to obtain benefits from the exercise of said activities. The financial statements of subsidiaries are consolidated as from the date on which the Group acquires control of such and deconsolidated as from the date on which said control ceases.
According to the provisions of IFRS 3, the subsidiaries acquired by the Group are accounted for according to the acquisition method (purchase account).

The cost of acquisition corresponds to the current value of the assets acquired, shares issued or liabilities assumed as at the date of acquisition.
For the investment in the associated company, which is not very significant within the Group, it was decided to maintain the valuation of the financial statements at 31/12/2019 unchanged.
In preparing these consolidated financial statements, the items of the assets and liabilities, as well as income and expenses of the businesses included in the consolidation area, have been stated on a line-by-line basis.
The following have then been eliminated:

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

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

Subsidiaries consolidated on a line-by-line basis

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

Company name	City or foreign country	Share capital	Shareholders' equity	Net profit/(loss)	% held	Book value
MAILUP INC	UNITED STATES OF AMERICA	41,183	367,135	(43,245)	100	728,752
ACUMBAMAIL S.L.	SPAIN	4,500	117,813	89,715	100	1,092,658
MAILUP NORDICS A/S	DENMARK	67,001	800,659	(1,756)	100	800,000
AGILE TELECOM S.p.A.	CARPI (MO)	500,000	1,200,953	410,953	100	8,800,000
DATATRICS B.V.	THE NETHERLANDS	999	(1,344,750)	(642,757)	100	6,802,698
DATATRICS S.R.L.	MILAN	10,000	27,959	13,913	100	10,000
						18,234,108

For detailed information on the activities carried out by the subsidiaries and the strategic role within the MailUp Group, please consult the Report on Operations part of this Consolidated Half-Year Report in the section "The Group".

The consolidated half-year financial statements all refer to the closing date of the parent company corresponding to 30/06/2020.

Criteria for converting financial statements not prepared in Euros

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

- the assets and liabilities have been converted at exchange rates current as at 30/06/2020;
- the items of the income statement have been converted at average exchange rates for HY1 2020;
- the emerging exchange differences have been debited or credited to a specific reserve of consolidated equity named "Reserve from conversion differences";
- equity items are converted at historical exchange rates on the date of the first consolidation;
- where such exists, goodwill and adjustments to fair value connected with the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and converted at the exchange rate in force on the date of first consolidation.

The following are the exchange rates used:

	Exchange rate as at 30/06/2020	Average exchange rate HY1 2020	Exchange rate as at 31/12/2019	Average exchange rate HY1 2020
US Dollar	Euro 1.1198	Euro 1.1015	Euro 1.1234	Euro 1.195
Danish Krona	Euro 7.4526	Euro 7.4648	Euro 7.4715	Euro 7.4666

Source http://cambi.bancaditalia.it

Financial Statements and Alternative Performance Indicators (API)

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

If none of these three conditions is met, the assets/liabilities are classified as not current;
b) In the Income Statement, the positive and negative items of income are stated according to destination for the previous year. This choice is dictated by the greater ease of reading and comparability with respect to the financial statements of the other players in the same sector. In the reclassification adopted, revenues are segmented among the characteristic business lines, highlighting the different contribution of the individual components on the total volumes. Costs are divided into four macro areas: Cost of Goods Sold (COGS), or costs of providing the Group's core services, and costs relating to the main operating areas, Sales and Marketing (S&M), Research and Development (R&D), in addition to General Costs (G&A) for administrative and structure expenses. Depreciation and amortization is also related to the different business areas. The section analysing the contents of the Income Statement items illustrates in more detail the criteria followed in the economic reclassification adopted. Also for the purposes mentioned above, reference was made to EBITDA (Earnings Before Interest Taxes Depreciation Amortization), an economic value not defined in the IAS/IFRS accounting standards representative of an Alternative Performance Indicator (API), equal to the operating result net of tangible and intangible depreciation and amortization;
c) the Other Comprehensive Income highlights all changes to Other comprehensive profits/(losses) occurring during the period, generated by transactions other than those implemented with shareholders and in accordance with the specific IAS/IFRS accounting standards. The Company has chosen to show said changes in a separate statement with respect to the Income Statement. Changes in Other comprehensive profits/(losses) are stated net of the related tax effects, separately identifying, in accordance with IAS 1R in force as from 1 January 2013, the components intended to be reversed on the income statement in subsequent years and those for which there is no provision for any reversal on the income statement;
d) the Statement of Changes in Equity, as required by international accounting standards, provides separate evidence of the period result and all other changes not carried on the Income Statement, but instead allocated directly to Other comprehensive profits/(losses) on the basis of specific IAS/IFRS accounting standards and transactions with shareholders in their capacity as shareholders;
e) the Cash Flow Statement is prepared applying the indirect method.

Measurement criteria

The measurement criteria adopted by the Group, based on IAS/IFRS accounting standards, are consistent and substantially unchanged with respect to those applied in the annual financial statements as at 31/12/2019, with the exception of the following. For all other measurement criteria and accounting standards applied, please refer to the notes to the annual financial statements as at 31/12/2019 relating to the parent company, which can be consulted at the following link: https://www.mailupgroup.com/it/bilanci/.

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

Amendments to IAS 1 and IAS 8

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

Amendments to IFRS 9, IAS 39 and IFRS 7

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

Amendments to IFRS 3

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

ACCOUNTING STANDARDS, AMENDMENTS AND INTERPRETATIONS NOT YET APPLICABLE

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

- In May 2017, the IASB issued the new IFRS 17 "Insurance Contracts". The new standard will replace IFRS 4 and will be applicable from 1 January 2021.
- In January 2020, the IASB published some amendments to IAS 1 clarifying that the definition of "current" or "non-current" of a liability depends on the right existing at the reporting date. The amendments will apply from 1 January 2022.
- In May 2020, the IASB published an amendment to IFRS 16 that provides a practical expedient for the valuation of lease contracts, in the event that lease fees are renegotiated as a result of Covid-19. The lessee may choose to account for the concession as a variable fee during the period when a lower payment is recognized.

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

Disclosure on the book value of financial instruments

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

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

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

30/06/2020 MailUp S.p.A.

(Amounts in Euro)	Book value	Fair value	Fair value hierarchy
Other financial assets			
Other non-current financial assets	106,916	**106,916**	Level 3
Other current financial assets	490,195	**490,195**	Level 1

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

Potential liabilities

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

NOTES ON THE EQUITY, FINANCIAL AND ECONOMIC STATEMENTS

Assets

Non-current assets

Tangible Fixed assets (1)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
1,872,294	1,773,924	98,370

Plants and machinery

Description	30/06/2020	31/12/2019	Changes
Plants and machinery	90,468	108,185	(17,717)
Other assets	1,781,826	1,665,739	116,088
Total	**1,872,294**	**1,773,924**	**98,370**

"Other assets" include:

- expenses for the purchase of office furniture and furnishings for Euro 190,759, net of period depreciation;
- expenses for the purchase of electronic office machinery for Euro 674,265, net of period depreciation;
- expenses for the purchase and installation of signs, for Euro 452, net of period depreciation;
- expenses for the purchase of mobile telephones for Euro 1,764, net of period depreciation;
- expenses for improvements to third-party assets for Euro 904,198 to set up and customize the new Milan office, net of period depreciation;
- other tangible assets for Euro 10,388.

Right of Use

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
4,225,882	4,629,957	(404,075)

Description	31/12/2019	Period increases	Period decreases	Period amortization/ depreciation	30/06/2020
Office right of use IFRS 16	4,207,500	24,795		(417,638)	3,814,657
Car right of use IFRS 16	422,457	112,965		(124,197)	411,225
Balance as at 31/12/2019	**4,629,957**	**137,760**	**0**	**(541,835)**	**4,225,882**

On 01/01/2019 was the first-time adoption of the accounting standard IFRS 16 Leases. In the specific case of the Group, for office rental contracts, long-term vehicle leasing and rental contracts, with limited exceptions for short-term contracts or contracts of reduced value, it provides for the recognition of the Right of Use (RoU) acquired under non-current assets in the financial statements, as a balancing entry to the financial liability consisting of the present value of future lease fees.
The value of the Right of Use was determined by discounting the future lease fees provided for in the relevant contract at the time of first-time adoption of the accounting standard or subsequently at the time of signing new contracts or amendments to them. The marginal rate used for the homogeneous category of rental contracts for instrumental offices coincides with the rate applied to the parent company, on the occasion of a recent medium/long-term loan granted in its favour by the banking system, and is equal to 0.8% per annum. For vehicle lease and rental contracts, the average annual rate of the lease operations, equal to 3%, specified in the relative contracts, was chosen. As for other tangible and intangible assets, the amounts shown above are net of the related provision for amortization/depreciation of Euro 3,814,657 for leased offices and Euro 411,225 for leased vehicles, respectively. IFRS 16 requires that the Right of Use is amortized on a straight-line basis over the remaining life of the underlying contract.

Intangible Fixed assets (2)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
4,761,235	4,313,406	447,829

Description	30/06/2020	31/12/2019	Changes
Platform development	4,314,835	3,959,258	355,577
Third-party software	419,364	310,929	108,435
Trademarks	10,163	8,878	1,286
Other	16,871	34,342	(17,470)
Total	**4,761,235**	**4,313,406**	**447,829**

The item "Platform development" includes costs for the development of the MailUp platform, net of relevant amortization/depreciation; the same item includes costs for projects to develop the MailUp platform currently in progress, activities not yet completed and therefore not amortized yet. The capitalized developments relative to the BEE software should also be mentioned. This asset was conferred by the parent company to the subsidiary MailUp Inc, as from 31/12/2016.
"Third-party software" includes costs relative to software owned by third parties and the related costs of implementation and customization to the needs of the Group. The item "Trademarks" includes the expenses incurred for the deposit and protection of the MailUp trademark in Italy and in other countries considered strategic in commercial terms.

For an in-depth analysis of the new functionalities introduced in 2020 to the MailUp platform and to the BEE software as part of the research and development activities carried out by MailUp and other Group companies, please refer to the paragraph "Research and development activities" of the Report on Operations to the Consolidated Half-Year Report as at 30/06/2020, an integral part of these financial statements.

Goodwill (3)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
16,710,687	16,710,687	0

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

Description	30/06/2020
MailUp Inc	162,418
Acumbamail SL	464,923
MailUp Nordics A/S	485,636
MailUp Nordics / Globase	460,137
Agile Telecom SpA	8,256,720
Datatrics B.V.	6,801,699
Faxator goodwill	79,154
Total	**16,710,687**

Impairment testing of goodwill

The Directors verify the potential recovery of goodwill recorded in the consolidated financial statements at least once a year using specific assessments (impairment tests) on each Cash Generating Unit (CGU). Goodwill is calculated as the difference in purchase value of the equity in subsidiaries and shareholders' equity of the subsidiary at the time of first consolidation. In the specific case, the CGUs are represented by the specific subsidiary to which goodwill refers. The potential recovery of the investment is determined with reference to forecast cash flow.
As a result of the health crisis caused by the Covid-19 virus, mentioned several times in the Report on Operations, which is an integral part of this half-year report, and the negative economic impacts that have affected many of the Group's customers, despite the positive consolidated half-yearly results, some of the subsidiaries reported lower half-yearly performance than forecast in the 2020 budget, in particular Datatrics BV and Agile Telecom. For the latter, the Directors of the Parent Company verified the consistency of the assumptions made in the last annual financial statements for the 2020-2023 three-year plan underlying the impairment tests with respect to the new and more uncertain future scenarios, projecting the half-yearly results at 31/12/2020 and formulating ad

hoc assumptions until 2023 that take account of the changed economic climate. Agile Telecom is expected to recover, already in progress, the reduced margins of Q1 2020 and to maintain the income and financial outlook already tested positively in previous impairment tests, despite the sensitivity applied which, in the presence of high volumes of turnover, penalizes margins in a decidedly prudent sense, since no similar corrective assumptions are envisaged for operating costs. Also for Datatrics, the tests carried out based on updated assumptions did not require a review of the impairment results, even though there was sensitivity. The significant investments made to strengthen the sales and marketing organization included in the plan, which are related to the strategic value for the Group of the Datatrics business, were redistributed over time and a return to positive results is expected to be postponed by one year compared with the previous plan.
The other subsidiaries, in the presence of significantly lower goodwill values than in the previous cases, were in line with forecasts or showed contained declines that are not expected to affect realignment with respect to the previously formulated plans and the outcome of the related impairment.
The above analysis did not reveal any impairment losses with respect to the value of goodwill recorded in the financial statements.

Equity investments in associates and joint ventures (4)

Company name	Country	31/12/2019	Revaluations	Write-downs	Purchases	30/06/2020
CRIT Cremona Information Technology	Italy	119,229				119,229
Total		**119,229**				**119,229**

The amount booked amongst the assets of the balance sheet refers to the equity investment of MailUp in Consorzio CRIT (CRemona Information Technology). The Consortium does not prepare the half-year financial statements, therefore it was decided to keep the value of the shareholding unchanged compared to the end of the previous year.
The CRIT has allowed, as fundamental stimulus factor and meeting place for the players involved, not only consortium members but also the institutions, for the creation of the Digital Innovation Center in Cremona, the new building complex officially inaugurated on 10 June 2017, where the consortium members are established, including MailUp, which transferred there its operational and administrative office of Cremona in July 2017. Also the co-working space called Cobox, managed by the CRIT consortium, has been transferred to the Center.
All these initiatives refer to the strategic objectives of the CRIT, i.e. to enable synergies to be achieved between consortium members, develop services of mutual interest, both managerial and operative in nature (start-up incubator, common training structures, canteen, meeting rooms) and construct a centre of excellence that can generate new businesses and transfer economic opportunities and better quality of life for the local world of businesses and communities, deriving from the use of new communication and information technologies.

Other non-current assets (5)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
429,659	106,880	322,779

Description	31/12/2019	Increase	Decrease	30/06/2020
Receivables from associated companies	64,641			64,641
Receivables from others	5,806			5,806
Tax receivables due beyond 12 months	36,434	35		36,469
BPER pledge	0			322,743
Total	**106,880**	**322,779**	**0**	**429,659**

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

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

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

Deferred tax assets (6)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
1,306,371	1,116,143	190,228

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

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

Description	30/06/2020	31/12/2019
MailUp S.p.A.	618,751	717,796
Agile Telecom Spa	6,007	2,806
MailUp Inc	379,086	253,578
Datatrics BV	302,652	141,963
Datatrics Srl	(125)	0
Total	**1,306,371**	**1,116,143**

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

Current assets

Receivables from customers (7)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
8,926,201	11,291,536	(2,365,335)

Description	30/06/2020	31/12/2019	Changes
Receivables from customers	8,926,201	11,291,536	(2,365,335)
From associated companies	0		0
Total	**8,926,201**	**11,291,536**	**(2,365,335)**

Below is the breakdown of receivables by geographic area:

Receivables divided by geographic area	From customers	From associated companies	Total
Italy Customers	5,574,436		5,574,436
EU Customers	1,821,172		1,821,172
Non-EU Customers	1,530,593		1,530,593
Total	**8,926,201**	**0**	**8,926,201**

Other current assets (8)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
5,358,476	4,247,686	1,110,790

Description	30/06/2020	31/12/2019	Changes
Inventories	6,149	5,221	928
Tax receivables	2,612,657	1,383,144	1,229,513
Other receivables	1,603,741	1,804,934	(201,193)
Accrued income and deferred expenses	1,135,929	1,054,387	81,542
Total	**5,358,476**	**4,247,686**	**1,110,790**

The item “Receivables from others” includes the residual receivable from the Lombardy Region for the last tranche of the non-repayable grant on the Big Data Analytics project, in addition to the receivable accrued for the non-repayable grant on the New Innovative Multilateral Platform project, which is mentioned in detail in the Report on Operations. The item “Tax receivables” includes the Agile Telecom VAT credit of Euro 2,147,608 for 2019 and the first half of 2020, tax credits for personnel recruitment of Euro 65,239, tax credits for Research and Development of Euro 31,987, Agile Telecom IRES and IRAP credits for 2019 of Euro 318,691 and other receivables from the tax authorities for withholding tax of Euro 49,132.

Financial assets not held as fixed assets (9)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
490,195	490,998	(803)

The Group has allocated a fraction of the available liquidity that is not destined, in the short term, to finance the core business or other strategic projects, such as M&A transactions or research and development projects, in investment of shares listed on AIM Italia with a view to short-term disinvestment.
The investment was subsequently repaid on 08/07/2020 at a nominal value of Euro 500 thousand.

Cash and cash equivalents (10)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
9,911,569	8,946,689	964,881

The balance represents liquid funds and cash as well as valuables held as at 30/06/2020.

Liabilities

Group Shareholders' Equity

Share capital (11)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
374,276	374,276	0

The share capital of the parent company MailUp S.p.A. is entirely paid in and is represented as at 30/06/2020 by 14,971,046 ordinary shares with no par value, whose accounting parity comes to Euro 0.025 each.

Reserves (12)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
16,548,041	15,448,802	1,099,219

Description	Balance as at 31/12/2019	Increases	Decreases	Balance as at 30/06/2020
Share premium reserve	12,753,906			12,753,906
Legal reserve	80,000			80,000
Extraordinary reserve	3,417,945	2,195,912		5,613,857
Reserve for exchange rate adjustments	7,945	11,085		19,030
FTA reserve	(613,449)			(613,449)
OCI reserve	(252,931)	1,570	33,562	(284,923)
Reserve for treasury shares in portfolio	(259,023)	121,454	164,918	(302,487)
Merger surplus reserve	133,068			133,068
Translation reserve	(38,936)	12,654	2,373	(28,656)
Profits/losses carried forward	220,279	1,150,036	2,192,638	(822,323)
Total	**15,448,802**	**3,492,711**	**2,393,491**	**16,548,021**

The increase in the extraordinary reserve is determined by the parent company's profit for 2019 net of the allocation of Euro 11 thousand to the reserve for exchange rate adjustments. In addition to this is the positive effect of Euro 14 thousand resulting from the allocation of a portion of the MBO bonus through the allocation of treasury shares to MailUp employees and collaborators.
The FTA reserve was generated during the transition to the IFRS of the individual and consolidated financial statements.
The OCI reserve represents the effects deriving from the remeasuring of the defined benefit plans, as represented in the statement of comprehensive income.
The stock option reserve was reduced to zero following the completion of the relative incentive plan, as noted in the separate financial statements.
The negative reserve for treasury shares in the portfolio corresponds to the purchase price of treasury shares in the parent company held as at 30/06/2020.
The translation reserve expresses the net effect of the conversion in the consolidated financial statements of the financial statements of foreign subsidiaries held in currencies other than the Euro (MailUp Inc and MailUp Nordics/Globase).

Period result

The net HY1 result is positive and comes to Euro 404,989 with respect to Euro 410,922 as at 30 June 2019. For an in-depth analysis of the consolidated results, please refer to the specific section of the Half-Year Report on Operations, an integral part of these financial statements.

Non-current liabilities

Payables due to banks and other lenders (13)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
1,776,531	1,445,112	331,419

The item "Amounts due to banks" refers only to the parent company. Please refer to the following notes on current amounts due to banks for further information on their composition.

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

Long-term right of use liability (13)

Description	Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
Long-term office right of use liability	3,002,639	3,398,121	(395,482)
Long-term car right of use liability	172,366	230,386	(58,020)
Total	**3,175,005**	**3,628,507**	**(453,502)**

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

Other non-current liabilities (14)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
3,000,000	3,000,000	0

This item refers to the medium-term portion of the payable due to BMC Holding B.V., the seller of Datatrics B.V., for the cash portion of the purchase price and for the portion of the capital increase corresponding to the maximum amount, equal to Euro 3 million, of the variable earn-out fee that will be paid to the sellers when certain turnover thresholds are reached by 2022.

Provisions for risks and charges (15)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
22,167	200,000	(177,833)

Description	31/12/2019	Increases	Decreases	Reclassifications	30/06/2020
Provisions for Severance indemnity upon cession of office (TFM)	200,000	62,167	240,000		22,167
Total	**200,000**	**62,167**	**240,000**	**0**	**22,167**

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

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

Provisions for personnel (16)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
1,853,640	1,718,547	135,093

The change is as follows.

	31/12/2019	Increases	Decreases	Actuarial Gains/Losses	30/06/2020
Dismissal indemnity provision	1,718,547	201,973	78,108	11,228	1,853,640

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

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

Demographic hypotheses

As regards the demographic hypotheses, the ISTAT 2011 mortality tables were used and the INPS disability/invalidity tables.
As regards the probability of leaving work for reasons other than death, the turnover probabilities noted by the companies assessed over a time frame of observation deemed to be representative, were used; more specifically, annual frequencies of 10% were considered.

Economic-financial hypotheses

These regard the theoretical lines of remuneration, the technical interest rate, the inflation rate and the value adjustment rates of salaries and TFR.
The technical assessments were carried out on the basis of the hypotheses described below:

	30/06/2020
Annual technical discounting rate	0.70%
Annual inflation rate	1.50%
Annual comprehensive remuneration increase rate	2.50%

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

Deferred taxes (17)

Description	31/12/2019	Increases	Decreases	30/06/2020
Provision for deferred taxes	419,480	2,305		421,785
Total	**419,480**	**2,305**	**0**	**421,785**

The provision for deferred taxes relates to differences arising from the elimination of intercompany depreciation and amortization that arose in the consolidated financial statements and, in the majority of cases, to the differences recorded by MailUp Inc under amortization relating to the BEE Software asset for HY1 2020, and the same costs that are significant for tax purposes.

Current liabilities

Trade and other payables (18)

Description	30/06/2020	31/12/2019	Changes
Amounts due to suppliers	11,222,853	12,942,856	(1,720,003)
Amounts due to associates	20,749	20,749	(0)
Total	**11,243,602**	**12,963,604**	**(1,720,003)**

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

Payables divided by geographic area	To suppliers	To associated companies	Total
Italy	8,664,497	20,749	8,685,246
EU	1,767,284		1,767,284
Non EU	791,072		791,072
Total	**11,222,853**	**20,749**	**11,243,602**

Due to banks and other lenders short term (19)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
1,025,130	992,262	32,867

Description	30/06/2020	31/12/2019	Changes
Amounts due to banks - short-term	75,280	100,873	(25,593)
Short-term portion of loans	949,850	891,389	58,460
Total	**1,025,130**	**992,262**	**32,867**

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

Short-term right of use liabilities (20)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
1,070,912	1,017,635	53,277

Description	30/06/2020	31/12/2019	Changes
Short-term office right of use liabilities	829,411	818,165	11,246
Short-term car right of use liabilities	241,501	199,470	42,031
Total	**1,070,912**	**1,017,635**	**53,277**

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

Other current liabilities (21)

Balance as at 30/06/2020	Balance as at 31/12/2019	Changes
13,195,741	11,388,875	1,806,867

Below is the breakdown of Other current liabilities:

Description	30/06/2020
Advances	1,559
Tax payables	1,128,761
Amount due to social security institutions	439,135
Amounts due to Directors for emoluments	28,750
Amounts due to employees for salaries, holidays, permits and additional months' salaries	1,551,742
Payables for MBO bonuses	237,002
Amounts due to BMC Holding B.V. within 12 months	374,148
Accrued liabilities	2,380
Deferred income	9,432,264
Total	**13,195,741**

Tax payables mainly refer to withholdings applied to income from employment and autonomous work to be paid during the following period, as debt for direct taxes allocated and due and VAT. Amounts due to social security institutions mainly relate to various types of social charges to be paid during the following period with reference to the remuneration of the month of June, the thirteenth month's salary and holiday accrued and not taken. Amounts due to BMC Holding refer to the acquisition of Datatrics B.V., which has already been discussed with regard to the non-current portion of the same item. Deferred income: most of the revenues of MailUp come from recurring annual charges. MailUp collects the charges deriving from the e-mail service, but, on an accruals basis, only part of the charges are used to form the year's income, whilst the part not pertaining to it, i.e. the deferred income, is used as a basis for the following year's income. Other subsidiaries that offer their services with SaaS advance fees, such as Acumbamail, MailUp Inc, Datatrics and Globase, are also subject to the calculation of deferred income, albeit to a lesser extent as these fees are mainly monthly. Deferred income also relates to the SMS channel, in the event that, typically in MailUp, the sale is anticipated with respect to the actual use and sending by the customer. Compared to 31/12/2019, there was a significant increase in SMS deferred income mainly related to a customer of the subsidiary Agile Telecom. The latter purchased large packets of SMS in prepaid mode, of which it only partially benefited. Therefore, the related revenues were reversed and charged to this item.
The Group did not take advantage of measures to defer tax payments granted to companies to deal with the health crisis, with the exception of the Dutch subsidiary Datatrics B.V., which benefited from the deferral of the payment of VAT payables and related to employee taxation accrued in the first half of 2020 granted by the Dutch government. These amounts will be paid in six constant instalments by the end of 2020.

Income Statement

Revenues (22)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
31,690,470	29,310,449	2,380,021

Revenues from sales and services amounted to Euro 31.7 million, recording an increase of Euro 2.4 million (+8%) on the corresponding figure for HY1 2019.

Revenues by product type

Below are details of revenues according to product type.

Description	30/06/2020	30/06/2019	Changes
E-mail revenues	7,669,505	6,335,383	1,334,122
SMS revenues	21,466,413	20,837,289	629,124
Predictive marketing revenues	1,425,722	853,004	572,718
Professional services revenues	342,565	354,462	(11,897)
Other revenues	786,266	930,311	(144,046)
Total	**31,690,470**	**29,310,449**	**2,380,021**

Other revenues mainly refer to contributions on calls for tenders as well as contingent assets and income related to residual activities. For a more in-depth analysis of the economic results of the company, please refer to the specific section of the Report on Operations to this half-year report as at 30/06/2020.

COGS (Cost of goods sold) (23)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
21,913,438	20,768,146	1,145,292

The breakdown is as follows:

Description	30/06/2020	30/06/2019	Changes
Purchases	18,831,439	17,986,285	845,154
Services	1,364,075	1,046,889	317,186
Cost of rents and leases	5,695	10,128	(4,433)
Payroll cost	1,682,101	1,697,518	(15,417)
Sundry operating expenses	30,128	27,325	2,803
Total	**21,913,438**	**20,768,146**	**1,145,292**

The COGS are determined by the costs directly attributable to the provision of the services that represent the core business of the Group, i.e. the technological platforms and the services managed by the companies included in the scope of consolidation. This category includes the costs for the IT technological infrastructure, including the costs of the specific personnel, the costs of the areas directly involved in the provision of the service, for example the deliverability departments, help desk, the areas that deal with the personalization of services on customer request and other variable costs directly related to services sold to customers. The largely predominant part is represented by purchases to send text messages, about Euro 18.6 million, by Agile Telecom from external suppliers.

Sales & Marketing costs (24)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
3,006,142	2,131,175	874,967

The breakdown is as follows:

Description	30/06/2020	30/06/2019	Changes
Purchases	4,749	8,476	(3,727)
Services	1,013,568	558,679	454,889
Cost of rents and leases	5,226	2,873	2,353
Payroll cost	1,981,127	1,561,100	420,027
Sundry operating expenses	1,472	48	1,425
Total	**3,006,142**	**2,131,175**	**874,967**

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

Research & Development costs (25)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
1,215,385	813,005	402,380

The breakdown is as follows:

Description	30/06/2020	30/06/2019	Changes
Purchases	871	10,733	(9,862)
Services	220,077	130,030	90,047
Cost of rents and leases	807	10,364	(9,556)
Payroll cost	1,942,027	1,404,404	537,624
Capitalized payroll cost	(948,398)	(742,526)	(205,872)
Total	**1,215,385**	**813,005**	**402,380**

These costs relate to the research and development departments involved in the MailUp platform, the BEE service and the Agile Telecom SMS sending infrastructure. For purposes of greater clarity of exposure, the amount of capitalized payroll costs is recorded separately, then highlighting the resulting net cost in the Income Statement scheme adopted. The capitalization is carried out in relation to the future usefulness of the software development projects of the MailUp platform and the BEE editor. The research and development activity for the half-year subject of analysis is described in detail in the specific section of the Report on Operations.

General & administration costs (26)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
3,378,094	3,454,403	(76,308)

The breakdown is as follows:

Description	30/06/2020	30/06/2019	Changes
Purchases	46,639	99,366	(52,727)
Services	2,124,883	1,652,420	472,463
Cost of rents and leases	57,425	67,655	(10,230)
Payroll cost	1,002,121	874,975	127,146
Sundry operating expenses	147,027	759,987	(612,960)
Total	**3,378,094**	**3,454,403**	**(76,308)**

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

Amortization & Depreciation (27)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
1,648,984	1,333,997	314,987

Description	30/06/2020	30/06/2019	Changes
General amortization, depreciation and provisions	202,763	93,035	109,728
Amortization right of use	541,835	324,738	217,097
Amortization R&D	904,386	916,224	(11,838)
Total	**1,648,984**	**1,333,997**	**314,987**

Net Financial income/(charges) (28)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
(39,906)	(23,568)	(16,338)

The breakdown is as follows:

Description	30/06/2020	30/06/2019	Changes
Financial income	13,711	19,582	(5,871)
Financial expense	(40,730)	(34,479)	(6,251)
Exchange gains	27,805	2,504	25,301
Exchange losses	(40,692)	(11,175)	(29,517)
Total	**(39,906)**	**(23,568)**	**(16,338)**

The amount consists of interest income on bank current accounts and other remunerated deposits of liquidity, exchange rate gains and losses and interest expense on medium/long-term bank loans.
Financial expenses include the interest cost arising from the actuarial valuation in accordance with IAS 19R and the interest expense relating to the Right of Use financial liability of Euro 23 thousand calculated as per IFRS 16.

HY income tax (29)

Balance as at 30/06/2020	Balance as at 30/06/2019	Changes
(83,533)	(375,235)	291,702

Description	30/06/2020	30/06/2019	Changes
Current tax	(264,621)	(360,760)	96,140
Deferred tax	181,088	(14,475)	195,563
Total	**(83,533)**	**(375,235)**	**291,702**

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

Earnings per share (30)

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

Description	30/06/2020
Net profit attributable to shareholders	404,989
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	73,881
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	79,980
Weighted number of shares in issue	14,894,116
Basic earnings per share	**0.0272**

Diluted earnings per share are calculated as follows:

Description	30/06/2020
Net profit attributable to shareholders	404,989
Opening number of ordinary shares	14,971,046
Opening portfolio treasury shares	73,881
Opening shares potentially assignable	0
Closing number of ordinary shares	14,971,046
Closing portfolio treasury shares	79,980
Closing shares potentially assignable	0
Weighted number of shares in issue	14,894,116
Basic earnings per share	**0.0272**

Workforce

As at 30/06/2020, the Group had 250 employees, of whom 5 managers, 18 middle managers, 226 white-collar workers and 1 labourer.

Level of classification	Total number	%	Italy	United States of America	Spain	Denmark	The Netherlands
Labourers	1	1%	1				
White-collar workers	226	92%	167	11	8	3	37
Middle managers	18	5%	16		2		
Managers	5	2%	3	1		1	
Total	**250**	**100%**	**187**	**12**	**10**	**4**	**37**

Related party transactions

Transactions implemented by the Group with related parties, identified according to the criteria defined by IAS 2 - Related party disclosure - are carried out at arm's length. For further details in regard, including the table showing the details of the changes, please refer to the specific paragraph of the Half-Year Report on Operations as at 30/06/2020.

Fees to Directors and Auditors

Directors' fees, including the related contribution, came to Euro 650,424 in the half-year, whilst the fees to the Boards of Auditors, where present, came to Euro 22 thousand.

Fee to the independent auditing firm

Please note that - in accordance with letter 16-bis of article 2427 of the Italian Civil Code - the total amount of fees due to the independent auditing firm included in the Interim Report as at 30/06/2020 at consolidated level totalled Euro 22,782.

Disclosure regarding coordination and management activities

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

Subsequent events

Please refer to the specific section of the Report on Operations as at 30/06/2020, for further details on the matter.

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

Thank you for the trust placed in us.

Milan, 15 September 2020

The Chairman of the Board of Directors

Matteo Monfredini

MailUp S.p.A.

Independent Auditors' review report

Condensed consolidated interim financial statement
as of June 30th, 2020

MCP/VDL/cpo - RC037242020BD0275

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Independent Auditors' review report on condensed consolidated interim financial statements

To the Shareholders of
MailUp S.p.A.

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements comprising the statement of financial position as of June 30, 2020, the statement of comprehensive income, the statement of cash flow and the statement of changes in shareholders' equity for the period then ended and other explanatory notes of MailUp S.p.A. and its subsidiaries (hereinafter the "Mailup Group"). The directors of are responsible for the preparation of the condensed consolidated interim financial statements in accordance with International Accounting Standard applicable to interim financial reporting (IAS 34) adopted by the European Union. Our responsibility is to express a conclusion on this interim consolidated financial reporting based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements of Mailup Group as of June 30, 2020, is not prepared, in all material respects, in accordance with the *International Accounting Standard* applicable to interim financial reporting (IAS 34), as adopted by the European Union.

Milan, September 16th, 2020

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.

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