

# **MEDIASMART MOBILE, S.L. AND SUBSIDIARY COMPANIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND CONSOLIDATED DIRECTORS' REPORT  
FOR FINANCIAL YEAR 2019 TOGETHER WITH THE AUDIT REPORT OF THE  
CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR**

*This version of the financial statements is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over this translation.*

## **MEDIASMART MOBILE, S.L. AND SUBSIDIARY COMPANIES**

**Consolidated Financial Statements and Consolidated Directors'  
Report for financial year 2019 together with the Audit Report of  
the Consolidated Financial Statements issued by an  
Independent Auditor**

**AUDITOR'S REPORT OF THE CONSOLIDATED FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT  
AUDITOR**

**CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR 2019:**

- Consolidated statement of financial situation at 31 December 2019 and 2018
- Consolidated Income Statement corresponding to the financial years 2019 and 2018
- Consolidated Statement of Changes in Equity for the financial years 2019 and 2018
- Consolidated Cash Flow Statements for the financial years 2019 and 2018
- Consolidated Annual report for the financial year 2019

**CONSOLIDATED DIRECTORS' REPORT FOR THE FINANCIAL YEAR 2019**

**MEDIASMART MOBILE, S.L. AND SUBSIDIARY COMPANIES**

Auditor's Report on the Financial Statements issued by an Independent  
Auditor

## Audit report on the consolidated financial statements issued by an independent auditor

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To the Shareholder of **Mediasmart Mobile, S.L.:**

### *Opinion*

We have audited the consolidated financial statements of **Mediasmart Mobile, S.L.** (the Company), which comprise the statement of financial situation as at 31 December 2019, the income statement, the statement of changes in equity, the statement of cash flows and the report, all of which are consolidated, for the year then ended.

In our opinion, the accompanying consolidated financial statements give, in all material respects, a true and fair view of the Group's equity and financial position as at 31 December 2019, as well as its results and cash flows for the financial year ending on said date, in accordance with the application of the regulatory framework of financial information (identified in note 3 of the report) and, in particular, with the accounting principles and criteria contained therein.

### *Basis for opinión*

We have performed our audit in accordance with the current regulations governing the auditing of accounts in Spain. Our responsibilities in accordance with these regulations are described later in the section *Auditor's Responsibilities relating to the audit of the consolidated financial statements* of our report.

We are independent of the Group in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the consolidated financial statements in Spain as required by the regulations governing the activity of auditing accounts. Accordingly, we have not provided services other than those of the audit of accounts nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned governing regulations, have compromised the necessary independence.

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

*Material uncertainty related to going concern*

We draw attention to Note 3.e) of the consolidated financial statements that indicate that the Group has registered significant accumulated losses which has caused December 31, 2019, the Parent Company presents a negative equity. Also, as of December 31, 2019, the Group presents a negative working capital fund of 710,072 euros and a tax credit of 370,496 euros. These facts show the existence of a material uncertainty that can generate significant doubts about the Group's ability to continue as a going concern and realize its assets (including tax credits) and settle its liabilities by the amounts and according to the classification with which they are shown in the annual consolidated accounts whose resolution depends on the financial support of future partners and compliance with the business plan. Our opinion has not been modified in relation to this issue.

*Key audit matters*

The key audit matters are matters that, in our professional judgment, were of most significance in our audit of the abbreviated financial statements of the current period. Our audit procedures relating to these matters were designed in the context of our audit of the consolidated financial statements as a whole, and in the formation of our opinion on these and we do not express a separate opinion on those matters.

Furthermore, the matter described in the *Material uncertainty related to going concern*, we have determined that the matters described below are the key audit matters that should be communicated in our report.

Key audit matters	Audit response
<p><i>Revenue recognition</i></p> <p>As indicated in note 1.b) of the attached report, the Group's corporate purpose is the provision of services, such as programming and marketing, in the mobile commerce and mobile marketing environment, as well as any other activity related to the corporate purpose.</p> <p>Note 4.i) details the main accounting policies related to revenue recognition.</p> <p>The recognition of revenue is a significant area and subject to material misstatement in its recording, in accordance with its proper temporary allocation, which is why it has been considered a key audit matter.</p>	<p>We have performed, among others, the following audit procedures:</p> <ul style="list-style-type: none"><li>- Understanding the Group's policy in relation to revenue recognition.</li><li>- Performance of substantive analytical procedures by comparing the revenue figure and main expenditure figures in relation to the previous financial year.</li><li>- Obtaining confirmation through substantive procedures of a sample of balances and transactions with clients.</li><li>- Verification, of a sample of work whose revenue has been recognized during the financial year and which is pending billing at the year-end close, both of the documentation that proves that the work has been performed and that it meets the requirements for recognition as revenue in the year.</li><li>- Evaluate the suitability and content of the information included in the report in accordance with the provisions of the General Accounting Plan.</li></ul>

*Other information: Consolidated Management report*

The other information comprises exclusively the consolidated management report for financial year 2019, the formulation of which is the responsibility of the Parent Company's management. and does not form an integral part of the consolidated financial statements.

Our audit opinion on the consolidated financial statements does not cover the consolidated management report. Our responsibility over the consolidated management report, in accordance with what is required by the regulations governing the audit activity, consists of evaluating and reporting on the consistency of the consolidated management report with the consolidated financial statements, based on the knowledge of the Group obtained in performing the audit of the aforementioned accounts and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and report and that the content and presentation of the consolidated management report are in accordance with the applicable regulations. If, based on the work we have performed, we conclude that there are material misstatements, we are obliged to report these.

Based on the work performed, as described in the previous paragraph, the information contained in the consolidated management report agrees with that in the consolidated financial statements for financial year 2017 and its content and presentation is in accordance with the applicable regulations.

*The responsibility of the Parent Company's management in respect of the consolidated financial statements*

The Parent Company's management are responsible for formulating the accompanying consolidated financial statements, so that they give a true image of the assets, the financial situation and the consolidated results of the Group, in accordance with regulatory framework on financial information applicable to the Group in Spain, and of the internal control that they consider necessary to allow the preparation of the consolidated financial statements free of material misstatement, due to fraud or error.

In the preparation of the consolidated financial statements, the Parent Company's management are responsible for assessing the Group's ability to continue as a going concern, revealing, as appropriate, the matters related to the company in operation and using the accounting principle of a going concern except if the management intend to liquidate the Group or cease operations, or if there is no other realistic alternative.

*The auditor's responsibility for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an audit report that contains our opinion.

Reasonable assurance is a high degree of assurance, but is not a guarantee that an audit conducted in accordance with the regulations governing the audit activity 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 consolidated financial statements.

As part of an audit in accordance with the current regulations governing the account auditing activity in Spain, we exercise professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

We identify and assess the risks of material misstatement in the consolidated financial statements, due to fraud or error, design and perform audit procedures to respond to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or circumvention of internal control.

- We obtain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and disclosures made by the Parent Company's management.
- We conclude whether the use, by the Parent Company's management, of the accounting principle of the company as a going concern is adequate and, based on the audit evidence obtained, we conclude on whether or not there is a material uncertainty related to events or conditions that can generate significant doubts about the ability of the Group to continue as a going concern. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the consolidated financial statements or, if such disclosures are not adequate, we express a modified opinion. Our conclusions are based on the audit evidence obtained at the date of our audit report. However, future events or conditions may cause the Group to cease to be a going concern.



- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient and adequate evidence in relation to the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the management, supervision and performance of the group audit. We are solely responsible for our audit opinion.

We are required to communicate with the Parent Company's management regarding, amongst other matters, the planned scope and timing of the audit and significant findings, including any significant deficiencies in internal control that we identify during the course of the audit.

Amongst the matters that have been communicated to the Parent Company's management, we determine those that have been of the greatest significance in the audit of the consolidated financial statements of the current period and that are, consequently, the key matters of the audit.

We describe those matters in our audit report unless legal or regulatory provisions prohibit public disclosure of the matter.

BDO Auditores, S.L.P. (ROAC S1273)

Carlos de Corral Gargallo (ROAC 9.902)  
Partner

2 March 2020