

INDEPENDENT AUDITOR'S REPORT ON SPECIAL PURPOSE FINANCIAL STATEMENTS PREPARED FOR CONSOLIDATION PURPOSES

To the Board of Directors of Hexaware Technologies Limited

Report on the Audit of the Special Purpose Financial Statements

Opinion

We have audited the accompanying Special Purpose Financial Statements of Mobiquity B.V. (hereinafter referred to as "the Company"), which comprise the balance sheet as at December 31, 2019, statement of profit and loss (including other comprehensive income) and statement of changes in equity for the period from June 14, 2019 to December 31, 2019, and related notes to the Special Purpose Financial Statements, including a summary of significant accounting policies.

The Special Purpose Financial Statements have been prepared by the Management of the Company in accordance with significant accounting policies included in Hexaware Technologies Limited's (hereinafter referred to as "the Ultimate Holding Company") financial statements for year-ended December 31, 2019, which are in accordance with Indian Accounting standards (Ind AS) notified under Section 133 of the Companies Act, 2013. However, these Special Purpose Financial Statements do not include comparative numbers and all the disclosures required by Ind AS or included in Ultimate Holding Company's Ind AS financial statements and therefore cannot be said to be compliant with Ind AS in all respects.

In our opinion, the accompanying Special Purpose Financial Statements of the Company for the period from June 14, 2019 to December 31, 2019 are prepared in all material respects, in accordance with the recognition and measurement principles included in significant accounting policies section of the Ultimate Holding Company's financial statements for year ended December 31, 2019.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special purpose financial statements' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the special purpose financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Basis of Accounting

We draw attention to Note 2 to the Special Purpose Financial Statements, which describes the basis of preparation and presentation of Special Purpose Financial Statements.





Restriction on Distribution and Use

The Special Purpose Financial Statements have been prepared for purpose of providing information to Hexaware Technologies Limited to enable it to prepare its consolidated financial statement. As a result, the Special Purpose Financial Statements are not a complete set of financial statement of the Company in accordance Ind AS.

Our report is intended solely for the use of Board of Directors of Hexaware Technologies Limited and should not be distributed to or used by any other parties. BDO India LLP shall not be liable to the Company or to any other concerned for any claims, liabilities or expenses relating to this assignment. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

Responsibilities of Management and those charged with Governance for Special Purpose Financial Statements

Management is responsible for the preparation of these Special Purpose Financial Statements in accordance with the significant accounting policies included in Hexaware Technologies Limited's Ind AS financial statements for year ended December 31, 2019; and this includes design, implementation and maintenance of such internal control as management determines is necessary to enable the preparation of Special Purpose Financial Statement that are free from material misstatement whether due to fraud or error.

In preparing the Special Purpose Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Special Purpose Financial Statements

Our objectives are to obtain reasonable assurance about whether the Special Purpose 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 SAs 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 Special Purpose Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Special Purpose 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 expressing our opinion on whether the company has internal financial controls with reference to Special Purpose Financial Statements in place and the operating effectiveness of such controls.
- 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 Special Purpose Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Financial Statements, including the disclosures, and whether the Special Purpose Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

Other Matter

The Company has prepared the Balance sheet as at June 13, 2019 i.e. date of acquisition of control over the Company by Hexaware Technologies Limited. This Balance Sheet as at June 13, 2019 included in Special Purpose Financial Statement are unaudited.

For BDO India LLP



Vishal Divadkar
Partner

Place: Mumbai

Date: February 10, 2020



MOBIQUITY B.V.
SPECIAL PURPOSE BALANCE SHEET AS AT DECEMBER 31, 2019
(Amounts in Euro, unless otherwise stated)

	Notes	As at December 31, 2019	As at June 13, 2019
I. ASSETS			
Non-current assets			
Property, plant and equipment	4	9,81,058	8,34,347
Financial assets			
Other financial assets	7	3,22,730	1,69,003
Total Non-current assets		13,03,788	10,03,350
Current assets			
Financial assets			
Trade receivables	5	47,34,169	58,08,880
Contract assets		7,836	10,51,404
Cash and cash equivalents	6	12,96,963	40,55,581
Other financial assets	7	15,81,947	1,43,034
Other current assets	8	3,36,775	1,34,748
Total Current assets		79,57,690	1,11,93,647
Total Assets		92,61,478	1,21,96,997
II. EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	18,000	18,000
Other equity	10	47,45,879	69,28,820
Total equity		47,63,879	69,46,820
Liabilities			
Current liabilities			
Financial liabilities			
Trade payables	11	8,75,250	9,47,806
Other financial liabilities	12	22,38,207	21,54,170
Provisions	13	2,90,000	2,49,575
Contract liabilities		49,988	3,21,545
Other current liabilities	14	8,93,731	9,97,561
Current tax liabilities (Net)	15	1,50,423	5,79,520
Total current liabilities		44,97,599	52,50,177
Total liabilities		44,97,599	52,50,177
Total equity and liabilities		92,61,478	1,21,96,997

The accompanying notes form an integral part of the Special Purpose Financial Statements.

As per our report of even date
For BDO India LLP

Vishal Diwadkar
Partner



For and on behalf of the Board
Mobiquity B.V.

J. Castleman
Director

Place: Mumbai
Date: February 10, 2020

Place: Philadelphia
Date: February 10, 2020

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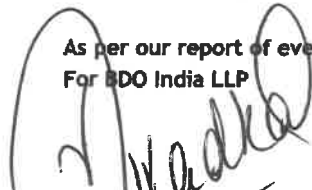
SPECIAL PURPOSE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

	Notes	For the period from June 14, 2019 to December 31, 2019
INCOME		
Revenue from operations	16	1,80,92,699
Total income		1,80,92,699
EXPENSES		
Software and development expenses		56,27,819
Employee benefit expense	17	88,44,786
Finance costs	18	13
Depreciation expense	19	1,46,182
Impairment loss on financial asset	20	2,18,740
Other expenses	21	20,74,243
Total expenses		1,69,11,782
Profit before tax		11,80,917
Tax expense		3,64,711
Profit for the period		8,16,207
Other comprehensive income for the period		-
Total Comprehensive income for the period		8,16,207
Earnings per share (Face value EURO 50 per share)		
Basic and diluted earnings per share (EURO) (Not annualised)	22	2,267

The accompanying notes form an integral part of the Special Purpose Financial Statements.


As per our report of even date
For BDO India LLP


Vishal Divadkar
Partner



Place: Mumbai
Date: February 10, 2020

For and on behalf of the Board
Mobiquity B.V.


J. Castleman
Director

Place: Philadelphia
Date: February 10, 2020

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SPECIAL PURPOSE STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

(A) Equity Share Capital (Issued and Subscribed)

Particulars	Note	Amount
Balance as at June 13, 2019	9	18,000
Changes in equity share capital		-
Balance as at December 31, 2019	9	18,000

(B) Other equity

Particulars	Reserves and Surplus	Total
	Retained earnings	
Balance as at June 13, 2019	69,28,820	69,28,820
Profit for the period	8,16,207	8,16,207
Other comprehensive income for the period	-	-
Total comprehensive income for the period	8,16,207	8,16,207
Dividends paid during the period	(20,00,000)	(20,00,000)
Deemed distribution on account of expenses incurred for ultimate holding company for the period	(9,99,148)	(9,99,148)
Balance as at December 31, 2019	47,45,879	47,45,879

The accompanying notes form an integral part of the Special Purpose Financial Statements.

As per our report of even date
For BDO India LLP

Vishal Divadkar
Partner



Place: Mumbai
Date: February 10, 2020

For and on behalf of the Board
Mobiquity B.V.

J. Castleman
Director

Place: Philadelphia
Date: February 10, 2020

MOBIQUITY B.V.
NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019
(Amounts in Euro, unless otherwise stated)

1 Corporate Information

Mobiquity BV ("Mobiquity" or "the Company") is registered at the Chamber of Commerce under number 34270669. The registered office of the Company is Barbara Strozziilaan 300, 1083 HN Amsterdam, Netherland. The Company delivers effortless digital experiences spanning mobile, web, voice and internet of things on behalf of leading enterprise brands. It provides strategy, experience design, product engineering, cloud and analytics services to help clients drive deeper digital engagement and improve loyalty, under both fixed price and 'time and materials' arrangements. Till June 13, 2019 Mobiquity Cooperatief UA Netherland and Mobiquity Inc. USA is the Company's holding company and ultimate holding company respectively.

On June 13, 2019, Hexaware Technologies Limited ('Hexaware' or the 'Ultimate Holding Company'), a public limited company incorporated in India, acquired 100% shareholding of the Mobiquity Inc. USA including its subsidiaries. Hexaware is a leading Global IT consulting and digital solutions Company. Consequent to acquisition of 100% shareholding of Mobiquity Inc. USA by Hexaware, Mobiquity Cooperatief UA Netherland, Mobiquity Inc. USA and Hexaware Technologies Limited became the Company's immediate holding company, intermediate holding company and ultimate holding company respectively. These standalone financial statements has been prepared as if it is a continuation of the erstwhile Mobiquity BV.

2 Significant Accounting Policies

2.1 Basis of preparation and presentations

The Special Purpose Financial Statements ('Financial Statements') have been prepared solely for purpose of providing information to Hexaware Technologies Limited ('Ultimate Holding Company') to enable Holding Company to prepare its consolidated financial statement under Indian Accounting Standard (Ind AS). As a result, the Special Purpose Financial Statements are not a complete set of financial statement of the Company in accordance Ind AS.

The financial statements comply in all material aspects with respect to recognition and measurement requirements of Ultimate Holding company's accounting policies. Holding company's accounting policies are in accordance with 'Indian Accounting standards (referred to as "Ind AS") notified under Section 133 of the Companies Act, 2013 (the "Act") [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. These financial statements do not include all required notes and disclosures as required under Ind AS, accordingly these financial statements cannot be construed as in compliance with Ind AS to that extent.

The Company prepares its financial statements in accordance with the Provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards, as published by the Dutch Accounting Standards Boards (referred to as "Dutch GAAP financial statements"). The management of the Company has compiled the Special Purpose Standalone Financial Statements using the Dutch GAAP Financial Statements and after incorporating required adjustments for GAAP differences between Dutch GAAP and Ind AS applicable to the Company. The Company will continue reporting under applicable Dutch GAAP for their local reporting.

The Company has prepared the Balance sheet as at June 13, 2019 (i.e. date when control over the Company is acquired by Hexaware.) These Balance Sheet as at June 13, 2019 are unaudited. Financial statements comprising Balance Sheet as at December 31, 2019, Statement of profit and loss (including other comprehensive income) and statement of changes in equity for the period June 14, 2019 to December 31, 2019 are subjected to audit. The comparative financial statements and Statement of Cash Flow have not been presented.

These financial statements are prepared on historical cost basis, except for certain financial instruments which are measured at fair values as explained in the accounting policies below.

These financial statements have been prepared in EURO which is the functional currency of the Company.

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle. Based on the nature of services rendered to customers and time elapsed between deployment of resources and the realisation in cash and cash equivalents of the consideration for such services rendered, the Company has considered an operating cycle of 12 months.

2.2 Critical accounting judgements and key source of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expense, assets and liabilities and disclosures relating to contingent liabilities on the date of the financial statements. Actual results could differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the period in which the estimate is revised and in any future period affected.

Key source of estimation uncertainty which may cause material adjustments:

(i) Revenue recognition

The Company uses the percentage-of-completion method in accounting for its fixed-price contracts. Use of the percentage-of completion method requires the Company to estimate the efforts expended to date as a proportion of the total efforts to be expended. Efforts expended have been used to measure progress towards completion as there is a direct relationship between input and productivity. Provisions for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become probable based on expected contract estimates at the reporting date and can be reliably estimated.

The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount or variable consideration with elements such as volume discounts, service level credits, performance bonuses, price concessions and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period.

Contract fulfilment costs are generally expensed as incurred except for certain costs which meet the criteria for capitalisation. The assessment of this criteria requires the application of judgement, in particular, when considering if costs generate or enhance resources to be used to satisfy future performance obligations and whether costs are expected to be recovered.

(ii) **Income-tax**

Significant judgments are involved in determining the provision for income taxes including judgment on whether tax positions are probable of being sustained in tax assessments and deferred tax asset on unrecognised tax benefits. A tax assessment can involve complex issues, which can only be resolved over extended time periods.

(iii) **Others**

Others areas involving estimates relates to useful lives of Property, Plant and Equipment.

2.3 Revenue Recognition

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the company expects to receive in exchange for those products or services.

In case of contract on time and material basis, transaction-based or volume-based contracts, revenue is recognised when the related services are performed.

In case of fixed price contracts, revenue is recognized using percentage of completion method. The company uses the efforts expended to date as a proportion to the total efforts to be expended as a basis to measure the degree of completion. The cumulative impact of any revision in estimates of the percentage of work completed is reflected in the year in which the change becomes known. Provisions for estimated losses on such engagements are made during the year in which a loss becomes probable and can be reasonably estimated. Amount received or billed in advance of services performed are recorded as Contract liability. Contract assets represents revenue recognized based on services performed in advance of billing in accordance with contract terms.

Revenues related to fixed-price maintenance, testing and business process services are recognized based on our right to invoice for services performed for contracts in which the invoicing is representative of the value being delivered. If our invoicing is not consistent with value delivered, revenues are recognized as the service is performed using the percentage of completion method.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Contracts are subject to modification to account for changes in contract specification and requirements. The company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

2.4 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a) **Finance Lease**

Assets taken on finance lease are capitalised at lower of present value of the minimum lease payments and the fair value of leased assets determined at the inception of lease and liability is recognised for an equivalent amount. Lease payments are apportioned between finance charge and reduction in outstanding liability so as to achieve a constant periodic rate of interest on the remaining balance of liability.

b) **Operating Leases**

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term unless the payments to the lessor are structured to increase in line with expected general inflation.



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

2.5 Functional and presentation currency

Foreign currency

Transactions in foreign currency are recorded at the original rate of exchange in force at the time transactions are effected. Monetary items denominated in foreign currency are restated using the exchange rate prevailing on the date of the Balance Sheet. The resulting exchange difference on such restatement and settlement is recognized in the profit or loss, except exchange differences on transactions entered into in order to hedge certain foreign currency risk.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date of Balance Sheet. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Assets and liabilities of entities with functional currency other than presentation currency have been translated to the presentation currency using exchange rates prevailing on the balance sheet date. Items in the statement of profit or loss have been translated using average exchange rates. Translation adjustments have been reported as foreign currency translation reserve in Other comprehensive income.

2.6 Borrowing Cost

Borrowing cost directly attributable to the acquisition or construction of qualifying assets is capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss.

2.7 Employee Benefits

a) Post-employment benefits and other long term benefit plan

Payments to defined contribution retirement schemes are recognised as an expense when the employees have rendered service entitling them to such benefits.

For defined benefit schemes and other long term benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at balance sheet date. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest) is reflected immediately in the balance sheet with a charge or credit recognized in the other comprehensive income in respect of defined benefit schemes and in the statement of profit and loss in respect of other long term benefit plans in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in the profit or loss in the period of plan amendment. The retirement benefit liability recognized in the statement of financial position represents the present value of the defined benefit obligation as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to lower of the amount determined as the defined benefit liability and the present value of available refunds and / or reduction in future contributions to scheme.

The service cost (including past service cost as well as gains and losses on settlement and curtailments) and net interest expenses or income is recognised as employee benefits expense in the profit or loss.

b) Short term employee benefit

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees is recognized as an expense during the period when the employee renders those services. These benefits include compensated absences such as leave expected to be availed within a year, statutory employee profit sharing and bonus payable.

2.8 Share based compensation

Equity settled share based payments to employees and directors are measured at the fair value of the equity instruments at the grant date which is recognised over the vesting period based on periodic estimate of the equity instruments that will eventually vest, with the corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest with impact of revision recognised in the profit or loss such that the cumulative expense reflects the revised estimates, with a corresponding adjustment to share option outstanding account.

Employees of the Company are granted share based payments of Ultimate Holding Company. Ultimate Holding Company recharges cost related to these share based payment to the Company. The amount payable to the Holding Company is recognised as employees expenses with corresponding amount recognised as liability.

2.9 Taxes on Income

Income tax expense comprises of current tax and deferred tax. Current and deferred tax are recognised in net income, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax is measured at the amount expected to be paid or recovered from tax authorities using enacted or substantively enacted tax rates.



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

Deferred taxes are recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profits, except when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither the accounting nor taxable profit at the time of the transaction.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be utilised.

Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Advance taxes and provisions for current income taxes as well as deferred tax assets and liabilities are presented in the Balance sheet after offsetting advance tax paid and income tax provision arising in the same tax jurisdiction and where the entity intends to settle the asset and liability on a net basis.

2.10 Property, plant and equipment (PPE)

PPE are stated at cost of acquisition less accumulated depreciation and impairment loss, if any.

Depreciation

Depreciation is provided on straight-line method based on the estimated useful lives of the assets as determined based on the expert technical advice / stipulation of Schedule II of the Act:

Asset Class	Estimated useful Life
Computer	5 years
Office Equipment	5 years
Furniture and Fixtures	5 years

Leasehold improvements are amortised over the lease period or useful life of an asset whichever is lesser.

Depreciation methods, estimated useful lives and residual values are reviewed at the end of each year and adjusted prospectively where appropriate.

An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on derecognition is determined as the difference between the sales proceeds and the carrying amount of the assets and is recognised in profit or loss.

2.11 Impairment

a) Financial assets (other than at fair value)

The Company assesses at each balance sheet date whether a financial asset or a Company of financial assets is impaired under Ind AS 109.

"Financial Instrument" requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for all contract assets and / or all trade receivables. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses, if the credit risk on the financial asset has increased significantly since initial recognition.

b) Non-financial assets

At the end of each reporting period, the Company assesses whether there is an indication that an asset may be impaired. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs or allocated. Impairment loss is charged to the profit or loss in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.12 Provisions and contingent liabilities

Provisions are recognised when the Company has present obligation (legal or constructive) as a result of a past event for which reliable estimate can be made of the amount of obligation and it is probable that the Company will be required to settle the obligation. When a provision is measured using cash flows estimated to settle the present obligation its carrying amount is the present value of those cash flows; unless the effect of time value of money is immaterial.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events, where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made.

Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent asset is disclosed, where an inflow of economic benefits is probable.



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Onerous Contracts

A contract is considered as onerous when the expected economic benefits to be derived by the company from the contract are lower than the unavoidable cost of meeting its obligations under the contract.

2.13 Non derivative financial instruments

Financial assets and liabilities are recognised when Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from fair value measured on initial recognition of financial asset or financial liability.

a) Financial assets and financial liabilities - subsequent measurement

(i) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held with a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held with a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(iii) Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

(iv) Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

(v) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(vi) Derecognition of financial assets

A financial asset is derecognised only when

a) the rights to receive cash flows from the financial asset is transferred or expired

b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the financial asset is transferred then in that case financial asset is derecognised only if substantially all risks and rewards of ownership of the financial asset is transferred. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the financial asset is neither transferred, nor the entity retains substantially all risks and rewards of ownership of the financial asset, then in that case financial asset is derecognized only if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(vii) Investment in subsidiaries

Investment in subsidiaries is carried at cost less impairment, if any.

(viii) Financial liabilities

Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

(ix) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss as finance costs.



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

x) Embedded derivatives

Derivatives embedded in a host contract that is an asset within the scope of Ind AS 109 are not separated. Financial assets with embedded derivatives are considered in their entirety when determining whether their cashflows are solely payment of principal and interest.

Derivatives embedded in all other host contracts are separated only if the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risk of the host and are measured at fair value through profit or loss. Embedded derivative closely related to host contracts are not separated.

Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

xi) Derivative financial instruments

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

(xii) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

b) Share capital

Equity shares

Incremental costs directly attributable to the issue or re-purchase of equity shares, net of any tax effects, are recognised as a deduction from equity.

2.14 Fair value measurement

The Company measures certain financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- ▶ In the principal market for the asset or liability, or
- ▶ In the absence of a principal market, in the most advantageous market for the asset or liability accessible to the Company.

The best estimate of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Company determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently that difference is recognised in Statement of Profit and Loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- ▶ Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- ▶ Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- ▶ Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2.15 Segment Reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's chief operating decision maker to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the chief operating decision maker evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

2.16 Earnings per share ('EPS')

Basic EPS are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic EPS and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

3 Recent accounting pronouncements

Certain new standards, amendments to standards are issued but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective i.e. effective from annual periods beginning after January 1, 2020. New standards, amendments to standards and interpretations that could have potential impact on the financial statements of the company are:

a) Ind AS 116 - Leases

Ind AS 116 replaces the existing leases Standard, Ind AS 17 Leases, and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Standard also contains enhanced disclosure requirements for lessees. The effective date for adoption of Ind AS 116 is annual periods beginning January 1, 2020. The company is currently assessing the impact of adopting the amendments on its financial statements.

b) Ind AS 12 - Income taxes (amendments relating to income tax consequences of dividend and uncertainty over Income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The amendments are effective from the annual periods beginning January 1, 2020. The company is currently assessing the impact of adopting the amendments on its financial statements.



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts In Euro, unless otherwise stated)

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Computer	Furniture and Fixtures	Office Equipment	Leasehold Improvements	Total
Cost					
As at June 13, 2019	8,98,414	1,13,123	2,75,320	1,67,753	14,54,610
Additions	2,02,407	981	34,901	60,143	2,98,431
Disposals	(19,624)	-	(990)	-	(20,614)
As at December 31, 2019	10,81,197	1,14,104	3,09,231	2,27,895	17,32,428
Accumulated Depreciation					
As at June 13, 2019	4,33,826	23,906	1,43,537	18,996	6,20,264
Charge for the period	90,194	12,061	20,827	23,099	1,46,182
Disposals	(14,509)	-	(567)	-	(15,076)
As at December 31, 2019	5,09,511	35,967	1,63,797	42,095	7,51,370
Net carrying amount					
As at June 13, 2019	4,64,588	89,218	1,31,784	1,48,757	8,34,347
As at December 31, 2019	5,71,686	78,137	1,45,434	1,85,800	9,81,058



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

5 TRADE RECEIVABLES (UNSECURED)

Particulars	As at December 31, 2019	As at June 13, 2019
Considered good	47,34,169	58,08,880
Credit impaired	1,00,000	25,000
	48,34,169	58,33,880
Less: Allowance for expected credit losses	(1,00,000)	(25,000)
Total	47,34,169	58,08,880

6 CASH AND CASH EQUIVALENTS

Particulars	As at December 31, 2019	As at June 13, 2019
<u>Balances with banks</u>		
On current accounts	12,96,963	40,55,581
Total	12,96,963	40,55,581

7 OTHER FINANCIAL ASSETS (UNSECURED)

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Financial assets at amortised cost :				
Considered Good:				
Deposits	3,22,730	-	1,69,003	-
Receivables from related parties	-	15,27,415	-	-
Receivables from employees	-	60	-	120
Other receivable	-	54,473	-	1,42,914
	3,22,730	15,81,947	1,69,003	1,43,034
Credit impaired:				
Deposits	1,43,740	-	-	-
	1,43,740	-	-	-
Less: Allowance for expected credit losses	(1,43,740)	-	-	-
Total	3,22,730	15,81,947	1,69,003	1,43,034

8 OTHER ASSETS (Non-Financial)

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Prepaid Expenses		3,36,775		1,34,748
Total	-	3,36,775	-	1,34,748



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

9 EQUITY SHARE CAPITAL

Particulars	As at December 31, 2019	As at June 13, 2019
<u>Issued, Subscribed and paid up</u>		
360 equity shares with a nominal value of EURO 50 per share.	18,000	18,000
Total	18,000	18,000

Reconciliation of equity shares outstanding at the beginning and at the end of the period

Particulars	As at December 31, 2019	As at June 13, 2019
Outstanding at the beginning of the period	360	360
Add / (Less): Change during the period	-	-
Outstanding at the end of the period	360	360

10 OTHER EQUITY

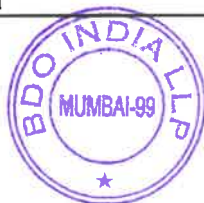
Particulars	As at December 31, 2019	As at June 13, 2019
Retained earnings	47,45,879	69,28,820
Total	47,45,879	69,28,820

Retained earnings

Particulars	For the period from June 14, 2019 to December 31, 2019
Opening balance	69,28,820
Add : Net profit for the period	8,16,207
Add : Other comprehensive income	-
Total comprehensive income for the period	8,16,207
Less : Dividend paid during the period	(20,00,000)
Less : Deemed distribution on account of expenses incurred for ultimate holding company for the period	(9,99,148)
Closing balance	47,45,879

11 TRADE PAYABLES

Particulars	As at December 31, 2019	As at June 13, 2019
Trade payables	8,75,250	9,47,806
Total	8,75,250	9,47,806



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MOBIQUITY B.V.

NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

12 OTHER FINANCIAL LIABILITIES

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Accrued expenses		5,24,986		5,39,628
Accrued employee benefit expenses		8,33,134		8,30,426
Payable to Related Parties		8,80,087		7,84,116
Total	-	22,38,207	-	21,54,170

13 PROVISIONS

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Provision for leave encashment		2,90,000		2,49,575
Total	-	2,90,000	-	2,49,575

14 OTHER LIABILITIES (NON-FINANCIAL)

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Statutory dues		8,93,731		9,97,561
Total	-	8,93,731	-	9,97,561

15 TAX LIABILITIES

Particulars	As at December 31, 2019		As at June 13, 2019	
	Non-current	Current	Non-current	Current
Tax liabilities (Net of advance tax)		1,50,423		5,79,520
Total	-	1,50,423	-	5,79,520



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MOBIQUNITY B.V.**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019**

(Amounts in Euro, unless otherwise stated)

16 REVENUE FROM OPERATIONS

Particulars	For the period from June 14, 2019 to December 31, 2019
Sale of services	1,80,92,699
Total	1,80,92,699

Timing of revenue recognition

Particulars	For the period from June 14, 2019 to December 31, 2019
Services provided over a period of time	1,80,92,699
Services provided at a point in time	-
Total revenue from contracts with customers	1,80,92,699

17 EMPLOYEE BENEFITS EXPENSE

Particulars	For the period from June 14, 2019 to December 31, 2019
Salaries, wages and bonus	74,41,750
Contribution to funds	8,68,776
Staff welfare expenses	3,45,152
Employee stock option compensation cost in respect of Share based payment of Ultimate Holding Company	1,89,108
Total	88,44,786

18 FINANCE COSTS

Particulars	For the period from June 14, 2019 to December 31, 2019
Interest expense:	
- On others	13
Total	13

19 DEPRECIATION EXPENSE

Particulars	For the period from June 14, 2019 to December 31, 2019
Depreciation on Property, Plant and Equipment	1,46,182
Total	1,46,182



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

20 IMPAIRMENT LOSS ON FINANCIAL ASSET

Particulars	For the period from June 14, 2019 to December 31, 2019
Allowance for expected credit losses on trade receivables	75,000
Allowance for expected credit losses on deposits	1,43,740
Total	2,18,740

21 OTHER EXPENSES

Particulars	For the period from June 14, 2019 to December 31, 2019
Rent	1,88,778
Service Charges	7,02,476
Communication expenses	52,282
Travelling and conveyance	4,52,433
Legal and professional fees	1,85,957
Insurance Charges	20,640
Marketing and advertising expenditure	1,48,919
Staff recruitment expenses	1,54,820
Foreign Exchange loss	5,204
Miscellaneous expenses	1,62,734
Total	20,74,243



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MOBIQUITY B.V.**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019**

(Amounts in Euro, unless otherwise stated)

22 EARNING PER SHARE (EPS)

Basic EPS is calculated by dividing the profit/(loss) for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

The following table reflects the income and share data used in the basic and diluted EPS calculations:

Particulars	For the period from June 14, 2019 to December 31, 2019
Profit attributable to equity holders	8,16,207
Weighted average number of Ordinary Shares for basic and diluted EPS	360
Basic and Diluted Earnings per share	2,267

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

23 LEASES

Operating leases where Company is a lessee:

The Company takes on lease office space and flats under various operating lease. The lease term ranges between 1 to 7 years.

Rental expenses relating to operating leases:

Particulars	For the period from June 14, 2019 to December 31, 2019
Rentals expenses relating to operating lease agreements recognised in the Statement of Profit and Loss for the period	1,88,778

The future minimum lease payments and payment profile of the non-cancellable operating leases are as follows:

Particulars	For the period from June 14, 2019 to December 31, 2019
Not later than one year	3,14,324
Later than one year and not later than five years	4,76,719
Later than five years	-

24 CONTINGENT LIABILITY AND COMMITMENTS

As on December 31 2019, the Company does not have any litigation, contingencies and / or additional commitments.



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NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019

(Amounts in Euro, unless otherwise stated)

25 RELATED PARTY DISCLOSURES

(a) Names of the related parties where control exists irrespective of whether transactions have occurred or not:

Name of Related Party	Nature of Relationship
Hexaware Technologies Limited, India	Ultimate holding company
Mobiquity Inc., USA	Intermediate holding company
Mobiquity Cooperatief UA, Netherlands	Holding company
Morgan Clark & Co B V, Netherlands	Fellow subsidiary

(b) Details of transactions with related party in the ordinary course of business:

	For the period from June 14, 2019 to December 31, 2019
Software and development expenses	
Mobiquity Inc.	
Income for the period	(23,21,371)
Expenses for the period	15,81,292
	(7,40,079)
Morgan Clark & Co B V	
Expenses for the period	21,55,479
Income for the period	(2,14,424)
	19,41,055
Share Based payment expenses (Refer Note 17)	
Hexaware Technologies Limited	1,89,108
Dividend (Refer Note 10)	
Mobiquity Inc.	20,00,000
Distribution to ultimate holding company (Refer Note 10)	
Hexaware Technologies Limited	9,99,148

c) Outstanding Balances

	As at December 31, 2019
Other financial liabilities (Refer Note 12)	
Hexaware Technologies Limited	1,89,108
Mobiquity Inc.	6,90,979
	8,80,087
Other financial assets (Refer Note 7)	
Hexaware Technologies Limited	14,06,010
Morgan Clark & Co B V	1,21,405
	15,27,415



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MOBIQUNITY B.V.**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019**

(Amounts in Euro, unless otherwise stated)

26 SEGMENT INFORMATION

- a) The Company is primarily engaged in development of mobile applications which is considered as the only reportable business segment.

The Chief operating decision maker monitors the operating results of its mobile application business as a whole for the purpose of making decisions about resource allocation and performance assessment. Hence no separate segment information has been furnished.

27 CATEGORIES OF FINANCIAL INSTRUMENTS

Particulars	As at December 31, 2019
A) Financial assets	
<i>Financial assets measured at amortised cost</i>	
Current	
Trade receivable	47,34,169
Contract assets	7,836
Cash and cash equivalents	12,96,963
Other financial assets	15,81,947
Non-current	
Other financial assets	3,22,730
Total	79,43,645

Particulars	As at December 31, 2019
B) Financial liabilities	
<i>Financial liabilities measured at amortised cost</i>	
Trade payables	8,75,250
Other financial liabilities	22,38,207
Total	31,13,457

Carrying amount of cash and cash equivalents, trade receivable, unbilled revenue, loan, trade payables, other financial assets and liabilities approximate the fair value because of their short term nature. Difference between carrying amounts and fair values of financial assets and liabilities subsequently measured at amortised cost is not significant for the period presented.

28 FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for determining the type and level of business risks that the Company undertakes to achieve its corporate objectives. The board of directors is accountable for maintaining an effective control environment that reflects established risks appetite and business objectives.

The Board of director's policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered, and emerging best practices.

The Company's activities expose it to the following risks: market risk, credit risk and liquidity risk.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises interest rate risk and currency risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's doesn't have any interest bearing financial instruments. Hence, the Company is not exposed to interest rate risk.




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MOBIQUITY B.V.**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019**

(Amounts in Euro, unless otherwise stated)

Foreign currency risk

The Company is not exposed to foreign currency risk as transactions are mainly denominated in EURO, which is its functional currency.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

(i) Cash and cash equivalents

Credit risk from balances with banks/financial institutions is considered nil, since the counterparty is a reputable bank with high quality external credit rating. Based on assessment carried by the Company, entire receivable under this category is classified as "Stage 1".

(ii) Trade receivables (including contract assets)

The company applies the Ind AS 109 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance (ECL) for Trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The company's trade receivable are having short credit period and historically majority of trade receivables are recovered within short span of time.

Entire trade receivable outstanding as at reporting period are assessed individually for recoverability and consequent specific provisioning. If there are indication where provision is required based on management assessment of significant increase in credit risk bases on assessment of each trade receivable, allowance for expected credit loss is provided to the extent not considered probable of recovery. Specific provision may be required due to any reasons such as credit deterioration, etc. Trade receivable under specific provision case, are assessed individually.

i) The maximum exposure to credit risk is presented in the table below:

Particulars	As at December 31, 2019		
	Gross carrying amount	Allowance for expected losses	Amortised cost / fair value
Trade receivables	48,34,169	(1,00,000)	47,34,169
Total	48,34,169	(1,00,000)	47,34,169

ii) Ageing Analysis of trade receivables:

Particulars	As at December 31, 2019			
	Not due	Due less than 180 days	Due greater than 180 days	Total
Trade receivables	26,62,707	21,71,462	-	48,34,169
Less: Allowance for expected credit losses	-	(1,00,000)	-	(1,00,000)
Total	26,62,707	20,71,462	-	47,34,169

iii) Set out below is the movement in the allowance for expected credit losses of trade receivables:

Particulars	As at December 31, 2019
Movement in loss allowance	
Balance at the beginning of the period	25,000
Expense for the period	75,000
Balance as at the end of the period	1,00,000



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MOBIQUITY B.V.**NOTES FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE PERIOD FROM JUNE 14, 2019 TO DECEMBER 31, 2019**

(Amounts in Euro, unless otherwise stated)

(iii) Other financial assets

Other financial assets mainly includes deposits, receivable from related parties etc. Based on assessment carried by the Company, entire receivable is under this category is classified as "Stage 1". There is no history of loss and credit risk from other assets. During the period ended December 31, 2019 the Company has provided for one of its deposit receivable based on specific assessment carried on its recoverability. This is an exceptional case and based on best estimate of management, is unlikely to occur in future. Therefore, credit risk from remaining other financial assets is not material and hence considered nil.

Set out below is the movement in the allowance for expected credit losses of deposits:

Particulars	As at December 31, 2019
Balance at the beginning of the period	-
Expense for the period	1,43,740
Balance as at the end of the period	1,43,740

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

As at December 31, 2019	Less than 1 Year	1 to 5 years	More than 5 years	Total
Current liabilities				
Trade payables	8,75,250	-	-	8,75,250
Other financial liabilities	22,38,207	-	-	22,38,207

29 Capital Management

The Company's objectives when managing capital is to maintain optimal capital structure to continue to provide for adequate capital in the business, returns for shareholders and benefits for other stakeholders in the form of dividends, return of capital or issue of new shares.

30 Going concern

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

31 Material events after Balance sheet date

There is no significant event after reporting date which requires adjustment or disclosures to the financial statements.

32 Financial Statement Approval

These financial statements have been approved and authorised by the Board on February 10, 2020.



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