



**REPORT OF THE BOARD OF DIRECTORS OF ANTEVENIO,  
S.A. ON THE CAPITAL INCREASE THROUGH NON-  
MONETARY CONTRIBUTIONS AND PROPOSAL TO AMEND  
THE BY-LAWS**

July 20, 2020

## REPORT OF THE BOARD OF DIRECTORS OF ANTEVENIO, S.A. ON THE CAPITAL INCREASE THROUGH NON-MONEY CONTRIBUTIONS AND PROPOSAL TO AMEND THE BY-LAWS

### 1. Object of the report

The Board of Directors of Antevenio, S.A. (hereinafter, “**Antevenio**” or the “**Company**”) has considered it appropriate to propose to the General Shareholders' Meeting the approval of the capital increase in Antevenio by means of the contribution by ISP Digital, S.L.U. of 100% of the share capital of Rebold Marketing and Communication, S.L.U. (“**Rebold**”), held by it.

Pursuant to article 300 of the consolidated text of the Companies Act, approved by Legislative Decree 1/2010, of July 2, when a capital increase is paid in through non-monetary contributions it will be necessary that, at the time of the call of the General Meeting that must decide on its approval, a report from the directors is made available to the shareholders describing in detail the projected contributions, their value, the persons who will make them, the number and nominal value of the shares to be issued, the amount of the capital increase and the guarantees adopted for the effectiveness of the increase according to the nature of the assets in which the contribution consists.

Based on the foregoing, Antevenio's Board of Directors issues this report regarding the capital increase through non-monetary contributions and the consequent proposal to amend the Company's By-laws. This report will be made available to shareholders at the time of the call for the General Meeting and until it is held, for consultation at the registered office and will be published on the Company's corporate website.

### 2. Reasoning of the proposal

Antevenio is a company devoted to performance marketing and digital advertising. Antevenio creates and develops its own projects for its clients, from strategies to improve brand awareness and attract online clients to the creation of original thematic communities. The Company has been listed on the French alternative market Euronext Growth Paris since 2007.

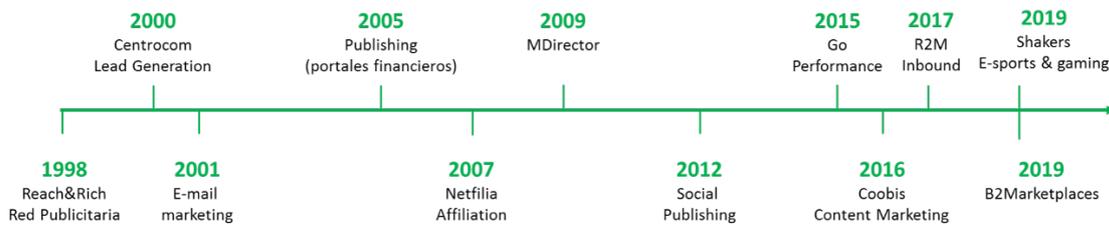
Rebold is a data-driven digital communication, marketing and advertising company that generates growth opportunities for brands based on a deep knowledge of consumers, marketing technologies and data ecosystems. Rebold has more than 1,300 active clients worldwide and operates through 3 areas: (i) *intelligence* (listening, monitoring and analysis of brands, media and consumers); (ii) *analytics* (data and information analysis, data science and creation of predictive models to optimize the return on investment in marketing and advertising); and (iii) *activation* (omni-channel activation strategies for digital advertising campaigns based on data and deep consumer knowledge to guarantee relevant and personalized messages).

The Company's Board of Directors considers that the contribution of Rebold's shares to Antevenio is undoubtedly positive for Antevenio's corporate interest for various reasons, which can be classified into four main groups: (i) increase in the offer of products; (ii) diversification of the type of clients; (iii) geographic expansion; and (iv) increase in the size and profitability of Antevenio.

**(i) Increase of the offer of products:**

From the analysis of the evolution of Antevenio in recent years it can be observed that it has followed a business model based on the creation or acquisition of small companies or business units with an important technological base (MDirector, Coobis, B2Marketplace, etc.) and in the agility to adapt to trends and changes in market evolution (see Chart 1).

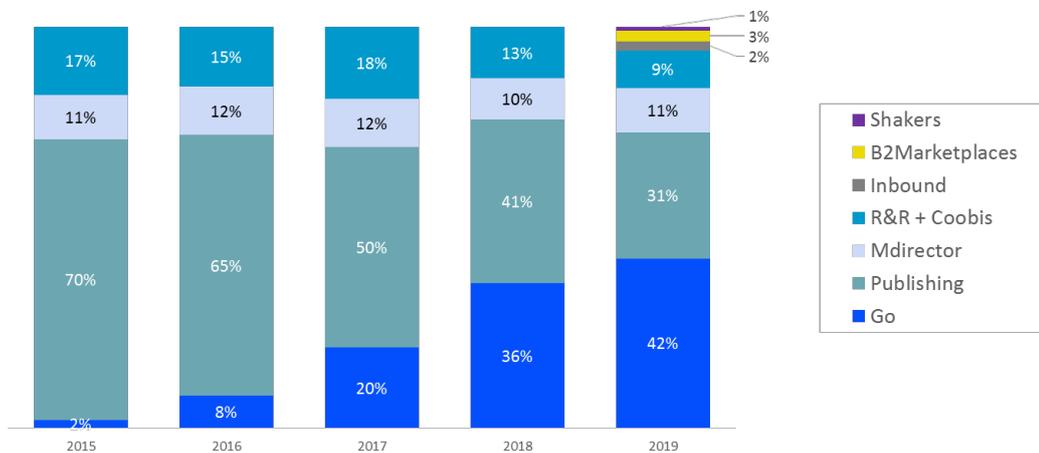
### Antevenio Timeline



**Chart 1.** Schedule of the creation of business units and acquisitions of Antevenio

In this sense, in 2015 publishing (the unit running vertical portals for database generation and user recruitment campaigns) represented 70% of Antevenio's gross margin, adnetwork (Rich & Reach) plus the branded content platform (Coobis) represented 17%, and the e-mail marketing platform (MDirector) represented 11% (see Chart 2). Antevenio's natural clients were the marketing agencies.

Evolution of the share of gross margin by business unit



**Graph 2.** Evolution of percentage of Antevenio's total gross margin by business unit from 2015 to 2019

Then, the market evolved and programmatic advertising appeared and captured market share over the direct agreements traditionally made by agencies, causing a sharp drop in Antevenio's traditional adnetwork business. Likewise, the publishing business was strongly affected by changes in Facebook's algorithm (which increased acquisition costs), changes in Gmail's inboxes policies (which affect email delivery rates) and subsequently the approval of a new, more

restrictive privacy and data protection legislation (General Data Protection Regulation<sup>1</sup>) that in practice caused a decrease in the business of lead acquisition. To compensate these sharp falls, Antevenio moved to a performance agency model by creating the subsidiary Antevenio Go. As a consequence, Antevenio Go grew significantly with respect to the publishing and adnetwork businesses, which stagnated (see Chart 1). This model worked correctly between 2016 and 2018, finding relevant niche markets with high margins in sectors such as banking in Mexico and NGOs in Spain. In addition, in 2017 Antevenio made the leap to the North American market through the takeover of the digital marketing agency React2Media. However, the clients of these markets (especially the NGOs) gradually became more sophisticated, which caused a reduction in margins and stagnation during 2018. As far as React2Media is concerned, it did not obtain the expected results and, as it has been said, at an EU level the entry into force of the GDPR in mid-2018 also significantly affected traditional businesses during that year and throughout 2019.

In 2019 Antevenio took over Shakers (agency specialized in e-sports and gaming) and B2Marketplace (agency specialized in online sales platforms) to seek new growth areas. They are novel units with potential, although their size is small and their development and growth are costing more than anticipated. In addition, in the second half of 2019, Mexico entered into an economic crisis and Antevenio's Mexican subsidiary, highly profitable until then, was strongly affected by the fall of the banking sector, a situation that persists to this day.

In short, despite the fact that Antevenio Go grew significantly between 2015 and 2019 (going from representing 2% of Antevenio's gross margin in 2015 to representing 42% in 2019), it has not been able to compensate the sharp and progressive decline in traditional businesses of publishing and adnetwork, which go from representing 87% of gross margin in 2015 to representing 40% in 2019. MDirector remains neutral without growth, React2Media is not performing well and the latest acquisitions of Shakers and B2Marketplace, still very small, are not able to compensate the stagnation of traditional businesses. In other words, Antevenio has difficulty growing and maintaining profitability margins.

That situation, which has worsened in 2020 as a consequence of the deep global economic crisis generated by the Covid-19, makes it imperative to quickly adopt forceful and disruptive solutions that allow Antevenio to ensure its continuity and future growth, taking advantage and maintaining at the same time the pillars of the business that undoubtedly remain valuable.

In this sense, the units, the business model and the characteristics of Rebold complement very well those of Antevenio for several reasons: at the product level, Rebold opted for programmatic advertising (*activation*) very early and has a history and relevant positioning in the market, which is a very good complement to reinforce Antevenio Go. Programmatic advertising generates high gross margins that would compensate the drop in gross margin in the Antevenio Go and publishing areas. In addition to the activation unit, Rebold would provide the *intelligence* unit (stable, profitable, with a significant and highly resilient market share) and the *analytics* unit, focused on data science, analytics, research and strategy (novel, technologically advanced and with great potential, mainly among the largest clients due to its capacity for big data and information analysis). The possibility of offering this additional list of services to Antevenio's clients represents an undoubted competitive advantage for Antevenio.

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<sup>1</sup> Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC

## **(ii) Diversification of customer typology**

Antevenio offers highly specialized products and services and has an extensive portfolio of clients, but with mostly low and medium tickets. Despite the complicated situation of the different units and the current economic crisis, a significant part of the portfolio has been maintained, although the average ticket has decreased significantly. The positive thing about a portfolio of these characteristics is that in times of increasing demand for a specific service, the portfolio is usually more resilient since the loss of a client does not put the entire business at risk, unlike businesses that are highly concentrated in few clients. However, in times of intense crisis, a portfolio based on mature products with declining demand can lead to the loss of a very significant number of clients at once and the small size of the average ticket makes it very difficult to gain enough clients to compensate significant portfolio losses in the short or medium term, having a very relevant impact on the business.

In this sense, Rebold could immediately provide access to a greater diversity of clients in such a way that there would be some units with low and more stable tickets (MD director of Antevenio; intelligence and managed services of Rebold) and others with higher tickets but with higher volatility (activation, analytics and anagram of Rebold). The Board of Directors of the Company considers that this diversity would allow Antevenio to adapt to the needs of the market more quickly and to grow in a more solid and scalable way.

At the end of 2019, Antevenio's Board approved exploring potential business collaborations with Rebold thanks to which specialized Rebold teams such as Strategic Planning, Data Science and Business Analytics have served Antevenio clients, generating new business and loyalty to current clients for € 500,000 in three months, which represented more than half of the income of the Antevenio unit in H1.

## **(iii) Geographical expansion:**

Rebold would strengthen Antevenio's presence in various geographical areas where it is hardly present or where its subsidiaries are experiencing difficulties. In this sense, in the United States, the contribution of React2Media to the business was discreet during 2017, 2018 and 2019, worsening its situation significantly in 2020. On the contrary, Digilant USA (subsidiary of Rebold) is the largest market of the Rebold group and probably the one with more growth potential. It also has a solid and experienced management team that in a very short time has evolved a business with significant shortcomings towards a profitable, efficient and competitive model. React2Media could therefore benefit significantly from the incorporation of Digilant USA to Antevenio and its full potential. In Mexico, the good performance of Anagram Mexico (Rebold's subsidiary) could help offset the sharp decline experienced by Antevenio Mexico since the end of 2019 and up to now, highly dependent on the banking sector, giving it access to new sectors. Finally, Rebold works well in Spain, so it would also bring greater diversity of clients and business volume to the Spanish market.

## **(iv) Increase in the size and profitability of Antevenio**

The integration of Rebold in Antevenio would also give rise to a significant increase in the size of Antevenio, noting that the report of the independent expert appointed by the Companies Registry gives Rebold a value 2,54 times higher than that of Antevenio. Even more important than the above is that Rebold's contribution to Antevenio would help increase Antevenio's average profitability by generating Rebold a higher average gross margin than Antevenio, more

affected by the slowdown in traditional businesses. In addition, profitability would also be increased by economies of scale and by possibly being able to reach better agreements with strategic suppliers.

If the projected contribution is not carried out, Antevenio would be forced to seek similar deals with other groups or to implement additional and severe adjustments in all areas, which would imply heavy investments (adjustments of equipment, investments in technology and product, closure of markets less profitable, etc.) and, therefore, the need to incur in indebtedness. On the contrary, the projected contribution would very possibly contribute to avoiding or mitigating many of these measures without having to incur in additional indebtedness and would allow Antevenio to face the challenges of the future with greater strength.

Pursuant to all the foregoing, the Company's Board of Directors proposes to execute a capital increase in the amount of 587,607.19 euros through a non-monetary contribution to be made by ISP DIGITAL, S.L.U. consisting of the entire capital stock of Rebold. The proposed capital increase will allow the aforementioned integration operation within the ISPDigital Group, of which ISP DIGITAL, S.L.U. is the parent company, currently holding 88.51% of the Company's capital stock and 100% of Rebold's capital. In any case, and without prejudice to the fact that the operation may be of interest to ISP DIGITAL, S.L.U. as a shareholder of Antevenio and parent company of the ISPDigital Group, the Board of Directors of Antevenio has considered the relevance and importance that this operation has exclusively from the perspective of Antevenio's corporate interest, which leads it to conclude on the basis of the foregoing considerations that this is a highly favorable and beneficial operation for the Company, constituting the most appropriate alternative among the measures that this Board must necessarily adopt to overcome the current situation and maintain the pace of growth and profitability of Antevenio.

### **3. Capital increase**

The Board of Directors of the Company proposes to execute the aforementioned capital increase by issuing and putting into circulation 10,683,767 new shares, represented by means of book entries, of the same nominal value, this is 0.055 euros each, which amounts to a total of 587,607.1850 euros, numbered from 4,207,496 to 14,891,262, both inclusive, of a single class and series and equal in rights to those already existing. The new shares will be created with a share premium of 1.2902184 euros per share, the total amount of premium being 13,784,392.8150 euros.

As a consequence, once the contribution has been made, Antevenio would become the owner of 100% of Rebold's shares.

### **4. Identity of the contributor**

The contributor in the proposed capital increase will be **ISP DIGITAL, S.L.U.**, a Spanish company with registered office at Rambla de Catalunya, number 123, mezzanine, (08008) Barcelona, with Tax Identification Number B-64321383 and registered in the Barcelona Companies Registry at volume 41,838, page 75 and sheet B-339194 (hereinafter, the "**Contributor**").

### **5. Description of the contribution**

The Contributor will make a disbursement of 14,372,000 euros through the contribution of the entire capital stock of **REBOLD MARKETING AND COMMUNICATION, S.L.U.**, a Spanish company with registered office at Rambla de Catalunya, number 123, mezzanine (08008) Barcelona, with Tax Identification Number B-59094870, registered in the Barcelona Companies Registry, volume 7,494, page 112 and sheet B-124,368, consisting of 142,089,165 shares of € 0.02 of nominal value each, equal, cumulative and indivisible, numbered from 1 to 142,089,165, both inclusive, fully subscribed and paid up.

The Contributor's ownership over all of said participations is recognized by virtue of a public deed of real ownership granted before the Notary of Barcelona Mr. Javier García Ruiz on September 19, 2019, with number 3.128 of his records.

## **6. Value of the projected contribution and methodology used**

The contribution will be valued for a total of 14,372,000 euros. The valuation has been made following the dynamic method, consisting of calculating the current net value of free cash flows based on the information contained in Rebold's business plan, prepared for this purpose by Antevenio. Pursuant to this method, the value of Rebold has been calculated based on the current value of the cash flows that it may generate in the future and that may be remunerated to the shareholders without jeopardizing the future operation. The value obtained from the application of this method is subject to the meeting the financial projections on which it is based.

Given that there is an opportunity cost in obtaining the flows, they have been discounted at an appropriate rate, which includes the opportunity cost of not investing said funds in an alternative investment of similar risk. Thus, the discount rate applied when valuing Rebold has consisted of an average of the costs of each of the financing sources.

Once the current value of the cash flows in the Rebold financial projections has been estimated, the residual value has been calculated, which reflects Rebold's value for the period explicitly projected, constituting a reflection of the average situation of Rebold thereafter. Following standard practices, said residual value has been calculated as the current value of a perpetual income from a normalized cash flow discounted at a discount rate and increasing indefinitely at a perpetual growth rate, taking into account the specific situation of Rebold as well as the situation of the sector.

Pursuant to this method, Antevenio's Board of Directors considers it is reasonable to set a value of 14,372,000 euros to 100% of Rebold's share capital to be contributed.

## **7. Counter value**

The Contributor will subscribe 10,683,767 new shares of the Company, of 0.055 euros of nominal value each, together with a share premium of 1.2902184 euros each, which implies a disbursement of 1.3452184 euros per share.

## **8. Guarantees**

Pursuant to the nature of the assets to be contributed in the proposed capital increase, the free transferability of the shares contributed has been verified through the Rebold Members Register Book, as well as by examining the public deeds of ownership of the shares. Likewise, it has been verified that all of them are fully disbursed and free of any charges or encumbrances, as a specific measure to guarantee the effectiveness of the proposed capital increase.

## 9. Proposal of amendment of By-laws

Consequently, the Shareholders Meeting of the Company will amend Article 5 of the By-laws relating to the share capital based on the newly issued shares actually subscribed and paid up in consideration for Rebold's shares actually contributed. The proposed new wording of article 5 of the By-laws is transcribed below:

### ***"Article 5.- Share capital***

*The share capital is EIGHT HUNDRED NINETEEN THOUSAND AND NINETEEN EUROS WITH FORTY-ONE HUNDREDTHS OF EURO (€ 819,019.41), fully subscribed and paid up, divided into FOURTEEN MILLION EIGHT HUNDRED AND NINETY-ONE THOUSAND TWO HUNDRED AND SIXTY-TWO (14,891,262) shares, represented by means of book entries, of 0.055 euros of nominal value each, numbered consecutively from 1 to 14,891,262, inclusive, all of which are of the same class and series and are fully subscribed and paid up.*

*The Company, in the manner regulated by the legal and administrative provisions, will not recognize the exercise of the political rights derived from its participation to those who acquire shares in violation of mandatory legal norms of whatever type or degree."*

## 10. Suppression of the pre-emption right

Pursuant to article 304 of the Companies Act and considering that the counter value consists of non-monetary contributions, the Company's shareholders will not have pre-emption rights on the shares to be issued under the capital increase.

## 11. Independent expert

On February 19, 2020, the Board of Directors of the Company requested the Madrid Companies Registry to appoint an independent expert to issue a report containing a detailed description of the contribution, as well as its value, expressing the criteria used and if it corresponds to the nominal value and the share premium of the shares that are issued in exchange for the purposes of article 67 of the Companies Act. In this regard, ETL GLOBAL AUDITORES DE CUENTAS, S.L. was designated by the Madrid Companies Registry as independent expert, whose report will be made available to the shareholders by publication at the time of the call of the General Meeting and uninterruptedly on the Company's corporate website until the Meeting is held.

\* \* \*

This report has been issued and approved by the Board of Directors of the Company at the meeting held on July 20, 2020, pursuant to articles 286, 296 and 300 of the Companies Act and those of the Companies Registry Regulations approved by Royal Decree 1784/1996, of July 19.