

MobyLife Holding A/S

Herlev Hovedgade 195C, 2730 Herlev, Denmark

Financial Statements 1 January - 31 December 2017

CVR-nr. 35 25 45 52

The Financial Statements has been
presented and adopted at the Annual
General Meeting of the Company on

17/5 2018

Mads Middelboe
Chairman

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Directors' and Management's Statement on the Financial Statements

Today the Board of Directors and Executive Management have discussed and approved the financial statements of MobyLife Holding A/S for the financial year 1 January to 31 December 2017.

The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2017 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January to 31 December 2017.

In our opinion, the Management's review includes a true and fair review about the development in the Group's and the parent company's operations and financial matters, the results for the year and the parent company's financial position, and the position as a whole for the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the Group and the parent company. Furthermore, Management's Review has been prepared in accordance with the Danish Financial Statements Act.

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

Copenhagen, 28 March 2018

Executive Management

Jakob H. Kraglund
CEO

Board of Directors

Mads Mathias Middelboe
Chairman

Vilhelm Eigil Hahn-Petersen
Deputy Chairman

Jacob Christian Nielsen Thygesen

Peter Ryttergaard

Independent Auditor's Report

To the shareholders of MobyLife Holding A/S

Our opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2017 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2017 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited

The Consolidated Financial Statements and Parent Company Financial Statements of MobyLife Holding A/S for the financial year 1 January to 31 December 2017 comprise income statement and statement of other comprehensive income, statement of financial position, statement of changes in equity, cash flow statement and notes, including summary of significant accounting policies for the Group as well as for the Parent Company. Collectively referred to as the "Financial Statements".

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 Group 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. We have also fulfilled our other ethical responsibilities in accordance with the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment

Following the listing of corporate bonds of MobyLife Holding A/S on Nasdaq Stockholm, we were first appointed on 20 February 2016 for the financial year 2016. We have been reappointed annually by shareholder resolution for a total period of uninterrupted engagement of 2 years including the financial year 2017.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2017. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<i>Key audit matter</i>	<i>How our audit addressed the key audit matter</i>
Impairment of goodwill Goodwill might be impaired due to for example increased competition in local markets, changes in the demand for repair of mobile devices in the Nordic countries, technology changes and changes in the strategy of the Group. We focused on this area as the determination of whether or not an impairment charge for goodwill was necessary involves significant estimates and judgments made by	Our audit procedures included assessing the Group's impairment model. We obtained the impairment test of goodwill prepared by Management and evaluated the reasonableness of estimates and judgements made by Management in preparing this. We tested the reliability of Management's estimates by comparing budgeted figures to actual figures for the past years.

<p>Management, including especially:</p> <ul style="list-style-type: none"> • estimation of future cash flows and the key assumptions underlying Management's expectations; • discount rates applied in discounting future cash flows; and • long-term growth rates <p>Reference is made to note 6 to the Consolidated Financial Statements.</p>	<p>We challenged Management on the assumptions for the key drivers of the future cash flows, including growth in net revenues, efficiency improvements, as well as the discount rates and long-term growth rates applied. We used our own specialists to evaluate the discount rate. Moreover, we examined sensitivity analyses performed over changes in revenue growth, efficiency improvements and discount rates.</p>
<p>Revenue recognition</p> <p>The Group's billing environment for repair of mobile devices is complex comprising a high number of individually low value transactions, complex price structure, some of which are changed during the year and a combination of automated and manual controls.</p> <p>We focused on this area because of the complexity of the revenue process, including the risk of incorrect use of standing data and contracts with complex price structure that in some instances are handled partly manually.</p> <p>Reference is made to note 4 to the Consolidated Financial Statements.</p>	<p>In our audit we focused on understanding the nature of revenue transactions including:</p> <ul style="list-style-type: none"> • changes in standing data • capturing and recording of revenue transactions • underlying reconciliations <p>We performed substantive testing of revenue transactions during the financial year, reconciliations and payments on trade receivable balances and performed substantive testing of revenue transaction around the year-end date. We performed test of manual journal entries of revenue transactions.</p>

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, 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 these Financial Statements.

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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 Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent 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 Group or the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hellerup, 28 March 2018
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 3377 1231

Torben Jensen
State Authorised Public Accountant
mne 18651

Thomas Baunkjær Andersen
State Authorised Public Accountant
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Company Information

The Company

MobyLife Holding A/S
Herlev Hovedgade 195C, 2.
DK-2730 Herlev

Telephone: +45 7020 7576

CVR No: 35 25 45 52

Financial period: 1 January - 31 December

Municipality of reg. office: Herlev

Board of Directors

Mads Mathias Middelboe, Chairman
Vilhelm Eigil Hahn-Petersen
Jacob Christian Nielsen Thygesen
Peter Ryttergaard

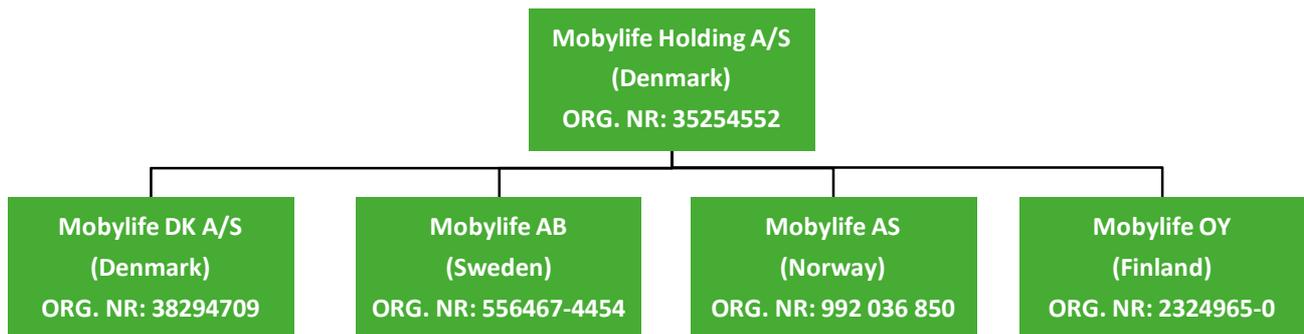
Executive Management

Jakob H. Kraglund

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup
Cvr nr. 33 77 12 31

Group Chart as of 31 December 2017



Management's review

The private equity fund CataCap indirectly has a significant stake of MobyLife Group, due to CataCap via CataCap I K/S. CataCap I K/S owns 92.1 % of the parent company MobyLife Holding A/S ("MLH") via CC Orange Invest Aps including part ownership of MobyLife DM Aps.

CataCap is a member of the Danish Venture Capital and Private Equity Association ("DVCA") and subject to comply with the guidelines issued by DVCA available at DVCA's website www.dvca.dk. These guidelines released in June 2008, with subsequent modifications, recommend extended coverage of a number of factors in annual reports, including corporate governance, financial risks, employee relations and strategy.

As a private equity portfolio company MLH therefore follow these recommendations.

Main activity

The main business of the Group is authorised repair of mobile devices and associated services in Denmark, Sweden, Norway and Finland.

MLH has operating activities across the subsidiaries MobyLife DK A/S, MobyLife AB, MobyLife AS and MobyLife Oy, which together have production sites covering the four Nordic countries.

The Danish operational activities are handled in MobyLife DK A/S. Repair services are delivered from walk-in locations in Denmark and repair sites in Sweden

The Swedish operational activities are handled in MobyLife AB. MobyLife AB also handles the majority of repair services for MobyLife DK A/S.

The Norwegian operational activities are handled in MobyLife AS.

The Finish operational activities are handled in MobyLife Oy.

Strategy

In 2016 MLH defined and began to implement a new strategy involving significant changes to the business including an operational restructuring, financial restructuring, new products and services, and a new operating model and organisation.

The overall strategic objective is to maintain and enhance the position as the leader within authorised after sales services for mobile devices in the Nordic region.

The main priorities in the strategy are the following:

Fix the core

- Consolidate sites and HQ
- Improve productivity

Accelerate value added services

- Accelerate Buy Back
- Expand Home Insurance
- Introduce Refurb / Swap

Transform through technology

- Professionalise IT
- Integrate with customers

Care for customers

- Strengthen customer centricity
- Improve user experience

Open direct channels

- Open partner and own walk-ins
- Strengthen online capabilities

Management's review

Development in activities and financial position

MLH was established 6 June 2013, and this is the Group's fifth annual report. The subsidiaries which MLH is comprised of have been operating for a number of years.

During 2017 the operational and financial restructuring continued and MLH now consists of 1 legal entity by country in the Nordic region. The previous repair site in Esbjerg (DK) has been consolidated into the repair sites in Malmø and Ljungby (SE) and the previous repair site in Kongsberg (NO) has been consolidated into the repair site in Drammen (NO). In addition the company's IT, payroll and accounting functions have been outsourced and the remaining HQ functions have been relocated to Malmø (SE). In 2017 we also changed the organization structure from a country based organization to a pan Nordic organization which also included significant changes to the management team.

Also during 2017 the first MLH branded walk-in was opened, located in the centre of Malmø, Sweden. This was a part of the strategy to establish new channels and to move the service closer to the customer. In addition to own branded walk-ins, MLH also manage walk-in services in operator shops as well as branded OEM Walk-ins. Revenue in 2017 is at the same level as in 2016 impacted by a decline in distribution revenue and increase in repair revenue.

EBITDA before special items for the year ended at DKK 23.7 million whereas EBIT ended at DKK -93.2 million impacted mainly by goodwill amortisation.

Management's review

FINANCIAL REVIEW

Income statement

The experienced volume development in the repair market in 2017 has been impacted by general market development. The volume has been below the expected level throughout 2017.

Recent analysis shows that the repair market is under increasing competition from unauthorised service providers setting a pressure on authorised service partners. This has been the main driver of the volume drop.

The distribution business also declined during 2017 - especially in the H2 of 2017 and as the supply has been unstable.

Revenue

The revenue has been impacted by the volume decline which has been offset by the changed repair mix driving higher prices due to increased usage of spare parts and increase complexity of the repairs. The price increase vs. 2016 is therefore mostly pass-through revenue with no margin impact. In sum, the repair revenue ended DKK 31.1 million higher than 2016 which is offset by decline in revenue from spare parts distribution of DKK 37.7 million vs last year.

Gross profit

The gross profit for the year is at the same level as in 2016. The gross profit is also impacted by the repair mix changes and the decline in spare parts distribution. The margins within repair business have decreased slightly while spare parts distribution margin has offset this decrease resulting in a margin level on par with 2016.

EBITDA

EBITDA showed a slight increase to 2016. The 2016 results were significantly impacted by the restructuring, which partly continued during 2017. 2017 EBITDA has been affected by some significant one-offs due to reversals and prior year corrections which has impacted EBITDA positively. The result for 2017 is not satisfactory.

Profit after TAX

The profit after tax ended at DKK -85.2 million in 2017 primarily due to write down of goodwill of DKK 80.0 million and write down of software assets of DKK 18.2 million.

Balance sheet

Consolidated total assets amounted to DKK 346.9 million as at 31 December 2017, which was a decrease of DKK 118.7 million from 31 December 2016 driven by the write down of goodwill and assets.

The valuation of the goodwill and the software assets has led to a write down of these assets. Please refer to note 6 for further information regarding the impairment test.

Management's review

Covenant

Under the agreement on amended terms for the bonds, the required Net Debt to EBITDA ratio threshold is 5.50 at 31 December 2017 and 3.50 at 31 December 2018, and 3.00 at 31 December 2019.

The Net Debt to EBITDA ratio is above the threshold at 6.54 as per 31 December 2017.

Please see note 25. Events after the reporting period.

Outlook 2018

Management expects EBITDA for 2018 to be below the 2017 EBITDA result before special items.

In the expectations for 2018 it is assumed that there are no changes in the regulation of the repair market, including no introduction of new taxes or duties. Such changes could lead to a change in market dynamics. In the expectations for 2018 it is furthermore assumed that there are no changes in the law about warranty and guarantee obligations towards end-users. Such a change could lead to a change in the demand for authorized services and repairs.

Changes in exchange rates would impact the results positively or negatively. The outlook for 2018 has been based upon the following exchange rates for 2018.

SEK/DKK = 0.75-0.78

NOK/DKK = 0.77-0.80

EUR/DKK = 7.44

Management's review

Liquidity and capital resources

The company is exposed to fluctuations in currency and the general bond market. The SEK/DKK exchange rate is assumed to develop from 0.75 to 0.78 during 2018, the NOK/DKK is expected develop from 0.77 to 0.80 during 2018. No changes in EUR/DKK are included in the company's expectations for 2018. Fluctuations in these areas will be monitored continuously.

The management together with the Board of Directors regularly assess whether MLH has an adequate capital structure, by assessing the size of the company's interest-bearing debt related to the activities and earnings, and liquidity in general. The capital structure and readiness is considered to be adequate.

Ongoing litigation

No ongoing litigations

Corporate Social Responsibility

The Board of Directors of MLH has adopted a policy of social responsibility, covering Human Rights, Environment and climate, Health and Safety, and Gender diversity.

In this section MLH has included its statutory report on CSR for the financial year 2017 cf Section 99a of the Danish Financial Statements Act ("Lovpligtig redegørelse for samfundsansvar, jf. Årsregnskabslovens § 99a) including additional information about policies, progress made during 2017 and expected activities for 2018.

Working with CSR is an integral part of the way of doing business in MLH, with a continuous focus to produce results. Working with social responsibility is also an essential part of the development of the company's brands and maintaining good relationships with its key stakeholders. During 2017 we have strengthened the relationships with the unions, where more employees now are following the union agreements.

The work and focus on CSR is an essential part of protecting the company's position as customers and consumers must be confident that MLH services are performed in a safe manner in a high quality. Protecting the environment and securing enforcement of human rights also helps to ensure good working relationships with customers and suppliers, increase production efficiency and reduce non-financial risks and strengthen the company's identity and culture.

Human rights

MLH does not tolerate discrimination of its employees due to gender, race or religion. Child and forced labor is not allowed, and MLH endeavours customers and suppliers to comply with this policy.

Employees of MLH have the right freely to organise in trade unions and to strike in accordance with the laws of the countries where MLH operates. In 2017 we have welcomed more close collaboration with unions, and will continue this work into 2018.

Environment and climate

All production sites at MLH are focused on continually reducing the environmental impact of the company's production and must at all times meet regulatory requirements and applicable laws. Most of the replaced parts on mobile phones are thus returned for recycling. The policy was adopted in 2014 and has in continued in 2018 across MLH in order to ensure compliance. The focus has been expanded to also include buy back, for recycling and reuse of smartphones.

During 2017 MLH has completed a project covering group wide print facilities, in order to implement an optimization to the business processes and at the same time reducing CO2 and electricity consumption and a new QHSE manager was appointed during 2017.

Management's review

Health and safety

MLH strives to create a safe and healthy working environment, continuously improve work processes internally and to handle all electronic equipment in a responsible, compliant way. It is our priority to ensure that our business activities have the least harmful effect on the environment and that our customers and suppliers understand and support this philosophy. In 2017 we appointed a new QHSE manager and we continued working closely with certified suppliers in order to secure that all electronic equipment is properly reused and recycled in a responsible, compliant way.

Gender diversity

In accordance with Section 99b of the Danish Financial Statements Act, MLH has disclosed its diversity policy and targets.

MLH wants to develop a culture of cooperation involving diverse employee groups with different perspectives and areas of expertise. This will ensure a varied and inspiring approach to the challenges MLH encounter on a daily basis in the business.

MLH focuses on creating equal opportunities for development and influence for employees and management – irrespective of gender. As group policy, MLH aims to select the most qualified candidates for the teams with a view to creating diversity in MLH through a qualified recruitment process, covering all levels of the organisation. During 2016 all recruitments has been evaluated accordingly to this policy.

Traditionally, MLH has had a disproportionate number of men in the technical departments and in management. As MLH believes that a culture of cooperation with diverse groups of employees will generate greater success, MLH will continue actively to encourage gender diversity in the Group.

It is the target for MLH to have at least one female member of the Board of Directors by 2020. As at 31 December 2017 there was no female member. The Board of Directors will be searching for new members in combination with retirement of an existing member. During 2017 no board member has retired from the position.

Competition

The business practices of MLH should always be in full compliance with competition law wherever it operates.

Employees

At the end of 2016 the total number of employees in MLH was 390, represented by 46 in Denmark, 194 in Sweden, 99 in Norway, and 51 in Finland.

At the end of 2017 the total number of employees in MLH was 323, of which 8 in Denmark, 147 in Sweden, 89 in Norway, and 79 in Finland.

Duties of the Board of Directors, composition and organization

MLH strives to adhere to the principles of Corporate Governance e.g. by securing an ongoing dialogue with its owners and other stakeholders, reporting results on a quarterly basis, and securing an ongoing strategic development process in order to create value for its stakeholders.

The Board of Directors (Board) of the parent company MLH and its subsidiaries ensure that the Executive Management complies with the objectives, strategies and procedures outlined by the Board. Information from the Executive Management of the various companies is provided systematically at meetings and through written and oral, ongoing reporting. This reporting includes market development, the company's development and profitability and financial position.

Management's review

The Board meets according to a set schedule at least 5 times a year. An annual strategy meeting is held where the Group's vision, goals and strategy are determined.

The Board of MLH has decided to take on the audit committee tasks jointly. As a result of this, the chairman of the Board is also the chairman of the audit committee. The Board's decision to take on the audit committee tasks jointly should be viewed in light of the Company's size, transparency of reporting and clear procedures, due to which the Company's Board finds no need for a separate audit committee.

There are no formal board committees, however the Chairmanship consisting of the Chairman and the Deputy Chairman are in close and continuous dialogue with the company's management.

Stakeholders

MLH continuously seeks to develop and maintain good relations with its stakeholders, because such relations are considered to have significant and positive impact on the Group's development.

The main stakeholders are mobile communication device manufacturers, telecom operators, insurance companies, retail chains and other distribution partners. It is the Group's policy to seek a written agreement basis with all close partners.

Critical accounting estimates and assumptions

See note 2.

Management's review

Board composition

Chairman, Mads Middelboe, male, 57 years old, independent board member, appointed by CataCap. Mr. Middelboe was initially elected chairman of the board of directors in 2013, and is up for election once a year at the annual general meeting.

Mr. Middelboe is a professional board member, management consultant and former CEO of TDC Mobile with special skills in the telecom industry and group management.

Mr. Middelboe is currently serving as chairman of the board of directors of MobyLife Holding A/S, MobyLife DK A/S, MobyLife AS, MobyLife AB, MobyLife Oy and SAB Holding A/S, and a member of the Board of Directors of Løgstrup-Steel A/S and J.O. Informatik ApS.

Deputy Chairman Vilhelm Hahn-Petersen, male, 57 years old, non-independent board member. Mr. Hahn-Petersen was initially elected a member of the Board of Directors in 2013 and is up for election once a year at the annual general meeting.

Mr. Hahn-Petersen is currently a partner at CataCap Management A/S.

Mr. Hahn-Petersen serves as chairman of the Board of Directors of: Capacent A/S, CC Green Wall Invest ApS and CC Lingo Invest ApS and a member of the Board of Directors of: MobyLife Holding A/S, MobyLife DK A/S, MobyLife AS, MobyLife AB, MobyLife Oy, G.S.V. Holding A/S and G.S.V. Materieludlejning A/S, Lyngsoe Systems Holding A/S and Lyngsoe Systems A/S, Skybrands Holding A/S and Skybrands A/S, CC Oscar Holding I A/S, CC Oscar Invest ApS, CASA A/S, CC Explorer Invest ApS, CC Tool Invest ApS, CC Sky Invest ApS, Airhelp Inc., TPA Holding I A/S, TPA Holding II A/S, TP Aerospace Holding A/S, CataCap Management A/S, CC Orange Invest ApS, and serves as Executive Management of: MobyLife DM ApS, MyCo ApS, CataCap DM ApS, CataCap OP ApS, Catacap DM II ApS, CC II Management Invest 2017 GP ApS, CASA ManCo ApS, CC Orange Invest ApS, CC Track Invest ApS and LW ManCo ApS.

Board-member Jacob Thygesen, male, 52 years old, non-independent board member. Mr. Thygesen was initially elected a member of the Board of Directors in 2013, and is up for election once a year at the annual general meeting.

Mr. Thygesen is currently also an operating partner at CataCap Management ApS, chairman of the board of directors of Alert Systems ApS and Soundboks ApS and a member of the boards of directors of:

MobyLife Holding A/S, MobyLife DK A/S, MobyLife AS, MobyLife AB and MobyLife Oy. CataCap Management A/S, Focus Flex Leasing A/S, Nanocore ApS, SAB Holding A/S, Technoinvest A/S, and Tldk Invest ApS.

Board-member Peter Ryttergaard, male, 47 years old, non-independent board member, Partner in CataCap. Mr. Ryttergaard was initially elected a member of the Board of Directors in 2013 and is up for election once a year at the annual general meeting.

Mr. Ryttergaard is currently partner at CataCap Management A/S.

Mr. Ryttergaard serves as member of the Board of Directors of: MobyLife Holding A/S, MobyLife DK A/S, MobyLife AS, MobyLife AB, MobyLife Oy, G.S.V. Holding A/S and G.S.V. Materieludlejning A/S, Handicap-Befordring Holding A/S, Handicap-Befordring A/S, CC Oscar Holding I A/S, CASA A/S, CataCap Management A/S, CC Explorer Invest ApS, CC Tool Invest ApS, CC Oscar Invest ApS, CC Orange Invest ApS, CC Track Invest ApS, CC Sky Invest ApS, Ryttergaard Invest A/S, Kjærulf Pedersen A/S, CC Green Wall Invest ApS, TPA Holding I A/S, TPA Holding II A/S, TP Aerospace Holding A/S, CC Lingo Invest ApS and serves as Executive Management of: Buldus Ejendomme ApS, Investeringselskabet af 2712 1985 ApS, CataCap OP ApS, CataCap DM ApS, CataCap DM II ApS, CC II Management Invest 2017 GP ApS, Ryttergaard Invest A/S, CC Green Wall Invest ApS, CC Tool Invest ApS, CC Sky Invest ApS, CC Explorer Invest ApS, CC Lingo Invest ApS, LW ManCo ApS, MobyLife DM ApS, and CASA ManCo ApS.

Management's review

Statutory statement on Corporate governance, "Årsregnskabsloven §107b"

MLH is following the guidelines on corporate governance issued by DVCA.

The Board assesses the risk picture presented by management once a year in connection with the preparation of strategy plans and budget. The risk picture is then monitored on an ongoing basis hereafter. The board annually assesses the risk of fraud, and the executive management are continuously monitoring controls hereof.

The Board has in corporation with executive management established a reporting process that includes yearly budget, quarterly outlooks and external reporting, monthly internal reporting and ongoing weekly outlook tracker, including deviation explanations. The external reporting includes income statement, balance sheet, cash flow and selected notes. The internal reporting includes a daily update on operational KPI, weekly update on group volumes, and monthly reporting on P&L, balance sheet, cash flow and liquidity.

In addition to the above, the corporate governance process furthermore includes monthly Chairmanship meetings with Executive Management.

The Board has assessed the basis for implementing a Whistleblowing policy. Based upon the assessment the Board has chosen to not implement such policy.

Selected business risks are described below in the section "Specific risks".

Specific risks

The Board and management have ongoing dialogue about important issues in the company, including the risks that are considered to affect the company significantly. Below are given the significant risks identified by the ongoing discussion at board meetings of the company.

Market risk

The company services and repairs all standard devices within mobile communication. There is a continuous introduction and marketing of new products and devices into the market, and it is important for the company that it continuously adapt operations to the new models.

Risk related to customers

The company's main customers are mobile device manufacturers, telecom operators, retailers and insurance companies. The continued growth has brought new groups of customers to the company which intensifies the need for credit-assessments and follow-up especially towards smaller customers.

Purchase of spare parts

MLH only uses original parts of the respective products and manufacture. Delays in deliveries from suppliers can't be counteracted by purchases from alternative suppliers. The company is therefore obliged to maintain a minimum stock of all current models.

Management's review

Financial risk

The Group has exposure to foreign exchange risk as a result of the operations in Denmark, Sweden, Norway and Finland. Foreign exchange-, interest rate-, and credit risks arise from commercial relationships and the impact on the issued bond. The company has no major purchases outside the Nordic region or EUR-zone. Billing and purchasing is done predominantly in DKK, SEK, NOK or EUR. MLH has not used financial instruments to hedge against currency fluctuations.

The net interest bearing debt, according to the definition in the amended and restated terms and conditions, as at 31 December, 2017, amounts to DKK 155.1 million.

Events after the reporting period

MLH and Catacap have during February 2018 been in discussions with an informal committee of noteholders concerning a potential restructuring of the company's outstanding senior secured notes due 2020. The noteholder committee represented SEK 93.75 million of principal amount of the notes equal to 47.5%. The outcome was an agreement to disclose details of the restructuring proposal as well as the reasons behind the need for the restructuring, the recent suspension of interest under the notes and the delay in publication of the annual report.

The majority shareholder of the company, CC Orange Invest ApS, offered to provide financial support to MLH subject to the redemption of all outstanding notes. This proposal was presented to the informal committee of noteholders.

87.4% of the members of the committee representing SEK 81.9 million of the principal amount of the notes voted in support of the proposal.

The proposal voted on by the committee was to amend the terms to enable a mandatory redemption of all outstanding notes at a price of 12 per cent of their nominal amount being SEK 120 per SEK 1,000 of nominal amount, including accrued and unpaid interest.

With the backing of the proposal by a significant majority of the informal noteholder committee a written procedure was launched the 5th March 2018 to request the noteholders to vote on the proposal in accordance with the terms and conditions of the notes.

The 28th of March 2018 the written resolution was passed in favour of the proposal and MLH immediately thereafter exercised the mandatory redemption of all outstanding notes.

The funding of the redemption of the notes and additional financing or funding up to MDKK 20 for the operations of the company in 2018 was provided by Catacap I K/S through the company's parent company, CC Orange Invest ApS.

Management of the MobyLife Group expects in 2019 to be able to fund the operations of the Group without support from parent companies.

The new summary pro forma balance sheet for MLH as per 1st of January including above event is as stated below. The funding of the redemption is included, and bond and interest liabilities has been removed vs 31 December balance sheet, which leaves MLH with a solvency ratio at 76.

Management's review

Statements of Financial Position as at 31 Dec. 2017 and 1 Jan. 2018 (Pro forma)

Assets	31/12 2017	1/1 2018
Non-current assets		
Goodwill	243.174	243.174
Software under construction	3.433	3.433
Software	21.892	21.892
Land and buildings	3.030	3.030
Equipment, furnitures fixtures	3.284	3.284
Leasehold improvements	2.051	2.051
Other receivables	482	482
Deferred tax assets	2.325	2.325
	279.671	279.671
Current assets		
Inventories	10.311	10.311
Trade receivables	32.538	32.538
Tax receivables	2.621	2.621
Other receivables	18.723	18.723
Prepayments	1.297	1.298
Cash and cash equivalents	1.685	1.685
	67.176	67.176
Total assets	346.847	346.847
Equity and liabilities		
Share capital	20.921	20.921
Payment from owners	0	17.906
Other reserves	-16.530	-16.530
Retained earnings	105.093	242.890
	109.484	265.187
Non-current liabilities		
Bonds	146.142	-
Interest bonds	8.355	-
Finance lease debt	807	807
Deferred tax liabilities	-	-
	155.304	807
Current liabilities		
Bonds	1.206	-
Trade payables	42.818	42.818
Current income tax liabilities	837	837
Finance lease debt	234	234
Other payables	36.731	36.731
Provisions	233	233
	82.059	80.853
Total liabilities	237.363	81.660
Total equity and liabilities	346.847	346.847

Consolidated Key Figures

	Group				
	2017	2016	2015	2014	2013 *
	DKKk IFRS	DKKk IFRS	DKKk IFRS	DKKk IFRS	DKKk (7 month) IFRS
Income Statement					
Net revenue	584.298	590.959	615.077	408.363	103.955
EBITDA before special items	23.692	18.945	33.917	23.857	-2.081
EBITDA after special items	15.703	7.200	27.555	9.464	-6.432
EBITA	4.954	-1.919	20.895	5.478	-7.805
Earnings before interest and tax (EBIT)	-93.231	-1.919	20.895	5.478	-7.805
<i>EBIT margin %</i>	<i>-16,0%</i>	<i>-0,3%</i>	<i>3,4%</i>	<i>1,3%</i>	<i>-7,5%</i>
Other financials, net	10.448	1.660	10.068	16.180	-1.668
Profit before tax	-82.783	-259	30.963	21.658	-9.473
Profit for the year	-85.233	2.139	14.407	15.666	-7.836
Balance Sheet					
Non-current assets	279.671	378.022	370.633	372.605	103.487
Investments in non-current assets	14.227	16.207	21.530	22.646	10.024
Total Assets	346.847	465.589	503.590	493.317	139.481
Equity	109.484	199.141	165.889	112.912	22.820
Net interest-bearing debt	155.059	125.892	143.944	204.845	-588
Net working capital	-16.667	-8.017	-1.899	8.958	-53.462
Cash Flow Statement					
Cash flow from operating activities	-69	8.194	32.476	11.127	16.039
Cash flow from investing activities	-14.227	-16.207	-21.530	-276.654	-95.716
Cash flow from financing activities	-19	27.241	11.195	345.895	21.681
Financial ratios					
Cash conversion	62.965	-10.039	-23.201	48.080	-52.079
Equity ratio	32%	43%	33%	23%	16%
Number of repairs ('000)	779	926	1.048	1.006	533
Average number of employees	348	426	486	358	192
Number of employees at year-end	323	390	418	475	221

The key figures and financial ratios have been prepared on a consolidated basis. The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts (April 2015).

* 2013 figures has been corrected following identification of significant errors in 2014

Income Statements for the Years Ended 31 December 2017 and 2016

	Notes	Group		Parent	
		2017	2016	2017	2016
		DKKk	DKKk	DKKk	DKKk
Revenue	4	584.298	590.959	-	-
Production costs		-381.521	-389.834	-	-
Other external costs		-41.074	-32.067	9.973	7.469
Gross profit/(loss)		161.703	169.058	9.973	7.469
Personnel costs	21	-138.011	-150.113	-3.785	-300
Other operating expenses	10	-	-	-35.460	-11.588
Depreciation and amortisation of tangible and intangible assets	6/7	-28.934	-9.119	-24.341	-3.844
Write down investments in subsidiaries	6/10	-80.000	-	-31.000	-7.000
Operating profit/(loss) before special item		-85.242	9.826	-84.613	-15.263
Special items	5	-7.989	-11.745	-2.782	-7.096
Operating profit/(loss)		-93.231	-1.919	-87.395	-22.359
Dividend from subsidiaries		-	-	8.077	19.728
Financial income	8	29.185	27.009	27.696	25.887
Financial costs	8	-18.737	-25.349	-17.969	-20.065
Profit before income tax		-82.783	-259	-69.591	3.191
Income tax expense	9	-2.450	2.398	5.815	-451
Profit/(loss) for the year		-85.233	2.139	-63.776	2.740

Statements of Other Comprehensive Income for the Years Ended 31 December 2017 and 2016

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Profit for the year	-85.233	2.139	-63.776	2.740
Other comprehensive income:				
Items that may be subsequently reclassified to profit or loss				
Exchange rate adjustment relating to foreign entities	-4.424	-268	-	-
Other comprehensive income for the year, net of tax	-4.424	-268	-	-
Total comprehensive income for the year	-89.657	1.871	-63.776	2.740

Statements of Financial Position as at 31 December 2017 and 2016

	Notes	Group		Parent	
		2017	2016	2017	2016
		DKKk	DKKk	DKKk	DKKk
Assets					
Non-current assets					
Goodwill	6	243.174	324.982	-	-
Software under construction	6	3.433	3.301	3.433	3.301
Software	6	21.892	36.479	17.450	31.370
Land and buildings	7	3.030	3.251	-	-
Equipment, furnitures fixtures	7	3.284	3.413	632	-
Leasehold improvements	7	2.051	1.364	-	-
Other receivables		482	805	-	-
Equity interests in subsidiaries	10	-	-	266.312	271.266
Receivables from group enterprises		-	-	22.000	-
Deferred tax assets	9	2.325	4.426	-	478
		279.671	378.022	309.827	306.415
Current assets					
Inventories	11	10.311	9.055	-	-
Trade receivables	12/13	32.538	30.092	-	-
Receivables from group enterprises		-	-	2.499	5.408
Tax receivables		2.621	-	-	-
Other receivables	13	18.723	21.821	2.546	2.065
Prepayments		1.297	2.645	620	427
Cash and cash equivalents		1.685	23.953	-	23.028
		67.176	87.566	5.665	30.928
Total assets		346.847	465.589	315.492	337.343

Statements of Financial Position as at 31 December 2017 and 2016

	Notes	Group		Parent	
		2017	2016	2017	2016
		DKKk	DKKk	DKKk	DKKk
Equity and liabilities					
Share capital	17	20.921	20.921	20.921	20.921
Other reserves		-16.530	-12.106	21.193	11.414
Retained earnings		105.093	190.326	48.805	122.360
		109.484	199.141	90.919	154.695
Non-current liabilities					
Bonds	13/14/15	146.142	148.783	146.142	148.783
Vendor loan	13/15	-	16.858	-	16.858
Intercompany debt		-	-	9.674	-
Interest bonds		8.355	1.677	8.355	1.677
Finance lease debt	15/20	807	636	492	-
Deferred tax liabilities		-	35	-	-
		155.304	167.989	164.663	167.318
Current liabilities					
Bonds	13/15	1.206	-	1.206	-
Borrowings, credit institutions		-	-	1.491	-
Trade payables	13	42.818	52.777	11.540	4.594
Intercompany debt		-	-	45.296	-
Current income tax liabilities	9	837	2.877	-	6.293
Finance lease debt	15/20	234	426	144	-
Other payables	13	36.731	34.621	-	187
Provisions	16	233	7.759	233	4.256
		82.059	98.460	59.910	15.330
Total liabilities		237.363	266.449	224.573	182.648
Total equity and liabilities		346.847	465.589	315.492	337.343

Statements of Changes in Equity for the Years Ended 31 December 2017 and 2016 – Group

Group

Notes	Share capital DKKk	Share premium DKKk	Other reserves DKKk	Retained earnings DKKk	Total equity DKKk
Balance as at 1 January 2016	18.748	-	-11.838	158.979	165.889
Profit for the year	-	-	-	2.139	2.139
Other comprehensive income for the year	-	-	-268	-	-268
Total comprehensive income for the year	18.748	-	-12.106	161.118	167.760
Write-off the share capital	-18.748	-	-	18.748	-
Capital increase	20.921	10.460	-	-	31.381
Balance as at 31 December 2016	20.921	10.460	-12.106	179.866	199.141
Internal transfer	-	-10.460	-	10.460	-
Balance as at 31 December 2016	20.921	-	-12.106	190.326	199.141
Balance as at 1 January 2017	20.921	-	-12.106	190.326	199.141
Profit for the year	-	-	-	-85.233	-85.233
Other comprehensive income for the year	-	-	-4.424	-	-4.424
Balance as at 31 December 2017	20.921	-	-16.530	105.093	109.484

Statements of Changes in Equity for the Years Ended 31 December 2017 and 2016 – Parent

Parent

Notes	Share	Share	R&D cost	Retained	Total
	capital	premium	reserves	earnings	equity
	DKKk	DKKk	DKKk	DKKk	DKKk
Balance as at 1 January 2016	18.748	-	-	101.826	120.574
Profit for the year	-	-	-	2.740	2.740
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	18.748	-	-	104.566	123.314
R&D costs reserves 2016, net	-	-	11.414	-11.414	-
Write-off the share capital	-18.748	-	-	18.748	-
Capital increase	20.921	10.460	-	-	31.381
Balance as at 31 December 2016	20.921	10.460	11.414	111.900	154.695
Internal transfer	-	-10.460	-	10.460	-
Balance as at 31 December 2016	20.921	-	11.414	122.360	154.695
Balance as at 1 January 2017	20.921	-	11.414	122.360	154.695
Profit for the year	-	-	-	-63.776	-63.776
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	20.921	-	11.414	58.584	90.919
R&D costs reserves 2017, net	-	-	9.779	-9.779	-
Balance as at 31 December 2017	20.921	-	21.193	48.805	90.919

Statements of Cash Flows for the Years Ended 31 December 2017 and 2016 - Group

	Notes	Group		Parent	
		2017 DKKk	2016 DKKk	2017 DKKk	2016 DKKk
Profit/(loss) for the year		-85.233	2.139	-63.776	2.740
Adjustments for non-cash transactions	22	98.004	5.856	39.799	5.473
Change in working capital	23	-12.840	199	37.941	14.867
Cash flows from operating activities before financial items and tax		-69	8.194	13.964	23.080
Interest paid		-3.288	-18.637	-5.444	-16.264
Interest received		1.000	44	3.556	1.190
Income tax paid		-5.665	-8.535	-	-
Cash flows from operating activities		-8.022	-18.934	12.076	8.006
Acquisition of subsidiary, net of cash acquired		-	-	-26.046	-
Purchases of property, plant and equipment		-1.778	-1.755	-726	-
Purchases of other intangible assets		-12.449	-14.452	-10.459	-11.778
Raising of financial fixed assets		-	-	-	-
Cash flows from investing activities		-14.227	-16.207	-37.231	-11.778
Proceeds from issuance of bonds		-	-	-	-
Proceeds from borrowings		-	-52	-	-52
Proceeds from leasing debt		-19	529	636	-
Repayment of Bonds / borrowings		-	0	-	-
Capital increases		-	31.381	-	31.381
Capitalized borrowing costs		-	-4.617	-	-4.617
Cash flows from financing activities		-19	27.241	636	26.712
Net (decrease)/increase in cash and cash equivalents		-22.268	-7.900	-24.519	22.940
Cash and equivalents at beginning of year		23.953	31.853	23.028	88
Cash and cash equivalents at end of year		1.685	23.953	-1.491	23.028

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Notes to the Financial Statements

1. Summary of significant accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB), and with the International Financial Reporting Standards as endorsed by EU and additional Danish disclosure requirements.

New standard, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group has assessed that the impact of IFRS 15 is immaterial.
- IFRS 16 'The IASB has published IFRS 16 Leases, which amends the rules for lessee's accounting treatment of operating leases. In future, operating leases must therefore be recognised in the balance sheet as lease assets and similar lease liabilities. The standard has not yet been adopted by the EU and will become effective for financial years beginning on or after 1 January 2019. MobyLife expects to implement the standard when it becomes effective. MobyLife is in the process of examining the effect of the standard, which cannot yet be calculated.
- IFRS 9 'Financial Instruments. The standard replaces IAS 39, financial instrument, recognition and measurement. It has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). Equity investments which do not form part of the trading portfolio can be irrevocable designated at fair value through other comprehensive income. Further, a new impairment model for debt instruments not measured at fair value through profit or loss, based on expected losses. A new hedge accounting model is introduced under which the qualifying criteria are adjusted so as to better align with risk management practices. MobyLife has assessed that the standard is immaterial.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

Consolidation

Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Notes to the Financial Statements

Acquisition-related costs are expensed as incurred.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The financial statements are presented in Danish Kroner (DKK), which is the Group's presentation currency. The financial statements have been rounded to the nearest thousand.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges. Foreign exchange gains and losses are presented in the income statement within "finance income or costs".

Group companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- a) Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- b) Income and expenses for each income statement are translated at average exchange rates; and
- c) All resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

Balance sheet

Fixed assets

Fixed assets are mainly comprised of land and buildings and plant and machinery, which are measured at cost less accumulated depreciation, and any impairment losses.

The cost is comprised of the acquisition price and direct costs related to the acquisition until the asset is ready for use.

Notes to the Financial Statements

Depreciation, which is stated at cost net of any residual value, is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Land and Buildings	10 - 50 years
Leasehold improvements	5 years or the lease term if shorter
Equipment, furniture and fixtures	3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Intangible assets

Goodwill

The carrying amount of goodwill relates to strategic acquisitions.

Goodwill arises on the acquisition of subsidiaries and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGU's, or groups of CGU's, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The Carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life (Goodwill) are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairment of non-financial assets (other than goodwill) is reviewed for possible reversal at each reporting date.

Development projects

Development projects are measured at cost less accumulated depreciation, and any impairment losses.

The cost is comprised of the acquisition price and direct costs related to the acquisition until the asset is ready for use.

Notes to the Financial Statements

Depreciation, which is stated at cost net of any residual value, is calculated on a straight-line basis over the expected useful lives of the assets, which are as follows:

Software projects	7 years
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The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. An impairment loss is recognised in the income statement when the impairment is identified.

Equity interests in subsidiaries in the parent company

In the separate financial statements of the parent company MobyLife Holding A/S, equity interests in subsidiaries are recognized and measured at cost. Equity interests in foreign currencies are translated to the reporting currency by use of historical exchange rates prevailing at the time of investment. The cost is written down to the recoverable amount if this is lower.

Distributions from the investment are recognized as income when declared. An impairment test is performed if a distribution exceeds the current period's comprehensive income or the subsidiary exceeds the carrying amount of the net assets of the subsidiary in the consolidated financial statements.

Financial assets

Classification

The Group classifies its financial assets in the following categories; Loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables" and "cash and cash equivalents" in the balance sheet.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, which generally corresponds to nominal value less provision for bad debts.

The provision for bad debts is calculated on the basis of an individual assessment of each receivable including analysis of capacity to pay, creditworthiness, and historical information on payment patterns and doubtful debts.

Prepayments include expenditures related to a future financial year. Prepayments are measured at nominal value.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks and bank overdrafts.

In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Notes to the Financial Statements

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and raw materials and consumables comprises purchase price and other direct costs. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Share capital

Ordinary shares are classified as equity.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade payables are recognised initially at fair value and subsequently at amortised cost. The carrying amount of trade payables corresponds essentially to fair value.

Borrowings

Borrowings including bonds are as of 31. December 2017 recognised initially at fair value, net of transaction costs incurred. They are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Fees paid to establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Current and deferred income tax

Income tax, which consists of current tax and the adjustment of deferred taxes for the year, is recognised in the income statement to the extent that the tax is attributable to the net result for the year. Tax attributable to entries directly related to shareholders' equity is recognised in other comprehensive income.

Current tax liabilities include taxes payable based on the expected taxable income for the year and any adjustments to prior year's tax expense as recorded in the income statement. Any current tax liabilities are recognised in "Trade and other payables" in the balance sheet.

Any prepaid taxes are recognised in "Trade and other receivables" in the balance sheet.

Deferred tax is calculated in accordance with the tax regulations and current tax rates in the individual countries. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement.

Deferred tax assets resulting in temporary differences, including the tax value of losses to be carried forward, are recognised only to the extent that it is probable that future taxable profit will be available against which the differences can be utilized.

MobyLife Holding A/S recognizes deferred tax assets, including the tax base of tax loss carry-forwards, if management assesses that these tax assets can be offset against positive taxable income within a foreseeable future. This judgement is made on an ongoing basis and is based on budgets and business plans for the coming years, including planned commercial initiatives.

Notes to the Financial Statements

Profit and loss

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of goods

Sales of goods are recognized when a group entity sells a product to the customer and risk and rewards have transferred to the customer. Sales are usually by bank transfer from the customer.

Sales of services

The Group sells repair and service of mobile phones or devices with a very short repairment period (a few days). For sales of services, revenue is recognized in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Dividend income

Dividend income is recognized when the right to receive payment is established.

Leases

Operating leases

Lease contracts, where the lessor retains the significant risk and rewards associated with the ownership of the asset, are classified as operating leases.

Lease payments under operating leases are recognised in the income statement over the lease term. The total lease commitment under operating leases is disclosed in the notes to the financial statements.

Finance leases

Lease contracts, which in all material respects transfer the significant risk and rewards associated with the ownership of the asset to the lessee, are classified as finance lease. Assets treated as finance leases are recognised in the balance sheet at the inception of the lease term at the lower of the fair value of the asset or the net present value of the future minimum lease payments. A liability equalling the asset is recognised in the balance sheet. Each lease payment is separated between a finance charge, recorded as a financial expense, and a reduction of the outstanding liability.

Assets under finance leases are depreciated in the same manner as owned assets and are subject to regular reviews for impairment.

Notes to the Financial Statements

Special items

Special items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount.

Contingent assets and liabilities

Contingent assets and liabilities are assets and liabilities that arose from past events but whose existence will only be confirmed by the occurrence or non-occurrence of future events that are beyond the Group's control.

Contingent assets and liabilities are not to be recognised in the financial statements, but are disclosed in the notes.

Statement of cash flow

The Statement of Cash Flows is presented using the indirect method. The Statement of Cash Flows shows cash flows used in operating activities, cash flows used in investing activities, cash flows from financing activities, and the Company's cash and cash equivalents at the beginning and end of the year.

Cash flows used in operating activities is comprised of net profit or loss for the year adjusted for non-cash items, such as share based payment expense, fair value revaluations of shareholder warrants, depreciations, paid financial items, corporate tax paid, and change in working capital.

Cash flows used in investing activities is comprised of payments relating to property, plant and equipment.

Cash flows from financing activities are comprised of proceeds from borrowings, such as interest-bearing convertible loans, and proceeds from share issuances and related transaction costs.

Notes to the Financial Statements

2. Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimated impairment of goodwill

Goodwill amount to DKK 243.2 million and an impairment loss of DKK 80 million has been recognised in 2017. See note 6. No impairment losses has been recognised in 2016 and 2015. The Group annually tests whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 1.

Notes to the Financial Statements

3. Compliance with Financial covenants

Under the agreement on amended terms for the bonds, the required Net Debt to EBITDA ratio threshold is 5.50 at 31 December 2017 and 3.50 at 31 December 2018, and 3.00 at 31 December 2019.

The Net Debt to EBITDA ratio is above the threshold at 6.54 as per 31 December 2017.

Please see note 25. Events after the reporting period.

Notes to the Financial Statements

4. Segment, revenue and assets information

Segment

The Executive Management is the group's chief operating decision-maker. Management has determined the single operating segment based on the information reviewed by strategic steering committee for the purposes of allocating resources and assessing performance.

The Executive Management operates the company as a whole based upon centralized decision making across the various production sites. Therefore management has assessed that the group only has one segment.

Revenue, Geographical information

Revenue disclosures - 2016

	Denmark	Sweden	Norway	Finland	Group
	DKKk	DKKk	DKKk	DKKk	DKKk
Revenue	37.789	172.190	162.590	218.390	590.959

Revenue disclosures - 2017

	Denmark	Sweden	Norway	Finland	Group
	DKKk	DKKk	DKKk	DKKk	DKKk
Revenue	21.743	177.117	178.897	206.541	584.298

Revenue

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Sales of services	458.817	427.760	-	-
Sales of goods	125.481	163.199	-	-
Total revenue	584.298	590.959	-	-

One customer accounts for DKK 73.4 million (2016 DKK 61.8 million) or 12.6% (2016 10.6%) of total turnover in 2017.

Notes to the Financial Statements

4. Segment, revenue and assets information

Assets, Geographical information

Assets disclosures - 2016

	<u>Denmark</u>	<u>Sweden</u>	<u>Norway</u>	<u>Finland</u>	<u>Group</u>
	DKKk	DKKk	DKKk	DKKk	DKKk
Intangible assets	359.466	-	5.109	187	364.762
Tangible assets	<u>1.721</u>	<u>4.733</u>	<u>810</u>	<u>765</u>	<u>8.028</u>

Assets disclosures - 2017

	<u>Denmark</u>	<u>Sweden</u>	<u>Norway</u>	<u>Finland</u>	<u>Group</u>
	DKKk	DKKk	DKKk	DKKk	DKKk
Intangible assets	263.871	-	4.442	186	268.499
Tangible assets	<u>632</u>	<u>5.644</u>	<u>600</u>	<u>1.488</u>	<u>8.364</u>

Notes to the Financial Statements

5. Special items

Cost items that are material either because of their size or their nature, or that are non-recurring are considered as special items.

An analysis of the amount presented as special item in these financial statements is given below.

	Group		Parent	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	DKKk	DKKk	DKKk	DKKk
Operating items:				
Non-recurring: Re-organization	-	8.429	-	3.780
Non-recurring: Re-organization:	-	-	-	-
- Personnel costs	3.595	-	-	-
- PwC cost liquidation and Re-org.	963	-	663	-
- Merge costs	1.015	-	-	-
- Other Re-organization costs	2.416	-	2.119	-
Non-recurring: Ongoing litigation	-	3.316	-	3.316
	<u>7.989</u>	<u>11.745</u>	<u>2.782</u>	<u>7.096</u>

Notes to the Financial Statements

6. Intangible assets

Group	Goodwill	Software under construction	Software	Total
	DKKk	DKKk	DKKk	DKKk
Cost				
As at december 2015	326.017	4.762	28.549	359.328
Exchange differences	-1.035	-	253	-782
Transfer	-	-4.762	4.762	-
Additions	-	3.301	11.151	14.452
As at 31 December 2016	324.982	3.301	44.715	372.998
Accumulated amortization and impairment				
As at december 2015			-2.527	-2.527
Exchange differences	-	-	-53	-53
Amortization charge	-	-	-5.656	-5.656
As at 31 December 2016	-	-	-8.236	-8.236
Net Book value	324.982	3.301	36.479	364.762

Group	Goodwill	Software under construction	Software	Total
	DKKk	DKKk	DKKk	DKKk
Cost				
As at december 2016	324.982	3.301	44.715	372.998
Exchange differences	-1.808	-	-373	-2.181
Acquisition of subsidiary	-	-	-	-
Transfer	-	-3.301	3.301	-
Additions	-	3.433	9.016	12.449
As at 31 December 2017	323.174	3.433	56.659	383.266
Accumulated amortization and impairment				
As at december 2016	-	-	-8.236	-8.236
Exchange differences	-	-	-16	-16
Impairment charge	-80.000	-	-	-80.000
Amortization charge	-	-	-26.515	-26.515
As at 31 December 2017	-80.000	-	-34.767	-114.767
Net Book value	243.174	3.433	21.892	268.499

Depreciation, amortization and impairments are included in the income statement as follows:

	2017	2016
	DKKk	DKKk
Depreciation and amortisation	-8.330	-5.656
Written down Software	-18.185	-
Exchange differences between average- and yearly rate	-115	13
	-26.630	-5.643

Notes to the Financial Statements

6. Intangible assets

Parent	Software under construction	Software	Total
	DKKk	DKKk	DKKk
Cost			
As at december 2015	4.762	23.672	28.434
Exchange differences	-	-	-
Acquisition of subsidiary	-4.762	4.762	-
Additions	3.301	8.477	11.778
As at 31 December 2016	3.301	36.911	40.212
Accumulated amortization and impairment			
As at december 2015	-	-1.697	-1.697
Impairment charge	-	-	-
Amortization charge	-	-3.844	-3.844
As at 31 December 2016	-	-5.541	-5.541
Net Book value	3.301	31.370	34.671
Parent	Software under construction	Software	Total
	DKKk	DKKk	DKKk
Cost			
As at december 2016	3.301	36.911	40.212
Transfer	-3.301	3.301	-
Additions	3.433	7.026	10.459
As at 31 December 2017	3.433	47.238	50.671
Accumulated amortization and impairment			
As at december 2016	-	-5.541	-5.541
Amortization charge	-	-24.247	-24.247
As at 31 December 2017	-	-29.788	-29.788
Net Book value	3.433	17.450	20.883
Depreciation, amortization and impairments are included in the income statement as follows:			
		2017	2016
		DKKk	DKKk
Depreciation and amortisation		-6.062	-3.844
Written down Software		-18.185	-
		-24.247	-3.844

The group and parent company has written down software amounting to DKK 18 million, as the software no longer is being used.

Notes to the Financial Statements

6. Intangible assets

Impairment test for goodwill

Management monitors goodwill for the Mobylife Group as a whole. Therefore the impairment test of goodwill is performed for the Group as a whole, which is also the way managements reviews the results of the Group.

The recoverable amount of the CGU has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budget and outlook approved by management covering a ten-year period. Cash flows beyond the ten-year period are extrapolated using the estimated growth rates.

For the CGU the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are as follows. The allocation of goodwill to CGU's is also summarized in the table.

Information and assumptions 2017	2017	2016
	DKKk	DKKk
Goodwill	243.174	324.982
Revenue volume (% annual growth rate)	2,2%	4,7%
Sales price (% annual growth rate)	43,0%	43,0%
Gross margin (% of revenue)	36,8%	30,6%
Annual capital expenditure	7.750	14.719
WACC (pre TAX)	8,4%	9,8%
Long term growth rate	2,0%	2,0%

Revenue volume is the average annual growth rate over the ten-year forecast period. It is based on past performance and management's expectations of market development. Gross margin is the average margin as a percentage of revenue over the ten-year forecast period. It is based on the current sales margin levels and sales mix.

The result includes other operating costs, which are the fixed costs of the CGU and do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business following the initiated organisational restructuring, adjusting for inflationary increases. The amounts disclosed above are the average operating costs for the ten-year forecast period.

The management expects a decline in distribution business which is causing the gross margin to increase compared to prior period.

The annual capital expenditure will decrease significantly due to agreed IT savings through our service partner

An impairment chart of DKK 80 million has been recognised in 2017 due to lower expected future revenue growth and consequently a lower EBITDA result. This is due to our updated assessment of the market development in the coming years.

The sensitivity of WACC and +/- 0.5% equals to a goodwill valuation of +/- DKK 22 million and the sensitivity of long term growth rate of +/- 0.5% equals to a goodwill valuation of +/- DKK 14 million

Notes to the Financial Statements

7. Property, plant and equipment

	Land and buildings DKKk	Leasehold improvements DKKk	Equipment, furnitures and fixtures DKKk	Total DKKk
Group				
Cost	3.790	4.424	11.852	20.066
Accumulated depreciation	-250	-2.309	-7.819	-10.378
Net book amount year ended 31 December 2015	3.540	2.115	4.033	9.688
Opening net book amount	3.540	2.115	4.033	9.688
Exchange differences	-172	-58	-63	-293
Additions	-	476	2.072	2.548
Disposals	-	-	-793	-793
Depreciation charge	-117	-1.169	-2.190	-3.476
Depreciation on disposals	-	-	354	354
Closing net book amount at 31 December 2016	3.251	1.364	3.413	8.028
Group				
Cost	3.606	5.565	13.111	22.282
Accumulated depreciation	-355	-4.189	-9.697	-14.241
Net book amount year ended 31 December 2016	3.251	1.376	3.414	8.041
Opening net book amount	3.251	1.376	3.414	8.041
Exchange differences	-89	-29	-70	-188
Additions	-	2.159	3.269	5.429
Disposals	-	-3.929	-9.511	-13.440
Depreciation charge	-132	-774	-1.377	-2.284
Depreciation on disposals	-	3.247	7.559	10.807
Closing net book amount at 31 December 2017	3.030	2.051	3.284	8.365
Cost	3.517	3.766	6.800	14.083
Accumulated depreciation	-487	-1.716	-3.515	-5.718
Net book amount	3.030	2.051	3.284	8.365

Depreciation, amortization and impairments are included in the income statement as follows:

	2017 DKKk	2016 DKKk
Depreciation and amortisation	-2.284	-3.476
Exchange differences between average- and yearly rate	-20	-
	-2.304	-3.476

The group leases various vehicles under noncancellable finance lease agreements. The lease terms are between 1 and 5 years. The book value of finance lease amounts to DKKk 1,036 as at 31 December 2017, and DKKk 1,096 as at 31 December 2016.

Notes to the Financial Statements

7. Property, plant and equipment

	Equipment, furnitures and fixtures
	DKKk
Parent	
Cost	-
Accumulated depreciation	-
Net book amount year ended 31 December 2016	-
Opening net book amount	-
Exchange differences	-
Reclassifications	-
Acquisition of subsidiary	-
Additions	726
Disposals	-
Depreciation charge	-94
Depreciation on disposals	-
Closing net book amount at 31 December 2017	632
Cost	726
Accumulated depreciation	-94
Net book amount	632
Depreciation, amortization and impairments are included in the income statement as follows:	2017
	DKKk
Depreciation and amortisation	-94
	-94

Notes to the Financial Statements

8. Finance income and costs

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Interest expense:				
-Bank borrowings	-387	-1.207	-77	-6
-Interest bonds	-11.770	-16.634	-11.770	-16.634
-Amortisation cost	-1.536	-	-1.536	-
-Vendor loan	-	-1.436	-	-1.436
-Finance lease liabilities	-26	-42	-11	-
-Other interest expenses	-101	-247	-2.611	-547
Net foreign exchange loss on financing activities	-4.917	-5.783	-1.964	-1.442
Finance costs	-18.737	-25.349	-17.969	-20.065
Finance income:				
-Interest income on short-term bank deposits	995	44	-	-
-Fair value adjustments - bonds	-	22.255	-	22.255
- Remission of debt Vendor loan	16.858	-	16.858	-
Net foreign exchange gains on financing activities	11.332	4.710	7.282	2.442
-Interest income on loans to related parties	-	-	3.556	1.190
Finance income	29.185	27.009	27.696	25.887
Net finance income/(costs)	10.448	1.660	9.727	5.822
Financial income (P&L):				
Interest received	995	44	3.556	1.190
Fair value adjustments - bonds	-	22.255	-	22.255
- Remission of debt	16.858	-	16.858	-
Foreign exchange differences	11.332	4.710	7.282	2.442
	29.185	27.009	27.696	25.887
Financial cost (P&L):				
Interest expenses	-13.819	-19.566	-16.005	-18.623
Foreign exchange losses	-4.917	-5.783	-1.964	-1.442
	-18.736	-25.349	-17.969	-20.065
Net finance income/(costs)	10.448	1.660	9.727	5.822

MobyLife Holding A/S has finalized the settlement agreement dealing with arbitration claim towards the previous owners of Telecare Service A/S. Positive impact on MLH in 2017, DKK 16.9 Million as positive income.

Notes to the Financial Statements

9. Income tax expense

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Current tax:				
Current tax on profits for the year	-3.500	-5.843		-6.293
Adjustments in respect of prior years	1.160	-	6.293	-
Total current tax	-2.340	-5.843	6.293	-6.293
Deferred tax:				
Origination and reversal of temporary differences	281	10.841	-	8.442
Write down of tax assets	-2.107	-	-478	-
Tax loss carry forward	1.716	-2.600	-	-2.600
Total deferred tax	-110	8.241	-478	5.842
Income tax expenses for the period	-2.450	2.398	5.815	-451

A reconciliation of income tax/expense at the statutory rate of Mobylife Holding A/S effective tax rate is as follows:

Profit before tax	-82.783	-259	-69.591	3.191
Computed 22.0%	18.212	57	15.310	-702

Tax calculated at domestic tax rates applicable to profits in the respective countries

Tax effects of:

-Expenses not deductible for tax purposes	3.992	2.381	5.486	251
Non-taxable income				
-Adjustments in respect of prior years	-4.749	-40	118	-
-Tax value of write down goodwill and investments in subsidiaries	-17.600		-14.621	
Write down of tax assets	-2.301	-	-478	-
Re-measurement of deferred tax – change in –land-tax rate	-4	-	-	-
Tax charge	-20.662	2.341	-9.495	251
Income tax expenses for the period	-2.450	2.398	5.815	-451

Significant components of the deferred tax asset are as follows:

Operating items:

Tax deductible losses	1.718	2.523	-	2.523
Other temporary differences	607	1.868	-	-2.045
Total deferred tax	2.325	4.391	-	478
Deferred tax asset	2.325	4.426	-	478
Deferred tax liability	-	-35	-	-
Total deferred tax	2.325	4.391	-	478

Tax losses carried forward are not subject to time limitation. All recognised deferred tax assets are expected to be offset against positive taxable income within a 3-5 year period, based on the approved business plan and budgets for The Group. The Group is expected to generate taxable income from 2018 onwards.

Notes to the Financial Statements

10. Equity interests in subsidiaries

MobyLife Holding A/S (parent company) holds investments in the following subsidiaries:

Name	Domicile	Share-capital	Ownership and votes		
			2017	2016	
MobyLife DK A/S	Herlev, Denmark	DKKk	500	100%	-
MobyLife A/S	Herlev, Denmark	DKKk	600	100%	100%
MobyLife Ljungby AB	Ljungby, Sweden	SEKk	100	100%	100%
MobyLife AS	Lier, Norway	NOKk	10.000	100%	100%
MobyLife Drammen AS	Drammen, Norway	NOKk	-	-	100%
MobyLife Kongsberg AS	Kongsberg, Norway	NOKk	-	-	100%
MobyLife AB	Malmö, Sweden	SEKk	102	100%	100%
MobyLife OY	Helsinki, Finland	EURk	2.5	100%	100%
MobyLife Helsinki Oy	Helsinki, Finland	EURk	-	-	100%

Investments in subsidiaries are subject to a yearly assessment by the group's management for impairment indications and, if necessary, an impairment test is carried out. MobyLife Helsinki OY has merged with MobyLife OY and MobyLife AS (former name MobyLife Holding AS) has merged with MobyLife Drammen AS and MobyLife Kongsberg AS in the financial year. MobyLife A/S and MobyLife Ljungby AB are per end of the year under liquidation. The activities are sold to MobyLife DK A/S and MobyLife AB.

	Parent	
	2017	2016
	DKKk	DKKk
Opening balance	344.595	344.595
Additions for the year	26.046	-
Cost per December 31	370.641	344.595
Impairment per January 1	-73.329	-66.329
Impairment for the year	-31.000	-7.000
Impairment per December 31	-104.329	-73.329
Carrying amount per December 31	266.312	271.266

Impairment equity interests in subsidiaries

Management has tested the subsidiaries in the group for impairment based on a value-in-use test. The impairment test has resulted in impairment of DKK 31 mio (DKK 7 mio.) and has been based on a WACC of 8.4% (9.8%).

The investments in subsidiaries are written down in 2017 due to lower expected future revenue growth and consequently a lower EBITDA result for the subsidiary.

Due to a negative equity in the subsidiary MobyLife A/S under liquidation and an expected cash flow from the subsidiary of DKK 0 in the budget period, the intercompany receivables amounting to DKKk 35,460 (DKKk 11.588) has been written down at year end 2017. Total write downs amount to DKKk 47,048.

All subsidiaries are included in the consolidation. The proportion of the voting rights in the subsidiaries held directly by the parent company does not differ from the proportion of the ordinary shares held.

There are no significant restrictions.

Notes to the Financial Statements

11. Inventories

	Group		Parent	
	2017 DKKk	2016 DKKk	2017 DKKk	2016 DKKk
Raw materials and supplies	11.543	11.098	-	-
Finished goods	-	-	-	-
Total inventories	11.543	11.098	-	-
Less: provision for inventory reserves	-1.232	-2.043	-	-
Total net inventories	10.311	9.055	-	-
Provision for inventory reserves				
1 January	-2.043	-1.674	-	-
Additions / Disposals	811	-369	-	-
31. December	-1.232	-2.043	-	-

The consumption of goods and services was in 2017 DKK 382 million, compared to DKK 390 million in 2016. The inventory level is below one month usage.

The provision for inventory reserves comprise of general reserves on slow moving items.

Notes to the Financial Statements

12. Trade and other receivables

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Movement on the Group provision for impairment of trade receivables are as follows:				
Opening balances	1.160	684	-	-
Exchange differences	-44			
Allowances during the year	578	577	-	-
Write-offs during the year	-37	-9	-	-
Reversed allowances	-	-93	-	-
At 31 December	1.655	1.160	-	-
Allocation of overdue net receivables (not written off) by maturity period are as follows:				
Up to 30 days	4.730	2.346	-	-
Between 31 and 90 days	2.598	2.611	-	-
Between 91 and 365 days	4.010	4.091	-	-
Overdue net receivables at 31 December	11.338	9.048	-	-

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

Notes to the Financial Statements

13. Financial assets and liabilities

The Group has recognised the following categories of financial assets and liabilities:

	2017		2016	
	Carrying Amount DKKk	Fair value DKKk	Carrying Amount DKKk	Fair value DKKk
Financial assets				
Loans and receivables:				
Trade receivables	32.538	32.538	30.092	30.092
Other receivables	18.723	18.723	21.821	21.821
Cash and equivalents	<u>1.685</u>	<u>1.685</u>	<u>23.953</u>	<u>23.953</u>
Total	<u>52.946</u>	<u>52.946</u>	<u>75.866</u>	<u>75.866</u>
Financial liabilities at amortised cost				
Interest-bearing bonds	146.142	17.906	148.783	153.400
Vendor loan	-	-	16.858	16.858
Trade payables	42.817	42.817	52.777	52.777
Other payables	<u>36.731</u>	<u>36.731</u>	<u>34.621</u>	<u>34.621</u>
Total	<u>225.690</u>	<u>97.454</u>	<u>253.039</u>	<u>257.656</u>

Fair value for interest-bearing bonds we have used a price of 12 per cent. of their nominal amount being SEK 120 per SEK 1,0000 of nominal amount, please see note 25.

Financial instruments measured at fair value can be divided into three levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities

Level 2 - inputs other than quoted prices included in level 1 that are not observable for the asset or liability

Level 3 - Inputs for the asset or liability that are not based on observable market data.

The fair value of interest-bearing bonds are calculated on level 3 in the fair value hierarchy using fair for interest-bearing bonds, a price of 12 per cent of their nominal amount being SEK 120 per SEK 1,0000 have been used, for further information a reference are made to note 25.

Notes to the Financial Statements

14. Financial risk management

Financial risk factors

The group's activities expose it to a variety of financial risks: market risk (currency and interest risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the group's financial performance.

The Financial risks of the group are managed centrally. The overall risk management guidelines and policies have been approved by the board of directors. Group treasury identifies and evaluates in close co-operation with the group's operating units. The board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Market risk

Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the SEK, NOK and Euros. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. Increases or decreases in the exchange rate of such foreign currencies against the functional currency, the DKK, can affect the group's results and cash position negatively or positively.

At 31 December 2017, if the DKK had weakened/strengthened by 5% against the EUR with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 335 (2016: DKKk 241) lower/higher and for the Equity DKKk 493 (2016: DKKk 561), mainly as a result of foreign exchange gains/losses on translation of EUR-denominated trade receivables and foreign exchange losses/gains on translation of EUR-denominated borrowings.

At 31 December 2017, if the DKK had weakened/strengthened by 5% against the SEK with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 5,132 (2016: DKKk 5,207) lower/higher and for the Equity DKKk 5,700 (2016: DKKk 6,028), mainly as a result of foreign exchange gains/losses on translation of SEK-denominated trade receivables and foreign exchange losses/gains on translation of SEK-denominated borrowings.

At 31 December 2017, if the DKK had weakened/strengthened by 5% against the NOK with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 1.013 (2016: DKKk 253) lower/higher and for the Equity DKKk 1,369 (2016: DKKk 486), mainly as a result of foreign change gains/losses on translation of NOK-denominated trade receivables and foreign exchange losses/gains on translation of EUR-denominated borrowings.

Interest rate risk

The group's interest rate risk arises from long-term borrowing related to the Bond. Borrowings issued at variable rates expose the group to cash flow interest rate risk, which is partially offset by cash held at variable rates. Borrowings issued at fixed rates expose the group to fair value interest rate risk. The group policy is to not obtain any additional long term borrowing, than the existing bond debt. The variable amount in the interest rate is fixed against STIBOR.

At 31 December 2017, if STIBOR rates on SEK-denominated borrowings had been 1 percent point higher/lower with all other variables held constant, the recalculated post-tax profit for the year would have been DKKk 1,576 (2016: DKKk 1,729) lower/higher and for the Equity DKKk 1,229 (2016: DKKk 1,719), mainly as a result of higher/lower interest expense on floating rate borrowings.

Notes to the Financial Statements

14. Financial risk management

Credit risk

Credit risk is managed on group basis, except for credit risk relating to accounts receivable balances. Each local entity is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered.

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted. For customers individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these counterparties.

Liquidity risk

Cash flow forecasting is performed in the operating entities of the group and aggregated by group finance. Group finance monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the group does not breach borrowing limits or covenants (where applicable) or any of its borrowing facilities. Such forecasting takes into consideration the group's debt financing plans, covenant compliance and compliance with internal balance sheet ratio targets.

The table below analyses the group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

At December 31, 2016	Less than 3 month	Between 3 month and 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	DKKk	DKKk	DKKk	DKKk	DKKk	DKKk
Borrowings (ex finance lease liabilities)	-	2.780	11.121	176.569	-	190.470
Vendor loan	-	-	16.858	-	-	16.858
Finance lease liabilities	176	529	636	-	-	1.341
Trade payables	52.777	-	-	-	-	52.777
Other payables	34.621	-	-	-	-	34.621
Total	87.574	3.309	28.615	176.569	-	296.067

At December 31, 2017

Borrowings (ex finance lease liabilities)	2.856	8.568	11.424	169.003	-	191.851
Vendor loan	-	-	-	-	-	-
Finance lease liabilities	59	176	807	-	-	1.042
Trade payables	42.818	-	-	-	-	42.818
Other payables	36.731	-	-	-	-	36.731
Total	82.464	8.744	12.231	169.003	-	272.442

Notes to the Financial Statements

14. Financial risk management

Capital management

The Group has exposure to foreign exchange risk as a result of the operations in Denmark, Sweden, Norway and Finland. Foreign exchange-, interest rate-, and credit risks arise from commercial relationships and the impact on the issued bond. The company has no major purchases outside the Nordic region or EUR-zone. Billing and purchasing is done predominantly in DKK, SEK, NOK or EUR. MobyLife Holding A/S has not used financial instruments to hedge against currency fluctuations.

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The board of directors monitors the share and capital structure to ensure that MobyLife Holding A/S' capital resources support the strategic goals, and the covenant attached to the bond. This is done by monitoring Net interest bearing debt in relation to EBITDA, on a rolling 12 months basis. The covenant maximum levels are

From 31/12-2017: NIBD / EBITDA = 5.50
From 31/12-2018: NIBD / EBITDA = 3.50
From 31/12-2018: NIBD / EBITDA = 3.00

Capital management therefore includes monitoring exchange rates and development in NIBD, together with the EBITDA.

Notes to the Financial Statements

15. Borrowings

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Non-current				
Issued bonds	146.142	148.783	146.142	148.783
Issued bonds - interest	8.355	1.677	8.355	1.677
Intercompany debt	-	-	9.674	-
Vendor loan	-	16.858	-	16.858
Finance lease liabilities	807	636	492	-
Total	155.304	167.954	164.663	167.318
Current				
Issued bonds - interest	1.206	-	1.206	-
Bank borrowings	-	-	-1.491	6.293
Finance lease liabilities	234	424	144	-
Total	1.440	424	-141	6.293

Non-current borrowings

The Group's financing mainly comprises issued bonds. In May 2014 MobyLife Holding A/S issued a SEK 350 million bond used for financing the acquisitions of subsidiaries as well as refinancing existing bank debt. The bond bears an interest coupon of 7,25%+STIBOR 3mth fixed annually.

The bond was listed on NASDAQ Stockholm at 20 November 2015. During 2016 MLH has completed bond terms renegotiations, capital injection through new equity, amortization of the bond debt, and extended the maturity unto 2020.

There is one financial covenant attached to the bond. As of 31 December 2017, the Net Interest Bearing Debt to EBITDA shall not exceed 5.50, hereafter 3.50 at the 31 December 2018 and 3.00 at 31 December 2019. The EBITDA is defined as the last twelve months pro forma figures of the Group, excluded non-recurring items.

At 31 December 2017 the NIBD / EBITDA amounted to 6.54, with NIBD at DKKk 155,059 and EBITDA at DKKk 23,692.

The outstanding bond principal and nominal value is SEKk 197,400, which amounts to DKKk 146,142 at 31 December 2017.

MobyLife Holding A/S may prior to maturity redeem all, but not some only, of the outstanding bond notes in full, following a specification set out in the amended terms and conditions section 9.3. These are available at <http://www.mobylife.com>.

Notes to the Financial Statements

15. Borrowings

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Carrying amount 1 January				
Transfer from level 2 in the fair value hierarchy	-	175.654	-	175.654
Repurchase	-	-	-	-
Gain on disposal included in financial income	-	-22.254	-	-22.254
Unrealised gain included in financial income and in the carrying amount at 31 December 2015			-	-
Derecognition	-	-153.400	-	-153.400
Total	-	-	-	-

Due to the fact that the bond bears a floating interest rate based on 3 months STIBOR, Management has determined that the relevant factors affecting fair value of the bond is MobyLife's own credit risk and liquidity in the market for non-investment grade bonds. The bond was valued at the average of two indicative offers in the market. The valuation was supported by analyzing the impact of the financial development of the MobyLife Group and published outlook during 2015 on the issuer credit quality and on an analysis of the development in credit spreads for non-investment grade bonds during 2015 with similar terms. The indicative offers have a relatively large price range, and non-investment grade bonds traded with a significant variation in credit spreads reflecting the general uncertainty in the market. Therefore, alternative assumptions for the valuation might be reasonable. Management determines that a reasonably possible change in the credit spread reflecting own credit risk and liquidity is +/- 1 % resulting in a change in the carrying amount of +/- DKKk 2,296.

Notes to the Financial Statements

16. Provisions

	Group		Parent	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	DKKk	DKKk	DKKk	DKKk
Provisions for restruction costs:				
Costs bond loan	-	2.150	-	2.150
Costs for premises, office & insurance	-	2.587	-	-
Re-organization costs	233	3.022	233	2.106
At 31 December	233	7.759	233	4.256

Notes to the Financial Statements

17. Share capital and shareholder information

The following table summarizes common share activity in the years presented:

	2017	2016
	DKKk	DKKk
Common shares outstanding – 1 January	20.921	18.748
Write-off the share capital	-	-18.748
Shares issued	-	20.921
Common shares outstanding – 31 December	-	-
Par value	-	-
Share capital on balance sheet	20.921	20.921

The principal shareholders of common shares at 31 December 2016 are:

		Number of shares	Ownership Interest
CC Orange Invest ApS, Copenhagen, Denmark	A-shares	17.200.000	82,21%
MobyLife DM ApS, Herlev, Denmark	A-shares	3.721.092	17,79%
		20.921.092	

No shares carry any special rights.

Shares owned directly or indirectly by Executive Management and the Board of Directors at 31 December 2017:

	Number of shares	Ownership Interest
Vilhelm Hahn-Petersen	373.320	1,8%
Peter Ryttergaard	107.848	0,5%
Jacob Thygesen	94.818	0,5%
Mads Middelboe	93.891	0,4%
Jakob H. Kraglund	780.247	3,7%

Notes to the Financial Statements

18. Related party disclosures

MobyLife Holding A/S's related parties are :

- The parent companies
- The parent company's subsidiaries
- Companies in which members of the parent company's Board of Directors, Executive Management, and close members of the family of these persons exercise significant influence
- The parent company's Board of Directors, Executive Management, and close members of the family of these persons

Company	Relationship
MobyLife A/S under liquidation	Subsidiary
MobyLife DK A/S	Subsidiary
MobyLife Ljungby AB under liquidation	Subsidiary
MobyLife AS	Subsidiary
MobyLife AB	Subsidiary
MobyLife OY	Subsidiary

Parent companies:

Catacap I K/S
CC Orange Invest ApS

The consolidated financial statements for CC Orange Invest ApS can be obtained at www.virk.dk

Notes to the Financial Statements

18. Related party disclosures

	Parent	
	2017	2016
	DKKk	DKKk
Transactions with subsidiaries		
Sales of goods:	-	-
Sales of services:	24.930	8.934
Purchase of goods:	-	-
Purchase of services:	-54	3.077
Year-end balances with subsidiaries	24.984	5.857
Nominal value	12.326	-
Non-current receivables	12.326	-
Nominal value, net	-42.797	5.408
Current Liabilities / receivables	-42.797	5.408

The disclosure of "Key management compensation" is presented in the notes regarding "Employee benefits" – note 21.

Notes to the Financial Statements

19. Fees to auditors appointed at the general meeting

The Group's principal auditors perform audits for all of MobyLife Holding A/S's entities. The Group's principal auditors received a total fee of DKKk 2,737 (2016: DKKk 2,408). The fee is distributed between these services:

Fees for non-audit services in addition to the statutory audit of the financial statements, which were provided by PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab to the Group amounted to DKK 1.3 million. Non-audit services in addition to the statutory audit of the financial statements comprise assurance services relating to the restructuring of Danish and Swedish legal entities, as well as other general accounting and tax consultancy services.

Group	2017 DKKk	2016 DKKk
Statutory audit fee	1.020	1.200
Audit related services	370	114
Tax advisory services	134	12
Other services	1.213	1.082
Total fee to auditors appointed at the general meeting	2.737	2.408

Parrent	2017 DKKk	2016 DKKk
Statutory audit fee	117	173
Audit related services	284	-
Tax advisory services	70	-
Other services	913	975
Total fee to auditors appointed at the general meeting	1.384	1.148

Notes to the Financial Statements

20. Commitments and contingent liabilities

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

Operating lease commitments – group company as lessee

The group leases premises under non-cancellable operating lease agreements. The lease terms are between 5 and 10 years, and the majority of lease agreements are renewable at the end of the lease period at market rate.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
No later than 1 year	11.335	7.226	2.807	-
Later than 1 year and no later than 5 years	21.156	6.938	-	-
Later than 5 years	-	-	-	-
Total	32.491	14.164	2.807	-

Finance leases

The parent company and the group have entered into finance lease contracts, primarily with respect to company cars.

Future minimum lease payments under such finance leases and the net present value are as follows:

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Minimum lease payments				
No later than 1 year	234	705	-	-
Later than 1 year and no later than 5 years	807	636	-	-
Later than 5 years	-	-	-	-
Total	1.041	1.341	-	-

Group and parent contingent liabilities

In the subsidiaries bank guarantees amounting to app. DKK 2,2 million has been issued.

Danske Bank has floating charges for a total of 10 million in simple claims, inventories, fixtures and goodwill

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxes income. The Group has entered into a contract of joint and several suretyship that has been concluded between all the companies of the Group. The suretyship is entered in the Group's banker, Danske Bank, and is unlimited.

There are no further significant commitments or contingent liabilities at year end 2017.

Notes to the Financial Statements

21. Employee benefit expense

	Group		Parent	
	2017 DKKk	2016 DKKk	2017 DKKk	2016 DKKk
Wages and salaries, including restructuring costs and other termination benefits	92.913	112.063	300	300
Social security costs	18.311	13.503	-	-
Pension costs	6.513	6.835	-	-
Other post-employment benefits	20.274	17.712	-	-
Total employee benefit expense	138.011	150.113	300	300
Staff costs are included in the income statement as follows:				
Production costs	-	-	-	-
Personnel costs	138.011	150.113	300	300
Staff cost	138.011	150.113	300	300
Average number of employees	348	426	-	-
Number of employees at year end	323	390	-	-

There are under Note 5 special items salaries of DKKk 3.345 which relate to resigned employees.

Key Management Compensation

Key management includes Board of Directors and Executive Management. The compensation paid or payables to key management for employee services is shown below:

	2017 DKKk	2016 DKKk
Salaries and other short-term employee benefits, Executive Management	2.460	2.639
Salaries and other short-term employee benefits, Board of Directors	300	300
Termination benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Total	2.760	2.939

Compensation to the Board of Directors comprise of fixed fees.

Notes to the Financial Statements

22. Adjustments for non-cash transactions

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Depreciation and amortisation of tangible and intangible assets	28.934	9.119	24.341	10.844
Write down financial assets	80.000	-	31.000	-
Financial income	-29.185	-27.009	-27.696	-25.887
Financial costs	18.737	25.349	17.969	20.065
Income tax expense	2.450	-2.398	-5.815	451
Other adjustments	-2.932	795	-	-
Adjustments from non-cash transactions	98.004	5.856	39.799	5.473

23. Change in working capital

	Group		Parent	
	2017	2016	2017	2016
	DKKk	DKKk	DKKk	DKKk
Change in inventories	-1.527	452	-	-
Change in receivables	374	33.660	-19.765	34.709
Change in payables	-11.687	-33.913	57.706	-19.842
Other adjustments	-	-	-	-
Change in working capital	-12.840	199	37.941	14.867

24. Debt liabilities from financing activities

	Group		Parent	
	Non-current Liabilities	Finance lease debt	Non-current Liabilities	Finance lease debt
	1. January 2017	165.641	1.060	165.641
Cashflow	-	19	-	636
Non cast transactions	15.322	-	15.322	-
Foreign exchange	4.177	-	4.177	-
31. December 2017	146.142	1.041	146.142	636

Notes to the Financial Statements

25. Events after the reporting period

The following events have occurred after the reporting period, but without any effect on the financial statements as of December 2017:

MLH and Catacap have during February 2018 been in discussions with an informal committee of noteholders the potential restructuring of the company's outstanding senior secured notes due 2020. The noteholder committee represented SEK 93.75 million of principal amount of the notes equal to 47.5%. The outcome was an agreement to disclose details of the restructuring proposal as well as the reasons behind the need for the restructuring, the recent suspension of interest under the notes and the delay in publication of the annual report.

The majority shareholder of the company, CC Orange Invest ApS, offered to provide financial support to MLH subject to the redemption of all outstanding notes. To that end the company and the owner initiated a dialogue with an informal committee of holders of notes.

87.4% of the members of the committee representing SEK 81.9 million of the principal amount of the notes voted support of the proposal.

The proposal voted on by the committee was to amend the terms to enable a mandatory redemption of all outstanding notes at a price of 12 per cent of their nominal amount being SEK 120 per SEK 1,000 of nominal amount, including accrued and unpaid interest.

Based on note holder committee favour of the proposal a written procedure was launched the 5th March 2018 to request the holders of the notes to vote on the proposal with the support of the majority of the committee in accordance with the terms and conditions of the notes.

The 28th of March 2018 the written resolution was passed in favour of the proposal and the MLH exercised the mandatory redemption of all outstanding notes promptly.

The funding of the redemption of the notes and additional financing or funding up to MDKK 20 for the operations of the Group in 2018 was provided by Catacap I K/S through the company's parent company, CC Orange Invest ApS.

Management of the MobyLife Group expects in 2019 to be able to fund the operations of the Group without support from parent companies.