

## **INDEPENDENT AUDITOR'S REPORT ON ANNUAL FINANCIAL STATEMENTS**

To the partner of **DESIGNIT SPAIN DIGITAL, S.L.U**

### **Opinion**

We have audited the annual financial statements of **DESIGNIT SPAIN DIGITAL, S.L.U** (the Company), which comprise the balance sheet as at March 31, 2019, the statement of comprehensive income, the statement of changes in equity, the statements of cash flows and the notes to the financial statements for the year then ended.

In our opinion, the accompanying financial statements present fairly, in all material respects, the equity situation and the financial position of the Company as at March 31, 2019, and its financial results and its cash flows for the year then ended, in accordance with the regulatory framework for financial information that is applicable (which is identified in Note 2 to the financial statements) and, in particular, with the accounting principles and criteria contained therein.

### **Basis for opinion**

We conducted our audit in accordance with the current regulations governing the auditing in Spain. Our responsibilities in accordance with these regulations are described later in the *Auditor's responsibilities regarding the audit of the financial statements* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those of independence, which are applicable to our audit of the financial statements in Spain as required by the regulations governing the auditing. In this sense, we have not provided services other than those of the audit nor have concurred situations or circumstances that, in accordance with the provisions of the aforementioned regulations, have affected the necessary independence so that it has been compromised.

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

### **Key audit matters**

Key audit matters are those that, in our professional judgment, were considered as the most significant risks of material errors in our audit of the financial statements of most significance in our audit of the current period. These matters were addressed in the context of our audit of the financial statements, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the *Basis for qualified opinion* section we have determined the matters described below to be the key audit matters to be communicated in our report.

### Key audit matters

#### **Revenue recognition**

The Company develops projects whose billing is performed according to the milestones agreed in each contract. However, revenues are recognized based on the degree of completion of the project.

The Company has developed procedures to calculate this percentage of progress and be able to recognize revenues independently of the billing associated with each project. The revenue recognition requires estimations and judgements made by the management, so we have considered the revenues area as a key audit matter of the audit.

#### **Transactions with related parties**

As it is mentioned in notes 1 and 13 of the footnotes enclosed to financial statements, the company belongs to a multinational group that operates globally; therefore, the Company performs a high number of transactions with the parent company and other affiliated companies for the centralization of certain services and development of joint projects.

The group has established criteria to register those intercompany transactions at a market price.

### Treatment in the audit

Our audit procedures have included tests on the control of the degree of completion of the projects.

We have carried out analytical and substantive tests on a sample of both in progress and completed projects, reviewing the correlation of income and expenses through the formalized contracts, the external confirmations obtained, and the expenses directly related, in order to rely on the initial estimations of costs and revenues over those actually incurred.

We have analysed the cut-off procedures in a sample of projects to verify that revenue recognition is made adequate according to the accrual.

We have obtained and reviewed the criteria and the calculation of the intercompany transactions and if they have been made according to the arm's length principle; likewise, we have analysed the recoverability of the credits with related parties.

We have obtained confirmation of the volume of transactions made during the year, as well as the final balance with all related parties.

### Other information: management report

Other information comprises exclusively the management report for the 2019 financial year, which drawing up is the responsibility of the Company's directors and is not an integral part of the annual financial statements.

Our audit opinion on the annual financial statements does not cover the management report. Our responsibility for the management report, in accordance with what is required by the regulations governing auditing, is to evaluate and report on the agreement of the management report with the financial statements, based on the knowledge of the entity obtained in carrying out the audit of the

aforementioned financial statements and without including information other than that obtained as evidence during the same. Likewise, our responsibility is to evaluate and report if the content and presentation of the management report are in accordance with the applicable regulation. If, based on the work we have done, we conclude that there are material inaccuracies, we are obliged to report it.

Based on the work performed, as described in the previous paragraph, the information contained in the management report agrees with that in the financial statements for the 2018 financial year and its content and presentation are conforming to the applicable regulation.

### **Responsibility of management and those charged with governance of the financial statements**

Directors are responsible for the preparation of the accompanying annual financial statements, so that they express fairly the equity, the financial position and the results of the Company, in accordance with the regulatory framework for financial information applicable to the entity in Spain, and of the internal control that they consider necessary to allow the preparation of the financial statements free of material inaccuracies, due to fraud or error.

In preparing the financial statements, Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the current regulations governing the auditing in Spain 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 a part of an audit in accordance with the current regulations governing the auditing in Spain, we exercise professional judgement and maintain professional skepticism throughout 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as 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.

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

From the risks communicated with those charged with governance, we determine those risks that were of most significance in the audit of the financial statements of the current period and are therefore, considered the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter

Madrid, 23 May 2019

Sd

Victor Alió – ROAC Nº 18.401

**AUDALIA NEXIA Auditores, S.L.**  
**ROAC number: S-0200**

**DESIGNIT SPAIN DIGITAL, S.L. (Sole Shareholder Company)**

**Annual Accounts  
corresponding to the financial year ending on  
March 31, 2019**

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Designit Spain Digital S.L (Sole shareholder company)  
 Balance Sheet as of March 31, 2019 and as of March 31, 2018  
 (Expressed in Euros)

Concept	Note	31/03/2019	31/03/2018
<b>ASSETS</b>		<b>2.540.522,38</b>	<b>3.742.803,91</b>
<b>NON-CURRENT ASSETS</b>		<b>1.025.595,48</b>	<b>970.446,80</b>
Intangible Fixed Assets	5	0,00	0,00
Development		0,00	0,00
Computer applications		0,00	0,00
Tangible Fixed Assets	6	132.812,03	181.560,99
Technical Installations and other fixed assets		132.812,03	181.560,99
Long-term Investments in Group Companies and Associates	7	473.252,84	473.253,63
Asset Instruments		473.252,84	473.253,63
Long term financial investments	7	42.307,76	42.307,76
Other investments		42.307,76	42.307,76
Assets due to deferred taxes	11	377.222,85	273.324,42
<b>CURRENT ASSETS</b>		<b>1.514.926,90</b>	<b>2.772.357,11</b>
Commercial Debtors and other receivables	7	1.031.160,52	1.154.301,30
Clients due to sales and provision of services		1.031.160,52	1.154.301,30
<i>Clients for sales and provision of services in the short term</i>		768.500,50	1.131.607,49
<i>Clients companies of the group</i>		262.660,02	22.693,81
Assets for current tax		0	0
Short term Investments in Group Companies and Associates	7	0,00	1.507.513,80
Credits to Group Companies		0,00	1.507.513,80
Short term accruals		441,61	16.130,00
Cash and other equivalent liquid assets	8	483.324,77	94.412,01
Treasury		483.324,77	94.412,01

Concept	Note	31/03/2019	31/03/2018
<b>EQUITY AND LIABILITIES</b>		<b>2.540.522,38</b>	<b>3.742.803,91</b>
<b>EQUITY</b>	<b>9</b>	<b>581.327,39</b>	<b>848.164,83</b>
Treasury Shares		581.327,39	848.164,83
Share Capital		3.051,00	3.051,00
Issued capital		3.051,00	3.051,00
Issuance Premium			358.969,63
Reserves		845.113,83	1.060.553,85
Legal and statutory		46.730,00	46.730,00
Other reserves		798.383,83	1.013.823,85
Result of the financial year	<b>3</b>	-266.837,44	-574.409,65
<b>NON-CURRENT LIABILITIES</b>	<b>10</b>	<b>1.433.603,64</b>	<b>3.090,82</b>
Long-term Provisions		3.090,82	3.090,82
Other provisions		3.090,82	3.090,82
Long-term debts with Group Companies and Associates		1.430.512,82	0
<b>CURRENT LIABILITIES</b>	<b>10</b>	<b>525.591,35</b>	<b>2.891.548,26</b>
Short-term debts with Group Companies and Associates		39.000,52	2.610.907,41
Commercial creditors and other payables		458.572,93	277.680,85
Various Creditors		51.986,87	21.006,41
Personnel (remuneration pending payment)		69.537,72	81.954,16
Current tax liabilities		0,00	0,00
Other debts with Public Administrations		337.048,34	174.720,28
Short-term accruals		28.017,90	2.960,00



Designit Spain Digital, S.L. (Sole Shareholder Company)  
Profit and Loss Accounts corresponding to the annual financial years ending on March 31, 2019 and  
on March 31, 2018.  
(Expressed in Euros)

Concept	Note	31/03/2019	31/03/2018
<b>CONTINUOUS OPERATIONS</b>			
Net amount of business turnover		5.015.687,83	5.613.402,40
Provision of services		5.015.687,83	5.613.402,40
Personnel Expenses	12.1	-2.945.765,82	-2.956.910,11
Wages, salaries and similar		-2.382.523,23	-2.265.212,34
Social Charges		-563.242,59	-691.697,77
Provisions		0,00	0,00
Other operating expenses	12.2	-2.200.565,96	-3.000.152,15
Outsourcing		-2.200.565,96	-2.992.857,40
Taxes		0,00	-7.294,75
Amortization of assets		-65.741,05	-102.933,31
Depreciations on non-current assets		2.462,98	-37.090,93
Other Results		0,00	8.207,08
<b>OPERATING RESULT</b>		<b>-193.922,02</b>	<b>-475.477,02</b>
Financial Revenue		0,00	0,00
From negotiable securities and other financial instruments		0,00	0,00
From third parties		0,00	0,00
Financial Expenditure		-55.606,49	-76.109,43
For debts with related persons		-54.966,60	-68.914,38
For debts with third parties		-639,89	-7.195,05
Exchange differences		3.286,47	14.680,69
<b>FINANCIAL RESULT</b>		<b>-58.892,96</b>	<b>-90.790,12</b>
<b>RESULT BEFORE TAXES</b>		<b>-252.814,98</b>	<b>-566.267,14</b>
Taxes on Profit		-14.022,46	-8.142,51
<b>FINANCIAL YEAR RESULT OF CONTINUOUS OPERATIONS</b>		<b>-266.837,44</b>	<b>-574.409,65</b>

Designit Spain Digital, S.L. (Sole Shareholder Company)  
Statement of Revenue and Expenditures corresponding to the financial years ending on March 31,  
2019 and March 31, 2018.  
(Expressed in Euros)

Concept	Note	31/3/2019	31/3/2018
<b>A) RESULT OF THE PROFIT AND LOSS ACCOUNT</b>			
	3	-266.837,44	-574.409,65
REVENUE AND EXPENDITURES ATTRIBUTED DIRECTLY TO EQUITY			
I. Due to valuation of financial instruments			
1. Financial assets available for sale			
2. Other revenue/expenditures			
II. For coverages of cash flows			
III. Subsidies, donations and legacies received			
IV. For revenue and actuary losses and other adjustments			
V. For non-current assets and related liabilities, maintained for sale			
VI. Exchange differences			
VII. Tax Effect			
B) Total revenue and expenditures attributed directly to net equity(I + II + III + IV + V + VI + VII)			
TRANSFER TO THE PROFIT AND LOSS ACCOUNT			
VIII. Due to valuation of financial instruments			
1. Financial Assets available for sale			
2. Other revenue/expenditures			
IX. For coverages of cash flows			
X. Subsidies, donations and legacies received			
XI. For non-current assets and related liabilities maintained for sale.			
XII. Exchange Differences			
XIII. Tax effect			
C) Total transfer to the profit and loss account(VIII + IX + X + XI + XII + XIII)			
REVENUE AND EXPENDITURES RECOGNIZED (A + B + C)		-266.837,44	-574.409,65

Designit Spain Digital, S.L. (Sole Shareholder Company)  
 Statement of changes in net equity corresponding to the financial years ending on March 31, 2019 and March 31, 2018.  
 (Expressed in Euros)

Concepto	RESULTADO			TOTAL
	CAPITAL ESCRITURADO (Nota 9.1)	PRIMA DE EMISIÓN (Nota 9.2)	RESERVAS DEL EJERCICIO (Nota 3)	
d) SALDO AJUSTADO, INICIO DEL EJERCICIO 1.4.2019	3.051,00	358.969,63	1.060.553,85	848.164,83
I. Total Ingresos y gastos reconocidos				
II. Operaciones con socios o propietarios				
1. Aumentos de capital				
2. (-) Reducciones de capital				
3. Conversión de pasivos financieros en patrimonio neto (conversiones de obligaciones, condonaciones de deuda)				
4. (-) Distribución de dividendos				
5. Operaciones con acciones o participaciones propias (netas)				
6. Incremento (reducción) de patrimonio neto resultante de una combinación de negocios				
7. Otras operaciones con socios o propietarios				
III. Otras variaciones del patrimonio neto				
e) SALDO, FINAL DEL EJERCICIO 31.3.2019	3.051,00	0,00	845.113,83	581.327,39
		-358.969,63	-215.440,02	358.969,63
				574.409,65
				-266.837,44

Designit Spain Digital, S.L. (Sole Shareholder Company)  
 Statement of changes in net equity corresponding to the financial years ending on March 31, 2019 and March 31, 2018.  
 (Expressed in Euros)

Concepto	CAPITAL ESCRITURADO (Nota 9A)	PRIMA DE EMISIÓN	RESERVAS (Nota 9.2)	RESULTADO DEL EJERCICIO (Nota 3)	TOTAL
a) SALDO, FINAL DEL EJERCICIO 31.3.2017	3.051,00	358.969,63	1.012.718,97	120.535,47	1.495.275,07
Ajustes por errores años anteriores			-81.265,04		-81.265,04
b) SALDO AJUSTADO, INICIO DEL EJERCICIO 1.4.2018	3.051,00	358.969,63	931.453,93	120.535,47	1.414.010,03
I. Total Ingresos y gastos reconocidos				-574.409,65	-574.409,65
II. Operaciones con socios o propietarios					
1. Aumentos de capital					
2. (-) Reducciones de capital					
3. Conversión de pasivos financieros en patrimonio neto (conversiones de obligaciones, condonaciones de deuda)					
4. (-) Distribución de dividendos					
5. Operaciones con acciones o participaciones propias (netas)					
6. Incremento (reducción) de patrimonio neto resultante de una combinación de negocios					
7. Otras operaciones con socios o propietarios			129.099,92	-120.535,47	8.564,45
III. Otras variaciones del patrimonio neto					
c) SALDO, FINAL DEL EJERCICIO 31.3.2018	3.051,00	358.969,63	1.060.553,85	-574.409,65	848.164,83

Designit Spain Digital, S.L.(Sole Shareholder Company)

Statement corresponding to the financial years ending on March 31, 2019 and March 31, 2018.

(Expressed in Euros)

Concept	31/03/2019	31/03/2018
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>		
1. Earnings of the financial year before taxes	-252.815	-566.267
2. Adjustments to Profit	118.003	226.111
a) Amortization of Assets (+)	63.278	102.933
b) Valuation correction for impairment (+/-)	0	9.977
e) Profit for disposal of assets		37.091
g) Financial Earnings (-)	-242	
h) Financial Expenditures(+)		
i) Exchange Differences (+/-)	54.967	76.109
3. Changes in current capital	560.794	206.635
b) Debtors and other receivables (+/-)	364.214	576.627
c) Other current assets (+/-)	15.688	-15.938
d) Creditors and other payables(+/-)	180.892	-388.837
e) Other current liabilities (+/-)		34.783
f) Other non-current assets and liabilities (+/-)		
4. Other cash flows from operating activities	-92.621	-277.082
a) Interest Payments (-)	-54.967	-76.109
c) Collection of Interests (+)	242	
d) Collections (payments) for tax on profits (+/-)	-37.896	-200.973
5. Cash flows from the operating activities(1 + 2 + 3 + 4)	333.361	-410.603
<b>B) CASH FLOWS FROM THE INVESTMENT ACTIVITIES</b>		
6. Payments of investments (-)	-14.529	-633.948
a) Group companies and associates	0	-514.302
b) Intangible fixed assets		
c) Tangible fixed assets	-14.529	-119.646
7 Collections for disinvestments (+)	1.266.441	4.471
c) Tangible fixed assets		
e) Group companies and associates	1.266.441	4.471
8 Cash flows from investment activities (6 + 7)	1.251.912	-629.477
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>		
10 Collections and payments by instruments of financial liabilities	-1.196.361	804.350
a) Issuance		
3 Debts with group companies and associates (+)		
b) Refund and amortization		
2 Debts with credit entities (+)		
3 Debts with group companies and associates (+)	-1.196.361	795.786
5 Other debts (+)		8.564
12 Cash flows from financing activities (9 + 10 + 11)	-1.196.361	804.350
<b>D) Effect of variations from exchange rates</b>		
<b>E) NET INCREASE/DECREASE FROM CASH OR EQUIVALENTS(5 + 8 + 12 + D)</b>		
	388.912	-235.730
Cash or equivalents at the beginning of the financial year	94.412	330.142
Cash or equivalents at the end of the financial year	483.324,00	94.412,01

**Designit Spain Digital, S.L. (Sole Shareholder Company)**  
**Annual Report corresponding to the financial year ending on March 31, 2019**

**1. ACTIVITY OF THE COMPANY**

Designit Spain Digital SL (a Sole Shareholder Company) was established for an indefinite period as a Limited Company under the name DNEXTEP CONSULTING S.L:U on November 4, 2010 in Madrid by means of a public deed executed before the Notary Public, Isabel Estape Tous, with protocol number 4,288 for which reason the partial spin-off was performed in the manner of division/creation of a subsidiary in which DNEXTEP HOLDINGS S.L. (the Divided Company) and DNEXTEP CONSULTING S,L (the Beneficiary Company) a newly-created company, participated.

After the division, a change of Corporate name was performed so that the Divided Company (formerly called, DNEXTEP CONSULTING S.L) proceeded to bear the name of DENEXTEP HOLDING S.L: and the newly-created Beneficiary Company (formerly called DENEXTEP HOLDING S.L.) began to use the name of DENEXTEP CONSULTING S.L., names with which the following operations were executed.

The division performed involved the transfer in block by universal succession of a part (which formed an economic unit) of the net equity of the Divided Company (that was not extinguished) to the newly-established company beneficiary of the contributions that resulted from the spin-off.

Said spin-off was agreed for accounting purposes on January 1, 2010 a moment from which all the operations performed by the spun-off company are deemed performed by the beneficiary company.

The equity transferred was all those related to the sole branch of activity (consulting) of the Divided Company.

There was no swap or distribution of shares of the Beneficiary Company in favor of the partners of the Divided Company, but rather, as we note, the Divided Company itself was the one which received said shares. For that reason, despite the occurrence of a change in the composition of the assets of the Divided Company, this did not reduce its capital since it changed its assets and liabilities related to the branch of activity for shares in the newly-established company.

The operation is already registered in the Mercantile Registry of Madrid.

As of September 14, 2014, the change of name to DESIGNIT SPAIN DIGITAL, S.L. was approved.

Currently, its Corporate domicile is located at 4 Mártires de Alcalá, Madrid 28015.

The company object of DESIGNIT SPAIN DIGITAL S.L. is Consulting and management services for total quality and quality certification processes and sale of training courses which develop the principal activity of Internet Marketing.

Designit Spain Digital S.L. belongs to the Designit Group A/S, a Danish entity with corporate domicile at 61 Bygmestervej Copenhagen 2400 Denmark and registered with number 35.39 89 10.

The Designit Group A/S belongs to the Indian company WIPRO Limited, domiciled at the registry of Doddakannelli, Sarjapur Road, Bangalore 560035, Karnataka, India. The shares of the WIPRO group are quoted in India on the Bombay Stock Market and in the United States on the New York Stock Exchange.

## **2. RULES FOR THE PRESENTATION OF THE ANNUAL ACCOUNTS**

The annual accounts have been prepared in accordance with the General Accounting Plan approved by Royal Decree 1514/2007 of November 16 which has been modified by Royal Decree 1159/2010 of September 17 as well as the rest of the mercantile laws in effect.

These annual accounts have been formulated by the Administrators of the Company in order to be submitted for approval at the Annual General Meeting of Partners, with their approval without any modification thereby being expected.

The amounts included in the annual accounts are expressed in Euros except where otherwise indicated.

### **2.1 Faithful Image**

The annual accounts have been prepared from the auxiliary accounting registries of the Company. The legal provisions on accounting in effect have been applied for the purpose of demonstrating the faithful image of the equity, the financial situation and the Company results.

### **2.2 Comparison of Information**

In accordance with mercantile law, with each one of the entries of the balance sheet and the profit and loss account those figures corresponding to the financial year ending on March 31, 2019 are also presented for purposes of comparison.

In the annual report quantitative information of the previous financial year is also included except when an accounting rule specifically establishes that it is not necessary.

### **2.3 Critical valuation aspects and estimate of uncertainty.**

In the preparation of the annual accounts of the Company, the Administrators have performed estimates that are based on historical experience and on other factors that they deem reasonable in accordance with the current circumstances and that make up the basis in order to establish the accounting value of the assets and liabilities. The Company continuously reviews its estimates.

### **2.4 Correction of mistakes.**

Non-current assets have been reduced by 114 thousand euros in the deferred tax assets of the previous year. This regularization comes from an error in the tax return of the year 2017 presented to the Tax Office. Additionally, long-term assets "Financial Instruments in Group Companies" have been increased by 33 thousand euros for the value of the participation in Designit A/S. The total effect of the errors has supposed a decrease in reserves in the Net Equity amounting to 81 thousand euros of the previous year.

### 3. DISTRIBUTION OF THE PROFIT

The proposal for the distribution of the profit for the period ending on March 31, 2019, formulated by the Administrators and expected to be approved by the General Meeting of Shareholders is as follows:

(Euros)	2019
Basis of Distribution	
Balance of profit and loss account (profit)	(266.837,44)
	<u>(266.837,44)</u>
Allocation	
To the Legal Reserve	0
To the voluntary Reserve	(266.837,44)
	<u>(266.837,44)</u>

#### 3.1 Limitations on the distribution of dividends.

The Company is obligated to designate 10% of the profits of the financial year to the establishment of the legal reserve until it reaches at least 20% of the share capital. While this reserve does not exceed the limit of 20% of the share capital it cannot be distributed to the shareholders.

Once the requirements provided by Law or the by-laws are met, dividends may only be distributed with charge to the Profit of the financial year or to the reserves of free disposition, if the value of the net equity is not or as a consequence of the distribution is not lower than the share capital. For these purposes, the profits attributed directly to the net equity cannot be object of direct nor indirect distribution. If there were losses from previous financial years that made the value of the net equity of the Company lower than the amount of the share capital, the profit shall be designated to the compensation of said losses.

### 4. REGISTRY AND VALUATION RULES

The principal registry and valuation criteria used by the Company in the formulation of these annual accounts are as follows:

#### 4.1 Intangible Fixed Assets

Intangible fixed assets are initially valued at their cost either at the price of acquisition or the cost of production. After the initial recognition, the intangible fixed assets are valued at their costs less the accumulated amortization and if the case, the accumulated amount of corrections due to registered impairment.

The intangible assets, which have a defined useful life, are amortized systematically in a linear manner in function with the estimated useful life of the goods and their residual value. The methods and periods of amortization applied are reviewed at the close of every financial year and if appropriate, adjusted prospectively. At least at the close of the financial year, the existence of indications of impairment are valued in which case the recoverable amounts are estimated with the valuation corrections that proceed, thereby being performed.

The estimated useful life for the various elements of the intangible fixed assets are as follows:

	Years of Useful Life
Computer applications	3 years



## 4.2 Tangible Fixed Assets

Tangible fixed assets are valued initially at their cost of acquisition

After the initial recognition, the tangible fixed assets are value at their costs less the accumulated amortization and if the case, the amount accumulated from the corrections due to registered impairment.

The repairs, which do not represent an extension of the useful life and the maintenance costs are debited from the profit and loss account in the financial year in which they occur. The costs of renovation, expansion or improvement that give rise to an increase of the productive capacity or to the lengthening the useful life of the goods are included in the assets as the greatest value thereof, with the accounting value of the substituted elements being removed, if the case.

The amortization of the elements of the tangible fixed assets are performed from the moment in which they are available in order to be put in operation in a linear manner over its useful estimated life.

The estimated useful life for the various elements of tangible fixed assets are as follows:

	Useful Life
Furnishings	5 years
Other installations	7 years
Equipment for processing information	2 years

At the close of each financial year, the Company reviews the residual values, the useful lives and the amortization methods of tangible fixed assets and if it proceeds, they are adjusted in prospectively.

## 4.3 Impairment of the value of the non-financial assets

At least at the close of the financial year, the Company evaluates if there are indications that some non-current asset or if the case, some cash generating unit may be impaired. If there are any indications, their amounts are deemed recoverable.

The recoverable amount is the greater amount between the reasonable value less the sale costs and the value in use. When the accounting value is greater than the recoverable amount a loss due to impairment occurs. The value in use is the current value of the expected future cash flows, using market interest rates without risk, adjusted for specific risks associated with the assets. For those assets, which do not produce cash flows, to a large extent independent of those arising from other assets or groups of assets, the recoverable amount is determined for the cash-producing units to which said assets belong.

The valuation corrections for impairment and its reversion are accounted for in the profit and loss account. The valuation corrections due to impairment revert when the circumstances that give rise to them, except those corresponding to goodwill, cease to exist. The reversion of the impairment is limited by the accounting value of the asset that would appear if the corresponding impairment value had not been recognized previously.

#### 4.4 Leases

Contracts are deemed financial leases when it is deduced from their economic conditions that all the risks and benefits inherent to the property of the asset, object of the contract, are substantially transferred to the lessee. Otherwise, the contracts are classified as operating leases.

##### Company as lessee

Payments for operating leases are registered as expenditures in the profit and loss account when they accrue.

#### 4.5 Financial Assets

##### Classification and valuation

##### *Loans and receivables*

The credits for commercial and non-commercial operations are registered in this category. It includes financial assets the collections of which are of a determined or determinable amount, which are not traded on an active market and for which the entire expenditure performed by the Companies is deemed to be recoverable except, if the case, due to reasons attributable to the solvency of the debtor.

In their initial recognition on the balance sheet, they are registered at their reasonable value which is, except with evidence to the contrary, the transaction price, which is equivalent to the reasonable value of the consideration delivered plus the costs of the transaction that are directly attributable to them.

After their initial recognition, these financial assets are valued at their amortized costs.

Nevertheless, the credits due to commercial operations with a maturity not greater than one year and which do not have a contractual interest rate, as well as the advances and credits to personnel, the amounts of which are expected to be received in the short term, are initially and subsequently valued at their nominal value when the effect of not updating the cash flows is not significant.

##### Cancellation

The financial assets are removed from the balance sheet of the Company when the contractual rights over the cash flows of the financial asset have expired or when they are transferred, provided that in said transfer the risks and profits inherent in their ownership are substantially transferred.

If the Company has not substantially assigned nor retained the risks and profits of the financial asset, that latter is removed when control is not retained. If the Company maintains control of the asset, it continues recognizing it at the amount to which the latter is exposed due to variations in the value of the asset assigned, that is to say, by its continuous involvement, thereby recognizing the associated liability.

The difference between the consideration received net of attributable transaction costs, considering any new asset obtained less any liability assumed and the book value of the transferred financial asset plus any accumulated amount that has been recognized directly in the net asset determines the income and or loss arising from the removal of the financial asset and is incorporated in the result of the financial year in which it occurs.

#### **4.6 Impairment of the value of the financial assets**

The book value of the financial assets is corrected by the Company with debit to the profit and loss account when there is objective evidence that a loss due to impairment has occurred.

In order to determine the losses due to impairment of the financial assets, the Company evaluates the possible losses both of the individual assets as well as the groups of assets with similar risk characteristics.

##### Debt instruments

There is objective evidence of impairment to debt instruments understood as receivables and credits when after their initial recognition there is an event that involves a negative impact in their estimated future cash flows.

The Company deems as impaired assets (non-performing assets) those debt instruments for which there is objective evidence of impairment, which makes reference fundamentally to the existence of defaults, breaches, refinancing and the existence of data that demonstrates the possibility of not recovering the totality of future agreed upon flows or that a delay in their collection occur.

For commercial debtors and other receivables the Company deems as non-performing assets those balances with entries that have been due for longer than six months for which there is no security of their collection and the balances of the companies that have filed for bankruptcy. Likewise, all those balances which have existed for more than one year are deemed non-performing.

The reversion of the impairment is recognized as revenue in the profit and loss account and is limited by the book value of the financial asset that would have been registered on the date of reversion if the impairment of the value had not been registered.

#### **4.7 Financial Liabilities**

##### Classification and valuation

##### *Debits and payables*

They include the financial liabilities arising from the purchase of goods and services by trading operations of the Company and the debits for non-commercial operations are that are not derivative instruments.

In their initial recognition on the balance sheet, they are registered by their reasonable value, which except evidence to the contrary, is the price of the transaction, which is equivalent to the reasonable value of the consideration received adjusted by the transaction costs that are directly attributable to them.

After their initial recognition, these financial liabilities are valued at their amortized costs. The accrued interests are accounted for in the profit and loss account thereby applying the effective interest rate method

Nevertheless, the debits for commercial operations with a maturity, which is not greater than one year, and that do not have a contractual interest rate, as well as the disbursements requested by third parties on shares, the amount of which is expected to be paid in the short term, are valued at their nominal value when the effect of not updating the cash flows is not significant.

##### Cancellation

The company removes a financial liability when the obligation has been extinguished.

#### **4.8 Cash and other equivalent liquid assets**

This item includes the cash on hand and current bank accounts.

#### **4.9 Liabilities for long term remuneration to personnel.**

The Company classifies their commitments due to pensions depending on their nature in defined contribution plans. Defined contribution plans are those in which the Company undertakes to make contributions of a predetermined nature to a separate entity (such as an insurance entity or pension plan) and provided that it does not have a legal, contractual or implicit obligation to make additional contributions if the separate entity cannot attend to the assumed commitments. The plans that are not of a defined contribution nature are deemed defined benefit.

##### Defined contribution plan

The contributions made to the defined contribution plan are attributed to the profit and loss account in accordance with the accrual principle. At the close of the financial year, the unpaid accrued contributions are registered in liabilities in the entry, "Commercial Creditors and other payables-Personnel (remunerations pending payment)"

#### **4.10 Income Tax**

The expenditure for company tax is calculated by means of the sum of the current tax that results from applying the current tax rate to the taxable base of the financial year less the existing discounts and deductions and the variations produced during said financial year in the assets and liabilities due to registered deferred taxes. It is recognized in the profit and loss account except when it corresponds to transactions that are registered directly in the net equity in which case the corresponding tax is also registered in the net equity and in the business combinations which are registered with debit or credit to goodwill.

The deferred taxes are registered for the temporary differences existing on the date of the balance sheet between the tax base of the assets and liabilities and their accounting values. The tax base of an asset is deemed the amount attributed thereto for tax purposes.

The tax effect of the temporary differences is included in the corresponding items of "Assets for deferred tax" and "Liabilities for deferred tax" on the balance sheet.

The Company recognizes a liability for deferred tax for all the temporary tax differences except if the case, for the exceptions provided in the law in effect.

The Company recognizes the assets for deferred tax for all the temporary deductible differences, unused tax credits and negative tax bases pending offset to the degree that it is probable that the Company have future tax revenue that permits the application of these assets except, if the case, for the exceptions provided in the regulations in effect.

At the closing date of each financial year, the Company evaluates the assets for recognized deferred taxes and those that have not been recognized previously. On the basis of such evaluation the Company proceeds to remove a previously recognized asset if its recovery is not probably or it proceeds to register

any previously unrecognized asset for deferred tax provided that it is probable that the Company has future tax revenue that permits its application.

The assets and liabilities for deferred tax are valued at the expected tax rate at the moment of their reversion according to the approved regulation in effect and in accordance with the manner in which it is reasonably expected to recover or pay the asset or liability for deferred tax.

The assets and liabilities for deferred tax are not discounted and are classified as non-current assets or liabilities regardless of the expected date of realization or liquidation.

#### **4.11 Classification of the assets and liabilities between current and non-current**

The assets and liabilities are presented on the balance sheet classified between current and non-current. For these purposes, the assets and liabilities are classified as current when they are related to the normal operating cycle of the Company and are expected to be sold, consumed, realized or liquidated during the cycle. They are different than the previous and their expiration, disposal or realization is expected to occur within a maximum period of one year, they are maintained for business purposes or concern cash or other equivalent liquid assets the use of which is not restricted by a period of greater than one year. Otherwise, they are classified as non-current assets and liabilities.

The normal cycle of operations is less than one year for all the activities.

#### **4.12 Revenue and Expenditures**

In accordance with the accrual principle the revenue and expenditures are registered when they occur regardless of the date of their collection or payment.

##### *Revenue from sales and provisions of services*

Revenue is recognized when there is a probability that the Company receive the profits and economic return arising from the transaction and the amount of revenue and the costs incurred or to be incurred may be valued with reliability. The revenue is valued at the reasonable value of the consideration received or to be received deducting the discounts, price reductions and other similar entries that the Company may grant as well as, if the case, the interests included in the nominal value of the credits. The indirect taxes that are levied on the operations and that are recoverable for third parties do not form a part of the revenue.

#### **4.13 Transactions in foreign currency**

The functional and presentation currency of the Company is the Euro.

The transactions in foreign currency are converted into their initial valuation to the cash exchange rate in effect on the transaction date.

The monetary assets and liabilities designated in a foreign currency are converted to the exchange rate for cash in effect on the date of the balance sheet. Both the positive as well as negative exchange differences that arise during this process as well as those that occur upon liquidation of said assets are recognized in the profit and loss account of the financial year in which they arise.

#### **4.14 Assets of an environmental nature**

The expenses related to the activities of decontamination and restoration of contaminated places,

elimination of waste and other expenses arising from compliance with environmental legislation are recorded as expenses in the financial year in which they occur except when they correspond to the purchase cost of elements that are incorporated in the assets of the Company with the object of being used over the long term in which case they are accounted for in the corresponding items of the section "Tangible Fixed Assets) thereby being amortized with the same criteria.

#### 4.15 Operation with related parties.

Transactions with related parties are accounted for in accordance with the valuation rules previously set forth in detail.

The prices of the operations performed with related parties are adequately supported for which the Administrators of the Company consider that there are not any risks that could give rise to significant tax liabilities.

#### 4.16 Indemnifications for dismissals

In accordance with commercial law in effect, the Company is obligated to pay indemnifications to those employees with whom under certain conditions it rescinds their labor relationships. The indemnifications for dismissal which may be reasonably quantified are registered as expenditures in the financial year in which a valid expectation exists created by the Company before effected third parties.

## 5 TANGIBLE FIXED ASSETS

### 5.1 Description of the principal movements

The statement and the movements of the different entries that comprise the tangible assets are as follows:

**Financial Year 31/03/2019**

(Euros)	31/3/2018	Inclusions	Removals	Transfers	31/3/2019
Cost					
Technical Installations	155.975,16	3.546,55		-11.973,07	147.548,64
Furnishings	53.752,88	2.050,25		11.973,07	67.776,20
Equipment					
Processes	60.278,17	12.646,63	-6.317,91		66.606,89
Information					
Vehicles	16.645,00				16.645,00
<b>TOTAL</b>	<b>286.651,21</b>	<b>18.243,43</b>			<b>298.576,73</b>
Accumulated Amortization	-105.090,22	-65.356,99	4.682,51		-165.764,70
<b>TOTAL</b>	<b>-105.090,22</b>				<b>-165.764,70</b>
<b>Net Accounting Value</b>	<b>181.560,99</b>				<b>132.812,03</b>

## Financial Year 31/03/2018

(Euros)	31/3/2017	Inclusions	Removals	Transfers	31/3/2018
Cost					
Technical Installations	96.372,49	101.226,85	-41.624,18		155.975,16
Furnishings	24.487,94	35.478,87	-6.213,93		53.752,88
Equipment					
Processes	158.795,88	21.120,21	-119.637,92		60.278,17
Information					
Vehicles	16.645,00				16.645,00
<b>TOTAL</b>	<b>296.301,31</b>				<b>286.651,21</b>
Accumulated Amortization	-131.453,00	-102.933,31	129.296,09		-105.090,22
<b>TOTAL</b>	<b>-131.453,00</b>				<b>-105.090,22</b>
<b>Net Accounting Value</b>	<b>164.848,31</b>				<b>181.560,99</b>

As of March 31, 2019 and March 31, 2019 there were not any firm purchasing commitments for the acquisition of assets.

The Company has executed insurance policies that cover the net accounting value of the tangible fixed assets.

### Operating leases

The principal operating contracts that the Company has signed are the following:

#### Office Leases

Offices at 4 Mártires de Alcalá. The expenditure incurred in the 2019 financial year for this concept amounts to the amount of 198,000 and in 2018 it amounted 192,000.

Offices in Barcelona . The expenditure incurred in the 2019 financial year for this concept amounts to the amount of 29,312 and in 2018 it amounted 26,866.

## 6 FINANCIAL ASSETS

All the financial assets of the Company are classified in the category of "Loans and Receivables" for purposes of their valuation both as of March 31, 2019 as well as March 31, 2018.

Their details and presentation on the balance sheet is as follows:

	Credits, derivatives and others		Total	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
<b>Non-current financial assets</b>				
Other financial investments l/p	42.307,76	42.307,76	42.307,76	42.307,76

Other financial investments l/p:

The amount included over this section corresponds to the security deposits for the office contracts and other services.

	Credits, derivatives and others		Total	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
<b>Current Financial Assets</b>				
Investments in group companies and associates				
<i>Accounts receivables from affiliated companies</i>		1.507.513,80		1.507.513,80
Trade debtors and other receivables	1.031.160,52	1.154.301,30	1.031.160,52	1.154.301,30
Short-term financial investments				
	1.031.160,52	2.661.815,10	1.031.160,52	2.661.815,10

The following is the breakdown of the items making up the balance of "Accounts receivables from affiliated companies":

(EUROS)	31.3.2019	31.3.2018
Designit Colombia S.A.S	0	693.029,00
Designit Tel Aviv Ltd	0	72.721,00
Designit Peru S.A.C	0	741.764,00
<b>Total of Accounts receivables from affiliated companies</b>	<b>0</b>	<b>1.507.514,00</b>

Trade debtors and other receivables

The composition of this section as of March 31, 2019 is as follows:

(EUROS)	31/3/2019	31/3/2018
Trade debtors and provide services	768.500,50	1.131.607,49
Debtor Companies of the Group and others	262.660,02	22.693,81
Public Administrations for Taxes	0	0
	1.031.160,52	1.154.301,30

The balance of the item "Clients for sales and provision of services" is presented net of the valuation corrections due to impairment the movements of which are as follows:

(Thousands of Euros)	2019	2018
Initial Balance	101.521,00	91.543,67
Net Impairments		
Net Reversions		9.977,33
<b>Saldo final</b>	<b>101.521,00</b>	<b>101.521,00</b>



Investments in affiliated companies and associates:

Long Term investments in affiliated companies and associates

In this entry the stakes of the group companies are valued.

Entity	2019	Activity	Country of the linked entity	Type Company	% Stake
DESIGNIT A/S	379.342,40	Consultancy	Denmark	Dominating direct	2%
DESIGNIT COLOMBIA S,A,S	60.500	Consultancy	Colombia	Group Company	100%
DESIGNIT PERU	33.400,44	Consultancy	Peru	Group Company	99,99%
	<b>473.252,84</b>	<b>Total investments in group companies I/p</b>			

During the 2017 financial year a company had been created in Peru with the object of developing consultancy projects in the aforementioned country.

Short term investments in affiliated companies and associates

The balance of this item is referred to the balance of short-term current accounts between affiliated companies. See the breakdown by company in note 13.

## 7 CASH AND OTHER EQUIVALENT LIQUID ASSETS

The composition of this entry as of March 31, 2019 is as follows:

(Euros)	31/3/2019	31/3/2018
Treasury	483.324,77	94.412,01
	<b>483.324,77</b>	<b>94.412,01</b>

The current accounts accrue the market interest rate for these types of accounts. There are not any restrictions on the availability of these balances.

## 8 NET EQUITY

### 8.1 Subscribed Capital

The share capital is comprised of 3,051 shares each with a nominal value of 1 Euro all of which have been totally subscribed and paid-in by DESIGNIT A/S thereby endowing it with the nature of a sole shareholder company. All the shares bestow the same rights and obligations and they do not trade on a Stock Exchange.

## 9. FINANCIAL LIABILITIES

All the financial liabilities are classified in the category of debits and payables and are presented on the balance sheet as of March 31, 2019 and March 31, 2018 as follows:

	Derivatives and others		Total	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
<b>Long-term financial liabilities:</b>	1.433.603,64	3.090,82	1.433.603,64	3.090,82
Long-term debt Group Companies	1.430.512,82	0	1.430.512,82	0
Defferex Tax Liabilities	3.090,82	3.090,82	3.090,82	3.090,82
<b>Short-Term Financial Liabilities:</b>	525.591,35	2.891.548,26	525.591,35	2.891.548,26
<b>TOTAL</b>	<b>1.959.194,99</b>	<b>2.894.639,08</b>	<b>1.959.194,99</b>	<b>2.894.639,08</b>

During 2018 financial year the liaison with Direct Parent Company, Designit A/S has been reclassified to long term liabilities, the loan has a maturity of 2022 currently.

The breakdown of the short-term financial liabilities are as follows

	Derivatives and others		Total	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
<b>Short-term financial liabilities</b>				
Debts with group companies and associates	39.000,52	2.610.907,41	39.000,52	2.610.907,41
Commercial creditors and payables	121.524,59	102.960,57	121.524,59	102.960,57
Taxes and other debts with Public Administrators (note 11)	337.048,34	174.720,28	337.048,34	174.720,28
Prepayments received from customers	28.017,90	2.960	28.017,90	2.960
<b>TOTAL, SHORT TERM DEBT</b>	<b>525.591,45</b>	<b>2.891.548,26</b>	<b>525.591,45</b>	<b>2.891.548,26</b>

### Short-term Debts with affiliated companies and associates

It sets forth the loan that the direct parent company Designit A/S granted to Designit Spain Digital in 2015 financial year for an amount of 1,934,432 Euros with a due date in 2018 and at a 5% annual interest rate.

### Commercial Suppliers and other accounts payables

The composition of this section as of March 31, 2019

(Euros)	31/3/2019	31/3/2018
Suppliers		
Various Creditors	51.986,87	21.006,41
Employees (Provision Bonus Programme)	69.537,72	81.954,16
Short term deferrals		
	<b>121.524,59</b>	<b>102.960,57</b>

## 10. TAX SITUATION

The statement on the balances related to tax assets and tax liabilities as of March 31, 2019 is as follows:

(Euros)	31/3/2019	31/3/2018
<b>Other debts with Public Administrations</b>		
<b>Assets</b>		
Assets for Deferred Taxes	377.222,85	273.324,42
Company Tax		
Company Tax Withholdings to be returned	0	0
<b>Liabilities</b>		
Provisions for deferred tax	3.090,82	3.090,82
Deferred Company Tax	0	0
VAT	141.099	58.684,79
Personal Income Tax (IRPF)	130.588	43.979,69
Social Security	65.360	72.055,81
Others		
<b>Total Short-term Liabilities</b>	<b>340.137,92</b>	<b>174.720,28</b>

According to the legal provisions in effect, the liquidations of taxes cannot be deemed definitive until they have not been inspected by the tax authorities or the statutory period of limitations has transpired (there is currently a four-year statute of limitations) The previous four financial years of the Company are currently open to inspection in regard to all the taxes that are applicable to it.

In the opinion of the Administrators of the Company as well as its tax advisors there are not any tax contingencies of significant amounts that could arise in the case of an inspection from the possible different interpretations of the tax regulations applicable to the operations performed by the Company.

### 10.1 Calculation of Company Tax

The offset of the net amount of revenue and expenditures with the taxable base (tax result) of the Company Tax is as follows:

(Euros)	Profit and Loss Account		
	Increases	Decreases	Total
<b>Financial Year 2019</b>			
<b>Profit and Loss Account:</b>			
Accounting result before taxes			-252.814,98
Taxes similar profits paid abroad			-117.921
<b>Accounting Result previous to the calculation of Company Tax</b>			
Permanent Differences	118.146	-102.893,16	15.252,72
Temporary Differences		-1.915,75	-1.915,75
<b>Tax Base (tax rate)</b>			<b>-357.398,89</b>
<b>Profit and Loss Account</b>			
(Euros)	Increases	Decreases	Total
<b>Financial Year 2018</b>			
Result before taxes			-566.267,14
Current Company Tax			-226.437
Deferred Company Tax			
<b>Balance of Earnings and Expenditure of the Financial year</b>			<b>-792.704</b>
Permanent differences	246.594	-224.498,57	22.095,43
Temporary Differences	22.340,17	-1.915,75	20.424,42
<b>Tax Base (tax result)</b>			<b>-750.184,15</b>

The difference between the attributed tax charge and that which effectively will have to be paid is principally due to the following aspects.

- Temporary differences arising from the different accounting and tax criteria of the accounting and tax amortization performed on certain elements.
- Temporary differences arising from the provisions due to insolvencies.
- Permanent differences arising from the inclusion in the tax base of tax effectively paid abroad.

The expenditure / (earnings) for Company Tax is broken down as follows:

2019 (Euros)	Profit and Loss Account
Current Tax Spain	-89.349,72
Tax due to withholdings of profits abroad.	117.920,88
Variation of deferred taxes	-14.548,70
	<b>14.022,45</b>

2018 (Euros)	Profit and Loss Account
Current Tax Spain	-187.546,04
Tax due to withholdings of profits abroad.	226.437,58
Variation of deferred taxes	-30.748,45
	<b>8.142,51</b>

The calculation of Company Tax to pay/(refund) is the follows:

(Euros)	2019	2018
Tax Base	-357.398,89	-750.184,15
Gross Tax Payable(%)	25%	25%
Gross Tax Payable	-89.349,72	-187.546,04
Deductions for double taxations	0	0
Liquid Tax Amount	0	0
Deductions		
Deferrals	0	0
<b>+ to deposit (- to return)</b>	<b>0</b>	<b>0</b>

The company has losses from previous years of 750.184 euros, additionally in 2019 Company has losses of 357.398 euros. The total losses accumulated are of 1.107.582 euros. According to the tax legislation from year 2016 there is no temporal limitations to compensate those losses with future earnings.

The Company has registered deferred tax assets by deductions pendant to apply and losses of year 2018 and 2019, the amount registered at 31<sup>st</sup> March 2019 is of 377.222.85 euros.

## 11. REVENUE AND EXPENDITURES

### 11.1 Personnel Expenses

The statement of personnel expenses is as follows:

(Euros)	31/3/2019	31/3/2018
Salaries, Wages and similar		
Salaries and Wages	2.382.523,23	2.265.212,34
Indemnifications		
	<b>2.382.523,23</b>	<b>2.265.212,34</b>
Social		
Social Security	563.242,59	691.697,77
Pensions accrued - Contribution Pension Plan (Note defined (Note		
Other social expenses	0	0
	<b>563.242,59</b>	<b>691.697,77</b>
	<b>2.945.765,82</b>	<b>2.956.910,11</b>

## 11.2 Other operating expenses

The statement of other operating expenses is as follows:

(Euros)	31/3/2019	31/3/2018
Rents and levies	272.872,61	234.960,75
Repairs and conservation	12.269,55	31.631,35
Services of independent professionals	362.593,14	560.987,41
Insurance Premiums	0,00	4.063,69
Banking services and the like	0,00	7.195,06
Supplies	92.774,60	63.653,06
Other services	1.460.056,06	2.080.388,76
Amount commercial operation provisions	0,00	9.977,32
Tax rate adjustment and other taxes	0,00	7.294,75
<b>TOTAL</b>	<b>2.200.565,96</b>	<b>3.000.152,15</b>

## 12. RELATED PARTIES TRANSACTIONS

The related parties with which the Company has performed transactions during the period closing on March 31, 2019 as well as the nature of said relationship is as follows:

	Actividad	Naturaleza de la vinculación
WIPRO	Consultancy	Parent Group Company
DESIGNIT A/S	Consultancy	Direct Parent company
DESIGNIT COLOMBIA S.A.S	Consultancy	Group Company
DESIGNIT PERÚ	Consultancy	Group Company
DESIGNIT Oslo A/S	Consultancy	Group Company
DESIGNIT TEL AVIV Ltd	Consultancy	Group Company
DESIGNIT Germany GMBH	Consultancy	Group Company
DESIGNIT Sweden AB	Consultancy	Group Company
DESIGNIT TOKYO Ltd	Consultancy	Group Company
Designit AUSTRALIA	Consultancy	Group Company
DESIGNIT New York	Consultancy	Group Company
FUNDACION INNOVACION Y DISEÑO	Consultancy	Other Relationship

The transactions performed with related parties correspond to operations of the normal trading of the Company and are performed at market prices, which are similar to those applied to non-related companies.

Transactions are performed in foreign currencies with Designit Tokio, Designit Colombia S.A.S. and Designit Peru in yen, colombian pesos and peruvian soles respectively.

## 12.1 Related Entities

The transactions performed with related entities are the following:

(Euros)	Dominant Company of the Group	Directly dominant company	Other Companies of the Group and Associates	Total
<b>Transactions</b>				
<b>31/03/2019</b>				
Provisions of Services	175.366,77	248.525,32	1.062.615,75	1.486.507,84
Other expenses	-15.899,38	-314.330,99	-503.581,46	-833.811,83

(Euros)	Dominant Company of the Group	Directly dominant company	Companies of the Group and Associates	Total
<b>Balance as of 31/03/2019</b>				
Clients companies of the group	21.586,86	203.120,48	37.952,68	262.660,02
Investment in affiliated companies and associates (Note10)				
Debts with group companies and associates (Note10) (Note 10)		-1.430.512,82	-39.000,52	-1.469.513,34

(Euros)	Dominant Company of the Group	Directly dominant company	Other Companies of the group	Total
<b>Transactions</b>				
<b>31/03/2018</b>				
Provisions of Services	363.306,24	591.150,05	1.359.034,55	2.313.490,84
Other expenses		-395.284,96	-401.067,04	-796.352

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**Balance as of  
31/03/2018**

Clients companies of the group	22.693,81		22.693,81
Short term investments in group and associated companies (Note 7)		1.507.513,80	1.507.513,80
Debts with group companies and associates (Note10)	2.568.710,99	-42.196,42	-2.610.907,41

## 12.2 Administrators and Senior Management

The Administrators of the Company do not receive any remuneration for their position.

The remuneration to the senior management personnel in the financial year has amounted in 2019 to the amount of 180.909,51 Euro, During 2018 it was 133.865 Euro

The Company did assume any obligations on the account of the Company's Directors as guarantees, neither on March 31, 2019 nor on March 31, 2018.

The undersigned Company's Directors of these annual accounts have communicated that they do not possess capital stakes in companies with the same, similar or complementary type of activity which constitutes the corporate purpose of the Company.

In addition, the Administrators have confirmed that they do not exercise positions or functions in companies with the same, analogous or complementary type of activity which constitutes the corporate purpose of the Company and that they do not perform on their own or for another the same, analogous or complementary type of activity that constitutes the corporate purpose of the Company.

Likewise, the Administrators have stated that neither they nor individuals related to them as defined in Article 231 of the Law of Capital Contracts have any other direct or indirect conflict situations with the interest of the Company.

## 13. INFORMATION ON THE NATURE AND LEVEL OF THE RISK ARISING FROM FINANCIAL INSTRUMENTS

The Policies and Procedures that the Company applies are established on a European level on occasions in a common manner for the entire Group. Said Policies and Procedures serve as an instrument for minimizing risks and have been dictated and updated constantly from the central offices on a European level of the Group.

The activity with financial instruments exposes the Company to credit risk.

### 13.1 Credit Risk

The credit risk is produced by the possible loss caused by the breach of contractual obligations of the counterparts of the Company, that is to say, by the possibility of not recovering the financial assets for the amount accounted for and within the period established. The maximum exposure to credit risk is the following:

(Euros)	31/3/2019	31/3/2018
Clients by sales and provisions of services	1.031.160,52	1.154.301,30
Various debtors		
Short-term financial investments		
Short-term investments in group companies and associates		1.507.513,80
Cash and other equivalent liquid assets		
	1.031.160,52	2.661.815,10

In order to analyze the credit risk the Company distinguishes between financial assets originating from the operating activities, from the investment activities and from the investment activities in group companies.

On a monthly basis, a statement is produced with the antiquity of each one of the receivables which serves as a basis for managing their collection.

### 13.2 Market Risk

The market risk occurs due to the possible loss caused by variations in the reasonable value or in the future cash flows of a financial instrument due to changes in market prices. The market risk includes the interest rate risk, the exchange risk and other price risks.

### 13.3 Liquidity Risk

The liquidity risk occurs due to the possibility that the Company is not able to dispose of liquid funds or access them in the sufficient amount or at the adequate cost in order to meet their payment obligations at all times.

The objective of the Company is to maintain the necessary liquidity.

## 14. OTHER INFORMATION

### 14.1 Structure of Personnel

The persons employed by the Company distributed by categories are as follows:

	Number of persons employed at the end of the financial year			Average Number of Persons
	Men	Women	Total	Employed during the financial year
<b>Financial Year 2019</b>				
Management	1	2	3	3
Remainder of the Workers	29	42	71	68
	30	44	74	71
				<b>Avg. number</b>



	Number of persons employed at the end of the financial year			the financial year
	Men	Women	Total	
<b>Financial Year 2018</b>				
Management	2	1	3	3
Remainder of Workers	33	34	68	71
	35	35	71	74

#### 14.2 Audit Fees

Auditing fees have accrued that amount to 4,492.00 Euros for the period comprised between April 1 and March 31, 2019. For other provisions of services 5,508.00 have been invoiced during the 2019 financial year. In the annual financial year ending on March 31, 2018 fees of 3,978.00 Euros accrued for the auditing of annual accounts. For other provisions of services 5,508.00 have been invoiced during the 2018 financial year.

#### 14.3 Information on the environment

The company has not registered any expenses in relation to the protection and improvement of the environment. The attached balance sheet does not include any provision for the concept of the environment since the Administrators of the Company consider that at the end of the financial year there are not any obligations to liquidate in the future, arising from the actions of the Company in order to prevent, reduce or repair damages to the environment or that in the case that there were any, they would not be significant.

#### 14.4 Information on payment deferrals to providers in commercial operations.

In regard to Act 31/2014, which modifies Act 15/2010 of July 5 and Act 3/2004 of December 29, that establishes measures for fighting against defaults in commercial operations, the table below includes the total amount of payments made to suppliers during the financial year.

	31/03/2019	31/03/2018
	Days	Days
Average payment period to suppliers	16	10
Ratio of payment operations	96%	99%
Ratio de operations pending payment	4%	1%
	Amount (Euros)	Amount (Euros)
Total payments made	1.183.980,09	2.381.777,72
Total payments pending	51.986,87	21.006,41

#### 15. SUBSEQUENT EVENTS

There has not been subsequent events that could affect the annual accounts at 31<sup>st</sup> march 2019.

## FORMULATION OF THE ANNUAL ACCOUNTS

The current Administrator of Designit Spain Digital SL has formulated the annual accounts, corresponding to the period between April 1, 2018 and March 31, 2019 on April 30, 2019. Their signature thereof appears below.

Sd

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(Administrator)

**DESIGNIT SPAIN DIGITAL, S.L.U.**  
**As of March 2019**

**Management Report**

**1. DISCUSSION ON THE EVOLUTION OF BUSINESS**

The principal activity of the Designit Spain Digital S.L.U (hereinafter, the Company) is consultancy and services for the management of total quality and quality certification processes, distribution and sale of training courses" thereby developing the principal activity of "Internet Marketing".

Designit Spain Digital S.L. belongs to the Designit A/S group, a Danish entity with its Corporate domicile in Denmark.

Since August 2015, the Designit A/S group belongs, in turn to the Indian company, WIPRO Limited, domiciled in India. The shares of the WIPRO group trade in India on the Bombay Stock Market and in the United States on the New York Stock Exchange.

Designit Spain Digital, S.L.U. owns 100% of Designit Colombia S.A.S. the activity of which is business consultancy and which began its operations in January 2016. Said company has developed its activity continuously throughout the entire 2019 financial year.

In addition, since 2017 Designit Spain Digital S.L.U holds 99,99% of the company, Designit Peru. This has been the second year with regular activity during 12 months for this Company. The objective is that it obtains profits over the next financial years.

**2. SITUATION OF THE COMPANY**

The Company has robust economic strength as a consequence of its policy for overseeing dividend distribution as well as its financing structure which has permitted growth in the execution of international projects, principally in Latin America.

We consider that losses obtained during 2018 and 2019 are exceptional and we expect to obtain benefits during next year. Company maintains the financial support of Parent Company.

### 3. FORESEEABLE EVOLUTION OF THE COMPANY

The strategy of the Company is to continue with its current policy aimed especially at the consolidation of businesses in the Latin American Market. An increase of businesses in said geographic zone is foreseeable due to the success of projects concluded in this financial year.

Insofar as the evolution of revenue, a slight decrease of revenue is estimated with respect to this financial year in Spain for the following 12-month period. The current margin is expected to be maintained.

### 4. ACQUISITIONS OF TREASURY SHARES

During the period between April 1 and March 31, 2019, the Company did not undertake the acquisition or sale of treasury shares. At the close of the financial year, there did not exist any treasury shares in its portfolio.

### 5. RESEARCH AND DEVELOPMENT ACTIVITIES

No research and development activities were performed by the company during the period between April 1 and March 31, 2019.

### 6. RISKS

The company has established control mechanisms in order to alleviate the risks and uncertainties associated with the businesses of its subsidiaries. In 2018, it has proceeded to perfect systems for management and risk control.

Madrid, April 30, 2019



The Administrator



Mr. Maritza Guaderrama

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