Consolidated Financial Statements

LINK Mobility Group AS

01.01.2018 - 31.12.2018

LINK Mobility Group AS

Consolidated income statement

For the period ended 31 December

(Amounts in NOK 1000)

	Note	2018	2017
Revenue	6	1 972 009	1 294 002
Total operating revenue		**1 972 009**	**1 294 002**
Cost of services rendered		-1 424 796	-897 351
Payroll and related expenses	8	-223 070	-204 971
Other operating expenses	7, 9	-208 703	-104 755
Depreciation and amortization	12, 13	-85 649	-41 710
Total operating expenses		**-1 942 218**	**-1 248 787**
Operating profit (loss)		**29 791**	**45 213**
Finance income and finance expenses			
Finance income	10	15 037	8 645
Finance expense	10	-149 446	-54 904
Finance income (expense)		**-134 409**	**-46 260**
Profit before income tax		**-104 618**	**-1 047**
Income tax	21	23 371	-4 307
Profit (loss) for the period		**-81 246**	**-5 354**
Earnings per share (NOK/share)	22		
Earnings per share		-5,43	-0,39
Diluted earnings per share		-5,43	-0,39
Profit (loss) attributable to:			
Owners of the company		-81 246	-5 354

The accompanying notes are an integral part of these financial statements.

LINK Mobility Group AS
Consolidated statement of comprehensive Income

for the period ended 31 December

(Amounts in NOK 1000)	**2018**	**2017**
Profit (loss) for the period	**-81 246**	**-5 354**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Net investment hedge	-	-24 585
Translation differences of foreign operations	18 490	67 240
Other comprehensive income for the period	**18 490**	**42 655**
Total comprehensive income for the period	-62 756	37 301

LINK Mobility Group AS
Consolidated statement of financial position

(Amounts in NOK 1000)

ASSETS	Note	31 December 2018	31 December 2017
Goodwill	5, 12	1 229 874	1 002 207
Other intangible assets	5, 12	612 984	474 811
Deferred tax asset	21	48 798	9 676
Equipment and fixtures	13	11 919	7 000
Total non-current assets		**1 903 575**	**1 493 694**
Trade and other receivables	14, 17	425 015	412 940
Cash and cash equivalents	15, 17	161 882	342 658
Total current assets		**586 897**	**755 598**
TOTAL ASSETS		**2 490 471**	**2 249 292**
EQUITY AND LIABILITIES			
Share capital	16	15 548	14 267
Share premium and other reserves		1 740 107	508 376
Retained earnings (accumulated losses)		58 766	202 179
Total equity		**1 814 420**	**724 822**
Liabilities			
Long-term borrowings	17, 18	53 502	941 703
Deferred tax liabilities	21	112 809	99 730
Total non-current liabilities		**166 312**	**1 041 433**
Short-term borrowings	17, 18	354	42 237
Trade and other payables	17, 20	501 269	433 645
Income tax payable	21	8 117	7 156
Total current liabilities		**509 739**	**483 037**
Total liabilities		**676 051**	**1 524 470**
TOTAL EQUITY AND LIABILITIES		**2 490 471**	**2 249 292**

The accompanying notes are an integral part of these financial statements.

Oslo, 4 September 2020
The Board of Directors of LINK Mobility Group AS

Jens Rugseth (Chairman) | Guillaume van Gaver | Thomas Berge

LINK Mobility Group AS
Consolidated statement of financial position

(Amounts in NOK 1000)

ASSETS	Note	31 December 2018	31 December 2017
Goodwill	5, 12	1,229,874	1,002,207
Other intangible assets	5, 12	612,984	474,811
Deferred tax asset	21	48,798	9,676
Equipment and fixtures	13	11,919	7,000
Total non-current assets		**1,903,575**	**1,493,694**
Trade and other receivables	14, 17	425,015	412,940
Cash and cash equivalents	15, 17	161,882	342,658
Total current assets		**586,897**	**755,598**
TOTAL ASSETS		**2,490,471**	**2,249,292**
EQUITY AND LIABILITIES			
Share capital	16	15,548	14,267
Share premium and other reserves		1,740,107	508,376
Retained earnings (accumulated losses)		58,766	202,179
Total equity		**1,814,420**	**724,822**
Liabilities			
Long-term borrowings	17, 18	53,502	941,703
Deferred tax liabilities	21	112,809	99,730
Total non-current liabilities		**166,312**	**1,041,433**
Short-term borrowings	17, 18	354	42,237
Trade and other payables	17, 20	501,269	433,645
Income tax payable	21	8,117	7,156
Total current liabilities		**509,739**	**483,037**
Total liabilities		**676,051**	**1,524,470**
TOTAL EQUITY AND LIABILITIES		**2,490,471**	**2,249,292**

The accompanying notes are an integral part of these financial statements.

Oslo, 4 September 2020
The Board of Directors of LINK Mobility Group AS

Jens Rugseth
(Chairman)

Guillaume van Gaver

Thomas Berge

LINK Mobility Group AS
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Oslo, 4 September 2020
The Board of Directors of LINK Mobility Group AS

Jens Rugseth (Chairman) | Guillaume van Gaver | Thomas Berge

Van Gav

LINK Mobility Group AS
Consolidated statement of financial position

(Amounts in NOK 1000)

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Total current liabilities		**509,739**	**483,037**
Total liabilities		**676,051**	**1,524,470**
TOTAL EQUITY AND LIABILITIES		**2,490,471**	**2,249,292**

The accompanying notes are an integral part of these financial statements.

Oslo, 4 September 2020
The Board of Directors of LINK Mobility Group AS

Jens Rugseth (Chairman)	Guillaume van Gaver	Thomas Berge

LINK Mobility Group AS
Consolidated statement of cash flows

for the period ended 31 December

(Amounts in NOK 1000)	Note	2018	2017
Cash flows from operating activities			
Profit before income tax		-104 618	-1 047
Adjustments for:			
Taxes paid		-34 149	-19 242
Finance income	10	-15 037	-961
Finance expense	10	149 446	33 781
Cash effect net finance operational		-1 132	14 061
Depreciation and amortization	12, 13	85 649	41 710
Expenses related to acquisitions	5	40 532	33 850
Non cash effect expense share based employee benefits		23 087	19 212
Cash effect share based employee benefits		-139 323	-5 242
Change in trade and other receivables	14	38 088	-127 151
Change in trade and other payables	20	-14 375	131 298
Net cash flows from operating activities		**28 168**	**120 270**
Cash flows from investing activities			
Payment for equipment and fixtures	13	-8 019	-1 774
Payment for intangible assets	12	-83 271	-52 207
Payment for acquisition of subsidiary, net of cash acquired	5	-196 594	-397 192
Expenses related to acquisitions	5	-40 532	-33 850
Net cash flows from investing activities		**-328 416**	**-485 023**
Cash flows from financing activities			
Proceeds on issue of shares		4 463	8 268
Proceeds from borrowings	18	182 580	717 553
Repayment of borrowings	18	-15 006	-206 920
Interest paid		-49 446	-18 721
Net cash flows from financing activities		**122 591**	**500 179**
Effect og foreign exchange rate changes		-3 119	19 308
Net change in bank deposits, cash and equivalents		-180 776	154 733
Cash and equivalents at beginning of period		342 658	187 924
Cash and equivalents at end of the period		**161 882**	**342 658**

The accompanying notes are an integral part of these financial statements.

LINK Mobility Group AS
Consolidated statement of Changes in Equity

for the period ended 31 December

(Amounts in NOK 1000)	Note	Share capital	Share premium	Other equity	Total equity
Balance at 31 december 2017		14 267	508 376	202 179	**724 822**
Profit (loss) for the period		-	-	-81 246	**-81 246**
Other comprehensive income (loss) for the period, net of income tax		-	-	18 490	**18 490**
Total comprehensive income for the period		-	-	**-62 756**	**-62 756**
Net investment hedge		-	-	26 474	**26 474**
Issue of ordinary shares		1 281	1 231 731	15 680	**1 248 692**
Employee share-option scheme		-	-	-122 811	**-122 811**
Balance at 31 December 2018	16	**15 548**	**1 740 107**	**58 766**	**1 814 420**
Balance at 31 december 2016		13 087	399 749	152 433	**565 269**
Profit (loss) for the period		-	-	-5 354	**-5 354**
Other comprehensive income (loss) for the period, net of income tax		-	-	42 655	**42 655**
Total comprehensive income for the period		-	-	**37 301**	**37 301**
Issue of ordinary shares		1 180	108 627	-1 525	**108 282**
Employee share-option scheme		-	-	13 970	**13 970**
Balance at 31 December 2017	16	**14 267**	**508 376**	**202 179**	**724 822**

LINK Mobility Group AS

Notes to the financial statements for the period ended 31 December 2018

Contents notes

Note 1 General information

LINK Mobility Group AS (formerly LINK Mobility Group ASA), is the parent comany in the Group and owns 100 per cent of the shares in all its subsidiaries. The Group's subsidiaries at 31 December 2018 are set out below.

Name of entity	Date of acquisition	Place of business / country of registration	Ownership interest 31 December 2018
LINK Mobility AS	05.09.2011	Oslo, Norway	100 %
LINK Mobility AB	19.10.2007	Stockholm, Sweden	100 %
LINK Mobility SIA	05.09.2011	Riga, Latvia	100 %
LINK Mobility A/S	30.06.2015	Kolding, Denmark	100 %
LINK Mobile A/S	30.06.2015	Kolding, Denmark	100 %
LINK Mobility Oy	30.09.2016	Tampere, Finland	100 %
Labyrintti International Oy	30.09.2016	Tampere, Finland	100 %
LINK Mobility GmbH	30.09.2016	Hamburg, Germany	100 %
GfMB Gesellschaft für Mobiles Bezahlen	30.09.2016	Hamburg, Germany	100 %
LINK Mobility Spain S.L.U	01.04.2017	Madrid, Spain	100 %
LINK Mobility EAD	02.10.2017	Sofia, Bulgaria	100 %
LINK Mobility Sp.z.o.o	19.10.2017	Gliwize, Poland	100 %
LINK Mobility SAS	31.10.2017	Paris, France	100 %
Horisen Messaging AG	05.01.2018	Rorschash, Switzerland	100 %
Simple SMS Group	24.01.2018	Wels, Austria	100 %
Archynet s.r.s	31.01.2018	Torino Italy	100 %
SMS IT Srl	01.06.2018	Milan, Italy	100 %
Multiwizz SAS	21.11.2018	Marseille, France	100 %
Hay Systems Ltd	14.12.2018	Edinburgh, Scotland	100 %
Dream Interactive Ltd	18.12.2018	Budapest, Hungary	100 %

Note 2 Adoption of new and revised International Financial Reporting Standards (IFRSs)

A number of new or amended IFRSs issued by the International Accounting Standards Board (IASB) and IFRS interpretations issued by the IFRS Interpretations Committee (IFRS IC) are effective for accounting periods commencing on or after 1 January 2018. The accounting policies adopted have been described in note 3 Accounting policies.

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2018:

Standard/ Interpretation	**Title**	**Date of issue**	**Applicable to accounting periods commencing on**
IFRS 9	*Financial Instruments*	July 2014	1 January 2018
IFRS 15	*Revenue from Contracts with Customers*	May 2014	1 January 2018
Clarifications to IFRS 15	*Revenue from Contracts with Customers*	April 2016	1 January 2018
Amendments to IFRS 2	*Classification and Measurement of Share-based Payment Transactions*	June 2016	1 January 2018
Amendments to IFRS 4	*Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts*	September 2016	1 January 2018
Annual improvements	*Annual improvements to IFRSs 2014-2016 cycle*	December 2016	1 January 2018
Amendments to IAS 40	*Transfers of Investment Property*	December 2016	1 January 2018
IFRIC 22	*Foreign Currency Transactions and Advance Consideration*	December 2016	1 January 2018

At the date of authorisation of these financial statements, the following Standards and Interpretations had been issued by the IASB but were not effective for the financial year ended 31 December 2018. These Standards and Interpretations are, when applicable, adopted in the Group's financial statements for periods beginning 1 January 2019 or later, based on their effective date:

Standard/ Interpretation	**Title**	**Date of issue**	**Applicable to accounting periods commencing on**
Amendments to IFRS 9	*Prepayment features with Negative Compensation*	October 2017	1 January 2019
IFRS 16	*Leases*	January 2016	1 January 2019
IFRIC 23	*Uncertainty over Income Tax Treatments*	June 2017	1 January 2019
Amendments to IAS 28	*Long-term interests in Associates and Joint Ventures*	October 2017	1 January 2019
Annual improvements	*Annual improvements to IFRSs 2015-2017 cycle*	December 2017	1 January 2019
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*	February 2018	1 January 2019
Amendments to Conceptual Framework	*Amendments to References to the Conceptual Framework in IFRS Standards*	March 2018	1 January 2020

Amendment to IFRS 3	*Business Combinations*	October 2018	1 January 2020
Amendments to IAS 1 and IAS 8	*Definition of Material*	October 2018	1 January 2020
Amendments to IFRS 9, IAS 39 and IFRS 7	*Interest Rate Benchmark Reform*	September 2019	1 January 2020
Amendment to IFRS 16[1]	*Leases - Covid 19-related rent concessions*	May 2020	1 June 2020
Amendments to IAS 1[1]	*Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*	January 2020	1 January 2022[1]
Amendments to IFRS 3, IAS 16, IAS 37, Annual Improvements 2018-2020[1]	*Amendments to IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment, IAS 37 Provisions, Contingent Liabilities and Contingent Assets, Annual Improvements 2018-2020*	May 2020	1 January 2022
Amendments to IFRS 4[1]	*Insurance Contracts – deferral of IFRS 9*	June 2020	1 January 2021
IFRS 17[2] including amendments	*Insurance contracts*	May 2017 (amendments issued June 2020)	1 January 2023

IFRS 16 Leases

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. The Group is only a lessee in terms of the definitions in IFRS 16 and arrangements entered into. IFRS 16 supersedes the current lease guidance including IAS 17 Leases and the related Interpretations for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group is 1 January 2019. The Group has chosen the modified retrospective application of IFRS 16 in accordance with IFRS 16:C5(b). Consequently, the Group does not restate the comparative information for the year prior to first adoption.

The change in definition of a lease mainly relates to the concept of control. IFRS 16 distinguishes between leases and service contracts on the basis of whether the use of an identified asset is controlled by the lessee. Control is considered to exist if the lessee has the right to obtain substantially all of the economic benefits from the use of an identified asset and the right to direct the use of that asset.

The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or modified on or after 1 January 2019. In preparation for the first-time application of IFRS 16, the Group analysed current lease contracts and concluded that the new definition in IFRS 16 will not change the scope of contracts that meet the definition of a lease for the Group.

IFRS 16 changes how the Group accounts for leases previously classified as operating leases under IAS 17, which were off-balance sheet. On initial application of IFRS 16, for all leases (except as noted below), the Group will:

- Recognise right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;

[1] The IASB has issued an exposure draft to defer the effective date to 1 January 2023

[2] The standard/revised standard/amendment has as at the date of issue of these financial statements not yet been adopted by the EU

- Recognise depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
- Separate the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated cash flow statement.

Lease incentives (e.g. rent-free period) will be recognised as part of the measurement of the right-of-use assets and lease liabilities whereas under IAS 17 they resulted in the recognition of a lease liability incentive, amortised as a reduction of rental expenses on a straight-line basis. Under IFRS 16, right-of-use assets will be tested for impairment in accordance with IAS 36 Impairment of Assets. This will replace the previous requirement to recognise a provision for onerous lease contracts. For short-term leases (lease term of 12 months or less) and leases of low-value assets (such as personal computers and office furniture), the Group will opt to recognise a lease expense on a straight-line basis as permitted by IFRS 16.

On adoption of IFRS 16 on 1 January 2019, the Group recognised lease liabilities in relation to leases classified as operating leases under IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rates applied to the lease liabilities on 1 January 2019 range between 3.50% to 9.5%.

Under IAS 17, all lease payments on operating leases are presented as part of cash flows from operating activities. The impact of the changes under IFRS 16 would be to reduce the cash generated by operating activities and to increase net cash used in financing activities.

Measurement of lease liabilities at the date of adoption:

Operating lease commitments disclosed as at 31 December 2018	35 101
Discounted using the lessee's incremental borrowing rate at the date of initial application	22 847
Less: short-term leases not recognised as a liability	-1 092
Lease liability recognised as at 1 January 2019	21 755
Of which are:	
Current lease liabilities	9 553
Non-current lease liabilities	12 201

Note 3 Summary of significant accounting policies

3.1 General information

Link Mobility Group AS ("the Company") is a limited liability Company incorporated and domiciled in Norway. The address of the registered office is Langkaia 1 – Havnelageret, 0150 Oslo.
Link Mobility Group AS is the parent company of the Link Mobility Group AS Group (“the Group”). The Group provides services in mobile communication and specialises in mobile messaging services, mobile solutions and mobile intelligence.

These consolidated financial statements were approved for issue by the Board of Directors on 4 September 2020. Some minor rounding differences may occur, which means that the total may deviate from the total of the individual amounts. This is due to the rounding to whole thousands of individual amounts.

3.2 Basis for preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and adopted by the European Union. The consolidated financial statements have been prepared on the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in applying the Group's accounting policies. Areas involving a high degree of judgment or complexity, and areas in which assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4. The consolidated financial statements have been prepared on a going-concern basis.

The presentation currency of the consolidated financial statement is Norwegian kroner (NOK), which is also the functional currency of the parent company.

3.3 Principles of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries, which are entities controlled by the Company. Control is achieved when the Group has power over the investee, is exposed, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control noted above. The financial statements of the subsidiaries are prepared for the same reporting periods as the parent company and consistent accounting policies are applied. The results of subsidiaries acquired or disposed of during the year are included in the income statement from the date when control is obtained and until control ceases, respectively. Intercompany transactions, balances, revenues, expenses and unrealised Group internal gains or losses are eliminated on consolidation.

When the group ceases to consolidate an investee because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in the carrying amount recognised in profit or loss. The fair value of the retained interest becomes the initial carrying amount for the purposes of subsequent accounting for the investment.

3.4 Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred and all the identifiable assets and liabilities of acquired entities are measured at fair values at the date of acquisition, except deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements, which are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively. Acquisition-related costs are recognised in profit or loss as incurred.

Goodwill is measured at the amount by which the total consideration transferred exceeds the net fair value of assets acquired. Goodwill is not amortised, but its value is tested for impairment at least annually, or more frequently when there is an indication that the cash-generating unit to which goodwill has been allocated, may be impaired. Goodwill is allocated to each of the Group's cash-generating units (or groups of cash generating units) that is expected to benefit from the synergies of the combination. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangements, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments recognised in goodwill. Measurement period adjustments arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

3.5 Revenue recognition

Revenues are recognised when services rendered and measured based on the consideration to which the Group expects to be entitled in a contract with a customer net of discounts and sales related taxes. The Group recognises revenue when it transfers control of a product or service to a customer.

When the Group is acting as an agent, amounts are collected on behalf on the principal. In order to determine whether the Group is acting as a principal or an agent the risks and rewards associated with the service in question are assessed. When the Group is acting as an agent, amounts are collected on behalf of the principal. In order to determine whether the Group is acting as a principal or an agent, the Group assesses whether the Group controls the service before it is provided to the customer. Where the Group does not control the service, the Group is considered an agent in the transaction.

Revenues primarily comprise sale of services that enable customers to communicate by mobile phone with their customers. In order to be able to render these services, the Group needs to obtain services from one or more telecommunication operators.

The services rendered are split into the following groups:

Type of service	Timing of recognition	Measurement of revenue
Mobile messaging transactions	The Group provides mobile messaging services via SMS and	The revenue is based on the price specified in the sales

	other messaging channels as Apps, Facebook, Messenger, WhatsApp, Joyn and email. Revenue from messaging is recognised when the message service has been provided; when the messages are delivered to the recipient.	contract, net of discounts and value added taxes.
Payment services	The Group offers payment solutions where the customer can get their customers (the end user) to pay for services by charging their mobile phone account or credit/debit card. As payment for these services The Group is entitled to remuneration related to the processed transactions/payment. Revenue is recognised when the payment service is rendered.	The Group acts as an agent for this type of service and the performance obligation is to arrange for the provision of services by another party. Consequently, only the income from the processed transactions are recognised as revenue.
Licences	License revenue consists of revenue from monthly fee paid by customers for access to the Group platforms and solutions. No proprietary rights are transferred to the customer. The revenue is recognised throughout the duration of the license agreement.	The revenue is based on the price specified in the sales contract, net of discounts and value added tax.
Consulting services	Revenue from consulting services is recognised in the accounting period during which the services are rendered.	The revenue is based on the price specified in the sales contract, net of discounts and value added tax.

3.6 Foreign currency translation

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated after the transaction date.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement as financial items. All other foreign exchange gains and losses are presented net in the income statement as other operating expenses. Exchange differences are recognised in profit or loss in the period in which they arise.

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For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used.

Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity.
Goodwill and fair value adjustments arising on the acquisition of a foreign entity are considered as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation), or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in a separate component of equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

3.7 Intangible assets

Goodwill and intangible assets acquired in business combination
Goodwill and intangible assets acquired in a business combination are recognised initially as set out in 3.4 Business Combinations above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Intangible assets acquired in a business combination and recognised separately from goodwill are recognised initially at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives are carried at cost less accumulated impairment losses.

Separately acquired intangible assets
Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Subsequent to initial recognition, separately acquired intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired in a business combination.

Internally generated intangible assets – technology
Expenditure on research activities is recognised as an expense in the period in which it is incurred. An internally generated intangible asset arising from development of the Groups technical platforms and products is recognised if, and only if, all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;

- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired in a business combination.

3.9 Equipment and fixtures

Equipment and fixtures are initially recognised at cost, which includes the purchase price (including duties and non-refundable purchase taxes) and any directly attributable costs of bringing the asset to the location and condition necessary for it to be able to operate in the intended manner. Equipment and fixtures are subsequently recognised at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognised so as to reduce the cost of assets less their residual values over their useful lives, using the straight-line method. Depreciation commences when the assets are ready for their intended use.

Estimated useful life, depreciation method and residual values are reviewed at least annually. The straight-line depreciation method is used as this best reflects the consumption of the assets, which often is the passage of time. Residual value is estimated to be zero for all assets.

Repair and maintenance is expensed as incurred. If new parts are capitalised, replaced parts are derecognised and any remaining net carrying amount is recognised in operating profit (loss) as loss on disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or retirement of an item of equipment and fixtures is determined as the difference between the sales proceeds and the carrying amount of the asset and is presented as other income or other expenses in the income statement.

3.9 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Goodwill and intangible assets with an indefinite useful life are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase. Any impairment loss recognised for goodwill is not reversed in a subsequent period.

3.10 Leasing

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership. All lease arrangements entered into by the Group as a lessee are classified as operating leases. Rentals payable under operating leases are recognised as an expense on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

3.11 Government grants

The Group receives Government grant as part of the "Skattefunn" arrangement in Norway, which is an arrangement to stimulate research and development in Norway. The government grant is initially recognised as a deduction to the carrying amount of the relevant asset. The amount is subsequently credited to profit or loss on a straight-line basis over the estimated useful life of the related asset.

3.12 Financial Instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The categorisation of financial instruments (financial assets and liabilities) for measurement purposes is based on the nature and purpose of the financial instrument and is determined on initial recognition. The Group presents financial assets and liabilities in the following classes: trade and other receivables, cash and cash equivalents, trade and other payables, long term borrowings and short-term borrowings.

Financial assets

The financial assets held by the group, primarily trade and other receivables, are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and are thus measured subsequently at amortised cost less loss allowances. The impairment model in IFRS 9 Financial Instruments requires the recognition of impairment provisions based on expected credit losses (ECL). The Group recognises a loss allowance for expected credit losses on trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition. The impairment is calculated by taking into account the historic evidence of the level of credit losses experienced and the ageing profile of the trade receivables. Individual trade receivables are impaired when management assesses them not to be wholly or partially collectible.

Financial liabilities

The Group does not have financial liabilities held-for-trading or liabilities designated as at fair value through profit or loss.

Trade and other payables include trade payables and other current and non-current non-interest-bearing financial liabilities. Borrowings (long term and short term) include bank loans and overdrafts. These liabilities are initially recognised in the statement of financial position at fair value (net of any transaction costs), and subsequently measured at amortised cost using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss

3.13 Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and commercial papers with original maturities of three months or less.

The Group presents the statement of cash flows using the indirect method. Cash inflows and outflows are shown separately for investing and financing activities, while operating activities include both cash and non-cash line items. Interest received and paid, and dividends received, are reported as a part of operating activities. Dividends distributed are included as a part of financing activities. Value added tax and other similar taxes are regarded as collection of tax on behalf of authorities.

3.14 Employee benefits

The Group operates a defined contribution plan for post-retirement benefits. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity (insurance company). The Group has no legal or constructive obligations to pay further contributions to the pension plan for benefits relating to employee service in the current and prior periods. Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3.15 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's current tax liability is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.
A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax is recognized based on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets arising from deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3.16 Provisions

Provisions for e.g. workforce reductions (restructuring), onerous contracts and legal claims are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation, and discounted to its present value.

Note 4 Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, as described in note 3, management is required to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are evaluated on an on-going basis and are based on historical experience and other factors, including expectations of future events that are considered to be relevant. Future events may cause these estimates to change and actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Changes in accounting estimates are recognised in the period when the changes occurred, if they only apply to that period. If the changes also apply to future periods, the effect will be distributed between the current period and future periods.

Business combinations

The Group has completed the acquisition of Link Mobility Group during 2018. The entities acquired represent all the operating business activities in the Group, refer to note 5 for further detail. In order to account for the business combinations and determine the fair value of the underlying assets and liabilities in accordance with IFRS 3, management has used significant judgement. In order to calculate the fair value of the intangible assets in the acquired companies, the expected future cash flows have been reconciled to the purchase price of the acquired companies. The reconciliation is performed via a Business Enterprise Valuation (BEV). Intangible assets have been valued using the Multi Excess Earnings Method ("MEEM") and Relief From Royalty Method ("RFR"). The methods are considered to be appropriate for the type of assets being valued (MEEM for customer relationships and RFR for technology and trade name). The excess of the consideration over the fair value of the net identifiable assets acquired is recognised as goodwill.

Significant input used in the estimation of fair values utilising the above methods are as follows:

- The remaining estimated useful life of customer relationships is between 7 and 10 years
- The remaining estimated useful life of technology is 10 years
- Revenue growth and EBITDA (earnings before interest, tax, depreciation and amortisation) margins are based on estimates of growth and margins in the respective companies

Estimated impairment of goodwill and other intangible assets

The carrying amounts of non-current tangible and intangible assets are assessed by means of impairment tests whenever there is an indication of impairment. Any impairment of goodwill is nevertheless assessed at least annually. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. As of 31 December 2018, the amount of goodwill tested for impairment amounted to NOK 1 229 874 thousand. No impairment losses were recognised in 2018. Please refer to note 12 for further details related to the impairment testing methodology and results.

Deferred tax assets

Management judgment is required in determining provisions for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognized. The Group is also subject to income taxes in various jurisdictions. Judgment is required in determining the Group's provision for income taxes. There may be transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax liability and expense in the period in which such determination is made.

Purchase price of subsidiaries – earn-out

In some events the Group acquires subsidiaries where the preliminary purchase price is based on an assumption that the company will achieve a target EBITDA for the current financial year. The final purchase price is subject to an upwards or downward earn-out adjustment based on the company's actual achieved EBITDA. The earn-out adjustment is accounted in the income statement as other financial income or loss.

Note 5 Business combinations

Acquisitions during the period

2018

Current entity name	Former	Main business	Date of	Proportion	Acquiring
Horisen Messaging AG	Horisen Mess	Mobile	5 January 2018	100 %	LINK Mobility
Simple SMS GbmH		Mobile	24 January 2018	100 %	LINK Mobility
LINK Mobility Italia Srl	Archynet Srl	Mobile	31 January 2018	100 %	LINK Mobility
SMS Italia Srl	SMS Italia Sr	Mobile	1 June 2018	100 %	LINK Mobility
Multiwizz S.A		Mobile	1 November 201	100 %	LINK Mobility
LINK Mobility UK Ltd	Hay Systems	Mobile	4 December 201	100 %	LINK Mobility
LINK Mobility Hungary Kft	Dream Intera	Mobile	8 December 201	100 %	LINK Mobility

Acquisition of Horisen Messaging AG

On 5 January 2018 LINK Mobility Group AS acquired 100% of the voting equity instruments in Horisen Messaging AG ("Horisen"), a company located in Rorschach, Switzerland. The company is a result of a carve-out of the SMS trading business from existing business in Horisen AG on 1 December 2017. The consideration for the shares was EUR 9 million, based on an agreed enterprise value of the transaction on a cash-free and debt-free basis. The purchase price is settled as follows:
57% of the purchase price in cash upong closing
43% of the purchase price in shares upon closing

Established in 2001, Horisen Messaging has a strong position in the Swiss market and is one of the leading mobile messaging providers in Switzerland, delivering services to more than 175 countries globally. Services provided by Horisen include SMS platforms for wholesale mobile operators, bulk sms to a large number of recipients worldwide, inbound SMS services that enable direct interaction with the client's customers, and the provision of an SMS gateway that enables the connection of client applications to Horisen's API.

Acquisition of Simple SMS GmbH

On 24 January 2018, LINK Mobility Group AS acquired 100% of the voting equity instruments in Simple SMS GmbH. Simple SMS GmbH is located in Wels, Austria. Consideration for the transaction was EUR 2.2 million on a debt-free and cash-free basis and assuming a normalised net working capital. The value is based on an estimated normalised EBITDA for 2017 and applying a multiple of 6.25 and is subject to adjustment in the event of the actual EBITDA deviating from the estimated EBITDA. The purchase price is settled as follows:
30% of the purchase price at the closing date
50% of the purchase price in shares in LINK Mobility Group ASA based on the share price quoted on Oslo Stock
20% of the purchase price as a seller credit to be settled within 36 months of the closing date. An interest charge

Simple SMS GmbH provides a range of professional mobile messaging services for business customers with a strong market position in the small and medium sized enterprise market in Austria.

Acquisition of LINK Mobility Italia Srl (formerly Archynet Srl)

On 31 January 2018, LINK Mobility Group AS acquired 100% of the voting equity instruments in LINK Mobility Italia Srl (formerly Archynet Srl). The company was established in 1998 and is located in Turin in Italy. The enterprise value of the transaction is EUR 2.337 million on a cash-free and debt-free basis and assuming a normalised level of working capital. The enterprise value is based on a normalised level of EBITDA and applying a multiple of 5.5. The purchase price is settled as follows:
1/3 of the purchase price to be paid in cash upon closing
1/3 of the purchase price as a seller's credit to be paid no later than 36 months from closing. Interest of 4.75% pa
1/3 of the purchase price in shares in LINK Mobility Group ASA at the share price quoted at the Oslo Stock

The company has a strong position in the Italian market with direct interconnect with the Italian mobile operators

Acquisition of SMS Italia Srl

On 1 June 2018, LINK Mobility Group AS acquired 100% of the voting equity instruments in SMS Italia Srl. The company is located in Milan in Italy. The agreed enterprise value of the transaction is EUR 10.4 million on a cash-free and debt-free basis. This is based on a normalised level of EBITDA for 2017 and applying a multiple of 6.9. The purchase price is settled as follows:
1/3 of the purchase price to be paid in cash upon closing
1/3 of the purchase price to be escrowed for 12 months
1/3 of the purchase price to be paid in shares in LINK Mobility Group ASA at the share price of NOK 144. There

SMS Italia is one of the leading mobile messaging provdiers in Italy and the first in the world to provide mobile internet and messaging services on a global scale. The company owns an independent mobile network, fixed network, signalling and SS7 interconnection and has interworking agreements with all Italian mobile operators and the primary MVNOs (Mobile Virtual Network Operators).

Acquisition of Multiwizz SAS

On 21 November 2018, LINK Mobility Group AS acquired 100 % of the voting equity instruments of Multiwizz SAS. The company was established in 2009 and is located in Aix en Provence in France. The agreed enterprise value of the business is EUR 4.45 million, based on EBITDA for 2017 and applying a multible of 6.9. The purchase price
90% of the preliminary purchase price is paid in cash at closing, in addition to a preliminary additional amount of EU
10% of the preliminary purchase price shall be paid into an Escrow account

Multiwizz has a strong position in the French market and is one of the leading mobile messaging and SMS marketing providers in France, based on their two platforms, Envoyer SMS Pro and Hexa SMS.

Acquisition of LINK Mobility UK Ltd (formerly Hay Systems Ltd)

On 14 December 2018, LINK Mobility Group AS acquired 100% of the voting equity instruments in LINK Mobility UK Ltd (formerly Hay Systems Ltd). The company was established in 1999 and is located in Edinburgh in Scotland. The agreed consideration is GBP 0.957 million, which is settled as follows:
2/3 of the preliminary purchase price in cash
1/3 of the preliminary purchase price shall be paid into a retention account

The company is known as a reputable and highly reliable mobile messaging provider in the UK and worldwide, through its own carrier connected SMSC (Short Message Service Centre).

Acquisition of LINK Mobility Hungary Kft (formerly Dream Interactive Ltd)

On 18 December 2018, LINK Mobility Group AS acquired 100% of the voting equity instruments in LINK Mobility Hungary Kft (formerly Dream Interactive Ltd) and operating under the name SeeMe. The company was established in 2004 and is located in Budapest in Hungary. The agreed consideration is HUF 819 million, which is settled as follows:
80% of the preliminary purchase price in cash at closing
20% of the preliminary purchase price shall be withheld as a holdback amount for a period of 18 months from

The company is known as the market leader as well as being a highly reliable mobile messaging provider to small and medium-sized businesses in Hungary, through its efficient self-service platform and messaging solutions.

Revenue and net profit, in the period from the date of acquisition until 31 December 2018:

(Amounts in NOK 1 000)	Horisen	Simple SMS	LINK Mobility	SMS Italia	Multiwizz
Revenue	103 706	16 601	20 024	50 037	2 214
Net profit	9 332	-1 092	2 572	3 412	343

LINK Mobility UK and LINK Mobility Hungary were acquired in December 2018 and revenues and net profits earned in the ownership period are not significant.

Estimated revenue and net profit, as if the acquisition had occured 1 January 2018

(Amounts in NOK 1 000)	Horisen	Simple SMS	LINK Mobility	SMS Italia	Multiwizz	LINK	LINK
Revenue	103 808	17 763	22 425	94 788	24 817	15 261	19 700
Net profit	9 327	-1 133	3 155	5 829	2 653	707	3 584

Identifiable assets and liabilities recognised on the date of the business combination

Assets assumed in connection with the business combinations have been recognised at the estimated fair value on the date of the business combination. Management has identified customer relations and technology as major intangible assets.

(Amounts in NOK 1 000)	Horisen	Simple SMS Group	LINK Mobility Italia	SMS Italia	Multiwizz	LINK Mobility UK	LINK Mobility Hungary
Customer relations	51 702	6 014	6 196	26 661	11 938	1 817	4 749
Technology	0	2 419	2 496	12 226	368	909	2 374
Deferred tax assets/other long-term re	0	-	765	-	-	-	-
Tangible fixed assets	0	86	115	149	513	336	13
Trade and other receivables	10 211	10 470	11 197	25 070	419	1 793	2 460
Cash and cash equivalents	156	1 157	2 467	28 392	8 749	1 936	2 703
Long-term liabilities	0	-650	-411	-	-	-	-
Deferred tax liability	-6 001	-2 391	-2 524	-10 854	-4 099	-576	-641
Trade and other payables	-6 421	-9 489	-12 235	-44 638	-6 729	-2 027	-2 430
Fair value of identifiable net assets	**49 647**	**7 618**	**8 065**	**37 008**	**11 159**	**4 188**	**9 228**

Goodwill

(Amounts in NOK 1 000)	Horisen	Simple SMS Group	LINK Mobility Italia	SMS Italia	Multiwizz	LINK Mobility UK	LINK Mobility Hungary
Consideration transferred	96 401	22 069	27 615	111 123	51 671	10 648	25 393
Fair value of identifiable net assets ac	-49 647	-7 618	-8 065	-37 008	-11 159	-4 188	-9 228
Goodwill	**46 753**	**14 451**	**19 550**	**74 115**	**40 513**	**6 460**	**16 165**

Goodwill originating from the business combination is primarily related to anticipated synergies from on-going operations and the benefit of integrating the entire business into the group. No impairment has been recognised subsequent to the business combination.

Goodwill that has arisen as part of the business acquisition is not tax deductible.

Acquisition related expenses recognised as other operating expenses in the period amount to NOK 40 532 thousand.

Note 6 Revenue
(Amounts in NOK 1000)

The Group's operations are conducted through subsidiaries in Norway, Sweden, Denmark, Finland, Germany, Spain, France, Poland, Baltics, Bulgaria, Switzerland, Austria and Italy. The Group derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time from the major product and services listed below. In addition the Group is organized within geographical areas. The performance of these geographical areas is evaluated on a monthly basis by Group management.

Business Lines	**2018**	**2017**
Mobile messaging transactions	1 783 071	1 106 321
Payment services	55 488	56 152
Licenses	119 764	115 436
Consulting services	13 686	16 093
Group	**1 972 009**	**1 294 002**

Geographical area	**2018**	**2017**
Norway	546 226	465 797
Sweden	167 146	147 630
Denmark	125 782	120 434
Finland	72 309	63 047
Germany	394 060	294 589
Spain	190 292	124 511
France	87 111	22 051
Poland	154 746	39 495
Baltics	4 094	5 391
Bulgaria	39 874	11 055
Switzerland	103 706	-
Austria	16 601	-
Italy	70 062	-
Total	**1 972 009**	**1 294 002**

Segment information

Operating segments are reported in the same manner as internal reporting to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources to and assessing performance of operating segments, is defined as the Group Leadership Team. Group transactions, including internal profit on sales between the segments, are presented separately.

The Group reports revenue, EBITDA (revenue less direct costs) and adjusted EBITDA in functional operating geographical segments to the Board of Directors (the Group’s chief operating decision makers). While LINK uses all these measures to analyze performance, the Group’s strategy of profitable growth means that adjusted EBITDA is the prevailing measure of performance.

The operating units that form a natural reporting segment are the Nordics, Western Europe, Central Europe and Global Messaging. These represent market clusters composed of operating countries in different geographical areas. Generally, regions are segregated into similar geographic locations as these follow similar market trends. Global Messaging (formerly Common routing) includes all regions with aggregator traffic; the other three have enterprise traffic.

The operating segments are:

The Nordics - comprising Norway, Sweden, Denmark and Finland
Western Europe - comprising Spain, France, the United Kingdom and Italy
Central Europe - comprising Bulgaria, Romania, North Macedonia, Poland, Hungary, Germany, Austria and Switzerland
Global Messaging - comprising entities with aggregator traffic

Revenues per segment	2018	2017
Nordics	915 558	802 301
Central Europe	515 390	345 139
Westen Europe	242 477	146 562
Global Messaging	298 584	-
Total	**1 972 009**	**1 294 002**

EBITDA per segment	2018	2017
Nordics	172 606	134 922
Central Europe	80 484	42 514
Westen Europe	26 866	17 626
Global Messaging	32 262	-
Total	**312 218**	**195 062**

Adjusted EBITDA per segment	2018	2017
Nordics	172 606	134 922
Central Europe	80 484	42 514
Westen Europe	26 866	17 626
Global Messaging	32 262	-
Group costs	-99 849	-55 074
Total	**212 370**	**139 988**

Reconciliation of Adjusted EBITDA to Group Profit (loss) before income tax

Operating expenses not allocated to segment	-96 930	-53 065
Depreciation and amortization	-85 649	-41 710
Operating profit	29 791	45 213
Finance income/(expense)	-134 409	-46 260
Profit (loss) before income tax	**-104 618**	**-1 047**

Note 7 Operating lease arrangements

(Amounts in NOK 1000)

The main lease agreements for the Group relate to rental of office space for the different companies in the countries in which the Group operates. The Group has material rental agreements related to premises in Oslo, Stockholm, Malmö, Kolding, Copenhagen, Hamburg, Tampere, Gliwice, Madrid, Paris and Sofia.

Minimum lease payments under operating leases recognised as an expense in the period:

	2018	**2017**
Rent	15 475	10 296
Office equipment	553	348
Other lease	1 103	417
Sub-lease	28	-
Total minimum lease payments expensed	17 159	11 061

At the reporting date, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows;

	31.12.2018	**31.12.2017**
Payable within one year	11 329	8 428
Payable between one and five years	16 229	11 338
Payable later than five years	7 543	2 447
Total future minimum lease payments	35 101	22 213

Operating lease payments represent rentals payable by the Group for certain of its office properties.

Note 8 Payroll and related expenses

(Amounts in NOK 1000)

	2018	2017
Wages and salaries	160 218	142 935
Social security tax	36 976	20 774
Pension expense	14 875	13 134
Shared based compensation	-	19 212
Other benefits	11 000	8 916
Total payroll and related expenses	**223 070**	**204 971**
Average number of full time equivalent employees	355	308

The pension plans in the Group comply with the pension legislation of the respective countries. The pension plans require that the Group pays premiums to public or private administrative pension plans on a mandatory, contractual or voluntary basis. There are no further obligations once the annual premiums are paid. The premiums are accounted for as personnel expenses as soon as they are incurred. Pre-paid premiums are accounted for as an asset to the extent that future benefits can be determined as plausible.

Remuneration of key group employees

Key group employees are defined as employees who are part of Group management. In 2018 Group management consisted of the following individuals (note that the amounts below are in NOK):

	Wages and Salaries	Bonus	Paid Options	Pension expense	Other remuneration
Arild Hustad (CEO)	1 846 184	1 575 222	35 000 000	73 847	9 603
Thomas Berge (CFO)	1 792 484	1 315 819	27 000 000	71 699	22 571
Krister Tånneryd (CTIO)	-	-	9 860 000	-	20 800
Janicke Wrige (Group HR Director)	1 216 818	37 611	2 966 683	48 673	61 394
Total	**4 855 486**	**2 928 652**	**74 826 683**	**194 219**	**114 368**

The CEO, CFO and CTIO have agreements that entitle them to 6 months salary in the event of termination of employment.

The remaining members of Group management are included in the common bonus agreement for LINK employees. The bonus is calculated on the basis of achievment of budgeted Group income and EBITDA, in addition to qualitative and quantitative criteria set each year. The yearly bonus is limited to 3 months salary.

No loans, advances or guarantees have been granted to key group employees or board members.

As at 31 December 2017, Group management and selected key employees were included in a share options scheme (equity settled options). Each share option granted allowed for the subscription of one share in LINK Mobility Group ASA. The fair value of the options was calculated when they were granted and expensed over the vesting period. As at 31 December 2017, 1 001 674 share options were outstanding.

When LINK Mobility Group AS was acquired by ABRY Partners on 9 October 2018, the share option scheme was discontinued, and all options vested. The share options were settled in cash, based on the difference between a share price of LINK Mobility Group ASA of NOK 225 and the strike price when the options were allotted. The total cash settlement was NOK 139,3 million and the remaining fair value of the share options scheme was simultaneously expensed (NOK 23,0 million).

Remuneration to Board of Directors

In his capacity as Chairman of the Board, Jens Rugseth received emoluments of NOK 547 500 in 2018. In addition, he received a bonus of NOK 1 500 000 which related to the acquisition of LINK Mobility Group by Abry Partners.

The remaining members of the Board of Directors received in total emoluments of NOK 1 860 000 in 2018.

Note 9 Other operating expenses

(Amounts in NOK 1000)

	2018	2017
Cost related to acquisition of subsidiaries	40 532	26 209
Restructuring costs	33 311	7 641
Advisors and consultants	39 883	12 084
IT, licenses and hosting	26 309	13 812
Sales and marketing cost	19 193	9 778
Cost for premises	15 475	10 296
Other expenses	26 475	18 869
Inventory and equipment	7 525	6 066
Total other operating expenses	**208 703**	**104 755**

Auditor's fees

The table below summarises audit fees, fees for audit related services, tax services and other services incurred by the Group during the period. Fees include both Norwegian and foreign subsidiaries.

	2018	2017
Audit fee	3 880	2 813
Other attestation services	79	384
Tax consulting services	213	37
Other services	17	236
Total fee to auditor	**4 189**	**3 469**

Note 10 Finance income and expenses

(Amounts in NOK 1000)

Finance income	**2018**	**2017**
Gain from foreign exchange	12 811	5 102
Interest income	441	961
Other finance income	1 786	2 582
Total finance income	**15 037**	**8 645**

Finance expense	**2018**	**2017**
Losses from foreign exchange	18 180	19 095
Interest expense	40 357	33 781
Premium early settlement and expensed transaction cost bond loan	69 606	-
Purchase price adjustments acquisition of subsidiary	20 732	-
Other finance expense	572	2 028
Total finance expense	**149 446**	**54 904**
Net finance income (expense)	**-134 409**	**-46 260**

Note 11 Transactions with related parties

(Amounts in NOK 1000)

Balances and transactions between Victory Partners VIII Norway AS and its subsidiaries, which are related parties of Victory Partners VIII Norway AS, have been eliminated on consolidation and are not disclosed in this note. Related party transactions are made on terms equivalent to those that prevail in arm's length transactions and are made only if such terms can be substantiated.

During the year, the Group has not entered into any transactions with related parties.

At 31 December 2018, the Company had no balances with related parties.

Note 12 Intangible assets

(Amounts in NOK 1000)

Period ended 31 December 2018	Customer relations	Technology	Goodwill	Total
Opening net book amount	301 381	173 430	1 002 207	1 477 018
Net additions from acquired businesses (PPA)	109 079	20 792	218 006	347 877
Additions in the period	-	83 271	-	83 271
Amortisation in the period	-41 903	-39 457	-	-81 360
Translation differences	4 613	1 778	9 661	16 052
Net carrying amount at 31 Desember 2018	373 170	239 814	1 229 874	1 842 858
Cost as at 31 December 2018	462 606	327 142	1 229 874	2 019 622
Accumulated amortization at 31 December 2018	-89 436	-87 328	-	-176 764
Net carrying amount at 31 December 2018	373 170	239 814	1 229 874	1 842 858
Estimated useful life	7-10	3-10	indefinite	
Amortisation method	Straight-line	Straight-line		

Period ended 31 December 2017	Customer relations	Technology	Goodwill	Total
Opening net book amount	139 302	69 910	548 540	757 752
Net additions from acquired businesses (PPA)	169 141	64 981	395 590	629 712
Additions in the period	-	52 144	-	52 144
Disposals in the period	-	-36	-334	-370
Amortisation in the period	-21 926	-16 839	-	-38 765
Translation differences	14 864	3 270	58 411	76 545
Net carrying amount at 31 Desember 2017	301 381	173 430	1 002 207	1 477 018
Cost as at 31 December 2017	348 914	221 301	1 002 207	1 572 422
Accumulated amortization at 31 December 2017	-47 533	-47 871	-	-95 404
Net carrying amount at 31 December 2017	301 381	173 430	1 002 207	1 477 018
Estimated useful life	7-10	4-10	indefinite	
Amortisation method	Straight-line	Straight-line		

Customer Relationships

For customer relationships identified and recognised through business combinations, the amortisation period is estimated to be 7-10 years. The amortisation period is based on an analysis of customer churn and the remaining useful life of the customer relationships recgonised in the balance sheet.

Technology

For own development cost and technology the amortisation period is 3-10 years. For technology acquired through business combinations the amortisation period is 7-10 years based on an evalution of the type of technological solution. The Group has received grant from the "Skattefunn" arrangement i Norway. Received grant in the period amounting to NOK 4 361 thousand has been deducted from the carrying amount of development cost. The requirements of the arrangement have been fulfilled.

Goodwill

Goodwill originating from the business combinations during the year are primarily related to anticipated growth prospects for the acquired businesses. Included in goodwill is also assembled workforce, at an estimated NOK 3.9 million. No impairment has been recognised subsequent to the business combination.

Impairment test

Goodwill is tested for impairment on an annual basis at a cash generating unit level, and more frequently if there are indications that amounts may be impaired. In accordance with IAS 36 Impairment of assets, the carrying amount of the cash-generating unit (CGU) to which the goodwill has been allocated is compared with the recoverable amount of the cash generating unit. The recoverable amount is determined based on value-in-use calculations. These calculations use cash flow projections approved by management covering a five year period. The assumed growth rate has been based on the management growth estimate for the next five years and subsequently reduced to 2 % for the purpose of determining the terminal value. The pre-tax discount rates applied to the cash flows is calculated based on the weighted average cost of capital (WACC) specific for each CGU and are within the range of 7.1-12.9 %.

Based on the calculations referred to above, it has been concluded that the recoverable amount exceeds the carrying amount of. Consequently, no impairment charge has been recognized for 2018.

Goodwill has been allocated to relevant CGUs as described in the table below. Each country in which the Group operates has been determined as a CGU:

	Goodwill
Norway	205 390
Sweden	9 456
Denmark	136 489
Finland	101 265
Germany	213 383
United Kingdom	6 460
Spain	164 429
Poland	89 392
Bulgaria	20 185
Hungary	16 163
France	107 569
Switzerland	50 204
Italy	109 489
Total	**1 229 874**

The impairment test shows that the recoverable amounts significantly exceed the carrying amount of the CGUs.
Management have concluded that no reasonably possible change in any of the key assumptions used for impairment testing would cause the carrying amounts of the cash-generating units with significant goodwill to exceed recoverable amounts.

Note 13 Equipment and fixtures

(Amounts in NOK 1000)

Period ended 31 December	2018	2017
Opening net book amount 1 January	7 000	6 304
Net additions from acquired businesses	1 212	2 240
Additions	8 019	4 702
Disposals	-	-3 416
Depreciation charge	-4 289	-2 945
Translation differences	-23	114
Closing net book amount 31 December	**11 919**	**7 000**

As at 31 December		
Cost	38 614	29 406
Accumulated depreciation	-26 695	-22 406
Net book amount 31 December	**11 919**	**7 000**

Estimated useful life and depreciation plan is as follows:

Estimated useful life	3-5 years	3-5 years
Depreciation plan	Straight-line	Straight-line

Note 14 Trade and other receiveables

(Amounts in NOK 1000)

	31.12.2018	31.12.2017
Trade receivables	345 132	348 749
Other receivables	1 609	41 646
Prepayments	78 273	22 545
Total trade and other receivables	**425 015**	**412 940**

The above trade receivables and other receivables represent the Group's maximum exposure to credit risk at the balance sheet date.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The Group recognises a loss allowance of 100% against all receivables over 120 days past due because historical experience has indicated that these receivables are generally not recoverable. Additional allowances for specific balances are recognised based with reference to past experience and an analysis of the financial position of the debtor along with other relevant factors.

The Group has recognised an allowance for impairment of NOK 14 440 thousand as at 31 December 2018. Trade receivables recognised as part business combinations on establishment of the Group were recognised at fair value on the date of acquisition. No additional allowance has been recognised in the period presented.

Ageing of past due but not impaired trade receivables

31 December 2018	**Not past due**	**<30**	**31-60**	**61-90**	**91-180**	**>180**	**Total**
Carrying amount	206 023	88 411	15 349	5 723	7 571	22 055	**345 132**

31 December 2017	**Not past due**	**<30**	**31-60**	**61-90**	**91-180**	**>180**	**Total**
Carrying amount	309 442	24 773	3 496	4 279	2 751	4 007	**348 749**

The maturity analysis is based on the original transaction date in the underlying company, which for some amounts is prior to the establishment of the Group.

Note 15 Cash and cash equivalents
(Amounts in NOK 1000)

	31.12.2018	31.12.2017
Cash and cash equivalents	**161 882**	**342 658**

Restricted cash	**31.12.2018**	**31.12.2017**
Taxes withheld	4 364	4 258
Other restricted cash	1 427	2 290
Total restricted cash	**5 791**	**6 548**

Cash and cash equivalents include restricted cash related to regulatory requirements.

The Group has established cash pool systems. Under these agreements, Link Mobility Group AS is the Group account holder and the other companies in the Group are sub-account holders or participants.

Note 16 Share capital and shareholder information

Share capital as at 31 December 2018 is NOK 15 547 868, being 15 095 017 ordinary shares at a nominal value of NOK 1.03 each. All shares were fully paid and carry equal voting rights.

The movement in the number of shares during the year was as follows:

	31.12.2018	**31.12.2017**
Ordinary shares at the beginning of the period	14 267 462	13 086 907
Issue of ordinary shares	707 549	1 180 555
Issue of ordinary shares under share options	120 006	-
Ordinary shares at the end of the period	15 095 017	14 267 462

LINK Mobility Group AS has one shareholder as at 31 December 2018:

Shareholder	**Number of shares**	**Percentage share of total shares**
Victory Partners VIII Norway AS	15 095 017	100 %
Total	15 095 017	100 %

Note 17 Classes and categories of financial instruments

(Amounts in NOK 1000)

31 December 2018	Amortised cost	Total
Current financial assets		
Trade receivables	345 132	**345 132**
Cash and cash equivalents	161 882	**161 882**
Financial assets	**507 014**	**507 014**
Non-current financial liabilities		
Long-term borrowings	53 502	**53 502**
Current liabilities		
Short-term borrowings	354	**354**
Trade payables	327 090	**327 090**
Financial liabilities	**380 947**	**380 947**

31 December 2017	Amortised cost	Total
Current financial assets		
Trade receivables	348 749	**348 749**
Cash and cash equivalents	342 658	**342 658**
Financial assets	**691 407**	**691 407**
Non-current financial liabilities		
Long-term borrowings	941 703	**941 703**
Current liabilities		
Short-term borrowings	42 237	**42 237**
Trade payables	283 850	**283 850**
Financial liabilities	**1 267 790**	**1 267 790**

The financial assets held by the Group are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and are thus measured subsequently at amortised cost less loss allowances.

The Group does not have financial liabilities held-for-trading or liabilities designated as at fair value through profit or loss. All financial liabilities are measured at amortized cost.

The carrying amounts of financial assets and liabilities approximate their fair value as at 31 December 2018. Arrangements with financial institutions are entered into on market terms, and the carrying value at the reporting date has been assessed as approximating fair value.

Fair value hierarchy levels are based on the extent to which fair values are observable.

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets

Level 2: fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly.

Level 3: fair value measurement are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable input).

Fair value of the arrangements with financial institutions fall within level 3 of the fair value hierachy. The sensitivity of the fair value measurement to changes in unobservable inputs if a change in those inputs to a different amount might result in a significantly higher or lower fair value measurement is analysed and described for all recurring level 3 fair value measurements.

Note 18 Interest-bearing liabilities

(Amounts in NOK 1000)

Interest bearing liabilities are measured at amortised costs.

Non-current financial liabilities	**31.12.2018**	**31.12.2017**
Debt to financial institutions	49 741	-
Bond loan	-	773 214
Seller Credit	3 761	168 231
Other long term liabilities		258
Total	**53 502**	**941 703**

Current liabilities	**31.12.2018**	**31.12.2017**
Sellers credit short term	-	29 109
Debt to financial institutions*	354	13 128
Total	**354**	**42 237**

*Instalments falling due within a 12 month period, including non-capitalised interest, are classified as current.

The fair value of borrowings is estimated to approximate their fair value.

The bond loan and seller credit outstanding as at 31 December 2017 were settled by Victory Partners VIII Norway AS on acquisition of LINK Mobility Group AS in October 2018. The amout was converted to equity and has consequently no cash effect.

Revolving Credit facility

The Group entered into a revolving credit facility of EUR 5 million in October 2018. The maturity date of the revolving facility is 4 October 2024. The interest due date on the revolving facility is requested upon utilisation.

Victory Partners VIII Norway AS ("Victory") entered into a senior facilities agreement on 27 September 2018 (the "SFA"). The SFA provided Victory with a EUR 119m and a NOK 755m committed acquisition finance facility, utilised by Victory in connection with the acquisition of all the shares in LINK Mobility Group AS in October 2018. Furthermore, the SFA provides additional committed financing, with a EUR 85m capital expenditure facility and a EUR 25m revolving credit facility for working capital needs.

LINK Mobility Group AS, acceded to the SFA as an additional borrower and a guarantor (in November 2018), and several other indirect subsidiaries of Victory have acceded to the SFA as guarantors and security providers pursuant to the terms and requirements of the SFA.

2018

Facility / Currency	**Debt out-standing**	**Amortized cost EUR**	**Amortized cost NOK**	**Maturity**	**Term**	**Interest**	**Due date Interest**
Revolving facility - EUR	5 000	4 701	49 742	04 October 2024	6 years	EURIBOR + 3,5 % p.a.	Quarterly

	31.12.2018
Principal amount	48 694
Transaction costs	-
Amortization	-
Currency translation effects	1 048
Accrued interest and fees	-
Carrying amount	**49 742**

Sellers Credit

Sellers credit arises from business combinations made. Sellers credit with instalments with due date within 12 months are classified as seller's credit short term in balance statement.

Facility / Currency	**Debt out-standing**	**Amortized cost EUR**	**Amortized cost NOK**	**Maturity**	**Term**	**Interest**	**Due date Interest**
Holdback amount Dream Interactive	384	384	3 761	18 June 2020		0,00 %	

Bond loan

LINK Mobility Group ASA completed in February 2017 the issuance of EUR 50 million senior secured bonds in the Nordic bond market. Settlement was on February 24 2017, with final maturity February 24 2022. Parts of the net proceeds from the bond issue was used to redeem outstanding bank debt to financial institutions (Sparebanken Vest and Danske Bank).

On November 14 2017 Link Mobility Group ASA completed a EUR 30 million tap issue to fund future acquisitions in line with the communicated s

For further details regarding the bond loan issue, see table below (in 000').

2017

Facility / Currency	outstanding	Amortized cost EUR	Amortized cost NOK	Maturity	Term	Interest	Due date Interest
Bond loans - EUR	80 000	78 700	773 214	24.02.2022	5 years	4,75 %	Semi annual

	31.12.2017
Principal amount	732 391
Transaction costs	-14 838
Amortization	2 018
Currency translation effects	53 643
Accrued interest and fees	-
Carrying amount	**773 214**

Seller credit

2017

Facility / Currency	**Debt out-standing**	**Amortized cost EUR**	**Amortized cost NOK**	**Maturity**	**Term**	**Interest**	**Due date Interest**
Acquisition of Responsfabrikken A/S	30.06.2016	DKK	22 039	29.06.2019	3 years	5,00 %	Quarterly
Aquistion of Linus AS	30.09.2016	NOK	6 794	30.09.2019	3 years	5,00 %	Quarterly
Aquistion of Labyrintti Group	30.09.2016	EUR	29 521	30.09.2019	3 years	5,00 %	Quarterly
Aquistion of Whatever Mobile Group	30.06.2017	EUR	68 833	30.09.2019	3 years	5,00 %	Quarterly
Aquistion of Didimo Group	01.04.2017	EUR	21 521	31.03.2020	3 years	5,00 %	Quarterly
Aquistion of Voicecom	02.10.2017	EUR	12 584	02.10.2020	3 years	4,75 %	Quarterly
Aquistion of Vianett AS	15.08.2017	NOK	20 815	Specified below	Quarterly, 2 years	4,75 %	Quarterly
Acquisition of Netmessage	31.10.2017	EUR	15 233	Specified below	Semi annual, 1 year	4,75 %	Quarterly
Total			**197 340**				

Seller's credit from the acquisition of Vianett, initial amounted to NOK 27 700 thousand, is paid in equal quarterly instalments over 24 months, starting from October 1, 2017. NOK 13 900 thousand is presented as short-term liability as of 31.12.2017.

Seller's credit from the acquisition of Netmessage, initial amounted EUR 1 500 thousand, is paid in two equal instalments, with due date 30 April and 30 October 2018. This credit is presented as short-term liability as of 31.12.2017.

2018

Maturity analysis of borrowings (including interest)

	< 3 months	**3 months - 1**	**1 - 2 years**	**2 - 5 years**	**5 years**
Revolving facility	-	-	-	-	49 742
Sellers Credit	-	-	3 761	-	-
Total	**-**	**-**	**3 761**	**-**	**49 742**

2017

Maturity analysis of borrowings (including interest)

	< 3 months	**3 months - 1**	**1 - 2 years**	**2 - 5 years**	**5 years**
Bond loan	18 697	18 697	37 393	880 707	-
Sellers Credit	5 861	33 062	140 371	35 076	-
Other long-term liabilties	99	99	59	-	-
Total	**24 657**	**51 858**	**177 823**	**915 783**	**-**

Covenants

Pursuant to the SFA, Victory has undertaken (amongst other things) to maintain a consolidated leverage ratio (consolidated total net debt to consolidated pro forma EBITDA) below certain thresholds as set out in the SFA's financial condition provisions. This is a maintenance financial covenant and is tested quarterly. The first leverage ratio testing date was 30 June 2019. Hence, there was no testing of leverage ratios in

Collateral

In connection with the SFA, Lucid Trustee Services Limited (as security agent for the lenders under the SFA) has been granted certain security interests to hold for the benefit of the SFA lenders. The lenders under the SFA also have the benefit of guarantees provided directly pursuant to the terms of the SFA by Victory and the guarantors party thereto.

The security interests granted under the SFA in favour of the lenders include, amongst other things and with certain carve-outs and exceptions due to local regulations and otherwise pursuant to the agreed security principles set out in the SFA: (i) security over the shares in Victory and certain subsidiaries deemed material pursuant to the terms of the SFA; (ii) non-blocking security over certain material bank accounts held by Victory Partners VIII Norway AS (Victory) and any subsidiary deemed material pursuant to the SFA; and (iii) security over certain material intra-group loans between Victory and LINK Mobility Group AS and between Victory and its parent company, Victory Partners VIII Norway Holding AS.

Furthermore, all direct or indirect subsidiaries of Victory from time to time which are deemed to be a "material subsidiary" (as defined in the SFA) have, or will if such materiality threshold is met in the future, accede to the SFA as guarantors. Each guarantor guarantees the performance of the borrowers and the other guarantors' performance under the SFA on a joint and several basis, however subject to any local law restrictions.
Additionally, the SFA includes an annual "guarantor coverage test" requiring that the aggregate consolidated EBITDA and revenues of the guarantors is equal to or exceeds 80% of the group's consolidated pro forma EBITDA and consolidated revenues. If this test is not satisfied, additional subsidiaries will have to accede to the SFA as guarantors in order to increase the guarantors' aggreagte consolidated EBITDA and revenues to be above the 80% threshold. Such additional acceding subsidiaries must provide collateral as if they were deemed a material subsidiary pursuant to the SFA (subject to the agreed security principles set out in the SFA).

See table below for changes in liabilities arising from financing activities, both cash flows and no cash flow changes.

	Sellers credits	Bond loan	Revolving facility	Total
01.01.2018	197 340	773 214	-	970 554
Cash flows	-	-	48 694	48 694
New debt	3 761	-	-	3 761
Cancellation of debts	-197 340	-773 214	-	-970 554
Effects of foreign exchange	-	-	1 048	1 048
Transaction costs	-	-	-	-
Amortization	-	-	-	-
Accrued interest and fees	-	-	87	87
31.12.2018	**3 761**	**-**	**49 829**	**53 590**

Note 19 Financial instruments risk management objectives and policies

Through its operations the Group is exposed to the the following financial risks;
- Interest rate risk
- Foreign exchange risk
- Credit risk
- Liquidity risk

Interest rate risk
The sensitivity analysis below is based on the exposure to changes in interest rates for non-derivative instruments at the reporting date. For floating rate liabilities, the analysis is prepared assuming the amount outstanding at reporting date was outstanding for the whole year. A one per cent increase or decrease represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been one per cent higher/lower and all other variables were held constant, the Group's profit for the period ended 31 December 2018 and equity as at 31 December 2018 would decrease/increase by NOK 7 514 thousand. This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

Foreign exchange risk
The Group undertakes business in foreign currencies and is consequently exposed to fluctuations in exchange rates. Foreign exchange risk arises from transactions related to operations conducted, and assets and liabilities arising in foreign currencies. The Group undertakes transactions denominated in NOK, SEK, DKK, EUR, BGN, CHF and PLN. Revenue and cost transactions within foreign subsidiaries are normally carried out in the same currency, which reduces the currency risk.

However, as the Group's overall financial reporting is presented in NOK, changes in the value of SEK, DKK, EUR, BGN, CHF or PLN in relation to NOK affect the Group's overall revenue, profit or loss and financial position. Based on exposure throughout the year and balances at the period-end, the Group assesses that fluctuations in NOK/EUR, NOK/USD and NOK/DKK have the most significant impact on the financial reporting of financial assets and liabilities. The table below summarises the impact a change in these currencies will have on the consolidated income statement and on retained earnings/accumulated losses as at 31 December 2018. The analysis is based on the assumption that the foreign exchange rates increase or decrease by 10%, all other variables held constant.

	31 December 2018		
(amounts in NOK'000)	NOK/EUR impact	NOK/DKK impact	NOK/USD impact
Trade receivables	521	7	0
Trade payables	436	44	250
Borrowings	58 066	0	0

Credit Risk
Credit risk is the risk of a counterparty defaulting. The Group's credit risk is limited to trade and other receivables and is mitigated by the Group's guidelines to ensure that credit sales are only made to customers with high credit rating. Customers with low credit rating are required to prepay for services rendered by the Group.

The Group's credit risk related to trade receivables is assessed to be limited due to the high number of customers into the Group's customers' base. See note 14 for additional information related to trade and other receivables.

The carrying value of trade and other receivables represent the group's maximum exposure to credit risk at the balance sheet date.

Liquidity risk
Liquidity risk is the risk that the Group is unable to meet its financial obligations when they mature, resulting in default.

The Group considers its liquidity risk to be limited, and has sufficient liquidity available on bank accounts as of year-end. See note 18 and 20 for information about maturity of trade and other payables and borrowings.

The Groups is funded externally through a revolving credit facility.

Capital management
The Group focuses on maintaining sufficient cash resources to ensure the ability to finance further activities.

Note 20 Trade and other payables
(Amounts in NOK 1000)

Trade and other payables	31.12.2018	31.12.2017
Trade payables	327 090	283 850
Public duties	25 428	46 020
Accrued vacation pay	16 809	14 409
Accrued expenses	131 941	89 365
Total trade and other payables	501 269	433 645

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

Trade and other payables are due within three months.

Note 21 Income tax

(Amounts in NOK 1000)

Specification of income tax expense

The tax benefit/(expense) is calculated based on profit before income tax and consists of current tax and deferred tax.

	2018	2017
Deferred tax expense	55 150	(19 141)
Current tax expense	(31 779)	14 834
Income tax	23 371	(4 307)

Income tax payable (balance sheet)	**2018**	**2017**
Income tax payable	8 117	7 156
Current tax liabilities (balance sheet)	8 117	7 156

Effective Tax Rate

The difference between income tax calculated at the applicable income tax rate and the income tax exepense attributable to loss before income tax was as follows:

	2018	2017
Profit/(loss) before income tax	-104 618	-1 047
Statutory income tax rate*	23 %	-24 %
Expected income tax expense/(benefit)	24 062	251
Tax effect on non-taxable income/expenses	1 414	-3 434
Effect of changes in tax rules and rates	-2 106	-366
Change in deferred tax asset not recognized	-	1
Effect from different tax rates	-	-759
Income tax expense/income for the year	**23 371**	**-4 307**
Effective tax rate	-22 %	411 %

* The statutory income tax rate is a weighted tax rate for all the countries in the Group.

Specification of the tax effect of temporary differences and losses carried forward

Tax losses carried forward

Tax losses carried forward mainly relate to the Norwegian companies.

Not time limited	206 017	28 196
Total tax losses carried forward	206 017	28 196
Of which not recognized as deferred tax assets	-	-
Tax losses carried forward of which deferred taxes are recognized	206 017	28 196

Deferred tax assets are not recognized for carry forward of unused tax losses when the Group cannot demonstrate that it is probable that taxable profits will be available against which the deductible temporary difference can be utilized.

Tax effect of temporary differences and tax losses carried forward as of 31 December

	31.12.2018	31.12.2017
Tangible and intangible assets	370	811
Accounts receivables	712	336
Other provisions		1 787
Disallowed interest deductions/expenses	2 392	229
Total tax effect of temporary differences	3 474	3 162
Deferred tax asset arising from tax losses carried forward	45 324	6 513
Deferred tax assets	**48 798**	**9 676**

	31.12.2018	31.12.2017
Intangible assets (mainly due to PPA business combinations)	107 375	99 436
Untaxed reserves	5 308	1 158
Tangible assets		-231
Other provisions	126	-634
Deferred tax liability	**112 809**	**99 730**

Note 22 earnings per share

Basic earnings per share calculations are based on the weighted average number of common shares outstanding during the period, while diluted earnings per share calculations are performed using the average number of common shares and dilutive common share equivalents outstanding during each period. The Group is loss-making in both periods presented and anitidilutive effects are not included.

	2018	**2017**
Profit (loss)	-81 246	-5 354
Average number of shares outstanding - basic and diluted	14 955 473	13 589 068
Earnings per share (NOK/share) - basic and diluted	-5,43	-0,39

Note 23 Contingencies and legal claims

As at 31 December 2018 and as at the date of signing of this annual report, certain Group subsidiaries are involved in ongoing legal proceedings as either defendant or as plaintiff. The claims for which the Group entities are defendants are deemed to be low risk as the majority are covered by guarantees because of acquisitions (M&A). The probability of payment is thus considered to be low and no provision has been recognised in the financial statements. Due to the uncertain outcome for all these ongoing proceedings, no amounts are disclosed as contingent assets or contingent liabilities in the notes to the financial statements.

A list of ongoing legal proceedings is provided as follows:

Entity	Claim	Position
Netsize SRL	EUR 262,000	Defendant
Netsize SRL	EUR 210,000	Defendant
LINK Mobility GmbH	EUR 250,000	Defendant
LINK Mobility GmbH	EUR 1,000,000	Plaintiff
Tera Communications AD	BGN 265,782	Defendant
Tera Communications AD	BGN 23,667	Defendant
Netsize SA	EUR 1,000,000	Defendant
Netsize SA	EUR 150,000	Defendant
Tera Communications AD	BGN 9,281	Plaintiff
Tera Communications AD	BGN 28,863	Plaintiff
LINK Mobility EAD	BGN 218,741	Plaintiff
Teracomm RO SRL	RON 2,221,492	Defendant
Netsize Espana SLU	EUR 377,515	Defendant

Note 24 Events after the reporting date

As at 31 December 2018, there were several business acquisitions that had been initiated but not yet concluded. The acquisitions presented below were closed in FY2019.

Acquisitions

2019	Main business activity	Date of business combination	Proportion of voting equity acquired	Acquiring entity
Netsize S.A. (France) Netsize IPX AB (Sweden) Netsize Srl (Italy) Hereafter the "Netsize Group"	Provider of mobile messaging services and mobile solutions.	09 January 2019	100%	LINK Mobility SAS LINK Mobility AB LINK Mobility Group AS
Tera Communications AD Tera Voice AD Hereafter the "Teracom Group"	Provider of mobile messaging services and mobile solutions.	29 July 2019	100%	LINK Mobility Group AS
Inwave SAS		30 August 2019	100%	LINK Mobility SAS

Netsize Group of Companies

Netsize Espana SL. together ("Netsize). Netsize was acquired from Gemalto N.V. and Gemalto S.A. together ("Gemalto") at an agreed Enterprise Value of EUR 20 million, plus and optional additional payment ("Earn-Out") of EUR 15 million, if certain economic metrics of the Netsize is achieved. The Earn-Out is payable 6 months after the 1st and 2nd anniversary of the transaction.

Netsize S.A. is a company limited by shares (Société Anonyme) incorporated in France on 23 April 1998. Its registered address is 62 Av Emile Zola, 92100 Boulogne Billancourt, France and the company number is Nanterre B 489 400 317. The company has 36 employees.

Netsize Societa' A Responsabilita' Limitata is a limited liability company (società a responsabilità) incorporated in Italy on 27 April 1998. Its registered address is Piazzale Luigi Sturzo 15, 00144 Rome, Italy. The company number is RM-1348017. The company has 3 employees.

Netsize Espana S.L.U. is a limited liability company (sociedad limitiada) incorporated in Spain on 12 September 2000. Its registered address is Calle San Maximo 3, 28041 Madrid, Spain. The company number is B-82757063. The company has 3 employees.

Netsize Internet Payment Exchange AB is a limited liability company incorporated in Sweden on 11 August 2004. Its registered address is Götgatan 78, 118 30 Stockholm, Sweden. The company number is 556664-7060. The company has 6 employees.

Netsize UK Ltd is a is a private limited company registered in the United Kingdom incorporated on 12 June 2000. Its registered address is Golden Cross House, 8 Duncannon Street, London. The company number is 04013134. The company has 3 employees.

Netsize is one of Europes leading messaging companies, with a strong position in France, Italy and Sweden, and with smaller operations in UK and Spain. Netsize brought 400 enterprise clients and EUR +50 million in Revenue to LINK Mobility Group AS.

The Purchase price was settled 100% in cash.

Tera Group of Companies

On 29 July 2019, LINK Mobility Group AS acquired 100 % of the voting equity instruments of TeraVoice EAD and Tera Communications AD. Further, Tera Communcations AD holds 100 % of the voting equity instruments of AlterPay EOOD, Tera Communications DOOEL and TeraComm RO. S.R.L, together ("TeraComm Group"). TeraComm Group is one of the leading SMS and payment providers in Bulgaria, with operations in Romania and North Macedonia, the acquisition brings more than 400 new clients to the LINK Mobility Group footprint.

Teracomm RO SRL is a limited liability company incorporated in Romania on 25 July 2005. Its registered address is Bucharest, 28A Delea Veche Street, App2, District 2. The company number is J40/12988/2005 CUI: 17811503. The company has 4 employees.

Tera Communications AD is a joint-stock company incorporated in Bulgaria on 24 February 2009. Its registered address is 1407 Sofia, 103 Cherni Vra. Blvd., Bulgaria. The company number is UIC 131384920. The company has 29.5 employees.

Teravoice EAD is a sole owner joint-stock company incorporated in Bulgaria on 22 May 2009. Its registered address is 1407 Sofia, 103 Cherni Vra. Blvd., Bulgaria. The company number is UIC 200724639. The company has 7.5 employees.

Alterpay EOOD is a sole owner limited liability company incorporated in Bulgaria on 03 February 2016. Its registered address is 1407 Sofia, 103 Cherni Vra. Blvd., Bulgaria. The company number is UIC 203903540. The company does not have any employees.

Tera Communications DOOEL is a sole owner limited liability company incorporated in North Macedonia on 29 June 2010. Its registered address is Str. 11-ti Oktomvri no. 25 office – 705/floor 7 Skopje – Center, Republic of North Macedonia. The company number is EDB 4057010507053 and the company has 5 employees.

This group of companies engage in the development of internet portals and offer direct and indirect internet access, offer turn-key solutions for mobile network operators as well as micropayments and is the market leader for DCB in Bulgaria and Romania. In addition, they offer mobile marketing and notifications (including Viber).

The TeraComm Group was acquired from Allterco JSCo, a Bulgarian stock listed company, at an agreed enterprise value of EUR 7,886 million based on the TeraComm Group's 2018 actual normalized EBITDA of EUR 1,3 million multiplied by a factor of 6.

The Purchase price under the transaction is settled as follows:
60 % of the purchase price in cash upon closing
20 % of the purchase price in LINK shares upon closing
20 % of the purchase price as a non-contingent holdback

Spot-Hit

On 30 August 2019, LINK Mobility Group AS acquired 100 % of the voting equity instruments of Inwave SAS and Evawin SAS together branded under the name "Spot-Hit."

Evawin SAS is a limited liability company by shares (société par actions simplifiée) incorporated in France on 16 January 2017. Its registered address is 18T Boulevard des belges, 42120 Le Coteau, France. Evawin SAS is registered with the RCS de Nanterre with the registration number 82496513100017. The company does not have any employees.

Inwave SAS is a limited liability company by shares (société par actions simplifiée) incorporated in France on 15 July 2010. Its registered address is 18T Boulevard des belges, 42120 Le Coteau, France. Inwave SAS is registered with the RCS de Nanterre with the registration number 52374319300030. The company has 15 employees.

Spot-Hit is one if the leading marketing automation companies in France with a significant volume of SMS and email services towards more than 2,000 small and medium size business in France. The acquisition was completed based on an agreed enterprise value of EUR 7,0 million, on a cash-free and debt-free basis. The enterprise value is equivalent to a normalized EBITDA multiple of 5.4x

The purchase price under the transaction as settled as follows:
70 % of the purchase price in cash upon closing
20 % of the purchase price in LINK shares upon closing
10 % of the purchase price as a non-contingent holdback

The contributed revenue and net profit from the acquired companies are stated in the table following.

Revenue and net profit, in the period from the date of acquisition until 31 December 2019:

(Amounts in NOK 1000)	Netsize Group	Teracom Group	Inwave SAS
Revenue	610,150	50,388	33,135
Net profit	19,440	2,394	1,866

Estimated revenue and net profit, as if the acquisition had occurred 01 January 2019:

(Amounts in NOK 1000)	Netsize Group	Teracom Group	Inwave SAS
Revenue	610,150	118,308	93,510
Net profit	19,440	1,037	6,656

Consideration transferred:

(Amounts in NOK 1000)	Netsize Group	Teracom Group	Inwave SAS
Cash	226,400	45,400	51,863
Share consideration*	-	15,133	15,318
Holdback amount**	-	15,133	7,659
Contingent consideration***	83,625	-	-
Total consideration	310,025	75,667	74,840

*Share consideration
As part of the consdieration, Victory Partners VIII Norway Holding AS issued 67 259 ordinary shares to the sellers of Teracom Group and 68 079 ordinary shares to the sellers of Inwave SAS. The shares were issued at a fair value of NOK 225 pr share.

**Holdback consideration
For the Teracom transaction, an amount equal to 20 % of the preliminary purchase was withheld by LINK withouth any interest accruing (Holdback Amount). The amount, less any set-off amount according the terms in the Share Purchase Agreement (SPA) shall be paid to the sellers within 10 business days after second anniversary of the closing date. For the Invwave transaction, an amount equal to 10 % of the preliminary purchase price was withheld without any interest accruing. The amount less any set-off amount according the terms in the SPA shall be paid to the sellers within 10 business days after 720 calendar days from closing date.

***Contingent consideration
For the Netsize Group transaction, LINK will pay an additional earn out based on EBITDA performance for 2019 and 2020. The earn out is limited to a maximum of EUR 15 mill. The earn out will equal 5 times the amount by which the actual EBITDA is above the Base Case EBITDA, which is EUR 2,75 mill for 2019 and 2020. The earn out is to be paid 31 May 2020 and 31 May 2021 if not disputed. The EBITDA calculation are adjusted for certain costs according the terms in the SPA. The Group has included an amount of EUR 8,7 mill, equaling NOK 83,6 mill as contingent consideration related to the earn out, which represents the fair value at the date of acquisition. At 31 December the contingent consideration had increased to NOK 92,8 mill.

Identifiable assets and liabilities recognised on the date of the business combination

Assets assumed in connection with the business combinations have been recognised at the estimated fair value on the date of the business combination. Management has identified technology and customer relations as major assets.

Note that the estimates are provisional and may be subject to change during the measurement period, which is one year from the date of the acquisition.

(Amounts in NOK 1000)	Netsize Group	Teracom Group	Inwave SAS
Customer relations	73,251	13,597	12,425
Technology	53,453	7,981	6,332

Deferred tax assets/other receivables	12,248	176	194
Tangible fixed assets	2,202	926	2,271
Trade and other receivables	223,376	27,255	13,869
Cash and cash equivalents	67,471	5,391	9,687
Long-term liabilities	-	141	-
Deferred tax liability	(40,511)	(1,716)	(5,777)
Trade and other payables	(284,768)	(29,318)	(10,552)
Fair value of identifiable net assets acquired	106,721	24,433	28,449

Goodwill

(Amounts in NOK 1000)	Netsize Group	Teracom Group	Inwave SAS
Consideration transferred	310,025	75,667	74,840
Fair value of identifiable net assets acquired	(106,721)	(24,433)	(28,449)
Goodwill	203,303	51,234	46,391

Goodwill originating from the business combination is primarily related to anticipated synergies from on-going operations and the benefit of integrating the entire business into the group. No impairment has been recognised subsequent to the business combination.

Goodwill that has arisen as part of the business acquisition is not tax deductible.

Acquisition related expenses

(Amounts in NOK 1000)	Netsize Group	Teracom Group	Inwave SAS
Incurred 2018	7,834	3,140	-
Incurred 2019	1,547	1,684	3,193
Total	9,381	4,824	3,193

Expenses related to acquisitions are reported under other operating expenses in Income statement for 2018 and 2019.

Covid-19

The identification and perceived impact of SARS-CoV-2 was presented in Note 23 in the annual reports for both Victory Partners VIII Norway AS and Victory Partners VIII Norway Holding AS for 2019 (approved 24 April 2020). To date, the outbreak of the SARS-CoV-2 virus, commonly referred to as Covid-19, is well established as an ongoing global pandemic. The pandemic and reactions to it continue to affect businesses globally and the duration and impact of the pandemic is still unknown. As a result, there is uncertainty related to the collective future economic outlook and a divergence of growth rates between different global market sectors.

At the date of this report, the Group continues to follow the guidance of relevant health authorities to ensure the safety of its employees. The Board continues to monitor this situation and will continue to ensure that appropriate measures are taken through the remainder of 2020.

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Independent Auditor's Report

To the Board of Directors of Link Mobility Group AS

Opinion

We have audited the consolidated financial statements of Link Mobility Group AS.

The consolidated financial statements comprise:	In our opinion:
• The balance sheet as at 31 December 2018, and income statement, statement of comprehensive income, statement of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.	• The accompanying consolidated financial statements give a true and fair view of the financial position of the group Link Mobility Group AS as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's and the Group'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 Company or Group 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 consolidated 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 will always

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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 consolidated financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to:
https://revisorforeningen.no/revisjonsberetninger

BDO AS

Børre Skisland
State Authorised Public Accountant
(This document is signed electronically)

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"By my signature I confirm all dates and content in this document."

Børre Skisland
Partner
On behalf of: BDO AS
Serial number: 9578-5998-4-872903
IP: 188.95.xxx.xxx
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