

ISPD

ISPD Network, S.A.

**Annual Accounts and Management Report for financial year
ended on 31 December 2021**

Including the Audit Report on the Annual Account

(Translation of a report and accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles. In the event of a discrepancy, the Spanish-language version prevails)

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS

To the shareholders of ISPD Network, S.A.:

Opinion

We have audited the financial statements of ISPD Network, S.A. (the Company), which comprise the balance sheet at 31 December 2021, profit and loss account, statement of changes in equity, cash flow statement and notes thereto for the year ended on that date.

In our opinion, the accompanying financial statements render a fair image of the equity and financial position of the Company in all material aspects as of 31 December 2021, and the results of its operations and cash flows for the year then ended in accordance with the pertinent legislative framework on financial reporting in force (indicated in Note 2) and, in particular, the accounting principles and criteria contained therein.

Basis for opinion

We have performed our audit work in accordance with the legal framework on auditing in force in Spain. Our responsibility under the above mentioned standards is described below in this report, under the section on Auditor's responsibility regarding the audit of the financial statements.

We are independent from the company in accordance with the ethical requirements, including those regarding independence, which apply to our auditing of financial statements in Spain, as required by the regulatory legislation governing statutory auditing. In this regard, we have provided no other services than auditing services and no circumstances or situations have occurred that, in accordance with the provisions of the aforementioned legal framework, have affected our necessary independence resulting in the compromise thereof.

We consider the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, have been considered as the most significant risk of material misstatement in our audit work on the financial statements for the reporting period. These risks have been addressed in the context of our audit of the financial statements as a whole and in the formation of our opinion thereon, and we do not express a separate opinion on said risks.

We have determined that the risk described below is the most significant one considered in the audit and to be conveyed in our report.

Non-current investments in group companies and associates

The Company is the parent company of a group encompassing a given number of subsidiaries, and the amount of equity investments in and loans granted to group companies is highly significant (Notes 8 and 9). The net amount of €17.626 thousand invested in equity are maintained in companies carrying out different activities based in different countries. In accordance with the applicable legislative framework on financial reporting, an assessment must be made at least at year end to determine whether there is a need to make value corrections on those holdings in consideration of their recoverable amount. As mentioned above, the Company also granted long-term loans to significant group companies amounting to €712 thousand at 31 December 2021. In accordance with the applicable legislative framework on financial reporting, the value corrections must be made at least at year end whenever there is objective evidence of signs of impairment. There are several permitted methods for calculating the recoverable amount but nevertheless require the calculation of fair values, calculation of actual cash flow values and identification of implicit capital gains, which are all areas that require an elevated level of judgement, since slight changes in the variables and assumptions used could have a significant influence on determining them in relation to equity investments and granted loans.

We have thus considered this area to be relevant in our audit work, since the Group's forecast of future cash flows (including estimates on not only future sales and profit but also future sales, results, discount and perpetual growth rates) is also a factor in determining the recoverable value.

Our audit procedures comprised yet were not limited to understanding the procedure applied by the Company to identify the signs of impairment, and the procedure applied by directors to secure the information used as the base for calculating the recoverable value and assumptions used. We have analysed the projections of cash flows, and we have involved specialists from our firm in the review of matters relating to the measurement method used, in the mathematical review of the model and in the reasonability analysis of the most significant assumptions. We also assessed whether the information disclosed in the financial statements meets the requirements of the applicable legislative framework on financial reporting.

Additional disclosures: Management report

Other information exclusively includes the management report for fiscal year 2021, for which the Company's directors are responsible, yet it is not integral part of the financial statements.

The scope of our audit opinion on the financial statements does not include the management report. Our responsibility concerning the management report, in accordance with the requirements of the legislation regulating statutory auditing, consists of evaluating and reporting on the concordance of the management report with the financial statements, based on the knowledge of the Company obtained after performing the audit of the aforementioned statements and without including any information other from that obtained as evidence during the audit. Additionally, our responsibility consists in assessing, and reporting on whether the contents and presentation of the management report comply with the applicable regulations. Should we conclude, based on our audit work, that there are material misstatements, we are obligated to report any such material misstatements.

On the basis of the work performed, as described in the paragraph above, the information contained in the management report is consistent with that in the financial statements for the year ended 31 December 2021 and its content and presentation comply with the pertinent legislation currently in force.

Responsibility of the directors regarding the financial statements

The directors are responsible for formulating the accompanying financial statements with a view to presenting a true image of the equity, financial position and income of the Company in accordance with the financial reporting legislative framework applicable to the entity in Spain, and the internal control deemed necessary to allow for the preparation of the financial statements without any material misstatements due to fraud or error.

When drawing up the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, and for disclosing, where appropriate, any issues relating to the going concern principle, and for applying the going concern accounting principle except where the directors intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with legal framework on auditing in force in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with legal framework on auditing in force in Spain, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Gain knowledge on the internal control relevant for the audit to design the appropriate audit procedures depending on the circumstances but to express no opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- We reached a conclusion on the adequacy of the use by the directors of the accounting principle of going concern and, based on the evidence obtained in the audit, we concluded on whether or not there is a material uncertainty related to events or conditions which can lead to significant doubts about the ability of the Company to continue as a going concern. Should we conclude that there is material uncertainty, our audit report must point out the relevant information disclosed in the consolidated financial statements or, when the relevant disclosures are not appropriate, to issue a qualified opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future conditions or events may be the cause of the Company ceasing to be a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

The company's directors were notified of matters relating yet not restricted to the scope and timing of the planned audit, significant findings, and any significant internal control deficiency identified during the audit.

We audited a selection of the most significant of the relevant risks indicated in communications with company directors when auditing the financial statements for the current period, therefore selecting what can be considered as the most significant risks.

We describe those risks in our audit report, unless public disclosure of the relevant matter is prohibited by any legal or regulatory provision.

Grant Thornton, S.L.P., Sociedad Unipersonal
ROAC n.º S0231



Alfredo González del Olmo
ROAC n.º 18863

13 April 2022

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ISPD Network, S.A.

**Annual accounts and Management report at 31 December 2021
Including the Auditor's report on the annual accounts**

ISPD NETWORK, S.A.

Balance Sheet

at 31 December 2021

(in Euros)

| ASSETS | Note | 31.12.2021 | 31.12.2020 |
|--|-------------------|-------------------|-------------------|
| NON-CURRENT ASSETS | | 19,035,737 | 11,273,188 |
| Intangible assets | 6 | 63,741 | 5,587 |
| Computer software | | 63,741 | 5,587 |
| Property, plant and equipment | 5 | 90,789 | 89,140 |
| Technical installations and other items of PPE | | 90,789 | 89,140 |
| Non-current investments in group companies and associates | | 18,338,487 | 10,858,785 |
| Equity instruments | 9 | 17,626,487 | 8,717,691 |
| Non-current loans to group companies and associates | 8.1 and 18 | 712,000 | 2,141,094 |
| Non-current investments | 8.1 | 2,610 | 7,485 |
| Loans to companies | | 2,610 | |
| Other financial assets | | | 7,485 |
| Deferred tax assets | 13 | 540,110 | 312,191 |
| | | 4,396,689 | 5,416,602 |
| CURRENT ASSETS | | | |
| Trade and other receivables | | 4,028,790 | 3,334,243 |
| Trade receivables | 8.1 | | 39,587 |
| Trade receivables from group companies and associates | 8.1 and 18 | 4,028,790 | 2,999,438 |
| Other receivables | | - | 294,134 |
| Other receivables from Public Entities | | - | - |
| Personnel | 8.1 | - | 1,084 |
| Current investments in group companies and associates | 8.1 and 18 | 183,942 | 1,612,384 |
| Loans to companies | | 183,942 | 1,612,384 |
| Current investments | | - | - |
| Current accruals | | 6,192 | 9,001 |
| Cash and cash equivalents | 8.1 | 177,766 | 460,974 |
| Cash | | 177,766 | 460,974 |
| TOTAL ASSETS | | 23,432,426 | 16,689,791 |

ISPD NETWORK, S.A.
Balance Sheet
at 31 December 2021
(in Euros)

| EQUITY AND LIABILITIES | Note | 31.12.2021 | 31.12.2020 |
|---|-------------------|--------------------|--------------------|
| EQUITY | | 7,247,746 | 8,349,654 |
| Capital and reserves | 11 | 7,247,746 | 8,349,654 |
| Share capital | | 819,099 | 819,099 |
| Issued capital | | 819,099 | 819,099 |
| Share Premium | 11.2 | - | |
| Reserves | 11.2 | 12,701,235 | 12,702,945 |
| Legal and statutory reserves | | 46,282 | 46,282 |
| Other reserves | | 12,654,953 | 12,656,663 |
| (Treasury shares and equity holdings) | 11.2 d | (570,000) | - |
| Prior period's losses | | (5,172,391) | |
| Profit/(loss) for the year | 3 | (530,198) | (5,172,390) |
| | | 5,755,739 | 2,090,360 |
| NON-CURRENT LIABILITIES | | | |
| Non-current payables | 8.2.2 | 459,203 | 1,840,360 |
| Debts with financial institutions | | 453,659 | 429,243 |
| Finance lease payables | 7.2 | 5,545 | 14,936 |
| Other financial liabilities | 8.2 | | 1,396,181 |
| Non-current payables, Group companies | 8.2 and 18 | 5,296,536 | 250,000 |
| | | 10,428,942 | 6,249,779 |
| CURRENT LIABILITIES | | | |
| Short-term provisions | | - | 15,000 |
| Current payables | 8.2 | 3,318,958 | 257,494 |
| Debts with financial institutions | | 789,886 | 74,730 |
| Finance lease payables | | 9,407 | 10,211 |
| Other financial liabilities | | 2,519,665 | 172,553 |
| Current payables to Group companies and associates | 8.2 and 18 | 4,519,136 | 4,788,424 |
| Trade and other payables | | 2,590,848 | 1,188,861 |
| Suppliers | 8.2 | 220,972 | 228,659 |
| Suppliers, group companies and associates | 8.2 and 18 | 568,000 | 80,723 |
| Other payables | 8.2 | 457,784 | 512,112 |
| Personnel (outstanding remunerations) | 8.2 | 827,989 | 164,176 |
| Current tax liabilities | 13 | 28,404 | 28,404 |
| Other payables to Public Entities | 13 | 487,699 | 174,539 |
| Advances from customers | 8.2 | - | 248 |
| TOTAL EQUITY AND LIABILITIES | | 23,432,426 | 16,689,791 |

ISPD NETWORK, S.A.
Profit and Loss Account
Corresponding to the year ended on 31 December 2021
(in Euros)

| | Note | 31.12.2021 | 31.12.2020 |
|--|----------------|--------------------|--------------------|
| CONTINUING OPERATIONS | | | |
| Revenue: | 14 | 3,553,139 | 2,174,020 |
| Sales | | 31,000 | |
| Rendering of services | | 3,522,139 | 2,174,020 |
| Supplies | 14 | (5,600) | (4,250) |
| Subcontracted work | | (5,600) | (4,250) |
| Other operating income | | | |
| Non-trading and other operating income | | 2,887 | - |
| Personnel expenses: | 14 | (2,269,566) | (991,472) |
| Wages and salaries | | (2,008,562) | (825,413) |
| Employee benefit expense | | (261,003) | (166,059) |
| Other operating expenses | | (1,752,070) | (1,927,156) |
| External services | | (1,735,167) | (1,911,811) |
| Losses, impairment and changes in trade provisions | 8.1.1 | (13,424) | (15,345) |
| Amortization and depreciation | 5 and 6 | (56,145) | (69,738) |
| Impairment and gains/losses on disposal of fixed assets | 5 | | (42,014) |
| Other income / (loss) | | (7,485) | (34,655) |
| OPERATING PROFIT / (LOSS) | | (531,360) | (895,265) |
| Finance income: | 14 | 31,499 | 1,096,093 |
| Dividends | | - | 850,000 |
| Group companies and associates | | | 850,000 |
| Marketable securities and other financial instruments | | 31,499 | 246,093 |
| Group companies and associates | 18 | 22,113 | 19,826 |
| Other | | 9,386 | 226,267 |
| Finance Expenses: | 14 | (128,471) | (106,778) |
| Debts with third parties | | (39,739) | (59,250) |
| Debts with Group companies and associates | 18 | (88,733) | (47,528) |
| Translation differences | 12 | (5,174) | 11 |
| Change in fair value of financial instruments | | | (5,387,191) |
| NET FINANCE INCOME/(EXPENSE) | | (102,146) | (4,397,864) |
| PROFIT / (LOSS) BEFORE INCOME TAX | | (633,506) | (5,293,129) |
| Income Tax | 14 | 106,786 | 139,549 |
| Other taxes | | (3,479) | (18,811) |
| PROFIT/(LOSS) FOR THE PERIOD | | (530,199) | (5,172,390) |



Statement of Changes in Equity
Corresponding to the year ended on 31 December 2021

A) STATEMENT OF RECOGNIZED INCOME AND EXPENSES

| | 31.12.2021 | 31.12.2020 |
|---|------------------|--------------------|
| PROFIT / (LOSS) FOR THE PERIOD | (636,984) | (5,172,390) |
| 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 | (636,984) | (5,172,390) |

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 AT START OF 2020 | 231,412 | 8,189,787 | 3,748,926 | - | - | 1,351,918 | - | 13,522,044 |
| Transactions with equity holders and owners | - | - | - | - | - | - | - | - |
| Transactions in own shares | - | - | - | - | - | - | - | - |
| Distribution of dividends | - | - | - | - | - | - | - | - |
| Other changes in equity | 587,687 | 13,784,393 | 7,602,101 | - | - | -6,524,308 | - | -5,172,390 |
| Profit/(loss) for the year | - | - | - | - | - | -5,172,390 | - | -5,172,390 |
| Capital increase and other distributions | 587,687 | 13,784,393 | 7,602,101 | - | - | -1,351,918 | - | 20,622,263 |
| Other transactions | - | -21,974,180 | 1,351,918 | - | - | - | - | -20,622,262 |
| BALANCE AT 31 DECEMBER 2020 | 819,099 | - | 12,702,945 | - | - | 5,172,390 | - | 8,349,654 |
| Other changes in equity | - | - | - | -1,710 | -570,000 | 4,642,192 | -5,172,390 | -1,101,908 |
| Profit/(loss) for the year | - | - | - | - | - | -530,198 | -5,172,390 | -5,702,588 |
| Distribution of prior period profit/(loss) | - | - | - | - | - | 5,172,390 | 0 | 5,172,390 |
| Other transactions | - | - | - | -1,710 | -570,000 | - | - | -571,710 |
| Capital increase and other distributions | - | - | - | - | - | - | - | - |
| BALANCE AT 31 DECEMBER 2021 | 819,099 | - | 12,701,235 | -570,000 | - | -530,198 | -5,172,390 | 7,247,746 |

ISPD NETWORK, S.A.
STATEMENT OF CASH FLOWS FOR THE YEAR
ENDED 31 DECEMBER 2021 (in Euro)

| CASH FLOWS | Note | 31.12.2021 | 31.12.2020 |
|---|----------------|--------------------|--------------------|
| A) CASH FLOWS FROM OPERATING ACTIVITIES | | (38,032) | (617,945) |
| Profit/(loss) for the year before tax | | (636,984) | (5,293,129) |
| Adjustments for: | | 27,701 | 4,482,948 |
| a) Amortization and depreciation | 5 and 6 | 56,145 | 69,738 |
| b) Impairment losses | | | 5,387,191 |
| c) Change in provisions | | 13,424 | 15,345 |
| d) Finance income | 14.b | (31,499) | (1,096,093) |
| e) Financial expenses | 14.b | 128,471 | 106,778 |
| f) Exchange gains/(losses) | 12 | 5,174 | (11) |
| g) Other income and expenses | | (144,013) | - |
| Changes in operating assets and liabilities | | 668,223 | (797,079) |
| a) Trade and other receivables | | (694,547) | (1,339,945) |
| b) Other current assets | | | (188,035) |
| c) Trade and other payables | | 1,368,181 | 682,513 |
| d) Other non-current assets and liabilities | | (5,411) | 48,388 |
| Other cash flows from operating activities | | (96,972) | 989,315 |
| a) Interest paid | | (128,471) | (106,778) |
| b) Interest received | | 31,499 | 1,096,093 |
| B) CASH FLOW FROM INVESTING ACTIVITIES | | (9,010,379) | (9,845) |
| Payment for investments | | (9,010,379) | (9,845) |
| a) Intangible assets | 6 | (65,345) | - |
| c) Property, plant and equipment | 5 | (41,113) | (9,845) |
| d) Other financial assets | | 4,875 | - |
| e) Group companies and associates | | (8,908,796) | - |
| C) CASH FLOW FROM FINANCING ACTIVITIES | | 8,770,377 | 47,734 |
| Proceeds from and payments for equity instruments | | (571,710) | - |
| a) Issue of equity instruments | 21 | (570,000) | - |
| b) Issue of equity instruments | 19 | (1,710) | - |
| Proceeds from and payments for financial liability instruments | | 9,342,087 | 47,734 |
| a) Issue | | 8,655,025 | - |
| 1. Debts with financial institutions | | 738,767 | - |
| 2. Other | | 7,916,258 | - |
| b) Depreciation and amortization | | 687,062 | 47,734 |
| 1. Debts with financial institutions | | | (564,499) |
| 2. Other | | 687,062 | |
| D) EFFECT OF EXCHANGE RATE FLUCTUATIONS | | (5,174) | - |
| E) NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS | | (283,208) | (580,056) |
| Cash or cash equivalents at beginning of period | | 460,974 | 1,041,030 |
| Cash or cash equivalents at end of period | | 177,766 | 460,974 |



ISPD Network, S.A. Annual Accounts at 31 December 2021

ISPD NETWORK S.A.

ANNUAL ACCOUNTS AT 31 DECEMBER 2021

ISPD Network, S.A**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021****NOTE 1. INCORPORATION, ACTIVITY AND LEGAL REGIME OF THE COMPANY****a) Incorporation and Legal Regime**

ISPD Network, 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. Dated 7 April 2005, the General Meeting approved the change of the Company's name to Antevenio S.A. On 25 November 2021, the General meeting approved the change of the Company's name to ISPD Network, S.A.

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 moved its registered office at C/Marqués de Riscal 11, Planta 4^a (Madrid) to Calle Apolonio Morales 13c (Madrid) on 30 September 2020. The Company is the parent of the Group and subsidiaries, whose activities involve the performance of activities relating to advertisement in Internet. ISPD Network, S.A. and subsidiaries Financial Statements for 2020 were approved by the Annual General Meeting of the Company, held on 16 June 2021, 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 OF PRESENTATION OF THE FINANCIAL STATEMENTS**a) Fair presentation**

The financial statements for the period ended 31 December 2021 were drawn up based on the accounting records of the Company and 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 Decrees 1159/2010 of 17 September, 602/2016 of 2 December and 1/2021 of 12 January with a view to rendering 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

The attached Annual Accounts have been prepared by applying the account principles established in the Code of Commerce and the General Accounting Plan.

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

c) Impact of COVID

In the wake of the health and economic crisis triggered by the global coronavirus pandemic (COVID-19), the group's results were impacted as a result of the various lockdowns and restrictions that occurred mainly in 2020.

Despite the numerous restrictions in the countries in which the group operates, we observed a remarkable recovery in practically all areas and in the different economic indicators in 2021.

Business began to rebound strongly in the third quarter of 2020 and accelerated in the fourth quarter and early 2021, driven primarily by the Digital Media Trading business, and the upturn in Technology and Marketing Services, which now includes monitoring and analytics services, developed within Rebold.

In terms of space management, the group also implemented a hybrid working system at most offices, which has led to greater operational efficiency.

ISPD Network, S.A. secured this financing from the Instituto de Crédito Oficial (Official Credit Institute), guaranteed by the corresponding State guarantees, as follows:

- ICO loans: List of ICO loans obtained with the different financial institutions:

| Group | Product | Amount |
|--------------|----------|---------|
| ISPD Network | ICO loan | 500,000 |

- ICO credit lines: List of ICO credit policies obtained with the different financial institutions:

| Group | Product | Amount |
|--------------|------------|---------|
| ISPD Network | ICO Policy | 500,000 |

Repayment of the loan will begin in 2022.

In the wake of the pandemic, the Company made no significant changes to the risk management strategy described in note 10 herein.

In light of these Group-wide measures, the directors of the Parent Company have concluded that there are no material uncertainties that may cast doubt on its ability to continue with its operations as a going concern.

d) Functional and presentation currency

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

e) Comparative information

The Annual Accounts for the year ended 31 December 2021 include, for comparison purposes, the figures for 2020 included in the annual accounts for 2020 approved by the Company's General Meeting of Shareholders, dated on 16 June 2021. Therefore, the items of the different periods are comparable and consistent.

Royal Decree 1/2021, of 12 January, has amended recognition and measurements standards (hereinafter, "RMS") 9 (financial instruments) and 14 (revenue from sales and services) of the General Chart of Accounts approved by Royal Decree 1514/2007, of 16 November 2007. The second and third Transitional Provisions of said Royal Decree introduce transitional standards for recognition and measurement financial instruments, and the fifth Transitional Provision introduces transitional standards for recognition and measurement of revenue from sales and services. These standards must be applied on the date of initial application. By way of derogation of the general principle from RMS 22 on changes in accounting principles, errors and accounting estimates, the above-mentioned provisions allow entities no to restate the comparative information presented in the annual accounts. Consequently, with regards to the comparability of figures, users should bear in mind the impact of initial application of those amendments, which are

presented in note 2.f.

f) Transition

The enactment of Royal Decree 1/2021, of 12 January, has introduced amendments to the General Chart of Accounts as approved by Royal Decree 1514/2007, of 16 November 2007, and, consequently changes in the accounting treatment of certain items in the annual accounts. In compliance with first Transitional Provision of the above-mentioned Royal Decree, the following information on the transition is included below:

Financial instruments

The changes introduced by Royal Decree 1/2021, of 12 January, including the new RMS 9 on financial instruments, are effective for periods beginning on or after 1 January 2021. The second Transitional Provision of said Royal Decree establishes the rules for initial application of the new standard, and allows entities to elect between two transition models, to wit:

- A fully retrospective model, involving the restatement of comparative figures in accordance with the provisions of the new RMS 22 “Changes in accounting principles, errors and accounting estimates” of the General Chart of Accounts, including several practical expedients simplifying the restatement of comparative figures under the new Recognition and Measurement Standard 9 of the General Chart of Accounts.
- A simplified retrospective model, involving the introduction of an adaptation adjustment to the opening balances for the period when said standard is first applied, without the restatement of comparative figures being required, and several practical expedients intended to help entities to apply this standard on the date of first application.

The Company has elected to apply the simplified retrospective model.

Financial Assets

The reconciliation between the classification and measurement of financial assets presented at 1 January 2021 under the old RMS 9 (Financial instruments) of the General Chart of Accounts and the classification and measurement of those financial assets under the new standard on financial instruments is as follows:

| | Current financial assets | | | |
|--|--------------------------|--|---|------------|
| | 31.12.2020 | Transition adjustment (without changes in equity) | Transition adjustment (with changes in equity) | 01.01.2021 |
| <u>Categories from old RMS 9 of GCA:</u> | | | | |
| Loans and receivables | 4,669,758 | (4,669,758) | - | - |
| <u>Categories from new RMS 9 of GCA:</u> | | | | |
| Financial assets at amortized cost | - | 4,669,758 | - | 4,669,758 |
| | 4,669,758 | - | - | 4,669,758 |

The Company has included in the category of financial assets at amortized costs all financial assets giving rise to cash flows that are solely payments of interest and principal and that, as of the transition date, were held within a business model whose objective was to hold financial assets in order to collect contractual cash flows. In this category, the Company has included all financial assets previously classified as Loans and receivables and Held-to-maturity investments.

The carrying amount at 31 December 2020 of the financial assets reclassified to the new category of “Financial assets at amortized cost” has been the carrying amount assigned to those assets as at 1 January 2021.

Financial Liabilities

The reconciliation between the classification and measurement of financial liabilities presented at 1 January 2021 under the old RMS 9 (Financial instruments) of the General Chart of Accounts and the classification and measurement of those financial liabilities under the new standard on financial instruments is as follows:

| | Non-current financial liabilities | | | | Current financial liabilities | | | |
|--|-----------------------------------|---|--|------------------|-------------------------------|---|--|------------------|
| | 31.12.2020 | Transition adjustment (without changes in equity) | Transition adjustment (with changes in equity) | 01.01.21 | 31.12.20 | Transition adjustment (without changes in equity) | Transition adjustment (with changes in equity) | 01.01.21 |
| <u>Categories from old RMS 9 of GCA:</u> | | | | | | | | |
| Debts and payables | 2,090,346 | (2,090,346) | - | - | 6,234,779 | (6,234,779) | - | - |
| <u>Categories from new RMS 9 of GCA:</u> | | | | | | | | |
| Financial liabilities at amortized cost | | 2,090,346 | | 2,090,346 | | 6,234,779 | | 6,234,779 |
| | <u>2,090,346</u> | <u>-</u> | <u>-</u> | <u>2,090,346</u> | <u>6,234,779</u> | <u>-</u> | <u>-</u> | <u>6,234,779</u> |

g) 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 accompanying annual accounts 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 Annual Accounts for the year ended 31 December 2021, the Company's Directors have made certain accounting estimates for the measurement of the assets, liabilities, revenues, 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 31 December 2021, additional information subsequently obtained or event 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 proposed distribution of profits obtained by the Company in 2021 will be submitted by the Board of Directors of the Company to the approval of the General Meeting of Shareholders, which is as follows:

| | |
|-------------------------------------|-------------------------|
| <u>Basis of distribution</u> | |
| Profit and loss (loss) | (530,198) |
| Total | <u>(530,198)</u> |
| <u>Application</u> | |
| Prior period's losses | (530,198) |
| Total | <u>(530,198)</u> |

The Annual General Meeting held on 16 June 2021 approved the following proposal for the distribution of profit/loss from 2020:

| | |
|-------------------------------------|---------------------------|
| <u>Basis of distribution</u> | |
| Profit and loss (profit) | (5,172,391) |
| Total | <u>(5,172,391)</u> |
| <u>Application</u> | |
| Voluntary reserves | <u>(5,172,391)</u> |
| Total | <u>(5,172,391)</u> |

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 Annual Accounts at 31 December 2021 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, less accumulated amortization and net of any accumulated impairment losses.

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:

| | 31/12/2021 | | 31/12/2020 | |
|-------------------------------------|-------------------|--------------------------------|-------------------|--------------------------------|
| | Annual Percentage | Estimated Years of Useful Life | Annual Percentage | Estimated Years of Useful Life |
| Other installations | 20 | 5 | 20 | 5 |
| Furniture | 10 | 10 | 10 | 10 |
| Computer hardware | 25 | 4 | 25 | 4 |
| Other property, plant and equipment | 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 derecognised.

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) Leases and other transactions of similar nature

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.

d.1) Finance leasing

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.

d.2) Operating leases

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

e) Financial Instruments

Upon initial recognition, a financial instrument is classified by the Company as either 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 from the applicable financial reporting framework, presented in note 2 above.

The Company recognizes a financial instrument when it becomes a party (either as acquirer, holder or issuer) to the contractual provisions of the instrument.

a.1) Financial Assets

The Company classifies its financial assets on the basis of the business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

The business model is determined by the Company's Management and reflects how groups of financial assets are managed together to achieve a particular business objective. The business model applied by the Company to each group of financial assets represents the manner in which the Company manages its financial assets in order to generate cash flows.

For classifying its assets, the Company considers the characteristics of the cash flows arising from those assets. In particular, the Company distinguishes between financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (hereinafter, assets meeting the SPPI criterion), and other financial assets (hereinafter, assets not meeting the SPPI criterion).

Accordingly, the Company classifies its financial assets in the following categories:

a.1.1) Other financial assets and liabilities at fair value through profit or loss.

As a general rule, the Company classifies financial assets as financial assets at fair value through profit or loss, except when the applicable financial reporting framework requires the classification of that the financial asset in any of the other categories presented below.

In particular, financial assets held for trading are classified in this category. The Company considers that an asset is held for trading when:

- The asset is issued or acquired for the purpose of selling it in the near term.
- On initial recognition is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short- term profit-taking; or

- Is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

In any case, on initial recognition the Company classifies in this category any financial asset that has been designated at fair value through profit or loss, because this way the Company removes or significantly reduces any measurement inconsistencies or accounting mismatches that would arise if the asset is classified in any other category.

These financial assets are initially measured at fair value, i.e. the transaction price, which is equivalent to the fair value of the consideration given. Transaction costs directly attributable to these assets are recognized as an expense in statement of profit or loss.

After initial recognition, the Company measures these financial assets at fair value, and recognises any fair value changes in profit or loss.

a.1.2) Financial assets at amortized cost

These are financial assets that meet both following conditions: they are held by the Company within a business model whose objective is to collect contractual cash flows, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding—even if the assets are admitted for trading in an organized market—; i.e. assets meeting the SPPI criterion (financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding).

The Company considers that the contractual cash flows of a financial asset are solely payments of principal and interest on the principal amount outstanding when they are consistent with basic lending, even if a zero or below-market interest rate is agreed in the relevant transaction. The Company considers that financial assets convertible into equity instruments of the issuer, reverse floating interest rate loans (i.e., an interest rate that has an inverse relationship to a market interest rate), or financial assets where the issuer may defer interest payments when payment thereof may affect its solvency and deferred interest does not accrue additional interest, do not meet the above-mentioned criterion and, consequently, these assets are not classified in this category.

When assessing whether a group of assets is held within either a business model for collection of contractual cash flows or any other business model, the Company considers the frequency, value and timing of sales, in the current period and in prior periods, within that group of assets. However, sales in themselves do not determine the business model and therefore cannot be considered in isolation. Accordingly, the existence of occasional sales within a same group of financial assets does not determine a change of business model for the remaining financial assets included in that group. To assess whether those

sales determine a change of business model, the Company considers the information about past sales and the expectations about future sales in a same group of financial assets. In assessing the business model within which a group of financial assets is held, the Company also considers information about past sales within the context of the reasons for those sales and the conditions that existed at that time as compared to current conditions.

As a general rule, this category includes trade and non-trade receivables:

- Trade receivables Financial assets arising on the sale of goods and the rendering of services in the course of the company's trade operations.
- Non-trade receivables: Financial assets that are neither equity instruments nor derivatives, arising on loans or credits granted by the Company rather than on trade transactions, with fixed or determinable payments.

Loans and receivables are initially recognized at the fair value of the consideration given plus any directly attributable transaction costs.

Nevertheless, trade receivables with a maturity not exceeding one year and not having a contractual interest rate are initially measured at their nominal value, provided that the effect of not discounting the cash flows is not material, in which case they will be subsequently measured at that amount unless they have been impaired.

After initial recognition, these financial assets are measured at amortized cost. Accrued interest shall be recognized in the Profit and Loss Account.

At the end of each reporting period, the Company recognizes the appropriate impairment allowances when there is objective evidence that the value of a financial asset, or a group of financial assets with similar risk exposure measured together, is impaired as a result of one or more events occurring after initial recognition and leading to a reduction or delay in estimated future cash flows, which could be due to debtor insolvency.

Impairment allowances are measured as the difference between the carrying amount and the present value of estimated future cash flows (including any cash flows arising on enforcement of real and/or personal collaterals), discounted at the effective interest rate calculated upon initial recognition. For financial assets with floating interest rate, the Company uses the effective interest rate applicable, pursuant to the contractual terms of the instrument, as at the end of each reporting period. Impairments allowances are recognized in the statement of profit or loss.

a.1.3) Financial assets at fair value through equity

This category includes financial assets whose contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, that are not held for trading and that should not be classified as “financial assets at amortized cost”.

This category also includes equity instruments that are not held for trading, that cannot be classified as financial assets at cost, and for which the Company has made an irrevocable election at initial recognition to present subsequent changes in fair value directly in equity.

These financial assets are initially measured at the fair value of the consideration given plus any directly attributable transaction costs (including any pre-emptive subscription and similar rights, if any, paid by the Company or which the Company has committed itself to pay to gain control over the asset).

After initial recognition, these assets are measured at fair value without considering any transaction costs that may be incurred by the Company in the event of disposing of those assets. Changes in the fair value of a financial asset are recognised as income or expense directly in equity up to the date when that financial asset is derecognized or impaired, when the amount directly recognized in equity is transferred to profit or loss.

Any finance income (calculated using the effective interest rate method) arising from the interest accrued by the financial instrument is recognized in the statement of profit or loss. Similarly, any dividend income from the financial asset is recognized as income in the statement of profit or loss when the amount of the distribution unambiguously relates to profit generated after the Company gained control of that financial asset. Otherwise, dividend income is recognized as a reduction of the cost of that asset.

At the end of each reporting period, the Company recognizes the appropriate impairment allowances when there is objective evidence that the value of a financial asset, or a group of financial assets with similar risk exposure measured together, is impaired as a result of one or more events occurring after initial recognition and leading to:

- In the case of debt securities acquired, a reduction or delay in estimated future cash flows, which could be due to debtor insolvency; or
- In the case of investments in equity instruments, the impossibility to recover its carrying amount evidenced by a prolonged or significant reduction in the fair value of the instrument. In any case, the Company considers that an asset is impaired when:

- Its value has continuously reduced over a period of eighteen months; or
- Its list value has reduced by forty percent and not recovered, subject to the early recognition of an impairment allowance prior to the occurrence of any of the above-mentioned circumstances.

However, any appropriate impairment allowances and any gains or losses arising from exchange differences relating to financial assets denominated in currencies other than the Company's functional currency are recognized in the statement of profit or loss.

Impairment allowances are measured as the difference between the cost or amortized cost of an asset reduced, where applicable, by the amount of any impairment allowances previously recognized in the statement of profit or loss, and the fair value of that asset on the date of measurement of the impairment allowance.

Any accumulated impairment losses recognized in equity as a result of fair value reductions will be transferred to profit or loss when there is objective evidence that the asset is impaired. If the fair value of asset increases in subsequent periods, any previously recognized impairment allowances will be reversed and recognized as income in the statement of profit or loss, except when the increased fair value relates to an equity instrument, in which case any previously recognized impairment allowance will be reversed and recognized directly in equity rather than in profit or loss.

In the exceptional cases where the fair value of an equity instrument cannot be measured reliably, any expenses and income previously recognized in equity will continue to be recognized in equity until the financial asset is derecognized or disposed of, when those expenses and income will be transferred to profit or loss, or until any of the following circumstances occur:

- In the case of valuation adjustments arising on revaluation of the asset, impairment reversals are recognized in the appropriate equity item up to the amount of any previously recognized impairment allowances and the excess, if any, is recognized in profit or loss. Impairment allowances previously recognized directly in equity are not reversed.
- In the case of valuation adjustments arising on reduction of value, if the recoverable value subsequently exceeds the carrying amount of the investment, the Company increases the carrying amount of the investment up to the limit of the relevant reduction of value, and recognizes the amount of that increase in the equity item where it had previously recognized the impairment allowance. The resulting carrying amount is thereafter considered the investment cost. However, when there is objective evidence that an investment is impaired, impairment

losses previously recognized directly in equity are transferred to profit or loss.

a.1.4) Financial assets at cost

This category includes the following financial assets:

- Equity investments in group companies, jointly controlled entities and associates
- Other investments in equity instruments whose fair value cannot be determined by reference to an active market or cannot be measured reliably, and derivatives having this type of investments as underlying.
- Hybrid financial assets whose fair value cannot be estimated reliably, unless they meet the criteria to be classified as financial assets at amortized cost.
- Contributions made to common purse and similar agreements.
- Shareholders' loans accruing contingent interest, either because the agreed fixed or floating interest rate is contingent on a certain milestone (e.g. making a profit) being achieved by the borrower, or because interest is calculated with reference to the borrower's performance.
- Any financial asset that might be initially classified as financial asset at fair value through profit or loss when a reliable estimation of its fair value cannot be obtained.

Loans and receivables are initially recognized at the fair value of the consideration given plus any directly attributable transaction costs. Any fees paid to legal advisors or other professionals involved in the purchase of the asset are recognized as an expense in the statement of profit or loss. Internal expenses incurred in purchasing the asset are not recognized as an increase in the value of the asset; these expenses are recognized in profit or loss. For investments made prior to be considered equity investments in group companies, joint ventures or associates, the carrying amount of the investment immediately prior to be eligible for that classification is considered as the investment cost.

Equity investments included in this category are subsequently measured at cost less, where applicable, any accumulated impairment.

Contributions made to common purse or similar agreements are measured at cost, increased by any profit or reduced by any loss attributed to the Company as non-managing party, less, where appropriate, the accumulated amount of any impairment losses.

This criterion also applies to shareholders' loans accruing contingent interest, either because the agreed fixed or floating interest rate is contingent on a certain milestone being achieved by the borrower, or because interest is calculated with reference to the borrower's performance. If in addition to contingent interest, the loan includes an irrevocable fixed interest, the latter is recognized as income as accrued. Transaction costs are recognized in profit or loss on a straight line basis over the life of the shareholders' loan.

At least at the end of each reporting period, the Company recognizes any necessary valuation allowances when there is objective evidence that carrying amount of an investment is not recoverable.

Valuation allowances are measured 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, which in the case of equity instruments is calculated either by estimating the cash flows expected to be received as dividend distributed by the investee and arising on derecognition or disposal of the instrument, or 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.

Changes in value due to impairment losses and, where applicable, their reversals are recognized as an expense or income, respectively, in profit or loss. 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.

However, for investments made prior to the investee being classified as a group company, joint venture or associate, adjustments to value of the investment had been directly recognized in equity prior to that classification, said adjustments continue to be recognized in equity until the investment is derecognized or disposed of, when the adjustments are transferred to profit or loss, or until the any of the following circumstances occur:

- In the case of valuation adjustments arising on revaluation of the asset, impairment reversals are recognized in the appropriate equity item up to the amount of any previously recognized impairment allowances and the excess, if any, is recognized in profit or loss. Impairment allowances previously recognized directly in equity are not reversed.
- In the case of valuation adjustments arising on reduction of value, if the recoverable value subsequently exceeds the carrying amount of the investment, the Company increases the carrying amount of the investment up to the limit of the relevant reduction of value, and

recognizes the amount of that increase in the equity item where it had previously recognized the impairment allowance. The resulting carrying amount is thereafter considered the investment cost. However, when there is objective evidence that an investment is impaired, impairment losses previously recognized directly in equity are transferred to profit or loss.

The criteria for measurement of equity investments in group companies, associates and joint ventures are presented in the following section.

(a) Equity investments in group companies, associates and joint ventures

Group companies are companies related with the Company by a control relationship; associates are companies over which the Company exercise significant influence. Additionally, joint ventures include any companies over which joint control is shared with one or more venturers under an agreement. Equity investments in group companies, joint ventures and associates are initially measured at cost, which is equivalent to the fair value of the consideration given plus directly attributable transaction costs. Where the Company has acquired ownership interests or shares in group companies as a result of merger, split-off or non-monetary contributions granting the Company control over a business, the Company measures the investment in accordance with the specific standards for related-party transactions from section 2 of RMS 21 "Transactions between group companies", pursuant to which these investments shall be measured at the carrying amount at which the contributed items are recognised in the consolidated annual accounts prepared in compliance with the provisions of the Spanish Code of Commerce by the largest Spanish-parented group or subgroup into which the items are integrated. If the Spanish parent does not prepare consolidated annual accounts in compliance with the Spanish Code of Commerce, these investments shall be measured at the carrying amount recognized in the individual annual accounts of the contributing company.

These equity investments are subsequently measured at cost less, where applicable, any accumulated impairment. Impairment losses are measured 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. Unless there is better evidence of the investment recoverable amount, the net equity of the investee is taken into account, adjusted by the unrealized gains existing on the date of valuation.

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.

Changes in value due to impairment losses and, where applicable, their reversals are recognized as an expense or income, respectively, in profit or loss.

g.1.5) Derecognition of financial assets

As required in the Conceptual Accounting Framework of the General Chart of Accounts, as approved by Royal Decree 1514/2007, of 16 November, financial assets are derecognized on the basis of economic reality of the transactions and not just on the legal form of the agreements governing the transaction. In particular, 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 Company considers that substantially all risks and rewards of ownership of a financial asset have been transferred when the Company's exposure to cash flow changes ceases to be significant compared to total changes in the present value of future net cash flows associated with that financial asset.

If the Company has neither transferred nor retained substantially all the risks and rewards, the Company derecognizes the financial asset when it has not retained control over that asset. If control is retained, the Company continues to recognize the financial asset at the amount of the Company's exposure to variability in the value of the transferred asset; i.e., to the extent of its continuing involvement in the financial asset, and recognizes the associated liability.

The gain or loss on derecognition of the financial asset is measured 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.

The company does not derecognize financial assets in transfers whereby it retains substantially all the risks and rewards of ownership. These include discounted bills, "factoring with recourse" transactions, sales of financial assets with an agreement to repurchase them at a fixed price or at the sales price plus interest, and securitizations of financial assets whereby the transferor retains subordinated financing or another type of guarantee that absorbs substantially all expected losses. In these cases, the Company recognizes a financial liability for the amount of the consideration received.

g.1.6) Reclassification of financial assets

The Company reclassifies a financial asset when, and only when, the Company changes the business model for managing that asset, in accordance with the criteria of notes g.1.1 to g.1.5. The Company considers that there is no

reclassification and, accordingly, does not apply the following policies to the following circumstances:

- A designated and effective hedging instrument in a cash flow hedge or net investment hedge that ceases to meet the requirements of the applicable financial reporting framework to qualify as such.
- When a financial asset becomes a designated and effective hedging instrument in a cash flow hedge or net investment hedge.

The Company applies reclassifications prospectively from the reclassification date, in accordance with the following criteria:

Reclassification of financial assets out the amortized cost category and into the fair value through profit or loss measurement category, and vice versa

If the Company reclassifies a financial asset out of the amortized cost measurement category and into the fair value through profit or loss measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

Conversely, if the Company reclassifies a financial asset out of the fair value through profit or loss measurement category and into the amortized cost measurement category, its fair value at the reclassification date becomes its new carrying amount.

Reclassification of financial assets out the amortized cost category and into the fair value through equity measurement category, and vice versa

If the Company reclassifies a financial asset out of the amortized cost measurement category and into the fair value through equity measurement category, its fair value is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized directly in equity and the Company applies the accounting policies of note g.1.3. The effective interest rate is not adjusted as a result of the reclassification.

Conversely, if the Company reclassifies a financial asset out of the fair value through equity measurement category and into the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. The cumulative gain or loss previously recognized in equity is adjusted against the fair value of the financial asset at the reclassification date. As a result, the financial asset is measured at the reclassification date as if it had always been measured at amortized cost.

Reclassification of financial assets out the fair value through profit or loss measurement category and into the fair value through equity measurement category, and vice versa

If the Company reclassifies a financial asset out of the fair value through profit or loss measurement category and into the fair value through equity measurement category, the financial asset continues to be measured at fair value.

Conversely, if the Company reclassifies a financial asset out of the fair value through equity measurement category and into the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value, but the cumulative gain or loss previously recognised in equity is reclassified from equity to profit or loss at the reclassification date.

Reclassification of investments in equity instruments measured at cost into the fair value through profit or loss measurement category, and vice versa

When an equity investment in a group company, joint venture or associate no longer qualifies as such, any investment retained in that investee is reclassified into the category of financial assets at fair value through profit or loss if the fair value of the retained shares can be estimated reliably, unless the Company elects at that date to include the investment in the category of financial assets at fair value through equity.

In that case, the fair value of the asset is measured at the reclassification date and any gains or losses arising from the difference between the carrying amount of the investment prior to reclassification and its fair value is recognized in profit or loss, unless the Company has made the above-mentioned election, in which case the difference is recognized directly in equity. This criterion also applies to investments in other equity instruments that can be measured reliably.

Conversely, if the fair value of an equity instruments is no longer reliable, its fair value at the reclassification date becomes its new carrying amount.

f) Foreign currency balances, transactions and cash flows

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 ISPD Network, S.A. (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 ISPD Network, 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 ISPD Network, S.A., 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

In accordance with Royal Decree 1/2021 of 12 January amending the Spanish National Chart of Accounts, the Company recognises revenue in the ordinary course of its business when control of the goods or services promised to customers is transferred. At that time, the company measures the revenue at the amount that reflects the consideration to which it 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 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.

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 Company recognises contract liabilities received in respect of unfulfilled performance obligations and presents these amounts as other liabilities in the statement of financial position. Similarly, if the Company satisfies a performance obligation before it receives the consideration, it recognises either a contractual asset or a receivable in its statement of financial position, depending on whether more than the passage of time is required before the consideration is due.

An asset is recognised for incremental costs incurred to obtain contracts with customers that are expected to be recovered and amortised systematically in the Consolidated Income Statement to the same extent as the related revenue is recognised. There is no significant impact arising from the application of the new regulation.

Operating expenses are recognised in profit or loss for the fiscal year when the service is used or incurred.

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)Assets of environmental nature

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)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 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 applicable, if the price agreed upon in a transaction differs from its fair value, the difference must be recognised in accordance to the economic substance 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.

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:

| | 31/12/2019 | Recogni tion | Derecogni on | 31/12/2020 | Recogni tion | Derecogni on | 31/12/2021 |
|---|------------------|-----------------|------------------|------------------|-----------------|-----------------|------------------|
| Cost: | | | | | | | |
| Technical installations, machinery, tools, furniture and other items of PPE | 460,076 | 9,845 | (101,619) | 368,303 | 49,133 | | 417,435 |
| | 460,076 | 9,845 | (101,619) | 368,303 | 49,133 | - | 417,435 |
| Accumulated Depreciation: | | | | | | | |
| Technical installations, machinery, tools, furniture and other items of PPE | (272,495) | (66,271) | 59,605 | (279,161) | (47,580) | 97 | (326,644) |
| | (272,495) | (66,271) | 59,605 | (279,161) | (47,580) | 97 | (326,644) |
| Provision for impairment: | | | | | | | |
| Technical installations, machinery, tools, furniture and other items of PPE | - | - | - | - | - | - | - |
| Net property, plant and equipment | 187,582 | (56,427) | (42,014) | 89,141 | 1,552 | 97 | 90,789 |

The write-offs occurring in fiscal year 2020 were fully amortised. In 2021, the Company has not derecognized any fixed assets.

Fully amortized intangible assets in use

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

| | 31/12/2021 | 31/12/2020 |
|---|----------------|----------------|
| Technical installations, machinery, tools, furniture and other items of PPE | 235,504 | 127,544 |
| Total | 235,504 | 127,544 |

Additional disclosures

At 31 December 2021 and 2020, the Company had no tangible fixed assets acquired from group companies or any tangible assets outside Spanish territory.

At 31 December 2021 and 2020, there were no firm purchase commitments for the acquisition of items of property, plant and equipment.

At 31 December 2021 and 2020, 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:

| | 31/12/2019 | Recognition | Derecognition | 31/12/2020 | Recognition | 31/12/2021 |
|----------------------------------|-----------------|----------------|---------------|-----------------|----------------|-----------------|
| Cost: | | | | | | |
| Computer software | 103,386 | | | 103,386 | 66,718 | 170,104 |
| | 103,386 | - | - | 103,386 | 66,718 | 170,104 |
| Accumulated Depreciation: | | | | | | |
| Computer software | (85,018) | (3,467) | | (88,485) | (8,564) | (97,050) |
| | (85,018) | (3,467) | - | (88,485) | (8,564) | (97,050) |
| Provision for impairment: | | | | | | |
| Computer software | (9,315) | - | | (9,315) | - | (9,315) |
| Net Intangible Assets | 9,053 | (3,467) | - | 5,587 | 58,154 | 63,741 |
| Net | | | | | | |

Fully amortized intangible assets in use

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

| | 31/12/2021 | 31/12/2020 |
|-------------------|---------------|---------------|
| Computer software | 91,047 | 91,047 |
| Total | 91,047 | 91,047 |

Additional disclosures

At 31 December 2021 and 2020, the Company had no intangible assets acquired from Group companies or any fixed assets outside Spanish territory.

On 31 December 2021 and 2020, 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 income as at 31 December 2021 and 2020 for operating leases amounted to EUR 178,043 and EUR 239,612 respectively.

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 contract is with a financial institution, and at 31 December 2021 and 2020 an outstanding amount of €14,951 and €25,147, respectively, is recorded under finance lease payables in current and non-current liabilities, maturing on 25 July 2023.

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 31 December 2021 and 2020, except for equity investments in group companies, jointly controlled entities and associates that are shown in Note 9, is as follows:

| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Loans and receivables (Note 8.1.1) | 714,610 | 2,148,579 | 714,610 | 4,946,629 |
| Total | 714,610 | 2,148,579 | 714,610 | 4,946,629 |

The breakdown of current financial assets at 31 December 2021 and 2020 is as follows:

| | Financial assets at amortized cost | | Total | |
|--|------------------------------------|------------------|------------------|------------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| Cash and cash equivalents (Note 8.1.a) | 177,766 | 460,974 | 177,766 | 460,974 |
| Loans and receivables (Note 8.1.1) | 4,212,732 | 4,946,629 | 4,212,732 | 4,946,629 |
| Total | 4,390,497 | 5,407,603 | 4,390,497 | 5,407,603 |

a) Cash and cash equivalents

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

| | Balance at 31/12/2021 | Balance at 31/12/20 |
|-------------------------------|-----------------------|---------------------|
| Current accounts and treasury | 177,766 | 460,974 |
| Total | 177,766 | 460,974 |

8.1.1) Loans and receivables

The breakdown of this heading is as follows:

| | Balance at 31/12/2021 | | Balance at 31/12/2020 | |
|--|-----------------------|------------------|-----------------------|------------------|
| | Non-current | Current | Non-current | Current |
| Trade receivables | | | | |
| Trade receivables, Group companies (Note 19) | | 4,028,790 | - | 2,999,438 |
| Third-party receivables | | - | - | 333,721 |
| Advances to personnel | | - | - | 1,084 |
| Total trade receivables | - | 4,028,790 | - | 3,334,244 |
| Non-trade receivables | | | | |
| Loans and interest receivable, Group companies (Note 19) | 712,000 | 183,942 | 2,141,094 | 1,612,384 |
| Other group company financial assets | | | | - |
| Loans to third parties | | | - | - |
| Guarantees and deposits | 2,610 | | 7,485 | - |
| Total non-trade receivables | 714,610 | 183,942 | 2,148,579 | 1,612,384 |
| Total | 714,610 | 4,212,732 | 2,148,579 | 4,946,628 |

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

| Impairment | Balance at 31/12/2019 | Impairment loss | Impairment reversal / Application of the provision | Balance at 31/12/2020 | Impairment loss | Impairment reversal | Balance at 31/12/2021 |
|-------------------|-----------------------|-----------------|--|-----------------------|-----------------|---------------------|-----------------------|
| Trade receivables | (27,865) | (15,345) | - | (43,210) | | 43,211 | (0) |
| Total | (27,865) | (15,345) | - | (43,210) | - | 43,211 | (0) |

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 31 December 2021 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 22, that have been both classified as “Debts and payables”.

The breakdown of current financial liabilities is as follows:

| | Debts with financial institutions | | Other | | Total | |
|---------------------------------|-----------------------------------|---------------|------------------|------------------|------------------|------------------|
| | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 | 31/12/2021 | 31/12/2020 |
| Debts and payables (Note 8.2.1) | 789,886 | 74,730 | 9,122,953 | 5,969,334 | 9,912,839 | 6,044,064 |
| Total | 789,886 | 74,730 | 9,122,953 | 5,969,334 | 9,912,839 | 6,044,064 |

8.2.1) Debts and Payables

The breakdown of “Debts and Payables” is as follows:

| | 31/12/2021 | 31/12/2020 |
|--|------------|------------|
| Trade payables: | | |
| Suppliers | 220,972 | 228,659 |
| Trade payables, Group companies and associates (Note 19) | 568,000 | 80,723 |
| Other payables | 457,784 | 512,112 |

| | | |
|---|------------------|------------------|
| Total trade payables | 1,246,755 | 821,493 |
| Non-trade payables: | | |
| Debts with financial institutions | 789,886 | 74,730 |
| Finance lease payables | 9,407 | 10,211 |
| Other financial liabilities | 2,519,665 | 172,553 |
| Loans and other payables | 3,318,958 | 257,494 |
| Personnel (outstanding remunerations) | 827,989 | 164,176 |
| Advances from customers | | 246 |
| Total non-trade payables | 827,989 | 164,423 |
| Short-term debt with group companies and associates (Note 19) | 4,519,136 | 4,788,424 |
| Total debt to the Group | 4,519,136 | 4,788,424 |
| Total Debts and payables | 9,912,838 | 6,031,834 |

8.2.2) Additional disclosures related to financial liabilities

a) Classification by maturity

At 31 December 2021, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

| | 2023 | 2024 | 2025 | 2026 | 2026 onwards | Total |
|-----------------------------------|----------------|----------------|----------------|---------------|--------------|----------------|
| Non-current payables | | | | | | |
| Debts with financial institutions | 147,404 | 125,158 | 127,366 | 53,730 | | 453,659 |
| Finance lease payables | 5,545 | | | | | 5,545 |
| Other financial liabilities | | | | | | - |
| Total | 152,948 | 125,158 | 127,366 | 53,730 | - | 459,203 |

At 31 December 2021, the breakdown by maturity of non-current financial liabilities, with either fixed or determinable maturity, is as follows:

| | 2022 | 2023 | 2024 | 2025 | 2026 onwards | Total |
|-----------------------------------|------------------|----------------|----------------|---------------|--------------|------------------|
| Non-current payables | | | | | | |
| Debts with financial institutions | 122,989 | 125,158 | 127,366 | 53,730 | | 429,244 |
| Finance lease payables | 9,041 | 5,895 | | | | 14,936 |
| Other financial liabilities | 1,396,181 | | | | | 1,396,181 |
| Total | 1,528,211 | 131,053 | 127,366 | 53,730 | - | 1,840,360 |

NOTE 9. GROUP COMPANIES, JOINTLY CONTROLLED ENTITIES AND ASSOCIATES

At 31 December 2021, the breakdown of the Company's interests in Group and Jointly-Controlled Companies and Associates was as follows:

| | Direct Interest % Direct Interest % | % Direct Voting Rights | Investment value | Amount of impairment charge | Net carrying amount of interest |
|--|--|------------------------|-------------------|-----------------------------|---------------------------------|
| Group Companies | | | | | |
| React2Media, L.L.C. (1) | 60 | 60 | 3,930,996 | (3,930,996) | - |
| 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 | 1,441,841 | - | 1,441,841 |
| Antevenio Mexico SA de CV | 100 | 100 | 1,908 | - | 1,908 |
| Rebold Marketing, S.L.U. | 100 | 100 | 764,540 | - | 764,540 |
| Antevenio Francia, S.R.L. | 100 | 100 | 2,000 | - | 2,000 |
| Antevenio Publicité S.A.S.U. | 100 | 100 | 3,893,962 | (3,191,312) | 702,650 |
| Happyfication | 100 | 100 | 1,717,822 | | 1,717,822 |
| B2 Market Place Ecommerce Consulting Group SL(1) | 61 | 61 | 1,811,125 | - | 1,811,125 |
| Rebold Marketing y Communication, S.L.U. | 100 | 100 | 4,572,441 | - | 4,572,441 |
| Rebold Panama | 100 | 100 | 7,290 | | 7,290 |
| | | | 24,748,795 | (7,122,308) | 17,626,487 |

(1)See Note 22 Business combinations.

The General Meeting of Shareholders held on 4 September 2020 approved a capital increase, that was entirely subscribed by its majority shareholder, ISP Digital, S.L.U. through the contribution of the shares of Rebold Marketing y Comunicación, S.L.U.. This company is in turn the head of a group of companies which will therefore be consolidated from that date within the consolidated ISPD Network Group.

During fiscal year 2020, the impairment of the shareholdings in the companies

React2Media, L.L.C. and Antevenio Publicité S.A.S.U. was recorded, and a loss of €5,387,191 was posted in the profit and loss account.

At 31 December 2020, the breakdown of the Company's interests in Group and Jointly-Controlled Companies and Associates was as follows:

| | Direct Interest % Direct Interest % | % Direct Voting Rights | Investment value | Amount of impairment charge | Net carrying amount of interest |
|--|--|------------------------|-------------------|-----------------------------|---------------------------------|
| Group Companies | | | | | |
| React2Media, L.L.C. (1) | 60 | 60 | 3,930,996 | (3,930,996) | - |
| 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 SI. | 70 | 70 | 67,420 | - | 67,420 |
| B2 Market Place Ecommerce Consulting Group SL | 51 | 51 | 1,811,125 | - | 1,811,125 |
| Rebold Marketing and Communication, S.L.U. | 100 | 100 | 1 | - | 1 |
| | | | 15,839,999 | (7,122,308) | 8,717,691 |

None of these companies is listed.

At 31 December 2021, the Company's directors believe the net carrying amount of interests in subsidiaries 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 10.60%.
- A perpetual growth rate of approximately 2%.

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

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 address is at C/ Apolonio Morales, 13c, Madrid.

Marketing Manager Servicios de Marketing, S.L. (Single-member). Its purpose is to provide counselling related to commercial communication companies. Its registered address is at C/ Apolonio Morales, 13c, 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).

Rebold Marketing S.L., formerly **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 address is at C/ Apolonio Morales, 13c, Madrid. Dated 25 November 2021, the company changed its name to Rebold Marketing, S.L.

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.

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.

Rebold Marketing and Communication, S.L.U. Established in 1986. Provision of Internet access services. Creation, management and development of Internet portals. Provision of business and marketing consultancy services, online and offline, and establishing, applying for protection and otherwise safeguarding the Company's patents, trade marks, licences, concessions, domain names, operating systems and any other industrial or intellectual property rights. Its registered address is at Rambla Catalunya, 123, Entlo.08008 Barcelona.



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Happyfication Inc. Incorporated in 2011. Its corporate object consists in providing partners and customers with tools and services to plan, measure and deliver digital media more effectively. Its registered address is at 170 Milk St FL Boston, MA 02109.

In 2021, the subsidiary Rebold Marketing S.L.U. (formerly named Antevenio ESP) has merged (as absorbing company) with the subsidiaries Foreseen Media, S.L., Antevenio Rich & Reach S.L. and Código de Barras, S.L.U. (as absorbed companies).

At 31 December 2021, the breakdown of the equity, in Euros, of the investees was as follows:

| | Share capital | Reserves | Grants | Fiscal Year profit/(loss) Payments | Translation differences | Profit/(loss) for the year | Capital and reserves |
|--|---------------|-------------|--------|------------------------------------|-------------------------|----------------------------|----------------------|
| Mamvo Performance, S.L. | 33,967 | 2,687,154 | 28,699 | (34,364) | - | (784,572) | 1,930,884 |
| Marketing Manager Servicios de Marketing, S.L. | 1,341,709 | 33,791 | - | (1,002,317) | - | (28,759) | 344,424 |
| Antevenio Mexico | 4,537 | - | - | 732,460 | 61,645 | 217,815 | 1,016,457 |
| Antevenio S.R.L. | 10,000 | 501,314 | - | - | - | 46,809 | 558,123 |
| Rebold Marketing, S.L.U. | 611,694 | 669,198 | - | - | - | (984,275) | 296,617 |
| Antevenio Francia, S.R.L. | 2,000 | - | - | (798,951) | - | (5,551) | (802,502) |
| Antevenio Publicité S.A.S.U. | 100,000 | 188,353 | - | (14,703) | - | (145,251) | 128,399 |
| React2Media SL | 5,099 | (333,244) | - | - | (6,132) | 347,524 | 13,246 |
| Happyfication | 883 | (199,043) | - | - | 325,663 | (102,104) | 25,399 |
| B2MarkeTPlace Ecommerce Consulting Group SL | 81,671 | 64,557 | - | - | - | 121,913 | 268,141 |
| Rebold Communication, S.L.U. | 7,414,224 | (3,094,380) | 70,251 | (1,362,886) | - | 88,795 | 3,045,753 |

At 31 December 2020, the breakdown of the equity, in Euros, of the investees was as follows:

| | Share capital | Reserves | Grants | Fiscal Year profit/(loss) Payments | Translation differences | Profit/(loss) for the year | Capital and reserves |
|--|---------------|-------------|---------|------------------------------------|-------------------------|----------------------------|----------------------|
| Mamvo Performance, S.L. | 33,967 | 2,687,154 | 34,400 | - | - | (52,006) | 2,703,516 |
| Marketing Manager Servicios de Marketing, S.L. | 99,800 | 33,791 | - | (957,798) | - | (54,033) | (878,240) |
| Antevenio Mexico | 4,537 | - | - | 780,624 | 7,769 | (68,605) | 724,326 |
| Antevenio S.R.L. | 10,000 | 455,333 | - | - | - | 95,060 | 560,393 |
| Antevenio ESP, S.L.U. | 3,010 | 1,194,264 | - | (121,499) | - | 176,580 | 1,252,355 |
| Antevenio Francia, S.R.L. | 2,000 | - | - | (777,435) | - | (21,517) | (796,952) |
| Antevenio Publicité S.A.S.U. | 101,913 | 26,203 | - | (20,797) | - | (539,959) | (432,641) |
| Antevenio Rich & Reach, S.L. | 3,000 | 151,702 | - | (470,553) | - | 101,980 | (213,871) |
| React2Media SL | 5,099 | (71,415) | - | - | 14,587 | (695,114) | (746,843) |
| Foreseen Media sl | 3,750 | 55,275 | - | (165,520) | - | (32,909) | (139,404) |
| B2MarkeTPlace Ecommerce Consulting Group SL | 81,671 | (3,940) | - | (98,427) | - | 189,755 | 169,060 |
| Rebold Marketing and Communication, S.L.U. | 2,841,783 | (2,862,479) | 107,061 | (113,272) | - | (1,815,226) | (1,842,132) |

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. (exchange rate, interest rate and other price risks).

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.

Liquidity Risk

The overall situation in the financial markets, especially the banking market, over the last few months has been particularly unfavourable for credit seekers, though the Company was able to avail itself of the governmental aid in 2020 (ICO loans) described in note 2 to reduce the liquidity risk in view of the situation.

During 2021, the Company has extended the grace period on most of the ICO loans obtained during 2020.

ISPD Networks 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.

Liquidity of monetary assets: surplus is always invested on highly available and very short maturities. At December 31, 2021, the amount of cash and cash equivalents is 177,766 euro (460,974 euro at 31 December 2020).

The Company draws on available analytical data to calculate the cost of its products and services, which is useful when reviewing cash requirements and for optimising returns on investments. The Company reviews its DSO and DPO to optimise its immediate cash needs. ISPD Networks considers the remaining contractual maturities of financial liabilities at the date of preparation of these consolidated financial statements, as described in note 10.

NOTE 11. EQUITY**11.1) Equity Capital**

Until 4 September 2020, the share capital of the Parent Company was represented by 4,207,495 fully subscribed and paid-up shares of €0.055 par value each. On that date, the Parent Company's share capital was increased by means of non-monetary contributions amounting to €587,607, consisting of all the shares into which the share capital of Rebold Marketing and Communication, SLU is divided, to be made by its owner ISP Digital, SLU, through the issue and flotation of 10,683,767 new shares,

represented by book entries with a par value of €0.055, which were created with an issue premium of 1.2902184 euros per share, with a total amount of the premium of €13,784,393.

The total disbursement therefore amounts to €14,372,000.

Dated 07 May 2021, the Company approved a purchase of own shares amounting to €570,000. On 23 December 2021, the group's parent company acquired a total of 150,000 treasury shares at a price of €3.80 for a total of €570,000. On 22 January 2022, a new purchase of 25,000 more shares is made at the same price.

The capital as at 31 December 2021 comprises 14,891,262 shares, each with a nominal value of €0.055.

The following shareholders hold direct or indirect interests in the share capital as at 31 December 2021:

| | No. of Shares | Holding % |
|------------------------|----------------------|----------------|
| ISP Digital, S.L.U. | 14,407,743 | 96.75% |
| Free Float | 333,519 | 2.24% |
| Treasury shares | 150,000 | 1.01% |
| Total | 14,891,262.00 | 100.00% |

The following shareholders held direct or indirect interests in the share capital as at 31 December 2020:

| | No. of Shares | Holding % |
|--------------|-------------------|----------------|
| ISPD | 14,407,750 | 96.75% |
| Other | 273,137 | 1.83% |
| Nextstage | 210,375 | 1.41% |
| Total | 14,891,262 | 100.00% |

11.2) Reserves

At 31st December 2021 and 2020 the breakdown of Reserves is follows:

| Reserves | 31/12/2021 | 31/12/2020 |
|--------------------|-------------------|-------------------|
| Legal reserve | 46,282 | 46,282 |
| Voluntary reserves | 12,654,953 | 12,656,663 |
| Total | 12,701,235 | 12,702,945 |

a) Legal reserve

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.

As at 31 December 2021, the Legal Reserve was not fully funded due to the capital increase with a contribution from Rebold Communication.

b) Dividends

In the 2021 financial year, no dividends have been distributed.

c) Share Premium

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.

At the meeting of the Board of Directors of ISPD Network, S.A. on 27 November 2020, a decision was taken to convert the entire share premium, which amounted to €21,974,180 following the capital increase described above, into voluntary reserves.

NOTE 12. FOREIGN CURRENCY

At 31 December 2021 and 2020, the amount of exchange differences recognized in profit or loss is as follows:

| Translation differences | 31/12/2021 | 31/12/2020 |
|----------------------------|----------------|------------|
| Translation gains: | | |
| Realized during the period | 264 | 956 |
| Translation losses: | | |
| Realized during the period | (5,438) | (945) |
| Total | (5,174) | 11 |

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 during the financial year ended 31 December 2021 and in 2020 and the balances in foreign currency are immaterial for the Annual Accounts.

NOTE 13. TAXATION

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

| | 31/12/2021 | | 31/12/2020 | |
|--------------------------------------|------------------|----------------|------------------|----------------|
| | Payable | Receivable | Payable | Receivable |
| Current: | | | | |
| Value Added Tax | (295,481) | | (113,141) | |
| Deferred tax assets (*) | (28,404) | 540,110 | - | 312,191 |
| Taxation Authorities, IAE payable | (5,973) | | - | |
| Withholdings for Personal Income Tax | (113,520) | | (45,643) | |
| Current tax liabilities | | | (28,404) | |
| Social Security | (72,725) | | (15,756) | |
| | (516,103) | 540,110 | (202,943) | 312,191 |

(*) 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:

| | 31/12/2021 | | | 31/12/2020 | | |
|--|-------------------------|------------------|-------------------|-------------------------|------------------|-------------------|
| | Profit and Loss Account | | | Profit and Loss Account | | |
| Profit/(loss) for the year (after taxes) | (530,198) | (750,087) | | (5,172,390) | (750,087) | |
| | <i>Increases</i> | <i>Decreases</i> | <i>Net effect</i> | <i>Increases</i> | <i>Decreases</i> | <i>Net effect</i> |
| Income Tax | | (106,786) | (106,786) | | (139,549) | (139,549) |
| Permanent differences | 7,180 | (14,723) | (7,543) | 5,588,712 | (1,084,265) | 4,504,448 |
| Temporary differences | 775,910 | (348,766) | 427,144 | 239,090 | (40,000) | 199,090 |
| Application of tax loss carryforwards | | | - | | | - |
| Tax base (Taxable income) | 783,090 | (470,275) | (217,384) | | | (608,402) |
| Gross tax payable | | | (54,346) | | | (152,101) |

| | | |
|--------------------------------------|----------|-----------|
| Tax credits for R&D&I | - | - |
| Net tax payable | - | (152,101) |
| Withholdings and payments on account | 153 | - |
| Accounts with tax group companies | - | - |
| Tax payable / (recoverable) (1) | (54,346) | (152,101) |

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

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

The breakdown of deferred tax assets recognised by the Company is as follows:

| | 31/12/2021 | 31/12/2020 |
|---------------------------|------------|------------|
| Temporary differences | - | - |
| Tax credits | 540,110 | 312,191 |
| Total deferred tax assets | 540,110 | 312,191 |

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.

Tax Loss Carryforwards

Credits on taxable income were recorded, since they comply with the requirements established by the pertinent legislation currently in force to do so, and there are no doubts about the Company's ability to generate future tax income to enable the recovery thereof. The breakdown of negative taxable income pending offsetting in future fiscal years (tax loss carryforwards) corresponding to that credit is as follows:

| Year of origination | Limit year for offset | Euro | Utilized |
|---------------------|-----------------------|---------|----------|
| 2013 | No limit | 248 | YES |
| 2015 | No limit | 6,517 | YES |
| 2018 | No limit | 392,571 | YES |
| 2019 | No limit | 609,041 | YES |
| 2020 | No limit | 374,855 | YES |

NOTE 14. REVENUE AND EXPENSES

a) Employee benefit expense

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

| | 31/12/2021 | 31/12/2020 |
|--|--------------------|------------------|
| Wages and salaries | (2,008,562) | (825,413) |
| Social security payable by the company | (247,329) | (154,550) |
| Employee benefits expense | (13,674) | (11,509) |
| Employee benefit expense | (2,269,566) | (991,472) |

b) Net Finance Income / (Expense)

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

| | 31/12/2021 | 31/12/2020 |
|---|------------------|------------------|
| Income: | | |
| Dividends | - | 850,000 |
| Income from loans to Group companies | 22,113 | 19,826 |
| Other finance income | 9,386 | 226,267 |
| Total finance income | 31,499 | 1,096,093 |
| Expense: | | |
| Debts with Group companies and associates | (88,733) | (47,528) |
| Other Finance Expense | (39,739) | (59,250) |
| Total finance expense | (128,472) | (106,778) |

c) Revenue

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

| Description of the activity | 31/12/2021 | | 31/12/2020 | |
|----------------------------------|------------------|-------------|------------------|-------------|
| | Euro | % | Euro | % |
| Marketing and online advertising | - | 0% | - | 0% |
| Provision of services (Fees) | 3,553,139 | 100% | 2,174,020 | 100% |
| Total | 3,553,139 | 100% | 2,503,540 | 100% |

| Geographic segmentation | 31/12/2021 | | 31/12/2020 | |
|------------------------------|------------------|-------------|------------------|-------------|
| | Euro | % | Euro | % |
| Domestic | 3,064,906 | 86% | 1,731,403 | 80% |
| Europe | 198,657 | 6% | 118,693 | 5% |
| International (excl. Europe) | 289,576 | 8% | 323,924 | 15% |
| Total | 3,553,139 | 100% | 2,174,020 | 100% |

d) External Services

The breakdown of “External services” is as follows:

| | 31/12/2021 | 31/12/2020 |
|--|------------------|------------------|
| External services. | | |
| Leases and royalties | 178,043 | 239,612 |
| Repair and maintenance | 62 | |
| Independent professional services | 1,230,877 | 1,079,736 |
| Insurance premiums | 179,308 | 8,204 |
| Banking and similar services | 4,447 | 6,430 |
| Advertising, propaganda and public relations | 17,304 | 2,324 |
| Utilities | 16,770 | 55,621 |
| Other services | 108,356 | 519,884 |
| Total finance expense | 1,735,167 | 1,911,811 |

NOTE 15. ENVIRONMENTAL INFORMATION

Various initiatives to reduce the consumption of natural resources have been in place in the Group's offices for several years: separate waste collection points, water fountains to eliminate plastic bottles and compostable single-use tableware. Our Spanish office has a green electricity supplier, a travel policy that discourages air travel for trips that can be made in less than 3 hours by train, and bicycle parking at the Barcelona office.

The Green Week Challenge was launched in 2021 to reduce our data storage and thus our carbon footprint. This challenge enabled us to plant 144 trees with the Bosques Sostenibles association.

The ISO-14001 (environmental management system) certification project was initiated in Spain and the Group's environmental policy and good environmental practices were reported.

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 31 December 2021 and 2020, the Company provided guarantees to banks and government agencies, as follows:

| Guarantees | 31/12/2021 | 31/12/2020 |
|-----------------------|-------------------|-------------------|
| Lessor of Head Office | 10,525 | 44,769 |
| Total | 10,525 | 44,769 |

NOTE 17. EVENTS AFTER THE REPORTING PERIOD.

A new acquisition of treasury shares takes place on 11 January 2022. On that date, 25,000 new shares are purchased at a unit price of €3.80. The total number of treasury shares as of this date has risen to 175,000 shares with an assessment of €665,000.

Directors consider that, as of the date of authorization for issue of these consolidated annual accounts, no other relevant events have occurred after the end of the reporting period.

NOTE 18. TRANSACTIONS WITH GROUP COMPANIES AND RELATED PARTIES**18.1) Balances with group companies**

At 31 December 2021 the breakdown of balances with Group companies was as follows:



ISPD Network, S.A. Annual Accounts at 31 December 2021

| BALANCES BETWEEN GROUP COMPANIES | Mamvo Performance S.L.U. | Marketing Manager S.L.U | Rebold Marketing SLU | Antevenio Francia S.R.L.U | Antevenio México | Antevenio Argentina S.R.L. | Antevenio Italia S.R.L.U. | Antevenio Publicité S.A.S.U. | Digilant, Inc | B2Market Place Ecommerce Consulting Group, S.L. | DGLNT SA de CV | Rebold Marketing and Communication, S.L.U. | TOTAL |
|--|--------------------------|-------------------------|----------------------|---------------------------|------------------|----------------------------|---------------------------|------------------------------|---------------|---|----------------|--|-------------------|
| A) NON-CURRENT ASSETS | 100,000 | | | 262,000 | | | | | | | 350,000 | | 712,000 |
| 1. Investments Group companies: | 100,000 | | | 262,000 | | | | | | | 350,000 | | 712,000 |
| a) Loans to companies | 100,000 | | | 262,000 | | | | | | | 350,000 | | 712,000 |
| B) CURRENT ASSETS | 1,037,976 | 479,818 | 583,831 | 235,036 | 363,053 | 320,142 | 120,698 | 136,168 | 67,239 | 3,375 | 115,446 | 584,975 | 4,047,755 |
| 1. Trade and other accounts receivables | 1,019,658 | 479,818 | 583,831 | 169,723 | 363,053 | 320,142 | 120,698 | 87,225 | 67,239 | 3,375 | 108,054 | 584,975 | 3,907,790 |
| a) Customers for sales and services | 1,019,658 | 479,818 | 583,831 | 169,723 | 363,053 | 320,142 | 120,698 | 87,225 | 67,239 | 3,375 | 108,054 | 584,975 | 3,907,790 |
| 2. Investments in group companies | 18,318 | | | 65,313 | | | | 48,943 | | | 7,391 | | 139,965 |
| a) Accounts receivable | 18,318 | | | 65,313 | | | | 48,943 | | | 7,391 | | 139,965 |
| C) NON-CURRENT LIABILITIES | -724,095 | | | | | | | | | | | | -724,095 |
| 1. Debts with Group companies | -724,095 | | | | | | | | | | | | -724,095 |
| D) CURRENT LIABILITIES | -1,403,607 | -650,679 | -1,225,604 | | | | -101,192 | -67,239 | 0 | -221,792 | 0 | -844,451 | -4,514,564 |
| 1. Debts with Group companies | -1,401,828 | -648,363 | -1,217,680 | | | | -101,192 | 0 | 0 | -221,792 | 0 | -498,607 | -4,089,462 |
| 2. Trade and other accounts payable | -1779.53 | -2316.45 | -7,924 | | | | 0 | -67,239 | 0 | 0 | 0 | -345,843 | -425,102 |
| TOTAL CURRENT | -365,631 | -170,861 | -641,774 | 235,036 | 363,053 | 320,142 | 19,506 | 68,929 | 67,239 | -218,417 | 115,446 | -259,476 | -466,809 |

At 31 December 2020 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 S.R.L. | Antevenio Italia S.R.L.U. | Antevenio Publicidad S.A.S.U. | React2Media, L.L.C. | Antevenio, Rich & Reach, S.L.U. | B2Market Place Ecommerce Consulting Group, S.L. | Foreseen Media SL | DGLNT SA de CV | Rebold Marketing and Communication, S.L.U. | TOTAL |
|--|--------------------------|--------------------------|------------------------------|-----------------------|----------------------------|------------------|----------------------------|---------------------------|-------------------------------|---------------------|---------------------------------|---|-------------------|----------------|--|------------|
| A) NON-CURRENT ASSETS | 100,000 | 500,000 | 3,000 | | 262,000 | | | | | 361,595 | 450,000 | 50,000 | 64,499 | 350,000 | | 2,141,094 |
| 1. Investments Group companies: | 100,000 | 500,000 | 3,000 | | 262,000 | | | | | 361,595 | 450,000 | 50,000 | 64,499 | 350,000 | | 2,141,094 |
| a) Loans to companies | 100,000 | 500,000 | 3,000 | | 262,000 | | | | | 361,595 | 450,000 | 50,000 | 64,499 | 350,000 | | 2,141,094 |
| B) CURRENT ASSETS | 605,209 | 584,885 | 124,523 | 597,391 | 221,036 | 248,771 | 320,142 | 900,316 | 35,848 | 81,922 | 659,300 | 3,683 | 104,229 | 3,566 | | 4,490,823 |
| 1. Trade and other accounts receivables | 544,138 | 564,698 | 122,731 | 597,391 | 169,723 | 248,771 | 320,142 | 50,316 | 14,795 | 69,246 | 129,691 | 577 | 46,220 | | | 2,878,438 |
| a) Customers for sales and services | 544,138 | 564,698 | 122,731 | 597,391 | 169,723 | 248,771 | 320,142 | 50,316 | 14,795 | 69,246 | 129,691 | 577 | 46,220 | | | 2,878,438 |
| 2. Investments in group companies | 61,072 | 20,187 | 1,793 | | 51,313 | | | 850,000 | 21,053 | 12,675 | 529,610 | 3,106 | 58,009 | 3,566 | | 1,612,385 |
| a) Accounts receivable | 61,072 | 20,187 | 1,793 | | 51,313 | | | 850,000 | 21,053 | 12,675 | 529,610 | 3,106 | 58,009 | 3,566 | | 1,612,385 |
| C) NON-CURRENT LIABILITIES | | | | | | | | | | | | | | | | -250,000 |
| 1. Debts with Group companies | | | | | | | | | | | | | | | | -250,000 |
| D) CURRENT LIABILITIES | -1,219,558 | -1,776,463 | -589,725 | -925,489 | | | | -4,037 | | | -12,042 | | -19 | | -74,701 | -4,602,034 |
| 1. Debts with Group companies | -1,219,558 | -1,776,463 | -589,725 | -925,489 | | | | | | | -12,042 | | -19 | | | -4,523,296 |
| 2. Trade and other accounts payable | | | | | | | | -4,037 | | | | | | | -74,701 | -78,738 |
| TOTAL CURRENT | -514,348 | -691,577 | -462,202 | -328,098 | 483,036 | 248,771 | 320,142 | 646,279 | 35,848 | 443,517 | 1,097,259 | 53,683 | 168,709 | 353,566 | -74,701 | 1,779,883 |

18.2) Transactions among Group companies

The amount of transactions during 2021 included in the accompanying Profit and Loss Account in euros is as follows:

| Transactions performed | Services received | Sales and services rendered | Interests Paid | Interests Charged |
|---------------------------|-------------------|-----------------------------|----------------|-------------------|
| Mamvo Performance, S.L.U. | -1,471 | 894,181 | 1,359 | -14,693 |
| Marketing Manager | -1,914 | 420,132 | 2,925 | -8,767 |
| Rebold Marketing SLU | -6,549 | 584,991 | 9,744 | -19,959 |
| Antevenio S.R.L. (Italy) | -1,083 | 125,144 | | -385 |
| Antevenio México | | 114,282 | | |
| Antevenio Publicité | -67,239 | 73,513 | | |
| React2Media | | | 3,328 | |
| Digilant, Inc | | 67,239 | | |
| B2Market | -867 | 39,700 | 110 | |
| Rebold | -340,098 | 1,094,903 | | -3,023 |
| DgInt SA de CV | | 108,054 | 4,646 | |
| | -419,221 | 3,522,139 | 22,113 | -46,828 |

The amount, in Euros, of transactions among Group companies during 2020 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. | | 402,538 | 1,453 | (9,179) | |
| Marketing Manager | | 468,916 | 7,268 | (12,638) | |
| Código barras Networks | (4,500) | 107,813 | 1,793 | (5,732) | |
| Antevenio ESP, S.L.U. | (25,453) | 532,265 | | (2,989) | |
| Antevenio Argentina | | | | | |
| Antevenio S.R.L. (Italy) | | 105,248 | | (3,634) | 850,000 |
| Antevenio México | | 294,028 | | | |
| Antevenio Publicité | (2,200) | 13,445 | | | |
| React2Media | | 29,896 | 4,358 | | |
| Antevenio Rich & Reach | | 129,923 | | (12,042) | |
| Foreseen | | 19,811 | 691 | (19) | |
| B2Market | | 27,659 | 696 | | |
| Rebold | (86,338) | 16,721 | | | |
| DgInt SA de CV | | | 3,566 | | |
| | (118,491) | 2,148,263 | 19,825 | (46,233) | 850,000 |

At 31st December 2021 the breakdown of balances with related parties is as follows:

| RELATED PARTY (31 December 2021) | BALANCE RECEIVABLE | BALANCE PAYABLE |
|--|--------------------|-------------------|
| Other debts | | |
| <i>ISP for corporate tax</i> | - | -256,628 |
| <i>ISPD</i> | 43,976 | -129,070 |
| Total other debts | 43,976 | -429,675 |
| Trade activity balances (client/vendor) | | |
| <i>ISPD</i> | 121,000 | -2,123 |
| <i>ISP</i> | | -140,775 |
| Total commercial activity | 121,000 | -142,898 |
| Loan Balances | | |
| <i>ISPD</i> | | -4,572,441 |
| Total Loans | | -4,572,441 |

At 31st December 2020 the breakdown of balances with related parties is as follows:

| Related Party (31 December 2020) | Balance Receivable | Balance Payable |
|--|--------------------|------------------|
| ISP Digital SLU | 121,000 | (131,465) |
| ISP on Taxation Group Corporate Income Tax | | (135,648) |
| Total Group companies | 121,000 | (267,113) |

18.3) Related party transactions

The breakdown of transactions with related parties during 2021 and during 2020 is as follows:

-During 2021 transactions with related parties were as follows:

-

| | 2021 | ISP | ISP Digital |
|-------------------|------|----------|-------------|
| Services received | | -116,343 | |
| Finance Expenses | | | -41,905 |

- During 2020 transactions with related parties were as follows:

| 2020 | ISP DIGITAL |
|-------------------|----------------|
| Sales | - |
| Purchases | - |
| Services rendered | - |
| Services received | - |
| Finance income | - |
| Finance Expenses | (1,295) |
| Total | (1,295) |

18.4) Balances and Transactions with Directors and Senior Management

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

| | High Management | |
|---------------------------|-----------------|------------------|
| | 31/12/21 | 31/12/20 |
| Wages and salaries | 543,524 | 1,340,894 |
| Total | 543,524 | 1,340,894 |

There was no remuneration for the Board of Directors in 2020. In 2021, the Company has recognized €771,865 in a provision for remuneration payable to the Board of Directors.

As of December 31 of 2021 and 2020, there were no commitments for complementary pensions, guarantees or sureties granted in favour of 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. OTHER INFORMATION

The average number of persons employed is as follows:

| | 31/12/2021 | 31/12/2020 |
|----------------|------------|------------|
| Management | 7.0 | 4.0 |
| Administrative | 6.0 | 6.0 |
| Marketing | 1.0 | 3.0 |

| | |
|-------|-------------------------|
| Other | 2.0 |
| | 16.0 13.0 |

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:

| | 31/12/2021 | | 31/12/2020 | |
|----------------|------------|----------|------------|----------|
| | Men | Women | Men | Women |
| Management | 3 | 4 | 2 | 2 |
| Administrative | 3 | 3 | 1 | 4 |
| Commercial | 0 | 0 | 0 | 0 |
| Production | 0 | 2 | 1 | 1 |
| Marketing | 1 | 0 | 1 | 1 |
| Technical | 0 | 0 | 0 | 0 |
| | 7 | 9 | 5 | 8 |

In 2021 the fees earned by the individual financial statement audit amount to a total of 13,000 euros (13,000 euros in 2020).

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:

| | 31/12/2021 | 31/12/2020 |
|---|---------------|---------------|
| | Days | Days |
| Average period of time for payment to suppliers | 48.11 | 58.04 |
| Percentage of paid transactions | 46.76 | 58.57 |
| Percentage of transactions pending payment | 58.47 | 52.61 |
| | Amount (Euro) | Amount (Euro) |
| Total payments made | 938,329 | 2,214,484 |
| Total payments pending | 143,186 | 262,075 |

NOTE 20. BUSINESS COMBINATIONS

REACT2MEDIA:

On 22 June 2017, the Company acquired 51% of the voting shares of the US company React2Media, L.L.C. for a consideration of USD 2,250,000 (€2,022,275), paying this amount in full 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 principal activity is the provision of a full service online advertising network, offering a complete set of interactive marketing opportunities for media agencies, direct advertisers and publishers alike. The main reason supporting the acquisition is the entry of ISPD Network Group in the United States market drawing on the market position and knowledge of the investee. ISPD Network 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 fiscal 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.

Based on the applicable regulations detailed in note 2 and the existence of cross call and put options for the same amount and the same fiscal period, the transaction was treated as an early acquisition of the non-controlling interest.

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".

On 21 May 2019, the first tranche of unconditional rights to call and put options 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 acquired a 8.97% stake in the US company React2Media, L.L.C. for a price of USD 212,551 (€192,778).

In fiscal year 2019, given that Directors obtained additional information, gained greater experience and updated the accounting estimates previously made in connection with measurement of the financial liability arising from the above-mentioned purchase, the

Company adjusted prospectively the value of the investment, and recognized €1.4 million as income under "Impairment of assets" in the statement of profit or loss (see note 17.g).

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

As at 31 December 2020, put and call options were not exercised as the Group expects to liquidate the subsidiary in the next fiscal year, although there are still certain options that can be exercised by the selling party. Consequently, the Group recorded the effect of unexercised and expired call and put options as if they were a sale to minority interests.

Details of the consideration given, the fair value of the net assets acquired and the goodwill at the time of the business combination were as follows:

| | <u>Euro</u> |
|---|--------------------|
| 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 | 3,905,134 |
| Impairment of goodwill | (1,441,092) |

| | |
|------------------------------------|--------------------|
| Net Value of Goodwill | 2,464,042 |
| Consideration paid in cash | (2,102,903) |
| Cash and cash equivalents acquired | 109,457 |
| Net cash outflow | (1,993,446) |

Goodwill arising from the acquisition was allocated to the Cash Generating Unit relating to the investee's business and relates to the workforce and synergies resulting from ISPD Network 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 |

B2 MARKETPLACE ECOMMERCE GROUP S.L.:

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

On 4 July 2021, Antevenio SA acquired an additional 10% in the share capital of the company B2MarketPlace, S.L. at a price of €153,224, thus obtaining 61% of the company's shares.

The registered office of investee company B2MarketPlace, S.L. is Calle Apolonio Morales, 13c. The primary object of the company is the optimisation and improvement of brands, manufacturers and distributors presence in digital platforms.

Both the Company and the selling members mutually granted themselves unconditional put option rights and call option rights over the remaining 49% shares in the investee, which may be exercised within the same term and for the same amount. The options

detailed above are based on a variable price depending on parameters associated with the results of this company in fiscal years 2021, 2022 and 2023. Sale price is subject to the fulfilment of certain continuance conditions by the sellers.

Based on the applicable regulations detailed in note 2 and the existence of cross call and put options for the same amount and the same fiscal period, the transaction was treated as an early acquisition of the non-controlling interest.

In accordance with IFRS 3 on Business Combinations, during one year from the acquisition date, the Group can reassess this financial liability and retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. The reassessment was completed in 2020. The amount recognised as a financial liability by the Group at 31 December 2021 constitutes the best estimate to date of the expected amount that the Group expects to pay, in which regard the fair value of this financial liability is €1,396,181 (€1,549,402 in 2020). No amount is recorded under "Other non-current liabilities" (€1,396,181 in 2020), though €1,396,181 is recorded under "Other current liabilities" (€153,221 in 2020) (refer to note 8).

The breakdown of the consideration given, of fair value of net assets acquired and goodwill as of the date of the business combination, was as follows:

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

| | |
|---------------------------------------|------------------|
| Impairment Goodwill (Note 5) | - |
| Net Value of Goodwill (Note 5) | 2,329,094 |

| | |
|------------------------------------|----------------|
| Consideration paid in cash | 254,240 |
| Cash and cash equivalents acquired | |
| Net cash outflow | 254,240 |

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

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 | 43,053 | - | 43,053 |

FORESEEN MEDIA S.L.:

On 20 February 2019, the Company acquired 70.40% of shares in the company FORESEEN MEDIA S.L. for a price of €67,420, paying the entire amount to the counterparty on 20 February 2019. This company was thereafter included within the consolidation scope and fully consolidated.

On 4 February 2021, the Company acquired 29.60% of the share capital in the Company Foreseen Media, S.L. at a fixed price of €15,000 plus a variable price corresponding to the equivalent of 15% of the Gross Margin generated in 2021 by the Company's current and new customers for that fiscal year, estimated at €43,000 (see note 18).

The registered office of investee company FORESEEN MEDIA S.L. is Calle Apolonio Morales, 13c. The main activity of the company comprises:

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

including yet not restricted to eSport leagues, Clubs, players or third parties who organise eSports events.

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

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

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

The companies Foreseen Media, S.L, Antevenio Rich & Reach S.L.U and Código de Barras, S.L.U have merged with Rebold Marketing, S.L.U. (formerly named Antevenio Esp) in 2021.

REBOLD COMMUNICATION, S.L.U. (formerly REBOLD MARKETING AND COMMUNICATION, S.L.U.):

At the General Shareholders' Meeting of the Company held on 4 September 2020, the capital increase subscribed in full by its majority shareholder, ISP Digital, S.L.U., was approved, through the contribution of the shares of Rebold Marketing and Communication S.L.U. This company is in turn the head of a group of companies (broken down in the table above) which will therefore be consolidated from that date within the consolidated ISP DIGITAL Group as at 31 December 2021:

| Company | Holding Percentage |
|--|---------------------------|
| Rebold Marketing and Communication, S.L.U. | 100% |
| Acceso Mexico | 100% |
| Acceso Colombia | 100% |
| Digilant Colombia | 100% |
| Digilant, Inc | 100% |
| Digilant Perú | 100% |
| Digilant SA de CV | 100% |
| Filipides | 100% |
| Digilant Services | 100% |
| Blue Digital | 65% |
| Digilant Chile | 100% |
| Acceso Panamá | 100% |
| Blue Media | 100% |
| Rebold Panamá | 100% |

The details of the various companies in this new subgroup are set out in note 1 hereto.

Details of the consideration given, the fair value of the net assets acquired on the date of the business combination were as follows:

| | <u>Euro</u> |
|---|---------------------|
| Fair value of the consideration given | |
| Delivered consideration (Company Shares) | 14,372,080 |
| Total consideration delivered at business combination date | 14,372,080 |
| Net identifiable assets acquired | |
| Non-current investments | 3,685,591 |
| Intangible assets | 923,740 |
| Property, plant and equipment | 420,147 |
| Trade and other receivables | 26,570,007 |
| Cash | 1,323,576 |
| Debts with financial institutions | (20,487,896) |
| Trade and other payables | (25,612,684) |
| Fair value of net identifiable assets acquired | (13,177,519) |

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:

| <u>Euro</u> | <u>Contractual gross amount</u> | <u>Impairment adjustment</u> | <u>Fair value</u> |
|----------------------------------|-------------------------------------|----------------------------------|-------------------|
| Debtors and other receivables | 26,570,007 | - | 26,570,007 |

HAPPYFICATION:

The Company acquired the US technology company Happyfication on 15 September 2021. The New York-based company helps marketers by using data intelligence and cognitive marketing to better understand their customers' decision-making in today's market environment. Happyfication does so by linking the on and off channels so as to facilitate operational transparency through a single platform for connection, activation and measurements.

The Happyfication acquisition will also enable the group to offer brands new ways to plan and execute online and offline experiences to connect with customers.

This purchase will enable the group's companies to strengthen their ability to analyse, locate omnichannel audiences and gain insights into their behaviour. By integrating its solutions for the marketing sector, Happyfication can offer differential benefits such as:

- Media planning and execution designed for a future without third-party cookies.
- Advanced audience targeting that goes beyond device data to include search and contextual data.
- Interactive reporting enabling users to dive deeper into weekly reporting of campaign effectiveness and attribution models.

Net identifiable assets acquired

Non-current investments

Intangible assets

Property, plant and equipment

Trade and other receivables

Cash

Debts with financial institutions

Trade and other payables

Fair value of net identifiable assets acquired **(198,159)**

| | Euro |
|---|------------------|
| Fair value of the consideration given | |
| Delivered consideration (Company Shares) | 1,717,822 |
| Total consideration delivered at business combination date | 1,717,822 |

MANAGEMENT REPORT

ISPD NETWORK, S.A.

MANAGEMENT REPORT FOR THE YEAR 2021

To the shareholders

Financial year 2021

SITUATION OF THE ACTIVITY AND RESULTS OF ISPD NETWORK, S.A. DURING THE YEAR ENDED 31 DECEMBER 2021

1. Turnover and results in 2021

In 2021, the consolidated turnover has amounted to €3.5 million (2020: €2.1 million), a 67% increase.

The result for the fiscal year was a loss of €0.5 million. The result for the fiscal year 2020 was a loss of €5.17 million.

2. Turnover of ISPD Network's subsidiaries in 2021

In thousands of euros

| | Turnover |
|---|-----------------|
| ISPD NETWORK, S.A. (erstwhile Antevenio SA) | 3,553,139 € |
| Mamvo Performance S.L.U. | 4,050,170 € |
| Marketing Manager | 1,823,242 € |
| Rebold Marketing SLU (erstwhile Antevenio ESP) | 4,360,212 € |
| Codigo Barras | - € |
| Antevenio Rich & Reach | - € |
| Forseen | - € |
| B2M | 738,001 € |
| Happyfication | 83,657 € |
| React2Media | 517,870 € |
| Antevenio Publicité | 794,803 € |
| Antevenio Italia | 4,906,384 € |
| Antevenio Francia | - € |
| Antevenio Argentina | 11,908 € |
| Antevenio México | 2,940,867 € |
| Rebold Communication SLU | 14,187,505 € |
| Acceso México | 251,602 € |
| Acceso Colombia | 4,060,611 € |
| Digilant Colombia | 254,024 € |
| Digilant INC | 55,273,579 € |
| Digilant Perú | 820,963 € |
| Digilant SA de CV | 16,469,162 € |
| Filipides | 1,534,405 € |
| Digilant Services | 874,223 € |
| Blue Digital | 3,232,306 € |
| Digilant Chile | 1,982,209 € |
| Blue Media | 359,743 € |
| Acceso Panamá | - € |
| Rebold Panamá | 43,907 € |

3. Significant events during 2021

3.1 BUSINESS UNIT RESTRUCTURING

With a view to simplifying its product and service offering and due to internal restructuring, the Group has decided that the services of buying advertising space in digital media (GO Business Unit) and its associated costs, which until now were provided by Mamvo Performance, S.L.U., will from now be provided —without changes in the terms or the quality of that service— by Rebold Marketing, S.L.U. (member of the same group), and that all invoicing will also be handled by this company starting on 1 January 2022.

The Group has also resolved that the services of buying advertising space in digital media (Activated business unit) and its associated costs, which until now were provided by Rebold Marketing and Communication, S.L.U., will from now on be provided —without changes in the terms or the quality of that service— by Rebold Marketing, S.L.U. (member of the same group), and that all invoicing will also be handled by this company starting on 1 January 2022.

3.2 TREASURY SHARES

The company has a contract with the Gilbert Dupont company, with the purpose of, without interfering with the normal development of the market and in strict compliance with the securities markets regulations, increasing the liquidity of transactions involving shares, the consistency of share prices and avoiding fluctuations not caused by the market trend itself. ISPD Network shares are listed on the Euronext Growth market and the company has complied with the regulations governing this market in relation to the transactions carried out under the agreement.

Information on the authorization to acquire treasury shares

Pursuant to the provisions of Articles 146 and sequitur of the Spanish law on Corporations, the Annual General Meeting unanimously approved on 16 June 2021 authorizing and empowering the Board of Directors to acquire on behalf of the Company, either directly or through any of the Company's subsidiaries, own shares, at any time and as many times as deemed appropriate, thereto using any legally admitted means, including profit for the year and/or unrestricted reserves, on the following terms:

- (a) The treasury shares may be directly acquired by the Company or indirectly acquired through subsidiaries under the terms of the resolution;
- (b) Treasury shares may be acquired through purchase, swap or any other legally permitted transaction;

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

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

- (i) disposal or redemption;
- (ii) implementation of remuneration systems contemplated in paragraph three of letter a) in Article 146.1 of the Spanish Corporate Enterprises Act, and developing schemes to promote shareholding in the capital of companies, such as granting shares or options on shares, or remuneration packages linked to share or similar instruments price, to be directly delivered to employees or directors of the company, or as a result of the exercise of any rights they might be entitled to;
- (iii) To ensure share liquidity, through the brokerage of an investment services provider under a "liquidity contract";
- (iv) To acquire shares or stakes in other companies, in which case the limit referred to in point c) above shall be five (5) percent.

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

Stock Option Plan Digilant Inc

Stock options were granted to certain employees in the group company Digilant Inc. pursuant to specific stock option agreements. The 2014 Stock Option Plan (the "Plan") was established to provide incentives to key employees and reward opportunities designed to enhance the Company's profitable growth. The Plan authorised the issuance of options to acquire up to 3,333,333 shares. The vesting period, the number of option

shares covered and the fiscal exercise price per share are contemplated in the agreements. The vesting period for grants is generally four years and the maximum option period is 10 years. The fair value of each stock option grant is estimated on the date of grant using the Black-Scholes option pricing model and requires the input of highly subjective assumptions. Key assumptions include estimating the length of time employees and directors will hold their options before exercising them (the expected term of the option), estimated volatility of the Company's shares over the expected term of the option, risk-free interest rate over the expected term of the option and expected annual dividend yield of the Company. The Company believes that the valuation technique and the approach used to develop the underlying assumptions are appropriate for estimating the fair values of the Company's share options. The values derived from the use of the Black-Scholes model are recognised as an expense during the period of consolidation, net of estimated forfeitures. Estimates of fair values are not intended to predict actual future events or the value ultimately obtained by individuals receiving remuneration in shares.

3.3 ADDITIONAL INFORMATION

- **Paycheck Protection Program ("PPP") loan**

The companies Digilant INC received loans from Congressional Bank amounting to €1.233 under the Paycheck Protection Programme (PPP), established by the Coronavirus Relief, Assistance and Economic Security Act.

These measures all proved successful and strengthened our group structure, as business started to pick up strongly in the third quarter and accelerated in the fourth quarter.

- **ICO loans**

The formalised ICO loans have a grace period of between 12 and 24 months. In 2021, by a Decision dated 25 November 2020, the Secretary of State for Economy and Business Support extended a further 12 months grace period; the finance cost arising from that extension has not been material.

In 2019, the Group acquired two new companies - **Foreseen Media** and **B2Marketplace**- thus adding two business models that differ from the Group's traditional ones, yet fit perfectly into the range of services it can offer the Group. In recent years, ISPD Network has pursued a strategy of selective acquisitions aimed at developing new sources of growth, both geographically and operationally.

Foreseen Media turnover in 2021 has increased by 108%, and its business has been absorbed by Rebold Marketing SLU; whereas **B2Marketplace** turnover has increased by 41%, providing further confirmation of the merits of those purchases and of the positive trends in those models, especially in e-commerce.

With regards to **B2Marketplace** and in accordance with IFRS 3 on Business Combinations, during one year from the acquisition date, the Group can reassess this

financial liability and retrospectively adjust the provisional amounts recognised at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. Following this reassessment, the Group recognized as at 31 December 2020 €1,396,181 as financial liability (2020: €1,549,402) under “Other non-current liabilities”, and €153,221 (2019: €27,817) under “Other current liabilities”.

In 2021, external stakeholders exercised put options on 10% of shares and the Group purchased that 10% for an amount equal to the amount presented under “Other current liabilities”.

At the end of 2022, following the appropriate reclassification from non-current to current, the Group considers that €1,396,181 presented under “Other current liabilities” represents the Group’s best estimate future payments for the outstanding put and call options.

With regard to **React2Media**, the company entered dissolution as of 31 December 2020; consequently, the Group recognized the outstanding call and put options as sales to external stakeholders.

In 2021, the company has been fully dissolved pending completion of the legally required liquidation and registration time periods, which will expire in December 2023.

At 31 December 2020, the Group impaired all the goodwill in consolidation contributed by the subsidiary React2Media, L.L.C. The impairment recognised in the consolidated income statement amounts to €1,921,952.

With regard to Acceso Panamá, in 2020 the Directors of the Parent considered that, as a result of certain events occurred during the year, the Parent had lost control over that company. The impact of that loss of control amounted to €426,896 that were recognized under “Impairment and gains/losses on loss of significant influence on equity investments” in consolidated profit or loss. The company is no longer included in the consolidation scope for 2021.

Late in 2020, the Group incorporated a new company in Panama (Rebold Panamá) to ensure continuity for the business based in that country.

With regard to **Antevenio Publicité, S.A.S.U.**, in 2020 the Group recognized as fully impaired the goodwill contributed by this subsidiary. The impairment recognized in consolidated profit or loss amounted to €2,269,585. In 2021, the investment in this company has been increased in as a result of a debt-for-equity operation.

With regard to **Blue Digital**, to Group has adjusted the financial liability in €151,519 to reflect the best estimate, as of the end of 2021, of the debt incurred in connection with the deferred payment arising on gaining control over the investee.

3.4 ADVERTISING TRANSPARENCY ACT

The new Advertising Transparency Act came into force in Mexico in 2021, so our turnover in Mexico has been affected by the enactment of this new legislation.

In short, our company's sales there are reduced because they are based on the concept of managed sales (€16 million), so the turnover decreases but the direct costs decrease by the same amount and the gross margin remains unchanged.

For the sake of comparability, the previous way of accounting has been maintained in the pro forma comparison.

3.5 INTERNATIONAL EXPANSION OF NEW BUSINESS UNITS

Throughout 2021, the eCommerce business unit operated under our B2MarketPlace brand started its international expansion in Italy, Mexico and the United States.

This internationalisation began at the end of the year, and the Group expects to significantly increase turnover in this area during 2021.

4. PROSPECTS

The COVID crisis accelerated digital transformation for companies around the world, and digital marketing players like ISPD Network are at the forefront of this transformation. While the company has been hit by the crisis in some of its specialised industry segments such as tourism, new opportunities have arisen that have allowed ISPD Network to recover strongly in the second half of the year.

Our financial strength, our range of products, the investments made in previous years and during the current year, and the mergers completed, lead us to expect the consolidation of our leadership position and that the Group will continue gaining market share. In 2021, many of the uncertainties were resolved as shown by the results achieved in terms of business generation in virtually all business areas.

5. FIXED ASSETS ADDITIONS

Additions to property, plant and equipment and intangible assets of the ISPD Network Group during 2021 relate to:

Additions to property, plant and equipment amounted to €50 thousand, mainly in technical installations.

Additions to intangible assets in 2021 amounted to €65.3 thousand, most of which related to computer software.

6. RISKS

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

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 the Group operates. However, given the experience of over fifteen years in these markets, the position and visibility of the ISPD Network 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 ISPD Network with similar services.

“Key-Person” Risk

One of the ISPD Network 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

ISPD Network S.A. and its subsidiaries carry out numerous personal data risk management activities in the ordinary course of their business, both as Data Controller and Processor.

Likewise, the nature of its corporate purpose and its activity is subject not only to data protection and privacy regulations, but also to those that may affect commercial communications and digital marketing, for which it has implemented compliance and awareness mechanisms.

The main regulatory framework affecting the company's activities and operations is made up of the following regulations:

- 1.Regulation (EU) 2017/679 of the European Parliament and of the Council of 27 April 2017 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).
- 2.Organic Law 3/2018, of 5 December, on Personal Data Protection and safeguard of digital rights.
- 3.Law 34/2002, of 11 July, on Information Society Services and Electronic Commerce.
- 4.Guides, guidelines and other relevant recommendations on data protection published by the Spanish Data Protection Agency (SPDA) and the European Data Protection Board (EPDB).
- 5.Royal Legislative Decree 1/1996 of 12 April approving the revised text of the Intellectual Property Act, regularising, clarifying and harmonising the legal provisions in force on the matter.
- 6.Law 34/1988 of 11 November on General Advertising.
- 7.Specific regulatory provisions and regulations applicable to advertising [such as Circular 1/2022 of 10 January of the National Securities Market Commission (Comisión Nacional del Mercado de Valores) on advertising of crypto-assets presented as an investment object], if applicable.

The ISPD Network Group's approach to legal risk management aims to mitigate legal risks

as far as possible and to comply with the principles of proactive responsibility and accountability, especially in the area of data protection. To this end, it has developed a privacy management system with dedicated teams and technologies, both internal and external (such as Onetrust).

Among the resources dedicated to compliance and monitoring to ensure compliance with the applicable regulations in each case, it also relies on a specialist compliance provider (Deloyers).

7. STAFF

The Group's average headcount in 2021 was 16, compared to 13 in 2020. Women are in the majority in both 2020 and 2021, accounting for 61.53% in 2020 and 57% in 2021.

8. SHAREHOLDING STRUCTURE

At 31 December 2021, direct and indirect shareholders of the Company were as follows:

| | No. of Shares | Holding % |
|------------------------|----------------------|----------------|
| ISP Digital, S.L.U. | 14,407,743 | 96.75% |
| Free Float | 333,519 | 2.24% |
| Treasury shares | 150,000 | 1.01% |
| Total | 14,891,262.00 | 100.00% |

On 23 December 2021, the group's parent company acquired a total of 150,000 treasury shares at a price of €3.80 for a total of €570,000. On 22 January 2022, a new purchase of 25,000 more shares is made at the same price.

As at 31 December 2020, they were as follows:

| | No. of Shares | Holding % |
|--------------|-------------------|----------------|
| ISPD | 14,407,750 | 96.75% |
| Other | 273,137 | 1.83% |
| Nextstage | 210,375 | 1.41% |
| Total | 14,891,262 | 100.00% |

The company has a contract with the Gilbert Dupont company, with the purpose of, without

interfering with the normal development of the market and in strict compliance with the securities markets regulations, increasing the liquidity of transactions involving shares, the consistency of share prices and avoiding fluctuations not caused by the market trend itself. ISPD Network shares are listed on the Euronext Growth market and the company has complied with the regulations governing this market in relation to the transactions carried out under the agreement.

Information on the authorization to acquire treasury shares

Pursuant to the provisions of Articles 146 and sequitur of the Spanish law on Corporations, the Annual General Meeting unanimously approved on 16 June 2021 authorizing and empowering the Board of Directors to acquire on behalf of the Company, either directly or through any of the Company's subsidiaries, own shares, at any time and as many times as deemed appropriate, thereto using any legally admitted means, including profit for the year and/or unrestricted reserves, on the following terms:

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

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

- (i) disposal or redemption;
- (ii) implementation of remuneration systems contemplated in paragraph three of letter a) in Article 146.1 of the Spanish Corporate Enterprises Act, and developing schemes to promote shareholding in the capital of companies, such as granting

- shares or options on shares, or remuneration packages linked to share or similar instruments price, to be directly delivered to employees or directors of the company, or as a result of the exercise of any rights they might be entitled to;
- (iii) To ensure share liquidity, through the brokerage of an investment services provider under a “liquidity contract”;
- (iv) To acquire shares or stakes in other companies, in which case the limit referred to in point c) above shall be five (5) percent.

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

Balances and Transactions with Directors and High Management

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

| | High Management | |
|--------------------|------------------|------------------|
| | 31/12/2021 | 31/12/2020 |
| Wages and salaries | 1,538,859 | 1,340,894 |
| Total | 1,538,859 | 1,340,894 |

There was no remuneration for the Board of Directors in 2020. In 2021, the JGE of 11/25/2021 approved remunerating the board with a maximum amount of €685,000.

At 31 December 2021 and 2020, there were no commitments for pension supplements, sureties or guarantees, loans or advances granted to the Board of Directors.

Other disclosures related to the Board of Directors

In compliance with the provisions of Section 229 of the Spanish Corporations Law, Directors and the related parties referred to in Section 231 of the Spanish Corporations Law, have not entered into situations of conflict of interests.

9. RESEARCH AND DEVELOPMENT ACTIVITIES

In 2021 the Company has continued several R&D projects, including: Oliva, an intelligent content classification platform; Coobis, a marketplace platform for content publishing services; MDirector and its transformation into a cross-channel platform and also its

application development:

- Marketing Automation,
- Transactional E-mail,
- Multi-Step Landing Pages.

In 2021, research, development and innovation activities have continued in the following projects: Profiling Tool, Project Lune, based on a project to apply technology for the reverse typesetting of news articles to improve their processing, and a project launched in late 2019: Speech-to-text is an initiative seeking to assess and integrate various technologies to add value to the Media Monitoring chain through the automatic transcription of radio and TV content. The targeted outcomes are:

- Reduced news item delivery time to the end customer - between a content's broadcasting and delivery via the web platform or email alert.
- Streamlined internal process for identifying news items - a process referred to as screening.

Additionally, the **Oliva** project has been started this year. This project is oriented to the Monitoring area, and its purpose is the deployment of a scalable and fault-tolerant data management architecture allowing a reduction in time-to-value and ensuring data observability.

The objective is to provide the analysis team with a better Fault-Free, Accessible and High-Value DATA PLATFORM.

Finally, in 2021, the intelligent competition software project "B2 Marketplace Analytics" was further developed. This project consists of providing technological solutions for marketplace management based on: (1) synchronised inventory and price management, (2) massive product integration across platforms, (3) advanced analytics on sales by reference and country, and (4) advertising management and optimisation with AI and predictive modelling.

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

| Project | Lune | B2MP | CrossMdirector | Coobis | Oliva | Total |
|-------------|------------|------------|----------------|------------|------------|--------------|
| Expenditure | 341,666.67 | 299,919.40 | 12,780.36 | 145,789.57 | 581,758.33 | 1,381,914.33 |
| Deduction | 41,000.00 | 36,000.00 | 14,000.00 | 17,000.00 | 69,811.00 | 177,811.00 |

PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' **REPORT**

In compliance with the existing commercial regulations, the Board of Directors of **ISPD Network, S.A.** has prepared the Financial Statements and Management Report for the year ended 31 December 2021, which comprise the attached pages numbered 1 through to 76.

Madrid, 30 March 2022

The Board of Directors

Fernando Rodés Vilá
Chairman of the Board

Juan Rodés Miracle
Secretary

Jordi Ustrell Rivera
Director

Andrea Monge Rodríguez
Director

Vicent Bazi
Director

Richard Pace
Director

ISPD WE MAKE
CONNECTIONS
HAPPEN