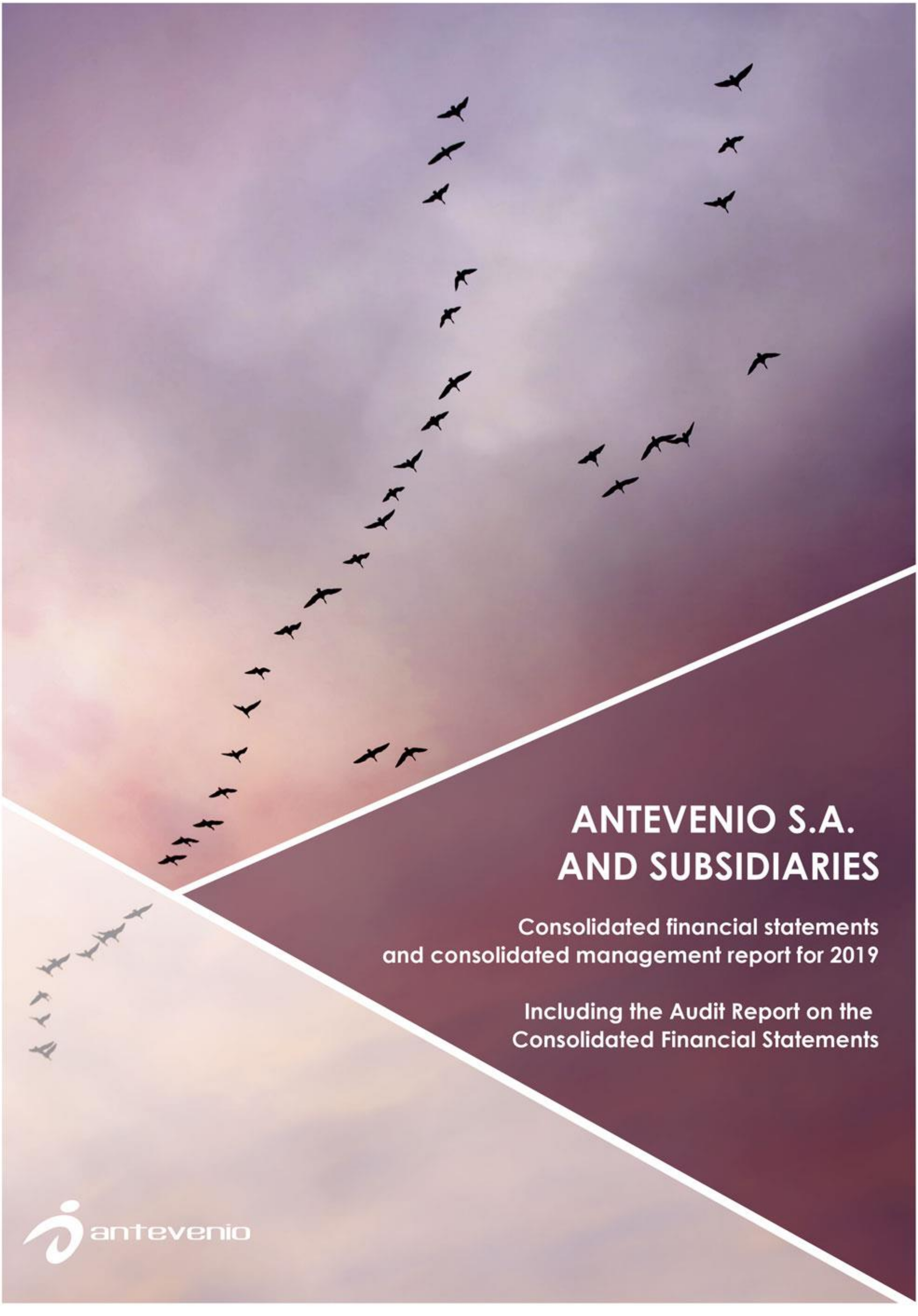

ANTEVENIO S.A. AND SUBSIDIARIES

Consolidated financial statements and consolidated management report for 2019

Including the Audit Report on the Consolidated Financial Statements

ANTEVENIO S.A.
AND SUBSIDIARIES

Consolidated financial statements and consolidated management report for 2019

Including the Audit Report on the Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

To the shareholders of Antevenio, S.A.

Opinion

We have audited the consolidated annual accounts of Antevenio, S.A. (the Controlling Company) and its subsidiaries (the Group) which comprise the statement of financial position as at 31 December 2019, the income statement, the statement of changes in equity, the statement of comprehensive income, the statement of cash flows and the notes to the annual accounts, all prepared on a consolidated basis, for the year ended on that date.

In our opinion, the accompanying consolidated annual accounts present, in all material aspects, a true and fair view of the net equity and the financial situation of the Group at 31 December 2019, and of the results of its operations and its cash flows, on a consolidated basis, for the period ended on that date, in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and the rest of the regulations reflected in the financial reporting framework applicable in Spain.

Basis for Opinion

We have carried out our audit in accordance with the current Spanish standards for auditing accounts. Based on those standards, our responsibilities are set out below in the section *Auditor´s responsibilities for the audit of the consolidated annual accounts* of our report.

We are independent of the Group in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, as required by the regulations governing the auditing of annual accounts. In this regard, we have not provided any services different to the audit of the annual accounts and no situations or circumstances have arisen that, based on the aforementioned regulations, might have affected the required independence in such a way that it could have been compromised.

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

Key audit matters

The key audit matters are those that, in our professional judgement, were considered as the most significant risks of material misstatement in our audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that the risks described below are the most significant risks considered in the audit that must be stated in our report.

Revenue Recognition

The revenue recognition is a significant area and susceptible to material misstatement, particularly at the end of the year in relation to its adequate cut-off.

As part of our audit procedures to mitigate this risk we have performed, among others, an evaluation of the controls on the revenue recognition process, tests of detail of a sample of income billed throughout the year 2019, analytical procedures on the movements of the period, carrying out an analysis on the credit notes issued after period end, obtaining external confirmations for a sample of customers outstanding balance and carrying out, when appropriate, alternative procedures through receipts for subsequent collection or documentation supporting the billing at the period end.

Goodwill Impairment

As indicated in note 5 of the consolidated annual accounts, the Group's consolidated assets includes Goodwill amounting to 11.234 thousand euros, broken down into seven cash-generating units, corresponding to the subsidiaries that generate them. We have considered this area as relevant in our audit, given that in the impairment assessment of these goodwill are included projections of future cash flows prepared by the Group, including estimates of future sales and results, discount and growth rates estimated in perpetuity.

Our audit procedures have included, among others, the understanding of the Group's allocation process of the Goodwill to the corresponding cash generating units, the understanding of the Group's procedure to identify indications of impairment, as well as the understanding of the procedure followed by the Management to obtain the information that has served as the basis for the calculation of the recoverable value and the assumptions used. We have analyzed the projections of cash flows made, and we have reviewed the consistency with previous models from previous years analyzed by specialists from our firm in regards to the review of aspects related to the valuation methodology used, the mathematical review of the model and the analysis of reasonableness of the most relevant hypotheses.

Other information: Consolidated Report of the Directors

The other information relates exclusively to the consolidated Report of the Directors for the period ended 31 December 2019. The directors of the controlling company are responsible for preparing this report, which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated Report of the Directors. In accordance with the regulations governing the auditing of accounts, our responsibility regarding the consolidated Report of the Directors includes evaluating and reporting on the consistency of the consolidated Report of the Directors with the consolidated annual accounts, based on the knowledge of the Group obtained during our audit of those accounts, excluding any information different to that obtained as evidence during our audit. Furthermore, our responsibility includes evaluating and reporting on whether the content and presentation of the consolidated Report of the Directors meet the requirements of the applicable regulations. If, as a result of our work, we conclude that there are material misstatements, we are required to report that fact.

On the basis of the work performed, as described in the preceding paragraph, the information reflected in the consolidated Report of the Directors is consistent with that of the 2019 consolidated annual accounts, and, the content and presentation meet the requirements of the applicable regulations.

Responsibility of the directors concerning the consolidated annual accounts

The directors of the controlling Company are responsible for drawing up the attached consolidated annual accounts, so that they show a true and fair view of the net equity, the financial situation and the consolidated results of the Group, in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and the rest of the regulations reflected in the financial reporting framework applicable in Spain, and for such internal control that they consider necessary to enable the preparation of consolidated annual accounts that are free from material misstatements, whether due to fraud or error.

When drawing up the consolidated annual accounts, the directors of the controlling Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and the use of the the going concern basis, unless the directors intend to liquidate the Group or to cease its operations, or whether there is no other realistic alternative.

Auditor´s responsibilities for the audit of the consolidated annual accounts.

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the current Spanish regulations for auditing accounts will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with current Spanish regulations for auditing accounts, we exercise our professional judgement and we maintain an attitude of professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts, due to fraud or error, design and perform audit procedures to respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may imply collusion, forgery, deliberate omissions, intentionally incorrect representations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the controlling Company.
- Conclude on the appropriateness of the directors of the controlling Company's use of the going concern basis of accounting and, on the basis of the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to this in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We

are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the controlling Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated to the directors of the controlling Company, we determine those matters that were most significance in the audit of the consolidated annual accounts of the current period and are, therefore, the key audit matters.

We describe these matters in our auditor's report unless law or regulations prohibit public disclosure of the matter.

Grant Thornton, S.L.P., Sociedad Unipersonal

ROAC nº S0231

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Alfredo González del Olmo

ROAC nº 18863

15 April 2020

ANTEVENIO S.A. AND SUBSIDIARIES

Consolidated financial statements and consolidated management report for 2019

CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED MANAGEMENT REPORT FOR 2019

ANTEVENIO S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED MANAGEMENT REPORT FOR 2019

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2019
(in Euros)

ASSETS	Note	2019	2018(*)
Property, plant and equipment	6	1,456,956	266,226
Consolidation goodwill, both equity and fully consolidated cos.	5	11,216,564	10,219,054
Intangible assets	7	913,714	442,351
Non-current financial assets	9	126,463	121,371
Deferred tax assets	16	2,094,135	1,812,973
NON-CURRENT ASSETS		**15,807,832**	**12,861,974**
Trade and other receivables	9	6,305,579	8,254,292
Trade receivables, Group companies	9 and 24	589,466	604,941
Other current assets	9	223,808	254,408
Receivables from Public Entities	16	359,147	174,765
Prepaid expenses		39,560	99,357
Cash and cash equivalents	9	3,034,129	5,611,926
CURRENT ASSETS		**10,551,689**	**14,999,688**
TOTAL ASSETS		**26,359,521**	**27,861,663**

(*)Re-expressed accounts(See note 2.g)

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2019

(in Euros)

EQUITY AND LIABILITIES		2019	2018(*)
Share capital		231,412	231,412
Share Premium		8,189,787	8,189,787
Treasury shares		-	(114,300)
Legal reserve		46,282	46,282
Reserves from fully consolidated companies		6,365,516	5,650,904
Profit/(Loss) for the year attributable to the Parent Company		(1,573,277)	2,231,325
Other equity instruments	14	-	225,329
External Partners		(31,523)	
Translation differences	13	(34,022)	(204,919)
Equity attributable to the Parent Company	14	**13,225,698**	**16,255,820**
Equity attributed to external partners		**(31,523)**	
Equity	13	**13,194,175**	**16,255,820**
Non-current payables, debts with financial institutions	10	73,881	6,343
Other non-current payables	10	1,205,725	705,402
Other non-current liabilities	10 and 25	2,273,829	1,926,629
Provisions	18	199,699	204,459
Deferred tax liabilities	16	14,905	18,701
Non-current liabilities		**3,768,039**	**2,861,534**
Current payables, debts with financial institutions	10	184,779	256,800
Other current payables	10	563,057	-
Current payables to Group companies	24	366,778	633,665
Trade and other payables	10	5,225,917	4,802,622
Suppliers, Group companies	24 and 10	281,093	174,446
Other financial liabilities	10	207,539	181,478
Personnel, salaries payable	10	677,699	341,236
Public Entities, payables	16	1,474,943	2,172,020
Unearned income		395,941	8,235
Other current liabilities	2, 10	19,560	173,807
Current liabilities		**9,397,307**	**8,744,308**
Total equity and liabilities		**26,359,521**	**27,861,663**

(*)Re-expressed accounts(See note 2.g)

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2019

(in Euros)

PROFIT AND LOSS	Note	2019	2018(*)
Revenue	17.a	**25,223,385**	**29,526,962**
Work carried out by the company for assets		**304,322**	**137,950**
Operating grants taken to income		**81,384**	**37,755**
TOTAL OPERATING INCOME		**25,609,091**	**29,702,668**
Supplies	17.b	**(11,308,853)**	**(12,414,401)**
Personnel expenses	17.c	**(11,376,340)**	**(10,504,413)**
Wages and salaries		(9,342,377)	(8,642,415)
Employee benefit expense		(2,033,963)	(1,819,694)
Amortization and depreciation		**(728,853)**	**(351,082)**
Depreciation of property, plant and equipment	6	(595,943)	(101,840)
Amortization of intangible assets	7	(132,909)	(249,242)
Other operating expenses		**(3,553,860)**	**(3,563,796)**
External services	17.d	(3,010,584)	(3,279,202)
Impairment losses on assets	9.2	(543,276)	(284,594)
Other income / (loss)		**(3,484)**	**-**
TOTAL OPERATING EXPENSES		**(26,971,390)**	**(26,833,692)**
OPERATING PROFIT / (LOSS)		**(1,362,300)**	**2,868,976**
Finance income	17.e	7,330	2,840
Finance income, Group companies		-	-
Translation differences, gains	11	164,794	133,349
TOTAL FINANCE INCOME		**172,124**	**136,190**
Finance expenses	17.f	(98,329)	(78,643)
Finance expense, Group companies		(7,752)	-
Translation differences, losses	11	(174,028)	(180,981)
TOTAL FINANCE EXPENSES		**(280,109)**	**(259,625)**
NET FINANCE INCOME/(EXPENSE)		**(107,986)**	**(123,435)**
PROFIT / (LOSS) FROM CONTINUING OPERATIONS		**(1,470,285)**	**2,745,541**
CONSOLIDATED PROFIT / (LOSS) BEFORE TAX		**(1,470,285)**	**2,745,541**
Income tax expense	16	(56,879)	(443,613)
Taxes and other		(59,939)	(70,603)
CONSOLIDATED PROFIT / (LOSS) FOR THE YEAR		**(1,587,103)**	**2,231,325**
Result attributed to partners minority interests		(13,826)	
PROFIT/(LOSS) ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE PARENT COMPANY		**(1,573,277)**	**2,231,325**
Earnings/loss per share			
Basic		(0.38)	0.58
Diluted		(0.38)	0.58

(*)Re-expressed accounts(See note 2.g)

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
(in Euros)

STATEMENT OF CASH FLOWS	Note	2019	2018(*)
CASH FLOWS FROM OPERATING ACTIVITIES (A)		**(462,335)**	**2,339,851**
Profit / (Loss) before taxes		(1,470,285)	2,936,178
Adjustments for:			
+ Depreciation and amortization	6 and 7	728,853	351,082
+ / - Impairment losses	10.2	543,276	284,594
+ / - Grants taken to P&L		(81,384)	(37,755)
- Finance income	17	(7,330)	(2,840)
+ Finance expense	17	98,329	78,643
+/- Translation differences	12	9,234	47,632
+/- Other income and expenses	17	(385,706)	(6,908)
+/- Other taxes	17	(59,939)	(70,603)
Changes in operating assets and liabilities:			
Changes in receivables		1,491,639	(234,412)
Changes in payables		529,943	(770,249)
Changes in other current assets		(153,943)	31,012
Changes in other non-current liabilities		63,741	23,370
Changes in other current liabilities		(213,733)	584,397
Other non-current assets		(286,254)	(554,926)
- Income tax paid		(1,177,960)	(243,560)
Interest paid (-)		(98,329)	(78,643)
Interest received (+)		7,330	2,840
CASH FLOWS FROM INVESTING ACTIVITIES (B)		**(939,589)**	**(105,531)**
Investments in intangible assets	7	(452,665)	(169,735)
Investments in property, plant and equipment	6	(170,891)	64,204
Business combinations	25	(316,660)	-
CASH FLOWS FROM FINANCING ACTIVITIES (C)		**(1,346,749)**	**(1,905,888)**
Changes in debt to other entities		(4,483)	14,159
Dividends paid	3	(1,262,249)	(1,262,249)
Interest on other equity instruments (-)		(80,017)	(657,799)
EFFECT OF FOREIGN EXCHANGE RATES FLUCTUATIONS (D)		**170,896**	**64,477**
Net increase/decrease in cash and cash equivalents (E=A+B+C+D)		**(2,577,798)**	**392,908**
Cash and cash equivalents at beginning of period (F)		**5,611,926**	**5,219,018**
Cash and cash equivalents at end of period (G=E+F)		**3,034,129**	**5,611,926**

(*)Re-expressed accounts(See note 2.g)

ANTEVENIO S.A. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

(in Euros)

	Notes	31/12/2019	31/12/2018
PROFIT / (LOSS) FOR THE PERIOD		**(1,587,103)**	**2,421,962**
Income and expense directly recognized in equity:		**-**	**-**
Translation differences		170,896	64,477
TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY		**170,896**	**64,477**
Transfers to Profit and Loss Account:		**-**	**-**
TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT		**-**	**-**
TOTAL RECOGNIZED INCOME AND EXPENSE		**(1,414,606)**	**2,486,439**
Attributable to the Parent Company		**(1,414,606)**	**2,486,439**
Attributable to minority interests		**(13,826)**	**-**

ANTEVENIO S.A. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019
(in Euros)

	Registered Capital	Share Premium	Reserves and Profit/(Loss) for the period	(Parent Company Shares)	Distribution of dividends	Other equity instruments	Translation differences	External Partners	Total
Balance at 31/12/2017	**231,412**	**8,189,787**	**6,786,606**	**(513,805)**	**-**	**1,022,700**	**(269,395)**		**15,447,305**
Adjustments for errors, 2017 (Note 2 e)	**-**	**-**	**-**	**-**	**-**	**-**	**-**		**-**
Balance at 01/01/2018	**231,412**	**8,189,787**	**6,786,606**	**(513,805)**	**-**	**1,022,700**	**(269,395)**		**15,447,305**
Recognized income and expense (note 17)	**-**	**-**	**2,421,962**	**-**	**-**	**-**	**64,477**		**2,486,439**
Other non-current assets	-	-	(6,908)	-	-	-	-		**(6,908)**
Transactions with Parent Company shares (note 14)	-	-	-	399,505	-	(752,700)	-		**(353,195)**
Dividends (Note 12.5)	-	-	(1,262,249)	-	-	-	-		**(1,262,249)**
Balance at 31/12/2018	**231,412**	**8,189,787**	**7,883,840**	**(114,300)**	**-**	**270,000**	**(204,918)**		**16,255,820**
Adjustments for errors, 2018 (Note 2 e)	**-**	**-**	**82,950**	**-**	**-**	**(44,671)**	**-**		**38,279**
Balance at 01/01/2019	**231,412**	**8,189,787**	**7,966,790**	**(114,300)**	**-**	**225,329**	**(204,918)**		**16,294,099**
Recognized income and expense (note 17)	-	-	**(1,573,277)**	**-**	**-**	**-**	**170,897**	**(13,826)**	**(1,416,206)**
Other non-current assets	-	-	(248,072)	-	-	-	-		(248,072)
Adquisicion mayor porcentaje de participacion	-	-	-	-	-	-	-	(17,697)	(17,697)
Transactions with Parent Company shares (note 14)	-	-	(44,671)	114,300	-	(225,329)	-		(155,700)
Dividends (Note 12.5)	-	-	(1,262,249)	-	-	-	-		(1,262,249)
Balance at 31/12/2019	**231,412**	**8,189,787**	**4,838,521**	**-**	**-**	**-**	**(34,021)**	**(31,523)**	**13,194,175**

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ANTEVENIO S.A. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

NOTE 1. GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATED COMPANIES

1.1) Parent Company; particulars and activity

a. Incorporation and registered address

Antevenio, S.A. (hereinafter the Parent Company) was incorporated as a private company on 20 November 1997, with the name "Interactive Network, SL" in Spain; subsequently, the Company converted into public and changed its name to "I Network Advertising, S.A." on 22 January 2001. On 7 April 2005, the General Meeting of Shareholders approved the change of the Company's name to its current one.

Its registered address is at C/ Marqués de Riscal, 11, planta 2ª, Madrid.

The Company, the main shareholders of which are listed in note 12, is controlled by ISP Digital, S.L.U., this being the ultimate parent company of the Group.

b. General information

The Consolidated Financial Statements of Antevenio Group have been prepared and authorized by the Board of Directors of the Parent Company.

These Consolidated Annual Accounts are presented in euros, which is the functional currency of the Company. All the amounts are presented in euros unless indicated otherwise.

c. Activity

Its activity consists in those activities that, according to the existing provisions on advertising, are typical of general advertising agencies; accordingly the Company may execute all manner of acts, contracts and transactions and, in general, take all measures directly or indirectly conducive to, or deemed necessary or convenient for the accomplishment of the aforementioned corporate purpose. The activities comprised within its corporate purpose may be performed, entirely or partly, by the parent Company, either directly or indirectly through its interests in other companies with an identical or similar purpose.

Antevenio, S.A. shares are listed on the French alternative stock market Euronext Growth. The company's shares were first admitted to trading on the French alternative stock market Euronext Growth in 2007.

d. Financial Year

The Parent Company's financial year covers the period from January 1 to December 31 of each calendar year.

1.2) Subsidiaries

The details of the subsidiaries included within the consolidation perimeter are as follows:

Company	Percentage of Ownership 31/12/2019	Percentage of Ownership 31/12/2018	Carrying Value
Mamvo Performance, S.L.U.	100%	100%	1,577,382
Marketing Manager Servicios de Marketing, S.L.U.	100%	100%	199,932
Antevenio S.R.L.	100%	100%	5,027,487
Antevenio ESP, S.L.U.	100%	100%	27,437
Antevenio France S.R.L.	100%	100%	2,000
Código Barras Networks S.L.U (**)	100%	100%	145,385
Antevenio Argentina S.R.L. (*)	100%	100%	341,447
Antevenio México S.A de C.V	100%	100%	1,908
Antevenio Publicité, S.A.S.U.	100%	100%	3,191,312
Antevenio Rich & Reach, S.L.U.	100%	100%	3,000
React2Media, L.L.C. (1)	60%	51%	2,464,000
Foreseen Media S.L. (1)	70,4%	-	67,420
B2Marketplace Ecommerce Consulting Group, S.L. (1)	51%	-	2,275,546

Holdings in the capital of these subsidiaries are held by the Parent Company, except:

(*) Holding held by Mamvo Performance, S.L.U. and Antevenio ESP, S.L.U. (75% and 25% respectively).

(**) Holding held by Antevenio, Rich & Reach, S.L.U.

(1) See Note 25 Business combinations.

Companies where the Company holds a majority of voting rights have been fully consolidated as subsidiaries. These companies have also fiscal years ending on 31 December each year.

There are no Subsidiaries excluded from consolidation.

During fiscal year 2019, the changes in the consolidation perimeter correspond to the acquisitions on 20 February 2019 and 7 October 2019 of the Spanish companies Foreseen Media, S.L. and B2Marketplace Ecommerce Consulting Group, S.L. (Note 25). There were no changes to the consolidation perimeter in 2018.

The main features of the subsidiaries are as follows:

Company	Incorporation Year	Registered Address	Corporate Purpose
Mamvo Performance, S.L.U.	1996	C/ Marqués de Riscal, 11 2ª Planta 28010 Madrid	Online advertising and direct marketing for the generation of useful contacts.
Marketing Manager Servicios de Marketing, S.L.U.	2005	C/ Marqués de Riscal, 11 2ª Planta 28010 Madrid	Advice to commercial communication-related companies.
Antevenio S.R.L.	2004	Viale Francesco Restelli 3/7 20124 Milano	Advertising and Marketing on the Internet.
Antevenio ESP, S.L.U.	2009	C/ Marqués de Riscal, 11 2ª Planta 28010 Madrid	Advertising, online advertising and e-commerce operation services through electronic means.
Antevenio France, S.R.L.	2009	62B Rue des Peupliers 92100 Boulogne Billancourt, France.	Advertising and promotional services on the Internet, research, distribution and provision of services in the field of advertising and marketing on the Internet.
Código Barras Networks S.L.	2010	C/ Marqués de Riscal, 11 2ª Planta 28010 Madrid	Its corporate purpose is the marketing of advertising space in products' search engines, price comparators and contextual windows that the Company implements, manages and maintains on the Internet.
Antevenio Argentina S.R.L.	2010	Esmeralda 1376 piso 2 Ciudad de Buenos Aires Argentina	Commercial brokerage, marketing and advertising services.
Antevenio México, S.A. de CV.	2007	Calle Parral 41 Colonia Condesa Delegacion Cuauhtemoc Ciudad de Mexico	Other advertising services.
Antevenio Publicité, S.A.S.U.	2008	62B Rue des Peupliers 92100 Boulogne Billancourt, France.	Advertising and promotional services on the Internet; research, distribution and provision of services in the field of advertising and marketing on the Internet.
Antevenio, Rich & Reach, S.L.U.	2013	C/ Marqués de Riscal, 11 2ª Planta 28010 Madrid	Internet services, especially in the field of online advertising.
React2Media, L.L.C.	2008	35W 36th St New York	Online marketing services
Foreseen Media S.L.	2017	C/ Marqués de Riscal, 11 2ª Planta 28010 Madrid	Marketing sectors and content creation in the eSports and gaming sector
B2Marketplace Ecommerce Consulting Group, S.L	2017	C/ Marqués de Riscal, 11 2ª Planta 28010 Madrid	Company specialised in optimising and improving the presence of brands, manufacturers and distributors on digital platforms

NOTE 2.BASIS OF PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

a) Application of International Financial Reporting Standards (IFRS)

These consolidated financial statements have been prepared in consistence with the provisions of the International Financial Reporting Standards, as adopted by the European Union in accordance with Regulation (CE) No. 1606/2002 of the European Parliament and the Council (IFRS-EU), taking into account all compulsory applicable accounting policies, standards and measurement criteria that a significant impact. Since 2006 the Company has prepared its Consolidated Financial Statements pursuant to the International Financial Reporting Standards (IFRS-UE); shares of the Company were admitted to trading on the French alternative stock market Euronext Growth in 2007 (see Note 1).

Accounting policies and measurement principles applied by Directors in preparing these consolidated financial statements consolidated are summarized in Note 4. The Directors of the Parent Company are responsible for the presentation of the Group´s consolidated financial statements.

In accordance with the provisions of IFRS-EU, the Consolidated Financial Statements include the following Consolidated Statements for the year ended 31 December 2019:

- Consolidated Statement of Financial Position
- Consolidated Profit and Loss Account
- Consolidated Statement of Comprehensive Income
- Consolidated Statement of Changes in Equity
- Consolidated Statement of Cash Flows.
- Consolidated financial statements.

During 2019 the following new and amended accounting standards have come into force, accordingly these standards have been taken into account in the preparation of these Consolidated Financial Statements:

1. Standards and interpretations approved by the European Union, applied for the first time in the Consolidated Annual Accounts of 2019.

Accounting policies having entered into force in 2019 are as follows:

		Effective Date (financial years beginning on):
Clarifications to IFRS 9	Financial instruments	1 January 2019
CINIIF 23	Uncertainty about the treatment of income tax	1 January 2019
Amendments to IFRS 28	Long-term interests in associated companies and joint ventures.	1 January 2019
Amendments to IFRS 19	Modification, reduction or liquidation of plans.	1 January 2019
IFRS 16	Leases	1 January 2019

In addition to the foregoing, the following accounting policies will enter into force in 2020:

		Effective Date (financial years beginning on):
Conceptual framework	Amendments to the references to the conceptual framework of the IFRS standards	1 January 2020
IAS 1 and IAS 8	Amendments to IAS 1 and 8: Stock definition	1 January 2020
IFRS 3	Amendments to IFRS 3 Business combinations	1 January 2020
IFRS 9, IAS 39 y IFRS 7	Amendments in the IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform	1 January 2021

In 2019 and 2018, the Group applied the following new international standards:

IFRS 9 Financial Instruments

The new IFRS 9, published in July 2014, establishes the requirements for recognition, classification and measurement of financial assets, financial liabilities and certain purchases or sales agreements of non-financial items. This standard replaces IAS 39.

The Group has retroactively adopted the requirements of the new standard with the first date of application being 1 January 2018, opting to not restate the numbers corresponding to comparative periods.

i) Classification and measurement

IFRS 9 introduces a new classification approach depending on the characteristics of the contractual cash flows of financial assets and the business model in which said assets are managed, establishing three categories for assessment:

-At amortized cost.
-At fair value with changes in other comprehensive income

-Fair value with changes in the Consolidated Profit and Loss Account

There are also two options for irrevocable designation in the initial recognition:

-It is possible to choose to present in other comprehensive income the subsequent changes in the fair value of certain investments in financial instruments, in such a way that subsequently only dividends are carried over into income.

-A financial asset can be designated to be assessed at fair value changes in Consolidated Profit and Loss Account if in this way an accounting misalignment can be reduced or eliminated.

It also establishes that the contractual modifications of financial liabilities that do not determine their removal from the Consolidated Statement of Financial Position are accounted for as an estimate change, maintaining the original effective rate.

The Group has classified their financial assets in the following categories as permitted by the standard:

-Financial assets measured at amortized cost,
-Financial assets measured at fair value with changes in the Consolidated Profit and Loss Account, which include assets which cannot be measured at amortised cost; and
-Financial assets measured at fair value through changes in equity

In this new classification, no significant adjustments have been recognized since most of the assets continue to be assessed at amortized cost since the contractual cash flows are only payment of principal and interests and the assets are maintained until maturity.

In relation to financial liabilities, IFRS 9 does not change with respect to IAS 39, except for the change in treatment in the renegotiations of financial liabilities which did not cause them to be derecognized. There is no transition fit under this concept.

ii) Impairment

IFRS 9 substitutes an incurred loss model from IAS 39 with one for expected losses.

Under the new standard, the losses provision is calculated based on expected losses for the upcoming 12 months or for the entire life of the instruments depending on the significant increase of risk.

The Group has chosen the simplified approach (provision for expected losses during the asset's entire life). In this respect, the Group has established a procedure by which the accounts receivable not only deteriorate when no longer recoverable (incurred losses) but it also considers the possible expected losses based on the evolution of the specific credit risk of the client, its sector and country. A simplified approach has been used for accounts receivable and the general approach has been used for the other financial assets. In this new model, the Group has not deemed that significant adjustments will be recognized.

iii) Accounting Hedges

IFRS 9 requires the Group to ensure that the accounting hedge relationships are in line with the risk management objectives and strategy of the Group and to apply a more qualitative and prospective approach to measure efficiency. Likewise, IFRS 9 also introduces new requirements on the rebalancing of hedges and prohibits the voluntary discontinuation of hedges.

When initially applying IFRS 9, the Group has the option to continue applying the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. The Group has chosen to apply the new requirements of IFRS 9. The new standard has not in this regard had any relevant impact on the consolidated annual accounts at 31 December 2019.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes that the Group shall recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when the customer obtains control of the goods or services.

Based on the new criteria, a five step model shall be applied for recognition of revenue in order to determine the timing of recognition and the amount of revenue to be recognized:

•Step 1: Identify the contract
•Step 2: Identify the separate performance obligations in the contract
•Step 3: Determine the transaction price
•Step 4: Allocate the transaction price to the separate performance obligations
•Step 5: Recognize revenue when the entity satisfies a performance obligation

In this new model, it is specified that the income must be recognized when (or insofar as) an entity transmits control of the assets or services to a client, and in the amount that the entity wishes to have the right to receive. Depending on whether certain criteria are met, the income is recognized either throughout a period of time, in such a way that shows the entity's undertaking of the contractual obligation; or at a specific time, when the client obtains control over the assets or services.

The Group has looked over the different types of contracts with clients, identifying the performance obligations, the determination of the schedule to satisfy these obligations, the price of the transaction and its allocation, in order to identify possible differences with the income recognition model of the new standard, without finding any significant differences between them nor any compliance obligations which may give rise to the recognition of liabilities due to contracts with clients.

On the other hand, IFRS 15 requires the recognition of an asset by costs which are incrementally incurred to obtain contracts with clients, and which are expected to be recovered, being amortized systematically in the Consolidated Profit and Loss Account to the same extent that income related to said asset is charged; that is to say, the average expected life of the contracts with clients, which tend to have a duration of less than a year.

Based on the evaluations made on the date when the new standard came into force, and considering that there are no incurred costs to obtain contracts with clients, there are no significant impacts derived from applying the new standard.

According to the analysis and implementation carried out on 1 January 2018, the adoption of IFRS 15 “Revenue from Contracts with Customers” has not had any significant impact.

IFRS 16 Leases

IFRS 16 came into force on 1 January 2019 and replaces IAS 17 and the associated interpretations (IFRIC 4, SIC-15 and SIC-27).

IFRS 16 introduces a single accounting model for lessees which means including most of the leases in the Consolidated Statement of Financial Position (given that there are practical exemptions), similarly to the current recognition of financial leases established in IAS 17 (an asset will be recognised for right of use and a liability for lease, in such a way that in the income statement, an expense shall be recognised for the amortisation of the asset for right of use and a financial expense for lease liability accounted for at amortised cost). This means, from the point-of-view of the lessee, there will be no distinction between operational and financial leases, but rather all of them will be accounted for in the same way.

The standard, which increases its focus on controlling the asset, allows for two practical exemptions to be applied in order to facilitate the application of the new standard: leases with a duration of less than twelve months, as well as leases with an underlying asset with a rather insignificant value, cannot be recognized as indicated, but rather the lease expense can be recognized simply in the same way as a current operational lease.

In summary, according to IFRS 16, save for cases in which it is decided to apply the aforementioned practical exemptions, the lessee shall:

-Recognize a financial liability equal to the current value of the fixed payments to be carried out during the period of the lease;

-Recognise an asset in the Consolidated Statement of Financial Position for the right to use the corresponding asset, which shall be assessed taking as a reference the amount of the associated financial liability, to which the direct costs incurred to enter into the contract, the payments which must be made in advance, and the costs of future dismantling will be added.

-Show in the income statement the depreciation of the asset recognized and the annual finance charge associated with the financial liability (together, these two components reflect the lease expense associated with fixed payments in the income statement).

-Show, both in the Consolidated Statement of Financial Position and in the Consolidated Profit and Loss Account, the tax effect associated with the difference between the criteria of IFRS 16 and those applicable for tax purposes.

The Group has applied the following policies, estimates and criteria:

-The exemption of the recognition of leases in which the underlying asset is of low value and short-term (maturity less than or equal to 12 months) has been applied.

-The practical solution indicated in paragraph C3 of appendix C of IFRS 16 has been applied, which stipulates that it is not necessary to re-evaluate if a contract is, or contains, a lease on the initial date of application.

-It has been chosen to not record components which are not leases separately from those which are for kinds of assets in which the relative importance of these components is not significant with respect to the total value of the lease.

-An incremental effective interest rate of financing has been applied according to homogenous lease portfolio, country and term of the contract.

-To determine the term of the leases as the non-cancellable term, the initial term of each contract has been considered, unless the Group has a unilateral option for extension or termination and there is reasonable certainty, based on the useful life of the assets established on the grounds, that said option will be exercised, in which case the corresponding extension or early termination deadline will be considered.

The Group has applied IFRS 16 since 1 January 2019 under the simplified retrospective method. For this reason, in the comparative figures of the financial year ended 31 December 2018, these leases have been left under IAS 17 (see note 4j).

At 31 December 2019, the impact from application of this standard led to recognition of the following:

-A right-of-use asset for a gross amount of 1,615,858 euro (recognized under “Property, plant and equipment” in the consolidated statement of financial position). See Note 6.

-A liability for future payment obligations amounting to 1,112,863 euro:

- The non-current portion of which, amounting to 639,460 euro, has been recognized under non-current liabilities item “Provisions”.

- The current portion of which, amounting to 473,403 euro, has been recognized under current liabilities item “Other current liabilities”.

-An expense relating to the amortisation of said right-of-use, amounting to 502,994 euros, under “Allowance for property, plant and equipment depreciation” in the consolidated profits account.

-A financial expense relating to liability updates, amounting to 18,640 euros, under “Financial expenses with third parties” in the consolidated profits account.

The above-mentioned future minimum payment commitments for recognized leases relate to leases held by the following Group companies, detailing the year it ceases to be mandatory:

-Antevenio Publicité, S.A.S.U. (2026)
-Antevenio S.R.L.(2023)
-Antevenio México, S.A. de CV (2019)
-React2Media, L.L.C.(2020)
-Antevenio, S.A.(2020)

With regards to the other standards, interpretations and amendments issued by IASB which are not yet effective, the Directors have assessed the potential impact of the future application of these standards and consider their coming into force will not have a significant effect on the Consolidated Financial Statements.

2.Other standards, amendments and interpretations issued by the IASB pending approval by the European Union:

		IASB effective date	**EU effective date**
IFRS 3	Amendments to IFRS 3 Business combinations	1 January 2020	Pending
Conceptual framework	Amendments to the references to the conceptual framework of the IFRS standards	1 January 2020	Pending
IFRS 17	Insurance contract	1 January 2022	Pending

None of these Standards has been earlier applied by the Group. The directors have assessed the potential impact of the future application of these standards and consider their coming into force will not have a significant effect on the consolidated financial statements.

b) <u>Fair presentation</u>

The accompanying Consolidated Profit and Loss Account for the year ended 31 December 2019 have been prepared from the accounting records of the companies included in the Group and are presented in accordance with the provisions of the IFRS-EU and the applicable Spanish accounting legislation, in order to offer a fair image of the equity, financial position, results, changes in equity and cash flows of the Group incurred during the year ended 31 December 2019.

The consolidated financial statements prepared by the Directors of the Parent Company will be subject to approval of the General Meeting of Shareholders of the Parent Company, and are expected to be approved without modification.

c) <u>Critical issues regarding the measurement and estimation of uncertainties</u>

In the preparation of the attached Consolidated Financial Statements according to IFRS-EU, the Directors of the Parent Company have used accounting estimates and assumptions to measure certain of the assets, liabilities, income, expenses and commitments obligations therein disclosed. The accounting estimates and assumptions having a more significant impact on these Consolidated Financial Statements have been separately addressed in different sections of this document:

-The useful life of property, plant and equipment and intangible assets (Notes 4f and 4g). Determining useful life requires making estimates in connection with future technological developments and alternative uses for assets. There is a significant element of judgment involved in making technological development assumptions, since the timing and scope of future technological advances are difficult to predict.

- The assessment of eventual impairment losses on goodwill (Notes 4h and 4i). The decision to recognize an impairment loss involves developing estimates that include, among others, an analysis of the causes of the potential impairment, as well as its timing and expected amount. On an annual basis the Group assesses its relevant cash-generating units' performance to identify potential impairments; these assessments are based on risk-adjusted future cash flows discounted at the appropriate interest rates. Key assumptions used are disclosed in Note 5. The assumptions relating to risk-adjusted future cash flows and discount rates are based on business estimates and, accordingly, are inherently subjective in nature. Future events may lead to changes in the estimates made by Directors, with the resulting adverse impact on the Group's future results. Insofar as it has been deemed material, a sensitivity analysis of the impact of changes in the assumptions used and of the impact on the recoverable value of the relevant cash generating unit (CGU) has been disclosed.

- The fair value of certain financial instruments and their eventual impairment (note 4k and 4w).

- The calculation of provisions, as well as the likelihood of occurrence and the amount of indeterminate or contingent liabilities (note 4o).

- Forecasts of future taxable profits that make the recovery of deferred tax assets likely (note 4m). The Group assesses the recoverability of deferred tax assets based on estimates of future earnings, taking into account for companies based in Spain ISP Group tax planning, given that the Group files consolidated tax returns with ISP Group. Such recoverability ultimately depends on the Group's ability to generate taxable earnings over the period for which the deferred tax assets remain deductible. Future events may lead to changes in the estimates made by Directors, with the resulting adverse impact on the Group's future taxable profit. This analysis is based on the estimated schedule for reversing deferred tax liabilities.

-Determination of fair value at acquisition date of assets, liabilities and contingent liabilities acquired in business combinations (Note 4u).

-The measurement of the estimation for expected credit losses due to trade and assets of the contract: key cases for determining the weighted average loss ratio; these estimates were made based on the best information available at the date of preparation of these Consolidated Annual Accounts, on past experience and on other various factors that were then considered material. However, the actual final results may differ from those estimates. Any future event not known at the date of preparation of these estimates could result in changes (upwards or downwards), which would, when appropriate, applied prospectively.

d) <u>Classification of current and non-current items</u>

For the classification of the current items, a maximum period of one year from the date of these consolidated financial statements has been applied.

e) <u>Correction of errors</u>

The annual accounts for the financial year 2018 have been restated to include an adjustment due to the recording of personnel expenses in the accrual period. This adjustment has no effect on equity as of December 31, 2018. The restated amounts are as follows:

	2018 Anual Accounts	2018 Re-expressed Anual Accounts
Peronnel expenses	10.313.775	10.504.413
Reserves	5.415.595	5.650.904
Other Equity Instruments	270.000	225.329

f) <u>Comparative information</u>

The Consolidated Financial Statements for the year ended 31 December 2019 include, for comparison purposes, the figures for 2018 presented in the Consolidated Financial Statements for 2018 approved by the Company's General Meeting of Shareholders of the Parent Company, held on 19 June 2019, which have also been prepared in accordance with the provisions of the International Financial Reporting Standards, as adopted by the European Union. Accordingly, the accounts from prior periods are comparable and homogeneous.

<u>NOTE 3. EARNINGS / LOSS PER SHARE</u>

<u>Basic earnings/loss per share</u>

Basic earnings/loss per share is calculated by dividing the consolidated profit/loss attributable to the Parent Company by the weighted average number of shares outstanding during the financial year, excluding the average number of treasury shares held during the period.

<u>Diluted earnings/loss per share</u>

Diluted earnings/loss per share is calculated similarly to the basic profit/loss per share, but the weighted average number of shares outstanding is increased with stock options, warrants and convertible bonds.

Calculation of earnings/loss per share is shown below:

	31/12/2019	31/12/2018(*)
Net profit/(loss) for the year	(1,573,277)	2,231,325
Weighted average number of outstanding shares	4,192,495	4,192,495
Basic Profit/Loss per weighted average number of shares	**(0.38)**	**0.53**

(*)Re-expressed accounts(See note 2.g)

During the presented periods, the Group did not execute any transaction causing dilution; accordingly, basic earnings/loss per share matches diluted earnings/loss per share.

The proposed distribution of profits obtained by the Parent Company in 2019 will be submitted by the Directors of the Parent Company to the approval of the General Meeting of Shareholders, which is as follows:

Basis of distribution	
Profit and loss (profit)	(1,351,918)
Total	(1,351,918)
Application	
Voluntary reserves	(1,351,918)
Total	**(1,351,918)**

The Annual General Meeting held on 19 June 2019 approved the following distribution of profit made as of 31 December 2018 by the Parent Company:

Basis of distribution	
Profit and loss (profit)	750,087
Total	750,087
Application	
Voluntary reserves	750,087
Total	**750,087**

Distribution of dividends:

On 19 June 2019 the General Meeting of Shareholders approved the distribution of a dividend against 2018 profit, of 0.30 Euro per share, amounting to a total of 1,262,248.50 Euros.

NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied by the Group in the preparation of the Consolidated Financial Statements for the year ended 31 December 2019 were as follows:

a) Consolidation methods

These Consolidated Financial Statements include the Parent Company and all the subsidiaries over which the Group has control. Subsidiaries are those companies over which the Parent Company or any of its subsidiaries have control. Control is established by:

- Power over the investee;
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect the amount of the investor's returns.

Subsidiaries are consolidated even if acquired for disposal.

Any balances, transactions, and gains and losses realized between Group companies included within the Group's continuing operations are subsequently eliminated in the consolidation process. Transactions between continuing and discontinuing operations expected to continue after disposal are not eliminated from continuing operations in order to present continuing operations consistently with the commercial operations they carry out.

Associates, companies over which the Group has a significant influence but over which it has no control, and jointly-controlled entities ("joint ventures"), where companies are entitled to the joint arrangement's net assets, have been consolidated using the equity method, except when these investments are eligible to be classified as held-for-sale. Any gains or losses resulting from transactions between Group companies and associates or jointly-controlled entities have been eliminated in proportion to the Group's interests in those companies. When the Group's share in the losses of a company consolidated using the equity method exceeds the amount of the Group investment, the Group recognizes a provision for its share of losses in excess of the investment. The value of the investment in any investee consolidated using the equity method is equal to the carrying amount of the equity investment and any other non-current interest that form an essential part of the net investment in the investee.

When control over a subsidiary is lost as a result of a transaction, event or any other circumstance, the Group derecognizes all the assets, liabilities and non-controlling interests at their carrying amount and recognizes the fair value of consideration received. Retained interests in the former subsidiary are recognized at fair value as at the date when control over it was lost. Any resulting difference is recognized as a gain or loss under "Other Income (Expense)" in the Statement of Comprehensive Income.

The financial statements of subsidiaries, associates and jointly-controlled entities are referred to the financial year ended on the same date of the Parent Company's separate financial statements, and have been prepared applying consistent accounting policies (IFRS-UE).

b) Uniformity of line items

The different line items in the separate financial statements of each Group company have been subject to the appropriate measurement uniformity by adapting the criteria used to those used by the Parent Company (Antevenio, S.A.) for its own financial statements, provided they involve a significant effect.

No unification of timing is required as all the companies included in the attached Consolidated Financial Statements have their year end date on 31 December of each fiscal year.

c) First consolidation difference

The first consolidation difference was calculated as the difference between the carrying amount of the investment in the subsidiaries and the value of the proportional share of the investees' consolidated equity on the date of first consolidation.

In the case of a positive consolidation difference, corresponding to the excess of the cost of the investment and the attributable carrying amount of the investee at the date of joining the Group, the difference is allocated directly, to the extent possible, to assets of the subsidiary without exceeding the market value thereof. When the difference cannot be allocated to assets, it is considered as consolidation goodwill that shall be annually subject to the relevant impairment test (see Note 4i).

Negative consolidation differences are recognized in the Consolidated Profit and Loss Account, and relate to the negative difference between the carrying amount of the parent Company's direct investment in the capital of the subsidiary and the value of the proportional share in the investee's equity attributable to the investment on the date of initial consolidation.

d) Translation differences

In the Consolidated Statement of Financial Position and in the Consolidated Profit and Loss Account, items relating to consolidated companies whose functional currency is not the Euro have been translated to Euro using the following criteria:

- Assets, liabilities, income and expenses (excluding equity): at the exchange rate at the end of each year

- Items in the Consolidated Profit and Loss Account: at the average exchange rate of the financial year.

- Equity at the historical exchange rate.

The differences resulting from the application of different exchange rates, in accordance with criteria above, are recognised under the "Translation Differences" in the Consolidated Statement of Financial Position.

Hyperinflationary economies:

Pursuant to the provisions of International Accounting Standard (IAS) 21, the results and financial position of an entity whose functional currency is the currency of a hyperinflationary economy shall be translated into a different presentation currency using the following procedures:

(a) all amounts (i.e. assets, liabilities, equity items, income and expenses, including comparatives) shall be translated at the closing rate at the date of the most recent statement of financial position; except that

(b) when amounts are translated into the currency of a non-hyperinflationary economy, comparative amounts shall be those that were presented as current year amounts in the relevant prior year financial statements (i.e. not adjusted for subsequent changes in the price level or subsequent changes in exchange rates).

When an entity's functional currency is the currency of a hyperinflationary economy, the entity shall restate its financial statements in accordance with the translation method set out in the foregoing paragraphs, except for comparative amounts that are translated into a currency of a non-hyperinflationary economy. When the economy ceases to be hyperinflationary and the entity no longer restates its financial statements, it shall use as the historical costs for translation into the presentation currency the amounts restated to the price level at the date the entity ceased restating its financial statements. The Group has concluded that application of this model to the Group company based in Argentina is not relevant; accordingly, the comparative figures for the annual period ended 31 December 2018 have been restated.

e) Transactions between companies included in the consolidation perimeter

As prior step to preparation of the Consolidated Financial Statements, the Directors have proceeded to eliminate all balances and transactions between Group companies, as well as any gains or losses obtained or incurred in by such companies as a result of the aforementioned transactions.

f) Intangible assets

In general, intangible assets are always recognized when they comply with the identifiability criterion and are initially measured at their acquisition or production cost, less accumulated amortization and, where appropriate, impairment losses. In particular, the following criteria are applicable:

Industrial property

Industrial property relates to capitalized development costs for which the relevant patents, etc. have been obtained, and includes the costs of registration and formalization of industrial property and those of acquisition of the rights from third parties. Industrial property is amortized on a straight-line basis throughout its useful life, at an annual rate of 20%.

Computer software

The licenses for computer software acquired from third parties or internally developed computer software are recognized as intangible assets on the basis of the costs incurred in acquiring or developing them, and preparing them for use.

Computer software is amortized on a straight-line basis throughout its useful life, at an annual rate of 25%.

Any maintenance costs relating to computer applications incurred into during the year are recognized in the Consolidated Profit and Loss Account.

g) Property, plant and equipment

Property, plant and equipment is recognized at acquisition or production cost and less any accumulated depreciation and, where appropriate, impairment losses.

Indirect taxes on property, plant and equipment are included in the acquisition price or production cost only when they are not directly recoverable from Tax Authorities.

The costs of expansion, modernization or improvements leading to increased productivity, capacity or efficiency, or to an extension of the useful lives of the assets are recognized as an increased cost thereof. Upkeep and maintenance expenses are charged to the Consolidated Profit and Loss Account for the relevant year.

The Group depreciates property, plant and equipment on a straight-line basis. The useful life and depreciation rates applied are as follows:

	Annual Percentage	Estimated Years of Useful Life
Other installations	20	5
Furniture	10	10
Computer Hardware	18	5.71
Motor vehicles	25	4
Machinery	20	5
Other property, plant and equipment	20-10	5-10

Investments made by the Group in leased premises, which are not separable from the leased asset, are amortized over their useful life which corresponds to the lesser of the duration of the lease, including renewal period when there is evidence to support that it will occur, and the economic life of the asset.

h) Goodwill

Goodwill may only be recognized as an asset when it arises from an onerous acquisition in a business combination.

Goodwill is allocated between all the company's cash-generating units that are expected to benefit from the synergies of the business combination and, where appropriate, an impairment is recognized (see Note 4 i).

Subsequent to initial recognition thereof goodwill is measured at purchase price less any accumulated amortization and, where appropriate, the accumulated amount of any recognized impairment.

Goodwill is amortized on a straight-line basis over a period of ten years. Useful life shall be separately determined for each cash generating unit to which goodwill has been allocated.
The Company shall assess at least at the end of each reporting period whether there is any indication that any cash-generating units to which goodwill had been allocated may be impaired, and, where any such indication exists, the Company shall verify the eventual impairment thereof pursuant to Note 4i). Impairment recognized for goodwill is not reversed in subsequent reporting periods.

i) Impairment of intangible assets; property, plant and equipment, and consolidation goodwill.

An impairment loss in the value of intangible assets or property, plant and equipment occurs when their carrying amount exceed their recoverable value, the latest understood as the higher of its fair value less costs to sell and its value in use. For the calculation of the recoverable value of property, plant and equipment and intangible assets, the value in use is the criterion used by the Group.

To these purposes, at least at year end, the Group assesses, using the so-called "impairment test", whether there is evidence that any intangible assets or property, plant and equipment with indefinite useful life, or, where applicable, any cash-generating unit may be impaired; if so the Company proceeds to estimate the recoverable amount thereof applying the corresponding value adjustments. A cash-generating unit (CGU) is the smallest identifiable group of assets that generates cash flows that are largely independent of those derived from other assets or groups of assets.

The impairment of property, plant and equipment is calculated individually. However, when the recoverable amount of each individual asset cannot be determined, the Company proceeds to establish the recoverable amount of the cash-generating unit to which the relevant asset is associated.

The procedure implemented by the Group management for determining the impairment is as follows:

For estimating value in use, the Group management annually prepares a business plan by markets and activities for each cash-generating unit, these business plans typically extend over a five-year period. The main components of this plan are the projections of income and cash flows.

Other variables that influence the calculation of the recoverable amount are:

- The discount rate to be applied, estimated at around 10.6%; the main variables that influence the calculation are the cost of the liabilities and the specific risks of the assets.

- The growth rate of approximately 2% for the cash flows used were established based on each company and each geographic market.

The projections are prepared based on past experience as well as the best available estimates, which are consistent with the information from external sources.

The five-year strategic plan for the Group companies is approved by the Directors of the Parent Company.

At the close of the year ended 31 December 2019, as described in note 4, there was impairment of the goodwill associated with the cash-generating unit React2Media, L.L.C.

Should the company need to recognize an impairment loss for a cash-generating unit to which all or part of goodwill has been allocated, it shall first reduce the carrying amount of the goodwill associated with that unit. If impairment exceeds the amount of goodwill, the company shall then reduce the remaining assets in the cash-generating unit on a pro rata basis based on their carrying amounts. The carrying amount of each asset may not be reduced below the higher of its fair value less costs to sell, its value in use or zero. Impairment losses shall be recognized in the income statement as an expense.

When an impairment loss is subsequently reversed (a circumstance that is not permitted in the specific case of goodwill), the carrying amount of the relevant asset or cash-generating unit is increased to the revised estimate of its recoverable value, insofar as the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset or the cash-generating unit in prior years. A reversal of an impairment loss is recognized as income in the Consolidated Profit and Loss Account.

j) Leases and other transactions of similar nature

As mentioned in Note 3, the Group applied IFRS 16 using the modified retrospective approach, and thus comparative information was not re-expressed. This means that comparative information is still presented according to IAS 17 and IFRIC 4.

Accounting policy applicable as of 1 January 2019.

The Group as lessee

For any new contract entered into as of 1 January 2019, the Group considers whether a contract is or contains a lease. A lease is defined as “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” To apply this definition, the Group assesses whether the contract satisfies three key evaluations, namely:

- the contract contains an identified asset that is either explicitly identified in the contract or implicitly specified by being identified at the time that the asset is made available to the Group.

• the Group has a right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the scope defined in the contract.

• the Group has the right to direct the use of the identified asset throughout the period of use.
The Group will assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Valuation and recognition of leases as lessee

On the lease start date, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is valued at cost, consisting of the initial acquisition value of the lease liability, initial direct costs incurred by the Group, an estimate of the costs of dismantling and disposal of the asset at the end of the lease, and payments made prior to the commencement date (net of any incentive received).

The Group amortises right-of-use assets linearly from the lease start date to the end of the useful life of the right-of-use asset or the end of the lease term, the first of the two cases. The Group also evaluates impairment on the right-of-use asset when such indicators exist.

On the start date, the Group measures the liability by the current value of the instalments pending payment on that date, discounted using the interest rate implicit in the lease contract whenever that rate is easily available, or the Group's incremental borrowing rate.

The instalments included in the valuation of the lease liability comprise fixed instalments (including in-substance fixed payments), variable instalments based on an index or interest rate, expected amounts, etc., to be paid by virtue of a residual value guarantee, and payments derived from options whose exercise is reasonably safe.

Subsequent to the initial measurement, the liability will be reduced for payments made but increased for interest. It is remeasured to reflect any re-evaluation or modification, or if there are changes to in-substance fixed payments.

When revaluing the lease liability, the corresponding adjustment is reflected in the right-of-use asset or in the profit/loss for the year if the right-of-use asset has already been reduced to zero.

The Group has opted to account for short-term leases and leases on low-value assets using practical expedients. Instead of recognising a right-of-use asset and a finance lease liability, their related payments are recognised as an expense in the profit/loss for the year linearly throughout the lease term.

In the statement of financial position, right-of-use assets have been included under property, plant and equipment and lease liabilities have been included under trade and other payables.

The Group as lessor

The Group's accounting policy under IFRS 16 has not changed with respect to the comparative period. As lessor, the Group classifies its leases as operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset but as an operating lease if it does not.

Accounting policy applicable before 1 January 2019.

The Group as lessee

Finance lease

Management applies its criteria when considering the substance of a lease contract and whether it transfers substantially all the risks and rewards inherent in ownership of the leased asset. Key factors to consider include the length of the lease term relative to the economic life of the asset, present value of the minimum lease payments relative to the fair value of the asset, and whether the Group obtains ownership of assets at the end of the lease term.

The minimum lease payments for land and building leases are first assigned to each component based on the relative fair values of the respective lease interests. Each component is evaluated separately for possible treatment as a finance lease, considering the that land usually has an indefinite economic life.

Note 4.13 contains the amortisation methods and useful life of finance lease assets. The interest element of lease instalments is charged to income for the year, as financial costs throughout the lease period.

Operating leases

All other leases are classified as operating leases. When the Group is the lessee, operating lease contract instalments are recognised as an expense linearly throughout the lease period. Associated costs such as maintenance and insurance are charged against the income statement when they occur.

k) Financial Instruments

k.1) Recognition and derecognition

The Group recognizes financial assets and liabilities when the Group becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when both the financial asset and substantially all the risks and rewards of ownership have been transferred. Financial liabilities are derecognized when they are extinguished, i.e. when the contractual obligation is discharged, cancelled or expires.

k.2) Classification and initial measurement of financial assets

Except for trade receivables that do not contain a significant financing component and that are measured at transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than designated and effective hedging instruments, are classified as either:

- At amortized cost.
- At fair value through profit or loss (FVTPL).
- At fair value through other comprehensive income (FVOCI).

In the reporting periods presented, the Group has no financial asset classified as FVOCI.

Financial assets are classified on the basis of both:

- The entity's business model for managing the financial asset.
- The contractual cash flow characteristics of the financial asset.

Except for the impairment on trade receivables that is presented under “Other expenses”, all income and expense relating to financial assets are recognized in profit or loss for the period as either finance expense, finance income or other finance items.

k.3) Subsequent measurement of financial assets

<u>Financial assets at amortized cost</u>
Financial assets (not designated at FVTPL) are measured at cost if both the following two conditions are met:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows.

- The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, assets are measured at amortized cost, applying the effective interest method. Financial assets are not discounted when the effect of discounting them is immaterial. Cash and cash equivalents, trade receivables and most Group receivables are included in this category of financial instruments, together with listed bonds that were previously classified as held to maturity in accordance with IAS 39.

k.4) Impairment of financial assets

IFRS 9 impairment requirements include using additional prospective information for recognition of expected credit losses — the expected credit loss (ECL) approach. This approach replaces the “incurred loss model” of IAS 39. Instruments included within the scope of the new requirements include loans and other debt financial assets measured at amortized cost and at FVOCI; trade receivables; contract assets recognized and measured in accordance with IFRS 15, as well as loan commitments and certain financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss. Recognition of credit losses no longer depends on the Group having first identified a credit loss event. Instead, the Group considers a wider range of information when assessing credit risk and when measuring expected credit losses; this information includes past events, current conditions and reasonable and supporting forecasts affecting the expected collectability of the instrument future cash flows.

When applying this prospective approach, a distinction is made between:

- Financial instruments whose credit risk has not increased significantly since initial recognition or determined to have a low credit risk ("stage one"); and

- Financial instruments whose credit risk has increased significantly since initial recognition or not having a low credit risk ("stage two").

Stage 3 will cover any financial assets when at presentation date there is objective evidence of the asset being credit-impaired.

An allowance equal to "12-month expected credit losses" is recognized for the first category, while an allowance equal to "lifetime expected credit losses" is recognized for the second category. "Credit losses" are recognized for the second category.

Expected credit losses are measured using a probability-weighted estimate of the financial instrument's lifetime expected credit losses.

<u>Trade and other receivables and contract assets</u>

The Group applies a simplified approach in accounting for trade and other receivables and contract assets, and recognizes a loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected deficits in contractual cash flows, taking into account potential default at any time during the life of the financial instrument. For measurement thereof, the Group uses its past experience, external indicators and prospective information to calculate expected credit losses using a provision matrix.

The Group assesses the impairment of trade receivables on a collective basis, given that trade receivables share credit risk characteristics and have been grouped by the number of past-due days.

k.5) Classification and measurement of financial liabilities

Since accounting for financial liabilities under IFRS 9 is substantially similar to IAS 39, the Group's financial liabilities have not been affected by the adoption of IFRS 9. However, the accounting policy is disclosed below for the sake of completeness.

The Group's financial liabilities include financial debt and trade and other payables.

Financial liabilities are initially measured at fair value and, where appropriate, are adjusted for transaction cost, unless the Group had designated the financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost applying the effective interest method, except for derivatives and financial liabilities designated at FVTPL that are subsequently measured at fair value and any gains or losses thereon are recognized in profit or loss.

Any expense relating to interest and, where appropriate, to fair value changes of financial instruments reported in profit or loss are presented under either finance expense or finance income.

l) Foreign Currency

Line items included in the Consolidated Financial Statements of each Group company are measured in their respective functional currencies. The Consolidated Financial Statements are expressed in Euro, which is the functional and presentation currency of the Parent Company.

The companies included in the Group recognize in their individual financial statements:

- Transactions in currencies other than the functional currency executed during the year at the exchange rates prevailing at the dates of the transaction.

- The balance of monetary assets and liabilities in currencies other than the functional currency (cash and items not losing value on realization) are measured at the exchange rates at year-end.

- The balances of non-monetary assets and liabilities in currencies other than the functional currency are measured at the historical rates.

Any gains and losses from these line items are included in the Consolidated Profit and Loss Account.

m) Income Tax

Group companies with registered address in Spain paid until 2016 taxes under the Special Consolidated Tax Regime within the Group led by the Parent Company.

The Board of Directors informed, at the meeting held on 30 December 2016, that the company Inversiones y Servicios Publicitarios, S.L. ("ISP") owns a 83.09% interest in the share capital of Antevenio (see Note 12) and that, pursuant to the provisions of Article 61.3 of Law 27/2014, of 27 November, on Corporate Income Tax and having regard to the fact that Antevenio S.A. no longer was the parent company of taxation group 0212/2013 sin ISP had acquired an interest exceeding 75% of the share capital and voting rights in Antevenio, the Board approved including the any eligible Antevenio Group companies, effective from the taxation period beginning of 1 January 2017, as a subsidiaries of taxation group 265/10, whose parent company is ISP.

Income tax expense for the year is calculated as the sum of current tax resulting from applying the corresponding tax rate to the taxable base for the year, net of any deductions and tax reliefs, and net of any changes registered during the year in deferred tax assets and liabilities. Income Tax is recognized in the Consolidated Profit and Loss Account, except when it relates to transactions directly recognized in Equity, in which case the related tax is also recognized in Equity.

Deferred taxes are recognized for any temporary differences existing at the date of the Consolidated Statement of Financial Position between the tax bases of assets and liabilities and their carrying amounts. The tax base of an asset, liability or equity instrument is the amount attributed to that item for tax purposes. The tax effect of temporary differences is included under the appropriate headings of "Deferred tax assets" and "Deferred tax liabilities" in the Consolidated Statement of Financial Position.

The Group recognizes a deferred tax liability for all taxable temporary differences, except, where appropriate, for the exceptions provided in the existing regulations.

The Group recognizes deferred tax assets for all deductible temporary differences to the extent that it is probable that the Taxation Group will have future taxable profits that allow the recovery of these assets, except, where appropriate, for the exceptions provided in the existing regulations.

At each balance sheet date, the Group assesses any recognized deferred tax assets and any previously unrecognized deferred tax assets. On the basis of this assessment, the Company proceeds to derecognize previously recognized deferred tax asset when recovery is no longer probable, or proceeds to recognize a previously unrecognized deferred tax asset if it is probable that the Company will have future taxable profits to enable its application.

Assets and deferred tax liabilities are measured at the rates expected to prevail upon their reversal, based on tax legislation in force and in accordance with the manner in which the assets are reasonably expected to be recovered or and liabilities settled.

Deferred tax assets and liabilities are not discounted and classified as non-current assets and liabilities, regardless of the date of realization or settlement.

Since the Consolidated group is member of a taxation group, the resulting payable/receivable amounts for Corporate Income Tax will not be directly settled with Public Entities, but will rather be settled with the parent company of the taxation group in which the Company is included.

n) Revenue and expenses

Antevenio Group specializes in performance and brand marketing. In order to become more responsive to the continuously changing on-line marketing industry, the Antevenio Group develops and markets its own technological solutions.

Revenue mostly comes from services related with data processing, outsourced technological services, etc.

In order to determine whether to recognize revenue, the Group applies a five-step procedure:

1. Identify the contract with a customer
2. Identify performance obligations
3. Determination of the transaction price
4. Allocate the transaction price to performance obligations
5. Recognize revenue when performance obligations are satisfied

Total transaction price is distributed among performance obligations on the basis of their respective stand-alone selling prices. The transaction price of a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a given time or over time, when (or as) the Company satisfies the performance obligations by transferring the promised goods or services to its customers.

The Group recognizes contract liabilities for any unsatisfied performance obligations and presents the amount thereof as "Other liabilities" in the statement of financial position. Similarly, if the Group satisfies a performance obligation before having received the relevant consideration, the Group recognizes either a contract asset or, when the right to receive the consideration is conditioned on something other than the passage of time, a receivable in the statement of financial position.

o) Provisions and contingencies

The directors of the Parent Company, in the preparation of the Consolidated Financial Statements, distinguish between:

n.1) Provisions: liabilities that cover present obligations arising from past events, whose future settlement is likely to result in an outflow of resources, for which the amount and settlement date are uncertain.

n.2) Contingent liabilities: possible obligations that arise from past events and whose existence is contingent upon the occurrence or non-occurrence of one or several future events beyond the control of the Company.

The Consolidated Financial Statements include all the provisions for which the probability of having to meet the obligation is estimated as greater than the opposite alternative, and they are measured at the present value of the best possible estimate of the amount required to settle or transfer the obligation to a third party. Contingent liabilities are not recognized in the Consolidated Financial Statements but are disclosed in the notes.

Provisions are measured on the balance sheet date at the present value of the best estimate of the amount required to settle or transfer the obligation to a third party; any adjustments made to update these provisions shall be recognized as a financial expense as it accrues.

Provisions expiring within one year shall not be discounted where the financial effect is not material.

Reimbursements receivable from a third party on settlement of the obligation shall not reduce the amount of debt; the company shall nonetheless recognize the related receivable as an asset, provided that there is no doubt as to its collection.

p) Deferred Income

Non-refundable capital grants, as well as donations and bequests, are measured at the fair value of the amount awarded or the item received. They are initially recorded under the heading "Deferred income" as liabilities of the Consolidated Statement of Financial Position and recognised in the Consolidated Profit and Loss Account in proportion to the depreciation experienced during the period by the assets financed by these grants, except in the case of non-depreciable assets that shall be recognised as income the year when their disposal or derecognition occurs.

Refundable grants are accounted for as either current or non-current liabilities (considering the term of repayment) convertible into grants until they meet the criteria for classification as non-refundable.

Operating grants are accounted for as income on an accrual basis.

q) Assets of environmental nature

Because of its activity, the Group has no significant assets of property, plant and equipment, intended to minimize environmental impact and, protecting and improving the environment and, has not received grants nor incurred in expenses during the year whose purpose is to protect and improve the environment. Furthermore, the Group has not made provisions for risks and expenses related to environmental actions, considering that there are no contingencies related to the protection and improvement of the environment.

r) Transactions between related parties

Transactions between related parties, irrespective of the type of relationship, are accounted for in accordance with the general standards. Therefore, as a general rule, items involved in a transaction will be initially measured at fair value. If the agreed transaction price were not the fair value, the difference shall be recognized based on the economic reality of the transaction. Subsequent measurement is performed in accordance with the applicable standards.

s) Equity instruments-based payments

The goods or services received in these operations are recorded as assets or as expenses depending upon their nature, at the moment they are obtained, and the corresponding increase in equity, if the transaction is paid off with equity instruments or the corresponding liability, if the transaction is paid off with the amount based on the value of the same.
The transactions with employees settled with equity instruments, both services rendered as

well as the increase in equity to be recognized are assessed according to the fair value of the granted equity instruments, referring to the date of approval of the granting.

The Parent Company operates a remuneration plan for its Management consisting in the delivery of share options in Antevenio.

These plans are initially measured at fair value (see note 4w) at grant date, applying a generally accepted financial calculation method that takes into account, inter alia, the option exercise price, the volatility, the time frame for exercising the options, the expected dividends and the risk-free interest rate.

Options are recognized as a personnel expense in the Profit and Loss Account as vested over the period defined as the minimum required time in the Company's employ for the exercise of the option, except for options granted in 2016 that have been entirely recognized at the initial date, in accordance with principle of prudence, as a personnel expense and an offsetting entry is simultaneously recognized directly in equity without reassessing the initial measurement thereof. Since the offsetting entry is an increase in own funds ("Other equity instruments"), there is no impact whatsoever on the Equity of Antevenio S.A. and its subsidiaries. However, at each Balance Sheet date the Parent Company reassess its initial estimates on the number of options expected to become exercisable and, where appropriate, recognizes the impact of this reassessment in the Profit and Loss Account and makes the relevant adjustment in equity.

t) Statement of Cash Flows

The Consolidated Statement of Cash Flows has been prepared using the indirect method, and uses the following expressions with the meaning specified:

- Operating activities are the principal revenue-producing activities of the Group and other activities that are not investing or financing activities.

- Investing activities are the acquisition, sale or disposal of long-term assets and other investments not included in cash and cash equivalents.

- Financing activities are activities that result in changes in the size and composition of the equity and liabilities that are not part of the operating activities.

u) Business combinations

At the acquisition date, identifiable assets acquired and liabilities assumed are measured at fair value, provided this can be measured reliably, subject to the following exceptions:

- Non-current assets classified as held-for-sale are measured at fair value less costs to sell.

- Deferred tax assets and liabilities are measured at the amount expected to be paid or recovered from the taxation authorities, using the tax rates expected to prevail upon their reversal, based on the existing or approved and pending publication regulations as of the date of acquisition. Deferred tax assets and liabilities are not discounted.

- Assets and liabilities associated with long-term employee benefits under defined benefit schemes are accounted for at the acquisition date as the present value of the defined benefit obligation less the fair value of the plan assets out of which the obligations are to be settled.

- Intangible assets, the value of which cannot be measured in relation to an active market and would result in a recognition of income in the Profit and Loss Account have been deducted from the initially calculated negative goodwill.

- Assets received as compensation for contingencies and uncertainties are recognized and measured in a manner consistent with the item causing the relevant contingency or uncertainty.
- Reacquired rights recognized as intangible assets are measured an amortized on the basis of their remaining contractual lifecycle.

- Obligations classified as contingent liabilities are recognized as a liability at fair value, provided that the liability is a present obligation that arises from past events and the fair value can be measured reliably, even when it is not probable that an outflow of resources embodying economic benefits will result from settlement of the obligation.

At acquisition date, the excess of the cost of the business combination over the value of the identifiable assets acquired less the liabilities assumed is recognized as goodwill.

When the value of the identifiable assets acquired less liabilities assumed exceeds the cost of the business combination, the excess is accounted for as income in the Profit and Loss Account. Prior to recognizing the aforementioned income, the Company reassesses whether it has correctly identified and measured the identifiable assets acquired and the liabilities assumed, as well as the cost of the combination.

Subsequently, any liabilities and equity instruments issued as cost of the relevant business combination and any identifiable assets acquired and liabilities assumed will be accounted for in accordance with the relevant recognition and measurement standards applicable to the nature of the transaction or to the nature of the relevant asset or liability.

v) Own equity instruments (treasury shares)

Treasury shares of the Parent Company acquired by the Group are recognized at the value of the consideration paid, as a reduction in the value of Equity. The proceeds arising from the purchase, sale, issue or redemption of own equity instruments are recognized directly in Equity, and under no circumstances can they be recognized in the Consolidated Profit and Loss Account.

w) Measurement of the fair value of the financial instruments

The financial assets and liabilities measured at fair value in the statement of financial position are grouped into three levels in a fair value hierarchy. The three levels are defined based on the observability of the significant contributions to the measurement, as indicated below:

- Level 1: (unadjusted) quoted prices in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

There were no transfers between Level 1 and Level 2 in 2019 and 2018.

NOTE 5. CONSOLIDATION GOODWILL

Based on the above mentioned criteria, the breakdown of consolidation goodwill is as follows:

	31/12/2019	31/12/2018
Marketing Manager Servicios de Marketing, S.L.	276,461	276,461
Antevenio S.R.L.	3,686,847	3,686,847
Antevenio ESP, S.L.U.	81,027	81,027
Antevenio Publicite S.A.R.L.	2,269,585	2,269,585
React2Media, L.L.C. (see Note 25)	2,464,042	3,905,134
Foreseen Media, S.L. (see Note 25)	109,509	-
B2Marketplace Ecommerce Consulting Group, S.L (see Note 25)	2,329,094	-
Total Cost	**11,216,564**	**10,219,054**

Each of the above mentioned goodwill arose on acquisition of the relevant company. The directors have defined each of these companies as a Cash Generating Unit. (CGU).

For estimating recoverable value, the Group management annually prepares a business plan by markets and activities for each cash-generating unit, these business plans typically extend over a five-year period. The main components of this plan are the projections of income and cash flows.

The recoverable value of each CGU has been determined on the basis of its value in use.

The key assumptions used in these projections of future results and cash flows and that have an impact on calculation of the recoverable amount are:

- The discount rate to be applied, estimated at around 10.6%; the main variables that influence the calculation are the cost of the liabilities and the specific risks of the assets.
- Cash flow estimates are based on past performance, accordingly the assumptions used

by Directors included stable profit margins based on current investments.

- A perpetual growth rate of 2%, to reflect the industry's long-term average growth rate.

The projections are prepared based on past experience as well as the best available estimates, which are consistent with the information from external sources.

The five-year strategic plan for the Group companies is approved by the Directors of the Parent Company.

As of the date when these Consolidated Financial Statements were drawn up, there were no circumstances that could entail changes in the assumptions used and conclusions reached by the Group at year-end 2019.

Directors consider that the key assumptions used in determining the recoverable amount for the purposes of impairment tests, are not likely to suffer any reasonably possible change that may result in the carrying amount of any cash generating unit exceeding its recoverable amount.

During the current year, given the obtaining by the administrators of additional information on the deterioration of one of the companies considered as CGU, React2Media, LLC, its goodwill value was readjusted and its effect recognised in the Consolidated Profit and Loss Account for the year as an expense at €1.4 million recorded under the heading "Impairment of assets" (Note 17.g).

NOTE 6. PROPERTY, PLANT AND EQUIPMENT

In 2019 and 2018, the balances and movements of gross values, accumulated depreciation and impairment are as follows:

	01/01/2018	Recognition	Derecognition	31/12/2018	Recognition	Derecognition	Transfer	31/12/2019
Cost:								
Technical installations, machinery, tools, furniture and other items of PPE	1,029,181	103,119	(167,323)	964,977	170,891	(7,344)	1,046	1,129,570
Right-of-use	-	-	-	-	1,615,858	-	-	1,615,858
	1,029,181	**103,119**	**(167,323)**	**964,977**	**1,786,749**	**(7,344)**		**2,745,428**
Accumulated Depreciation:								
Technical installations, machinery, tools, furniture and other items of PPE	(756,051)	(101,840)	165,720	(692,171)	(92,949)	7,344	(7,701)	(785,477)
Right-of-use	-	-	-	-	(502,994)	-	-	- (502,994)
	(756,051)	**(101,840)**	**165,720**	**(692,171)**	**(595,943)**	**7,344**	**(7,701)**	**(1,288,471)**
Impairment								
Technical installations, machinery, tools, furniture and other items of PPE	(6,580)		-	(6,580)	-	6,580	-	-
	(6,580)	**-**	**-**	**(6,580)**	**-**	**6,580**	**-**	**-**
Net property, plant and equipment	**266,550**	**1,279**	**(1,603)**	**266,226**	**1,190,805**	**6,580**	**(7,701)**	**1,456,956**

In 2019, additions mainly relate to the right-of-use asset recognized on the basis of the early application of the new International Financial Reporting Standard No. 16, that has previously been explained in note 2 a, Being the amount of the asset for the right of use of 1,615,858 euros, it also reflects an expense for amortization of said asset in the amount of 502,994 euros

The gross value of fully depreciated items in use is as follows:

	31/12/2019	31/12/2018
Technical installations, machinery, tools, furniture and other items of PPE	510,969	407,404
	510,969	**407,404**

The net carrying amount of items of property, plant and equipment located outside Spain amounts to 150,233.69 euro at December 31, 2019 (80,366 euro at December 31, 2018).

At December 31, 2019 and 2018 there were no firm purchase commitments for the acquisition of items of property, plant and equipment.
The policy of the Company consists in taking out insurance policies to cover the possible risks to which the various elements of its property, plant and equipment are subject. At 31 December 2019 and 2018, the assets of the Group were insured under an insurance policy. The Group's directors consider that this insurance policy sufficiently covers any risks associated to its property, plant and equipment.

NOTE 7. INTANGIBLE ASSETS

In 2019 and 2018, the balances and movements of gross values, accumulated depreciation and impairment are as follows:

	01/01/2018	Recognition	Derecognition	31/12/2018	Recognition	Recognition arising from business combinations (note 27)	Derecognition	31/12/2019
Cost:								
Industrial property	65,156	-	(4,082)	61,074				61,074
Computer software	3,932,791	204,020	(30,203)	4,106,609	608,665	(4,930)	5,363	4,715,707
	3,997,947	**204,020**	**(34,285)**	**4,167,683**	**608,665**	**(4,930)**	**5,363**	**4,776,781**
Accumulated Depreciation:								
Industrial property	(65,156)	-	4,081	(61,075)				(61,075)
Computer software	(3,171,357)	(249,242)	17,900	(3,402,700)	(132,909)	(2,119)	(2,707)	(3,540,435)
	(3,236,513)	**(249,242)**	**21,981**	**(3,463,775)**	**(132,909)**	**(2,119)**	**(2,707)**	**(3,601,510)**
Impairment								
Computer software	(261,557)	-	-	(261,557)	-	-	-	(261,557)
	(261,557)	**-**	**-**	**(261,557)**	**-**	**-**	**-**	**(261,557)**
Net intangible assets	**499,877**	**(45,222)**	**(12,304)**	**442,351**	**475,756**	**(7,049)**	**2,656**	**913,714**

The net carrying amount of items of property, plant and equipment located outside Spain amounts to 231,583.42 euro at December 31, 2019 (150,519 euro at December 31, 2018).

The gross value of fully depreciated items in use is as follows:

	31/12/2019	31/12/2018
Industrial property	61,074	65,245
Computer software	2,282,230	2,154,182
	2,343,304	**2,219,427**

NOTE 8.LEASES

In 2019 and 2018 the expense for leases amounted to 155,432 euro and 756,776 euro, respectively (see Note 17 d).

Minimum future payment commitments relating to non-cancellable operating leases have been recognised by the Group on the basis of the early application of the new IFRS No. 16, which was previously explained in Note 2.

The main leases relate to offices located at Marqués de Riscal 11, Madrid, and to a lesser extent to offices leased in Italy, France, Mexico and USA.

NOTE 9. CURRENT AND NON-CURRENT FINANCIAL ASSETS

The financial assets are recognized by their amortized cost without finding any changes with regard to the previous financial year.

The break-down of non-current financial assets is as follows:

	Receivables and other		Total	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Loans and receivables (Note 9.2)	126,463	121,371	126,463	121,371
Total	**126,463**	**121,371**	**126,463**	**121,371**

The break-down of current financial assets is as follows:

	Current		Total	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Cash and cash equivalents (Note 9.1)	3,034,129	5,611,926	3,034,129	5,611,926
Loans and receivables (Note 9.2)	7,118,854	9,113,641	7,118,854	9,113,641
Total	**10,152,854**	**14,725,567**	**10,312,733**	**14,725,567**

9.1) Cash and cash equivalents

This heading includes the fully liquid part of the Group´s assets and consists in the balances of cash in Treasury and with banks, as well as short-term bank deposits with an original maturity shorter than or equal to three months. These balances are freely available and are not subject to risks of changes in value.

The break-down of "Cash and Cash equivalents" is as follows:

	31/12/2019	31/12/2018
Current accounts	2,631,198	4,261,009
Treasury	481	967
Highly liquid deposits (a)	402,450	1,349,950
Total	**3,034,129**	**5,611,926**

(a) Mainly relating to bank deposits with

(i) Bankia, amounting to €402,450 at 31 December 2019 (€1,022,450 at 31 December 2018).

(ii)Bankinter, amounting to 327,500 euro at 31 December 2018.

These deposits are available and payable on a day margin from cancellation. In 2019, interests accrued from bank deposits and bank accounts amounted to 249,47 euro (2,840 euro in 2018).

At 31 December 2019, treasury in foreign companies amounted to 1,542,024.19 euro (1,313,106 euro at December 31, 2018).

9.2) Loans and receivables

The breakdown, in euro, of this heading is as follows:

	Non-current	Current	Non-current	Current
Trade receivables				
Third-party receivables		6,305,579	-	8,254,292
Total trade receivables	**-**	**6,305,579**	**-**	**8,254,292**
Trade receivables, Group companies		589,466	-	604,941
Other current assets, Group companies		-	-	-
Total Group companies	**-**	**589,466**	**-**	**-**
Non-trade receivables				
Guarantees and deposits	96,472	-	91,380	-
Other assets	29,991	223,808	29,991	254,408
Total non-trade receivables	**126,463**	**223,808**	**121,371**	**254,408**
Total	**126,463**	**7,118,854**	**121,371**	**8,508,700**

The breakdown of the item “Receivables” is as follows:

Description	**31/12/2019**	**31/12/2018**
Trade receivables		
Trade balances	6,109,660	8,038,308
Volume discounts granted and pending settlement	(845,100)	(1,208,693)
Trade balances pending issue	1,041,019	1,424,676
Total	**6,305,579**	**8,254,292**

Changes resulting from impairment losses arising from credit risk, broken down by financial assets, were as follows:

Impairment	**31/12/2017**	**Impairment loss**	**Impairment reversal**	**Application**	**31/12/2018**	**Impairment loss**	**Impairment reversal**	**Application**	**31/12/2019**
Trade receivables									
Trade receivables	(1,658,580)	(831,273)	546,679	478,675	(1,464,499)	(883,898)	335,090	452,704	(1,560,603)
Total	**(1,658,580)**	**(831,273)**	**546,679**	**478,675**	**(1,464,499)**	**(883,898)**	**335,090**	**452,704**	**(1,560,603)**

The Group recognizes these changes in impairment losses under "Impairment losses on current assets" in the Consolidated Profit and Loss Account. In 2019, 452,704 euro from impairment losses for which allowances were made in the past have been applied against trade receivables (478,675 euro in 2018).

NOTE 10. NON-CURRENT AND CURRENT LIABILITIES

The breakdown of non-current liabilities, classified by category, is the following:

	Debts with financial institutions	**Other**		**Total**	
		31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**
Debts and payables (Note 10.1)		**3,753,133**	**2,842,833**	**3,753,133**	**2,842,833**
Total		**3,753,133**	**2,842,833**	**3,753,133**	**2,842,833**

The carrying amount of debts and payables is considered a reasonable approximation to the fair value thereof.

The breakdown of current financial liabilities, classified by category, is the following:

	Other current payables		Other		Total	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Debts and payables (Note 10.1)	184,779	256,800	7,341,644	5,673,588	7,686,175	5,930,388
Total	**184,779**	**256,800**	**7,341,644**	**5,673,588**	**7,686,175**	**5,930,388**

10.1) Debts and payables

At 31 December 2019 and at 31 December 2018 the breakdown of "Debts and payables" is as follows:

	Balance at 31/12/2019		Balance at 31/12/2018	
	Non-current	Current	Non-current	Current
Trade payables:				
Suppliers	-	3,436,930	-	3,060,366
Suppliers, associates	-	281,093	-	174,446
Other trade payables	-	1,789,527	-	1,742,256
Total trade payables	**-**	**5,507,010**	**-**	**4,977,068**
Non-trade payables:				
Debts with financial institutions (2)	73,881	184,779	6,343	149,636
Other debts (1)	1,205,725	563,057	705,402	107,163
Provisions	199,699	-	204,459	-
Payables to third parties (3)	2,273,829	207,539	1,926,629	181,478
Loans and other payables	**3,753,133**	**955,375**	**2,842,833**	**438,277**
Payables to Group companies (notes 16 and 25)		366,778	-	
Personnel (outstanding remunerations)	-	677,699	-	341,236
Total non-trade payables	**-**	**1,044,478**	**-**	**341,236**
Advances from customers	-	19,560	-	173,807
Other current liabilities	**-**	**19,560**	**-**	**173,807**
Total Debts and payables	**3,753,133**	**7,526,423**	**2,842,833**	**5,930,388**

(1) The heading "Other debts" refers to debts with the Centro de Desarrollo Tecnológico Industrial (CDTI - Spanish Centre for the Development of Industrial Technology) and mainly to the impact of IFRS 16. See Note 15.

(2) The amount under "Debts with financial institutions" relates to the outstanding balance from CHASE facility granted to React2Media, bank credit cards debts and finance leases. See Note 11.

(3) The amount recorded at 31 December 2019 under the headings long-term debts with third parties amounting to €2,273,829 and short-term debts with third parties amounting to €207,539 (€1,926,629 long-term and €181,478 short-term at 31 December 2018) corresponds to the financial liability generated by the business combinations detailed in note 25.

10.2) Classification by maturity

At 31 December 2019, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

	2021	2022	2023	2014	2025 onwards	Total
Non-current payables						
Debts with credit institutions and other debts	55,669	56,724	57,799	61,836	254,124	**486,152**
Other non-current liabilities	719,573		-	-	-	**719,573**
Total	**775,242**	**56,724**	**57,799**	**61,836**	**254,124**	**1,205,725**

At year-end 2018, the classification by maturity of the different non-current financial liabilities with fixed or determinable maturity is as follows:

	2020	2021	2022	2023	2024 onwards	Total
Non-current payables						
Debts with credit institutions and other debts	313,867	55,669	56,724	57,799	227,685	**711,744**
Other non-current liabilities	859,900	1,066,729		-	-	**1,926,629**
Total	**1,173,767**	**1,122,398**	**56,724**	**57,799**	**227,685**	**2,638,373**

NOTE 11.INFORMATION ON THE NATURE AND LEVEL OF RISK FROM FINANCIAL INSTRUMENTS

The Group's activities are exposed to various types of financial risks, particularly to credit, liquidity and market risks (exchange rate, interest rate and other price risks).

Interest Rate Risk

As disclosed in Note 15 below, the subsidiary Código Barras Networks, S.L.U. was granted by Centro de Desarrollo Tecnológico Industrial (CDTI), a zero-interest loan as contribution to the development of the Research and Development project called "Extractor and automatic data classifier for virtual stores on the Web."

As disclosed in Note 15, the subsidiary Mamvo Performance, S.L. was granted a loan by Centro para el Desarrollo Tecnológico Industrial (CDTI) on a subsidised interest rate, as collaboration in the development of the Research and Development project called "New System of Personalised Digital Advertising through Machine Learning Techniques and through Advanced Algorithms for Data Processing."

Exchange rate risk

The Group tries to finance foreign currency-denominated non-current assets in the same currency in which the asset is denominated. This is particularly true in the case of acquisitions of companies with assets denominated in currencies other than the euro.

The exchange rate risk arises basically from sales of foreign currency, mainly sales in USD and Mexican Pesos. At 31 December 2019, net loss arising from foreign exchange differences amounted to 9,234 euro (47,632 euro at 31 December 2018).

Liquidity Risk

The general situation of financial markets, especially the banking market, during recent months, has been particularly unfavourable for credit applicants. The Group permanently pays attention to the evolution of the different factors that can help to resolve liquidity crisis and, in particular, to the funding sources and their characteristics.

In particular, we can summarize the points which are our main focus of attention:

- Liquidity of monetary assets: surplus is always invested on highly available and very short maturities. At December 31, 2019, the amount of cash and cash equivalents is 3,034,129 euro (5,611,926 euro at 31 December 2018).

- The working capital is positive at 31 December 2019 amounting to 1,455,299 euro (6,255,380 euro at 31 December 2018).

Credit risk

The Group has no significant concentration of credit risk, exposure being spread over a large number of counterparties and customers.

The Group's main financial assets are cash and cash equivalents, trade and other receivables, and investments which represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group carries out constant monitoring on the creditworthiness of the clients using a credit rating measurement. Whenever possible, credit ratings and/or external reports on the clients are obtained and used. The policy of the group is to only deal with solvent partners. The credit terms are between 30 and 90 days. The credit conditions negotiated with the clients are subject to an internal approval process which takes into account the credit rating score. The current credit risk is managed by means of periodic checking of the ageing analysis, along with the credit limits per client.

Trade and other receivables make up a large number of clients in different sectors and geographic areas.

The Group has no significant concentration of credit risk, exposure being spread over a large number of counterparties and customers.

Competition Risk

In an industry constantly evolving and offering high growth rates, new players have entered the markets where Antevenio operates. However, given the experience of over fifteen years in this market, the position and visibility of the Antevenio Group and the quality of our services, Directors believe the Group will continue holding a leading position.

Customer and Supplier Dependency Risk

The risk of dependency on customers and suppliers is limited because none bears significant weight in the turnover.

Customers include media agencies that work in turn with many advertisers, which further dilutes the customer dependency risk.

With regard to technology providers, the risk is small because the services provided by these companies are offered by other actors competing with them and which could, therefore, provide Antevenio with similar services.

"Key-Person" Risk

One of the Antevenio Group main assets is that the Group was able to gather a team of managers and key executives in strategic positions of the Group.

Personal Data Processing Risk

In ordinary course of its business, Antevenio Group performs a number of personal data processing both as Data Processor and as Data Comptroller.

Antevenio Group is deeply aware of the importance of the regulations governing personal data, electronic communications, privacy and commercial communications, and uses all available means to achieve a scenario of utmost compliance therewith.

The legal framework governing the company's business and its operations is formed by the following regulations:

1. Regulation (EU) 2017/679 of the European Parliament and of the Council of 27 April 2017 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 (General Data Protection Regulation).

2. Organic Law 3/2018, of 5 December, on Personal Data Protection and safeguard of digital rights.

3. Royal Decree 1720/2007, of 21 December, approving the Implementing Regulations of

Organic Law 15/1999, of 13 December, on personal data protection (in all matters not contrary to GDPR).

4.Law 34/2002, of 11 July, on Information Society Services and Electronic Commerce.

5.Proposal, dated 10 January 2018, for a Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communications).

6.Guides, guidelines and other relevant materials issued by the Spanish Data Protection Agency, CNIL, GARANTE Privacy and the so-called Article 29 Working Group on Data Protection, as well as by the European Data Protector Supervisor.

Antevenio Group is adapted to the existing and upcoming regulations, by way of the creation and implementation of privacy management system (PMS) and the permanent monitoring thereof by the Legal and Privacy team.

Antevenio Group is aware of the increased regulations concerning the digital marketing business, and has engaged two providers (INT55 and DELOYERS) to promote legal compliance and to provide assistance in the event of any incident occurring.

NOTE 12.EQUITY

The breakdown of consolidated equity is as follows:

	31/12/2019	31/12/2018(*)
Registered share capital of the Parent Company:	**231,412**	**231,412**
Reserves:	**14,601,585**	**13,886,973**
Of the Parent Company	7,988,714	7,438,815
From fully consolidated companies and from companies consolidated using the equity method	6,612,871	6,448,158
(Own shares)	**-**	**(114,300)**
Other equity instruments	**-**	**225,329**
Profit/(Loss) for the year attributable to the Parent Company	**(1,573,277)**	**2,231,325**
Translation differences	**(34,022)**	**(204,919)**
External Partners	**(31,523)**	
	13,194,175	**16,255,820**

(*)Re-expressed accounts(See note 2.g)

12.1) Share Capital

At 31 December 2019 and 2018, the share capital of the Parent Company is represented by

4,207,495 shares of 0.055 euros each, entirely subscribed and paid in. These shares have equal voting and dividend rights.

The company Inversiones y Servicios Publicitarios, S.L. (ISP) holder at 31 December 2015 of a 18.68% interest in Antevenio S.A. share capital, represented by 785,905 nominal value shares of 0.055 euros each, purchased on 3 August 2016 the shares from the Company's founder and CEO, Mr. Joshua David Novick, who owned a 11.89% interest in the Company's share capital, represented by 500,271 nominal value shares of 0.055 euros each, at a price of 6 euros per share.

Subsequent to the above mentioned shareholding change, ISP launched a Voluntary Public Offer Bid on the remaining Company's shareholders that was accepted by 1,360,806 shares, representing 32.34% of Antevenio S.A. share capital, at a purchase price of 6 Euros each. The company Aliada Investment B.V. subsequently transferred its shares to the company ISP, for which reason the company ISP acquired 83.09% of the share capital of Antevenio SA.

At 31 December 2019, direct and indirect shareholders of the Company were as follows:

	No. of Shares	% Ownership
ISPD	3,723,983	88.51%
Other	273,137	6.49%
Nextstage	210,375	5.00%
Total	**4,207,495**	**100.00%**

And at 31 December 2018:

	No. Of Shares	% Ownership
ISP Digital SLU	3.571.008	84,87%
Others <5%	401.036	9,53%
Nextstage	235.451	5,60%
Total	**4.207.495**	**100,00%**

12.2) <u>Parent Company Reserves</u>

The legal reserve has restrictions of use, which is subject to several legal provisions. In accordance with the Corporations Law, commercial companies obtaining, under the said legal form, benefits are under the obligation of allocating 10% of benefits to the legal reserve, until the reserve reaches one fifth of the registered share capital. The legal reserve may only be used to offset losses; for capital increases, in the 10% portion exceeding the increased capital; and, for distribution to shareholders upon liquidation. At 31 December 2019 and 31 December 2018, the Parent Company's legal reserve is fully allocated.

12.3) Share Premium

The Corporations Law expressly permits the use of the share premium balance for capital increases and does not establish any specific restriction as to the availability of that balance.

12.4) Voluntary Reserves

These are unrestricted reserves generated by the Parent Company as a result of prior years' income not distributed.

12.5) Distribution of dividends

On 19 June 2019 the General Meeting of Shareholders approved the distribution of a dividend against Voluntary Reservations, of 0.30 Euro per share, amounting to a total of 1,262,248.50 Euros.

On 28 June 2018 the General Meeting of Shareholders approved the distribution of a dividend against 2017 profit, of 0.30 Euro per share, amounting to a total of 1,262,248.50 Euros.

12.6) Treasury shares

The Extraordinary General Meeting of Shareholders of the Parent Company authorized on 25 June 2014 the acquisition of up to 10% of the Company's share capital in at a minimum price of 1 Euro per share and a maximum price of 15 Euro per share; the authorization was granted for a period of 18 months as from the date of the resolution.

On 29 January 2015, the Parent Company purchased 190,000 own shares at a unit price of 2.59 Euros.

The Extraordinary General Meeting of Shareholders of the Parent Company authorized on 28 June 2018 the acquisition of up to 10% of the Company's share capital in at a minimum price of 1 Euro per share and a maximum price of 15 Euro per share; the authorization was granted for a period of 18 months as from the date of the resolution.

After the transactions in treasury shares relating to equity instrument-based payments (Note 14), the Parent Company has no own treasury shares at 31 December 2019 (holding 15,000 shares at 31 December 2018, representing 0.36% of the share capital. The total amount represented by these shares amounted to €114,300).

At 31 December 2019 and 2018 the breakdown of treasury shares is follows:

	Balance at 12/31/2019		Balance at 12/31/2018	
Company	**No. of Shares**	**Cost**	**No. of Shares**	**Cost**
Antevenio S.A.	-	-	15,000	114,300
	-	**-**	**15,000**	**114,300**

Capital Management

The Group's objective regarding capital management is to maintain an optimal financial structure that reduces the capital cost while ensuring the ability to continue to manage its operations, always with the objective of growth and creation of value. This Group's objective is not officially defined nor have parameters thereto been set by the Board of Directors.

The main sources used by the Group to finance its growth are:

- The cash flows generated by the Group.
- The cash available at year-end.
- Existence of positive working capital.

The capital structure is controlled by the leverage ratio, calculated as net financial debt to equity. The Group mainly has debt with financial entities due to finance leases in 2019 in the amount of 45,561.62 Euros (33,667 Euros in 2018).

NOTE 13. TRANSLATION DIFFERENCES

Changes in the balance of this item between 31 December 2019 and 31 December 2018 were as follows:

	31/12/2019	31/12/2018
Opening balance	**(204,919)**	**(269,396)**
Net change during the reporting period	170,897	64,477
Closing balance	**(34,022)**	**(204,919)**

Translation differences are generated by companies with registered address abroad and functional currency other than the Euro. Specifically, these currencies are the Argentinean peso, the American dollar and the Mexican peso.

NOTE 14. EQUITY INSTRUMENTS-BASED PAYMENT TRANSACTIONS.

2015 Plan:
On 25 June 2015 the Annual General Meeting of the Parent Company approved a remuneration plan consisting in remuneration system, options on shares, linked to the value of the Company's shares, for certain Executive Directors and Managers and Employees of the Parent Company.

The following terms were approved:

(i) the maximum number of shares that can be granted cannot exceed 190,000 shares;
(ii) the exercise or delivery price or the calculation method for exercise or delivery shall be the market value of the share on the day of exercise or delivery;
(iii) the value of the shares shall be 2.59 Euro per share; and
(iv) the plan will be in force for a maximum term of 2 years and 6 months.

Additionally, the AGM delegated to the Board of Directors of the Parent Company the development, settlement, clarification and interpretation of the terms of the remuneration plan. The plan was approved by the Board of Directors on 16 December 2015.

On 5 March 2018, a plan beneficiary executed 63,333 shares at a price of 2.59 Euros each in accordance with the terms of the remuneration plan. Finally, the company and the beneficiary have agreed settlement in cash. The above-mentioned exercise has caused a reduction of assets in 335 thousand euro.

On 31 October 2018, the other two plan beneficiaries executed 63,333 and 63,334 shares, respectively, at a price of 2.59 Euros each in accordance with the terms of the remuneration plan. Finally, the company and the beneficiaries have agreed settlement in shares of the Parent Company.

Following the above-mentioned exercise, the Plan has been extinguished.

<u>2016 Plan</u>:
On 16 November 2016 the Annual General Meeting approved a remuneration plan (2016 Plan) consisting in remuneration system, linked to the value of the Company's shares, for certain Executive Directors and Managers and Employees of the Company.
The following terms were approved:

(i) the maximum number of shares that can be granted cannot exceed 125,000 shares;
(ii) the exercise or delivery price or the calculation method for exercise or delivery shall be the market value of the share on the day of exercise or delivery;
(iii) shares shall be awarded free of charge; and
(iv) the plan will be in force up to 30 June 2019.
(v) eligible employees shall stay in the Company during the entire above mentioned term

Additionally, the AGM delegated to the Board of Directors the development, settlement, clarification and interpretation of the terms of the remuneration plan. The plan was approved by the Board of Directors on 16 November 2016.

Changes in the above mentioned options were as follows:

	31/12/2019		31/12/2018	
	Number	**Weighted average price**	**Number**	**Weighted average price**
Granted options (+)	50,000	-	50,000	-
Options at the end of the year	50,000	-	50,000	-

At 31 December 2016, the value of 2015 Plan shares (278,160 Euros) has been recognized as a personnel expense in the Profit and Loss Account as vested over the period defined as the minimum required time in the Company's employ for the exercise of the option, and are also recognized with an offsetting entry in equity without reassessing the initial measurement thereof. The 2015 Plan contemplated launching in 2016 a Public Takeover Bid on the Company's shares (see Note 12.1) among the requirements for the early exercise and accrual of the relevant options. Accordingly, the remaining amounts were been entirely recognized in 2016. At 31 December 2016, the effect thereof on the Company's equity amounted to 347,700 Euros recognized under "Other equity instruments".

At 31 December 2016, the value of 2016 Plan shares (675,000 Euros) has been entirely recognized, in accordance with the principle of prudence, as a personnel expense during the reporting period where the agreement was entered into, irrespective of the minimum required stay in the Company. Since the offsetting entry resulted in an increase in own funds ("Other equity instruments"), there is no impact whatsoever on the Equity of Antevenio SA and its subsidiaries.

On 2 July 2018, a Plan beneficiary executed 75,000 free shares in accordance with the terms of the remuneration plan. Finally, the company and the beneficiary have agreed settlement in shares of the Parent Company.

On 1 July 2019, the other two beneficiaries of the Plan executed 50,000 options at the price of 5.4 euros according to the terms established in the remuneration plan. Finally, the company and the beneficiaries have agreed settlement in shares of the Parent Company.

Following the above-mentioned exercise, the Plan has been extinguished.

NOTE 15.DEFERRED INCOME

Código Barras Networks, S.L.U.

The subsidiary Código Barras Networks, S.L.U. has obtained from Centro de Desarrollo Tecnológico Industrial (CDTI), a zero-interest loan as contribution to the development of the Research and Development project called "Extractor and automatic data classifier for virtual stores on the Web." Of the amount received, 15% was non-refundable and was therefore recognized as capital grants.

Regarding the zero-interest loans, an interest-rate subsidy was recognized as the difference between the amount received and the fair value of the debt, determined by the actual value of payments due discounted at market rate.

In 2013, the Company recognized the impairment of intangible assets associated with this zero-interest loan due to technological obsolescence, and adjusted accordingly the amounts pending to be taken to income from both from the capital grant and the interest-rate subsidy by recognizing an income under "Other income" in the Consolidated Profit and Loss Account.

<u>Mamvo Perfomance, S.L. "Machine learning"</u>
During 2015, the company Mamvo Performance, S.L. was granted a loan from Centro para el Desarrollo Tecnológico Industrial (CDTI) on a subsidized interest rate as collaboration in the development of the Research and Development project called "New System of Personalized Digital Advertising through Machine Learning Techniques and Advanced Algorithms for Data Processing." for a total amount of 563,178 Euros, comprising a non-refundable tranche amounting to 99,379 Euros and a refundable tranche amounting to 463,768 Euros as subsidized interest rate loan. On 18 October 2016 the final instalment of the granted amounts was received.

In 2016, 99,379 euro were recognized under "Other income" in the Profit and Loss Account related to the non-refundable tranche of the grant awarded to Mamvo Performance, S.L., as the necessary expenses for which the grant had been awarded were completed during that reporting period.
Regarding the subsidised interest rate loan, it revealed an interest rate subsidy, the difference between the amount received and the fair value of the debt, determined by the actual value of payments payables discounted at market interest, having recorded in the Consolidated Statement of Financial Position the amount of 10,511 euro (35,836 euro at 31 December 2017).

<u>Mamvo Perfomance, S.L. "Datalake"</u>
On 27 November 2018, Centro para el Desarrollo Tecnológico Industrial (CDTI) granted a loan for a total amount of 445,176 euro, comprising a non-refundable tranche of 133,553 euro and a refundable tranche of 331,623 euro as subsidised interest rate loan, to the company Mamvo Performance, S.L. as collaboration in the development of a Research and Development project named "Dynamic assessment and advice on marketing campaigns". €155,811 of the amounts granted were received on 10 January 2019.

In 2019, a total of €70,872 (€31,955 at 31 December 2018) recorded in the Consolidated Profit and Loss Account, corresponding to the non-reimbursable part of the aid granted to the company Mamvo Performance, S.L., was charged to the profit for the year, due to part of the expenses incurred.

NOTE 16.TAXATION

The breakdown of the balances with Public Entities is as follows:

31/12/2019	Receivables	Payables
Current:		
Value Added Tax	358,992	(678,885)
Recoverable Taxes	209	
Assets arising from deductible temporary differences (**)	297,099	
Tax loss carryforwards (**)	1,526,064	
Deferred tax liabilities (**)		(14,905)
Withholdings for Personal Income Tax		(627,264)
Other payables to Public Entities		(5,973)
Income tax expense	63,439	
Social Security		-
	2,245,802	**(1,327,026)**

31/12/2018	Receivables	Payables
Current:		
Value Added Tax	6,018	(1,291,645)
Recoverable Taxes	168,747	-
Assets arising from deductible temporary differences (**)	385,052	-
Tax loss carryforwards (**)	1,427,921	-
Deferred tax liabilities (**)	-	(18,701)
Withholdings for Personal Income Tax	-	(452,380)
Other payables to Public Entities	-	(5,973)
Income Tax	-	(217,795)
Social Security	-	(204,228)
	1,987,738	**(2,190,722)**

(**) Amounts recognised under non-current assets in the Consolidated Statement of Financial Position

The Board of Directors informed, at the meeting held on 30 December 2016, that the company Inversiones y Servicios Publicitarios, S.L. (“ISP”) owns a 83.09% interest in the share capital of Antevenio and that, pursuant to the provisions of Article 61.3 of Law 27/2014, of 27 November, on Corporate Income Tax and having regard to the fact that Antevenio S.A. no longer was the parent company of taxation group 0212/2013 sin ISP had acquired an interest exceeding 75% of the share capital and voting rights in Antevenio, the Board approved including the any eligible Group companies, effective from the taxation period beginning of 1 January 2017, as a subsidiaries of taxation group 265/10, whose parent company is ISP.

Group companies with registered address in Spain paid taxes until 2016 under the Special Consolidated Tax Regime in the Group led by the Parent Company.

Income Tax expense for the Consolidated Group is calculated as the sum of the Income Tax expense from all Companies. The tax bases are calculated from the profit/(loss) for the year as adjusted for any temporary differences, any permanent differences and tax losses from prior years.

Income Tax is calculated by applying the tax rates in force in each of the countries where the group operates. The main types are:

Tax rate	2019	2018
Spain	25.00%	25.00%
Italy (*)	30.45%	30.45%
France	33.33%	33.33%
Mexico	30.00%	30.00%
Argentina	30.00%	30.00%

(*) Average tax rate accrued in Italy

The reconciliation of Corporate Income Tax expense and pre-tax profit or loss is as follows:

	31/12/2019	31/12/2018
Profit / (Loss) before taxes	(1,470,285)	5,553,702
	-	
Permanent differences	(1,802,277)	(763,505)
Tax liability	-	546,527
Other	26,287	36,246
Application of tax lox carryforwards and deductions	(305,811)	(465,767)
Domestic CIT payable or receivable	**(279,524)**	**117,006**
International CIT expense	336,403	326,607
International CIT income	-	
International CIT payable or receivable	**336,403**	**326,607**
CIT payable	**56,879**	**443,613**

The breakdown by company of corporate income tax expense, distinguishing current and deferred taxes, is as follows:

	31/12/2019	31/12/2018
Current taxes	(392,600)	(898,972)
Deferred taxes	335,721	455,359
Total Corporate Income Tax expense	**(56,879)**	**(443,613)**

According to current legislation, tax losses may be offset against taxable profits obtained as per local regulations. At December 31, 2019 the Group has the following tax loss carry forwards to offset tax:

Year of origination	Company	Euros
2008	Marketing Manager Servicios de Marketing	72,977
2009	Marketing Manager Servicios de Marketing	6,229
2011	Mamvo Performance	177,850
2012	Mamvo Performance	592,820
2013	Grupo Antevenio	3,920
2014	Grupo Antevenio	678,753
2015	Grupo Antevenio	36,366
2017	Marketing Manager Servicios de Marketing	116,937
2017	Antevenio Rich and Reach	67,032
2018	Antevenio SA	693,503
2019	Antevenio SA	609,041
2019	Antevenio Rich and Reach	347,115
2019	Antevenio ESP	136,889
2019	Codigo Barras	110,628
2014	Antevenio Publicité	316,193
2015	Antevenio Publicité	316,309
2011	Antevenio Publicité	720,193
2012	Antevenio Publicité	372,020
2017	Antevenio Publicité	184,950
2018	Antevenio Publicité	132,087
2019	Antevenio Publicité	420,951
2010	Antevenio France	204,964
2011	Antevenio France	306,103
2012	Antevenio France	133,564
2013	Antevenio France	99,984
2014	Antevenio France	7,321
2015	Antevenio France	5,596
2017	Antevenio S.R.L.(Italia)	193,381
2019	Antevenio S.R.L.(Italia)	462,427
		7,526,104

At 31 December 2019, the Group has activated tax loss carryforwards amounting to 837,281 Euros as tax credits to be offset in future years.

Deferred taxes

The breakdown of changes in deferred tax assets between 31 December 2019 and 31 December 2018 is as follows:

	31/12/2018	Charge / (credit) to income	31/12/2019
Tax credits	1,427,921	399,061	1,427,921
Temporary differences, assets (receivables)	753,974	(117,899)	636,075
Temporary differences, liabilities (receivables)	(368,922)	-	(368,922)
Total deferred tax assets	**1,812,973**	**281,162**	**1,695,074**

The breakdown of tax credits is as follows:

	31/12/2019	31/12/2018
Companies included in the consolidated tax group	1,388,862	989,801
Companies with registered address abroad	438,120	438,120
Total tax credits	**1,826,982**	**1,427,921**

The above mentioned deferred tax assets have been recognized in the Consolidated Statement of Financial Position as Directors consider that, according to the best estimates of future earnings for companies in the Group, including certain measures of fiscal planning, these assets are likely to be recovered.

Additional disclosures

Under current legislation, taxes cannot be regarded as definitive until the returns have been inspected by the tax authorities or the statute of limitations period of four years has elapsed. At 31 December 2019, the Group's Spanish companies had 2015 and subsequent years open for review by the tax authorities for Corporate Income Tax and 2016 and subsequent years for the main taxes applicable to them. Companies with registered address abroad have open to inspection any tax returns currently non-statute-barred according to the respective local regulations. Directors consider the above mentioned tax returns to be appropriately filed and settled; accordingly, even in the case of discrepancies in the construction of the existing regulations for the tax treatment of the transactions, any resulting liabilities, were they to materialize, will not significantly affect the attached Consolidated Financial Statements.

NOTE 17 REVENUE AND EXPENSES

a) Revenue

The breakdown of revenue by activity is as follows:

Type of Activity	31/12/2019	31/12/2018
Online Advertising	23,527,820	27,638,518
Technology services	1,695,565	1,888,444
Total revenue	**25,223,385**	**29,526,962**

b) Supplies

The entire balance of this item relates to "Operating Expenses."

c) Personnel Expenses

The breakdown of this heading in the attached Consolidated Profit and Loss Account is as follows:

	31/12/2019	31/12/2018(*)
Wages and salaries	(8,702,323)	(8,642,415)
Termination benefits	(640,054)	(42,304)
Social security payable by the Company	(1,840,266)	(1,647,787)
Employee benefits expense	(193,697)	(171,907)
Total personnel expenses	**(11,376,340)**	**(10,504,413)**

(*)Re-expressed accounts(See note 2.g)

d) External Services

The breakdown of this heading in the attached Consolidated Profit and Loss Account is as follows:

	31/12/2019	31/12/2018
Research and development expense in the reporting period	(3,838)	(9,538)
Leases and royalties (Note 8)	(155,432)	(756,776)
Repairs and maintenance	(20,728)	(23,908)
Independent professional services	(1,757,875)	(1,473,950)
Transport	(48,685)	(41,781)
Insurance premiums	(104,913)	(108,079)
Banking and similar services	(26,704)	(43,205)
Advertising, publicity and public relations	(354,697)	(320,375)
Utilities	(166,948)	(172,747)
Other services	(370,764)	(328,844)
	(3,010,584)	**(3,279,203)**

The application of IFRS 16, as discussed in Note 2, represents a decrease in the leasing item, which is now reflected in an increase in amortization by € 502,994 and in financial expenses by € 18,640.

e) Other finance and similar income

The breakdown of this heading in the Consolidated Profit and Loss Account is as follows:

	31/12/2019	31/12/2018
Finance income from accounts and similar	7,330	2,840
	7,330	**2,840**

f) Finance Expenses

The breakdown of this heading in the Consolidated Profit and Loss Account is as follows:

	31/12/2019	31/12/2018
Debts and similar expenses	(98,329)	(78,643)
Finance expense, Group companies	(7,752)	-
	(106,081)	**(78,643)**

g) Impairment of assets

	31/12/2019	31/12/2018
Update of financial liabilities	1,446,624	-
Impairment of goodwill	(1,441,092)	-
Value adjustments for impairment of trade receivables	(883,898)	(831,273)
Other current operating losses	335,090	546,679
	(543,276)	**(284,594)**

NOTE 18.PROVISIONS AND CONTINGENCIES

Changes in provisions were as follows:

	31/12/2018	Allowance	Application/Reversal	31/12/2019
Provisions for other liabilities	204,459	-	(4,760)	199,699
	204,459	**-**	**(4,760)**	**199,699**

This item relates mainly to provisions for the remuneration of personnel arising from Antevenio S.R.L. in compliance with the existing Italian labour-related regulations and amounting to 199,699 euros (204,459 Euros at 31 December 2018).

Net book value of intangible assets located outside Spain amounts to 226.301 euros at 31 December 2019 (265,684 euros at 31 December 2018).

NOTE 19. ENVIRONMENTAL INFORMATION

The Group´s companies have no significant assets nor have incurred in expenses intended to minimize environmental impact or to protect and improve the environment. Furthermore, there are not provisions for risks and expenses, nor contingencies related to the protection and improvement of the environment.

NOTE 20.EVENTS AFTER THE REPORTING PERIOD

On the occasion of the public health emergency caused by COVID-19, and in order to protect the health and safety of citizens, contain the progression of the disease and strengthen the public health system, the Council of Ministers has approved the Royal Decree 463/2020, of March 14, has declared a state of alarm for the management of the health crisis situation caused by COVID-19. At the date of preparation of these Annual Accounts there is no evidence of the impact that this extraordinary situation may have on the evolution of the business.

NOTE 21. COMPENSATION AND INTERESTS OF AND BALANCES WITH DIRECTORS OF THE PARENT COMPANY

21.1) Balances and Transactions with Directors and High Management

The individuals classified as High Management are also Directors of the Parent Company.

The amounts accrued by the Directors or by members of High Management, under all headings, are as follows:

	High Management	
	31/12/2019	31/12/2018
Wages and salaries	318,964	406,813
Total	**318,964**	**406,813**

In addition to these amounts, accrued remunerations arising from share-based payments disclosed under Note 17.c should be included. At 31 December 2019 and 2018, there were no commitments for pension supplements, sureties or guarantees, loans or advances granted to the Board of Directors.

Other disclosures related to the Board of Directors

In compliance with the provisions of Section 229 of the Spanish Corporations Law, Directors and the related parties referred to in Article 231 of the Spanish Corporations Law.

NOTE 22. OTHER INFORMATION

The average number of persons employed by the Group, broken down by category, is as follows:

	31/12/2019			31/12/2018		
	Men	Women	Total	Men	Women	Total
Management	13	5	18	12	5	17
Administrative	10	12	22	8	14	22
Commercial	27	18	45	25	26	52
Production	51	52	103	52	53	106
	101	**87**	188	**98**	**99**	197

The number of persons employed by the Group at the end of the reporting period and at the end of prior periods, by category, is as follows:

	31/12/2019	31/12/2018
Management	19	16
Administrative	20	23
Commercial	43	42
Production	95	101
	177	**182**

The average number of persons with disabilities equal to or exceeding thirty three percent employed by the Group, broken down by category, is as follows:

	31/12/2019	31/12/2018
Commercial	1	1
Production	-	1
	1	**2**

In 2019 and 2018, the fees earned by the auditors of the consolidated group totalled 64,500 euro.

In compliance with Law 15/2010, of 5 July, amending Law 3/2004, of 29 December, establishing measures to combat late payment in commercial transactions, details of the average period for payment to suppliers:

	2019	**2018**
	Days	**Days**
Average period of time for payment to suppliers	55.87	50.62
Percentage of paid transactions	59.75	49.70
Percentage of transactions pending payment	44.83	48.22
	Amount (Euro)	**Amount (Euro)**
Total payments made	6,895,224	6,207,221
Total payments pending	100,303	1,095,927

NOTE 23. SEGMENT REPORTING

The distribution of net turnover corresponding to the ordinary business activities of the Group, by activity categories, as well as by geographical markets is as follows:

By customer (31/12/2019)	Total
Online Advertising	23,527,820
Technology services	1,695,565
Total revenue	**25,223,385**

By customer (31/12/2018)	Total
Online Advertising	27,638,518
Technology services	1,888,444
Total revenue	**29,526,962**

The aggregation criteria that have been used to prepare the segmentation seen in the previous tables are established based on the types of activity carried out by the group companies:

- Online advertising: It is the main activity that is managed in the group and includes the advertising activities that are provided to the company's clients.
- Technological Services: This activity is mainly managed by Marketing Manager Servicios de Marketing, SLU and refers to the service of our emailing and SMS platform that allows clients to manage their own campaigns.

The economic indicators that have been evaluated to determine the segments have been the capacity to generate value on the part of each one of them and the technical characteristics that each one possesses in itself.

Distribution of Sales and Costs to Sell by Territory

Distribution / Sales	Consolidated Amount 31/12/2019	Consolidated Amount 31/12/2018
Spain	13,459,475	12,195,178
Europe and Latin America	11,763,910	17,331,784
Total Sales Distribution	**25,223,385**	**29,526,962**

Distribution of Costs to Sell	Consolidated Amount 31/12/2019	Consolidated Amount 31/12/2018
Spain	(2,803,535)	(4,257,351)
Europe and Latin America	(8,505,319)	(8,157,051)
Total Costs Distribution	**(11,308,854)**	**(12,414,401)**

Consolidated Profit and Loss Account broken down by activity category

	31/12/2019			31/12/2018(*)		
	Online Advertising	Rendering of Technology Services	**Total**	Online Advertising	Rendering of Technology Services	**Total**
Revenue	23,527,820	1,695,565	**25,223,385**	27,638,518	1,888,444	**29,526,962**
Other operating income				175,705		**175,705**
Supplies	(10,843,893)	(464,960)	**(11,308,853)**	(11,930,955)	(483,447)	**(12,414,401)**
Other operating expenses	(2,437,303)	(730,851)	**(3,168,154)**	(2,796,848)	(766,948)	**(3,563,796)**
Amortization and depreciation	(714,942)	(13,911)	**(728,853)**	(233,737)	(117,345)	**(351,082)**
Personnel expenses	(10,919,627)	(456,712)	**(11,376,340)**	(10,009,089)	(495,324)	**10,504,413**
Other income / (loss)	(3,484)		**(3,484)**	(4,995)	4,995	
Operating profit / (loss)	(1,391,429)	29,130	**(1,362,300)**	2,838,602	30,376	**2,868,977**
Net Finance Income	(88,622)	(19,364)	**(107,986)**	(123,185)	(251)	**(123,435)**
Profit / (loss) before income tax	(1,480,051)	9,765	**(1,470,285)**	2,715,417	30,125	**2,745,541**
Income Tax	(47,311)	(9,568)	**(56,879)**	(553,069)	109,456	**(443,613)**
Other taxes	(58,831)	(1,108)	**(59,939)**	(70,603)		**(70,603)**
Profit/(loss) for the year	(1,586,193)	(911)	**(1,587,103)**	2,091,745	139,581	**2,231,325**

(*)Re-expressed accounts(See note 2.g)

NOTE 24.RELATED PARTY TRANSACTIONS

As a result of the changes in shareholding occurred during 2016 and detailed in Note 12.1 above, the company ISP Digital S.L.U. has become the majority shareholder of Antevenio Group; accordingly, the following subsidiaries of ISP Digital SLU have become related parties:

Company / Group	Relation
Rebold Group	*Related party*
ISP Digital Group	*Parent Company*
ISP Group	*Related party*

At 31 December 2019 and 31 December 2018 the balances with related parties were as follows:

RELATED PARTY (31 December 2019)	BALANCE RECEIVABLE	BALANCE PAYABLE
Other debts		
ISP for corporate tax		237,298
ISPD	-	129,480
Total other debts		366,778
Trade activity balances (client/vendor)		
ACCESO COLOMBIA	139,149	61,037
ACCESO CONTENT IN CONTEXT SA DE CV	9,000	
DIGILANT COLOMBIA		540
DIGILANT SA DE CV	1,981	
IN STORE MEDIA	155	
ISPD	121,000	690
REBOLD	286,531	191,848
DIGILANT INC	31,650	26,978
Total commercial activity	**589,466**	**281,093**

RELATED PARTY (31 December 2018)	BALANCE RECEIVABLE	BALANCE PAYABLE
ACCESO COLOMBIA	67,831	(12,726)
ACCESO GROUP	17,468	(428)
ANAGRAM	24,618	-
DIGILANT INC	94,691	-
DIGILANT SPAIN	271,832	(161,292)
DIGILANT USA	7,500	-
ISP DIGITAL for Taxation Group Corporate Income tax expense	121,000	(633,665)
TOTAL RELATED PARTIES	604,941	(808,111)

The breakdown of transactions with related parties conducted in 2019 and 2018 is as follows:

2019	ACCESO COLOMBIA	DIGILANT INC	REBOLD	DIGILANT COLOMBIA	ACCESO CONTENT IN CONTEXT SA DE CV	IN STORE MEDIA	DIGILANT SA DE CV	ISP DIGITAL
Sales	183,268.65	112607.97	15990		9000	128	421.51	
Purchases	-152,162.92	-39588.26	-17,750.96	-540				
Services rendered			69788.08				1,892	
Services received			-5,024.50					
Finance Expenses								-7,751.19
Total	**31,105.73**	**73,019.71**	**63,002.62**	**-540.00**	**9,000.00**	**128.00**	**2,313.51**	**-7,751.19**

2018	ACCESO COLOMBIA	DIGILANT USA	DIGILANT MARKETING	DIGILANT INC	ANAGRAM	ACCESO GROUP	DIGILANT SPAIN	ISP DIGITAL
Sales	111,960	7,500	400	227,429	25,290		41,122	-
Purchases	(91,921)					(18,800)	(22,027)	-
Services rendered	-	-				10,873	-	20,000
Services received	-	-				(11,323)	(90,666)	-
Total	**20,039**	**7,500**	**400**	**227,429**	**25290**	**(19,250)**	**(71,571)**	**20,000**

As previously stated in note 12.5, on 19 June 2019 the Company approved the distribution of a dividend amounting to 0.30 euro per share, resulting in1,117,194.70 euro paid to ISP Digital (1,262,249 euro in the dividend paid in 2018).

NOTE 25.BUSINESS COMBINATIONS

REACT2MEDIA:

On 22nd June 2017 the Parent Company completed the acquisition of 51% of the shares in the US company React2Media, L.L.C for a consideration of 2,250,000 dollars (2,022,275 euros); the entire amount of the consideration was paid to the counterparty on 23 June 2017. This company was thereafter included within the consolidation scope and fully consolidated.

The subsidiary React2Media, L.L.C. has its registered address at 35 W 36th St, New York, NY 10018, USA. The company's corporate purpose is the provision of a comprehensive service of on-line advertising networks, offering a complete array of interactive marketing opportunities to media agencies, direct advertisers and editors. The main reason supporting the acquisition is the entry of Antevenio Group in the United States market drawing on the market position and knowledge of the investee. Antevenio Group intends to provide the investee with its other business lines in order to generate positive synergies.

Both the Group and the selling shareholders mutually granted themselves unconditional put option rights and call option rights over the remaining 49% shares in the investee, which may be exercised within the same term and for the same amount. These options have a floating price based on certain parameters relating to the investee's performance over financial years 2019, 2020 and 2021; however, total acquisition value may not exceed 8.5 million dollars (of which 2.25 million dollars have already been paid for the acquisition of 51% of shares). Sale price is subject to the fulfilment of certain continuance conditions by the sellers.

In accordance with the International Financial Reporting Standards and based on the existence of cross put and call options with the same value and the same exercise period, the transaction has been treated as an early acquisition of a non-controlling interest pursuant to the requirements of *IAS 32 Financial Instruments: Presentation*, which provides that a contractual obligation to deliver cash to another entity is a financial liability.

The amount recognised by the Group at 31 December 2017 as a financial liability represented to the best estimate, as of that date, of the expected amount to be paid; the fair value of this financial liability has been measured at 1.98 million euros, recognised under "Other non-current liabilities".

In accordance with the provisions of IFRS 3 on Business Combinations, during the first half-year of 2018, the Group opted to reassess this financial liability and to retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. As a consequence, the amount recognised at 31 December 2018 as a financial liability represented to the best estimate, as of that date, of the expected amount to be paid; the fair value of this financial liability has been measured at 2.108 million euros, recognised under "Other non-current liabilities".

On 21 May 2019, the first tranche of rights to purchase and right to unconditional sale was implemented on 49% of the Company's shares, remaining from the capital share of said Company in the initial contract dated 22 June 2017. The Group acquires 9% of the US Company React2Media, L.L.C's shares, for 212,551 dollars (192,778 euros).

Given that the administrators obtained additional information from greater experience and accounting estimates updated in previous years in relation to the valuation of the financial liability generated by the purchase option mentioned above, its value was adjusted prospectively and the effect recognised in the Consolidated Profit and Loss Account for the year was an income of €1.4 million recorded under the heading "Impairment of assets" (Note 17.g).

As a consequence of the events described above, the outstanding amount recorded at 31 December 2019 as a financial liability amounted to €488,257, recorded under the heading "Other non-current liabilities" for €280,340 and under the heading "Other current liabilities" for €207,917 (Note 10).

The breakdown of the consideration given measured as the fair value of net assets and goodwill acquired at 31 December 2019 is as follows:

	Euros
Fair value of the consideration given	
Cash paid on the acquisition date	2,102,903
Put options granted to minority interests	1,933,648
Contingent consideration	35,004
Total consideration given at 31 December 2018	**4,071,555**
Net identifiable assets acquired	
Non-current investments	38,462
Intangible assets	2,312
Trade and other receivables	1,198,620
Cash	109,457
Debts with financial institutions	(256,188)
Other debts	(13,429)
Trade and other payables	(912,813)
Fair value of net identifiable assets acquired	**166,421**
Gross Value of Goodwill (Note 5)	**3,905,134**
Impairment Goodwill (Note 5)	**(1,441,092)**
Net Value of Goodwill (Note 5)	**2,464,042**
Consideration paid in cash	(2,102,903)

Cash and cash equivalents acquired	109,457
Net cash outflow	**(1,993,446)**

Goodwill arising from the acquisition was allocated to the Cash Generating Unit relating to the investee's business and relates to the workforce and synergies resulting from Antevenio Group's entry in the United States market drawing on the investee to expand the Group's various business lines.

The Company has considered that fair value of the identifiable assets and liabilities acquired is equal to the relevant carrying values as of the of the acquisition date. As shown in the table above, almost all the assets and liabilities acquired relate to working capital.

The breakdown of fair value of trade receivables as of the acquisition date is as follows:

Euros	Contractual gross amount	Impairment adjustment	Fair value
Trade receivables	1,198,620	0.00	1,198,620

B2 MARKETPLACE ECOMMERCE GROUP SL:
On 7 October 2019, the Parent Company acquired 51% of the shares in the company B2MarketPlace, S.L. for a price of €254,240, paying the entire amount to the counterparty on 7 October 2019. This company was thereafter included within the consolidation scope and fully consolidated.

The subsidiary B2MarketPlace, S.L. is domiciled at Marqués de Riscal nº11. It is a company specialized in optimizing and improving the presence of brands, manufacturers and distributors on digital platforms.

Both the Group and the selling members mutually granted themselves unconditional put option rights and call option rights over the remaining 49% shares in the investee, which may be exercised within the same term and for the same amount. These options have a floating price based on certain parameters relating to the investee's performance over fiscal years 2021, 2022 and 2023. Sale price is subject to the fulfilment of certain continuance conditions by the sellers.

In accordance with the International Financial Reporting Standards and based on the existence of cross put and call options with the same value and the same exercise period, the transaction has been treated as an early acquisition of a non-controlling interest pursuant to the requirements of *IAS 32 Financial Instruments: Presentation*, which provides that a contractual obligation to deliver cash to another entity is a financial liability.

The amount recognised by the Group at 31 December 2019 as a financial liability constitutes the best estimate to date of the expected amount that the Group expects to pay, the fair value of this financial liability thereof amounting to €2,021,306; an amount of €1,993,489 recorded under the heading "Other non-current liabilities" and €27,817 under the heading "Other current liabilities" (note 10).

In accordance with IFRS 3 on Business Combinations, during one year from the acquisition date, the Group can reassess this financial liability and retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

The breakdown of the consideration given measured as the fair value of net assets and goodwill acquired at 31 December 2019 is as follows:

	Euros
Fair value of the consideration given	
Cash paid on the acquisition date	254,240
Put options granted to minority interests	1,993,489
Contingent consideration	27,817
Total consideration given at 31 December 2019	**2,275,546**
Net identifiable assets acquired	
Non-current investments	4,170
Intangible assets	92
Property, plant and equipment	4,479
Trade and other receivables	43,357
Cash	-
Debts with financial institutions	(69,173)
Other debts	
Trade and other payables	(36,473)
Fair value of net identifiable assets acquired	**(53,547)**
Gross Value of Goodwill (Note 5)	**2,329,094**
Impairment Goodwill (Note 5)	**-**
Net Value of Goodwill (Note 5)	**2,329,094**
Consideration paid in cash	254,240
Cash and cash equivalents acquired	

Net cash outflow	**254,240**

Goodwill generated was assigned to the Cash Generating Unit corresponding to the activity of the acquired company and is attributed to the workforce and the derived synergies that the business of the acquired company can offer to the Antevenio Group, completing with a new business line the offer already existing in the group, as the acquired company can be used to expand the Group's different business lines.

The Company has considered that fair value of the identifiable assets and liabilities acquired is equal to the relevant carrying values as of the of the acquisition date. As shown in the table above, almost all the assets and liabilities acquired relate to working capital.

The breakdown of fair value of trade receivables as of the acquisition date is as follows:

Euros	Contractual gross amount	Impairment adjustment	Fair value
Trade receivables	43,053		43,053

<u>FORESEEN MEDIA SL</u>:
On 20 February 2019, the Parent Company acquired 70,40% of shares in the company FORESEEN MEDIA SL for a price of €67,420, paying the entire amount to the counterparty on 20 February 2019. This company was thereafter included within the consolidation scope and fully consolidated.

The subsidiary FORESEEN MEDIA SL is domiciled at Calle Marques del Riscal No. 11, 2 in Madrid. The main activity of the company comprises:

1. Purchase, sale, management, marketing and licensing of all types of rights related to eSports or sports played on computer systems, including the purchase and sale of advertising spaces, assets and sponsorship of players, teams and competitions.

2. Conclusion of advertising sponsorship contracts for companies with eSports agents, including yet not restricted to eSport leagues, Clubs, players or third parties who organise eSports events.

3: The Creation and management of eSports Clubs, their commercialisation, sale and economic exploitation.

4. The representation of players and eSports Clubs, purchase and sale of player image rights. If the law requires some sort of professional qualification, degree, administrative authorisation or registration on a public register to exercise of some of the activities included in the corporate purpose, these activities must be carried out by a professional certified in this regard and, where pertinent, may not start before the required administrative requirements have been met. The related activities may also be carried out by the Company in whole or in part indirectly, through holdings in Companies having an object that is identical or similar to that expressed in the preceding paragraphs, or through any other forms admitted by Law.

Given the insignificance represented by the figures integrated by the acquisition of this company in the overall consolidated financial statements, the administrators consider specifying further information in this regard to be unnecessary.

ANTEVENIO, S.A.

CONSOLIDATED DIRECTORS' REPORT FOR THE YEAR 2019

To the shareholders

Fiscal year 2019

SITUATION OF THE ACTIVITY AND RESULTS OF ANTEVENIO, S.A. AND SUBSIDIARIES DURING THE YEAR ENDED ON DECEMBER 31, 2019

1. Revenue and Consolidated Results of the Group in 2019

In 2019, the companies included in the consolidation perimeter were as follows:

- Mamvo Performance, S.L.U., consolidated using full consolidation method.
- Marketing Manager Servicios de Marketing de Servicios, S.L.U., consolidated using full consolidation method.
- Antevenio S.R.L, consolidated using full consolidation method.
- Antevenio Esp S.L.U., consolidated using full consolidation method.
- Antevenio France S.R.L., consolidated using full consolidation method.
- Antevenio Publicite S.A.S.U., consolidated using full consolidation method.
- Código Barras Networks, S.L.U, consolidated using full consolidation method.
- Antevenio, Rich & Reach, S.L.U., consolidated using full consolidation method.
- Antevenio Argentina, S.R.L., consolidated using full consolidation method.
- Antevenio Mexico, S.A de C.V, consolidated using full consolidation method.
- React2Media, consolidated using full consolidation method.
- Foreseen Media S.L., consolidated using full consolidation method.
- B2 Marketplace Ecommerce Consulting Group S.L., consolidated by the full integration method from 1 October 2019.

The consolidated net turnover during fiscal year 2019 was €25.2 million, representing a reduction of 14% over the consolidated turnover in 2018, which rose to €29.5 million. The decrease in revenues was less marked in the second half of the year (-8%) than during the first six months (-19%), but the business continued to be affected by the slowdown in the digital advertising market for European operators.
In a market like digital advertising and marketing that has continued to grow globally in 2019, European operators are still penalized by GDPR and the technical changes introduced by global players like Google or Facebook.

There has been a decline in the Publishing division (content creation through the Group's four main vertical portals: travel, fashion, learning and
health / lifestyle), of 20%: € 7.5 million (compared to € 9.4 million in 2018); The data collection model through co-registration in the markets of Spain, France and
Italy continues to be affected by the GDPR and the algorithm changes implemented by Facebook.

There has been growth for the Marketing Technology division (Manager and related services of Antevenio Go), with revenues of 10.0 million euros, which represents 8% more. This growth is mainly linked to the increase in sales of services.

There has been a decrease of the Digital Media Trading division (media buying and selling, programmatic marketing, content marketing and affiliation activities) by 21%: € 10.3 M compared to € 13.0m for 2018.

The geographical breakdown of sales is practically the same as in 2018. Spain continues to be the leading region, generating 39% of the Group's sales in 2019, compared to 41% in 2018. Sales in Latin America increased from 18 % to 22% of the Group's income, followed by Italy (18% of sales compared to 17% in 2018), the United States (15% of sales compared to 16% in 2018) and France (6% of sales compared to 8% from the previous year).

Operating expenses, including sales costs and excluding amortisations and allocations for provisions, which is a 1.7% decrease compared to 2018.

The profit/(loss) attributed to Holders of Equity Instruments of the Parent Company for the year reached losses of -€1.58 million compared to €2.4 million in 2018. The EBITDA for 2019 stood at -€90 thousand, while the EBITDA for 2018 was positive at €3.9 million.

The Consolidated Financial Statements of the Antevenio Group are presented according to IFRS international accounting standards.

2. <u>Turnover of Antevenio S.A. subsidiaries in 2019</u>

<u>In thousands of euros</u>

<u>Turnover</u>

Mamvo Performance, S.L.U.	5,295
Antevenio, S.R.L.	4,720
Marketing Manager de Servicios de Marketing, S.L.	1,695
Antevenio ESP S.L.U	3,753
Código Barras Networks, S.L.U	824
Antevenio Argentina S.R.L.	185
React2Media	3,662
Antevenio Publicite S.R.L.	1,583
Antevenio Mexico, S.A de C.V	5,982
Antevenio SA	2,503
Antevenio, Rich & Reach, S.L.U.	2,141
Foreseen Media SL	310
B2 Marketplace Ecommerce Group SL	138
Antevenio France SARL	97

3. <u>Significant events during 2019</u>

In 2019, the Antevenio Group split with the growing trend that it had been showing until 2018. The new market situation that year impaired Group sales, which were approximately 14% lower than the 2018 figures. The decrease in revenues was less marked in the second half of the year (-8%) than during the first six months (-19%), but the business continued to be affected by the slowdown in the digital advertising market for European operators.

Investments and new activities started in previous years consolidated in 2019 materialized in the acquisition of two new companies that provide two business models different from the traditional ones of the group but that fit perfectly in the offer of services that the YY Group can offer is that, in recent years, Antevenio has followed a strategy of acquisitions selective aimed at developing new sources of growth, both geographic and operational.

<u>REACT2MEDIA</u>

On 22nd June 2017 the Parent Company completed the acquisition of 51% of the shares in the US company React2Media, L.L.C for a consideration of 2,250,000 dollars (2,022,275 euros); the entire amount of the consideration was paid to the counterparty on 23 June 2017. This company was thereafter included within the consolidation scope and fully consolidated.

The subsidiary React2Media, L.L.C. has its registered address at 35 W 36th St, New York, NY 10018, USA. The company's corporate purpose is the provision of a comprehensive service of on-line advertising networks, offering a complete array of interactive marketing opportunities to media agencies, direct advertisers and editors. The main reason supporting the acquisition is the entry of Antevenio Group in the United States market drawing on the market position and knowledge of the investee. Antevenio Group intends to provide the investee with its other business lines in order to generate positive synergies.

Both the Group and the selling shareholders mutually granted themselves unconditional put option rights and call option rights over the remaining 49% shares in the investee, which may be exercised within the same term and for the same amount. These options have a floating price based on certain parameters relating to the investee's performance over financial years 2019, 2020 and 2021; however, total acquisition value may not exceed 8.5 million dollars (of which 2.25 million dollars have already been paid for the acquisition of 51% of shares). Sale price is subject to the fulfilment of certain continuance conditions by the sellers.

In accordance with the International Financial Reporting Standards and based on the existence of cross put and call options with the same value and the same exercise period, the transaction has been treated as an early acquisition of a non-controlling interest pursuant to the requirements of *IAS 32 Financial Instruments: Presentation*, which provides that a contractual obligation to deliver cash to another entity is a financial liability.

The amount recognised by the Group at 31 December 2017 as a financial liability represented to the best estimate, as of that date, of the expected amount to be paid; the fair value of this financial liability has been measured at 1.98 million euros, recognised under "Other non-current liabilities".

In accordance with the provisions of IFRS 3 on Business Combinations, during the first half-year of 2018, the Group opted to reassess this financial liability and to retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. As a consequence, the amount recognised at 31 December 2018 as a financial liability represented to the best estimate, as of that date, of the expected amount to be paid; the fair value of this financial liability has been measured at 2.108 million euros, recognised under "Other non-current liabilities".

On 21 May 2019, the first tranche of rights to purchase and right to unconditional sale was implemented on 49% of the Company's shares, remaining from the capital share of said Company in the initial contract dated 22 June 2017. The Group acquires 9% of the US Company React2Media, L.L.C's shares, for 212,551 dollars (192,778 euros).

Given that the administrators obtained additional information from greater experience and accounting estimates updated in previous years in relation to the valuation of the financial liability generated by the purchase option mentioned above, its value was adjusted prospectively and the effect recognised in the Consolidated Profit and Loss Account for the year was an income of €1.4 million recorded under the heading "Impairment of assets" (Note 17.g).

As a consequence of the events described above, the outstanding amount recorded at 31 December 2019 as a financial liability amounted to €488,257, recorded under the heading "Other non-current liabilities" for €280,340 and under the heading "Other current liabilities" for €207,917 (Note 10).

Goodwill arising from the acquisition was allocated to the Cash Generating Unit relating to the investee's business and relates to the workforce and synergies resulting from Antevenio Group's entry in the United States market drawing on the investee to expand the Group's various business lines.

The Company has considered that fair value of the identifiable assets and liabilities acquired is equal to the relevant carrying values as of the of the acquisition date.

B2 MARKETPLACE ECOMMERCE GROUP S.L.:
On 7 October 2019, the Parent Company acquired 51% of the shares in the company B2MarketPlace, S.L. for a price of €254,240, paying the entire amount to the counterparty on 7 October 2019. This company was thereafter included within the consolidation scope and fully consolidated.

The subsidiary B2MarketPlace, S.L. is domiciled at Marqués de Riscal nº11. It is a company specialized in optimizing and improving the presence of brands, manufacturers and distributors on digital platforms.

Both the Group and the selling members mutually granted themselves unconditional put option rights and call option rights over the remaining 49% shares in the investee, which may be exercised within the same term and for the same amount. These options have a floating price based on certain parameters relating to the investee's performance over fiscal years 2021, 2022 and 2023. Sale price is subject to the fulfilment of certain continuance conditions by the sellers.

In accordance with the International Financial Reporting Standards and based on the existence of cross put and call options with the same value and the same exercise period, the transaction has been treated as an early acquisition of a non-controlling interest pursuant to the requirements of *IAS 32 Financial Instruments: Presentation*, which provides that a contractual obligation to deliver cash to another entity is a financial liability.

The amount recognised by the Group at 31 December 2019 as a financial liability constitutes the best estimate to date of the expected amount that the Group expects to pay, the fair value of this financial liability thereof amounting to €2,021,306; an amount of €1,993,489 recorded under the heading "Other non-current liabilities" and €27,817 under the heading "Other current liabilities" (note 10).

In accordance with IFRS 3 on Business Combinations, during one year from the acquisition date, the Group can reassess this financial liability and retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date.

Goodwill generated was assigned to the Cash Generating Unit corresponding to the activity of the acquired company and is attributed to the workforce and the derived synergies that the business of the acquired company can offer to the Antevenio Group, completing with a new business line the offer already existing in the group, as the acquired company can be used to expand the Group's different business lines.

The Company has considered that fair value of the identifiable assets and liabilities acquired is equal to the relevant carrying values as of the of the acquisition date. As shown in the table above, almost all the assets and liabilities acquired relate to working capital.

FORESEEN MEDIA S.L.:
On 20 February 2019, the Parent Company acquired 70,40% of shares in the company FORESEEN MEDIA SL for a price of €67,420, paying the entire amount to the counterparty on 20 February 2019. This company was thereafter included within the consolidation scope and fully consolidated.

The subsidiary FORESEEN MEDIA SL is domiciled at Calle Marques del Riscal No. 11, 2 in Madrid.

The main activity of the company comprises:

1. Purchase, sale, management, marketing and licensing of all types of rights related to eSports or sports played on computer systems, including the purchase and sale of advertising spaces, assets and sponsorship of players, teams and competitions.

2. Conclusion of advertising sponsorship contracts for companies with eSports agents, including yet not restricted to eSport leagues, Clubs, players or third parties who organise eSports events.

3: The Creation and management of eSports Clubs, their commercialisation, sale and economic exploitation.

4. The representation of players and eSports Clubs, purchase and sale of player image rights. If the law requires some sort of professional qualification, degree, administrative authorisation or registration on a public register to exercise of some of the activities included in the corporate purpose, these activities must be carried out by a professional certified in this regard and, where pertinent, may not start before the required administrative requirements have been met. The related activities may also be carried out by the Company in whole or in part indirectly, through holdings in Companies having an object that is identical or similar to that expressed in the preceding paragraphs, or through any other forms admitted by Law.

Given the insignificance represented by the figures integrated by the acquisition of this company in the overall consolidated financial statements, the administrators consider specifying further information in this regard to be unnecessary.

PROSPECTS

Antevenio continues to take important steps in the transformation begun in early 2019 to become an essential player in Digital Marketing at the international level. For this purpose, there has been a change in the structure of the Board of Directors, with the entry of Fernando Rodés, as president of the company, and Andrea Monge, the new CEO

It is expected that in 2020 Antevenio will once again enter a growth phase in all the markets in which it operates, having all the resources, both financial and product, to face a 2020 in which growth is accompanied by profitability. Our financial strength, our product diversity, and the investments made in previous years make us expect a reinforcement of our leadership and continue to gain market share. However, the above perspectives could be affected by the impact on the global economy caused by Covid-19, which cannot be anticipated at this time.

FIXED ASSET ADDITIONS

Additions to property, plant and equipment and intangible assets of the Antevenio Group during 2019 relate to:

Additions of items of property, plant and equipment amounted to 170 thousand euro in 2019.

Additions to other intangible assets amounted to 608 thousand euro in 2019 and relate mainly to computer software.

RISKS

The principal risks and uncertainties that the Antevenio Group could face are the following:

Competition Risk

In an industry constantly evolving and offering high growth rates, new players have entered the Spanish and Italians, the most important markets where Antevenio operates. However, given the experience of over ten years in this market, the position and visibility of Antevenio and the quality of our services, Directors believe the Company will continue to occupy a leading position.

Customer and Supplier Dependency Risk

The risk of dependency on customers and suppliers is limited because none bears significant weight in the turnover of Antevenio, S.A.

Customers include media agencies that work in turn with many advertisers, which further dilutes the customer dependency risk.

With regard to technology providers, the risk is small because the services provided by these companies are offered by other actors competing with them and which could, therefore, provide Antevenio with similar services.

“Key-Person” Risk

We believe that one of Antevenio’s main assets lies in having been able to assemble a team of managers and key executives in the company’s strategic positions.

Regulatory Risks

In ordinary course of its business, Antevenio Group performs a number of personal data processing both as Data Processor and as Data Comptroller.

Antevenio Group is deeply aware of the importance of the regulations governing personal data, electronic communications, privacy and commercial communications, and uses all available means to achieve a scenario of utmost compliance therewith.

The legal framework governing the company’s business and its operations is formed by the following regulations:

1. Regulation (EU) 2017/679 of the European Parliament and of the Council of 27 April 2017 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 (General Data Protection Regulation).

2. Organic Law 3/2018, of 5 December, on Personal Data Protection and safeguard of

digital rights.

3.Law 34/2002, of 11 July, on Information Society Services and Electronic Commerce.

4.Proposal, dated 10 January 2018, for a Regulation of the European Parliament and of the Council concerning the respect for private life and the protection of personal data in electronic communications and repealing Directive 2002/58/EC (Regulation on Privacy and Electronic Communications).

5.Guides, guidelines and other relevant materials published by the Spanish Data Protection Agency, CNIL, GARANTE Privacy, the European Data Protection Committee, and the European Data Protection Supervisor.

The Antevenio Group is in a continuous process of reviewing the applicable regulations through a privacy management system (PMS) and the permanent monitoring thereof by the Legal and Privacy team.

Aware of the increasing regulations on the digital marketing business, the Antevenio group thus maintains a relationship with the provider Deloyers to promote regulatory compliance and collaborate in the event of an incident.

PERSONNEL

The Group's average headcount in 2019 was 188, 197 in 2018.

SHAREHOLDING STRUCTURE

At 31 December 2019, direct and indirect shareholders of the Company were as follows:

	No. of Shares	% Ownership
ISP Digital SLU	3,723,983	88.51%
Other <5%	273,137	6.49%
Nextstage	210,375	5.00%
Total	**4,207,495**	**100.00%**

TREASURY SHARES

The company has a contract with the Gilbert Dupont company, with the purpose of, without interfering with the normal development of the market and in strict compliance with the securities markets regulations, increasing the liquidity of transactions involving shares, the consistency of share prices and avoiding fluctuations not caused by the market trend itself. Antevenio, whose shares are traded in the Euronext Growth market, has complied with the regulations of this market in relation to operations performed under the contract.

Information on the authorization to acquire treasury shares

Pursuant to the provisions of Articles 146 and sequitur of the Spanish law on Corporations, the Annual General Meeting unanimously approved on 19 June 2019 authorizing and empowering the Board of Directors to acquire on behalf of the Company, either directly or through any of the Company's subsidiaries, own shares, at any time and as many times as deemed appropriate, thereto using any legally admitted means, including profit for the year and/or unrestricted reserves, on the following terms:

(a)The treasury shares may be directly acquired by the Company or indirectly acquired through subsidiaries under the terms of the resolution;
(b)Treasury shares may be acquired through purchase, swap or any other legally permitted transaction;
(c)The face value of treasury shares acquired directly or indirectly by the company, added to those already held by the acquiring company and its subsidiaries, the parent company and its subsidiaries, cannot exceed ten percent (10%) of its subscribed capital.
(d)Treasury shares may not be acquired at a price above 15 euro or at a price below 1 euro.
(e)The authorization shall be valid for a maximum period of eighteen (18) months as from the date of its approval.
(f)In compliance with the provisions of Article 146.1 b) of the Spanish Corporations Law, as a result of the acquisition of treasury shares, including treasury shares previously acquired by the Company or by any person acting on its own name but on behalf of the Company, the resulting equity shall not be reduced below the Company's share capital plus legal or statutorily restricted reserves.

The authorization expressly stated that any treasury shares acquired thereunder may be used for:

(i)Disposal or redemption thereof;
(ii)implementation of remuneration systems contemplated in paragraph three of letter a) in Article 146.1 of the Spanish Corporate Enterprises Act, and developing schemes to promote shareholding in the capital of companies, such as granting shares or options on shares, or remuneration packages linked to share or similar instruments price, to be directly delivered to employees or directors of the company, or as a result of the exercise of any rights they might be entitled to;
(iii)To ensure share liquidity, through the brokerage of an investment services provider under a "liquidity contract";
(iv)To acquire shares or stakes in other companies, in which case the limit referred to in

point c) above shall be five (5) percent.

Additionally, the AGM delegated to the Board of Directors, with express powers to substitute itself, the powers relating to the development, settlement, clarification and, where appropriate, interpretation of the terms of the remuneration plan.

The remuneration plans implemented were as follows:

<u>2015 Plan</u>:
On 25 June 2015 the Annual General Meeting of the Parent Company approved a remuneration plan consisting in remuneration system, options on shares, linked to the value of the Company's shares, for certain Executive Directors and Managers and Employees of the Parent Company.

The following terms were approved:

(v) the maximum number of shares that can be granted cannot exceed 190,000 shares;
(vi) the exercise or delivery price or the calculation method for exercise or delivery shall be the market value of the share on the day of exercise or delivery;
(vii) the value of the shares shall be 2.59 Euro per share; and
(viii) the plan will be in force for a maximum term of 2 years and 6 months.

Additionally, the AGM delegated to the Board of Directors of the Parent Company the development, settlement, clarification and interpretation of the terms of the remuneration plan. The plan was approved by the Board of Directors on 16 December 2015.

On 5 March 2018, a plan beneficiary executed 63,333 shares at a price of 2.59 Euros each in accordance with the terms of the remuneration plan. Finally, the company and the beneficiary have agreed settlement in cash. The above-mentioned exercise has caused a reduction of assets in 335 thousand euro.

On 31 October 2018, the other two plan beneficiaries executed 63,333 and 63,334 shares, respectively, at a price of 2.59 Euros each in accordance with the terms of the remuneration plan. Finally, the company and the beneficiaries have agreed settlement in shares of the Parent Company.

Following the above-mentioned exercise, the Plan has been extinguished.

<u>2016 Plan</u>:
On 16 November 2016 the Annual General Meeting approved a remuneration plan (2016 Plan) consisting in remuneration system, linked to the value of the Company's shares, for certain Executive Directors and Managers and Employees of the Company.

The following terms were approved:

(vi) the maximum number of shares that can be granted cannot exceed 125,000 shares;
(vii) the exercise or delivery price or the calculation method for exercise or delivery shall be the market value of the share on the day of exercise or delivery;
(viii) shares shall be awarded free of charge; and

(ix) the plan will be in force up to 30 June 2019.
eligible employees shall stay in the Company during the entire above mentioned term
Additionally, the AGM delegated to the Board of Directors the development, settlement, clarification and interpretation of the terms of the remuneration plan. The plan was approved by the Board of Directors on 16 November 2016.

On 2 July 2018, a Plan beneficiary executed 75,000 free shares in accordance with the terms of the remuneration plan. Finally, the company and the beneficiary have agreed settlement in shares of the Parent Company.

On 3 July 2019, the entire 2016 Stock Option Plan was granted according to the terms of the remuneration plan. Finally, the company and the beneficiary have agreed settlement in shares of the Parent Company.

Balances and Transactions with Directors and High Management

The individuals classified as High Management are also Directors of the Parent Company.

The amounts accrued by the Directors or by members of High Management, under all headings, are as follows:

	High Management	
	31/12/2019	**31/12/2018**
Wages and salaries	318,964	406,813
Total	**318,964**	**406,813**

At 31 December 2019 and 2018, there are no commitments for pension supplements, guarantees or sureties extended to Directors, nor loans or advances granted to Directors.

Other disclosures related to the Board of Directors

In compliance with the provisions of Article 229 of the Spanish Corporations Law, Directors and the related parties referred to in Section 231 of the Spanish Corporations Law, have been asked about any conflicting interests, direct or otherwise, between Directors and their respective related parties and the Company.

RESEARCH AND DEVELOPMENT ACTIVITIES

In 2019 the Company has continued several R&D projects, including: Coobis, a marketplace platform for content publishing services. MDirector and its transformation into a cross-channel platform, as well as development of the various applications:

- Marketing Automation,
- Transactional E-mail,

- Multi-Step Landing Pages.

Finally, a project has been developed to unify architecture, infrastructures and services in Antevenio portals, in order to achieve significant savings in resources used and to streamline and simplify the launching of new vertical communities.

The last R&D project being developed is a dynamic evaluator and recommender of marketing campaigns, or Data Lake. It works as a repository in which all the data of a company is stored, regardless of whether they are structured or not, all of this is in the rough, without any organization, to analyze it later. Once the information has been analyzed, actions can be carried out such as: (i) designing a public policy; (ii) create a marketing strategy; (iii) predict the evolution of a disease in the population.

Specifically, R&D&I investment expenses are presented in the following table together with the relevant tax deduction generated by such expenses:

Project	Communities/ Portals	CrossMdirector	Coobis	Data Lake	TOTAL
Expense	128,397.28	222,069.79	111,261.91	284,027.03	**745,756.01**
Deduction	15,407.67	26,648.37	13,351.43	107,294.02	**162,701.49**

PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT

In compliance with corporate regulation in force, the Board of Directors of **Antevenio, S.A. and Subsidiaries** presents these Consolidated Financial Statements and Consolidated Directors' Report for the year ended on 31 December 2019 consisting in the attached sheet numbers 1- 87.

Madrid, 1 April 2020
The Board of Directors

Mr. Fernando Rodes Vilá
Board Chairman

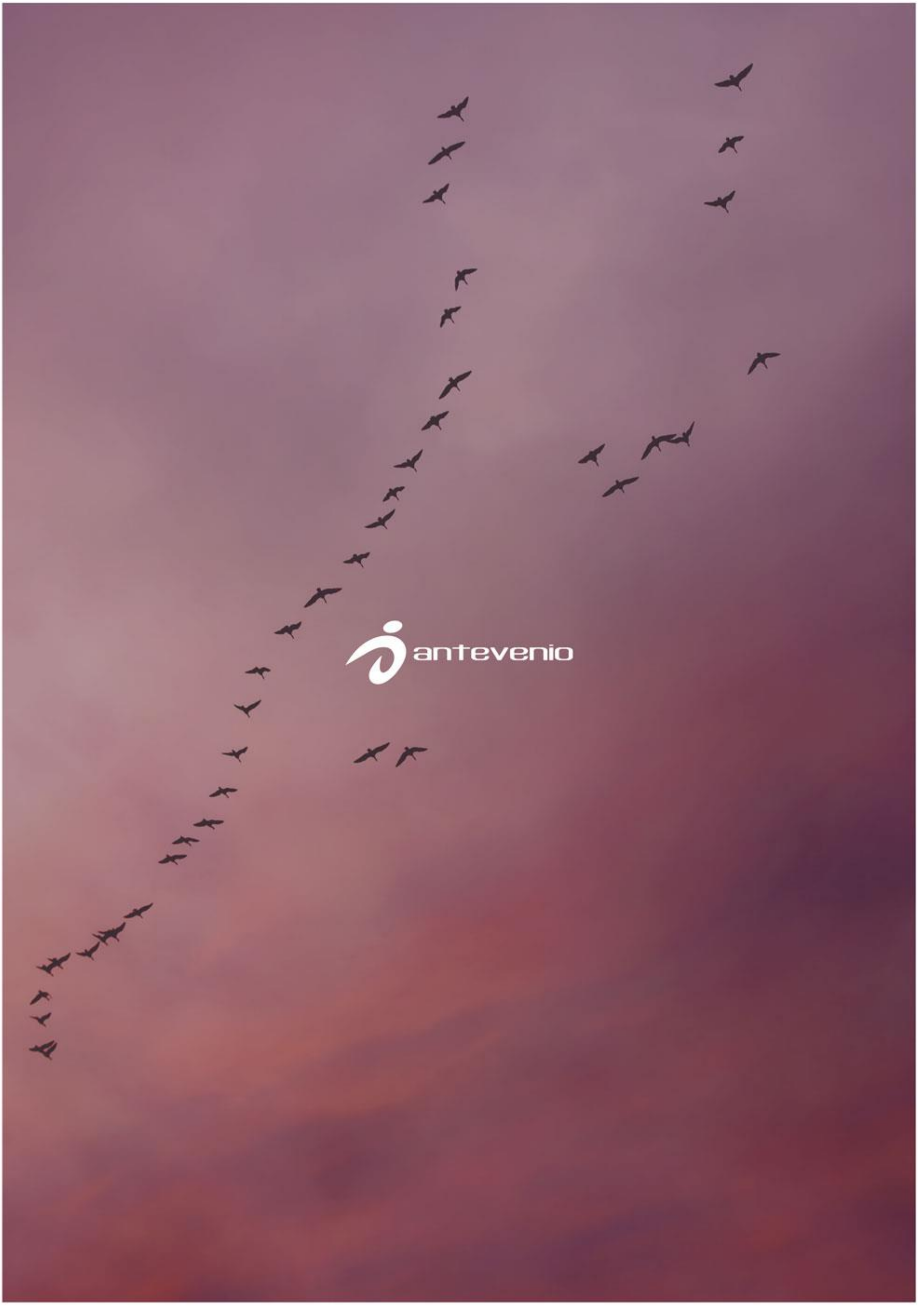
Mr. Juan Rodes Miracle
Secretary

Mr. Jordi Ustrell Rivera
Counselor

Mrs. Andrea Monge Rodríguez
Counselor

Mr. Vincent Bazi
Counselor

Mr. Richard Pace
Counselor


antevenio