

Entertainment Solutions



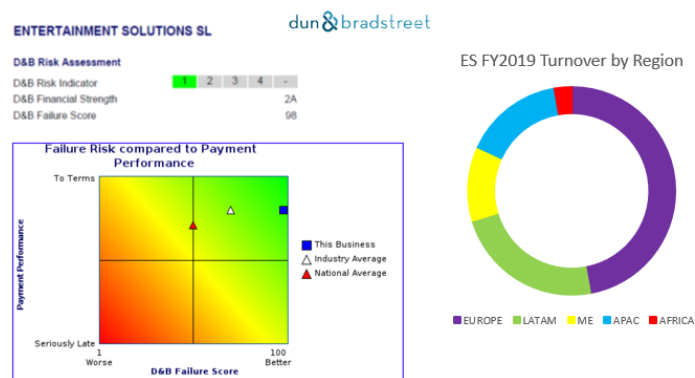
ANNUAL REPORT 2019

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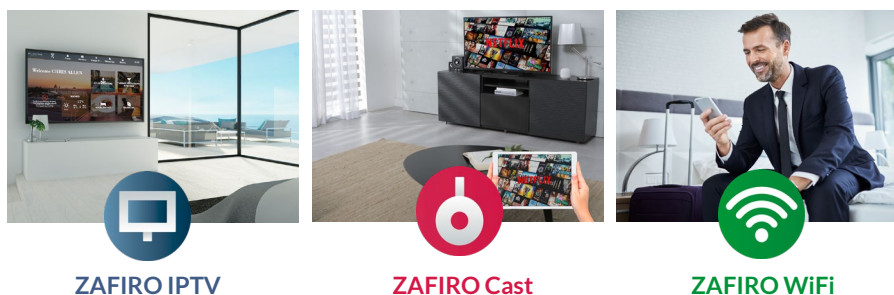
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FINANCIAL HIGHLIGHTS

In this 2019 Fiscal Year, ES consolidates the sustainable growth strategy that started four years ago, and finally doubles financial figures, also in terms of projects and IPTV Service Nodes. **ZAFIRO** branding consolidates its worldwide references. Customers asking for **ZAFIRO IPTV**, **ZAFIRO Cast** & **ZAFIRO WiFi** were coming mainly from Europe, LATAM, and also progressing in requests from APAC, ME, and Africa.



In 2019, ES rebrands EMERALD to **ZAFIRO WiFi**, so that **ZAFIRO** is reinforced with **ZAFIRO Cast**, too. A straightforward solution to enable Google Chromecast for Hospitality services. **ZAFIRO** consolidates its position and goes beyond towards an Over The Top solution, platform & infrastructure (WiFi, GPON...).



Thanks to ES reinforcement in terms of internal procedures and a strong hiring policy, ES full fills its international strategy, planned to achieve medium term business growth commitments, business diversification and to face 2030 technical challenges aligned with UN Sustainability Development Goals. ES also renews its Corporate Sustainability commitment, as UN COP Advanced Level: www.unglobalcompact.org/what-is-gc/participants/77371

**Please note that F&A ES information is available upon request in external websites, like D&B ES report.*

CEO INSIGHTS TO STAKEHOLDERS

Fiscal Year 2019 closes with successful **ZAFIRO IPTV, ZAFIRO Cast & ZAFIRO WiFi** deployments, including a figure of nearly 10% of projects in new countries, and doubling the figures of projects and number of IPTV Service Nodes that were in service four years ago. This was possible thanks to the commitment of the new organization, which allowed ENTERTAINMENT SOLUTIONS to grow its global position to support Hospitality challenges in 2030 agenda.

ZAFIRO reinforces IPTV technology possibilities, into Marketing and F&A priorities. From the disruptive concept that supported the very first hotel in Europe to deploy IPTV to enhance TVs in 2007, till the marketing tool that supports Corporate strategies to engage guests at the best hotel chains in the world. And also available as **ZAFIRO Cast** in environments with cost constraints to serve their final users. On top of this, **ZAFIRO WiFi** is the ES answer to the infrastructure challenge, a WiFi & Optic Fiber mix landscape, together with a new Manager that further enhances the acquired solution from Spanred.

ZAFIRO IPTV, ZAFIRO Cast & ZAFIRO WiFi is now recognised as a key technology, ES as a global player in the Hospitality Sector. ES corporate strategy also works on partnerships growth. This policy leads into external recognition, let's highlight latest awarded customers, like Royalton Luxury Resorts that has been awarded by LUXlife Magazine for their excellence in the #hospitality industry in Cuba. Our client BLESS Collection Hotels that has been awarded with the "Best Luxury Hotel in Madrid" for their BLESS Hotel Madrid establishment in the Luxury Lifestyle Awards. Sofitel Athens Airport, for their prize as "Best Venue for Product Launch". The Hotel Five Flowers & Spa Formentera has won the regional phase of the third edition of the CaixaBank Hotels & Tourism awards in the Balearic Islands that recognize innovation and digital transformation.

During FY2019, Iberostar Group was awarded with the International Travel & Tourism Award for its effort to develop a more sustainable tourism model through the "Wave of Change" movement. Our client BLESS Collection Hotels Madrid for winning the first prize in the "Gourmet Getaways" category in the National Geographic Traveler's Big Sleep Awards. Only YOU Hotels and Meliá Hotels International in Premio Hotels Tourism Caixabank Baleares.

In 2018 ES Hospitality customers effort has been awarded by different international forums, for instance: Best Heritage Hotel in Europe by International Hotel (Gran Meliá Palacio de los Duques), Best Entertainment by Crystal Apple (The Royal Suites Yucatán), Best Luxury Hotel by Spain Luxury Hotel (Gran Hotel Miramar), Best City Hotel in Italy by International Hotel (ME Milano Il Duca). A lesson learned from important 2017 international Awards, like Guest Review by Booking (Sofitel Athens), Luxury Eco Friendly Resort by Luxury Travel Guide (Banyan Tree Vabbinfaru), or Best Thematic Hotel in Spain by La Razón (Hard Rock Hotel Tenerife).

I am pleased to confirm that ENTERTAINMENT SOLUTIONS supports the ten principles of the Global Compact on human rights, labour, environment and anti-corruption. We continue our commitment and further implement those principles. We are committed to making the Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative project which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. ENTERTAINMENT SOLUTIONS has zero-tolerance of corporate corruption. ES makes a clear statement. I would personally appreciate your continuous effort to keep this outstanding company spirit in the breaking point, supporting our customers, and further explore new sectors to deploy our knowledge and styling, to cope with massive deployments of high tech. I have the strong feeling that open collaboration frames would lead us to contribute to long term goals in our Society.

ZAFIRO IPTV, ZAFIRO Cast & ZAFIRO WiFi's long term goal is to offer this possibility to develop and create their in-room Knowledge that will meet all Millennials' needs of today and the future, aligning infrastructures, content platforms and partners' value propositions. Aligning OGSM players towards a better 2050 Society.

Best of luck for all of us to achieve new 2030 challenges,



Mr. Miguel Mora Marín
Sole Director, authorised signature
Entertainment Solutions, S.L.

I MANAGEMENT REPORT

ES POSITION AT BUSINESS AND ECONOMIC ENVIRONMENT

IT means change management. High Tech means a strong vision towards long term objectives and challenges. IPTV is no longer a disruptive technology, as 3 years means obsolescence in IT life cycle. ES position is clear: 10 Years after launching the first Hotel in Europe supporting IPTV, this brand new code fourth generation was born in 2017 as **ZAFIRO**, the new branding that means Marketing and Communication in Hospitality Sector. In 2018, **ZAFIRO Cast** answered the challenge of a straightforward solution for Hospitality Service Nodes, a brand new design that integrates Google Chromecast. And also **ZAFIRO WiFi** thanks to the successful merge of infrastructure learnings of the EMERALD vertical, together with the experienced Spanred platform. This provides a new added value to wired-wireless mix landscape, where WiFi and Optic Fibers become the best alliance to generate premium guest experiences and a robust new platform to support this new connectivity concept.

ES position in the business and economic IT environment was to keep a small corporate size with the highest value. Together with a close collaboration with trend departments of global IT players

Worldwide close collaboration with Hoteliers, Partners and Players, across boundaries and sectors. The Hotel becomes the centre of the guest world, they support your business, family or leisure activities, providing both local and international access to any services that travellers may demand.

ZAFIRO was ready to the FY2019 challenges: the Elder generation and Millennials' travelling more than ever. That landscape means adaptation of the local products and services to the international demands. But how is COVID2020 evolution going to affect to Hospitality Sector?

Are we as Society able to cope with this challenge, with this pandemic effect, both in short and long term? Shall we switch from Hotels to Hospitals, from Tourism to Healthcare residences? Shall we be prepared for adding value and the best experience to enhance home and residential areas? Is **ZAFIRO** ready to be recognised as a virtual platform able to provide a home – work environment, a reliable and robust tool? Again, this is about persons, our **ZAFIRO** guests are now at home, some of them are HealthCare & Security Personnel. We need to support them, as well as Hospitality Sector is doing in really short timings.

How to combine the hotel beautiful spa with the new healthy treatment for your guest that may need your support at home, and then to the hotel-hospital treatment. Together with access to Learning Platforms, Cloud Applications, Healthcare recommendations, or the nicest restaurant food at your premises, while your population seeks for an in-room entertainment or educational content? ES is the answer, ES brings you **ZAFIRO IPTV**, **ZAFIRO Cast** & **ZAFIRO WiFi** to generate this environment, check with your guests' experience, and re-adapt as many times as the hotel expert management team decides. Combine Hotel – Hospital branding and corporate colours with team ideas, propose an interface so different for patients, guests or professionals... and monitor your results. With a statistic careful study, the Hotel Chain or new Hospitals - Residences may even decide the new corporate procedures, reward best practises, define healthcare best practices, local adaptations... Imagination and collaboration seem to be the real **ZAFIRO** limit for Hospitality Teams.

EXTERNAL COLLABORATIONS AND RECOGNITIONS

ES is a cross sectorial reference at national level, not just a beyond the limit of a high-tech company that works to improve worldwide Hospitality **Sector**. An important lesson learned from 2017. It's really more important for ES Team to support customer success and enable their dreams, than attend personally an Awards Gala to get the prize: During 2018 Fiscal Year, ES was also proud to congratulate its Hospitality Customers in Social Media, awarded in different international categories.

This is the reason why we congratulate on Social Networks ES awarded customers on daily basis. As stated before, Royalton Luxury Resorts (LUXlife Magazine), BLESS Collection Hotels

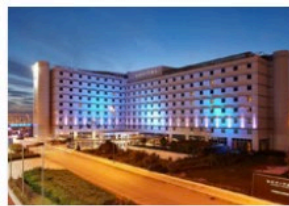
(Luxury Lifestyle Awards). Sofitel by Accor ("Best Venue for Product Launch"), The Hotel Five Flowers & Spa Formentera (CaixaBank Hotels & Tourism Awards. During FY2019, Iberostar Group (International Travel & Tourism Award), BLESS Collection Hotels Madrid (National Geographic Traveler's Big Sleep Awards). Only YOU Hotels and Meliá Hotels International (Premio Hotels Tourism Caixabank Baleares).



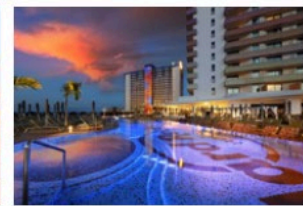
P. Romano Beach Resort & Spa
Best Spanish Resort (2016)
Conde Nast Traveler.



Banyan Tree Vabbinfaru
Luxury Eco Friendly Resort (2017)
Luxury Travel Guide Awards.



Sofitel Athens Airport
Guest Review Award (2017)
Booking.com Awards.



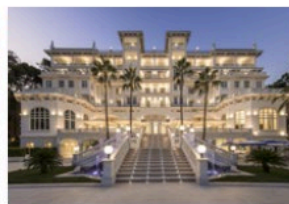
Hard Rock Hotel Tenerife
Best Thematic Hotel in Spain (2017)
La Razón.



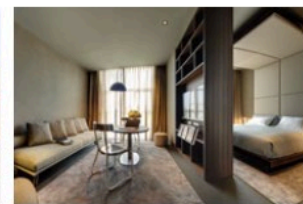
Gran Meliá Palacio de los Duques
Best Heritage Hotel in Europe (2018)
International Hotel Awards.



The Royal Suites Yucatán
Best Entertainment (2018)
Crystal Apple Award.



Gran Hotel Miramar
Best Luxury Hotel (2018)
Spain Luxury Hotel Awards.



ME Milano Il Duca
Best City Hotel in Italy (2018)
International Hotel Awards.

Duns & Bradstreet report qualifies ES as a 2A rating: ES is at top range in international comparison.

In terms of Sustainability, United Nations Communication On Progress – Advanced Level is public available at UN COP website, together with the highest recognized companies at worldwide level, 10.000 organizations where Hospitality Sector is also represented by top hotel chains.

AENOR R&D FY2018 Audit process during this last year led into a SME Innovative certification to ES R&D activities, together with the Research & Development Personnel Certification, too.

Best Practises and 2050 targets: ES shares knowledge and know how, works proactively with customers and players in Hospitality Sector and High Tech forums, in order to develop a long term vision and the highest quality products and services. ES also participates in Hospitality Corporate events and also leads Customer Groups in different regions to enable a healthy ideas sharing and Sector development.

ES national commitment leads us to collaborate with the Worldwide Spanish Embassy structure in different ways, like integrating ICEX profiles in Business Development & Sales Team. Previous years of proactive work with Spanish embassies and delegates to better understand competitive landscape, leaded into successful new references in different geographies, with new resource allocation and activities.

II ES TEAMS CONTRIBUTION TO ZAFIRO STRATEGY

Let's highlight main roles of the ES Organization, and major 2018 milestones achieved thanks to their member's effort, fully aligned with the highest sustainability and responsibility standards pointed by United Nations:

MARKETING

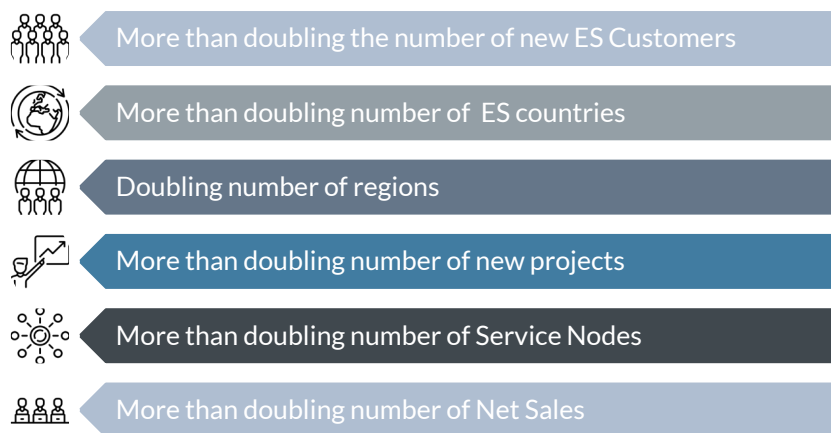
- ❖ Marketing is in charge of the market development, and together with Business Development provides awareness to the Hospitality sector. MKT delivers the necessary information relating to the company's capabilities in terms of its products, its services and its potential. It also works proactively to achieve that the customer orders are able to pilot the new scenarios in the real marketplace. According to the Ten Principles, MKT looks for customers and partnerships who are also supporting UN strategies. This leads ES to a wide scope of deployments that could help us to further understand the trends and needs of a society, and to avoid any risk of discrimination, fraud or miss-use.
- ❖ They generated **ZAFIRO** new branding and positioning at global forums, and in the most important hotel chains in the world. Their creative process leaded into current company positioning, from the cutting edge of the IPTV disruptive technology ten years ago, till the outstanding Marketing and Analytics tools that ES offers to the Hospitality Sector. This young and dynamic team grew up this year in order to better position ES **ZAFIRO** at local chains.
- ❖ They have been the key success factor to reinforce strategic relationships with global key accounts. Thanks to MKT proactive work in coordination with Sales and Customer Service, ES partnerships have been reinforced in different countries worldwide.
- ❖ One of the MKT challenges during 2018-2020 period was to massive deploy the new **ZAFIRO** capabilities in new and existing hotels, with a clear understanding of current competitive landscape. They would keep their current role at local and global Hotel Chains, as well as Web and new **ZAFIRO** image design, together with the UX concept development, new strategy in Social Networks, digital marketing and forums like HITEC, Moto GP International events, World Environment Day, Hotel Technology Summits in different regions, to support also Sales participation and strategy. They would also explore new

possibilities of engagement in the marketplace, like White Books collaboration to enhance Hospitality Sector, and even go beyond to re-apply **ZAFIRO** concepts in new Sectors.

- As a result of the continuous technical surveillance, research & development, and business presence, ES is consolidating **ZAFIRO IPTV**, **ZAFIRO Cast** & **ZAFIRO WiFi** in the marketplace.


SALES

- FY2019 started with a new Commercial Plan and an internal Sales reorganization to keep the growing figure of global sales that doubles the financial figures since the last four years.









- Customer relationships are reinforced. Including also strategic key accounts to deliver successful results in next year's horizon. New markets are also open thanks to this important pre-sales activity in FY2019, to reinforce geographies penetration, diversifying ES activities to drive market demand changes: projects in new countries are also increasing nearly a 10% vs previous year.
- ZAFIRO IPTV**, **ZAFIRO Cast** & **ZAFIRO WiFi** brandings available in FY2019, products with higher added value were very well positioned in the market, leading to a winning ES portfolio based on high range and ES value proposition for Hospitality, both Hotels and Hospitals.
- In 2019, Distribution Channel keeps growing in terms of new partnerships to cover global customer requests, and to keep excellent relationships with already existing partners. Sales & Regional Managers close collaboration with ES Distributors and key players in the market further improve the figure of reliable ES partners in the Hospitality Sector. They

also supported ZAFIRO image thanks to global forum participation, on line demos, and personal approach to local needs at ES or Distributor premises.

-  This effort led into an increasing offer accuracy and acceptance, as Distributors may face their customers' challenges with a better understanding of **ZAFIRO** capabilities to enhance their Hotels, Hospitals, Corporations... and user needs.

CUSTOMER SERVICE

-  Customer Service ensures long term relationships with market players, existing and potential customers, to ensure ES vision of the sector's evolution, people's needs, and successful products in the market. As a key function for the social contribution of the company in the long term, CS ensures that the ES product & service portfolio itself could help our customers to deliver their best offers to the right guest at the right time.
-  In terms of UN Global Compact, CS fully subscribes the Ten Principles. Asking proactively in the sector forums for a more in-depth commitment to UN, and short-term realisation of Principles. This is not just about information technologies, but also health, energy, water and food management; thanks to the availability of new emerging technologies.
-  CS proactively contributes to the doubling turnover figure in 2019, since four years ago. Thanks to the outstanding cross functional work of this team, their daily commitment with customer needs and challenges. They manage ES and Hotel organizations to empower and converge Marketing & IT visions.
-  At the same time they keep on maintenance of the existing ZAFIRO products and services, they lead project expansions, installations and updates. They identify key improvement factors that may suit Hoteliers needs to better serve their guests.
-  In 2019, Customer Service maintains their internal organization, with ES SPOC (Single Point of Contact) for key accounts. CS also promotes the policy of direct contact to final customers to improve awareness, service and loyalty figures. As well as maintains the "Post Set Up Meeting", that was designed in 2018 in order to further improve ES understanding of customer needs: this Meeting takes place immediately after a **ZAFIRO IPTV, ZAFIRO Cast & ZAFIRO WiFi** is completed at customer premises.
-  EServices are proactively provided in FY2019, due to a massive awareness of Pro-support, a successful upgrade of customer maintenance contracts.

- Equipment renewals are also in place, and improving customer relationships lead into new offers and upselling (specially in **ZAFIRO Cast**). A satisfied customer becomes a prescriptor, or upgrades its **ZAFIRO** value proposition for guests.

SUPPLY CHAIN - PROCUREMENT, LOGISTICS & WAREHOUSE

- PL&W, in order to ensure the UN GC, develops the right supply chain to ensure the successful country deployments in the long term, together with the right customer support for a long-term relationship. ES understands that a long-term collaboration means having a respect for a global rule, both for people and environment. The highest standards have been supported by UN GP, this is why the PL&W Department proactively uses the Ten Principles to search for the right players in the marketplace to further develop the Hospitality sector, and also to integrate this other feedback in the product roadmap.
- ES opens a number of new countries references, enhancing current logistics in four continents.
- ZERO issues at customs, thanks to the close collaboration with the main logistic partners, DHL (international) and Tourline Express (local).
- ES keeps its ZERO Storage policy, so that new working places are designed for equipment pre-installation.
- ES maintains 60 countries references, keeping current logistics in four continents in its already outstanding level of reliability, as ES was a candidate in 2018 DHL International Awards – Spain.

TECHNOLOGY - OPERATIONS AND R&D TEAMS' OVERVIEW

- In this FY2019, ES Technical Teams Split formally their activities to enhance Operations and Research & Development teams. This would lead in a best in class Operations and also R&D capabilities in next years, as the key engine of the company. ES is committed to the growth of products and services, according to the highest standards of techs and reliability.
- They provide necessary support on a daily basis, either by on-site deployments or by remote assistance. The first IPTV solution in a European hotel was developed and deployed by ENTERTAINMENT SOLUTIONS ten years ago. Now, our TECH Teams evolve on a daily

basis towards a better modular IPTV platform that can enable our customers to deliver excellent support to the guests at a hotel; the patient in a hospital; the employee of a company; or the student at a university.

- A very robust platform and a simple management enables TECH to customise services, to monitor, and to react to issues on-line. TECH is the core which support the Ten Principles, and provide a flexible tool to protect people and the environment wherever the IPTV platform is installed. TECH consists of a couple of diverse groups of highly qualified professionals that support the UN strategy wherever they work, either at ES HQ or Customer Premises.

TECHNOLOGY - RESEARCH & DEVELOPMENT

- R&D Team is evolving into an Agile organization, focusing on Solutions, Network, UX/UI, Integrations & Support. Thanks to an active recruiting policy and an innovative planning process, new members are quickly on board, understanding product design and development (Trello for planning, Work Orders to facilitate Cost Analysis, periodic internal meetings, and a special effort towards Cloud concepts, and **ZAFIRO Cast** Standalone that may lead into a de-construction Scrum process in next 2020 fiscal year.).
- In this Scrum process, R&D Team would focus in TV, Mobile, Network and Tools, to further understand Business Requirements and implement Sprint philosophy, in a couple of overall architectures, Software and Systems.
- In terms of product, **ZAFIRO V3.8** was ready in the Hospitality Sector at the end of FY2017. Bringing different functionalities collected across territories and hotel chains, R&D developed V3.8.3 (released) and V3.8.4 in FY2019, as well as started to migrate to a Cloud version.
- R&D further worked on the released **ZAFIRO Cast** Standalone and APPs, to develop a Cloud compatible version with new enhanced functionalities for user devices.
- Internally, R&D worked on **ZAFIRO WiFi**, releases 2.8.0, develops 2.8.1, and starts also a migration towards a Cloud version as well, with the same philosophy as TV, to ensure ES infrastructure products and value proposition for the Hospitality Market.
- ES Data Center development also grows thanks to SCRUM methodology. DC supports ES Processes, and further develops key functionalities to understand customer needs and

even colleagues' insights. From transversal knowledge of the marketplace, till detailed customer status in terms of a certain delivery, ES DC grows on daily basis to support ES Team. In this FY2019, let's highlight some developments to add functionalities like Time Control & Best Place to Work Activities for HHRR, Periodic Invoicing for F&A, Automatic Discount Levels for Sales and F&A, Marketing New Functions, Multiple Warehouse Storage for Logistics.

- These teams integrate IT knowledge and technical trends thanks to their close collaboration in customer and partners events, and working together with global manufacturers.

TECHNOLOGY - OPERATIONS

- It's important to highlight that Operations Team evolves towards a formal operations organization, challenging current engineering capabilities to a new KPIs philosophy, with a transparent communication both internally and externally. The 24 x 7 global support commitment, together with their close relation to customers are the engines to drive this change.
- ES closes FY2019 successfully consolidating the planned growth since 2016. As stated before, the excellent results of this last period of years, a collaboration frame, thanks to **ZAFIRO IPTV**, **ZAFIRO Cast** and **ZAFIRO WiFi** releases.

FINANCE & ACCOUNTING

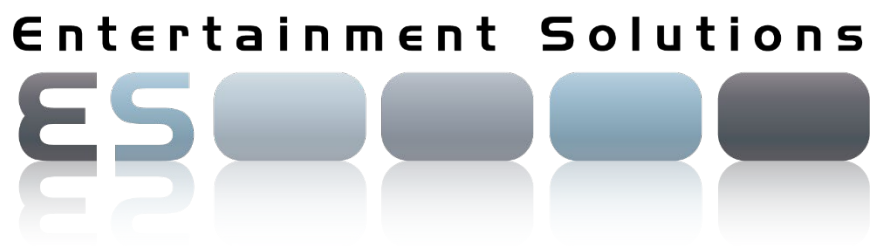
- Finance & Accounting, reports the economic and financial results of the company. The responsibility of our F&A is to operate and report with complete transparency, according to the national rules and to international criteria. The daily contribution of ES to our 21st century society, is to show respect to our customers, to our employees, to our shareholders and to all the agents of the marketplace in the Hospitality sector.
- In this 2019 fiscal year, ES closes a successful period of four years, where the Team has doubled the business figures. As stated before, the excellent results of this four years window collaboration led to this figure, thanks **ZAFIRO**, **ZAFIRO Cast** and **ZAFIRO WiFi**!

HUMAN RESOURCES

- Human Resources has the highest responsibility of taking care of our employees. Recruiting processes are open and transparent, with a long-term integration of the candidates in the labour framework. Human resources allocate the right facility to the right team, respecting individual interests and the specific needs of a department. This is achieved through proactive internal and external training, flexible policies and open promotion. ES endeavours to go further than the UN GC objectives: our employees' commitment and results will lead to a new society model, where professional and family balance is a reality. This, together with social respect, and with the contribution of the individual, helps to build a sustainable model in an environmentally friendly company.
- ES Team closes 2019 doubling the HHRR figure of the four years period, to guarantee a successful achievement of 2020 ES strategy. In order to better support local partners and develop a global internal strategy, the Spanish team is reinforced with local support for customers' business cases in the four ES Worldwide Regions.



THANK YOU FOR YOUR SUPPORT & GO BEYOND 2030 TARGETS!



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