antevenio
Anticipation e-Marketing

# 2019 HALF-YEAR FINANCIAL REPORT

# ACTIVITY REPORT

## 2019 HALF-YEAR EARNINGS, ended June 30, 2019.

| In million euros | At June 30, 2019 | At June 30, 2018 | Change % |
|---|---|---|---|
| Consolidated revenues | 12.58 | 15.60 | -19.4% |
| **Net revenues (1)** | **12.34** | **15.29** | **-19.3%** |
| **Gross margin** | **7.30** | **8.81** | **-17.1%** |
| *Gross margin rate (% of net revenues)* | *59%* | *58%* | |
| Staff costs | (5.21) | (5.65) | -7.8% |
| Other operating expenses | (1.42) | (1.60) | -12.5% |
| Amortization | (0.32) | (0.19) | +68% |
| Provisions / depreciation | (0.09) | (0.14) | -35% |
| **EBIT** | **0.25** | **1.25** | **-80%** |
| *Operating margin rate (% of net revenues)* | *2.0%* | *8.2%* | |
| Financial income and expenses | (0.03) | (0.02) | |
| Consolidated income before tax | 0.22 | 1.22 | |
| Tax expense | (0.17) | (0.12) | |
| **Consolidated net income** | **0.05** | **1.10** | |

(1)Revenues less volume discounts on ad sales.

### 2019 first-half business contraction linked to the industry trend

Business contracted by nearly 20% during the first half of 2019, partly linked to the marketing industry economic climate, notably reflecting the impact of GDPR and the slowdown in the Digital Media Trading business (-27%) in Spain due to the elections, and partly structural with the change in Facebook's algorithm. The Marketing Technology division is proving resilient, despite the cyclical impact of RGPD on the MDirector software business, thanks to the success of the Antevenio GO consulting solutions. The Latin American subsidiaries (Mexico and Colombia) are growing strongly and now represent 23% of revenues.

### Earnings

Antevenio has partly adapted its operating expenses to limit the contraction in earnings, while globally retaining the ressources to continue developing the future growth drivers put in place and possibly benefit from the improved environment that is expected for its longstanding markets.
EBIT came to €0.25m, compared with €1.25m one year earlier. The impact of the first-time application of IFRS 16 on EBIT is negligible (less than €15K).

### Healthy financial position

The Group's financial structure is still particularly healthy, with €4.8m of cash, net of financial debt, and €16.2m of shareholders' equity at end-June 2019.
In addition, the General Meeting on June 19, 2019 approved a dividend per share of €0.30 for 2018, as in 2017, which will be paid out on December 4, 2019 for a total of €1.2m.

### Synergies with ISP further strengthened

During a transition year, marked by the contraction in the longstanding Publishing and Digital Media Trading activities, Antevenio is continuing to develop its growth drivers with the MDirector (email automation), Coobis (content marketing) and GO (performance marketing) offers, particularly on international markets. The Group is also launching new activities led by external growth operations, including the e-sport operation carried out last year and the acquisition of B2Marketplace (see below).
Ms Andrea Monge, COO of ISP Holdings and Vice-Chairwoman of the Board of Directors of Antevenio since July, will be supporting Antevenio in these new strategic areas, notably ramping up synergies with ISP Digital, Antevenio's parent company. The objectives include capitalizing on the numerous opportunities for development with the ISP Group companies.

### Acquisition of B2Marketplace

Antevenio is continuing to move forward with its strategy for targeted acquisitions to develop new growth drivers that are innovative, to enhance the range of solutions offered, while remaining closely aligned with the Group's

activities to ensure rapid integration in all the subsidiaries.
Illustrating this, the company signed a memorandum of understanding on October 7 to acquire B2Marketplace, a company focused on brand marketing on marketplaces, primarily including Amazon.
Created in Madrid in 2017, B2Marketplace supports around 20 brands with their marketplace positioning and business development. Antevenio’s technological capabilities and SEO and media experience represent accelerators for this particularly buoyant business working with all global B2C brands.

## Outlook

During a transition year in 2019, when revenues will remain under last year’s record, Antevenio’s revenues are expected to improve over the second part of the year following three consecutive half-year contractions. This turnaround is expected to continue over the coming half-year periods, driving growth in its longstanding activities with strong potential, as well as the development of the businesses acquired recently and the deployment of synergies with ISP Digital.

**ANTEVENIO, S.A.**

INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

**ANTEVENIO, S.A.**
**Balance Sheet**
**at 30 JUNE 2019**
**(in Euros)**

| ASSETS | Note | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|---|---|---|---|---|
| **NON-CURRENT ASSETS** | | **16,290,683** | **16,060,268** | **16,593,621** |
| **Intangible assets** | **6** | **10,968** | **6,279** | **6,438** |
| Computer software | | 10,968 | 6,279 | 6,438 |
| **Property, plant and equipment** | **5** | **183,733** | **182,360** | **192,165** |
| Technical installations and other items of PPE | | 183,733 | 182,360 | 192,165 |
| **Non-current investments in group companies and associates** | | **15,873,534** | **15,741,616** | **16,084,205** |
| Equity instruments | **9** | 14,297,035 | 14,229,616 | 14,102,012 |
| Non-current loans to group companies and associates | **8.1 and 18** | 1,576,499 | 1,512,000 | 1,982,193 |
| **Non-current investments** | **8.1** | **55,114** | **55,114** | **55,114** |
| Loans to companies | | 29,991 | 29,991 | 29,991 |
| Other financial assets | | 25,123 | 25,123 | 25,123 |
| **Deferred tax assets** | **13** | **167,334** | **74,898** | **255,699** |
| **CURRENT ASSETS** | | **2,123,870** | **1,654,539** | **1,821,294** |
| **Trade and other receivables** | | **1,666,219** | **988,570** | **1,419,929** |
| Trade receivables | **8.1** | 18,726 | 18,429 | 998 |
| Trade receivables from group companies and associates | **8.1 and 18** | 1,645,826 | 967,284 | 1,416,678 |
| Personnel | **8.1** | 1,667 | 2,856 | 2,254 |
| **Current investments in group companies and associates** | **8.1 and 18** | **328,407** | **66,943** | **86,356** |
| Debt securities | | 78,407 | 66,943 | 86,356 |
| Other financial assets | | 250,000 | - | - |
| **Current accruals** | | **19,917** | **-** | **9,000** |
| **Cash and cash equivalents** | **8.1** | **109,327** | **599,026** | **306,009** |
| Cash | | 109,327 | 599,026 | 306,009 |
| **TOTAL ASSETS** | | **18,414,553** | **17,714,807** | **18,414,915** |

**ANTEVENIO, S.A.**
**Balance Sheet**
**at 30 JUNE 2019**
**(in Euros)**

| EQUITY AND LIABILITIES | Note | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|---|---|---|---|---|
| **EQUITY** | | **14,810,415** | **13,640,707** | **12,809,781** |
| **Capital and reserves** | **11** | **14,810,415** | **13,640,707** | **12,809,781** |
| **Share capital** | | **231,412** | **231,412** | **231,412** |
| Issued capital | | 231,412 | 231,412 | 231,412 |
| **Share Premium** | **11.2** | **8,189,787** | **8,189,787** | **8,189,787** |
| **Reserves** | **11.2** | **5,063,808** | **4,313,720** | **3,903,985** |
| Legal and statutory reserves | | 46,282 | 46,282 | 46,282 |
| Other reserves | | 5,017,526 | 4,267,438 | 3,857,703 |
| **(Treasury shares and equity holdings)** | **11.2 d** | **(194,314)** | **(114,300)** | **(513,805)** |
| **Profit/(loss) for the year** | **3** | **1,249,722** | **750,087** | **91,601** |
| **Other equity instruments** | **19** | **270,000** | **270,000** | **906,801** |
| | | | | |
| **NON-CURRENT LIABILITIES** | | **1,923,328** | **2,432,972** | **3,269,958** |
| **Non-current payables** | **8.2.2** | **1,923,328** | **1,932,972** | **2,004,958** |
| Finance lease payables | | 4,129 | 6,343 | 21,664 |
| Other financial liabilities | **8.2** | 1,919,199 | 1,926,629 | 1,983,294 |
| **Non-current payables, Group companies** | **8.2 and 18** | **-** | **500,000** | **1,265,000** |
| | | | | |
| **CURRENT LIABILITIES** | | **1,680,810** | **1,641,128** | **2,335,176** |
| **Current payables** | **8.2** | **34,394** | **226,904** | **1,276,608** |
| Debts with financial institutions | | 12,980 | 15,014 | 10,062 |
| Finance lease payables | | 17,537 | 27,324 | 3,540 |
| Other financial liabilities | | 3,877 | 184,566 | 1,263,006 |
| **Current payables to Group companies and associates** | **8.2 and 18** | **929,257** | **532,410** | **369,616** |
| **Trade and other payables** | | **717,159** | **881,814** | **688,952** |
| Suppliers | **8.2** | 243,208 | 134,182 | 287,810 |
| Suppliers, group companies and associates | **8.2 and 18** | 34,715 | 93,281 | 56,092 |
| Other payables | **8.2** | 97,044 | 107,208 | 108,535 |
| Personnel (outstanding remunerations) | **8.2** | 58,602 | 148,797 | 69,702 |
| Current tax liabilities | **13** | 28,404 | 28,404 | 28,404 |
| Other payables to Public Entities | **13** | 245,869 | 360,626 | 129,092 |
| Advances from customers | **8.2** | 9,317 | 9,317 | 9,317 |
| | | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **18,414,553** | **17,714,807** | **18,414,915** |

**ANTEVENIO, S.A.**
**Profit and Loss Account**
**for the annual period ended 30 June 2019**
**(in Euros)**

| | Note | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|---|---|---|---|---|
| **CONTINUING OPERATIONS** | | | | |
| **Revenue:** | **14.c** | **1,370,940** | **2,342,243** | **1,151,483** |
| Rendering of services | | 1,370,940 | 2,342,243 | 1,151,483 |
| **Supplies** | | **1,096** | **80,614** | **4,341** |
| Subcontracted work | | 1,096 | 80,614 | 4,341 |
| **Personnel expenses:** | | **(709,558)** | **(1,060,631)** | **(525,549)** |
| Wages and salaries | | (568,980) | (907,990) | (447,559) |
| Employee benefit expense | **14.a** | (140,578) | (152,642) | (77,990) |
| **Other operating expenses** | | **(630,973)** | **(1,164,047)** | **(493,198)** |
| External services | | (630,973) | (1,164,047) | (493,198) |
| **Amortization and depreciation** | **5 and 6** | **(31,471)** | **(63,453)** | **(29,371)** |
| **Other income / (loss)** | | **-** | **-** | **16,887** |
| **OPERATING PROFIT / (LOSS)** | | **34** | **134,725** | **124,593** |
| **Finance income:** | **14.b** | **1,267,357** | **720,258** | **11,309** |
| Dividends | | 1,250,000 | 700,000 | - |
| Group companies and associates | | 1,250,000 | 700,000 | - |
| Marketable securities and other financial instruments | | 17,357 | 20,258 | 11,309 |
| Group companies and associates | | 17,357 | 18,265 | 9,316 |
| Other | | - | 1,993 | 1,993 |
| **Finance Expenses:** | **14.b** | **(13,378)** | **(55,031)** | **(14,604)** |
| Debts with third parties | | (9,781) | (37,663) | (4,854) |
| Debts with Group companies and associates | | (3,597) | (17,368) | (9,750) |
| **Translation differences** | **12** | **(4,291)** | **759** | **2,328** |
| **Change in fair value of financial instruments** | | | **-** | **-** |
| **NET FINANCE INCOME/(EXPENSE)** | | **1,249,688** | **665,985** | **(967)** |
| **PROFIT / (LOSS) BEFORE INCOME TAX** | | **1,249,722** | **800,710** | **123,626** |
| **Income Tax** | **13** | **-** | **(47,650)** | **(31,978)** |
| **Other taxes** | | **-** | **(2,973)** | **(47)** |
| **PROFIT/(LOSS) FOR THE PERIOD** | | **1,249,722** | **750,087** | **91,601** |



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**ANTEVENIO, S.A.**
**Statement of Changes in Equity**
**for the annual period ended 30 June 2019**

**A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES**

| | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|---|---|---|---|
| **PROFIT / (LOSS) FOR THE PERIOD** | **1,249,722** | **750,087** | **91,601** |
| **Income and expense directly recognized in equity:** | - | - | - |
| **B) TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY** | | | |
| **Transfers to Profit and Loss Account** | - | - | - |
| **C) TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT** | | | |
| **TOTAL RECOGNIZED INCOME AND EXPENSE** | **1,249,722** | **750,087** | **91,601** |

**B) STATEMENT OF TOTAL CHANGES IN EQUITY**

| | Issued capital | Share Premium | Reserves | (Treasury shares and equity holdings) | Other equity instruments | Profit/(loss) for the year | Prior period's losses | Total |
|---|---|---|---|---|---|---|---|---|
| **BALANCE, 30 JUNE 2018** | **231,412** | **8,189,787** | **3,903,985** | **- 513,805** | **906,801** | **91,601** | **-** | **12,809,781** |
| **TOTAL RECOGNIZED INCOME AND EXPENSE** | - | - | - | - | - | - | - | - |
| **Transactions with equity holders and owners** | **-** | **-** | **170,337** | **399,505** | **- 636,801** | **-** | **-** | **- 66,959** |
| Distribution of dividends | - | - | - | - | - | - | - | - |
| Transactions in own shares | - | - | 170,337 | 399,505 | - 636,801 | - | - | - 66,959 |
| **Other changes in equity** | **-** | **-** | **-** | **-** | **-** | **658,486** | **-** | **658,486** |
| Profit/(loss) for the year | - | - | - | - | - | 658,486 | - | 658,486 |
| **Other transactions** | **-** | **-** | **239,398** | **-** | | **-** | **-** | 239,398 |
| **BALANCE AT 31 DECEMBER 2018** | **231,412** | **8,189,787** | **4,313,720** | **- 114,300** | **270,000** | **750,087** | **-** | **13,640,707** |
| **TOTAL RECOGNIZED INCOME AND EXPENSE** | - | - | - | - | - | - | - | - |
| **Transactions with equity holders and owners** | **-** | **-** | **-** | **- 80,014** | **-** | **-** | **-** | - 80,014 |
| Distribution of dividends | - | - | - | - | - | - | - | - |
| Transactions in own shares | - | - | - | - 80,014 | - | - | - | - 80,014 |
| **Other changes in equity** | **-** | **-** | **-** | **-** | **-** | **1,249,722** | **-** | 1,249,722 |
| Profit/(loss) for the year | - | - | - | - | - | 1,249,722 | - | 1,249,722 |
| **Other transactions** | **-** | **-** | **750,087** | **-** | **-** | **- 750,087** | **-** | - |
| **BALANCE, 30 JUNE 2019** | **231,412** | **8,189,787** | **5,063,807** | **- 194,314** | **270,000** | **1,249,722** | **-** | **14,810,415** |

**ANTEVENIO, S.A.**
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019 (in Euro)**

| CASH FLOWS | Note | 30.06.2019 | 31.12.2018 | 30.06.2018 |
|---|---|---|---|---|
| **A) CASH FLOWS FROM OPERATING ACTIVITIES** | | **(1,188,070)** | **529,474** | **(129,988)** |
| **Profit/(loss) for the year before tax** | | **1,249,722** | **800,710** | **123,626** |
| **Adjustments for:** | | **(1,218,217)** | **(654,445)** | **13,451** |
| a) Amortization and depreciation | 5 and 6 | 31,471 | 63,453 | 29,371 |
| b) Recognized impairment losses | | - | - | - |
| c) Changes in provisions | | - | - | - |
| f) Proceeds from disposal and derecognition of financial instruments | | - | - | - |
| d) Finance income | 14.b | (1,267,357) | (720,258) | (11,309) |
| e) Financial expenses | 14.b | 13,378 | 55,031 | 14,604 |
| f) Exchange gains/(losses) | 12 | 4,291 | (759) | (2,328) |
| g) Change in fair value of financial instruments | | - | - | - |
| h) Other income and expenses | | - | (51,912) | (16,887) |
| **Changes in operating assets and liabilities** | | **(1,108,797)** | **149,423** | **(263,771)** |
| a) Trade and other receivables | | (677,650) | 342,985 | (86,460) |
| b) Other current assets | | (281,381) | 184,998 | (1,881) |
| c) Trade and other payables | | (49,900) | (364,144) | (288,449) |
| d) Other non-current assets and liabilities | | (99,866) | (14,416) | 113,019 |
| **Other cash flows from operating activities** | | **(110,778)** | **233,784** | **(3,295)** |
| a) Interest paid | | (13,378) | (55,031) | (14,604) |
| b) Interest received | | 17,357 | 20,258 | 11,309 |
| c) Income tax received (paid) | | (114,757) | 268,557 | - |
| d) Dividends received | | - | - | - |
| **B) CASH FLOW FROM INVESTING ACTIVITIES** | | **(37,529)** | **(101,761)** | **451,259** |
| **Payment for investments** | | **(37,529)** | **(101,761)** | **(59,346)** |
| a) Group companies and associates | | - | - | - |
| b) Intangible assets | 6 | (6,337) | (5,998) | (2,400) |
| c) Property, plant and equipment | 5 | (31,192) | (95,763) | (47,630) |
| d) Other financial assets | | - | - | - |
| e) Group companies and associates | | - | | (9,316) |
| **Proceeds from sale of investments** | | - | - | **510,605** |
| a) Property, plant and equipment | | - | - | - |
| b) Other financial assets | | - | - | - |
| c) Group companies and associates | | - | - | 510,605 |
| **C) CASH FLOW FROM FINANCING ACTIVITIES** | | **740,191** | **(176,242)** | **(364,386)** |
| **Proceeds from and payments for equity instruments** | | **-** | **-** | **-** |
| c) Acquisition of equity instruments | 21 | (147,433) | - | - |
| b) Issue of equity instruments | 19 | - | - | - |
| **Proceeds from and payments for financial liability instruments** | | **(362,376)** | **386,006** | **(9,088)** |
| a) Issue | | 202,123 | 710,805 | - |
| b) Redemption and repayment of | | (564,499) | (324,799) | (9,088) |
| **Dividends and interest on other equity instruments received** | 14.b | **1,250,000** | **700,000** | **(355,298)** |
| **Dividends paid** | 3 and 11 | **-** | **(1,262,249)** | **-** |
| **D) EFFECT OF EXCHANGE RATE FLUCTUATIONS** | | **(4,291)** | **759** | **2,328** |
| **E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS** | | **(489,699)** | **252,230** | **(40,788)** |
| **Cash or cash equivalents at beginning of period** | | **599,026** | **346,796** | **346,796** |
| **Cash or cash equivalents at end of period** | | **109,327** | **599,026** | **306,009** |

# ANTEVENIO S.A.

## INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019

# ANTEVENIO, S.A.

# NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2019

## NOTE 1. INCORPORATION, ACTIVITY AND LEGAL REGIME OF THE COMPANY

### a) Incorporation and Legal Regime

Antevenio, S.A. (hereinafter the Company) was incorporated on 20 November 1997 under the name "Interactive Network, S.L."; later, on 22 January 2001, the Company converted into a public limited company and changed its corporate name to I-Network Publicidad, S.A.. On 7 April 2005, the Annual General Meeting approved the change of the Company's name to its current one.

### b) Activity and Registered Address

The Company's corporate purpose involves any 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 fulfilment of the aforementioned corporate purpose. The activities that form the Company's corporate purpose may be performed, entirely or partly, by the Company, either directly or indirectly through its interests in other companies with an identical or similar purpose.

The Company's registered address is in Madrid, at calle Marqués de Riscal 11; the Company is part of the Group Antevenio S.A. and subsidiaries, whose activities involve the performance of activities relating to advertisement in Internet; the Company is the parent of the Group and files its individual financial statements with the Mercantile Register of Madrid. Antevenio and subsidiaries Financial Statements for 2017 were approved by the Annual General Meeting of the Company, held on 28 June 2018, and filed before the Business Register of Madrid.

The Company is listed on the French alternative market, Euronext Growth, since 2007.

The Company has a significant volume in balances and transactions with group companies.

The Company's financial year begins on 1 January and finishes on 31 December of each year.

### c) Legal Regime

The Company is governed by its Articles of Association and By-laws and by the existing Spanish Law on Corporations.

## NOTE 2. BASIS FOR PRESENTATION OF THE INTERIM FINANCIAL STATEMENTS

### a) Fair presentation

The interim financial statements for the year ending 30 June 2018 have been prepared based on the accounting records of the Company and are presented in accordance with the existing Code of Commerce and the accounting policies set forth in the Spanish General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November, and applying the amendments introduced thereto by Royal Decree 1159/2010, of 17 September, and by Royal Decree 602/2016, of 2 December, in order to offer a fair image of the Company's equity, financial position and the results of its operations, changes in equity and cash flows during the reporting period.

### b) Accounting Principles applied

In the preparation of the accompanying Interim Financial Statements the accounting policies set forth in the Spanish Code of Commerce and General Chart of Accounts have been applied.

All mandatory accounting principles which would have a significant effect on the preparation of these consolidated financial statements have been applied.

### c) Functional and presentation currency

In compliance with the existing regulations on accounting, the accompanying Interim Financial Statements are presented in Euro, which is the Company's functional currency.

### d) Comparative information

For each line item in the Interim Balance, in the Interim Profit and Loss Account, in the Interim Statement of Changes in Equity and in the Interim Statement of Cash Flows, in addition to the relevant figures for the half-year ended 30 June 2019, comparative information for the year ended 31 December 2018, taken from the financial statements for 2018 approved by the Annual General Meeting held on 19 June 2019, and for the half-year ended 30 June 2018 is presented.

Line items from different periods are both comparative and homogeneous, except for the figures from the financial year ended 31 December 2018 that relate to a 12-month period and are therefore non-comparative.

### e) Aggregation of items

In order to facilitate the understanding of the Balance Sheet, of the Profit and Loss Account, of the Statement of Changes in Equity and of the Statement of Cash Flows, line items are therein presented on an aggregated basis and the required relevant disclosures are included in the Notes.

**Responsibility for information and estimates**

Preparation of the accompanying Interim Financial Statements requires judgements, estimates and assumptions affecting the application of accounting policies and the balances of assets, liabilities, income and expenses. The related estimates and assumptions are based on past experience and several other factors deemed to be reasonable in the current context. Estimates and assumptions are subject to continuous revision; the effects of changes in accounting estimates are recognized in the period of the change, if the change affects that period only, or in the period of the change and future periods, if the change affects both.

In preparing the Interim Financial Statements for the half-year ended 30 June 2019, the Company's Directors have made certain accounting estimates for the measurement of the assets, liabilities, income, expenses and commitments therein recorded. These estimates relate basically to the following:

- The assessment of eventual impairment losses on certain assets (note 4c).
- The assessment of eventual losses arising from the determination of the recoverable value of equity investments in Group companies, jointly controlled entities and associates, for which future cash flows projections based on return and discount rates and other variables and assumptions made by the Company's management, that justify the measured value of those investments (see notes 4e and 9).
- The useful lives of intangible fixed assets and of items of property, plant and equipment (see notes 4a and 4b).
- The amount for certain provisions (Note 4i)

Although these estimates were based on the best information available at 30 June 2019, additional information subsequently obtained or events and circumstances taking place in the future might make it necessary to change in future periods the assumptions on which these estimates are based; the effects of those changes will be prospectively recognized and included in the profit or loss account for the relevant period.

In addition of the process of systematic estimates and the revision thereof, certain judgements are used, amongst which those relating to measurement of the eventual impairment of assets, and those relating to provisions and contingent liabilities.

**NOTE 3. DISTRIBUTION OF PROFIT/(LOSS)**

The General Shareholders Meeting held on 19 June 2019 approved the following proposal for the distribution of profit obtained by the Company in 2018:

| | |
|---|---|
| **Basis of distribution** | |
| Profit and loss (profit) | 750,087 |
| Total | 750,087 |
| **Application** | |
| To offset prior periods' losses | - |
| Voluntary reserves | 750,087 |
| **Total** | **750,087** |

## NOTE 4. RECOGNITION AND MEASUREMENT STANDARDS

In compliance with the provisions of the Spanish General Accounting Plan, the main measurement standards applied by the Company in the preparation of the accompanying Interim Financial Statements at 30 June 2019 were as follows:

### a) Intangible assets

Elements of intangible assets are measured at cost, determined as the purchase price or the production cost, less any accumulated amortization (calculated on the basis of their useful lives) and, where appropriate, any impairment losses.

Intangible assets are measured at production cost or acquisition price, net of any accumulated amortization, in the case of intangible assets with a finite useful live, and net of any accumulated impairment losses.

Industrial property

Development expenditure capitalized when a patent or similar right is obtained, including expenses incurred on registering industrial property, and the acquisition costs of the related rights from third parties, are accounted for as industrial property.

Industrial property is amortized on a straight-line basis throughout its useful life, at an annual rate of 20%.

Computer software

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%.

Maintenance costs incurred from computer applications during the period are recognized in the Profit and Loss Account.

### b) Property, plant and equipment

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

Upkeep and maintenance costs incurred during the period are recorded in the Profit and Loss Account. Costs incurred to renovate, enlarge or improve items of property, plant and equipment which increase capacity or productivity or extend the useful life of the asset are capitalized as part of the cost of the related asset. The carrying amount of items that are replaced are derecognized.

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 cost of the different items that make up property, plant and equipment, where applicable net of their residual value, is depreciated on a straight-line basis over the estimated years of useful life over which the Company expects to use said items and in line with the following table:

| | 30/06/2019 | | 31/12/2018 | | 30/06/2018 | |
|---|---|---|---|---|---|---|
| | Annual Percentage | Estimated Years of Useful Life | Annual Percentage | Estimated Years of Useful Life | Annual Percentage | Estimated Years of Useful Life |
| Other installations | 20 | 5 | 20 | 5 | 20 | 5 |
| Furniture | 10 | 10 | 10 | 10 | 10 | 10 |
| Computer hardware | 25 | 4 | 25 | 4 | 25 | 4 |
| Other property, plant and equipment | 20-10 | 5-10 | 20-10 | 5-10 | 20-10 | 5-10 |

The carrying amount of an item of property, plant and equipment is derecognized on disposal, or when no future economic benefits are expected from its use or disposal.

The gain or loss on derecognition of an item of property, plant and equipment shall be determined as the difference between the net amount obtained on the disposal of the item, and the carrying amount. The gain or loss shall be recognized in the Profit and Loss Account when the item is derecognized.

Investments made by the Company 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.

**c)Impairment of intangible assets and of property, plant and equipment**

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.

To these purposes, at least at year end, the Company 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.

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.

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 Profit and Loss Account.

**d) <u>Leases and other transactions of similar nature</u>**

When the economic conditions of a lease agreement indicate that substantially all the risks and rewards incidental to ownership of an asset are transferred, the Company classifies this agreement as a finance lease. When the economic conditions of a lease agreement do not meet the requirements for the agreement to be classified as a finance lease, the Group classifies this agreement as an operating lease.

a.1) Finance leases

In the finance lease operations in which the Company acts as a lessor, the Company records an asset in the balance sheet according to the nature of the asset under contract and a liability in the same amount, which is the lower between the fair value of the leased good and the current value of the agreed minimum lease payments at the beginning of the lease, including the price of the purchase option. Finance leases do not include contingent rents, the cost of services and taxes that may be passed on by the lessor. The finance charge is recognized in the Profit and Loss Account for the reporting period in which it is accrued, using the effective interest method. Contingent rents are expensed in the reporting period in which they are accrued.

Assets recorded for this type of operations are depreciated using similar criteria to those applied to tangible (or intangible) assets a whole, depending upon their nature.

a.2) Operating leases

Expenses arising from operating leases are recognized in the Profit and Loss Account for the year when they accrue.

**e) <u>Financial Instruments</u>**

The Company only recognizes a financial instrument in its balance sheet under the terms of the contract or legal transaction to which it becomes party.

Upon initial recognition financial instruments are classified as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument.

The Company classifies financial instruments under different categories based on their features and on the Company's intention at the time of initial recognition thereof.

Financial instruments are classified for measurement purposes in the following categories:

1. Loans and receivables and debts and payables

2. Equity investments in group companies, jointly controlled entities and associates

The company's financial instruments mainly relate to cash and cash equivalents, loans and receivables, debts and payables and equity investments in Group companies.

**e.1) Cash and other equivalent liquid assets**

The heading "Cash and cash equivalents" in the Balance Sheet includes cash on hand, bank accounts, demand deposits and other highly liquid short-term investments. These items are recognized at historical cost, which does not differ significantly from realizable value.

**e.2) Loans and receivables and debts and payables**

e.2.1) Loans and receivables

The following items are classified in this category:

a) Trade receivables: financial assets arising on the sale of goods and the rendering of services in the course of the company's trade operations; and

Non-trade receivables: financial assets that are neither equity instruments nor derivatives, not arising on trade transactions, with fixed or determinable payments, and which are not traded in an active market. This category does not include financial assets for which the Company cannot make substantial recovery of the entire initial investment due to circumstances other than credit impairment. These are classified as available-for-sale.

e.2.2) Debts and payables

The following items are classified in this category:

a) Trade payables: financial liabilities arising on the purchase of goods and services in the course of the company's trade operations; and

b) Non-trade payables: financial liabilities that are not derivatives and do not arise on trade transactions.

Financial assets and liabilities included in this category are initially measured at fair value, i.e. the transaction price, which is equivalent to the fair value of the consideration given/received, adjusted for directly attributable transaction costs.

Nonetheless, trade receivables and trade payables falling due within one year for which there is no contractual interest rate, and loans and advances to personnel, dividends receivable and receivables on called-up equity instruments expected to be collected in the short term, and called-up equity holdings expected to be settled in the short term, are measured at their nominal amount, provided that the effect of not discounting the cash flows is immaterial.

Financial assets and liabilities included in this category are subsequently measured at amortized cost. Accrued interest shall be recognized in the Profit and Loss Account using the effective interest rate method. However, receivables and payables falling due within one year initially measured at the nominal amount continue to be measured at that amount, unless receivables are impaired.

At the balance sheet date, the Company recognizes any necessary valuation allowances when there is objective evidence that the value of a receivable is impaired, i.e. when there is evidence of a reduction or delay in estimated future cash flows associated to that asset.

**e.3) Equity investments in group companies, jointly controlled entities and associates**

This category includes equity investments in companies controlled by the Company (group companies), in companies where the Company shares control with one or several partners under statutory or otherwise agreement (jointly-controlled companies), or companies where the Company exercises a significant influence (associates).

Equity investments in group companies, jointly controlled entities and associates are initially measured at cost, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs.

Equity investments in group companies, jointly controlled entities and associates are subsequently measured at cost less any accumulated impairment.

At the balance sheet date, the Company recognizes any necessary valuation allowances when there is objective evidence that the value of an asset is impaired.

Said losses are calculated as the difference between the carrying value and the recoverable amount, with this value being the higher of its fair value less costs to sell and the current value of future cash flows arising from the investment, calculated by estimating its share in the cash flows expected to be generated by the investee from its normal operations as well as from the disposal or derecognition thereof.

Unless there is better evidence of the investment recoverable amount, for measuring the impairment thereof the net equity of the investee is taken into account, adjusted by the unrealized gains existing on the date of valuation.

Where appropriate, in determining the investee's equity for the purposes of the preceding paragraph, when the investee has equity interest in other companies, the Company has taken into account the investee's equity as presented in its consolidated financial statements prepared in accordance with the criteria set forth in the Spanish Code of Commerce and related implementing provisions.

Changes in value due to impairment losses and, where applicable, their reversals are recognized as an expense or income, respectively, in the Profit and Loss Account. Impairment shall only be reversed up to the limit of the carrying amount of the investment that would have been determined at the reversal date had impairment not been recognized.

**e.4) Reclassification of financial assets**

The Company may only reclassify a financial asset initially designated as held for trading or at fair value through profit or loss to other categories, or vice versa, when the asset qualifies for classification as an equity investment in group companies, jointly controlled entities or associates.

**e.5) De-recognition of financial assets**

A financial asset, or part of a financial asset, is derecognized when the contractual rights to the cash flows from the financial asset expire or have been transferred, provided that substantially all the risks and rewards of ownership have been transferred.

The gain or loss on derecognition of the financial asset shall be determined as the difference between the consideration received net of attributable transaction costs, including any new asset obtained less any liability assumed, and the carrying amount of the financial asset, plus any accumulated amount recognized directly in equity. The gain or loss shall be recognized in profit or loss for the reporting period in which it arises.

**e.6) De-recognition of financial liabilities**

Financial liabilities are derecognized when the obligations have been extinguished.

The difference between the carrying amount of a financial liability, or part of that liability, that has been derecognized and the consideration given, including attributable transaction costs and any asset transferred (other than cash) or liability assumed, shall be recognized in the Profit and Loss Account for the reporting period in which it arises.

**e.7) Interest and dividends received on financial assets**

Interest and dividends accrued on financial assets after acquisition are recognized as income in the Profit and Loss Account.

Interests are accounted for using the effective interest rate method, while dividends are recognized when the equity holder's right to receive payment is established. Upon initial measurement of financial assets, accrued explicit interest receivable at the measurement date shall be recognized separately, based on maturity. Dividends declared by the pertinent body at the acquisition date shall also be accounted for separately.

**e.8) Guarantees extended**

In the case of guarantees extended and received in operating leases and in the provision of services, the difference between their fair value and the amount paid over is recorded as an advance payment or collection for the lease or service provision. Current guarantees extended are measured at the amount disbursed.

Guarantees extended in operating leases are measured at fair value.

**e.9) Impairment of financial assets**

A financial asset or group of financial assets is impaired and has generated an impairment loss if there is objective evidence of impairment as a result of an event or events which have occurred subsequent to initial recognition of the asset, and where the event or events causing the loss have an impact on the estimated future cash flows from the asset or group of financial assets which can be reliably estimated.

The company's policy is to recognize the appropriate valuation adjustments for impairment of loans and receivables and debt instruments, where there has been a reduction or delay in estimated future cash flows.

An impairment loss is similarly recognized for equity instruments when the carrying amount thereof becomes non recoverable.

**f)<u>Foreign currency balances, transactions and cash flows</u>**

All foreign currency transactions are translated into Euro by applying the spot exchange rate at the date of the transaction.

At the balance sheet date, non-monetary assets and liabilities measured at fair value are measured using the exchange rate prevailing at the fair value calculation date, i.e. at the balance sheet date. When gains or losses arising from changes in the valuation of a non-monetary item are directly recognized in net equity, any exchange component is also directly recognized in net equity. By contrast, when gains or losses arising from changes in the valuation of a non-monetary item are recognized in the Profit and Loss Account for the year, any exchange difference is recognized in the Profit or Loss Account.

At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are converted to Euro at the rates then prevailing, whereas non-monetary assets and liabilities measured at historical cost have been converted at the exchange rates prevailing at the relevant transaction dates.

Positive and negative differences arising from settlement of foreign currency transactions and from conversion to Euros of monetary assets and liabilities denominated in foreign currency are recognized in profit or loss.

**g)Income Tax**

Between 2013 and 2016, Group companies with registered address in Spain paid 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 11) 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 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 had approved including the Company, effective from the taxation period beginning of 1 January 2017, as a subsidiary of taxation group 265/10, whose company is ISP.

Income tax expense (income) is calculated as the sum of current tax expense (income) and deferred tax expense (income).

Current tax is the amount payable as a result of applying the tax rate to the tax base for the year. Tax credits and other tax benefits, excluding tax withholdings and pre-payments, and tax loss carry forwards from prior years effectively offset in the year, reduce the current tax expense.

On the other hand, deferred tax expense (income) relates to the recognition and settlement of deferred tax assets arising from deductible temporary differences, from the offset of tax loss carryforwards from prior years and from unused tax credits and other tax reliefs pending application, as well as of deferred tax liabilities arising from taxable temporary differences.

Deferred tax assets and liabilities are measured at the rates expected to prevail upon their reversal.

Deferred tax liabilities are recognised for all taxable temporary differences, except for those arising from the initial recognition of goodwill or other assets and liabilities in a transaction that is not a business combination and affects neither taxable profit/(loss) nor accounting profit/(loss).

In accordance with the prudence principle, deferred tax assets shall only be recognised to the extent that it is probable that future taxable income will be available to enable their application. Nonetheless, a deferred tax asset shall not be recognised when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affected neither accounting profit/(loss) nor taxable income/(loss).

Both current and deferred tax expense (income) are recognized in the Profit and Loss Account. However, current and deferred tax assets and liabilities relating to a transaction or event that was recognized directly in equity shall be accounted for with a debit or credit to the relevant equity line item.

Recognized deferred tax assets and liabilities are reassessed at each balance sheet date in order to ascertain their applicability and the appropriate adjustments are made. Similarly, the company reassesses both recognized and previously unrecognized deferred tax assets. The company then derecognizes previously recorded deferred tax assets when recovery is no longer probable, or recognizes a previously unrecorded deferred tax asset to the extent that it is probable that future taxable profit will enable its application.

**h)Revenue and expenses**

Revenues and expenses are recognized on an accrual basis, i.e. when the actual flow of goods and services they represent occurs, regardless of when the resulting monetary or financial flow takes place.

Revenue from the sale of goods and rendering of services is measured at the fair value of the consideration received or receivable. In the absence of evidence to the contrary, this is the agreed price of those goods or services, less any trade discounts, rebates or similar items granted by the Company and interest on the nominal amount.

Revenue from services is recognized when the outcome of the transaction can be estimated reliably, taking into account the stage of completion of the transaction at the balance sheet date. Revenue from the rendering of services shall only be recognized when all the following conditions have been satisfied:

a) The amount of revenue can be measured reliably.

b) It is probable that the economic benefits associated with the transaction will flow to the Company.

c) The stage of completion of the transaction, at the balance sheet date, can be measured reliably; and

d) The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

**i)Provisions and contingencies**

At the balance sheet date liabilities of uncertain timing or amount, arising from past events the settlement of which is expected to result in an outflow of resources embodying economic benefits, are recognized as provisions in the Balance Sheet and are measured at the present value of the best estimate of the amount required to settle the obligation or transfer it to a third party.

With regards to provisions and contingencies the Company applies the following:

i.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.

i.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.

Adjustments arising from the discounting of the provision are recognized as a finance expense when accrued. Provisions expiring within one year are not 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.

**j)<u>Assets of environmental nature</u>**

The Company, due to its line of business, has no environmental assets and has not incurred in any expenditure to minimize the environmental impact and 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.

**k)<u>Business combinations</u>**

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 an intangible asset are measured an amortized on the basis of their remaining term of the contract.

- 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.

**l) Transactions with related parties**

As a general rule, items involved in a transaction between related parties are initially recognized 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.

**m) 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 Company operates several remuneration plan for its Management consisting in the delivery of share options in Antevenio and which shall be settled in shares.

These plans are initially measured at fair value 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 Antevenio SA's Equity. However, at each Balance Sheet date the 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.

**n)Statement of Cash Flows**

In cash flows statements the following terms are used with the meanings specified:

Cash or cash equivalents: Cash comprises both cash at hand and demand deposits at banks. Cash equivalents are financial instruments financial instruments that are convertible to cash and have a maturity of three months or less from the date of acquisition, provided that there is no significant risk of changes in value and that they form part of the Company's usual cash management policy.

Cash flows: inflows or outflows of cash or cash equivalents, the latter being short-term highly liquid investments subject to a low risk of changes in value.

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

Investing activities are the acquisition, sale or disposal of non-current 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 financial liabilities.

## NOTE 5. PROPERTY, PLANT AND EQUIPMENT

The breakdown of and changes in "Property, Plant and Equipment" is as follows:

| | 30/06/2018 | Recognition | Derecognition | 31/12/2018 | Recognition | Derecognition | 30/06/2019 |
|---|---|---|---|---|---|---|---|
| **Cost:** | | | | | | | |
| Technical installations, machinery, tools, furniture and other items of PPE | 494,135 | 27,351 | (131,002) | 390,485 | 31,192 | - | 421,677 |
| | 494,135 | 27,351 | (131,002) | 390,485 | 31,192 | - | 421,677 |
| **Accumulated Amortization:** | | | | | | | |
| Technical installations, machinery, tools, furniture and other items of PPE | (301,971) | (30,324) | 124,170 | (208,125) | (29,819) | - | (237,944) |
| | **(301,971)** | **(30,324)** | **124,170** | **(208,125)** | **(29,819)** | **-** | **(237,944)** |
| **Provision for impairment:** | | | | | | | |
| Technical installations, machinery, tools, furniture and other items of PPE | - | - | - | - | - | - | - |
| **Net property, plant and equipment** | **192,165** | **(2,973)** | **(6,832)** | **182,360** | **1,373** | **-** | **183,733** |

**Fully amortized intangible assets in use**

The breakdown by headings of fully depreciated assets in use is shown below, indicating their cost value:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Technical installations, machinery, tools, furniture and other items of PPE | 204,278 | 72,956 | 100,205 |
| **Total** | **204,278** | **72,956** | **100,205** |

Additional disclosures

At 30 June 2019 and 2018 and at 31 December 2018, the Company had no items of property, plant and equipment acquired from group companies or any items of property plant and equipment located outside Spain.

At 30 June 2019 and 2018 and at 31 December 2018, there were no firm purchase commitments for the acquisition of items of property, plant and equipment.

At 30 June 2019 and 2018 and at 31 December 2018, the assets of the Company were secured by an insurance policy. The Company's directors consider that this insurance policy sufficiently covers any risks associated to its property, plant and equipment.

## NOTE 6. INTANGIBLE ASSETS

The breakdown of and changes in "Intangible Assets" is as follows:

| | 30/06/2018 | Recognition | Derecognition | 31/12/2018 | Recognition | 30/06/2019 |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| Computer software | 94,495 | 3,599 | (1,048) | 97,046 | 6,338 | 103,384 |
| | **94,495** | **3,599** | **(1,048)** | **97,046** | **6,338** | **103,384** |
| **Accumulated Amortization:** | | | | | | |
| Computer software | (78,742) | (3,759) | 1,048 | (81,453) | (1,648) | (83,102) |
| | **(78,742)** | **(3,759)** | **1,048** | **(81,453)** | **(1,648)** | **(83,102)** |
| **Provision for impairment:** | | | | | | |
| Computer software | (9,315) | - | | (9,315) | - | (9,315) |
| **Net Intangible Assets Net** | **6,438** | **(160)** | **-** | **6,279** | **4,690** | **10,968** |

**Fully amortized intangible assets in use**

The breakdown by headings of fully depreciated assets in use is shown below, indicating their cost value:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Computer software | 55,517 | 88,147 | 88,147 |
| **Total** | **55,517** | **88,147** | **88,147** |

Additional disclosures

At 30 June 2019 and 2018 and at 31 December 2018, the Company had no intangible assets acquired from Group companies or any intangible assets located outside Spain.

At 30 June 2019 and 2018 and at 31 December 2018, there were no firm purchase commitments for the acquisition of intangible assets.

## NOTE 7. LEASES AND OTHER TRANSACTIONS OF SIMILAR NATURE

### 7.1) Operating leases (Company as lessee)

The charge to the income at 30 June 2019, at 31 December 2018 and at 30 June 2018 in respect of operating leases amounted to 141,535 Euros; 359,430 Euros, and 161,591 Euros, respectively.

The Company has several office floors leased in Madrid (Marqués de Riscal Street nº 11), where it operates.

There are no future minimum payments under non-cancellable lease agreements with a maturity of more than 5 years.

### 7.2) Finance lease

The Company has contracted a finance lease for the computer hardware its uses to conduct its business. The Company's main finance lease is with a financial entity. At 30 June 2019 and 2018 there is a payment of 17,537 euros and 25,204 pending respectively, which were recognised under "Finance lease payables" (see Note 8.2.2). Likewise, the section "Non-current financial lease liabilities" shows an amount of 4,129 euros, maturing at 28 July 2020 (6,343 euros at 31 December 2018) see Note 8.2.2.

## NOTE 8. FINANCIAL INSTRUMENTS

The Company classifies financial instruments in the following categories or portfolios based on the Company's intention for them:

### 8.1) Financial Assets

The breakdown of non-current financial assets at 30 June 2019, at 31 December 2018 and at 30 June 2018, except for equity investments in group companies, jointly controlled entities and associates that are shown in Note 9, is as follows:

| | Loans, Derivatives and other | | | Total | | |
|---|---|---|---|---|---|---|
| | 30/06/2018 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 31/12/2018 | 30/06/2019 |
| Loans and receivables (Note 8.1.1) | 2,037,307 | 1,567,114 | 1,631,613 | 2,037,307 | 1,567,114 | 1,631,613 |
| **Total** | **2,037,307** | **1,567,114** | **1,631,613** | **2,037,307** | **1,567,114** | **1,631,613** |

The breakdown of current financial assets at 30 June 2019, at 31 December 2018 and at 30 June 2018, is as follows:

| | Loans, Derivatives and other | | | Total | | |
|---|---|---|---|---|---|---|
| | 30/06/2018 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 31/12/2018 | 30/06/2019 |
| Cash and cash equivalents (Note 8.1.a) | 306,009 | 599,026 | 109,327 | 306,009 | 599,026 | 109,327 |
| Loans and receivables (Note 8.1.1) | 1,506,285 | 1,055,513 | 1,994,626 | 1,506,285 | 1,055,513 | 1,994,626 |
| **Total** | **1,812,294** | **1,654,539** | **2,103,953** | **1,812,294** | **1,654,539** | **2,103,953** |

### a) Cash and cash equivalents

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

| | Balance at 06/30/2018 | Balance at 31/12/18 | Balance at 06/30/2019 |
|---|---|---|---|
| Current accounts and treasury | 306,009 | 599,026 | 109,327 |
| **Total** | **306,009** | **599,026** | **109,327** |

### 8.1.1) Loans and receivables

The breakdown of this heading is as follows:

| | Balance at 06/30/2018 | | Balance at 12/31/2018 | | Balance at 06/30/2019 | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Non-current | Current | Non-current | Current |
| **Trade receivables** | | | | | | |
| Trade receivables, Group companies (Note 18) | - | 1,416,678 | - | 967,284 | - | 1,645,826 |
| Third-party receivables | - | 998 | - | 18,429 | - | 18,726 |
| Advances to personnel | - | 2,254 | - | 2,856 | - | 1,667 |
| **Total trade receivables** | **-** | **1,419,929** | **-** | **988,569** | **-** | **1,666,219** |
| **Non-trade receivables** | | | | | | |
| Loans and interest receivable, Group companies (Note 18) | 1,982,193 | - | 1,541,991 | 66,943 | 1,606,490 | 78,407 |
| Other group company financial assets | - | - | - | - | - | 250,000 |
| Loans to third parties | 29,991 | - | - | - | - | - |
| Guarantees and deposits | 25,123 | - | 25,123 | - | 25,123 | - |
| **Total non-trade receivables** | **2,037,307** | **86,356** | **1,567,114** | **66,943** | **1,631,613** | **328,407** |
| **Total** | **2,037,307** | **1,506,285** | **1,567,114** | **1,055,512** | **1,631,613** | **1,994,626** |

Trade and other receivables include impairment caused by default risk, according to the following breakdown:

| Impairment | Balance at 06/30/2018 | Impairment loss | Impairment reversal / Application of the provision | Balance at 12/31/2018 | Impairment loss | Impairment reversal | Balance at 06/30/2019 |
|---|---|---|---|---|---|---|---|
| Trade receivables | (46,759) | - | 17,371 | (29,388) | - | 1,522 | (27,866) |
| **Total** | **(46,759)** | **-** | **17,371** | **(29,388)** | **-** | **1,522** | **(27,866)** |

### 8.1.2) Additional disclosures related to financial assets

**a) Reclassifications**

No financial instruments have been reclassified during the reporting period.

**b) Classification by maturity**

At each balance sheet date non-current financial assets have maturity at over five years.

Current financial assets include loans to Group companies the maturity of which is extended on an annual basis unless otherwise claimed by the Company.

**c) Assets pledged as security**

The Company has no assets or liabilities pledged as security.

## 8.2) Financial Liabilities

At 30 June 2019 non-current financial liabilities relate to the instalments resulting from finance lease contracts with non-current maturity (see Note 7) and to the financial liability arising from the business combination disclosed under Note 21, that have been both classified as "Debts and payables".

The breakdown of current financial liabilities is as follows:

| | Debts with financial institutions | | | Other | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 30/06/2019 | 31/12/2018 | 30/06/2018 | 30/06/2019 | 31/12/2018 | 30/06/2018 | 30/06/2019 | 31/12/2018 | 30/06/2018 |
| Debts and payables (Note 8.2.1) | 12,980 | 15,014 | 10,062 | 3,877 | 184,566 | 2,164,079 | 16,857 | 199,581 | 2,174,141 |
| **Total** | **12,980** | **15,014** | **10,062** | **3,877** | **184,566** | **2,164,079** | **16,857** | **199,581** | **2,174,141** |

### 8.2.1) Debts and Payables

The breakdown of "Debts and Payables" is as follows:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| **Trade payables:** | | | |
| Suppliers | 287,810 | 134,182 | 243,208 |
| Trade payables, Group companies and associates (Note 18) | 56,092 | 93,281 | 34,715 |
| Other payables | 108,535 | 107,208 | 97,044 |
| **Total trade payables** | **452,438** | **334,671** | **374,967** |
| **Non-trade payables:** | | | |
| Debts with financial institutions | 10,062 | 15,014 | 12,980 |
| Finance lease payables | 3,540 | 27,324 | 17,537 |
| Other financial liabilities | 758 | 184,566 | 3,877 |
| **Loans and other payables** | **14,359** | **226,904** | **34,394** |
| Personnel (outstanding remunerations) | 69,702 | 148,797 | 58,601 |
| Advances from customers | 9,317 | 9,317 | 9,317 |
| **Total non-trade payables** | **79,019** | **158,114** | **67,918** |
| Current payables to Group companies and associates (Note 18) | 369,616 | 532,410 | 929,257 |
| Dividend payable | 1,262,249 | - | - |
| **Total debt to the Group** | **1,631,865** | **532,410** | **929,257** |
| **Total Debts and payables** | **2,177,680** | **1,252,099** | **1,406,536** |

## 8.2.2) Additional disclosures related to financial liabilities

### a) Classification by maturity

At 30 June 2019, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

| | 2020 | 2021 | 2022 | 2023 | 2024 onwards | Total |
|---|---|---|---|---|---|---|
| **Non-current payables** | | | | | | |
| Finance lease payables | 4,129 | - | - | - | - | 4,129 |
| Other financial liabilities | 859,900 | 1,059,299 | - | - | - | 1,919,199 |
| **Total** | **864,029** | **1,059,299** | **-** | **-** | **-** | **1,923,328** |

At 31 December 2018, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

| | 2020 | 2021 | 2020 | 2023 | 2024 | Total |
|---|---|---|---|---|---|---|
| **Non-current payables** | | | | | | |
| Finance lease payables | 6,343 | - | - | - | - | 6,343 |
| Other financial liabilities | 859,900 | 1,066,729 | - | - | - | 1,926,629 |
| Other non-current payables, group companies | 500,000 | - | - | - | - | 500,000 |

At 30 June 2018, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

| | 2019 | 2020 | 2021 | 2022 | 2023 onwards | Total |
|---|---|---|---|---|---|---|
| **Non-current payables** | | | | | | |
| Finance lease payables | 6,093 | 6,327 | 6,567 | 2,679 | - | 21,664 |
| Other financial liabilities | 321,473 | 792,007 | 869,814 | | - | 1,983,294 |
| **Total** | **327,566** | **798,334** | **876,381** | **2,679** | **-** | **2,004,958** |

## NOTE 9. GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

At 30 June 2019 and at 31 December 2018, the breakdown of the Company's interests in Group Companies, Jointly Controlled Entities and Associates was as follows:

| | Direct Interest % Direct Interest % | Voting right % Direct | Investment value | Amount of impairment charge | Net carrying amount of interest |
|---|---|---|---|---|---|
| **Group Companies** | | | | | |
| React2Media, L.L.C. (1) | 51 | 51 | 4,199,158 | - | 4,199,158 |
| Antevenio S.R.L. (*) | 100 | 100 | 5,027,487 | - | 5,027,487 |
| Mamvo Performance, S.L. (**) | 100 | 100 | 1,577,382 | - | 1,577,382 |
| Marketing Manager Servicios de Marketing, S.L. (**) | 100 | 100 | 199,932 | - | 199,932 |
| Antevenio Mexico SA de CV (**) | 100 | 100 | 1,908 | - | 1,908 |
| Antevenio ESP, S.L.U. (**) | 100 | 100 | 27,436 | - | 27,436 |
| Antevenio Francia, S.R.L. | 100 | 100 | 2,000 | - | 2,000 |
| Antevenio Publicité, S.A.S.U. (*) | 100 | 100 | 3,191,312 | - | 3,191,312 |
| Antevenio Rich & Reach, S.L. (**) | 100 | 100 | 3,000 | - | 3,000 |
| Foreseen Media Sl. | 100 | 100 | 67,420 | - | 67,420 |
| | | | **14,297,035** | **-** | **14,297,035** |

(1) See Note 21 Business combinations.

None of these companies is listed.

The Company's directors believe the net carrying amount of interests in subsidiaries at 30 June 2019 is recoverable, taking into account the estimates of its share in the cash flows from ordinary activities expected to be generated by investee companies. The Company's management has based its cash flow projections to support the recoverable value of investments on the following assumptions:

- 5-year projections of cash flows, based on the business plans provided for by the Company's management.

- The growth rate of the cash flows used for the following years has been based on each company and each geographic market.

- The discount rate applied was approximately 12%.

- A perpetual growth rate of 1.4%.

The projections are prepared based on past experience as well as the best available estimates.

At the close of the half-year period ended 30 June 2019, no circumstances have arisen that may imply changes to the assumptions used and conclusions reached by the Group at year-end 2018.

Here below is a breakdown of the corporate purpose and registered address of the investees:

**Mamvo Performance, S.L. (Single-member)** Its objective is online advertising and direct marketing for the generation of useful contacts. Its registered office is at C/Marqués de Riscal, 11, Madrid.

**Marketing Manager Servicios de Marketing, S.L.** (**Single-member).** Its purpose is to provide counseling related to commercial communication companies. Its registered office is at C/Marqués de Riscal, 11, Madrid.

**Antevenio S.R.L. (Single-member)**, its purpose is to provide online marketing and internet advertising services. Its registered address is at Viale Francesco Restelli 3/7 - 20124. Milan (Italy).

**Antevenio ESP, S.L. (Single-member),** formerly **Diálogo Media, S.L. (Single-member)**, and **Antevenio Mobile, S.L.U**. Its objective is to provide advertising services and online advertising and e-commerce operations by electronic means. Its registered office is at C/Marqués de Riscal, 11, Madrid.

**Antevenio France, S.R.L. (Single-member)** Its corporate purpose consists in the provision of advertising and promotional services on the Internet; the study, dissemination and provision of services in the field of advertising and marketing on the Internet. Its registered address is at 62B rue des Peupliers, 92100 Boulogne-Billancourt, France.

**Antevenio México, S.A. de CV.** Its corporate purpose is to provide other Advertising services. The company has its registered offices in Mexico. Its registered address is at Col. Condesa Del. Cuauhtémoc, CP 06100, México D.F.

**Antevenio Publicite SARL, formerly Clash Media SARL.** Its corporate purpose consists in the provision of advertising and promotional services on the Internet; the study, dissemination and provision of services in the field of advertising and marketing on the Internet. Its registered address is at 62B rue des Peupliers, 92100 Boulogne-Billancourt, France.

**Antevenio Rich & Reach S.L. (Single-member).** Its corporate purpose is the provision of Internet services, particularly in the field of online advertising; the provision of digital advertising and marketing services; the operation and sale of advertising spaces, the operation of social media and web environments. Its registered office is at C/Marqués de Riscal, 11, Madrid.

**React2Media, L.L.C.** Its 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 company has its registered address at 35 W 36th St, New York, NY 10018, USA.

**Foreseen Media S.L** The company purpose is related to the 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. The company is registered at C/ Marqués de Riscal, 11

At 30 June 2019, the breakdown of the equity, in Euros, of the investees was as follows:

| - | Share capital | Reserves | Prior periods' profit/(loss) | Grants | Translation differences | Profit/(loss) for the year | Equity |
|---|---|---|---|---|---|---|---|
| Antevenio, S.R.L. | 10,000 | 1,741,499 | - | - | - | (146,180) | 1,605,319 |
| Mamvo Performance, S.L. | 33,967 | 2,579,497 | - | 68,499 | - | 271,958 | 2,953,921 |
| Marketing Manager Servicios de Marketing, S.L. | 99,800 | 33,791 | (956,887) | - | - | (36,528) | (859,824) |
| Antevenio Mexico | 4,537 | 1,232,297 | - | - | (146,510) | 257,809 | 1,348,133 |
| Antevenio ESP, S.L.U. (formerly Diálogo Media S.L.U) | 3,010 | 1,194,264 | - | - | - | (53,496) | 1,143,778 |
| Antevenio Francia, S.R.L. | 2,000 | - | (772,759) | - | - | (1,347) | (772,106) |
| Antevenio Publicité S.A.S.U. | 101,913 | 576,986 | (132,087) | - | - | (61,128) | 485,684 |
| Antevenio Rich & Reach S.L. | 3,000 | 151,702 | (97,251) | - | - | (155,180) | (97,729) |
| React2Media, L.L.C. (see Note 21) | 5,099 | - | - | - | (233) | (94,821) | (89,955) |
| Foreseen Media S.L. | 3,750 | - | (118,810) | - | - | (29,918) | (144,978) |

At 31 December 2018, the breakdown of the equity, in Euros, of the investees was as follows:

| | Share capital | Reserves | Prior periods' profit/(loss) | Subsidies | Translation differences | Profit/(loss) for the year | Equity |
|---|---|---|---|---|---|---|---|
| Antevenio, S.R.L. | 10,000 | 1,731,261 | - | - | - | 10,238 | 1,751,499 |
| Mamvo Performance, S.L. | 33,967 | 2,189,430 | (242,919) | 157,701 | - | 882,986 | 3,021,165 |
| Marketing Manager Servicios de Marketing, S.L. | 99,800 | 24,169 | (1,086,846) | - | - | 139,581 | (823,296) |
| Antevenio Mexico | 4,537 | - | 800,962 | - | (121,655) | 431,335 | 1,115,178 |
| Antevenio ESP, S.L.U. (formerly Diálogo Media S.L.U) | 3,010 | 1,607,737 | - | - | - | 586,528 | 2,197,274 |
| Codigo Barras Network S.L.U. | 4,639 | 730,054 | (922,354) | - | - | 326,754 | 139,093 |
| Antevenio Francia, S.R.L. | 2,000 | - | (767,610) | - | - | (5,150) | (770,759) |
| Antevenio Publicité S.A.S.U. | 101,913 | 578,373 | - | - | - | (132,087) | 548,200 |
| Antevenio Rich & Reach S.L. | 3,000 | 151,702 | - | - | - | 133,173 | 287,875 |
| React2Media, L.L.C. (see Note 21) | 5,099 | - | - | - | 2,982 | 72,435 | 80,517 |

At 30 June 2018, the breakdown of the equity, in Euros, of the investees was as follows:

| | Share capital | Reserves | Prior periods' profit/(loss) | Subsidies | Translation differences | Profit/(loss) for the year | Equity |
|---|---|---|---|---|---|---|---|
| Antevenio, S.R.L. | 10,000 | 2,486,833 | - | - | - | 131,700 | 2,628,532 |
| Mamvo Performance, S.L. | 33,967 | 2,189,430 | (242,919) | 33,661 | - | 519,102 | 2,533,241 |
| Marketing Manager Servicios de Marketing, S.L. | 99,800 | 24,169 | (1,086,846) | - | - | 92,157 | (870,720) |
| Antevenio Mexico | 4,537 | - | 800,962 | - | (118,960) | 2,511 | 689,050 |
| Antevenio ESP, S.L.U. (formerly Diálogo Media S.L.U) | 3,010 | 1,607,737 | - | - | - | 389,794 | 2,000,541 |
| Antevenio Francia, S.R.L. | 2,000 | - | (767,610) | - | - | (1,990) | (767,599) |
| Antevenio Publicité S.A.S.U. | 101,913 | 763,324 | (184,950) | - | - | (280,596) | 399,690 |
| Antevenio Rich & Reach S.L. | 3,000 | 265,520 | (344,242) | - | - | (37,093) | (112,815) |
| React2Media, L.L.C. (see Note 21) | 5,099 | 176,229 | - | - | 2,253 | 100,384 | 283,965 |

## NOTE 10. INFORMATION ON THE NATURE AND LEVEL OF RISK FROM FINANCIAL INSTRUMENTS

The Company's activities are exposed to different financial risks, particularly to credit and market risk.

### 10.1.1) Credit Risk

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

The Company's credit risk is primarily attributable to its trade receivables and to the recoverability of its loans to Group companies. The Balance Sheet includes the amounts, net of provisions for insolvencies, estimated by the Company's management based on prior years' experience and on its assessment of the current economic scenario.

### 10.1.2) Exposure to liquidity risk

The Company applies a liquidity policy consisting in keeping the balances in available accounts, in order to ensure any payments arising from the normal course of its business.

### 10.1.3) Exchange rate risk

The Company is not exposed to significant exchange rate risk, so it carries out no transactions with financial hedging instruments.

## NOTE 11. EQUITY

### 11.1) Equity Capital

At 30 June 2019, 31 December 2018 and 30 June 2018, the Company's share capital company is represented by 4,207,495 nominal value shares of 0.055 Euro each, fully subscribed and paid up. These shares have equal voting and dividend rights.

The company Inversiones y Servicios Publicitarios, S.A. (ISP), holder as of December 31 of 2015 of 18.68% of the share capital of Antevenio, S.A., represented by 785,905 shares with a face value of 0.055 euros each, proceeded to buy on August 3 of 2016 the shares of the founder and managing director of the Company Joshua David Novick, at the time holder of 11.89% of the Company's share capital, represented by 500,271 shares with a face value of 0.055 euros each, at a price of 6 euros per share.

After said change in the shareholding structure, the company ISP launched a Takeover Bid on the remaining shareholders of the Company. This bid was closed with the acceptance of 1,360,806 shares, at a purchase price of 6 euros each, representing 32.34% of the share capital of Antevenio S.A. The company Aliada Investment B.V. has thereafter transferred its shares in the Company to ISP; accordingly, ISP currently controls 83.09% of Antevenio SA share capital.

At 30 June 2019 and at 31 December 2018, direct and indirect shareholders of the Company were as follows:

| | No. of Shares | % Ownership |
|---|---|---|
| ISP Digital SLU | 3,571,008 | 84.87% |
| Other <5% | 392,840 | 9.34% |
| Nextstage | 243,647 | 5.79% |
| **Total** | **4,207,495** | **100.00%** |

**11.2) <u>Reserves</u>**

The breakdown of "Reserves" at 30 June 2019, at 31 December 2018 and at 30 June 2018 is as follows:

| Reserves | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Legal reserve | 46,282 | 46,282 | 46,282 |
| Voluntary reserves | 3,857,703 | 4,267,438 | 5,017,525 |
| Share premium | 8,189,787 | 8,189,787 | 8,189,787 |
| **Total** | **12,093,772** | **12,503,507** | **13,253,594** |

**a) <u>Legal reserve</u>**

The legal reserve has restrictions of use, which is subject to several legal provisions. Under the Spanish Law on Corporations Act, 10% of any profit made each year must be transferred to the legal reserve. These provisions must be made until the legal reserve reaches 20% of the 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 and 30 June 2018, the legal reserve is fully allocated.

**b) <u>Share Premium</u>**

This reserve originated from the capital increase in 2007. Share premium is subject to the same restrictions and may be used for the same purposes as the voluntary reserves, including conversion into share capital.

**c) <u>Treasury shares</u>**

The Extraordinary General Meeting of Shareholders of the Company authorized on 25 June 2014 the acquisition of up to 10% of the Company's share capital in own shares 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.

The General Meeting of Shareholders of the Company authorized on 28 June 2017 the acquisition of up to 10% of the Company's share capital in at a minimum price of 2 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. At 31 December 2017 no further purchases of own shares have been completed.

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

The Parent Company owns 26,463 shares representing 0.62% of share capital (at 31 December 2018 it owned 15,000 treasury shares representing 0.36% of share capital and at 30 June 2018, 198,348 shares representing 4.71% of share capital). The total amount that these shares represent amounts to 194,314 euros (114,300 euros at 31 December 2018 and 513,805 euros at 30 June 2018).

The breakdown of changes between 30 June 2018 and 30 June 2019 is as follows:

| | Balance at 06/30/2018 | | Balance at 12/31/2018 | | Balance at 06/30/2019 | |
|---|---|---|---|---|---|---|
| Company | No. of Shares | Cost | No. of Shares | Cost | No. of Shares | Cost |
| Antevenio S.A. | 198,348 | 513,805 | 15,000 | 114,300 | 26,463 | 194,314 |
| | **198,348** | **513,805** | **15,000** | **114,300** | **26,463** | **194,314** |

## NOTE 12. FOREIGN CURRENCY

At 30 June 2018, at 31 December 2018 and at 30 June 2019, the amount of exchange differences recognized in profit or loss is as follows:

| Translation differences | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| **Translation gains:** | | | |
| Realized during the period | 4,720 | 4,907 | 2 |
| **Translation losses:** | | | |
| Realized during the period | (2,392) | (4,148) | (4,293) |
| **Total** | **2,328** | **759** | **(4,291)** |

Assets and liabilities denominated in foreign currency relate to debit balances, credit balances and treasury, all of which are part of current assets and liabilities.

Transactions in foreign currency executed in the six-month periods ending 30 June 2019 and 2018 and in 2018 are immaterial for the Financial Statements.

## NOTE 13. TAXATION

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

| | 30/06/2018 | | 31/12/2018 | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| | Receivable | Payable | Receivable | Payable | Receivable | Payable |
| **Current:** | | | | | | |
| Value Added Tax | - | (47,075) | - | (43,956) | - | (220,214) |
| Deferred tax assets (*) | 255,699 | - | - | - | 167,333 | - |
| Withholdings and payments on account of Income Tax | - | - | 74,898 | - | - | - |
| Taxation Authorities, recoverable taxes | - | - | - | - | - | - |
| Taxation Authorities, taxes payable | - | (5,973) | - | (5,973) | - | (5,973) |
| Withholdings for Personal Income Tax | - | (64,405) | - | (296,760) | - | - |
| Current tax liabilities | - | (28,404) | - | (28,404) | - | (28,404) |
| Social Security | - | (11,639) | - | (13,938) | - | (19,683) |
| | **255,699** | **(157,496)** | **74,898** | **(389,031)** | **167,333** | **(274,274)** |

(*) Classified in the Balance Sheet under non-current assets.

### Taxation

The Company has open to review for all taxes applicable the last four reporting periods.

Under current legislation, tax settlements 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. Accordingly, as a result of eventual tax inspections new tax liabilities may arise in addition to the ones recognized by the Company. Nevertheless, the Company's directors believe that these tax liabilities, should they materialize, would not be material compared with the Company's own funds and annual profits.

### Income Tax

The reconciliation of net income and expenses for the period with the taxable income/(tax loss) is as follows:

| | 31/12/2018 Profit and Loss Account | | | 30/06/2019 Profit and Loss Account | | |
|---|---|---|---|---|---|---|
| **Profit/(loss) for the year (after taxes)** | **750,087** | **(750,087)** | | **1,249,722** | | |
| | ***Increases*** | ***Decreases*** | ***Net effect*** | ***Increases*** | ***Decreases*** | ***Net effect*** |
| **Income Tax** | **47,650** | | **47,650** | **-** | **-** | **-** |
| **Permanent differences** | **26,885** | **(720,425)** | **(693,541)** | **7,240** | **(1,262,475)** | **(1,255,235)** |
| **Temporary differences** | | **(797,700)** | **(797,700)** | **-** | **-** | **-** |
| **Application of tax loss carryforwards** | | | **-** | **-** | | **-** |
| **Tax base (Taxable income)** | | | **(693,503)** | | **-** | **(5,513)** |
| **Gross tax payable** | | | **(173,376)** | | | **(1,378)** |
| **Tax credits for R&D&I** | | | **-** | | **-** | **-** |
| **Net tax payable** | | | **(173,376)** | | **-** | **(1,378)** |
| **Withholdings and payments on account** | | | **(172,892)** | | **-** | **-** |
| **Accounts with tax group companies** | | | **520,316** | | **-** | **-** |
| **Tax payable / (recoverable) (1)** | | | **174,048** | | **-** | **(1,378)** |

(1)In 2017 the Company files consolidated income tax returns within ISP Group.

Given that in 2017 the Company files consolidated tax returns with ISP Group, the amount of tax payable has been recognized as a current receivable from the Group.

The breakdown of recognised deferred tax assets is as follows:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Temporary differences | 226,700 | 67,500 | 67,500 |
| Tax credits | 28,999 | 7,398 | 99,834 |
| Total deferred tax assets | 255,699 | 74,898 | 167,334 |

The aforementioned deferred tax assets have been recognized in the balance sheet because the Company's Directors consider that, based on their best estimate of the Company's future earnings, including certain tax planning measures, it is likely that said assets will be recovered.

## NOTE 14. REVENUE AND EXPENSES

### a) Employee benefit expense

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

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Social security payable by the company | (61,357) | (121,349) | (103,106) |
| Employee benefits expense | (16,634) | (31,293) | (37,472) |
| **Employee benefit expense** | **(77,990)** | **(152,642)** | **(140,578)** |

### b) Net Finance Income / (Expense)

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

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| **Income:** | | | |
| Dividends | - | 700,000 | 1,250,000 |
| Income from loans to Group companies | 9,316 | 18,265 | 17,357 |
| Other finance income | 1,993 | 1,993 | - |
| **Total finance income** | **11,309** | **720,258** | **1,267,357** |
| **Expense:** | | | |
| Debts with Group companies and associates | (9,750) | (17,368) | (3,597) |
| Other Finance Expense | (4,854) | (37,663) | (9,781) |
| **Total finance expense** | **(14,604)** | **(55,031)** | **(13,378)** |

**c) Revenue**

The distribution of the net turnover from the ordinary activities of the Company, by categories of activities, is as follows:

| | 30/06/2018 | | 31/12/2018 | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| **Description of the activity** | **Euro** | **%** | **Euro** | **%** | **Euro** | **%** |
| Marketing and online advertising | 20,000 | 2% | 0 | 0% | | |
| Provision of services (Fees) | 1,131,483 | 98% | 2,342,243 | 100% | 1,370,940 | 100 |
| **Total** | **1,151,483** | **100%** | **2,342,243** | **100%** | **1,370,940** | **100** |

| | 30/06/2018 | | 31/12/2018 | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| **Geographic segmentation** | **Euro** | **%** | **Euro** | **%** | **Euro** | **%** |
| Spain | 891,510 | 77% | 1,817,648 | 78% | 1,091,583 | 80 |
| Europe | 95,531 | 8% | 196,098 | 8% | 21,695 | 2 |
| International (excl. Europe) | 164,442 | 14% | 328,497 | 14% | 257,662 | 19 |
| **Total** | **1,151,483** | **100%** | **2,342,243** | **100%** | **1,370,940** | **100** |

## NOTE 15. ENVIRONMENTAL INFORMATION

The Company has no significant assets nor has it 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 16. GUARANTEES AND SECURITIES

At 30 June 2019, at 31 December 2018 and at 30 June 2018, the Company had provided the following guarantees to banks and government agencies:

| Guarantees | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Lessor of Head Office | 231,307 | 265,684 | 232,807 |
| **Total** | **231,307** | **265,684** | **232,807** |

## NOTE 17. EVENTS AFTER THE INTERIM BALANCE SHEET DATE.

Subsequent to the close of the 6-month period ended 30 June 2019, the following significant events have taken place:

On 2 July, two beneficiaries exercised their rights by virtue of the remuneration plan for directors and senior management referenced to the value of the shares, approved on 16 November 2016, requesting the delivery of 50,000 of the Company’s shares (Note 14).

# NOTE 18. TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES

## 18.1) Balances with group companies

At 30 June 2019 the breakdown of balances with Group companies was as follows:

| BALANCES BETWEEN GROUP COMPANIES | Mamvo Performance, S.L.U. | Marketing Manager S.L.U | Código Barras Network S.L.U. | Antevenio ESP S.L.U | Antevenio Francia S.R.L.U | Antevenio México | Antevenio Argentina SR.L | Antevenio Italia S.R.L.U. | Antevenio Publicité S.A.S.U. | React2Media, L.L.C. | Antevenio, Rich & Reach, S.L.U. | Foreseen Media SL | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) NON-CURRENT ASSETS** | **100,000** | **500,000** | **350,000** | **-** | **262,000** | **-** | **-** | **-** | **-** | **-** | **300,000** | **-** | **1,512,000** |
| | | | | | | | | | | | | | - |
| **1. Non-current investments in Group companies** | **100,000** | **500,000** | **350,000** | **-** | **262,000** | **-** | **-** | **-** | **-** | **-** | **300,000** | **-** | **1,512,000** |
| a) Loans to companies (1) | 100,000 | 500,000 | 350,000 | - | 262,000 | - | - | - | - | - | 300,000 | - | 1,512,000 |
| | | | | | | | | | | | | | - |
| | | | | | | | | | | | | | - |
| **B) CURRENT ASSETS** | **415,102** | **110,287** | **16,767** | **331,479** | **221,037** | **221,860** | **320,142** | **12,867** | **25,283** | **274,733** | **119,826** | | **2,069,382** |
| | | | | | | | | | | | | | - |
| **1. Trade and other receivables** | **150,341** | **106,387** | **600** | **331,479** | **169,723** | **221,860** | **320,142** | **12,867** | **25,283** | **47,917** | **82,870** | **-** | **1,469,468** |
| a) Current trade receivables | 150,341 | 106,387 | 600 | 331,479 | 169,723 | 221,860 | 320,142 | 12,867 | 25,283 | 47,917 | 82,870 | | 1,469,468 |
| | | | | | | | | | | | | | - |
| **2. Current investments in group companies** | **264,761** | **3,900** | **16,167** | **-** | **51,314** | **-** | **-** | **-** | **-** | **226,816** | **36,956** | **-** | **599,914** |
| a) Current account | | | | | | - | - | - | - | - | | | - |
| a) Accounts receivable | 264,761 | **3,900** | 16,167 | - | **51,314** | | | | | 226,816 | 36,956 | | 599,914 |
| | | | | | | | | | | | | | - |
| **C) NON-CURRENT LIABILITIES** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(64,499)** | **(64,499)** |
| | | | | | | | | | | | | | - |
| **1. Non-current payables to Group companies and associates** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(64,499)** | **(64,499)** |
| | | | | | | | | | | | | | - |
| **Total Non Current** | **100,000** | **500,000** | **350,000** | **-** | **262,000** | **-** | **-** | **-** | **-** | **-** | **300,000** | **(64,499)** | **1,447,501** |
| | | | | | | | | | | | | | - |
| **D) CURRENT LIABILITIES** | **(62,558)** | **(250,062)** | **(241,855)** | **-** | **-** | **-** | **-** | **-** | **(33,849)** | **-** | **(376,229)** | **(2,131)** | **(966,684)** |
| | | | | | | | | | | | | | - |
| **1. Current payables to Group companies and associates** | **(62,558)** | **(250,062)** | **(241,855)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(376,229)** | **(2,131)** | **(932,835)** |
| **2. Trade and other payables** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(33,849)** | **-** | **-** | | **(33,849)** |
| | | | | | | | | | | | | | - |
| **Total Current** | **352,544** | **(139,775)** | **(225,088)** | **331,479** | **221,037** | **221,860** | **320,142** | **12,867** | **(8,566)** | **274,733** | **(256,403)** | **(2,131)** | **1,102,699** |

At 31 December 2018 the breakdown of balances with Group companies was as follows:

| | Mamvo Performance SLU | Marketing Manager S.L.U | Código Barras Network S.L.U. | Antevenio ESP S.L.U | Antevenio Francia S.R.L.U | Antevenio México | Antevenio Argentina S.R.L.U. | Antevenio Italia S.R.L.U. | Antevenio Publicité S.A.S.U. | React2Media, L.L.C. | Antevenio, Rich & Reach, S.L.U. | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) NON-CURRENT ASSETS** | **100,000** | **500,000** | **350,000** | **-** | **262,000** | **-** | **-** | **-** | **-** | **-** | **300,000** | **1,512,000** |
| **1. Investments in group companies** | **100,000** | **500,000** | **350,000** | **-** | **262,000** | **-** | **-** | **-** | **-** | **-** | **300,000** | **1,512,000** |
| a) Loans to companies (1) | 100,000 | 500,000 | 350,000 | | 262,000 | | | | | | 300,000 | 1,512,000 |
| **B) CURRENT ASSETS** | **153,246** | **12,615** | **26,259** | **112,614** | **221,037** | **148,150** | **320,142** | **84,869** | **15,699** | **237,754** | **92,283** | **1,424,666** |
| **1. Trade and other receivables** | **19,323** | **12,615** | **-** | **48,233** | **169,723** | **148,150** | **320,142** | **84,869** | **15,699** | **12,652** | **4,012** | **835,416** |
| a) Trade receivables for sales and services | 19,323 | 12,615 | | 48,233 | 169,723 | 148,150 | 320,142 | 84,869 | 15,699 | 12,652 | 4,012 | 835,416 |
| **2. Investments in group companies** | **133,923** | **-** | **26,259** | **64,381** | **51,314** | **-** | **-** | **-** | **-** | **225,102** | **88,271** | **589,250** |
| a) Current account | 119,941 | | 12,823 | 64,381 | 51,314 | | | | | 220,193 | 53,655 | 522,307 |
| b) Accounts receivable | 13,981 | | 13,437 | | | | | | | 4,909 | 34,616 | 66,943 |
| **C) NON-CURRENT LIABILITIES** | **-** | **-** | **-** | **(500,000)** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(500,000)** |
| **1. Debts with Group companies and associates** | **-** | **-** | **-** | **(500,000)** | **-** | **-** | **-** | **-** | **-** | **-** | | **(500,000)** |
| **Total Non Current** | **100,000** | **500,000** | **350,000** | **(500,000)** | **262,000** | **-** | **-** | **-** | **-** | **-** | **300,000** | **1,012,000** |
| **D) CURRENT LIABILITIES** | **(14,617)** | **(52,665)** | **(169,103)** | **(117,378)** | **-** | **-** | **-** | **(54,808)** | **(33,849)** | **-** | **(71,485)** | **(513,904)** |
| **1. Debts with Group companies and associates** | **(14,617)** | **(52,665)** | **(169,103)** | **(113,182)** | | | | | | | **(71,485)** | **(421,052)** |
| **2. Trade and other payables** | **-** | **-** | **-** | **(4,196)** | **-** | **-** | **-** | **(54,808)** | **(33,849)** | **-** | **-** | **(92,853)** |
| **Total Current** | **138,629** | **(40,050)** | **(142,843)** | **(4,764)** | **221,037** | **148,150** | **320,142** | **30,061** | **(18,150)** | **237,754** | **20,798** | **910,762** |

At 30 June 2018 the breakdown of balances with Group companies was as follows:

| BALANCES BETWEEN GROUP COMPANIES | Mamvo Performance, S.L.U. | Marketing Manager S.L.U | Código Barras Network S.L.U. | Antevenio ESP S.L.U | Antevenio Francia S.R.L.U | Antevenio México | Antevenio Argentina SR.L | Antevenio Italia S.R.L.U. | Antevenio Publicité S.A.S.U. | React2Media , L.L.C. | Antevenio, Rich & Reach, S.L.U. | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **A) NON-CURRENT ASSETS** | **100,000** | **500,000** | **600,000** | **-** | **262,000** | **-** | **-** | **-** | **-** | **220,193** | **300,000** | **1,982,193** |
| **1. Non-current investments in Group companies** | **100,000** | **500,000** | **600,000** | **-** | **262,000** | **-** | **-** | **-** | **-** | **220,193** | **300,000** | **1,982,193** |
| a) Loans to companies (1) | 100,000 | 500,000 | 600,000 | - | 262,000 | - | - | - | - | 220,193 | 300,000 | 1,982,193 |
| **B) CURRENT ASSETS** | **294,719** | **120,089** | **99,959** | **456,870** | **221,037** | **72,517** | **320,142** | **-** | **104,771** | **15,880** | **65,860** | **1,771,844** |
| **1. Trade and other receivables** | **147,316** | **79,328** | **-** | **344,792** | **169,723** | **72,517** | **320,142** | **-** | **104,771** | **12,652** | **33,570** | **1,416,678** |
| a) Current trade receivables | 147,316 | 79,328 | - | 344,792 | 169,723 | 72,517 | 320,142 | | 104,771 | 12,652 | 33,570 | 1,416,678 |
| | | | | | | | | | | | | - |
| **2. Current investments in group companies** | **147,403** | **40,761** | **99,959** | **112,078** | **51,314** | **-** | **-** | **-** | **-** | **3,228** | **32,290** | **487,034** |
| a) Accounts receivable | 147,403 | **40,761** | 99,959 | **112,078** | **51,314** | | | | | 3,228 | 32,290 | 487,034 |
| **C) NON-CURRENT LIABILITIES** | **-** | **-** | **-** | **(500,000)** | **-** | **-** | **-** | **-** | **-** | **-** | **(765,000)** | **(1,265,000)** |
| **1. Non-current payables to Group companies and associates** | **-** | **-** | **-** | **(500,000)** | **-** | **-** | **-** | **-** | **-** | **-** | **(765,000)** | **(1,265,000)** |
| **Total Non Current** | **100,000** | **500,000** | **600,000** | **(500,000)** | **262,000** | **-** | **-** | **-** | **-** | **220,193** | **(465,000)** | **717,193** |
| **D) CURRENT LIABILITIES** | **-** | **-** | **-** | **(7,704)** | **-** | **-** | **-** | **(54,808)** | **-** | **-** | **(32,492)** | **(826,387)** |
| **1. Current payables to Group companies and associates** | **-** | **-** | | **(7,704)** | **-** | **-** | **-** | **-** | **-** | **-** | **(32,492)** | **(770,294)** |
| **2. Trade and other payables** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **(54,808)** | **-** | **-** | **-** | **(56,092)** |
| **Total Current** | **294,719** | **120,089** | **99,959** | **449,166** | **221,037** | **72,517** | **320,142** | **(54,808)** | **104,771** | **15,880** | **33,367** | **945,457** |

## 18.2) Transactions among Group companies

The amount, in Euros, of transactions performed during the six first months of 2019 and presented in the accompanying Interim Profit and Loss Account is as follows:

| Transactions Performed | Services received | Sales and services rendered | Interests Paid | Interests Charged | Dividends paid |
|---|---|---|---|---|---|
| Mamvo Performance, S.L.U. | - | 246,573 | 780 | - | 250,000 |
| Marketing Manager | - | 171,883 | 3,900 | - | |
| Código barras Networks | - 2,000 | 619 | 2,730 | - | |
| Antevenio ESP, S.L.U. | - | 496,961 | - | - 3,597 | 1,000,000 |
| Antevenio Argentina | - | - | - | - | |
| Antevenio S.R.L. (Italy) | - | 12,111 | - | - | |
| Antevenio México | - | 221,860 | - | - | |
| Antevenio Publicité | - | 9,584 | - | - | |
| React2Media | - | 35,265 | 1,714 | - | |
| Antevenio Rich & Reach | - | 130,268 | 2,340 | - | |
| | **- 2,000** | **1,325,124** | **11,464** | **- 3,597** | **1,250,000** |

The amount, in Euros, of transactions among Group companies during 2018 and presented in the accompanying Interim Profit and Loss Account is as follows:

| Transactions Performed | Services received | Sales and services rendered | Interests Paid | Interests Charged | Dividends paid |
|---|---|---|---|---|---|
| Mamvo Performance, S.L.U. | - | 432,276 | 1,546 | - | - |
| Marketing Manager | - | 294,674 | - | - | - |
| Código barras Networks | (5,700) | 5,260 | 8,791 | - | - |
| Antevenio ESP, S.L.U. | (33,066) | 804,281 | - | (7,730) | - |
| Antevenio Argentina | - | - | - | - | - |
| Antevenio S.R.L. (Italy) | - | 144,944 | - | - | 700,000 |
| Antevenio México | - | 328,497 | - | - | - |
| Antevenio Publicité | (33,849) | 51,154 | - | - | - |
| React2Media | - | - | 3,290 | - | - |
| Antevenio Rich & Reach | - | 244,021 | 4,638 | (9,638) | - |
| | **(72,615)** | **2,305,107** | **18,265** | **(17,368)** | **700,000** |

The amount, in Euros, of transactions performed during the six first months of 2018 and presented in the accompanying Interim Profit and Loss Account is as follows:

| Transactions Performed | Services received | Sales and services<br>services rendered | Interests<br>services paid | Interests<br>services charged |
|---|---|---|---|---|
| Mamvo Performance, S.L.U. | - | 213,394 | - | 771 |
| Marketing Manager | - | 143,869 | - | - |
| Código barras Networks | 3,000 | 1,947 | - | 4,265 |
| Antevenio ESP, S.L.U. | 24,520 | 396,298 | 3,854 | - |
| Antevenio Argentina | - | - | - | - |
| Antevenio S.R.L. (Italy) | - | 60,076 | - | - |
| Antevenio México | - | 164,442 | - | - |
| Antevenio Publicité | - | 35,455 | - | - |
| React2Media | - | - | - | 1,609 |
| Antevenio Rich & Reach | - | 116,002 | 5,896 | 2,312 |
| | **27,520** | **1,131,483** | **9,750** | **8,957** |

At 30 June 2019 the breakdown of balances with related parties was as follows:

| Related Party (30 June 2019) | Balance Receivable | Balance Payable |
|---|---|---|
| ISP Digital SLU | 121,000 | -- |
| ISP on Taxation Group Corporate Income Tax | - | 272,190 |
| Acceso | - | 867 |
| Digilant Spain | - | - |
| Digilant, Inc | 34 | - |
| **Total Group companies** | **121,034** | **273,057** |

At 31 December 2018 the balances withe related parties were as follows:

| Related Party (31 December 2018) | Balance Receivable | Balance Payable |
|---|---|---|
| ISP Digital SLU | 121,000 | 633,665 |
| ISP on Taxation Group Corporate Income Tax | | - |
| Acceso | - | 428 |
| Digilant Spain | 10,834 | - |
| Digilant, Inc | 34 | - |
| **Total Group companies** | 131,868 | 634,093 |

At 30 June 2018 the breakdown of balances with related parties was as follows:

| Related Party (30 June 2018) | Balance Receivable | Balance Payable |
|---|---|---|
| ISP Digital SLU | 121,000 | - |
| ISP on Taxation Group Corporate Income Tax | - | (730,098) |
| Acceso | - | (1,284) |
| Digilant Spain | 10,834 | - |
| Digilant, Inc | 34 | - |
| **Total Group companies** | 131,868 | (731,382) |

**18.4) <u>Related party transactions</u>**

The breakdown of transactions with related parties during the first six months of 2019 and during 2018 is as follows:

During the first 6 months of 2019 transactions with related parties were as follows:

| 1S 2019 | ACCESO GROUP | ISP DIGITAL |
|---|---|---|
| **Sales** | - | - |
| **Purchases** | - | - |
| **Services rendered** | - | - |
| **Services received** | 2,149 | - |
| **Total** | **2,149** | **-** |

During 2018 transactions with related parties were as follows:

| 1S 2018 | ACCESO GROUP | ISP DIGITAL |
|---|---|---|
| **Sales** | - | - |
| **Purchases** | - | - |
| **Services rendered** | - | 20,000 |
| **Services received** | 6,369 | - |
| **Total** | **6,369** | **20,000** |

| 2018 | ACCESO GROUP | ISP DIGITAL |
|---|---|---|
| **Sales** | - | - |
| **Purchases** | - | - |
| **Services rendered** | - | 20,000 |
| **Services received** | 11,323 | - |
| **Total** | **11,323** | **20,000** |

**18.5) Core shareholders**

During the first six months of 2019, and in 2018, the Company has performed no significant transactions with core shareholders.

**18.6) Balances and Transactions with Directors and Senior Management**

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

The breakdown of the amounts received by the Board of Directors or by members of senior management is as follows:

| | | Senior Management | |
|---|---|---|---|
| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
| Wages and salaries | 218,200 | 406,813 | 184,766 |
| **Total** | **218,200** | **406,813** | **184,766** |

In addition to these amounts, accrued remunerations arising from share-based payments disclosed under note 19 should be included. At 30 June 2019, at 31 December 2018 and at 30 June 2018, there are no commitments for supplements to pensions, guarantees or securities 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 Section 231 of the Spanish Corporations Law, have not entered into situations of conflict of interests.

## NOTE 19. 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.

Changes in existing options were as follows:

| | 30/06/2018 | | 31/12/2018 | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| | Number | Weighted average price | Number | Weighted average price | Number | Weighted average price |
| Granted options (+) | 126,667 | - | - | - | - | - |
| Options at the end of the year | 126,667 | - | - | - | - | - |

2016 Plan:

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:

the maximum number of shares that can be granted cannot exceed 125,000 shares;
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;
shares shall be awarded free of charge; and
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 2nd 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 2 July 2019, two beneficiaries exercised their rights by virtue of the remuneration plan for directors and senior management referenced to the value of the shares, approved on 16 November 2016, requesting the delivery of 50,000 of the Company's shares (Note 20).

Changes in the above mentioned options were as follows:

| | 30/06/2018 | 31/12/2018 | | 30/06/2019 | | |
|---|---|---|---|---|---|---|
| | **Number** | **Weighted average price** | | **Weighted average price** | **Number** | **Weighted average price** |
| Granted options (+) | 125,000 | - | 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 11) 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 the Company.

## NOTE 20. OTHER INFORMATION

The average number of persons employed is as follows:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Management | 6.0 | 6.0 | 4.6 |
| Administrative | 4.0 | 4.0 | 8.6 |
| Commercial | | 0.0 | 0.6 |
| Production | | 0.0 | 0.6 |
| Technical | | 0.0 | 0.0 |
| Marketing | | 0.5 | 2.6 |
| | **10.0** | **10.5** | **17.0** |

The number of Directors and persons employed by the Company at the balance sheet date of the presented periods, broken down by professional category, is as follows:

| | 30/06/2018 | | 31/12/2018 | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| **Professional Category** | **Men** | **Women** | **Men** | **Women** | **Men** | **Women** |
| Administrators | | | 2 | | 2 | - |
| High Management | 2 | - | 2 | 2 | 3 | 3 |
| Administrative | 2 | 5 | 1 | 3 | 1 | 5 |
| Marketing | | | 1 | | 2 | - |
| | 4 | 5 | 6 | 5 | 8 | 8 |

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:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| | **Days** | **Days** | **Days** |
| Average period of time for payment to suppliers | 35.58 | 34.57 | 34.32 |
| Percentage of paid transactions | 30.76 | 34.69 | 24.44 |
| Percentage of transactions pending payment | 51.91 | 32.50 | 63.53 |
| | **Amount (Euro)** | **Amount (Euro)** | **Amount (Euro)** |
| Total payments made | 524,045 | 1,253,534 | 521,589 |
| Total payments pending | 154,711 | 67,214 | 176,428 |

## NOTE 21. BUSINESS COMBINATIONS

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 company 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 recognized 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 euro, recognized under "Other non-current liabilities".

In accordance with the provisions of International Financial Reporting Standard No. 3 on Business Combinations, during the first half-year of 2018 the Group has decided to reassess this financial liability and to retrospectively adjust the provisional amounts recognized 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 recognized as of that date. The amount recognised by the Group 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 8.97% of the US Company React2Media, L.L.C's shares, for 212,551 dollars (192,778 euros). The amount recognised by the Group at 30 June 2019 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 1.91 million euros, recognised under "Other non-current liabilities".

The breakdown of the consideration given, measured as the fair value of net assets and goodwill acquired, is as follows:

| | Euros |
|---|---|
| **Fair value of the consideration given** | |
| Cash paid | 2,102,903 |
| Put options granted to minority interests | 1,933,648 |
| Contingent consideration | 35,004 |
| **Total consideration given** | **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** |

| | |
|---|---|
| **Goodwill (Note 5)** | **3,905,134** |
| 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:

| Euro | Contractual gross amount | Impairment adjustment | Fair value |
|---|---|---|---|
| Trade receivables | 1,198,620 | 0.00 | 1,198,620 |

**ANTEVENIO S.A.**
**AND SUBSIDIARIES**

Interim Consolidated Financial Statements at 30 June 2019

**ANTEVENIO S.A. AND SUBSIDIARIES**

Interim Consolidated Financial Statements at 30 June 2019:

**Interim Consolidated Financial Statements at 30 June 2019:**

# ANTEVENIO S.A. AND SUBSIDIARIES

**INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 JUNE 2019**

**ANTEVENIO S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AT 30 JUNE 2019**
(in Euros)

| ASSETS | Note | 30/06/2019 | 31/12/2018 | 30/06/2018 |
|---|---|---|---|---|
| Property, plant and equipment | 6 | 1,410,503 | 266,226 | 287,342 |
| Goodwill on full consolidation | 5 | 10,219,054 | 10,219,054 | 10,219,054 |
| Intangible assets | 7 | 647,996 | 442,835 | 366,571 |
| Non-current financial assets | 9 | 245,985 | 121,371 | 122,215 |
| Deferred tax assets | 16 | 1,918,649 | 1,812,973 | 1,532,789 |
| **NON-CURRENT ASSETS** | | **14,442,187** | **12,861,974** | **12,527,971** |
| Trade and other receivables | 9 | 7,245,358 | 8,254,292 | 8,457,586 |
| Trade receivables, Group companies | 9 and 24 | 615,827 | 604,941 | 573,848 |
| Other current assets | 9 | 258,910 | 254,408 | 78,640 |
| Other current assets, Group companies | | 5,131 | - | - |
| Receivables from Public Entities | 16 | 207,690 | 174,765 | 314,718 |
| Prepaid expenses | | 79,769 | 99,357 | 83,211 |
| Cash and cash equivalents | 9 and 11 | 5,063,463 | 5,611,926 | 5,774,405 |
| **CURRENT ASSETS** | | **13,476,148** | **14,999,689** | **15,282,408** |
| **TOTAL ASSETS** | | **27,918,335** | **27,861,663** | **27,810,379** |

**ANTEVENIO S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**AT 30 JUNE 2019**
(in Euros)

| EQUITY AND LIABILITIES | | 30/06/2019 | 31/12/2018 | 30/06/2018 |
|---|---|---|---|---|
| Share capital | | 231,412 | 231,412 | 231,412 |
| Share Premium | | 8,189,787 | 8,189,787 | 8,189,787 |
| **Treasury shares** | | (194,314) | (114,300) | (513,805) |
| Legal reserve | | 46,282 | 46,282 | 46,282 |
| Reserves from fully consolidated companies | | 7,859,708 | 5,415,595 | 5,191,516 |
| Profit/(Loss) for the year attributable to the Parent Company | 3 | 51,143 | 2,421,962 | 1,097,767 |
| Other equity instruments | 14 | 270,000 | 270,000 | 906,801 |
| Translation differences | 13 | (298,927) | (204,919) | (221,242) |
| **Equity attributable to the Parent Company** | 12 | **16,155,091** | **16,255,820** | **14,928,518** |
| **Equity** | 12 | **16,155,091** | **16,255,820** | **14,928,518** |
| Non-current payables, debts with financial institutions | 10 | 4,129 | 6,343 | 21,664 |
| Other non-current payables | 10 | 696,796 | 705,402 | 546,601 |
| Other non-current liabilities | 10 and 25 | 1,919,199 | 1,926,629 | 1,983,294 |
| Provisions | 18 | 856,643 | 204,459 | 169,591 |
| Deferred tax liabilities | 16 | 16,759 | 18,701 | 11,220 |
| **Non-current liabilities** | | **3,493,526** | **2,861,534** | **2,732,370** |
| Current payables, debts with financial institutions | 10 | 273,381 | 256,800 | 147,010 |
| Other non-current payables | 10 | 90,654 | - | 138,082 |
| Current payables to Group companies | 10 and 24 | 272,190 | 633,665 | 730,098 |
| Other financial liabilities | 10 and 12 | - | - | 1,262,249 |
| Trade and other payables | 10 | 4,939,478 | 4,802,622 | 5,531,286 |
| Suppliers, Group companies | 10 and 24 | 270,364 | 174,446 | 199,963 |
| Other financial liabilities | | - | 181,478 | - |
| Personnel, salaries payable | 10 | 304,917 | 341,236 | 689,633 |
| Public Entities, payables | 16 | 1,424,186 | 2,172,020 | 1,236,218 |
| Unearned income | | 10,000 | 8,235 | 34,883 |
| Other current liabilities | 10 | 684,548 | 173,807 | 180,070 |
| **Current liabilities** | | **8,269,718** | **8,744,309** | **10,149,491** |
| **TOTAL EQUITY AND LIABILITIES** | | **27,918,335** | **27,861,663** | **27,810,379** |

**ANTEVENIO S.A. AND SUBSIDIARIES**
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**
**AT 30 JUNE 2019**
(in Euros)

| PROFIT AND LOSS | Note | 30/06/2019 | 31/12/2018 | 30/06/2018 |
|---|---|---|---|---|
| **Revenue** | 17. a | **12,348,001** | **29,526,962** | **15,291,343** |
| **Other income** | | **-** | **-** | **31** |
| **Work carried out by the company for assets** | | **161,583** | **137,950** | **-** |
| **Operating grants taken to income** | | **40,869** | **37,755** | **2,900** |
| **TOTAL OPERATING INCOME** | | **12,550,453** | **29,702,667** | **15,294,274** |
| **Supplies** | 17. a and 23 | **(5,253,569)** | **(12,414,401)** | **(6,485,404)** |
| **Personnel expenses** | 17. c | **(5,213,517)** | **(10,313,775)** | **(5,651,392)** |
| Wages and salaries | | (4,243,754) | (8,494,081) | (4,702,154) |
| Employee benefit expense | | (969,764) | (1,819,694) | (949,238) |
| **Amortization and depreciation** | | **(324,354)** | **(517,965)** | **(189,919)** |
| Depreciation of property, plant and equipment | 6 | (238,193) | (101,840) | (49,920) |
| Amortization of intangible assets | 7 | (86,161) | (416,125) | (139,998) |
| **Other operating expenses** | | **(1,507,887)** | **(3,389,236)** | **(1,732,813)** |
| External services | 17 d | (1,415,627) | (3,104,642) | (1,591,608) |
| Impairment losses on current assets | 9 | (92,260) | (284,594) | (141,205) |
| **Other income / (loss)** | | **-** | **-** | **15,733** |
| **TOTAL OPERATING EXPENSES** | | **(12,299,327)** | **(26,635,377)** | **(14,043,794)** |
| **OPERATING PROFIT / (LOSS)** | | **251,126** | **3,067,290** | **1,250,480** |
| Finance income | 17. e | 6,104 | 2,840 | 2,503 |
| Translation differences, gains | 11 | 71,970 | 133,349 | 48,472 |
| **TOTAL FINANCE INCOME** | | **78,074** | **136,189** | **50,976** |
| Finance expenses | 17. f | (42,274) | (86,320) | (23,954) |
| Translation differences, losses | 11 | (66,370) | (180,981) | (52,823) |
| **TOTAL FINANCE EXPENSES** | | **(108,644)** | **(267,301)** | **(76,777)** |
| **NET FINANCE INCOME/(EXPENSE)** | | **(30,570)** | **(131,112)** | **(25,801)** |
| **PROFIT / (LOSS) FROM CONTINUING OPERATIONS** | | **220,556** | **2,936,178** | **1,224,679** |
| **CONSOLIDATED PROFIT / (LOSS) BEFORE TAX** | | **220,556** | **2,936,178** | **1,224,679** |
| Income Tax | 16 | (138,820) | (443,613) | (103,127) |
| Taxes and other | | (30,593) | (70,603) | (23,785) |
| **CONSOLIDATED PROFIT / (LOSS) FOR THE YEAR** | | **51,143** | **2,421,962** | **1,097,767** |
| Profit / (loss) attributable to minority interests | | - | - | - |
| **PROFIT/(LOSS) ATTRIBUTABLE TO HOLDERS OF EQUITY INSTRUMENTS OF THE PARENT COMPANY** | | **51,143** | **2,421,962** | **1,097,767** |
| Earnings per share: | | | | |
| Basic | | 0.01 | 0.58 | 0.30 |
| Diluted | | 0.01 | 0.58 | 0.30 |

**ANTEVENIO S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**
**AT 30 JUNE 2019**
(in Euros)

| | Notes | 30/06/2019 | 31/12/2018 | 30/06/2018 |
|---|---|---|---|---|
| **PROFIT / (LOSS) FOR THE PERIOD** | | **51,143** | **2,421,962** | **1,097,767** |
| **Income and expense directly recognized in equity:** | | | | |
| Translation differences | | 174,313 | - 64,477 | 48,153 |
| **TOTAL INCOME AND EXPENSES DIRECTLY RECOGNIZED IN EQUITY** | | **174,313** | **64,477** | **48,153** |
| **Transfers to Profit and Loss Account:** | | - | - | - |
| **TOTAL TRANSFERS TO PROFIT AND LOSS ACCOUNT** | | - | - | - |
| **TOTAL RECOGNIZED INCOME AND EXPENSE** | | **225,456** | **2,486,439** | **1,145,920** |
| **Attributable to the Parent Company** | | **225,456** | **2,486,439** | **1,145,920** |
| **Attributable to minority interests** | | - | - | - |

**ANTEVENIO S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**AT 30 JUNE 2019**
(in Euros)

| | Registered Capital | Share Premium | Reserves and Profit/(Loss) for the period | (Parent Company Shares) | Other equity instruments | Translation differences | Total |
|---|---|---|---|---|---|---|---|
| **Balance at 12/31/2017** | **231,412** | **8,189,787** | **6,786,606** | **(513,805)** | **1,022,700** | **(269,395)** | **15,447,305** |
| **Balance at 01/01/2018** | **231,412** | **8,189,787** | **6,731,035** | **(513,805)** | **1,022,700** | **(269,395)** | **15,391,734** |
| **Recognized income and expense** | **-** | **-** | **1,097,767** | **-** | **-** | **48,153** | **1,145,920** |
| Other transactions | - | - | (286,559) | - | - | - | (286,559) |
| Transactions with Parent Company shares | | | | | (115,899) | | (115,899) |
| Dividends | | | (1,262,249) | | | | (1,262,249) |
| **Balance at 06/30/2018** | **231,412** | **8,189,787** | **6,279,994** | **(513,805)** | **906,801** | **(221,242)** | **14,872,947** |
| **Recognized income and expense** | - | - | **1,324,195** | **-** | **-** | **16,323** | **1,340,518** |
| Other transactions | - | - | 279,651 | - | - | - | **279,651** |
| Other non-current assets | | | - | | | | - |
| Transactions with Parent Company shares | | | | 399,505 | (636,801) | | (237,296) |
| Dividends | - | - | - | - | - | - | - |
| **Balance at 12/31/2018** | **231,412** | **8,189,787** | **7,883,840** | **(114,300)** | **270,000** | **(204,919)** | **16,255,820** |
| **Recognized income and expense** | - | - | **51,143** | **-** | **-** | **(94,008)** | **(42,865)** |
| Other transactions | - | - | 22,150 | - | - | - | 22,150 |
| Transactions with Parent Company shares | - | - | - | (80,014) | - | - | (80,014) |
| Dividends | - | - | - | - | - | - | - |
| **Balance at 06/30/2019** | **231,412** | **8,189,787** | **7,957,133** | **(194,314)** | **270,000** | **(298,927)** | **16,155,091** |

**ANTEVENIO S.A. AND SUBSIDIARIES**
**CONSOLIDATED STATEMENT OF CASH FLOWS**
**FOR THE ANNUAL PERIOD ENDED 30 JUNE 2019**
(in Euros)

| STATEMENT OF CASH FLOWS | Note | 30/06/2019 | 31/12/2018 | 30/06/2018 |
|---|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES (A)** | | **(109,844)** | **2,339,851** | **1,040,966** |
| **Profit / (Loss) before taxes** | | 220,555 | 2,936,178 | 1,224,679 |
| **Adjustments for:** | | | | |
| + Depreciation and amortization | 6 and 7 | 324,354 | 517,965 | 189,919 |
| + / - Impairment losses | | 92,260 | 284,594 | 141,205 |
| + / - Grants taken to P&L | | (40,869) | (37,755) | (2,900) |
| - Finance income | 17 | (6,104) | (2,840) | (2,503) |
| + Finance expense | 17 | 34,417 | 86,320 | 23,952 |
| +/- Translation differences | 11 | (5,600) | 47,632 | 4,351 |
| +/- Other income and expenses | | (202,452) | (6,908) | (47,161) |
| +/- Other taxes | | (30,593) | (70,603) | (23,785) |
| **Changes in operating assets and liabilities:** | | | | |
| Changes in receivables | | 921,183 | (234,412) | (277,315) |
| Changes in payables | | 229,700 | (770,249) | (16,067) |
| Changes in other current assets | | (42,557) | 31,012 | 423,258 |
| Changes in other non-current liabilities | | (20,192) | 23,370 | 833 |
| Changes in other current liabilities | | (1,325,343) | 417,514 | (231,318) |
| Other non-current assets | | (230,290) | (554,926) | (275,585) |
| - Income tax paid | | - | (243,560) | (69,147) |
| Interest paid (-) | | (34,417) | (86,320) | (23,952) |
| Interest received (+) | | 6,104 | 2,840 | 2,503 |
| **CASH FLOWS FROM INVESTING ACTIVITIES (B)** | | **(523,490)** | **(105,531)** | **(77,405)** |
| Investments in intangible assets | 7 | (289,634) | (169,735) | (6,693) |
| Investments in property, plant and equipment | 6 | (41,078) | 64,204 | (70,712) |
| Business combinations | 25 | (192,778) | - | - |
| Other non-current assets | | - | - | - |
| Proceeds from disposal of fixed assets | | - | - | - |
| **CASH FLOWS FROM FINANCING ACTIVITIES (C)** | | **16,399** | **(1,905,888)** | **(456,327)** |
| Changes in other non-current liabilities | | - | - | - |
| Changes in debt to other entities | | 96,416 | 14,159 | (101,029) |
| Changes in other current liabilities | | - | - | - |
| Grants awarded | | - | - | - |
| Dividends paid | 2 | - | (1,262,249) | - |
| Interest on other equity instruments (-) | 14 | (80,017) | (657,799) | (355,298) |
| **EFFECT OF FOREIGN EXCHANGE RATES FLUCTUATIONS (D)** | | **(94,008)** | **64,477** | **48,153** |
| **Net increase/decrease in cash and cash equivalents (E=A+B+C+D)** | | **(710,942)** | **392,908** | **555,387** |
| **Cash and cash equivalents at beginning of period (F)** | | **5,774,405** | **5,219,018** | **5,219,018** |
| **Cash and cash equivalents at end of period (G=E+F)** | | **5,063,463** | **5,611,926** | **5,774,405** |

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# ANTEVENIO S.A. AND SUBSIDIARIES

# NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 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"; 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.

#### b) General information

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

The presentation currency used in these Interim Consolidated Financial Statements is Euro. Unless otherwise stated, all figures are presented in Euros.

#### 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. Antevenio shares were traded for the first time on that market 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 30/06/2018 | Percentage of Ownership 31/12/2018 | Percentage of Ownership 30/06/2019 |
|---|---|---|---|
| Mamvo Performance, S.L.U. | 100% | 100% | 100% |
| Marketing Manager Servicios de Marketing, S.L.U. | 100% | 100% | 100% |
| Antevenio S.R.L. | 100% | 100% | 100% |
| Antevenio ESP, S.L.U. | 100% | 100% | 100% |
| Antevenio France S.R.L. | 100% | 100% | 100% |
| Código Barras Networks S.L.U (**) | 100% | 100% | 100% |
| Antevenio Argentina S.R.L. (*) | 100% | 100% | 100% |
| Antevenio México S.A de C.V | 100% | 100% | 100% |
| Antevenio Publicité, S.A.S.U. | 100% | 100% | 100% |
| Antevenio Rich & Reach, S.L.U. | 100% | 100% | 100% |
| React2Media, L.L.C. (1) | 51% | 51% | 69.36% |
| Foreseen Media S.L. | - | - | 70% |

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.

On 20 February 2019, the Parent Company completed the acquisition of 70% of the shares in the Spanish company Foreseen Media S.L for 54,912 euros; the entire amount of which was paid to the counterparty on said date. This is the only controlled company that has been excluded from the consolidation process due to the Group's subscription to the dispensation on the account of size, as permitted by current legislation.

Apart from what was previously mentioned, in the first half of 2019, no changes in the consolidation perimeter took place, despite what was stated in note 25 in these explanatory notes regarding the implementation of the purchasing option made on 5 June 2019, as provided for by the purchase agreement dated 22 June 2016 involving the U.S. company React2Media, L.L.C..

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 | 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 | 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 | 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 | 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 | 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 | 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. |

## NOTE 2. BASIS FOR PRESENTATION OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

### a) Application of International Financial Reporting Standards (IFRS)

These Interim Consolidated Financial Statements have been prepared in a manner consistent 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, effective as of 31 December 2016, taking into account all compulsory applicable accounting policies, standards and measurement criteria that have a significant impact. Since 2006 the Company has prepared its Consolidated Interim Financial Statements pursuant to the International Financial Reporting Standards (IFRS); 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 Interim Consolidated Financial Statements consolidated are summarized in Note 4. The Directors of the Parent Company are responsible for the information presented in these Interim Consolidated Financial Statements.

In compliance with IFRS, the Interim Consolidated Financial Statements comprise the following Consolidated Statements for the six-month period ending 30 June 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.
- Notes to the Interim Consolidated Financial Statements.

During 2018 and the six-month period ending 30 June 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 Interim Financial Statements:

a) Standards and interpretations approved by the European Union, applied for the first time in the Consolidated Interim Financial Statements of 2018.

The accounting policies used in the preparation of the Interim Consolidated Financial Statements which were applied for the first time during the 2018 financial year are as follows:

| | | **Effective Date (financial years beginning on):** |
|---|---|---|
| IFRS 9 | Financial instruments | 1 January 2018 |
| IFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| Clarifications to IFRS 15 | Revenue from Contracts with Customers | 1 January 2018 |
| Clarifications to IFRS 4 | Insurance Contracts | 1 January 2018 |
| IFRIC 22 | Foreign Currency Transactions | 1 January 2018 |
| Clarifications to IAS 40 | Investment Property | 1 January 2018 |
| Clarifications to IFRS 2 | Equity instruments-based payments | 1 January 2018 |
| Annual improvements to IFRS | Cycle 2014-2016 | 1 January 2017-2018 |

Additionally, the following accounting policies have been first applied in the financial year 2019:

| | | **Effective Date (financial years beginning on):** |
|---|---|---|
| Clarifications to IFRS 9 | Financial instruments | 1 January 2019 |
| IFRS 16 | Leases | 1 January 2019 |

In 2018, the new international standards applied by the Group were as follows:

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
-At fair value with changes in profit or loss

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 profits and losses if in this way an accounting misalignment can be reduced or eliminated.

Likewise, it establishes that contractual modifications of financial assets which do not result in derecognition from the balance sheet shall be accounted for as a change in estimate, 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 profit or loss, which include assets which cannot be measured at amortized 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 this way, the amount classified under the IAS 39 in the following categories are equivalent to the new categories under the IFRS 9 in these notes on the consolidated interim financial statements.

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 was no transition fit under this concept.

ii)Impairment loss

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 2018.

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 profits and losses account to the same extent that income related to said asset is charged; There is no significant impact arising from the application of the new regulation.

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.

The new international standards that have been applied by the Group during the six-month period ending on 30 June 2019 were as follows:

<u>IFRS 16 Leases</u>

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 balance sheet (given that there are practical exemptions), similarly to the current recognition of financial leases established in IAS 17 (an asset will be recognized for right of use and a liability for lease, in such a way that in the income statement, an expense shall be recognized for the amortization of the asset for right of use and a financial expense for lease liability accounted for at amortized 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;

-Recognize an asset in the balance sheet 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.

As of the reporting date of these explanatory notes on the consolidated interim financial statements, the Group has adopted this standard. At 30 June 2019, the impact from the application of this standard has led to recognition of the following:

-A right-of-use asset for a gross amount of 1,345,792 euro (recognized under “Property, plant and equipment” in the consolidated statement of financial position).

-A liability for future payment obligations amounting to 1,158,755 euro:

o The non-current portion of which, amounting to 638,581 euro, has been recognized under non-current liabilities item “Provisions”.

o The current portion of which, amounting to 520,174 euro, has been recognized under current liabilities item “Other current liabilities”.

- An expense relating to the amortisation of said right-of-use, amounting to 194,894 euros, under “Allowance for property, plant and equipment depreciation” in the consolidated profits account.

- A financial expense relating to liability updates, amounting to 7,858 euros, under “Financial expenses with third parties” in the consolidated profits account.

For the comparative figures of the period ending 31 December 2018, these leases have been left under IAS 17.

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.

b) Other standards, amendments and interpretations issued by the IASB pending approval by the European Union:

| | | **IASB effective date** | **EU effective date** |
|---|---|---|---|
| Annual improvements to IFRS | Cycle 2015-2017 | 1 January 2019 | Pending |
| IFRS 14 | Regulatory Deferral Accounts | 1 January 2016 | Pending |
| IFRIC 23 | Uncertainty over Income Tax Treatments | 1 January 2019 | Pending |
| Amendments to IAS 28 | Long-term interests in Associates and Joint Ventures | 1 January 2019 | Pending |
| IFRS 17 | Insurance Contracts | 1 January 2021 | Pending |
| Amendments to IAS 19 | Plan Amendment, Curtailment or Settlement | 1 January 2019 | Pending |

None of these Standards has been earlier applied by the Group.

**b) <u>Fair presentation</u>**

The accompanying Interim Consolidated Financial Statements for the six-month period ended 30 June 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 International Financial Reporting Standards and the applicable Spanish accounting legislation, in order to show a true and fair view of the equity, financial position, results, changes in equity and cash flows of the Group occurred during the six-month period ended 30 June 2019.

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

In the preparation of the accompanying Interim Consolidated Financial Statements according to IFRS, 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. Accounting estimates and assumptions having a more significant impact on these Interim 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 of the tax group. Such recoverability ultimately depends on the tax 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 Interim Consolidated Financial Statements, 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 the accompanying Interim Consolidated Financial Statements has been applied.

**e) Correction of errors**

In 2018, the Antevenio Group proceeded to record a correction of errors for the invoices issued in previous periods (2014, 2015, 2016) which, based on past estimates made, amounted to 55,571 euros.

The Group considers that the impact was not material in the context of the consolidated financial statements at 31 December 2018 as a whole and, accordingly, has restated the comparative figures but has not submitted a third statement of its financial position as of the beginning of 2017.

No corrections of errors during the six-month period ending on 30 June 2019 were made.

**f) Comparative information**

The Interim Consolidated Financial Statements for the six-month period ended 30 June 2019 include, for comparison purposes, the figures for the six-month period ended 30 June 2018 and the figures for 2018 included in the Consolidated Financial Statements approved by the Company's General Meeting of Shareholders, held on 19 June 2019, that 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; the accounts for the year ended 31 December 2018 are not comparable as they refer to a 12-month period.

## NOTE 3. EARNINGS / LOSS PER SHARE

### Basic earnings/loss per share

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.

### Diluted earnings/loss per share

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:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Net profit/(loss) for the year | 1,097,767 | 2,421,962 | 51,143 |
| Weighted average number of outstanding shares | 4,009,147 | 4,192,495 | 4,181,032 |
| **Basic earnings per weighted average number of shares** | **0.27** | **0.58** | **0.01** |

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 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** | |
| To offset prior periods' losses | 750,087 |
| **Total** | **750,087** |

## NOTE 4. SIGNIFICANT ACCOUNTING POLICIES

The main accounting policies applied by the Group in the preparation of the Interim Consolidated Financial Statements for the six-month period ended 30 June 2019 were as follows:

### a) Consolidation methods

These Interim 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 reporting period ended on the same date of the Parent Company's separate interim financial statements, and have been prepared applying consistent accounting policies (EU-IFRS).

**b) Uniformity of line items**

The different line items in the separate interim 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 interim financial statements, provided they involve a significant effect.

No unification of timing is required as all the companies included in the attached Interim Consolidated Financial Statements have their half-year end date on 30 June 2019.

**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 recognized under the "Translation Differences" in the Consolidated Statement of Financial Position.

<u>Hyperinflationary economies</u>:

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 and the six-month period ending 30 June 2019.

**e) Transactions between companies included in the consolidation perimeter**

As prior step to preparation of the Interim 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:

<u>Industrial property</u>

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%.

<u>Computer software</u>

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 to range from 10% to 12% depending on the relevant region; the main variables that influence the calculation are the cost of the liabilities and the specific risks of the assets.

- The growth rate of 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.

As of the reporting date of these Consolidated Interim Financial Statements, no circumstances have arisen that may imply changes to the assumptions used and conclusions reached by the Group at year-end 2018.

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**

Financial leases are classified by the Group as transactions by which the lessor transfers substantially the risks and rewards incidental to ownership of the leased asset to the lessee, registering the rest as operational leases.

In the finance lease operations in which the Group acts as a lessor, the Group records an asset in the balance sheet according to the nature of the asset under contract and a liability in the same amount, which is the lower between the fair value of the leased good and the current value of the agreed minimum lease payments at the beginning of the lease, including the price of the purchase option. Finance leases do not include contingent rents, the cost of services and taxes that may be passed on by the lessor. The finance charge is recognized in the Consolidated Profit and Loss Account for the reporting period in which it is accrued, using the effective interest method. Contingent rents are expensed in the reporting period in which they are accrued.

Assets recorded for this type of operations are depreciated using similar criteria to those applied to tangible (or intangible) assets a whole, depending upon their nature.

Expenses arising from operating leases are recognized in the Consolidated Profit and Loss Account for the year when they accrue.

Similarly, the acquisition cost of the leased asset is presented in the balance sheet according to its nature, increased by the amount of the costs directly attributable to the contract, which are expensed in the period of the contract, applying the same criteria used for the recognition of lease income.

**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.

Trade and other receivables and contract assets

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 interim consolidated financial statements of each Group company are measured in their respective functional currencies. The Interim Consolidated Financial Statements are presented 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 in 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 approve including the any eligible Antevenio Group company, effective from the taxation period beginning of 1 January 2017, as a subsidiary 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 Company 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 Interim 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 Interim 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 Interim 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. Non-refundable capital grants, donations and bequest are initially accounted for as liabilities under "Deferred income" in the Consolidated Statement of Financial Position and recognized in the Consolidated Profit and Loss Account proportionally to the depreciation of the assets financed by these grants, except in the case of non-depreciable assets that shall be recognized 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 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.

The estimated fair value of this financial liability is classified within Level 1 of the fair value hierarchy (see note 4w).

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 SA and its subsidiaries. However, at each Balance Sheet date the 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.

## NOTE 5. CONSOLIDATION GOODWILL

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

| Goodwill | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Adquisición Marketing Manager Servicios de Marketing, S.L. | 276,461 | 276,461 | 276,461 |
| Antevenio S.R.L. | 3,686,847 | 3,686,847 | 3,686,847 |
| Antevenio ESP, S.L.U. | 81,027 | 81,027 | 81,027 |
| Antevenio Publicite S.A.R.L. | 2,269,585 | 2,269,585 | 2,269,585 |
| React2Media, L.L.C. (see Note 25) | 3,905,134 | 3,905,134 | 3,905,134 |
| **Total** | **10,219,054** | **10,219,054** | **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 to range from 10% to 12% depending on the relevant region; 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 1.4%, 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 reporting date of these Consolidated Interim Financial Statements, no circumstances have arisen that may imply changes to the assumptions used and conclusions reached by the Group at year-end 2018.

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.

## NOTE 6. PROPERTY, PLANT AND EQUIPMENT

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

| COST | 31.12.2018 | RECOGNITION | DERECOGNITION | TRANSFERS | 30.06.2019 |
|---|---|---|---|---|---|
| Technical installations, machinery, tools, furniture and other items of PPE | 964,977 | 41,078 | (4,964) | 563 | 1,001,654 |
| Right-of-use | - | 1,345,792 | - | - | 1,345,792 |
| **TOTAL COST** | **964,977** | **1,386,870** | **(4,964)** | **563** | **2,347,446** |
| **ACCUMULATED AMORTIZATION** | **31.12.2018** | **RECOGNITION** | **DERECOGNITION** | **TRANSFERS** | **30.06.2019** |
| Technical installations, machinery, tools, furniture and other items of PPE | (692,171) | (52,143) | 9,123 | (277) | (735,468) |
| Right-of-use | - | (194,896) | - | - | (194,896) |
| **TOTAL ACCUMULATED AMORTIZATION** | **(692,171)** | **(247,039)** | **9,123** | **(277)** | **(930,364)** |
| **PROVISIONS FOR IMPAIRMENT** | **31.12.2018** | **RECOGNITION** | **DERECOGNITION** | **TRANSFERS** | **30.06.2019** |
| Technical installations, machinery, tools, furniture and other items of PPE | - | - | - | - | (6,580) |
| **TOTAL PROVISIONS** | **-** | **-** | **-** | **-** | **(6,580)** |
| **NET** | **31.12.2018** | **RECOGNITION** | **DERECOGNITION** | **TRANSFERS** | **30.06.2019** |
| Technical installations, machinery, tools, furniture and other items of PPE | 272,806 | 1,139,831 | 4,160 | 287 | 1,410,503 |
| **TOTAL NET CARRYING AMOUNT** | **272,806** | **1,139,831** | **4,160** | **287** | **1,410,503** |

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

| ACCOUNT | 30/06/2019 |
|---|---|
| Technical installations, machinery, tools, furniture and other items of PPE | 420,610 |
| **TOTAL COST** | **420,610** |

The Group’s entire property, plant and equipment is allocated to operations, appropriately insured and not subject to any encumbrance whatsoever.

The net book value of tangible fixed assets outside Spanish territory amounts to 89,751 Euros at 30 June 2019 (80,366 Euros at 31 December 2018; 89,751 Euros at 30 June 2018).

At 30 June 2019 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 30 June 2019 and 2018 and at 31 December 2018, the assets of the Company were secured by an insurance policy. The Company's directors consider that this insurance policy sufficiently covers any risks associated to its property, plant and equipment.

## NOTE 7. INTANGIBLE ASSETS

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

| COST | 31.12.2018 | RECOGNITION | DERECOGNITION | TRANSFERS | 30.06.2019 |
|---|---|---|---|---|---|
| Research and development expenses | 89,400 | - | - | - | 89,400 |
| Patents, licenses, brands and similar | 61,074 | - | - | - | 61,074 |
| Computer software | 3,945,067 | 199,565 | - | - | 4,144,632 |
| Other Intangible Assets | 72,141 | 90,069 | - | 2,172 | 164,382 |
| **TOTAL COST** | **4,167,682** | **289,634** | **-** | **2,172** | **4,459,488** |
| **ACCUMULATED AMORTIZATION** | **31.12.2018** | **RECOGNITION** | **DERECOGNITION** | **TRANSFERS** | **30.06.2019** |
| Research and development expenses | - 33,493 | - 8,900 | - | - | - 42,393 |
| Patents, licenses, brands and similar | - 61,074 | - | - | - | - 61,074 |
| Computer software | - 2,013,550 | - 37,347 | - | - | - 2,050,898 |
| Other Intangible Assets | - 1,355,658 | - 39,079 | - | - 834 | - 1,395,571 |
| **TOTAL ACCUMULATED AMORTIZATION** | **- 3,463,775** | **- 85,327** | **-** | **- 834** | **- 3,549,936** |
| **PROVISION FOR IMPAIRMENT** | **31.12.2018** | **RECOGNITION** | **DERECOGNITION** | **TRANSFERS** | **30.06.2019** |
| Research and development expenses | - | - | - | - | - |
| Patents, licenses, brands and similar | - | - | - | - | - |
| Computer software | - 261,557 | - | - | - | - 261,557 |
| Other Intangible Assets | - | - | - | - | - |
| **TOTAL PROVISIONS** | **- 261,557** | **-** | **-** | **-** | **- 261,557** |
| **NET** | **31.12.2018** | **RECOGNITION** | **DERECOGNITION** | **TRANSFERS** | **30.06.2019** |
| Research and development expenses | 55,907 | - 8,900 | - | - | 47,007 |
| Patents, licenses, brands and similar | - | - | - | - | - |
| Computer software | 1,669,960 | 162,217 | - | - | 1,832,178 |
| Other Intangible Assets | - 1,283,517 | 50,989 | - | 1,339 | - 1,231,189 |
| **TOTAL NET CARRYING AMOUNT** | **442,350** | **204,307** | **-** | **1,339** | **647,996** |

At 30 June 2019, the net book value of intangible assets located outside Spain amounts to 200,718 euros (150,519 euros at 31 December 2018, 200,718 euros at 30 June 2018).

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

| ACCOUNT | 30.06.2019 |
|---|---|
| Patents, licenses, brands and similar | 65,245 |
| Computer software | 2,159,105 |
| Other Intangible Assets | 34,008 |
| **TOTAL COST** | **2,258,358** |

## NOTE 8.OPERATING LEASES

During the first six months of 2019 and during the entire 2018 financial year, the expense for operating leases amounted to 319,446 Euros and 756,776 Euros, respectively (365,845 Euros in the first six months of 2018) (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 (see notes 7 and 10.1).

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

## NOTE 9.CURRENT AND NON-CURRENT FINANCIAL ASSETS

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

| | Receivables and other | | | Total | | |
|---|---|---|---|---|---|---|
| | 30/06/2018 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 31/12/2018 | 30/06/2019 |
| Loans and receivables (Note 9.2) | 122,215 | 121,371 | 245,985 | 122,215 | 121,371 | 245,985 |
| **Total** | **122,215** | **121,371** | **245,985** | **122,215** | **121,371** | **245,985** |

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

| | Current | | | Total | | |
|---|---|---|---|---|---|---|
| | 30/06/2018 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 31/12/2018 | 30/06/2019 |
| Cash and cash equivalents (Note 9.1) | 5,774,405 | 5,611,926 | 5,063,463 | 5,774,405 | 5,611,926 | 5,063,463 |
| Loans and receivables (Note 9.2) | 9,110,074 | 9,113,641 | 8,125,226 | 9,110,074 | 9,113,641 | 8,125,226 |
| **Total** | **14,884,479** | **14,725,567** | **13,188,689** | **14,884,479** | **14,725,567** | **13,188,689** |

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

### 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:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Current accounts | 4,750,077 | 4,261,009 | 4,040,275 |
| Treasury | 1,878 | 967 | 738 |
| Highly liquid deposits (a) | 1,022,450 | 1,349,950 | 1,022,450 |
| **Total** | **5,774,405** | **5,611,926** | **5,063,463** |

(a) The above figures mainly correspond to bank deposits with Bankia, amounting to 1,022,450 euros at 30 June 2019 (1,022,450 euros at 31 December 2018).

In the six-month period ended 30 June 2019, interests accrued from bank deposits and bank accounts amounted to 210,80 Euros (1,019 Euro in the first six months of 2018 and 3,188 Euros at 31 December 2018).

At 30 June 2019, cash held by foreign companies amounted to 2,050,696.08 Euros (1313106 Euros at 31 December 2018 and 1,736,561 Euros at 30 June 2018).

### 9.2) Loans and receivables

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

| | 30/06/2018 | | 31/12/2018 | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Non-current | Current | Non-current | Current |
| **Trade receivables** | | | | | | |
| Third-party receivables | - | 8,457,586 | - | 8,254,292 | - | 7,245,358 |
| Trade receivables, Group companies (Note 24) | - | 573,848 | - | - | - | 615,827 |
| **Total trade receivables** | **-** | **9,031,434** | **-** | **8,254,292** | **-** | **7,861,185** |
| Other current assets, Group companies | - | - | - | 604,941 | - | - |
| **Total with group companies** | **-** | **-** | **-** | **604,941** | **-** | **-** |
| Personnel | - | - | - | - | - | - |
| Guarantees and deposits | 70,898 | - | 91,380 | - | 84,075 | - |
| Other assets | 51,317 | 78,640 | 29,991 | 254,408 | 161,910 | 258,910 |
| Other current assets, Group companies | - | - | - | - | - | 5,131 |
| **Total non-trade receivables** | **122,215** | **78,640** | **121,371** | **254,408** | **245,985** | **264,041** |
| **Total** | **122,215** | **9,110,074** | **121,371** | **9,113,641** | **245,985** | **8,125,226** |

The breakdown of the item "Receivables" is as follows:

| Description | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Trade receivables | | | |
| Trade balances | 7,614,973 | 8,038,308 | 5,905,929 |
| Volume discounts granted and pending settlement | (1,101,599) | (1,208,693) | (808,756) |
| Trade balances pending issue | 1,944,212 | 1,424,676 | 2,148,185 |
| **Total** | **8,457,586** | **8,254,291** | **7,245,358** |

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

| Impairment | 30/06/2018 | Impairment loss | Impairment reversal | Application | 31/12/2018 | Impairment loss | Impairment reversal | Application | 30/06/2019 |
|---|---|---|---|---|---|---|---|---|---|
| **Trade receivables** | | | | | | | | | |
| Trade receivables | (1,457,917) | (691,490) | 458,861 | 226,046 | (1,464,500) | (76,865) | 52,316 | 96,879 | (1,392,170) |
| **Total** | **(1,457,917)** | **(691,490)** | **458,861** | **226,046** | **(1,464,500)** | **(76,865)** | **52,316** | **96,879** | **(1,392,170)** |

The Group recognizes these changes in impairment losses under "Impairment losses on current assets" in the Consolidated Profit and Loss Account. During the first six months of 2019, the amounts of impairment losses for which allowances were made in the past have been applied and against receivable balances amounting to 96,879 Euros (478,675 Euros at 31 December 2018 and 252,628 Euros at 30 June 2018).

### 9.3) Classification by maturity

The maturity of most of the different non-current financial assets is more than five years.

## 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 | |
|---|---|---|---|---|---|---|
| | 30/06/2018 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 31/12/2018 | 30/06/2019 |
| **Debts and payables (Note 10.1)** | **2,551,559** | **2,842,833** | **3,476,767** | **2,551,559** | **2,842,833** | **3,476,767** |
| **Total** | **2,551,559** | **2,842,833** | **3,476,767** | **2,551,559** | **2,842,833** | **3,476,767** |

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

| | Other current payables | | | Other | | | Total | | |
|---|---|---|---|---|---|---|---|---|---|
| | 30/06/2018 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 31/12/2018 | 30/06/2019 | 30/06/2018 | 31/12/2018 | 30/06/2019 |
| **Debts and payables (Note 10.1)** | 285,092 | 256,800 | 273,381 | 8,593,299 | 5,673,588 | 6,562,151 | 8,878,391 | 5,930,389 | 6,835,532 |
| **Total** | **285,092** | **256,800** | **273,381** | **8,593,299** | **5,673,588** | **6,562,151** | **8,878,391** | **5,930,389** | **6,835,532** |

## 10.1) Debts and payables

At 30 June 2019 and 2018 and at 31 December 2018 the breakdown of this item is as follows:

| | Balance at 06/30/2018 | | Balance at 12/31/2018 | | Balance at 06/30/2019 | |
|---|---|---|---|---|---|---|
| | Non-current | Current | Non-current | Current | Non-current | Current |
| **Trade payables:** | | | | | | |
| Suppliers | - | 3,937,324 | - | 3,060,366 | - | 3,645,107 |
| Suppliers, associates | - | 199,962 | - | 174,446 | - | 270,364 |
| Other trade payables | - | 1,593,964 | - | 1,742,256 | - | 1,294,371 |
| **Total trade payables** | **-** | **5,731,250** | **-** | **4,977,068** | **-** | **5,209,842** |
| **Non-trade payables:** | | | | | | |
| Debts with financial institutions (2) | 21,664 | 147,010 | 6,343 | 149,637 | 4,129 | 273,381 |
| Other debts (1) | 546,601 | 138,082 | 705,402 | 107,164 | 696,796 | 90,654 |
| Provisions (5) | - | - | 204,459 | - | 856,643 | - |
| Payables to third parties (3) | 1,983,294 | - | 1,926,629 | 181,478 | 1,919,199 | - |
| **Loans and other payables** | **2,551,559** | **285,092** | **2,842,833** | **438,279** | **3,476,767** | **364,035** |
| Payables to Group companies (notes 17 and 25) | - | 730,098 | - | - | - | 272,190 |
| Personnel (outstanding remunerations) | - | 689,633 | - | 341,236 | - | 304,917 |
| **Total non-trade payables** | **-** | **1,419,731** | **-** | **341,236** | **-** | **577,107** |
| Other current liabilities (5) | - | 180,070 | - | 173,807 | - | 684,548 |
| Other financial liabilities (4) | - | 1,262,249 | - | - | - | - |
| **Other current liabilities** | **-** | **1,442,319** | **-** | **173,807** | **-** | **684,548** |
| **Total Debts and payables** | **2,551,559** | **8,878,391** | **2,842,833** | **5,930,390** | **3,476,767** | **6,835,532** |

(1) "Other debts" relates mainly to debts with Centro de Desarrollo Tecnológico Industrial (CDTI).

(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.

(3) The amount recognised under "Long-term payables to third parties" at 30 June 2019 for 1,919,199 euros (1,926,629 at 31 December 2018 and 1,983,294 at 30 June 2018) correspond to the financial liabilities arising from the business combination disclosed in Note 25.

(4) The amount recognised under "Other financial liabilities" relates to the amount of the dividends approved by the General Meeting of Shareholders dated 28 June 2018 and that is still pending payment at 30 June 2018 and which was settled before the end of the period.

(5) The amounts recognised under the above-mentioned items mainly relate to both non-current and current amounts adjusted by the company for the application of the new International Financial Reporting Standard No. 16, as explained in Note 2 above.

## 10.2) Classification by maturity

At 30 June 2019, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

| | 2020 | 2021 | 2022 | 2023 | 2024 onwards | Total |
|---|---|---|---|---|---|---|
| **Non-current payables** | | | | | | |
| Other debts | 256,662 | 61,836 | 61,836 | 61,836 | 254,626 | **696,796** |
| Other non-current liabilities | 859,900 | 1,059,299 | | | | **1,919,199** |
| **Total** | **1,116,562** | **1,121,135** | **61,836** | **61,836** | **254,626** | **2,615,995** |

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 | **711,745** |
| Other non-current liabilities | 859,900 | 1,066,729 | | - | - | **1,926,629** |
| **Total** | **1,173,767** | **1,122,399** | **56,724** | **57,799** | **227,685** | **2,638,374** |

At 30 June 2018, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

| | 2019 | 2020 | 2021 | 2022 | 2023 onwards | Total |
|---|---|---|---|---|---|---|
| **Non-current payables** | | | | | | |
| Other debts | 159,550 | 156,167 | 55,669 | 56,724 | 140,154 | **568,265** |
| Other non-current liabilities | 322,759 | 798,153 | 862,381 | - | - | **1,983,294** |
| **Total** | **482,309** | **954,320** | **918,051** | **56,724** | **140,154** | **2,551,559** |

# 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."

Additionally, as previously stated under note 10.1, the company React2Media has a credit facility granted by the financial institution CHASE, bearing the facility bears interest at 8.12% + LIBOR and with a credit limit of USD 7.5, of which 55k Euro had been drawn at 30 June 2019.

Based on all the foregoing, the Group's external financing needs are limited, and a change in the interest rate of the debt to the financial institution CHASE would not be significant. Accordingly, as at the date hereof, the Group has not entered into interest rate hedging transactions.

**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 30 June 2019, net loss arising from foreign exchange differences amounted to 5,600 Euros (4,351 Euros at 30 June 2018 and 47,632 Euros 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 30 June 2019, cash and cash equivalents amounted to 5,063,463 Euros (5,611,926 Euros at 31 December 2018).

- At 30 June 2019, working capital was positive and amounted to 6,255,380 Euros (5,881,661 Euros at 31 December 2018 and 5,132,917 Euros at 30 June 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**

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. 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 currently in the process of adaptation 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:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| **Registered share capital of the Parent Company:** | **231,412** | **231,412** | **231,412** |
| **Reserves:** | **13,427,585** | **13,651,665** | **16,095,778** |
| Of the Parent Company | 6,793,772 | 7,203,507 | 7,253,595 |
| From fully consolidated companies and from companies consolidated using the equity method | 6,633,813 | 6,448,158 | 8,842,183 |
| **(Treasury shares)** | **(513,805)** | **(114,300)** | **(194,314)** |
| **Other equity instruments** | **906,801** | **270,000** | **270,000** |
| **Profit/(Loss) for the year attributable to the Parent Company** | **1,097,767** | **2,421,962** | **51,142** |
| **Translation differences** | **(221,242)** | **(204,919)** | **(298,927)** |
| | **14,928,518** | **16,255,819** | **16,155,091** |

### 12.1) Capital

At 30 June 2019 and 2018 and 31 June 2018, the share capital of the parent company was represented by 4,207,495 shares of 0.055 Euro each, fully subscribed and paid up. These shares have equal voting and dividend rights.

The company Inversiones y Servicios Publicitarios, S.A. (ISP), holder as of December 31 of 2015 of 18.68% of the share capital of Antevenio, S.A., represented by 785,905 shares with a face value of 0.055 euros each, proceeded to buy on August 3 of 2016 the shares of the founder and managing director of the Company Joshua David Novick, holder of 11.89% of the Company's share capital, represented by 500,271 shares with a face value 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. has thereafter transferred its shares in the Company to ISP; accordingly, ISP currently controls 83.09% of Antevenio SA share capital.

At 30 June 2019 and at 31 December 2018, direct and indirect shareholders of the Company were as follows:

| | No. of Shares | % Ownership |
|---|---|---|
| ISP Digital SLU | 3,571,008 | 84.87% |
| Other <5% | 392,840 | 9.34% |
| Nextstage | 243,647 | 5.79% |
| **Total** | **4,207,495** | **100.00%** |

## 12.2) Parent Company Reserves

The breakdown of reserves is as follows:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Legal reserve | 46,282 | 46,282 | 46,282 |
| Voluntary reserves | (1,442,297) | (1,032,562) | (982,475) |
| Prior periods' losses | - | - | - |
| Share premium | 8,189,787 | 8,189,787 | 8,189,787 |
| **Total** | **6,793,772** | **7,203,507** | **7,253,594** |

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 30 June 2019 and 2018 and 31 December 2018, the Parent Company's legal reserve is fully allocated.

### 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.

### Voluntary Reserves

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

### 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 made by the Parent Company with its treasury shares it owns 26,463 shares representing 0.62% of share capital (at 30 December 2018 the Parent Company owned 15,000 treasury shares representing 0.36%% of share capital and at 30 June 2018, it owned 198,348 shares representing 4.71% of share capital). The total amount that these shares represent amounts to 194,314 euros (114,300 euros at 31 December 2018 and 513,805 euros at 30 June 2018).

At 30 June 2019 and 31 December 2018 the breakdown of treasury shares is as follows:

| | Balance at 06/30/2018 | | Balance at 12/31/2018 | | Balance at 06/30/2019 | |
|---|---|---|---|---|---|---|
| **Company** | **No. of Shares** | **Cost** | **No. of Shares** | **Cost** | **No. of Shares** | **Cost** |
| Antevenio S.A. | 198,348 | 513,805 | 15,000 | 114,300 | 26,463 | 194,314 |
| | **198,348** | **513,805** | **15,000** | **114,300** | **26,463** | **194,314** |

## 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’s debt with financial institutions mainly relates to finance leases amounting to 17,537 Euros at 30 June 2019 (33,667 Euros at 31 December 2018 and 21,664 Euros at 30 June 2018).

## NOTE 13. TRANSLATION DIFFERENCES

Changes in the balance of this item between 30 June 2019 and in 2018 were as follows:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| **Opening balance** | **(221,242)** | **(269,395)** | **(204,919)** |
| Net change during the reporting period | 48,153 | 64,476 | (94,008) |
| **Closing balance** | **(173,089)** | **(204,919)** | **(298,927)** |

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:

-the maximum number of shares that can be granted cannot exceed 190,000 shares;
- 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;
- the value of the shares shall be 2.59 Euro per share; and
- 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.

Changes in existing options were as follows:

| | 30/06/2018 | | 31/12/2018 | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| | Number | Weighted average price | Number | Weighted average price | Number | Weighted average price |
| Granted options (+) | 126,667 | 2.59 | - | - | - | - |
| Options at the end of the year | 126,667 | 2.59 | - | - | - | - |

2016 Plan:
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:

- -the maximum number of shares that can be granted cannot exceed 125,000 shares;
- -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;
- -shares shall be awarded free of charge; and
- -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 2nd 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 2 July 2019, two beneficiaries exercised their rights by virtue of the remuneration plan for directors and senior management referenced to the value of the shares, approved on 16 November 2016, requesting the delivery of 50,000 of the Company's shares (Note 20).

Changes in the above mentioned options were as follows:

| | 30/06/2018 | 31/12/2018 | | | 30/06/2019 | |
|---|---|---|---|---|---|---|
| | **Number** | **Weighted average price** | | **Weighted average price** | **Number** | **Weighted average price** |
| Granted options (+) | 125,000 | - | 50,000 | - | 50,000 | - |
| Options at the end of the year | 125,000 | - | 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.

## 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.

Mamvo Perfomance, S.L. “Machine learning”

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 5,800 euros (5,800 euros at 31 December 2018 and 33,660 euros at 30 June 2018).

Mamvo Perfomance, S.L. “Datalake”

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”. At 31 December 2018, the loan amount granted had yet to be received.

During the six-month period ending 30 June 2019, 40,869 euro relating to the non-refundable tranche of the grant awarded to Mamvo Performance, S.L. have been recognised under "Other income" in the Profit and Loss Account, as the company continued to partially incur the necessary expenses for which the grant has been awarded (31,955 euros recognised under the Profit and Loss Account in 2018 due to the company having begun to partially incur the necessary expenses for which the grant had been awarded).

## NOTE 16.TAXATION

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

| **30/06/2019** | **Receivables** | **Payables** |
|---|---|---|
| **Current:** | | |
| Value Added Tax | 40,251 | (745,601) |
| Recoverable Taxes | 167,400 | - |
| Withholdings and payments on account of Income Tax | 39 | |
| Assets arising from deductible temporary differences (*) | 392,586 | - |
| Tax loss carry forwards (*) | 1,526,063 | - |
| Deferred tax liabilities (*) | - | (16,759) |
| Withholdings for Personal Income Tax | - | (265,898) |
| Other payables to Public Entities | - | (5,973) |
| Income Tax | - | (182,845) |
| Social Security | - | (223,870) |
| | **2,126,339** | **(1,440,945)** |

| **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 carry forwards (**) | 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)** |

| **30/06/2018** | **Receivables** | **Payables** |
|---|---|---|
| **Current:** | | |
| Value Added Tax | 15,653 | (783,939) |
| Recoverable Taxes | 298,968 | - |
| Withholdings and payments on account of Income Tax | 97 | |
| Assets arising from deductible temporary differences (*) | 335,482 | - |
| Tax loss carryforwards (*) | 1,197,307 | - |
| Deferred tax liabilities (*) | - | (11,220) |
| Withholdings for Personal Income Tax | - | (90,266) |
| Other payables to Public Entities | - | (5,973) |
| Income Tax | - | (74,909) |
| Social Security | - | (281,131) |
| | **1,847,507** | **(1,247,438)** |

(*) Amounts recognized 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 (see Note 14) 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 had approved including the Company, effective from the taxation period beginning of 1 January 2017, as a subsidiary of taxation group 265/10, whose parent company is ISP.

Group companies with registered address in Spain paid in 2016 taxes under the Special Consolidated Tax Regime within 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:

(*) Average tax rate accrued in Italy

| Tax rate | 2019 | 2018 | 2017 |
|---|---|---|---|
| Spain | 25.00% | 25.00% | 25.00% |
| Italy (*) | 30.45% | 30.45% | 31.40% |
| France | 33.33% | 33.33% | 33.33% |
| Mexico | 30.00% | 30.00% | 30.00% |
| Argentina | 35.00% | 35.00% | 35.00% |

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

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| **Profit / (Loss) before taxes** | 1,249,398 | 5,553,702 | 1,282,066 |
| Permanent differences | (6,576) | (763,505) | (1,261,938) |
| **Tax liability** | 310,705 | 546,527 | 5,032 |
| Other | - | 36,246 | (5,032) |
| Application of tax lox carryforwards and deductions | (235,153) | (465,767) | - |
| **Domestic CIT payable or receivable** | **75,552** | **117,006** | **(0)** |
| International CIT expense | 27,574 | 326,607 | 138,845 |
| International CIT income | - | - | - |
| **International CIT payable or receivable** | **27,574** | **326,607** | **138,845** |
| **CIT receivable** | **103,126** | **443,613** | **138,845** |

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

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Current taxes | (338,280) | (898,972) | (138,820) |
| Deferred taxes | 235,153 | 455,359 | - |
| **Total Corporate Income Tax expense** | **(103,127)** | **(443,613)** | **(138,820)** |

According to current legislation, tax losses may be offset against taxable profits obtained as per local regulations. At 30 June 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 | 392,571 |
| 2014* | Antevenio Publicité | 316,193.00 |
| 2015* | Antevenio Publicité | 316,309.00 |
| 2011 | Antevenio Publicité | 720,193.00 |
| 2012 | Antevenio Publicité | 372,020.00 |
| 2017 | Antevenio Publicité | 184,950.00 |
| 2018 | Antevenio Publicité | 132,087.00 |
| 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 |
| | | **5,138,120** |

(*)From 1 January 2013, the Group companies with registered address in Spain file consolidated income tax returns.

At 30 June 2019, the Group has activated tax loss carryforwards amounting to 1526063 Euros as tax credits to be offset in future years.

## Deferred taxes

The breakdown of changes in deferred tax assets between 31 December 2018 and 30 June 2019 is as follows:

| | Initial amount | Recognition | Derecognition | Final amount | Expiration |
|---|---|---|---|---|---|
| Tax credits for tax loss carryforwards | 1,427,921 | 98,142 | - | 1,526,063 | - |
| Temporary differences (Expected taxes) | 385,052 | 7,534 | - | 392,586 | - |
| **Total registered deferred tax assets** | **1,812,973** | **105,676** | **-** | **1,918,649** | **-** |

The breakdown of tax credits is as follows:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Companies included in the consolidated tax group | 759,186 | 989,801 | 1,087,943 |
| Companies with registered address abroad | 438,120 | 438,120 | 438,120 |
| **Total tax credits** | **1,197,306** | **1,427,921** | **1,526,063** |

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 30 June 2019, the Group's Spanish companies had 2014 and subsequent years open for review by the tax authorities for Income Tax and 2015 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 accompanying Interim Consolidated Financial Statements.

## NOTE 17 REVENUE AND EXPENSES

### a) Revenue

The breakdown of revenue by activity is as follows:

| Type of Activity | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Online Advertising | 14,696,002 | 27,638,518 | 11,562,602 |
| Technology services | 595,341 | 1,888,444 | 785,399 |
| **Total revenue** | **15,291,343** | **29,526,962** | **12,348,001** |

### 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:

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Wages and salaries | (4,663,854) | (8,451,777) | (4,238,848) |
| Termination benefits | (38,300) | (42,304) | (4,906) |
| Social security payable by the Company | (820,049) | (1,647,787) | (850,153) |
| Employee benefits expense | (129,189) | (171,907) | (119,611) |
| **Total personnel expenses** | **(5,651,392)** | **(10,313,775)** | **(5,213,517)** |

### d) External Services

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

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Research and development expense in the reporting period | - | (9,538) | (2,535) |
| Leases and royalties (Note 8) | (365,846) | (756,776) | (124,550) |
| Repairs and maintenance | (87,379) | (23,908) | (9,374) |
| Independent professional services | (719,083) | (1,802,794) | (955,820) |
| Transport | (10,243) | (41,781) | (24,294) |
| Insurance premiums | (54,333) | (108,079) | (54,567) |
| Banking and similar services | (28,920) | (43,205) | (20,499) |
| Advertising, publicity and public relations | (235,616) | (320,375) | (151,127) |
| Utilities | (90,189) | (172,747) | (72,860) |
| | **(1,591,608)** | **(3,279,203)** | **(1,415,627)** |

**e) Other finance and similar income**

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

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Finance income from accounts and similar | 2,503 | 2,840 | 6,104 |
| | **2,503** | **2,840** | **6,104** |

**f) Finance Expenses**

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

| | 30/06/2018 | 31/12/2018 | 30/06/2019 |
|---|---|---|---|
| Debts and similar expenses | (23,954) | (78,643) | (34,417) |
| | **(23,954)** | **(78,643)** | **(34,417)** |

**g) Changes in working capital provisions**

This detail is included in Note 9.2

## NOTE 18.PROVISIONS AND CONTINGENCIES

Changes in provisions were as follows:

| Account | 30/06/2018 | Allowance | Application/Reversal | 31/12/2018 | Allowance | Application/Reversal | 30/06/2019 |
|---|---|---|---|---|---|---|---|
| Provisions for other liabilities | 169,591 | - | 34,868 | 204,459 | 13,603 | - | 218,062 |
| IFRS 16 Adjustment (see Note 2 and 8) | - | - | - | - | 638,581 | - | 638,581 |
| **TOTALS** | **169,591** | **-** | **34,868** | **204,459** | **652,184** | **-** | **856,643** |

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 218,062 Euros (204,459 Euros at 31 December 2018 and 169,591 Euros at 30 June 2019).

At 30 June 2019, Antevenio Group has guarantees totalling 232,807 Euros (265.684 Euros at 31 December 2018 and at 30 June 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

Subsequent to the close of the 6-month period ended 30 June 2019, the following significant events have taken place:

On 2 July 2019, two beneficiaries exercised their rights by virtue of the remuneration plan for directors and senior management referenced to the value of the shares, approved on 16 November 2016, requesting the delivery of 50,000 of the Company's shares (Note 14).

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

### Balances and Transactions with Directors and Senior Management

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

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

| | **High Management** | | |
|---|---|---|---|
| | **30/06/2018** | **31/12/2018** | **30/06/2019** |
| Wages and salaries | 218,200 | 406,813 | 184,766 |
| **Total** | **218,200** | **406,813** | **184,766** |

In addition to these amounts, accrued remunerations arising from share-based payments disclosed under Note 17 c should be included. At 30 June 2019 and 2018 and at 31 December 2018 there are 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 Section 231 of the Spanish Corporations Law, have not entered into situations of conflict of interests.

## NOTE 22. OTHER INFORMATION

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

| | 30/06/2018 | | | 31/12/2018 | | | 30/06/2019 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** | **Men** | **Women** | **Total** |
| Management | 13 | 5 | 18 | 12 | 5 | 17 | 15 | 5 | 20 |
| Administrative | 29 | 27 | 56 | 8 | 14 | 22 | 8 | 14 | 22 |
| Commercial | 38 | 50 | 88 | 25 | 26 | 51 | 26 | 21 | 46 |
| Production | 7 | 14 | 21 | 52 | 53 | 105 | 37 | 46 | 83 |
| Technical | 15 | 4 | 19 | - | - | - | 15 | 4 | 19 |
| | **102** | **100** | **202** | **97** | **98** | **195** | **100** | **90** | **190** |

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:

| | **30/06/2018** | **31/12/2018** | **30/06/2019** |
|---|---|---|---|
| Management | 17 | 16 | 20 |
| Administrative | 60 | 23 | 23 |
| Commercial | 88 | 42 | 52 |
| Production | 21 | 101 | 82 |
| Technical | 19 | - | 18 |
| | **205** | **182** | **195** |

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:

| | **30/06/2018** | **31/12/2018** | **30/06/2019** |
|---|---|---|---|
| Commercial | 1 | 1 | 1 |
| Production | 1 | 1 | 1 |
| | **2** | **2** | **2** |

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:

| | At 30 June 2018 | At 31 December 2018 | At 30 June 2019 |
|---|---|---|---|
| | Days | Days | Days |
| Average period of time for payment to suppliers | 48.97 | 50.62 | 38.67 |
| Percentage of paid transactions | 38.87 | 49.70 | 42.27 |
| Percentage of transactions pending payment | 45.48 | 48.22 | 43.23 |
| | Amount (Euro) | Amount (Euro) | Amount (Euro) |
| Total payments made | 2,783,204 | 6,207,221 | 2,316,543 |
| Total payments pending | 1,020,654 | 1,095,927 | 891,645 |

## 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 (30/06/2019) | Total |
|---|---|
| Online Advertising | 11,562,602 |
| Technology services | 785,399 |
| **Total revenue** | **12,348,001** |

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

| By customer (30/06/2018) | Total |
|---|---|
| Online Advertising | 14,696,002 |
| Technology services | 595,341 |
| **Total revenue** | **15,291,343** |

## Distribution of Sales and Costs to Sell by Territory

| Distribution / Sales | Consolidated Amount 30/06/2018 | Consolidated Amount 31/12/2018 | Consolidated Amount 30/06/2019 |
|---|---|---|---|
| Spain | 6,695,415 | 12,195,178 | 5,099,951 |
| Europe and Latin America | 8,595,928 | 17,331,784 | 7,248,050 |
| **Total Sales Distribution** | **15,291,343** | **29,526,962** | **12,348,001** |

| Distribution of Costs to Sell | Consolidated Amount 30/06/2018 | Consolidated Amount 31/12/2018 | Consolidated Amount 30/06/2019 |
|---|---|---|---|
| Spain | (2,338,150) | (4,257,351) | (1,801,640) |
| Europe and Latin America | (4,147,253) | (8,157,051) | (3,451,929) |
| **Total Costs Distribution** | **(6,485,404)** | **(12,414,401)** | **(5,253,569)** |

## Consolidated Profit and Loss Account broken down by category of activity

| | 30.06.2019 | | | 31.12.2018 | | | 30.06.2018 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Online Advertising | Rendering of Technology Services | **Total** | Online Advertising | Rendering of Technology Services | **Total** | Online Advertising | Rendering of Technology Services | **Total** |
| Revenue | 11,562,602 | 785,399 | **12,348,001** | 27,638,518 | 1,888,444 | **29,526,962** | 14,696,002 | 595,341 | **15,291,343** |
| Other operating income | 202,452 | | **202,452** | 175,705 | | **175,705** | 2,931 | - | **2,931** |
| Supplies | -5,088,558 | -165,010 | **-5,253,569** | -11,930,955 | -483,447 | **-12,414,401** | -6,260,059 | -225,345 | **-6,485,404** |
| Other operating expenses | -1,088,163 | -422,502 | **-1,510,665** | -2,622,289 | -766,948 | **-3,389,237** | -1,544,406 | -47,202 | **-1,591,608** |
| Amortization and depreciation | -314,620 | -6,956 | **-321,576** | -400,620 | -117,345 | **-517,965** | -93,594 | -74,737 | **-168,330** |
| Personnel expenses | -4,995,927 | -217,591 | **-5,213,517** | -9,818,451 | -495,324 | **-10,313,775** | -5,368,853 | -282,539 | **-5,651,392** |
| Other income / (loss) | | | | -4,995 | 4,995 | | -121,210 | -4,262 | **-125,472** |
| Operating profit / (loss) | 277,786 | -26,660 | **251,126** | 3,036,913 | 30,376 | **3,067,289** | 1,310,811 | -38,743 | **1,272,068** |
| Net Finance Income | -20,702 | -9,868 | **-30,570** | -130,861 | -251 | **-131,111** | -25,934 | 133 | **-25,801** |
| Profit / (loss) before income tax | 257,084 | -36,528 | **220,556** | 2,906,052 | 30,125 | **2,936,178** | 1,284,877 | -38,610 | **1,246,267** |
| Income Tax | -138,820 | | **-138,820** | -553,069 | 109,456 | **-443,613** | -100,127 | - | -100,127 |
| Other taxes | -30,593 | | **-30,593** | -70,603 | | **-70,603** | -23,785 | - | **-23,785** |
| Profit/(loss) for the year | 87,671 | -36,528 | **51,143** | 2,282,381 | 139,581 | **2,421,962** | 1,139,377 | -38,610 | **1,100,767** |

## NOTE 24.RELATED PARTY TRANSACTIONS

As a result of the changes in shareholding occurred during 2016 and detailed in Note 13.1 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 |
|---|---|
| Digilant Group | *Related party* |
| ISP Digital Group | *Parent Company* |
| Acceso Group | *Related party* |

At 30 June 2019 and 31 December 2018 the balances with the related parties were as follows:

| RELATED PARTY (30 June 2019) | BALANCE RECEIVABLE | BALANCE PAYABLE |
|---|---|---|
| *ACCESO COLOMBIA* | 103,071 | -73,668 |
| *ACCESO CONTEN IN CONTEXT SA DE CV* | 9,000 | |
| *ACCESO GROUP* | 15,931.49 | -866.6 |
| *ANAGRAM* | 11,662.84 | -18,469.65 |
| *DIGILANT INC* | 19,682 | |
| *DIGILANT SPAIN* | 260,998 | -176,391.5 |
| *ISP DIGITAL SLU* | 121,000 | |
| *ISP DIGITAL for Taxation Group Corporate Income tax expense* | | -272,190.49 |
| **TOTAL RELATED PARTIES** | **541,345.33** | **-541,586.24** |

| 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) |

| RELATED PARTY (30 June 2018) | BALANCE RECEIVABLE | BALANCE PAYABLE |
|---|---|---|
| *ACCESO GROUP* | 118,710 | (65,746) |
| *DIGILANT GROUP* | 334,138 | (134,216) |
| *ISP DIGITAL SLU* | 121,000 | - |
| *ISP on Taxation Group Corporate Income Tax* | - | (730,098) |
| **TOTAL RELATED PARTIES** | **573,848** | **(930,061)** |

The breakdown of transactions with related parties during the first six months of 2019 and during 2018 is as follows:

| At 30 June 2019 | ACCESO COLOMBIA | ACCESO CONTEN IN CONTEXT SA DE CV | ACCESO GROUP | DIGILANT SPAIN | DIGILANT INC | DIGILANT SA DE CV |
|---|---|---|---|---|---|---|
| Sales | | | | | | |
| Purchases | | | | | | |
| Services rendered | 47,347.87 | 9,000.00 | 26,087.52 | | 50,670.00 | 345.00 |
| Services received | (58,215.85) | | (2,148.60) | (12,479.00) | (18,589.00) | |
| **Total** | **-10,867.98** | **9,000** | **23,938.92** | **-12,479.00** | **32,081** | **345.00** |

| At 31 December 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** |

| At 30 June 2018 | ACCESO COLOMBIA | DIGILANT SA DE CV | ACCESO GROUP | DIGILANT SPAIN | ISP DIGITAL | DIGILANT USA | ACCESO PANAMÁ |
|---|---|---|---|---|---|---|---|
| Sales | 87,231 | - | - | 41,122 | - | 54,772 | 400 |
| Purchases | (6,608) | - | - | (2,254) | - | - | - |
| Services rendered | - | - | - | 7,500 | 20,000 | - | - |
| Services received | (58,142) | - | (16,069) | (90,666) | - | - | - |
| **Total** | **22,480** | **-** | **(16,069)** | **(44,297)** | **20,000** | **54,772** | **400** |

## NOTE 25.BUSINESS COMBINATIONS

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 company 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 International Financial Reporting Standard No. 3 on Business Combinations, during the first half-year of 2018 the Group has decided 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".

At 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 18.36% of the US Company React2Media, L.L.C's shares, for 212,551 dollars (192,778 euros). The pending amount recognised at 30 June 2019 as a financial liability amounts to 1.91 million euros, recognised under "Other non-current liabilities" (see Note 10).

The breakdown of the consideration given, measured as the fair value of net assets and goodwill acquired, is as follows:

| | **Euros** |
|---|---|
| **Fair value of the consideration given** | |
| Cash paid | 2,102,903 |
| Put options granted to minority interests | 1,933,648 |
| Contingent consideration | 35,004 |
| **Total consideration given** | **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** |
| | |
| **Goodwill (Note 5)** | **3,905,134** |
| | |
| 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 |