

LINK Mobility A/S


Birkemose Allé 37, 6000 Kolding

CVR no. 30 07 75 20

Annual report 2017

Approved at the Company's annual general meeting on 9 March 2018

Chairman:


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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of LINK Mobility A/S for the financial year 1 January - 31 December 2017.

The annual report is prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Kolding, 9 March 2018
Executive Board:



Mikkel Robin Nielsen

Board of Directors:



Arild Hustad
Chairman



Thomas Martin Berge



Søren Aarslev Sundahl

Independent auditor's report

To the shareholders of LINK Mobility A/S

Opinion

We have audited the financial statements of LINK Mobility A/S for the financial year 1 January - 31 December 2017, which comprise an income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017, and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent auditor's report

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to 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 contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Kolding, 9 March 2018
BDO Statsautoriseret revisionsaktieselskab

CVR no. 20 22 26 70



Henning Wiese
State Authorised Public Accountant
MNE no.: mne27707

Management's review

Company details

Name	LINK Mobility A/S
Address, Postal code, City	Birkemose Allé 37, 6000 Kolding
CVR no.	30 07 75 20
Registered office	Kolding
Financial year	1 January - 31 December
Board of Directors	Arild Hustad, Chairman Thomas Martin Berge Søren Aarslev Sundahl
Executive Board	Mikkel Robin Nielsen
Auditors	BDO Statsautoriseret revisionsaktieselskab Birkemose Allé 39, Kolding

Management's review

Business review

The purpose of the company is to sell SMS solutions to businesses and private customers in Denmark and abroad.

Financial review

The income statement for 2017 shows a profit of DKK 7,822,712 against a profit of DKK 7,448,506 last year, and the balance sheet at 31 December 2017 shows equity of DKK 11,042,493. Management considers the Company's financial performance in the year satisfactory.

The Company has been merged with Responsfabrikken A/S with effect from 1 January 2017. The book value method has been applied, and as a consequence the comparatives have not been adjusted.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Financial statements 1 January - 31 December

Income statement

Note	DKK	<u>2017</u>	<u>2016</u>
	Gross margin	37,784,170	19,064,731
2	Staff costs	-28,111,783	-9,085,734
3	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,054,651	-553,426
	Profit before net financials	<u>7,617,736</u>	<u>9,425,571</u>
	Income from investments in group entities	1,936,466	0
4	Financial income	322,710	238,838
5	Financial expenses	-360,557	-94,075
	Profit before tax	<u>9,516,355</u>	<u>9,570,334</u>
6	Tax for the year	-1,693,643	-2,121,828
	Profit for the year	<u><u>7,822,712</u></u>	<u><u>7,448,506</u></u>
	Recommended appropriation of profit		
	Proposed dividend recognised under equity	10,500,000	7,400,000
	Retained earnings/accumulated loss	-2,677,288	48,506
		<u><u>7,822,712</u></u>	<u><u>7,448,506</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Completed development projects	1,053,512	164,408
	Software	42,242	173,949
	Goodwill	195,000	495,000
		<u>1,290,754</u>	<u>833,357</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	491,823	635,145
	Leasehold improvements	243,332	210,822
		<u>735,155</u>	<u>845,967</u>
9	Investments		
	Investments in group entities, net asset value	0	0
	Deposits	672,825	180,000
		<u>672,825</u>	<u>180,000</u>
	Total fixed assets	<u>2,698,734</u>	<u>1,859,324</u>
	Non-fixed assets		
	Receivables		
	Trade receivables	16,156,819	10,725,706
	Receivables from group entities	20,117,602	7,758,017
	Deferred tax assets	366,535	16,530
	Other receivables	702,176	686,316
	Prepayments	273,260	267,073
		<u>37,616,392</u>	<u>19,453,642</u>
	Cash	88,972	6,679,508
	Total non-fixed assets	<u>37,705,364</u>	<u>26,133,150</u>
	TOTAL ASSETS	<u>40,404,098</u>	<u>27,992,474</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	540,500	540,400
	Retained earnings	1,993	97,386
	Dividend proposed for the year	10,500,000	7,400,000
	Total equity	<u>11,042,493</u>	<u>8,037,786</u>
	Liabilities other than provisions		
11	Non-current liabilities other than provisions		
	Debt warrant management	2,116,547	328,543
		<u>2,116,547</u>	<u>328,543</u>
	Current liabilities other than provisions		
	Bank debt	165,827	106,837
	Prepayments received from customers	1,671,854	241,623
	Trade payables	13,841,064	3,642,005
	Payables to group entities	3,147,618	8,222,842
	Income taxes payable	1,772,528	2,227,353
	Other payables	6,646,167	5,185,485
		<u>27,245,058</u>	<u>19,626,145</u>
	Total liabilities other than provisions	<u>29,361,605</u>	<u>19,954,688</u>
	TOTAL EQUITY AND LIABILITIES	<u>40,404,098</u>	<u>27,992,474</u>

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2017	540,400	97,386	7,400,000	8,037,786
Additions on merger	100	2,581,895	0	2,581,995
Transfer through appropriation of profit	0	-2,677,288	10,500,000	7,822,712
Dividend distributed	0	0	-7,400,000	-7,400,000
Equity at 31 December 2017	540,500	1,993	10,500,000	11,042,493

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of LINK Mobility A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Income statement

Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross margin

The items revenue, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income and operating expenses

Other operating income and operating expenses comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Software	5 years
Goodwill	2 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

Other intangible assets includes software and are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

Property, plant and equipment

Items of property, plant and equipment includes other fixtures and fittings, tools, equipment leasehold improvements, which are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under 'Assets' comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual liability in respect of finance leases.

Other liabilities are measured at net realisable value.

DKK	2017	2016
2 Staff costs		
Wages/salaries	23,460,289	7,736,827
Pensions	3,138,151	917,445
Other social security costs	246,870	85,671
Other staff costs	1,266,473	362,516
Staff costs transferred to costs of non current assets.	0	-16,725
	<u>28,111,783</u>	<u>9,085,734</u>
Average number of full-time employees	<u>39</u>	<u>12</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	1,584,208	305,743
Depreciation of property, plant and equipment	470,443	247,683
	<u>2,054,651</u>	<u>553,426</u>
4 Financial income		
Interest receivable, group entities	229,427	211,311
Exchange gain	93,242	27,462
Other financial income	41	65
	<u>322,710</u>	<u>238,838</u>
5 Financial expenses		
Exchange losses	223,512	26,645
Interest surcharges on corporate tax recognised under net financials	0	58,260
Remission of debt and similar	82,885	0
Other financial expenses	54,160	9,170
	<u>360,557</u>	<u>94,075</u>
6 Tax for the year		
Estimated tax charge for the year	2,348,038	2,227,170
Deferred tax adjustments in the year	-654,395	-105,342
	<u>1,693,643</u>	<u>2,121,828</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Intangible assets

DKK	Completed development projects	Software	Goodwill	Total
Cost at 1 January 2017	205,225	1,041,881	1,296,000	2,543,106
Additions on merger	4,086,289	0	0	4,086,289
Additions in the year	0	26,090	0	26,090
Cost at 31 December 2017	4,291,514	1,067,971	1,296,000	6,655,485
Impairment losses and amortisation at 1 January 2017	40,817	867,932	801,000	1,709,749
Impairment losses and amortisation of additions through mergers	2,070,774	0	0	2,070,774
Amortisation/depreciation in the year	1,126,411	157,797	300,000	1,584,208
Impairment losses and amortisation at 31 December 2017	3,238,002	1,025,729	1,101,000	5,364,731
Carrying amount at 31 December 2017	1,053,512	42,242	195,000	1,290,754

8 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2017	1,467,379	258,567	1,725,946
Additions on merger	679,715	0	679,715
Additions in the year	154,171	0	154,171
Disposals in the year	-168,291	0	-168,291
Transferred	-161,564	161,564	0
Cost at 31 December 2017	1,971,410	420,131	2,391,541
Impairment losses and depreciation at 1 January 2017	832,234	47,745	879,979
Accumulated impairment losses and depreciation of additions through mergers	341,626	0	341,626
Amortisation/depreciation in the year	386,417	84,026	470,443
Reversal of amortisation/depreciation and impairment of disposals	-35,662	0	-35,662
Transferred	-45,028	45,028	0
Impairment losses and depreciation at 31 December 2017	1,479,587	176,799	1,656,386
Carrying amount at 31 December 2017	491,823	243,332	735,155

Financial statements 1 January - 31 December

Notes to the financial statements

9 Investments

DKK	Investments in group entities, net asset value	Deposits	Total
Cost at 1 January 2017	0	180,000	180,000
Additions on merger / corporate acquisition	201,883	481,978	683,861
Additions in the year	0	10,847	10,847
Disposals in the year	-201,883	0	-201,883
Cost at 31 December 2017	0	672,825	672,825
Carrying amount at 31 December 2017	0	672,825	672,825

DKK	2017	2016
10 Share capital		
Analysis of the share capital:		
5,405 shares of DKK 100.00 nominal value each	540,500	540,400
	540,500	540,400

Analysis of changes in the share capital over the past 5 years:

DKK	2017	2016	2015	2014	2013
Opening balance	540,400	540,400	540,400	540,400	540,400
Capital increase	100	0	0	0	0
	540,500	540,400	540,400	540,400	540,400

11 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

12 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes for income year 2013 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after July 1st 2012.

Other financial obligations

Other rent and lease liabilities:

DKK	2017	2016
Rent and lease liabilities	5,152,612	2,402,526

Rent and lease liabilities include a rent obligation totalling DKK 1,616,582 in rent agreements with remaining contract terms of 3-26 months. Furthermore, the Company has liabilities under operating leases for cars, totalling DKK 3,536,030, with remaining contract terms of up to 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Related parties

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
LINK Mobility Group ASA	Oslo	www.linkmobility.com

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the votes or minimum 5% of the share capital:

<u>Name</u>	<u>Domicile</u>
LINK Mobility Group ASA	Oslo