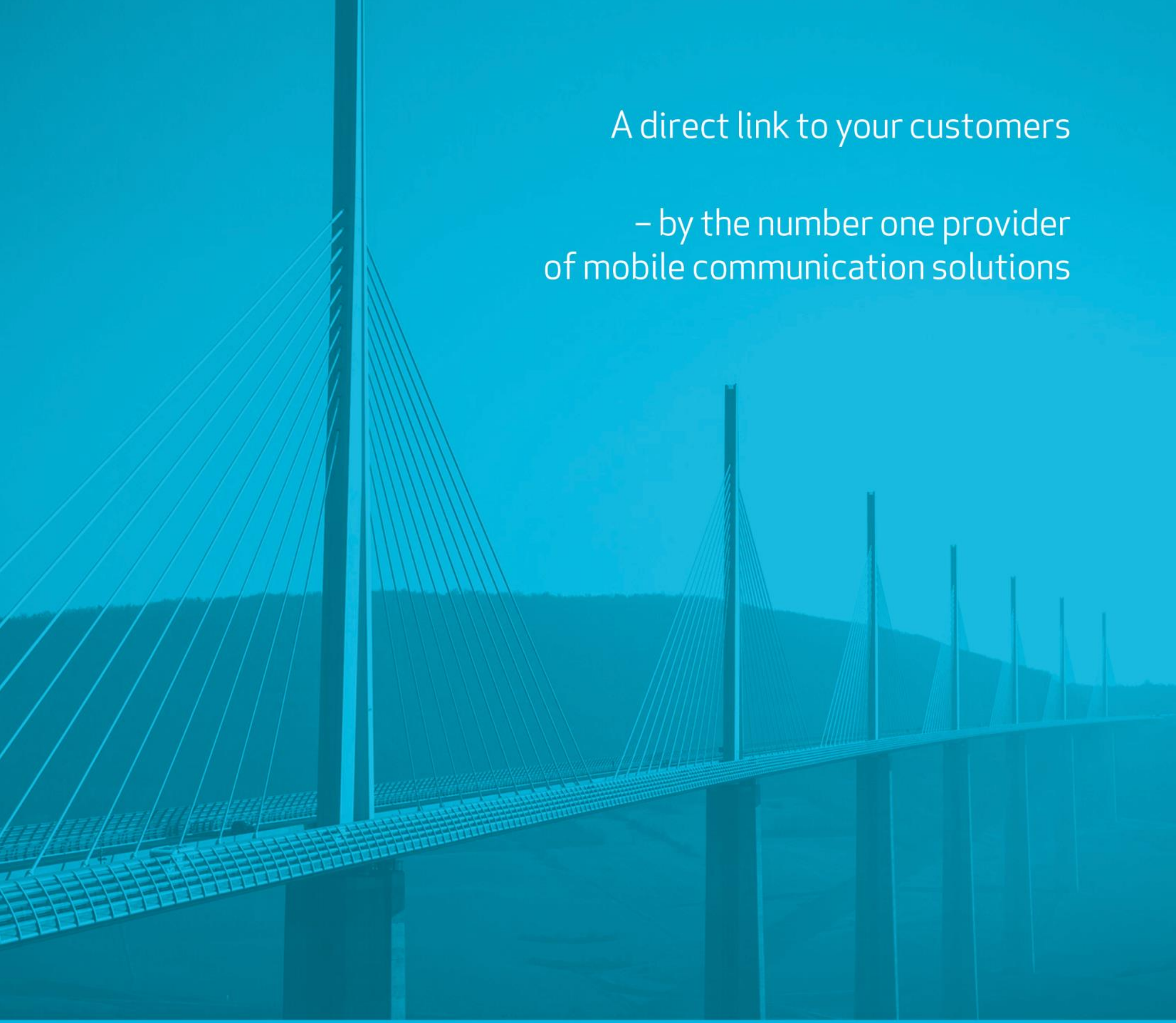

LINK Mobility Group ASA

Annual financial report 2017

link mobility

Report from the Board of Directors

LINK Mobility Group ASA is the parent company of the Link Mobility Group, and owns 100 per cent of the subsidiaries Link Mobility AS and Vianett AS in Norway, Link Mobility AB in Sweden, Link Mobility SIA in the Baltics, LINK Mobility A/S and LINK Mobile A/S in Denmark, LINK Mobility GmbH, and GfMB Gesellschaft für Mobiles Bezahlen mbH in Germany, LINK Mobility Oy and Labyrintti International Oy in Finland, LINK Mobility Spain S.L.U and Global Messaging Solutions S.L.U in Spain, Voicecom AD in Bulgaria, Comvision Sp.z.o.o in Poland and Netmessage SAS in France.

Link Mobility Group (LINK), with its 308 employees, is headquartered in Oslo and have offices in Oslo, Bergen, Stockholm, Malmö, Kolding, Tallinn, Copenhagen, Hamburg, Tampere, Helsinki, Gliwice, Sofia, Madrid and Paris.

LINK has more than 15 years of experience in providing mobile messaging services and mobile solutions for companies, public services and organizations. After a year of substantial and profitable growth, LINK has taken the #1 position within mobile messaging and solutions in Europe. This is an excellent foundation for LINK to leverage on market position and operational scale in a large European market with strong potential for far greater penetration levels and usage of LINK´s mobile messaging and solutions services. LINK is now the leading provider of B2C mobile messaging and mobile solutions in the Nordic, Polish, Bulgarian, Spanish and German markets. LINK has become one of Europe's leading, and fastest growing companies within the industry.

Market – position and development

The overall market trend towards "mobilization of businesses" is getting stronger by the year, and the total market for B2C mobile services experienced a solid growth in 2017. Customers who have first started using mobile communications in one area, tend to move more and more business activities to mobile platforms. The Scandinavian markets are regarded as advanced in terms of adopting mobile technologies and services. Scandinavian organizations are 2-4 years ahead of their counterparts in other markets in taking mobile messaging services into use. LINK has a comparative advantage when entering new markets. Highly developed technological platforms, advanced services and solid reference cases, will make LINK able to expand the market potential when entering new geographical markets. LINK continued to outperform the market.

In 2017 LINK sent 6.3 billion messages (includes the full year effect of acquired entities) on behalf of its more than 16.500 customers. On average, LINK sent messages to more than 200 million unique mobile subscribers monthly. LINK is regularly delivering mobile messages to the majority of mobile users in its main markets.

LINK is continuing to experience a high degree of recurring revenue combined with increased revenue per customer as most of the customers increase their use of LINK's various mobile services. Through the use of LINK's mobile services, LINK's customers increased their revenue through efficient communication with their customers, and they were at the same time reducing costs by running more efficient internal processes. LINK is experiencing an increased demand for integrated mobile solutions such as customer clubs, statistical and analytical tools, databases, payment solutions, strategic advice and numerous other mobile services.

LINK generated a total revenue of NOK 1 294 million in 2017, representing an increase of 108 per cent compared with 2016. Including the full year effect of companies acquired in 2017, LINK achieved a pro forma revenue of NOK 1 754 million, and an adjusted EBITDA of NOK 209 million (12 per cent). LINK delivered 6.320 million messages in 2017 (pro forma figures).

There was solid growth in all business segments:

- LINK Mobile Messaging delivered NOK 1 106 million in revenue, up 138 per cent from 2016
- LINK Mobile Solutions sold business applications at the total value of NOK 188 million, up 20 per cent from 2016

LINK also experienced solid revenue growth in all main geographical markets in 2017:

- LINK Norway had a revenue of NOK 466 million, up 39 per cent from 2016
- LINK Sweden had a revenue of NOK 148 million, up 47 per cent from 2016
- LINK Denmark had a revenue of NOK 120 million up 19 per cent from 2016
- LINK Germany recorded a revenue of NOK 295 million
- LINK Finland recorded a revenue of NOK 63 million
- Acquisition in Spain, Bulgaria, Poland and France reported revenues of NOK 197 million

The revenue growth was due to substantial organic growth combined with the acquisitions of Didimo (closed March 31 2017), Vianett AS (closed 15 August 2017), Global Messaging Solutions (closed 28 September 2017), VoiceCom (closed 2 October 2017), Comvision (closed 19 October 2017) and Netmessage (closed 31 October 2017). The organic growth and acquisitions increased LINK's footprint significantly. By the end of 2017, LINK has the following estimated markets share within A2P segment:

- 65 per cent of the Norwegian market, LINK being the market leader
- 40 per cent of the Swedish market, LINK being the market leader
- 55 per cent of the Danish marked, LINK being the market leader
- 40 per cent of the Finnish market, LINK being the market leader
- 40 per cent of the German market, LINK being the market leader
- 40 per cent of the Spanish market, LINK being the market leader
- 40 per cent of the Bulgarian market, LINK being the market leader
- 40 per cent of the Polish market, LINK being the market leader
- 5 per cent of the French market

The market for mobile messaging and mobile solutions is expected to continue to experience double-digits growth over the coming years as more and more private companies, public services and organizations recognize the importance of offering their customers and users mobile communication and services. LINK has a clear strategy of continuing the rapid growth by increasing its market share in existing markets and by entering new markets. This is to be obtained through a combination of organic growth and acquisitions. The Scandinavian market for developing and deploying state of the art mobile solutions is amongst the most innovative in the world. LINK intends to capitalize on the knowledge from the Nordic markets to access and expand new underdeveloped markets.

Risks

LINK has identified three types of risk factors that can prevent successful implementation of its business strategy or manage its growth effectively: market risk, financial risk and acquisition risk.

Market risk

LINK's market share for B2C mobile services have grown rapidly over time through both organic growth and through acquisitions. LINK benefits from a unique competitive position. LINK is by far the largest player in the the Nordic, Polish, Bulgarian, Spanish and German markets resulting in economies of scale relating to capacity and competences for developing and launching new products, broad existing product offerings and a solid expertise in operations and system integrations towards customers.

Based on its market and competitive advantages, LINK builds long term customer relationships through high quality of services, system integration and development of new products and solutions. LINK has very low customer churn in all markets. Customers who have first started using mobile communications in one area, tend to move more and more business activities to mobile platforms.

LINK's revenue, costs and profits are subjected to the risk of changes in customer prices. As the market is expanding, margin pressure is to be anticipated in some parts of the market. The price pressure is likely to be focused on wholesale/bulk SMS and basic mobile payment services. LINK will therefore continue its strategy of delivering value added services to its customers through LINK Solutions and LINK Mobile Intelligence, in order to both maintain its profit margins and to establish even stronger links with its customers. LINK's broad specter of mobile services enables LINK to offer its customers complete mobile solutions that cover multiple needs. This creates high customer satisfaction for LINK's customers, as well as creating close relationships between LINK and its customers. These factors reduce the price risk.

Financial risk

LINK's activities expose it to financial risks, such as price, currency, liquidity, interest rate and credit. Overall, these risks are regarded as low.

By being the leading provider and thus the largest buyers of SMS in its markets, LINK is able to purchase SMS from the telecom operators at favorable prices. Additionally, LINK's position ensures priority from the operators securing high quality in terms of delivery reliability.

LINK's subsidiaries are operating in their local currencies NOK, SEK, DKK, PLN, BGN and EUR. Revenue and cost transactions are carried out in the same currency, which reduces the currency risk. However, as LINK's overall financial reporting is reported in NOK, changes in the value of SEK, DKK, PLN, BGN or EUR in relation to NOK, affect LINK's overall revenue and financial position.

LINK is also exposed to exchange risk regarding senior secured bond loan and sellers credit in EUR. LINK has from July 1, 2017 designated the senior secured bond loan and sellers credit in Euro as hedging instruments of the net investment in foreign operations (net investment hedges). Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other expenses.

LINK considers its liquidity risk to be limited, and has significant liquidity available on bank accounts as of year-end 2017.

LINK secured a bond loan in Febrary 2017 with no maintance covenants. The bond loan has a financial incurrence test that restrict further interest bearing debt if the company's net interest bearing debt balance is over 4.0 times its pro forma adjusted EBITDA for the last twelve months (including acquired companies). At the end of 2017, the Groups net debt/pro forma EBITDA ratio was 3.2.

LINK had marginal losses on trade receivables in 2017, and has established efficient routines for the handling of overdue trade receivables.

Management of financial risk is performed with the emphasis on keeping the financial risk at a minimum, and LINK's main principle is to minimize exposure to financial risk. LINK holds no financial assets or liabilities for speculative purposes.

Additional information regarding LINK's risk management is stated in the Corporate Governance Policy presented in the Annual Report.

Acquisition risk
LINK's strategy of acquiring new businesses will require that LINK continues to purchase suitable companies at sound multiples, and that LINK manage to integrate the companies successfully. The last years' acquisitions prove that LINK's management has such expertise. During 2017 the LINK organization and main functions were developed and restructured to ensure even more efficient integrations of new businesses.

Financials

In accordance with the Norwegian Accounting Act §3.3.a the Board confirms that the company fulfils the requirements necessary to operate as a going concern, and the 2017 financial statements have been prepared on the basis of that assumption. As a listed company, LINK Mobility Group ASA prepared the consolidated financial statements for the Link Mobility Group for the financial year 2017 in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

Acquisitions

LINK acquired the following subsidiaries in 2017:

- Didimo Group, on 31th of March 2017, LINK acquired 100 % of the voting equity instruments. Didimo is one of Spain's leading providers of B2C mobile messaging services.
- Vianett AS, on 15th of August 2017 LINK acquired 100 % of the voting equity instruments. The company was established in 1998, and acquired Sendega AS in 2014. ViaNett has a total of 1 100 customers in Norway and Sweden. Vianett/Sendega has experienced solid growth during the last years
- Global Messaging Solutions SL (GMS), on 28th September, 2017 LINK Mobility Group ASA acquired 100 % of the voting equity instruments. GMS has a solid position in the Spanish market for mobile messaging services, and is particularly strong on mobile marketing and mobile multi-channel solutions.
- Voicecom AD, on 2nd of October 2017 LINK Mobility Group ASA acquired 100 % of the voting equity instruments. Voicecom is one of the leading providers of value added mobile services in Bulgaria with a market share of approximately 40%.
- Comvision Sp. z o. o., on 19th of October 2017 LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Comvision, providing services under the brand of SMSAPI. SMSAPI has a strong presence in the Polish market, leading the market for self-service mobile messaging in Poland with a market share of more than 40%.

- Netmessage, on 31th October 2017 LINK Mobility Group ASA completed the acquisition of 100 % of the voting equity instruments. Netmessage has a strong position in the French market and is one of the leading mobile messaging and marketing providers in France.

Revenue, costs and profits

LINK had revenue of NOK 1 294 million in 2017. NOK 1 106 million from the business segment LINK Mobile Messaging and NOK 188 million from LINK Mobile Solutions.

Of LINK's total revenue of NOK 1 294 million, NOK 466 million was from the Norwegian subsidiaries, NOK 147 million from the Swedish subsidiaries, NOK 120 million from the Danish subsidiaries, NOK 295 million from the German subsidiaries, NOK 63 million from the Finnish subsidiaries, NOK 5 million from the Baltic subsidiary, NOK 125 million from the Spanish subsidiaries (acquired 31th of March and 28th of September 2017), and NOK 72 million from other acquired subsidiaries Q4 2017 (Bulgaria, Poland and France) .

In 2017 LINK's gross margin was NOK 397 million. Operating costs NOK 257 million, non-recurring cost of NOK 53 million (cost connected to restructuring, share based compensation and acquisitions), depreciation NOK 42 million and net financial items of negative NOK 46 million. LINK's total tax expenses were NOK 4 million. This lead to a profit of negative NOK 5 million in 2017.

Compared with the financial year 2016, revenue increased by NOK 672 million or 108 per cent, gross margins by NOK 166 million and adjusted EBITDA by NOK 73 million. Net profits was NOK 10 million lower than corresponding period last year, mainly due to higher financial expenses, non-recurring cost and depreciation.

The parent company Link Mobility Group ASA had a revenue of NOK 39 million and a recorded negative net profit of NOK 9 million in 2017.

The pro forma figures for 2017 including full year result for businesses acquired in 2017, showed a combined revenue of NOK 1 754 million and adjusted EBITDA of NOK 209 million.

Annual result and allocation

The Board proposes that the 2017 profit will be transferred to other equity.

Balance sheet, cash flow and liquidity

(Figures in brackets refer to balance 31 December 2016, unless otherwise specifies)

LINK's total assets December 31st 2017 amounted to NOK 2 249 million (NOK 1 124 million). Intangible assets amounted to NOK 1 477 million (NOK 758 MNOK), of which NOK 630 million (NOK 535 million) from acquisitions in 2017. Assets from acquisitions in 2017 are divided into NOK 396 million in goodwill, NOK 169 million in customer relations and NOK 65 million in technology. Investments in R&D resulting from developments of LINK's technical platforms and new products, amounted to NOK 52 million (NOK 33 million). LINK has increased spending on R&D in 2017 to develop products like Joyn, Mobile Invoice and Mobile Intelligence which will contribute to the future growth within the segments Mobile Solutions and Mobile Intelligence. Equipment and fixture amounted to NOK 7 million (NOK 6 million).

Trade receivables and other receivables amounted to NOK million 413 (NOK 170 million) and cash equivalents to NOK 343 million (NOK 188 million). LINK's high rate of cash conversion together with a successful establishment of a senior secured bond loan, results in a very satisfactory cash position to fund future growth. Payments regarding long term debt amounted to NOK 206 million.

Total equity amounted to NOK 725 million (NOK 565 million) of which NOK 14 million (NOK 13 million) were share capital, share premium were NOK 508 million (NOK 400 million) and other equity NOK 202 million (NOK 152 million).

Long term liabilities amounted to NOK 942 million (NOK 206 million), all related to the funding of the acquisitions through bond loan and sellers credit. LINK regards the credit covenants and level of financial costs as acceptable.

LINK's cash flow from operating activities were NOK 120 million (NOK 52 million), negative NOK 485 million (negative NOK 159 million) from investing activities and NOK 500 million (NOK 256 million) from financial activities. Cash flow from operating activities are historically sufficient to self-finance own capital expenditure. For 2017, an operating cash flow of NOK 120 million financed capital expenditures of NOK 54 million. LINK is dependent on external financing to fully fund future acquisitions. In 2017 LINK completed the issuance of EUR 80 million senior secured bonds in the Nordic bond market, with a EUR 175 million borrowing limit, to finance the company's growth strategy through acquisitions.

Shareholders and shares

The total of 1 180 555 new shares with par value NOK 1 increased the share capital from 13 086 907 to NOK 14 267 462. 33 333 new shares were issued on the 3rd of February. The shares were issued to LINK's employees participating in the employee share incentive program. 155 769 new shares were issued on the 31th of March. The shares were issued to the sellers of Didimo Group. 16 667 new shares were issued on the 3rd of April. The shares were issued to LINK's employees participating in the employee share incentive program. 216 662 new shares were issued on the 3rd of May. The shares were issued to LINK's employees participating in the employee share incentive program. 230 318 new shares were issued on the 15th of August. The shares were issued to the sellers of Vianett AS. 50 000 new shares were issued on the 9th of August. The shares were issued to LINK's employees participating in the employee share incentive program. 96 683 new shares in Link Mobility Group ASA were issued on the 2nd of October. The shares were issued to the sellers of Voicecom AD. 381 123 new shares were issued on the 19th of October. The shares were issued to the sellers of Comvision Sp.z.o.o.

After the end of the reporting period, 31th of December 2017, a total of 469 808 new shares have been issued in connection with closing of acquisitions. A total of 50 000 new shares have been issued in connection with LINK's employee share option program. 328 529 new shares were issued on the 5th of January. The shares were issued to the sellers of Horisen Messaging AG. 65 969 new shares were issued on the 24th of January. The shares were issued to the sellers of Simple SMS. 75 310 new shares were issued on the 31th of January. The shares were issued to the sellers of Archynet s.r.l . 33 333 new shares were issued 8th of January, and 16 667 new shares were issued 8th of March. The shares were issued to LINK's employees participating in the employee share incentive program.

The Board was by the General Meeting authorized in April 2017 to issue up to 2 655 200 new shares in connection with future acquisitions, and up to 750 000 new shares in connection with the employee share incentive program. The Board was also authorized to acquire own shares on behalf of the company, with an aggregate nominal value of up to NOK 1 327 600, with a minimal amount paid per share NOK 1 and the maximum NOK 250. The authorization is valid until the annual General Meeting in 2018, or 30th of June 2018 at the latest.

After the issue of 1 180 555 shares in 2017, and 469 808 in 2018, after the reporting period, the Board is authorized to issue up to 1 321 499 new shares relating to acquisitions, and 383 138 new shares relating to employee share incentive programs. LINK Mobility Group ASA had by the end of 2017 1 001 674 options. For further information regarding the options see note 21.

The LINK Mobility Group ASA share closed at NOK 144 ,50 on Oslo Stock Exchange at year end 2017, up from NOK 139 year end 2016. The shares are freely tradable, and to the knowledge of the Board there are no shareholders' agreement in the company regarding exercise of voting power or limiting trading in the shares. In connection with the company's acquisitions, the consideration shares issued to the majority sellers can be subject to 12 – 18 months lock-up from the time of completion of the individual acquisition. The use of lock-up mechanisms in connections with acquisitions, is considered on case by case basis.

Organization, workforce and management

LINK's workforce is together with technology our most important asset, both in terms of serving LINK's customers of today and for the future development of the company. LINK has continued to strengthen the management of Group functions by reorganizing existing competences and recruiting new employees. During 2017, LINK has recruited a new Chief Commercial Officer and Innovation and Technology Director. All markets have experienced and highly qualified Managing Directors. New Managing Director have been recruited in Germany, Denmark, Sweden and in Spain.

By the end of 2017, LINK had 308 employees; LINK Denmark: 36 employees, LINK Sweden: 24 employees, LINK Finland & Baltics: 23 employees, LINK Germany: 35 employees, LINK Norway including Vianett AS: 69 employees, LINK Spain: 31 employees, LINK Bulgaria: 34 employees, LINK Poland: 27 employees, LINK France: 13 employees, LINK Mobility Group ASA: 16 employees. 28% of the total LINK workforce are women, and the European management board constitute of 1 woman and 5 men.

Equal pay for work of equal value, regardless of gender, is emphasized in LINK. Salary and terms of employment for comparable positions are the same for women and men. Recruitment, promotion and development of the workforce are based on merit and equal opportunity regardless of ethnicity, color, religion, gender, age, national origin, sexual orientation, marital status and disability. LINK does not accept any discrimination or harassment.

The working environment is regarded as good, and improvement measures are implemented continuously. Average sick leave was below 3% in 2017, and none of LINK's subsidiaries or the parent company recorded work related accidents that resulted in personal injury or property damage.

Corporate governance

Applicable legislation and principles

LINK is subject to reporting requirements on corporate governance as set out in section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance (the "Code") cf. section 7 of the continuing obligations of companies listed on Oslo Børs.

LINK has adopted and implemented a corporate governance policy to safeguard the interests of the company's shareholders, employees, customers and other stakeholders. These policies and associated rules and practices are intended to create increased predictability and transparency and thus reduce uncertainty related to the business. LINK's Corporate Governance Policy as adopted by the Board on 9 April 2018 and the Code of Conduct for the Nomination Committee are presented in the annual report.

LINK's corporate governance complies with the Code with one exception. Søren Sundahl, a major shareholder in LINK, is a board member while being represented in the management team through his role as Director of M&A and business development. The background for the deviation is that Mr. Sundahl is considered to be an important human resource in LINK's business operations, while at the same time being a large shareholder in LINK. The Board ensures that Mr. Sundahl does not participate in any matters discussed and/or determined by the Board that may affect Mr. Sundahl's personal rights as an employee of the Company.

Nomination Committee

LINK's Articles of Association provides that LINK shall have a Nomination Committee comprising of 3 members elected by the General Assembly of LINK, which shall be independent of the board og executive management. The current members of the Nomination Committee are Tor Malmo (Chairman), Hans Othar Blix and Andreas Berdal Lorentzen.

The General Assembly sets guidelines for the duties of the Nomination Committee and a Code of Conduct for the Nomination Committee was elected by an Extraordinary General Assembly in the Company on 22 October 2013. The Nomination Committee's duties are to propose candidates for election to the Board, and to propose remuneration to be paid to such members. The Nomination Committee shall reason its recommendations.

Risk management and internal control

LINK has an Audit Committee that consist of Board members who are independent of management. The Audit Committee follows up the financial report process, monitor the systems for internal control and risk, maintain ongoing contact with LINK's elected auditor regarding the audit of the annual accounts, and evaluate and monitor the auditor's independence.

Composition of the Board of Directors and other committees

LINK's Articles of Association stipulates that the Company shall have a Board consisting of 5 to 7 members elected by the General Assembly, in addition to any employee representative members. The Articles of Association further determines that the Chairman of the Board shall be elected by the General Assembly and that Board members are elected in one-year terms.

There were 9 members on the Board at the beginning of 2017, and 8 members at the end of 2017, with 2 of the members being employee representatives. There were 4 women and 4 men on the Board at the end of 2017. For more information regarding the Board members, see attachment "The Members of the Board" in the annual report. The Board held 12 Board meetings in 2017, and arranged 1 General Assembly meeting. The Board of Directors has adopted rules of procedures applicable to the Board, stipulating principles regarding, inter alia, the key tasks of the Board, the relationship with the auditor, related party transactions, information to the market and shareholders as well as relationships with subsidiaries.

LINK has a Compensation Committee that consist of Board members who are independent of management. The Compensation Committee is to prepare guidelines and issues regarding remuneration for senior executives.

Provisions regarding the General Assembly

LINK has not adopted any special procedures regarding the General Assembly that deviates from provisions applicable for Norwegian public limited liability companies that are listed on Oslo Børs, save for LINK's Articles of Associations setting forth that documents regarding matters to be treated by the General Assembly does not have to be sent to the shareholders if these are made available at LINK's website.

The work of the Board of Directors

The Board of Directors of Link Mobility Group ASA are responsible for LINK's strategic development, and shall adopt plans and budgets for LINK. The Board of Directors shall keep itself informed regarding LINK's financial position.

The composition of the Board of Directors shall ensure that the Board can attend to the common interests of all shareholders, and meet LINK's need for expertise, capacity and diversity. Attention shall be paid to ensuring that the Board can function effectively as a collegiate body. Two new Board members were elected, and five Board members were re-elected by the shareholders at the General Assembly meetings in April 2017.

Corporate Social responsibility

LINK is committed to maintain high ethical standards with regards to values and ethics in order to secure a sound corporate culture, and to preserve LINK by helping the employees to promote standards of good business practice. LINK aspires to be a responsible corporation in terms of labor standards, equality and environmental protection. LINK has implemented regulations and routines to comply with national recommendations. LINK is not regulated by environmental licenses or permits. LINK does not pollute the external environment.

Events after the reporting period

Acquisition of Horisen Messaging, Switzerland

On 5 January 2018, LINK Mobility Group ASA completed the acquisition of 100 % of the voting equity instruments of Horisen Messaging located in Rorschach. Horisen Messaging is the leading mobile messaging provider in Switzerland with more than 30% market share and a strong international network. The agreed enterprise value of the transaction is EUR 9.0 million, on a cash -free and debt-free basis and based on a normalized EBITDA of EUR 1.8 million multiplied by a factor of 5. The purchase price under the transaction will, subject to customary adjustments, be settled as follows: 57% of the purchase price in cash upon closing and 43% of the purchase price in LINK shares upon closing.

Acquisition of Simple SMS Group, Austria

On 24 January 2018, LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Simple SMS Group, a strong positioned mobile messaging provider in Austria with approximately 25% market share in the small and medium sized business segment. Simple SMS Group's offices are located in Wels and has 8 employees. The acquisition was completed based on an updated estimated enterprise value of EUR 2.242 million, on a cash-free and debt-free basis. The enterprise value is based on an adjusted EBITDA of EUR 0.358 million multiplied by a factor of 6.25. The purchase price under the transaction will, subject to customary adjustments, be settled with: 30% of the purchase price in cash, 20% of the purchase price as sellers' credit to be paid within three years after closing, interest of 4.75% per annum is to be paid in quarterly arrears and 50% of the purchase price in LINK shares

Acquisition of SMS.it, Italy

On 26 January 2018 LINK announced signing of term sheets regarding the acquisitions of the Italian mobile messaging company SMS.it, its second acquisition in the Italian market. The agreed enterprise value of SMS.it is EUR 8.011 million, on a cash-free and debt-free basis and assuming a normalized level of working capital. The purchase price is based on a multiple of 6.9 times 2017 estimated adjusted EBITDA. SMS.it expect to report revenues for 2017 of EUR 10.8 million. The acquisition will be settled with 1/3 to be held on Escrow Account, 1/3 in cash, and 1/3 in LINK shares.

Acquisition of Archynet s.r.l (TotalConnect), Italia

On 31 January 2018, LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Archynet s.r.l, a strong positioned mobile messaging provider in Italy with direct interconnect with the Italian mobile operators and is located in Turin. The acquisition was completed based on an agreed estimated enterprise value of EUR 2.475 million, on a cash-free and debt-free basis. The enterprise value is based on an estimated EBITDA of EUR 0.450 million multiplied by a factor of 5.5. The purchase price under the transaction will, subject to customary adjustments, be settled with 1/3 of the purchase price in cash, 1/3 of the purchase price as sellers' credit with quarterly payable 4.75% interest per annum and a maturity date 3 year after closing, and 1/3 of the purchase price in LINK shares.

Acquisition of Teracomm companies

On 26 February 2018 LINK announced signing of term sheets regarding the acquisitions of the South Eastern Europe mobile messaging operations TERA COMMUNICATIONS AD, TERAVOICE AD, TERAVOICE EAD, ALLTERPAY EOOD, TERACOMM RO SLR and TERA COMMUNICATIONS DOOEL together forming the Teracomm companies. The Teracomm companies are among the leading providers of mobile services in the region. The agreed enterprise value of the transaction is EUR 8.8 million, on a cash-free and debt-free basis and assuming a normalized level of working capital. The purchase price is based on a multiple of 5.5 times 2017 adjusted consolidated pro-forma EBITDA of EUR 1.6 million. Teracomm expect to report revenues for 2017 of EUR 11.9 million. The acquisition will be settled as follows: 1/3 of the purchase price in cash upon closing, 1/3 of the purchase price as sellers' credit with quarterly payable 4.75% interest per annum and a maturity date 3 year after closing, and 1/3 of the purchase price in LINK shares

Outlook and way forward

The market for B2C mobile services has been a double-digits growth market over the last years. LINK expects this trend to last, with a further increase in growth rates as more and more businesses, public services and organizations are forced by customers' and users' demands to use mobile devices as the key channel for communication and use of services. Assessments regarding the future is always connected with uncertainty. LINK is experiencing a higher growth rate than the markets in which it operates.

LINK is currently delivering a wide variety of mobile messaging services and mobile solutions. LINK observes that businesses communicating with their customers via LINK's advanced cloud based messaging services, gain a strong advantage in their customer relations. LINK is now fueling the development of new and attractive mobile solutions ranging from innovative in app mobile messaging, customer club and loyalty programs, to creative mobile payment solutions. LINK is currently developing a mobile intelligence offering to its existing customers. This increased insight puts LINK in a leading position to give targeted and valuable advice to its customers, on how best to deploy LINK's mobile messaging and solutions to their business.

It is the opinion of the company that LINK is well positioned to pursue new profitable growth initiatives. LINK has a solid customer portfolio, a highly scalable technology and an experienced organization. The R&D capacity is good, and the business models are agile. LINK is well prepared to further strengthen its position in the fast growing B2C market for mobile services. Going forward LINK will focus on the following:

- Consolidate our messaging and solution platforms
- Strengthening our sales profile in each of our markets
- Drive innovation through standardized common products and solutions for all our markets

Expected annual recurring synergies from scaling up and consolidation activities ranging from NOK 50 to 70 million (full year effect end of 2019) with corresponding EBITDA improvement of 2-3 percentage points.

LINK has a clear ambition to continue to grow its business in a market that is expanding rapidly. We see that the current growth level, both organic and non-organic, will continue through our strategic planning period 2018.

Oslo, 09.04.2018
The Board of LINK Mobility Group ASA

Jens Rugseth Chairman of the Board	Anita Huun Board member	Rune Syversen Board member
Bjørn-Christian Pedersen Board member	Ingeborg Liahjell Board member	Tove Giske Board member
Søren Sundahl Board member	Lillian Flora Board member	Arild Hustad CEO

Directors' responsibility statement

The Board of Directors and the chief executive officer has today reviewed and approved the Board of Director's report and the consolidated and separate annual financial statement 2017 for LINK Mobility Group ASA.

LINK Mobility Group ASA's consolidated financial statements have been prepared in accordance with IFRS and IFRIC as adopted by the EU and applicable additional disclosure requirements in the Norwegian Accounting Act. The separate financial statements for LINK Mobility Group ASA have been prepared in accordance with the Norwegian Accounting Act and Norwegian Accounting Standards as of 31.12.2017. The Board of Director's report for the Group and the parent company is in requirements with the Norwegian Accounting Act and the Norwegian Accounting Standards as of 31.12.2017.

To the best of our knowledge:

- The consolidated and separate financial statements for 2017 have been prepared in accordance with applicable financial reporting standards.
- The consolidated and separate financial statements give a true value and fair view of the assets, liabilities, financial position and profits as a whole as of 31.12.2017 for the Group and the parent company.
- The Board of Director's report for the Group and the parent company include a fair view of the development and performance of the business and the position of the Group and the parent company as well as the principal risk and uncertainties the Group and parent company face

Oslo, 09.04.2018
The Board of LINK Mobility Group ASA

Jens Rugseth Chairman of the Board	Anita Huun Board member	Rune Syversen Board member
Bjørn-Christian Pedersen Board member	Ingeborg Liahjell Board member	Tove Giske Board member
Søren Sundahl Board member	Lillian Flora Board member	Arild Hustad CEO

The Members of the Board

Jens Rugseth – Chairman

Jens Rugseth is the chairman of the Board of Directors. Mr. Rugseth has over 25 years of experience as a manager and a serial entrepreneur in the IT industry. Mr. Rugseth has co-founded more than 25 companies among them Link Mobility Group and Crayon Group. Mr. Rugseth has his education from the Norwegian School of Economics (Siviløkonom/BI).

Mr. Rugseth owns 2.078.431 shares in Link Mobility Group ASA (14.1 per cent of the total shares) through his companies Rugz AS and Rugz II AS.

Rune Syversen – Board member

Rune Syversen was a co-founder of Crayon AS and has been its chief executive since 2002. Before then, he held a number of senior positions in the Telenor Group in Norway and Sweden, as well as establishing several companies involved with IT and financing. Mr. Syversen has over 20 years' experience as a manager and a serial entrepreneur in the IT industry. Mr. Syversen studied at the Norwegian School of Management.

Mr. Syversen owns 756.565 shares in Link Mobility Group ASA (5.1 per cent of the total shares) through his company Sevencs AS.

Tove Giske – Board member

Tove Giske has more than 20 years of experience as a manager within debt collection. She holds the position as Managing Director in BAHS Kapital AS, and came from Kredinor AS as Commercial Director. Prior to that, she built Moneto Kapital AS (currently named Sergel Norge AS), a company within debt collection, which was sold to Telia Sonera in 2010. Ms. Giske holds a Bachelor in business administration from the Norwegian School of Economics (NHH).

Ms Giske owns 4.425 shares in Link Mobility Group ASA (0.03 per cent of the total shares) through her TGI AS.

Søren Sundahl – Board member

Mr Sundahl has more than 20 years' experience in IT and mobile industry, and has achieved to build up a mobile operator from the bottom in Denmark and Sweden. Mr. Sundahl is the former owner and founder of the Cool Group in Denmark, that became a part of LINK Mobility Group ASA in 2015. Mr. Sundahl is also in charge of handling all operator and carrier relations in LINK Mobility worldwide.

Mr. Sundahl owns 1.097.841 shares in Link Mobility Group ASA (7,69 per cent of the total shares) through his company Sundahl ApS.

Ingeborg Liahjell – Board member

Ingeborg Liahjell has a degree in law from the University of Oslo, as well as from King's College, London. She has worked in Hydro since 1998, for the first 16 years as an attorney and later as secretary to Hydro's governing bodies including Corporate Management and Board of Directors, before she took over the position as Head of Internal Audit Corporate in 2017. Liahjell also has experience as a judge and from various board positions.

Mrs Liahjell owns 500 shares in Link Mobility Group ASA (0,003 per cent of the total shares).

Anita Huun – Board member

Anita Huun has worked 13 years in various finance roles, and has broad experience with capital markets, equity valuation, financial communication, performance management and corporate governance. Anita has worked 7 years at Microsoft Norway, most recently as the CFO of Microsoft Norway. She has in-depth knowledge of the Norwegian IT industry, as she prior to Microsoft worked five years with equity research and analysis for Handelsbanken Capital Markets. Here she was responsible for stock valuation and coverage of the Norwegian IT sector. Ms. Huun holds a Bachelor (3 year Bachelor + 1 year Master- Siv.øk) in business administration from the Norwegian School of Economics (NHH).

Ms Huun owns no shares in Link Mobility Group ASA.

Bjørn-Christian Pedersen – Board member

Bjørn-Christian Pedersen has been working in the Mobile communication business for several years, and holds the position as Senior Key Account Manager in LINK Mobility. Bjørn-Christian serves large partners and clients, and has high expertise in mobile solutions and he also holds a Bachelor in International Marketing from BI/Fudan university (Shanghai-China). Bjørn-Christian is representing the employees of LINK Mobility.

Mr Pedersen owns 485 shares in Link Mobility Group ASA (0,004 per cent of the total shares).

Lillian Flora – Board member

Lillian Flora is Product Manager at Link Mobility and represents all employees of LINK Mobility on the Board. After earning her Bachelor’s degree in Business Administration with an emphasize on International Marketing from California Lutheran University, Lillian launched a successful entrepreneurial career in publishing and software industry in the US before joining as the Global Branding and Marketing Manager for over 5 years at DP Technology in Los Angeles.

Ms Flora owns 539 shares in Link Mobility Group ASA (0,004 per cent of the total shares).

Consolidated profit and loss

(NOK'000)	*Note*	2017	2016
Operating revenues	5	1 294 002	621 606
Total operating revenues		**1 294 002**	**621 606**
Cost of services rendered	5	897 351	391 255
Personell costs	6,7,20	185 759	114 610
Other operating expenses	10,22,24	70 905	48 310
Total operating expenses		**1 154 015**	**554 175**
Adjusted EBITDA		**139 987**	**67 431**
Restructuring costs		7 641	-
Share based compensation	21	19 212	18 038
Expenses related to acquisitions		26 209	11 939
EBITDA		**86 924**	**37 454**
Depreciation and amortization	8,9	41 710	24 274
Operating profit		**45 213**	**13 180**
Interest income		961	718
Other financial income		7 684	11 037
Interest expenses		33 781	7 867
Other financial expenses		21 123	6 980
Net financial items	11	**-46 260**	**-3 092**
Profit before tax		**-1 047**	**10 088**
Income tax	12	-4 307	-5 417
Profit for the period		**-5 354**	**4 671**
Earnings per share (NOK/share)	13		
Earnings per share		-0,390	0,466
Diluted earnings per share		-0,390	0,423
Profit attributable to:			
Owners of the company		-5 354	4 671

Consolidated statement of Comprehensive Income

(NOK'000)	*Note*	*2017*	*2016*
Profit for the period		**-5 354**	**4 671**
Other comprehensive income			
Items that may be reclassified to profit or loss			
Net investment hedge	4	-24 585	-
Translation differences of foreign operations		67 240	-973
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		42 655	-973
Items that will not be reclassified to profit or loss in subsequent periods		**-**	**-**
Other comprehensive income for the period		42 655	-973
Total comprehensive income for the period		**37 301**	**3 697**

Consolidated Balance Sheet

(NOK'000)	Note	2017	2016
Assets			
Non-current assets			
Intangible assets	8,14	1 477 018	757 752
Equipment and fixtures	9	7 000	6 304
Deferred tax asset	12	9 676	2 136
Total non-current assets		**1 493 694**	**766 192**
Current assets			
Trade receivables and other receivables	15	412 940	169 513
Cash and cash equivalents	16	342 658	187 924
Total current assets		**755 598**	**357 437**
Total assets		**2 249 292**	**1 123 629**
Equity and liabilities			
Share capital		14 267	13 087
Share premium		508 376	399 749
Other equity		202 179	152 433
Total equity	17,21	**724 822**	**565 269**
Deferred tax			
Deferred tax liability	12	99 730	46 280
Total deferred tax		**99 730**	**46 280**
Long-term liabilities			
Seller's credit	18	168 231	117 332
Debt to financial institutions	18	-	88 350
Bond loan	18	773 214	-
Other long-term liabilities		258	-
Total long-term liabilities		**941 703**	**205 682**
Short-term liabilities			
Sellers credit short term	18	29 109	19 821
Trade and other payables	19	433 645	204 954
Tax payable	12	7 156	8 245
Short-term debt to financial institutions	18	-	73 378
Short-term liabilities bond loan	18	13 128	-
Total short-term liabilities		**483 037**	**306 398**
Total liabilities		**1 524 470**	**558 360**
Total equity and liabilities		**2 249 292**	**1 123 629**

Oslo, 09.04.2018
The Board of LINK Mobility Group ASA

Jens Rugseth Chairman of the Board	Anita Huun Board member	Rune Syversen Board member
Bjørn-Christian Pedersen Board member	Ingeborg Liahjell Board member	Tove Giske Board member
Søren Sundahl Board member	Lillian Flora Board member	Arild Hustad CEO

Statement of changes in equity

	Note	Ordinary shares	Share premium	Other equity	Total equity
Balance at 31.12.2016		**13 087**	**399 749**	**152 433**	**565 269**
Comprehensive income for the year					
Profit for the period		-	-	-5 354	-5 354
Exchange rate differences				42 655	42 655
Total comprehensive income for the year		**-**	**-**	**37 301**	**37 301**
Contributions by and distributions to owners					
Issue of share capital	17	1 180	108 627	-1 525	108 282
Employee share-option schemes	21	-	-	13 970	13 970
Total contributions by and distributions to owners		**1 180**	**108 627**	**12 445**	**122 252**
Balance at 31.12.2017		**14 267**	**508 376**	**202 179**	**724 822**

	Note	Ordinary shares	Share premium	Other equity	Total equity
Balance at 31.12.2015		**9 641**	**102 773**	**29 374**	**141 788**
Comprehensive income for the year					
Profit for the period		-	-	4 671	4 671
Exchange rate differences		-	-	-973	-973
Total comprehensive income for the year				**3 697**	**3 697**
Contributions by and distributions to owners					
Issue of share capital	17	3 446	296 976	112 345	412 767
Employee share-option schemes	21	-	-	7 017	7 017
Total contributions by and distributions to owners		**3 446**	**296 976**	**119 362**	**419 784**
Balance at 31.12.2016		**13 087**	**399 749**	**152 433**	**565 269**

Consolidated Cash Flow Statement

(NOK'000)	*Note*	2017	2016
Cash flow from operating activities			
Profit before tax		-1 047	10 088
Taxes paid		-19 242	-8 284
Depreciation and amortization	8, 9	41 710	24 274
Adjustment for share-based payment	21	19 212	18 038
Adjustment for expenses related to acquisitions		33 850	11 939
Net interest in profit and loss		32 820	3 093
Interest received		622	-
Interest paid		13 439	-
Change in trade receivables and other receivables		-127 151	-65 103
Change in trade and other payables		131 298	69 222
Change social security tax share based payment		-5 242	-11 021
Net cash flow from operating activities		**120 270**	**52 246**
Cash flow from investing activities			
Acquisition of subsidiary, net of cash acquired	14	-381 086	-112 897
Purchase price adjustment subsidiary, net of cash	14	-16 105	-5 774
Expenses related to acquisitions		-33 850	-11 939
Purchase of equipment and fixtures	9	-1 774	-4 042
Purchase of intangible assets	8	-52 207	-24 444
Net cash flow from investing activities		**-485 023**	**-158 996**
Cash flow from financial activities			
Net interest paid		-21 577	-5 060
Other financial items		2 856	-
Proceed from borrowings	18	717 553	147 000
Repayment of borrowings	18	-206 920	-16 117
Proceeds from issuing new shares	17	8 268	129 842
Net cash flow from financial activities		**500 179**	**255 665**
Foreign exchange effect on cash		19 308	-1 065
Net change in cash and cash equivalents		154 733	147 850
Cash and cash equivalents at the beginning for the period	16	187 924	40 075
Cash and cash equivalents at the end of the period	**16**	**342 658**	**187 924**

Note 1 – General information

LINK Mobility Group ASA is the parent company of the LINK Mobility Group and owns 100 per cent of all its subsidiaries. The Group' material subsidiaries at 31 December 2017 are set out below.

Name of entity	Date of aquisition	Place of businesss/ country of registration	Ownership interest 2017	Ownership interest 2016
LINK Mobility AS	03.02.2002	Oslo, Norway	100 %	100 %
LINK Mobility AB	19.10.2007	Stockholm, Sweden	100 %	100 %
LINK Mobility SIA	05.09.2011	Riga, Latvia	100 %	100 %
LINK Mobility A/S	30.06.2015	Kolding, Denmark	100 %	100 %
LINK Mobile A/S	30.06.2015	Kolding, Denmark	100 %	100 %
LINK Mobility Oy	30.09.2016	Tampere, Finland	100 %	100 %
Labyrintti International Oy	30.09.2016	Tampere, Finland	100 %	100 %
LINK Mobility GmbH	30.09.2016	Hamburg, Germany	100 %	100 %
GfMB Gesellschaft für Mobiles Bezahlen	30.09.2016	Hamburg, Germany	100 %	100 %
LINK Mobility Spain S.L.U	31.03.2017	Madrid, Spain	100 %	-
Vianett AS	15.08.2017	Moss, Norway	100 %	-
Global Messaging Solutions S.L.U	28.09.2017	Madrid, Spain	100 %	-
Voicecom AD	02.10.2017	Sofia, Bulgaria	100 %	-
Comvision Sp.z.o.o	19.10.2017	Gliwize, Poland	100 %	-
Netmessage SAS	31.10.2017	Paris, France	100 %	-

LINK is the leading provider of B2C mobile messaging and services in the main European markets. LINK provides services that enable companies, public services and organizations to have mobile communication with and deliver mobile services to their customers and users. LINK offers products and services extending from mobile messaging, marketing, payment, databases and applications. LINK's business is classified into the business segments; Mobile Messaging, Mobile Solutions and Mobile Intelligence.

All figures described in the notes are in NOK thousands unless otherwise stated.

Note 2 – Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the LINK Mobility Group ASA have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRS IC) interpretations applicable to companies reporting under IFRS. For the submitted consolidated financial statements there are no differences between IFRS as adopted by the EU and the IASB.

The consolidated financial statement includes LINK Mobility Group ASA and subsidiaries in which LINK Mobility Group ASA, directly or indirectly has a controlling interests through ownership, interests or agreements. The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements have been prepared on a going-concern basis.

2.1.1 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

NEW STANDARDS; INTERPRETATIONS AND AMENDMENTS NOT YET ADOPTED

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2017 reporting periods and have not been early adopted by the group.

LINK Group is in process with the assessment of the impact of new standards not yet effective. The group does not intend to adopt these standards before its mandatory date. The following standards, interpretations and amendments have been issued but are not yet adopted by LINK;

Standard, Amendments or interpretations		Effective date
IFRS 9	Financial Instruments	01.01.2018
IFRS 15	Revenues from Contracts with customers	01.01.2018
IFRS 16	Leases	01.01.2019

There are no other forthcoming standards and interpretations not yet effective, which are expected to have significant impact on the Group's consolidated financial statements. There are no new standards and interpretations with effect from 1 January 2017 with implementation impact on the Group's consolidated financial statements.

IFRS 9 FINANCIAL INSTRUMENTS

IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

While the group has yet to undertake a detailed assessment it does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. The group has confirmed that its current hedge relationships will qualify as continuing hedges upon the adoption of IFRS 9.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. The Groups financial instruments is primarily related to accounts receivables, held to receive principal, and which is measured at amortised cost. The Group has historically small losses on account receivables, and the implementation of the new impairment model for financial assets has been assessed to not rise any material implementation effects.

IFRS 15 REVENUE FROM CONTRACTS WITH CUSTOMERS

The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts.

The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

Management has assessed the effects of applying the new standard on the group's financial statements and has identified that accounting for certain costs incurred in fulfilling a contract will be affected.Cost related to the technical setup of the customer in LINKs platforms has previously been expensed, as they did not qualify for recognition as an asset under any of the other accounting standards. However, the costs directly related to the contract, generate resources used in satisfying the contract and are expected to be recovered. They will therefore be eligible for capitalisation under IFRS 15 and recognized as a contract asset.

No other effects of the new standard has been identified by management.

The Group has adopted the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognized in retained earnings as of 1 January 2018 and that comparatives will not be restated.

IFRS 16 LEASES

IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases. As at the reporting date, the group has non-cancellable operating lease commitments of TNOK 22 213, see note 24 for further information. However, the group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

IFRS 16 is mandatory for financial years commencing on or after 1 January 2019. At this stage, the group does not intend to adopt the standard before its effective date. The group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

2.2 CONSOLIDATION POLICIES

The consolidated financial statements show the total financial results and financial position of the parent company, Link Mobility Group ASA and subsidiaries. Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has its rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group.

The acquisition method of accounting is used to account for business combinations by the group.

The consolidated financial statements have been prepared using uniform accounting principles for similar transactions and other events all through the group, provided the circumstances are otherwise the same. Items in the income statement and balance sheet have been classified according to uniform definitions. All intercompany transactions and balances, including internal profits and unrealized gains and losses have been eliminated.

The acquisition method has been used for recognizing acquired enterprises. The consideration paid is measured at fair value of the transferred assets, liabilities incurred and issued equity instruments. Included in the consideration is also fair value of all contingent considerations. Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognied in profit or loss. Expenses related to the business combination are recorded in the profit and loss statement as they incur and they are reported as "expenses related to acquisition". Identifiable assets and liabilities are recorded in the financial statements at fair value at the time of acquisition. Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

When the group ceases to consolidate or equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

2.3 SEGMENTS

The Groups's reportable segments consist of the different countries LINK are operating in. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, Group Management. The chief operation decision maker has been identified as Group management, for 2017 consisting of CEO, CCO, CFO, CTIO, Executive VP M&A and Business Development and Group HR Director.

The LINK Group evaluates segmental performance on the basis of profit or loss from operations calculated, in accordance with IFRS, but excluding non-recurring transactions, and the effects of share-based payments.

2.4 FOREIGN CURRENCY TRANSLATION

The Group's presentation currency is Norwegian kroner (NOK), which is also the parent company's functional currency.

TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Transactions in foreign currency are converted at the exchange rate on the transaction date. Monetary items in foreign currency are converted to NOK using the exchange rate from Central Bank of Norway (Norges Bank) at the balance sheet date. Non-monetary items measured at historical cost expressed in foreign currencies are converted into NOK using the exchange rate on 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.

ACTIVITIES ABROAD

Assets and liabilities in foreign companies, whose functional currency differ from the presentation currency, are converted to NOK using the exchange rate from Central Bank of Norway (Norges Bank) at the balance sheet date. Income and expenses from foreign companies are converted to NOK using the monthly average rate of exchange from Central Bank of Norway (Norges Bank) (if the average is not a reasonable estimate of the cumulative effects of using transaction rate, transaction rate is used). All resulting exchange differences are recognized in comprehensive income.

2.5 EQUIPMENT AND FIXTURES

Equipment and fixtures are recognized in the balance sheet at historical cost less accumulated depreciation and write-downs. Historical cost comprises expenditures that are directly attributable to the acquisition of the items.

The historical cost price of equipment and fixtures is their purchase price, including duties/taxes and direct acquisition costs related to making the fixed asset in condition ready for use. Expenses incurred after the asset is taken into use, such as ongoing maintenance, are charged to expenses, while other expenses that are expected to generate future economic benefits are recognized in the balance sheet.

When assets are sold or disposed of, the carrying value is reversed in the accounts, and any gain or loss is recognized in P&L.

Equipment and fixtures are depreciated linear over the expected useful life from the time the asset is put into ordinary operations.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Refer to note 9 for details about periods used by the group for equipment and fixtures.

2.6 INTANGIBLE ASSETS

Intangible assets are recognized in the balance sheet if it is likely that the expected future economic benefits attributable to the asset are expected to flow to the company and the assets acquisition cost can be measured reliably.

Intangible assets with limited useful live are measured at their acquisition cost, subtracted accumulated amortizations and impairments. Amortizations follow the linear method over the estimated useful life. Useful life and amortization method are reviewed annually. Goodwill and other intangible assets with an indeterminate useful economic life are not amortized, but are tested annually for impairment at balance sheet date. Refer to more detailed description under “Impairments”.

Intangible assets that have not been taken into use are also tested for impairments.

2.6.1 INTANGIBLE ASSETS: TECHNOLOGY

Expenses related to development activities of LINK’s technical platforms and products are capitalized when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset, and use it or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured and commercially feasible, and the group has adequate resources to complete the development.

Expenses capitalized include material cost, cost of external consultants, direct wage costs and an appropriate portion of relevant overhead costs.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

RESEARCH AND DEVELOPMENT

Research expenditure and development expenditure that do not meet the criteria above are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.6.2 INTANGIBLE ASSETS: CUSTOMER RELATIONSHIP

Customer relationship acquired in business combinations are recognized in the balance sheet at fair value at the time of acquisition. The customer relationships have a limited useful life and are stated at acquisition cost subtracted accumulated amortization. Linear amortization is carried over expected useful life.

2.6.3 INTANGIBLE ASSETS: GOODWILL

The difference between acquisition cost by purchase and fair value of net identifiable assets at the time of acquisition is classified as goodwill. Goodwill is recognized in the balance sheet at acquisition cost, subtracted any accumulated impairments.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, that being the operating segments.

Refer to note 8 for details about amortisation methods and periods used by the group for intangible assets.

2.7 FINANCIAL ASSETS

2.7.1 CLASSIFICATION

The Group classifies its financial assets as loans and receivables. The classification reflects the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

LOANS AND RECEIVABLES

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet (notes 2.10 and 2.11).

2.7.2 RECOGNITION AND MEASUREMENT

Regular purchases and sales of financial assets are recognized on the trade-date (the date on which the Group commits to purchase or sell the asset). Loans and receivables are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the loans or receivables have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

2.8 NET INVESTMENT HEDGES

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The group has from July 1, 2017 designated the senior secured bond loan and sellers credit in Euro as hedging instruments of the net investment in foreign operations (net investment hedges). The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the bond loan that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the hedging relationship. See note 4 for further information.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

2.9 IMPAIRMENTS

An asset is impaired if the carrying amount of an assessment entity exceeds the unit's recoverable amount. The recoverable amount is the higher of the fair value less sales costs and the value in use, where the value in use is the present value of estimated cash flows relating to future use. If the cash flow relating to the individual asset is independent of cash flows relating to other assets, the individual asset comprises the assessment entity. If not, an assessment entity is created at a higher level and called a cash-generating unit. A cash-generating unit can also include goodwill and share of common assets, and is to be consistently applied over time.

The Group calculates future cash flows based on estimated results (forecasts and long-term plans) over a five-year forecast period adjusted for depreciation, amortization, investments and changes in working capital. The extrapolation period contains an extrapolation of the cash flows after the forecast period, use a constant growth rate. The present value of the cash flow is calculated using a weighted rate of return on the total assets and is a pre-tax rate.

With the exception of goodwill, impairment losses recognized in income statements for previous periods are reversed if there is information that the need to write-down no longer exists or no longer is as great. However, reversal will not take place if the reversal leads to the recognized value exceeding what the recognized value would have been if normal depreciation/amortization periods had been used.

2.9.1 IMPAIRMENTS: GOODWILL AND OTHER INTANGEBLE ASSETS
Goodwill, intangible fixed asset with an indefinite economic life and intangible assets that are currently being developed are subject to an annual impairment test, irrespective of whether or not there are any indications of a fall in value.

2.9.2 IMPAIRMENTS: FINANCIAL ASSETS
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

2.10 TRADE AND OTHER RECEIVABLES
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognized intitially at fair value, and subsequently measured at amortised cost less provision for impairment.

2.11 CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash in hand and bank deposits. Cash equivalents are short-term investments that can be converted into a known amount in cash within three months and which contain insignificant risk elements.

2.12 ORDINARY SHARE AND SHARE PREMIUM
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.13 BORROWINGS
Borrowings are recognized as the net funds received after deducting transaction costs. The loans are then recognized at their amortized cost using the effective interest method. Amortized cost means the amount the financial obligation is valued at when established, less payments, plus effective interest.

2.14 EMPLOYEE BENEFITS

PENSIONS
The Group operates a defined contribution plan.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. 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. The contributions are recognized as employee benefit expenses when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

All the Group companies have pension schemes that satisfy the provisions of the Act on mandatory occupational pensions, for all employees.

SHARE BASED COMPENSATION

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognized over the vesting period is based on the number of options that eventually vest. Non-vesting conditions and market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition or where a non-vesting condition is not satisfied.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated statement of comprehensive income over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the consolidated statement of comprehensive income is charged with the fair value of goods and services received.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

2.15 TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle if longer). If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost.

2.16 CURRENT AND DEFERRED INCOME TAX

Tax expenses consist of tax payable for the period and changes in deferred tax/tax assets. Taxes payable are calculated on the basis on earnings before tax.

Net deferred tax/deferred tax assets are calculated on temporary differences between accounting and tax value and tax loss carried forward at the end of the financial year, with the exception of deferred tax arising from initial recognition of tax non-depreciable goodwill.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

A deferred tax asset is recognized when it is probable that the company will have sufficient earnings before tax to utilize the deferred tax asset. Deferred tax and deferred tax asset that can be capitalized are recognized at their nominal value and netted in the balance sheet. Tax payable and changes in deferred tax are directly included in comprehensive income or recognized in equity to the extent that they relate to factors that have been included or recognized this way.

2.17 PROVISIONS

A provision is recognized when the Group has an obligation as a result of a past event, and it is likely that there will be a financial settlement as a result of this obligation, and the amount can be reliable. If the effect is significant the provision is calculated by discounting future cash flows using a discount pre-tax rate that reflects market assessments of time, value of money and, if relevant, risks specific related to the obligation. Provisions are reviewed on each balance sheet date and their level reflects the best estimate of the liability. Changes in best estimates are recognized in the income statement.

2.18 REVENUES

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services rendered, stated net of discounts, value add taxes and when the Group is acting as an agent; amounts collected on behalf of the principal. The Group recognizes revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and the services are rendered.

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.

The Group assist companies to communicate by mobile phone with their customers. In order to be able to render the services the group need to obtain services from one or more telecommunication operators. The services rendered can be split into the following four groups.

MOBILE MESSAGING TRANSACTIONS

Timing of recognition

LINK provide services within mobile messaging services, via SMS and other messaging channels as Apps, Facebook Messenger WhatsApp, Joyn and email. Revenue from messaging is recognized when the message service has been rendered, i. e. the messages are delivered to recipient.

Measurement of revenue

The revenue is based on the price specified in the sales contract, net of discounts and value added taxes.

PAYMENT SERVICES

Timing of recognition

The Group is offering payment solutions where the customer can get their customers (the end user) to pay for goods or services by charging their mobile phone account or credit/debit card. As payment for these services LINK is entitled to a cut of the processed transactions/payment. Revenue is recognized when the payment service is rendered.

Measurement of revenue

For this group of services the Group is acting as an agent. LINKs performance obligation is to arrange for the provision of goods or services by another party. Consequently, only the cut of the processed transactions are recognized as revenue.

LICENSES

Timing of recognition

License revenue consist of revenue from monthly fee paid by customer for access to LINKS platforms and solutions. No proprietary rights are transferred to the customer. The revenue is recognized throughout the duration of the license agreement.

Measurement of revenue

The revenue is based on the price specified in the sales contract, net of discounts and value added taxes.

CONSULTING SERVICES

Timing of recognition

Revenues from consulting services is recognized in the accounting period which the services are rendered.

Measurement of revenue

The revenue is based on the price specified in the sales contract, net of discounts and value added taxes.

2.19 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.20 INTEREST INCOME
Interest income is recognized using the effective interest method. Interest income on impaired loan and receivables is recognized using the original effective interest rate.

2.21 GOVERNMENT GRANT
The Group receives Government grant as part of the "Skattefunn" arrangement in Norway. "Skattefunn" is an arrangement to stimulate research and development in Norway. The government grant is accounted for by deducting the grant from the carrying amount of an asset acquired and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

2.22 EVENTS OCCURRING AFTER THE BALANCE SHEET DATE
New information regarding the company's financial position received after the balance sheet date is recognized in the financial statement. If the information does not affect the company's position on the balance sheet date but will affect the company's future financial position significantly, it is disclosed.

2.23 CASH FLOW STATEMENT
The cash flow statement has been prepared on the basis of the indirect model. Cash and cash equivalents consist of liquid assets linked to the sales network.

Note 3 – Estimates and judgements

Preparation of financial statement in accordance with IFRS requires management to make assessments and estimates, and to make assumptions that affect the application of the accounting policies and recognized amounts of assets and liabilities, income and expenses. Future events may cause these estimates to change. Estimates and associated assumptions are based on historical experience and other reasonable factors, included expectations of future events that are believed to be reasonable under the current circumstances. These calculations form the basis for assessment of the book value of assets and liabilities that are not clearly apparent from other sources. Actual results may differ from these estimates. Areas in which such estimates are significant include intangible assets and tangible fixed assets.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized 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.

a) Purchase price subsidiaries - earn out
   In some events LINK 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. See note 8, 11 and 14 for further details.

b) Purchase price allocation
   LINK has completed a number of business combinations during 2017, see further details in note 14. A substantial part of the consideration for the business combination consists of shares in LINK. The fair value of these shares has been set at share price at the date for achieving control in the acquired entity. In order to account for the business combinations and identify the fair value of the underlying assets and liabilities following IFRS 3, management has used significant judgement as the basis for the calculation of fair value.The excess over the fair value of the net identifiable assets acquired is recorded allocated to goodwill.

   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 assumed to be appropriate for the type of assets being valued (MEEM for customer relationships and RFR for technology).

Important input for the calculation of fair values using the above methods are:
-Remaining useful lifetime of customer relationships in the interval 7 to 10 years
-Remaining useful lifetime of technology of 10 years
-Revenue growth and EBITDA margins are based on the growth and margins from the BEV of the respective companies
-In the MEEM approach for customer relationships, Contributory Asset Charges (CACs) are deducted from the estimated EBITDA attributable to customer relationships. The included CACs are related to machinery and equipment, working capital, technology and assembled workforce.

c) Estimated impairment of goodwill and other intangible assets
The Group performs annual tests to assess the value of goodwill and other intangible assets. The recoverable amounts depend upon cash flow estimates, estimated terminal value and factors like the relevant discount rate, see note 8 for further information.

d) Share based compensation
Share options have been allotted to management and selected key employees. Each share option allows for the subscription of one share in LINK Mobility Group ASA at a future date at a predetermined strike price. Subscribing normally requires continued employment. The fair value of the options is calculated when they are allotted and expensed over the vesting period. The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that takes into account the excercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk free interest. For further information see note 21.

e) Deferred tax asset
When relevant the Group recognizes deferred tax assets on its balance sheet in so far as it is probable that there will be taxable income in the future. Management's assessment of future utilization of tax losses carried forward are based on budgets that estimate future revenues and costs.

Note 4 – Financial risk factors

The Group is exposed through its operations to the following financial risks:

- Interest risk
- Foreign exchange risk
- Credit risk
- Liquidity risk

A description of the risk factors is described in this note.

The principal financial instruments used by the Group, from which financial instrument risk arises are as follows:

-Trade receivables
-Cash and cash equivalents
-Trade and other payables
-Borrowings

Financial instruments by category

	2017	2016
Financial assets	**Loans and receivables**	**Loans and receivables**
Trade and other receivables	390 395	166 523
Cash and cash equivalents	342 658	187 924
Total	**733 053**	**345 447**

	2017	2016
Financial liabilities	**Loans and receivables**	**Loans and receivables**
Borrowings*	983 940	298 881
Trade and other payables**	387 625	178 433
Total	**1 371 565**	**477 314**

* Includes both long term borrowings and short term borrowings.
** Excluded non-financial liabilities (public duties)

Interest rate risk

Interest rate risk arises as a consequence of long-term debt. In 2017 LINK has restructured financing of the Group. LINK completed in February 2017 the establishment of a senior secured bond loan in the Nordic Market, with a total limit of EUR 175 mill. The bond loan has a fixed coupon of 4,75 %. See note 19 for further information about long term liabilities.

Sellers credit from acquired companies is limitied to the same interest terms as the bond loan. Sellers credit from acquisitions prior issuance of bond loan has a fixed interest rate of 5 %.

Based on the existing financing structure the risk related to interest rate fluctuations is considered low.

Foreign exchange risk

Foreign exchange risk arises from transactions related to operations, asset or liabilities which are conducted in a currency other than its functional currency. LINK's subsidiaries are operating in their local currencies NOK, SEK, DKK, EUR, BGN and PLN. Revenue and cost transactions are carried out in the same currency, which reduces the currency risk.

However, as LINK's overall financial reporting is carried out in NOK, changes in the value of SEK, DKK, EUR, BGN or PLN in relation to NOK affect LINK's overall revenue and financial position. Based on exposure throughout the year the Group assesses that fluctuations in NOK/EUR and NOK/DKK has the most significant impact on the financial reporting in regards to the financial instruments. The table below summarizes the impact a change in NOK/EUR and NOK/DKK will have on the income statement. The analysis is based on the assumption that the foreign exchange rate increase or decrease 10% on average during the year, with all other variables held constant.

Foreign currency risk sensitivity analysis

(000')	Impact on profit and loss	
	2017	2016
NOK/DKK exchange rate - decrease 10 %	2 208	2 041
NOK/EUR exchange rate - decrease 10 %	415	5 713
NOK/DKK exchange rate - increase 10 %	(2 208)	(2 041)
NOK/EUR exchange rate - increase 10 %	(415)	(5 713)

Hedge of net investments in foreign operations
The Group is also exposed to exchange risk regarding senior secured bond loan and sellers credit in EUR. Total outstanding bond loan as of 31.12.2017 amounts to TEUR 80 000, and total sellers credit as of 31.12.2017 amounts to TEUR 147 700. To reduce this foregin exchange risk these items have been designated as hedging instrument of the net investment in foreign operations. The fair value and carrying amount of the borrowing at 31.12.2017 was TNOK 779 883 (31.12.2016: 0). The foreign exchange loss of TNOK 24 585 (2016: 0) on translation of the borrowing at the end of the reporting period is recognized in other comprehensive income and accumulated in the foreign currency translation reserve, in shareholders' equity. There was no ineffectiveness to be recorded from net investments in foreign entity hedges.

Credit Risk

Credit risk arises from, among other cash and cash equivalents and deposits with banks and financial institutions. In addition risk occurs through exposure to customers, including outstanding receivables and contracted transactions.

For banks and financial institutions, only well-established independent parties are accepted.

The Group has limited credit risk relating to one individual contracting party, or several contracting parties that can be regarded as one group due to similarities in credit risk.

In order to reduce the credit risk Group has guidelines to ensure that sales only are made to customers with high credit rating. Customers having low credit rating have to prepay for services from 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. As such, no further credit risk provision is required in excess of the normal provision for bad and doubtful receivables. See note 15 for information on receivables in terms of age distribution and provision for bad debt.

Since the Group has no financial assets outside the balance sheet, the maximum risk exposure is represented by the balance sheet value of the financial assets. The Group therefore consider its maximum risk exposure to be the booked value of its accounts receivables.

Liquidity risk

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

LINK considers its liquidity risk to be limited, and has significant liquidity available on bank accounts as of year end. See note 15, 18 and 19 for information about maturity of receivables, payables and borrowings.

LINK has no credit facilities. Subsidiaries are not allowed to raise external financing, they receive funding from the Group.

Debt covenants
Financial covenants related to the bond loan require that the company's net interest bearing debt balance remain below 4.0 times its pro forma adjusted EBITDA for the last twelve months (including acquired companies). At the end of 2017, the Groups net debt/pro forma EBITDA ratio was 3.2.

Note 5 – Revenue and segment reporting

LINK Mobility is located in Norway, Sweden, Denmark, Finland, Germany, Spain, France, Poland, Baltics and Bulgaria. For management and reporting purposes the Group is organized within these geographical areas (operating segment in tables below). The performance of these geographical areas are evaluated on a monthly basis by Group management.

In addition to geographical areas the Group reports revenues and direct cost of the business segments Mobile Messaging and Mobile Solutions to group management. Mobile Messaging consist of the business line Transactions, and Mobile Solutions are divided in the business lines Payments, Licenses and Consulting (Business Lines in tables below).

Revenues by business lines (TNOK)	**2017**	**2016**
Transactions	1 106 321	465 339
Payments	56 152	53 397
Licenses	115 436	85 763
Consulting	16 093	17 107
Total	**1 294 002**	**621 606**

Direct costs by business lines (TNOK)	**2017**	**2016**
Transactions	832 476	339 352
Payments	43 787	36 195
Licenses	18 524	13 171
Consulting	2 564	2 537
Total	**897 351**	**391 255**

Revenues per country (TNOK) (operating segment)	**2017**	**2016**
Norway	465 797	333 954
Sweden	147 630	100 715
Denmark	120 434	100 976
Baltics	5 391	7 948
Germany	294 589	61 986
Finland	63 047	16 028
Spain	124 511	-
Bulgaria	11 055	-
Poland	39 495	-
France	22 051	-
Total	**1 294 002**	**621 606**

Revenues from other companies in the Group are eliminated when reported to Group Management. All figures in table above are exclusive internal tranactions.

Direct costs per country (operating segment) (TNOK)	2017	2016
Norway	290 265	203 855
Sweden	113 957	69 627
Denmark	66 255	53 977
Baltics	4 126	5 977
Germany	233 982	48 813
Finland	35 704	9 006
Spain	100 853	-
Bulgaria	8 152	-
Poland	27 812	-
France	16 245	-
Total	**897 351**	**391 256**

Adjusted EBITDA by operating segment (TNOK)	2017	2016
Norway	89 851	50 793
Sweden	10 454	8 327
Denmark	22 326	15 973
Baltics	43	278
Germany	32 783	4 629
Finland	12 248	4 228
Spain	14 875	-
Bulgaria	1 259	-
Poland	8 472	-
France	2 751	-
Group cost	(55 074)	(16 799)
Adjusted EBITDA	**139 987**	**67 431**

EBIT by operating segment (TNOK)	2017	2016
Norway	79 240	13 884
Sweden	5 853	4 951
Denmark	12 037	13 536
Baltics	33	263
Germany	31 087	4 015
Finland	11 345	4 216
Spain	13 019	-
Bulgaria	723	-
Poland	7 662	-
France	2 369	-
Group cost	(118 156)	(27 685)
EBIT (operating profit)	**45 213**	**13 180**

Assets by operating segment (TNOK)	2017 Current assets	2017 Non-current assets	2016 Current assets	2016 Non-current assets
Norway	136 092	38 582	89 991	32 058
Sweden	33 735	17 630	27 681	17 235
Denmark	47 115	3 074	42 473	5 053
Baltics	1 421	13	3 755	16
Germany	138 951	1 177	65 744	904
Finland	38 807	653	19 406	80
Spain	90 691	6 841	-	-
Bulgaria	7 475	5 662	-	-
Poland	38 364	13 332	-	-
France	35 778	994	-	-
Group	187 170	1 396 059	108 388	708 710
Total assets	**755 598**	**1 484 018**	**357 437**	**764 056**

Non-current assets is excl. deferred tax asset.

Liabilities by operating segment (TNOK)	2017	2016
Norway	107 760	68 888
Sweden	39 170	36 717
Denmark	31 305	43 177
Baltics	2 365	3 343
Germany	99 514	56 527
Finland	9 822	9 756
Spain	91 066	-
Bulgaria	5 775	-
Poland	12 914	-
France	23 857	-
Group	1 100 923	339 952
Total liabilities	**1 524 470**	**558 360**

Note 6 – Payroll expenses and number of employees

	2017	2016
Wages and salaries	142 935	89 093
Social security tax	20 774	14 836
Pension cost (se note 20)	13 134	5 331
Other benefits	8 916	5 351
Total	**185 759**	**114 610**
Number of full time employees during the year	308	198

Note 7 – Remuneration of the Board of Directors and Executive Management

Remuneration of the Board of Directors

(NOK'000)		**2017**	**2016**
Jens Rugseth	Chairman	175	140
Rune Syversen	Board member	105	90
Tove Kristin Giske	Board member	105	90
Søren Sundahl	Board member (from March 9, 2016)	105	90
Bjørn-Christian Pedersen	Board member – employee representative (from March 9, 2016)	50	40
Lillian Nordgaard Flora	Board member – employee representative (from March 9, 2016)	50	40
Anita Huun	Board member (from May 2, 2017)	-	-
Guro Røed	Board member (until March 14, 2016)	-	-
Harald Dahl	Board member (until March 24, 2016)	105	-
Ingeborg Margrethe Liahjell	Board member (from March 14, 2016)	-	90
Gisela Sogn	Board member (until May 2, 2017)	105	90
Erik Langaker	Board member (from March 14, 2016 until May 2, 2017)	105	90
Ingjerd Cecilie Spiten	Board member (from May 2, 2017 until August 25, 2017)	-	-
Total		**905**	**760**

The table shows actual payments made during the financial year.

Remuneration of key group employees

Key group employees are defined as employees that are the part of the group management. In 2017 and 2016 the Group management consisted of the following people.

2017 *(NOK'000)*	**Wages and Salaries**	**Bonus**	**Pension expense**	**Other renumera-tions**	**Total benefit to executives**	**Post-employment salaries**
Arild Hustad (CEO)	1 822	200	52	10	2 084	6 months
Thomas Berge (CFO)	1 759	67	52	9	1 887	6 months
Lars Christian Iuel (CCO)	489	-	17	3	508	-
Krister Tånneryd (CTIO)	1 483	88	350	5 208	7 129	6 months
Søren Sundahl (Executive VP M&A and Business Development)	1 762	426	373	-	2 561	5 months
Janicke Wrige (Group HR Director)	1 097	17	52	17	1 182	-
Total	**8 413**	**797**	**896**	**5 247**	**15 352**	

2016 *(NOK'000)*	Wages and Salaries	Bonus	Pension expense	Other renumera-tions	Total benefit to executives	Post-employment salaries
Arild Hustad (CEO)	1 653	-	285	11 200	13 138	6 months
Siw Ødegaard (CFO until 1.9.16)	1 149	300	-	-	1 449	6 months
Thomas Berge (CFO from 1.9.16)	586	-	92	-	678	6 months
Total	**3 388**	**300**	**377**	**11 200**	**15 265**	

Arild Hustad has a performance based bonus, limited to TNOK 600 for the first 3 years of employment. Criteria for bonus is a combination of quantitative and qualitative targets decided by the Board.

Thomas Berge has a performance based bonus, limited to 30 % of yearly fixed salary for the first 3 years of employment. Criteria for bonus is a combination of quantitative and qualitative targets decided by the Board.

Remaining group management is under the common bonus agreement for LINK employees. Bonus is calculated on the basis of achievment of budgeted Group income and EBITDA, and yearly decided quantitave and qualitative criteria. The yearly bonus is limited to 3 monthly salaries.

See note 21 for information about option granted to key group employees.

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

Note 8 – Intangible assets

2017	Customer Relationships	Technology	Goodwill	Total
01.01.				
Cost	163 574	100 623	544 301	808 498
Translation differences prior period	1 335	319	4 239	5 893
Accumulated amortization and impairment	(25 607)	(31 032)	-	(56 639)
Net book amount	**139 607**	**69 910**	**548 540**	**757 752**
31.12.				
Opening net book amount	139 302	69 910	548 540	757 752
Additions	-	52 144	-	52 144
Net additions from aquired businesses	169 141	64 981	395 590	629 711
Disposals	-	(36)	(334)	(370)
Impairment charge	-	-	-	-
Amortization charge	(21 926)	(16 839)	-	(38 765)
Translation differences	-	-	-	-
Exchange rate differences	14 864	3 270	58 411	76 545
Closing net book amount	**301 381**	**173 430**	**1 002 207**	**1 477 018**

*Net additions from aquired businesses includes adjustments of book value amounting to TNOK 15 347 from previous years business combinations.

2016	Customer Relationships	Technology	Goodwill	Total
01.01.				
Cost	69 170	36 903	143 521	249 594
Translation differences prior period	2 071	-	6 007	8 078
Accumulated amortization and impairment	(15 293)	(19 298)	-	(34 591)
Net book amount	**55 948**	**17 605**	**149 528**	**223 081**
31.12.				
Opening net book amount	55 948	17 605	149 528	223 081
Additions	-	24 444	-	24 444
Net additions from aquired businesses	94 404	39 612	400 780	534 796
Disposals	-	(336)	-	(336)
Impairment charge	-	-	-	-
Amortization charge	(10 314)	(11 734)	-	(22 048)
Translation differences	(736)	319	(1 768)	(2 185)
Closing net book amount	**139 302**	**69 910**	**548 540**	**757 752**

Estimated useful life, depreciation plan and residual value are as follows:		
Economic life	7-10	4-10
Depreciation plan	Linear	Linear

Customer Relationships
For allocated customer relationships through acquisition of companies, the amortization period is 7-10 years. The amortization period is based on analysis of customer churn and the remaining useful lifetime of the customer relationships recorded in the balance.

Technology
For own development cost and technology the amortization period is 3-10 years. For technology acquired through business combinations the depreciation 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 2017 amounted to TNOK 2 688 has been deducted the carrying amount of development cost. The requirements of the arrangement has been fulfilled.

Goodwill
Goodwill arises from performed aquisitions in the period 2014-2017.

Impairment testing of goodwill
Intangible assets that have an indefinite useful life, such as goodwill, are subject to an annual impairment test. Impairment tests are conducted more frequently if there are indications of a reduction in value. Goodwill is allocated to cash-generating units in order to assess the need for impairment. Allocation is based on an evaluation of the cash flows related to the operations to which the goodwill pertains. If the cash flow is independent of cash flows related to other entities, the individual operations comprise the assessment entry. If not, goodwill is allocated to an assessment entity at a higher level.

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets and forecast, covering av five-year period.

The results from the impairment test are robust to changes in key valuation assumptions for all CGUs.

LINK has applied value in use to determine the recoverable amount in the cash generating units. The model is built on Cash Generating Unit (CGU) specific cash-flows the coming 5 years. LINK has applied a weighted average cost of capital (WACC) specific for each CGU. The value in use is the net present value of the estimated cash flow before tax, using a discount factor reflecting the timing of the cash flows and the expected risks.

In 2017, LINK acquired several companies which are included in the balance sheet at fair value following purchase price allocations (PPA). For these companies (now CGUs) we have conducted an impairment test of goodwill at CGU level in addition to the group as a whole. The following list is the CGU composition as of the impairment test of 2017:
- LINK Mobility Oy (Labyrintti 2016)
- LINK Mobility GmbH (Whatever Mobile 2016)
- Didimo, Spain (2017)
- Vianett AS, Norway (2017)
- Global Messaging Solutions S.L.U, Spain (2017)
- Voicecom AD, Bulgaria (2017)
- Comvision Sp.Z.o.o., Poland (2017)
- Netmessage SARL, France (2017)
- LINK Mobility Group, which is the the Group as a whole

Other previous acquired companies have been fully integrated into the Group and are no longer separate reporting units. Consequently, an impairment test for the Group as a whole has also been conducted in addition to the impairment test of the separable CGUs as listed above.

Conclusion impairment test 2017
The result from the impairment test shows that recoverable amounts exceed carrying amount by minimum 100% for all CGUs.

Sensitivity analysis indicates that the conclusion is fairly robust to change in key assumptions for the CGUs. The sensitivity analysis has been conducted on changes in WACC, terminal growth rate, revenue growth and EBITDA margin.
The following table summarises the maximum changes to the assumptions that have been conducted in the sensitivity analysis, and summarises that no impairment is required for any CGUs with these changes in the key assumptions:

SENSITIVITY ANALSYSIS HAS BEEN CONDUCTED ON THE FOLLOWING ASSUMPTIONS WITH THE FOLLOWING CONCLUSIONS

Assumption	Change in the assumption in the sensitivity analysis	Impairment conclusion with the changed assumption
Revenue growth	Minus 3 percentage points in the prognosis period (2018-2022)	No impairment required for any CGUs
EBITDA margin	Minus 3 percentage points each year from 2018	No impairment required for any CGUs
WACC	Plus 1.5 percentage points	No impairment required for any CGUs
Terminal growth rate	Minus 0.6 percentage points	No impairment required for any CGUs

Weighted Average Cost of Capital (WACC)
The weighted average cost of capital (WACC) is based on the CAPM methodology, whereas the main components are described below.

The applied risk-free rate in the WACC is based on traded 10 year government bond for the country of the respective CGUs as of the impairment date.

The applied market risk premium is based on market research* for northern and western Europe and is estimated to 6 %.

The asset beta is estimated to 0.8 based on the average of asset beta for comparable industries from Damodaran. The betas are unlevered through the Harris & Pringle formula. The reason for not using a peer approach on the beta is that there is a lack of peers with a sufficient number of observations and significant betas. The asset beta is based on the industry average beta for Software (System & Application) and Telecom Services as of December 2017.

The weight of equity is assessed at 90% which is fairly in line with both observations for the industries used as input for the asset beta and the actual capital structure of the Group. The resulting equity beta is estimated to 0.9.

A small stock premium of 1% is added to the cost of equity. The small stock premium used is line with marketresearch* conducted among financial analysts in Norway in November 2017. The small stock premium is based on the approximate market cap of the group as a whole, as all CGUs are part of the same group.

**PwC-publication: Risk Premium in the Norwegian market 2017*

Cost of debt is set according to the applied risk-free rate as of the valuation date, plus a debt premium of 4%. The cost of debt should reflect what the group must pay given a loan raising as of the valuation date, and a 4% premium is assessed as a reasonable assumption for debt financing.

WACC (Weighted Average Cost of Capital) used	2017
Norway	7,6%
Sweden	6,4%
Denmark	6,4%
Finland	6,4%
Germany	7,4 %
Poland	9,3%
France	6,3%

See table below for allocation of goodwill:

Purchase	Date	2017	2016
Intouch, LINK Mobility AS, Norway	31.03.2014	17 207	17 207
PSWincom, LINK Mobility AS, Norway	31.12.2014	59 147	59 147
Cool SMS, LINK Mobility A/S, Denmark	30.06.2015	73 748	67 419
Fivestarday, LINK Mobility AB, Sweden	30.06.2015	2 675	2 545
Responsfabrikken A/S, Denmark	30.06.2016	62 330	56 802
Linus AS, Norway	30.09.2016	66 051	65 370
Whatever Mobile, Germany	30.09.2016	211 066	191 838
Labyrintti, Finland	30.09.2016	100 091	76 581
Global Mouth AB, LINK Mobility AB, Sweden	01.10.2016	12 615	11 557
Didimo, LINK Mobility Spain	31.03.2017	45 658	-
Vianett AS, Norway	15.08.2017	59 270	-
Global Messaging Solutions, Spain	30.09.2017	116 644	-
Voicecom AD, Bulgaria	02.10.2017	19 965	-
Comvision, Poland	19.10.2017	89 610	-
Netmessage, France	31.10.2017	66 130	-
Other, local goodwill		-	74
Total		**1 002 207**	**548 540**

Changes in recognized goodwill from 2016 is mainly due to currency translation effects from purchase price allocations performed in foreign currency and adjustments of booked value from previous years business combinations.

Note 9 – Equipment and fixtures

	2017	2016
01.01.		
Cost	13 528	9 486
Accumulated depreciation	(7 224)	(4 999)
Net book amount	**6 304**	**4 487**
31.12.		
Opening net book amount	6 304	4 487
Additions from acquired businesses	2 240	1 347
General additions (capex)	4 702	4 042
Disposals	(3 416)	(1 347)
Depreciation charge	(2 945)	(2 225)
Translation differences	114	-
Closing net book amount	**7 000**	**6 304**
31.12.		
Cost	29 406	13 528
Accumulated depreciation	(22 406)	(7 224)
Net book amount	**7 000**	**6 304**
Estimated useful life and depreciation plan:		
Economic life	3-5 years	3-5 years
Depreciation plan	Linear	Linear

Tangible fixed assets with a finite useful life are depreciated in a straight line over the useful life.

Note 10 – Other operating expenses

Other operating expenses are split up into the following categories:

Other operating expenses	2017	2016
IT, licenses and hosting	13 812	11 378
Inventory and equipment	6 066	4 377
Cost for premises	10 296	8 172
Sales and marketing cost	9 778	2 414
Advisors and consultants	12 084	10 394
Other expenses	18 869	11 575
Total	**70 905**	**48 310**

Remuneration of the auditor (excl. VAT)	2017	2016
Audit Fee	2 813	1 043
Other attestation services	384	102
Tax consulting services	37	5
Other services	236	985
Total	**3 469**	**2 136**

Note 11 – Financial items

Financial income	2017	2016
Interest income :	961	718
Other financial income:		
Foreign exchange gains	5 102	4 909
Reduced cost of shares related to acquisition	2 582	6 128
Total financial income	**8 645**	**11 755**

Financial costs	2017	2016
Interest expenses:		
Financial institutions	1 707	3 198
Seller credit	8 855	4 077
Bond loan	22 631	-
Other	588	592
Other financial expenses:		
Foreign exchange loses	19 095	4 749
Other financial expenses	2 028	2 231
Total financial costs	**54 904**	**14 847**
Net financial	**(46 260)**	**(3 092)**

Note 12 – Taxes

Income Taxes	2017	2016
Current tax	19 141	7 266
Deferred tax	(14 834)	(1 849)
Income tax expense (income)	**4 307**	**5 417**

Corporation tax liability	2017	2016
Tax payable	19 141	7 266
Payable tax from previous periods	-	979
Prepaid tax	(11 985)	-
Tax payable recognized in the balance sheet	**7 156**	**8 245**

Reconciliation of the tax expense	2017	2016
Profit before tax	(1 047)	10 088
Expected tax expense using corporate tax rate (nominal tax rate 24%/25%)	(251)	2 522
Non deductible expenses/income (-)	3 434	4 731
Effect from different tax rates	759	(1 178)
Effect of change in tax rate (if applicable)	366	(147)
Tax loss carried forward not previously recognized	(1)	(511)
Income tax expense (income)	**4 307**	**5 417**
Effective tax rate	**(411) %**	**54 %**

Specifications of deferred tax balances	2017	2016
Temporary differences as basis for deferred tax assets		
Tangible assets	(3 510)	-
Accounts receivables	(1 454)	-
Other provisions	(7 734)	(7 233)
Disallowed interest deductions/expenses	(987)	-
Total temporary differences	**(13 685)**	**(7 233)**
Tax losses carried forward	**(28 196)**	**(1 667)**
Total temporary differences as basis for deferred tax asset	**(41 881)**	**(8 900)**
Deferred tax asset (-)	**(9 676)**	**(2 136)**

Deferred tax asset refers mainly to the Norwegian companies. This tax benefit will be utilised through future taxable profit for the Group in Norway.

Temporary differences as basis for deferred tax liability		
Intangible assets (mainly due to PPA business combinations)	382 126	180 556
Untaxed reserves	4 452	-
Tangible assets	(888)	2 868
Other provisions	(2 436)	1 696
Total temporary differences as a basis for deferred tax	**383 254**	**185 120**
Deferred tax liability (+)	**99 730**	**46 280**

Note 13 – 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.

	2017	**2016**
Profit	(5 354)	4 671
Average number of shares outstanding	13 589 068	10 025 773
Average number of shares outstanding adjusted for dilutional effects	14 194 870	11 024 255
Basic earnings per share (NOK/Share)	(0,39)	0,47
Diluted earnings per share	(0,39)	0,42

	2017	**2016**
Average number of shares outstanding	13 589 068	10 025 773
Dilutional effects	605 802	998 484
Average number of shares outstanding adjusted for dilutional effects	**14 194 870**	**11 024 255**

Note 14 – Business combinations

Details of acquisitions taken place in 2017 is shown below. Total consolidated revenue and EBITDA for the Group as if the acquisition of subsidiaries in 2017 had occured on 1 January 2017 is shown in note 26.

The following acquisitions have taken place in 2017.

Acquisition of LINK Mobility Spain S.L.U, Spain

On March 31, 2017 LINK acquired 100 % of the voting equity instruments of Didimo Group, one of Spain's leading providers of B2C mobile messaging services. Fair value of consideration at closing amounted to NOK 60 million. The consideration partly consists of LINK shares, 155 769 new LINK shares were issued at the date of closing.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows (all amounts in NOK thousand):

(NOK'000)	Book value	Adjustment	Fair value
Fixed assets and other	314	-	314
Intangible assets	355	(355)	-
Investments in affiliates	14 321	-	14 321
Customer relationships	-	17 596	17 596
Technology	-	9 017	9 017
Net working capital	64	-	64
Cash and cash equivalents	7 560	-	7 560
NET ASSETS	**22 613**	**26 258**	**48 871**

Fair value of consideration paid	
Cash	20 014
Seller's credit	20 014
Link shares	20 014
TOTAL CONSIDERATION	**60 041**
Allocation of purchase price	
Equity purchase price	60 041
Book value of equity	(10 217)
Excess value	**49 825**
Book value of intangible assets to be allocated	355
Excess value to be allocated	**50 179**
Customer relationships	17 596
Technology	9 017
Sum intangible assets	**26 613**
Goodwill excl. deferred tax liability	23 566
Deferred tax liability	6 565
TOTAL GOODWILL	**30 131**

Revenue and profit contribution
The acquired business contributed revenues of TNOK 92 220 and net profit of TNOK 5 308 to the group for the period 1 April to 31 December 2017. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been TNOK 121 106 and TNOK 5 298 respectively.

Acquisition of Vianett AS, Norway

On August 15, 2017 LINK acquired 100 % of the voting equity instruments of Vianett AS. The company was established in 1998, and acquired Sendega AS in 2014. ViaNett has a total of 1 100 customers in Norway and Sweden. Vianett/Sendega has experienced solid growth during the last years. Fair value of consideration at closing amounted to NOK 83.4 million and was settled as follows:
• 1/3 of the purchase price in cash at closing,
• 1/3 of the purchase price as sellers' credit to be paid quarterly over 24 months after closing. Interest of 4.75% per annum is to be paid in quarterly arrears, and
• 1/3 of the purchase price in LINK shares

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

(NOK'000)	Book value	Adjustment	Fair value
Customer relationships	-	30 302	30 302
Technology	271	9 995	10 266
Deferred tax asset	685	-	685
Investment in subsidiaries	288	-	288
Net working capital	(6 620)	-	(6 620)
Cash and cash equivalents	1 301	-	1 301
NET ASSETS	**(4 075)**	**40 297**	**36 222**

Fair value of consideration paid	
Cash	27 753
Seller's credit	27 753
Link shares	27 868
TOTAL CONSIDERATION	**83 375**

Allocation of purchase price	
Equity purchase price	83 375
Book value of equity	(15 188)
Excess value	**68 187**
Book value of intangible assets to be allocated	21 879
Excess value to be allocated	**90 067**
Customer relationships	30 302
Technology	10 266
Sum intangible assets	**40 568**

Goodwill excl. deferred tax liability	49 598
Deferred tax liability	9 671
TOTAL GOODWILL	**59 270**

Significant estimate: contingent consideration
The purchase price is based on the assumption that the company will achieve the target EBITDA TNOK 15 850 for the financial year ending on 31 December 2017. The difference between actual EBITDA and target EBITDA, adjusted according to share purchase agreement, multiplied by 5,5 will be an adjustment to the purchase price. At 31 December the estimate is that there will be no adjustment of the purchase price.

Revenue and profit contribution
The acquired business contributed revenues of TNOK 43 837 and net profit of TNOK 7 371 to the group for the period 1 August to 31 December 2017. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been TNOK 95 691 and TNOK 13 016 respectively.

Acquisition of Global Messaging Solutions S.L

On September 28, 2017 LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Global Messaging Solutions SL (GMS). GMS has a solid position in the Spanish market for mobile messaging services, and is particularly strong on mobile marketing and mobile multi-channel solutions. GMS is located in Madrid, and has 20 employees. The acquisition was completed at a revised purchase price of EUR 15.5 million paid in cash.

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

(NOK'000)	Book value	Adjustment	Fair value
Customer relationships	-	29 123	29 123
Technology	2 819	8 189	11 008
Fixed assets	2 600	-	2 561
Other financial assets	1 400	-	1 394
Deferred tax asset	100	-	88
Net working capital	4 360	-	4 360
Cash and cash equivalents	10 719	-	10 719
NET ASSETS	**21 999**	**37 311**	**59 253**

Fair value of consideration paid	
Cash	144 626
TOTAL CONSIDERATION	**144 626**

Allocation of purchase price	
Equity purchase price	144 626
Book value of equity	(5 418)
Excess value	**139 208**
Book value of intangible assets to be allocated	2 819
Excess value to be allocated	**142 028**

Customer relationships	29 123
Technology	11 008
Sum intangible assets	**40 131**
Goodwill excl. deferred tax liability	101 897
Deferred tax liability	9 328
TOTAL GOODWILL	**111 225**

Revenue and profit contribution
The acquired business contributed revenues of TNOK 32 291 and net profit of TNOK 1 859 to the group for the period 1 October to 31 December 2017. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been TNOK 87 769 and TNOK 3 660 respectively.

Acquisition of Voicecom AD, Bulgaria

On October 2, 2017 LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Voicecom AD. Voicecom is one of the leading providers of value added mobile services in Bulgaria with a market share of approximately 40%. Voicecom's offices are located in Sofia and has 32 employees. The acquisition was completed based on an agreed enterprise value of EUR 3.82 million, on a cash-free and debt-free basis. The enterprise value is based on an adjusted EBITDA of EUR 0.683 million multiplied by a factor of 6. The purchase price under the transaction will, subject to customary adjustments, be settled as follows:
• 1/3 of the purchase price in cash upon closing,
• 1/3 of the purchase price as sellers' credit to be paid within three years after closing. Interest of 4.75% per annum is to be paid in quarterly arrears, and
• 1/3 of the purchase price in LINK shares

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

(NOK'000)	Book value	Adjustment	Fair value
Customer relationships	163	9 784	9 947
Technology	3 352	650	4 003
Deferred tax asset	113	-	113
Net working capital	3 366	-	3 366
Cash and cash equivalents	1 609	-	1 609
NET ASSETS	**8 604**	**10 434**	**19 038**

Fair value of consideration paid

Cash	12 053
Seller's credit	12 053
Link shares	12 053
TOTAL CONSIDERATION	**36 160**

Allocation of purchase price

Equity purchase price	36 160
Book value of equity	(6 343)
Excess value	**29 817**
Book value of intangible assets to be allocated	3 515

Excess value to be allocated	**33 332**
Customer relationships	9 947
Technology	4 003
Sum intangible assets	**13 950**
Goodwill excl. deferred tax liability	19 382
Deferred tax liability	1 043
TOTAL GOODWILL	**20 426**

Revenue and profit contribution
The acquired business contributed revenues of TNOK 11 055 and net profit of TNOK 699 to the group for the period 1 October to 31 December 2017. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been revenue of TNOK 32 030 and net loss of TNOK 1 855.

Acquisition of Comvision Sp. z. o. o., (SMSAPI), Poland

On October 19, 2017 LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Comvision Sp. z o. o., providing services under the brand of SMSAPI. SMSAPI has a strong presence in the Polish market, leading the market for self-service mobile messaging in Poland with a market share of more than 40%. SMSAPI is located in Gliwice and has 37 employees. The acquisition was completed based on an agreed enterprise value of EUR 16 million on a cash-free and debt-free basis. The enterprise value is based on an estimated EBITDA for 2017 of EUR 2.66 million multiplied by a factor of 6. The purchase price under the transaction will, subject to customary adjustments, be settled as follows:
• 40% of the purchase price in cash upon closing,
• 34% of the purchase price on Escrow Account to be paid in two equal installments 6 and 18 months after closing, and
• 26% of the purchase price in LINK shares

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

(NOK'000)	Book value	Adjustment	Fair value
Customer relationships	-	44 746	44 746
Technology	12 739	6 180	18 919
Deferred tax asset	269	-	269
Net working capital	7 667	(1 447)	6 220
Cash and cash equivalents	14 852	-	14 852
NET ASSETS	**35 526**	**49 479**	**85 005**

Fair value of consideration paid	
Cash	119 923
Link shares	42 135
TOTAL CONSIDERATION	**162 059**
Allocation of purchase price	
Equity purchase price	162 059
Book value of equity	(35 778)
Excess value	**126 281**
Book value of intangible assets to be allocated	12 990
Excess value to be allocated	**139 271**

Customer relationships	44 746
Technology	18 919
Sum intangible assets	**63 665**
NWC (accounts receivables overdue)	(1 447)
Sum NWC	**(1 447)**
Goodwill excl. deferred tax liability	77 053
Deferred tax liability	9 401
TOTAL GOODWILL	**86 454**

Significant estimate: contingent consideration
The purchase price is based on the assumption that the company will achieve the estimated EBITDA TEUR 2 666 for the financial year ending on 31 December 2017. The difference between actual EBITDA and estimated EBITDA, adjusted according to share purchase agreement, multiplied by 6 will be an adjustment to the purchase price. At 31 December the estimate is that there will be no adjustment of the purchase price.

Revenue and profit contribution
The acquired business contributed revenues of TNOK 39 497 and net profit of TNOK 6 180 to the group for the period 1 October to 31 December 2017. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been TNOK 145 489 and TNOK 19 302 respectively.

Acquisition of Netmessage SARL, France

On October 31, 2017 LINK Mobility Group ASA completed the acquisition of 100 % of the voting equity instruments of Netmessage SARL. Netmessage has a strong position in the French market and is one of the leading mobile messaging and marketing providers in France. The agreed enterprise value of the transaction is EUR 9.8 million, on a cash -free and debt-free basis and assuming a normalized level of working capital. The enterprise value is based on a normalized EBITDA of EUR 1.65 million multiplied by a factor of 6. The purchase price under the transaction will, subject to customary adjustments, be settled as follows:
• 70% of the purchase price in cash upon closing,
• 15% of the purchase price as sellers' credit to be paid in two equal instalments 6 and 12 months after closing. Interest of 4.75% per annum is to be paid in quarterly arrears, and
• 15% of the purchase price to be held in Escrow account and released in two equal instalments 6 and 12 months after closing

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

(NOK'000)	Book value	Adjustment	Fair value
Customer relationships	-	31 825	31 825
Technology	278	10 609	10 887
Fixed assets	527	-	527
Other financial assets	156	-	156
Deferred tax asset	-	-	-
Net working capital	(2 445)	-	(2 445)
Cash and cash equivalents	7 560	-	7 560
NET ASSETS	**6 076**	**42 434**	**48 510**

Fair value of consideration paid

Cash	82 983
Sellers credit	15 232
TOTAL CONSIDERATION	**98 215**

Allocation of purchase price

Equity purchase price	98 215
Book value of equity	(6 076)
Excess value	**92 139**
Book value of intangible assets to be allocated	278
Excess value to be allocated	**92 417**
Customer relationships	31 825
Technology	10 887
Sum intangible assets	**42 712**
Goodwill excl. deferred tax liability	49 705
Deferred tax liability	14 143
TOTAL GOODWILL	**63 848**

Revenue and profit contribution
The acquired business contributed revenues of TNOK 22 051 and net profit of TNOK 1 672 to the group for the period 1 November to 31 December 2017. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been TNOK 82 553 and TNOK 7 303 respectively.

The following acquisitions have taken place in 2016:

Acquisition of Responsfabrikken A/S

On June 29, 2016, LINK acquired 100 % of the voting equity instruments of Responsfabrikken A/S. This acquisition was included, and recorded in the interim financial statements for second quarter 2016. The consideration partly consists of a fixed number of 399 680 LINK shares of which fair value per share increased from NOK 52 to NOK 79 between signing of Term sheet and closing of the transaction. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

Fair value of identifiable assets and liabilities acquired

(NOK'000)	Book value	Adjustment	Fair value
R&D	2 941	(2 941)	-
Machinery and equipment	1 632	-	1 632
Customer relationships	-	13 433	13 433
Technology	-	6 664	6 664

Net working capital	(5 901)	-	(5 901)
Cash and cash equivalents	7 269	-	7 269
NET ASSETS	**5 942**	**17 156**	**23 098**

Fair value of consideration paid	
Cash	20 855
Seller's credit	20 855
Link shares	31 735
Debt and NWC adj.	3 531
TOTAL CONSIDERATION	**76 975**

Allocation of purchase price	
Equity purchase price	76 975
Book value of equity	4 378
Excess value	72 598
Book value of intangible assets to be allocated	2 941
Excess value to be allocated	**75 539**

Customer relationships	13 433
Technology	6 664
Sum intangible assets	**20 097**
Goodwill excl. deferred tax liability	55 441
Deferred tax liability	3 774
TOTAL GOODWILL	**59 216**

Revenue and profit contribution
The acquired business contributed revenues of TNOK 16 337 and net profit of TNOK 789 to the group for the period 1 October to 31 December 2016. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2016 would have been TNOK 47 411 and TNOK 3 194 repectively.

Acquisition of Linus AS

On September 30, 2016LINK acquired 100 % of the voting equity instruments of Linus AS, together with LINK a leading provider of mobile messaging services to the Norwegian financial sector. Fair value of consideration at closing 30th of September 2016 amounted to NOK 90,2 million. The consideration partly consists of a fixed number of 275.716 LINK shares of which fair value per share has increased from NOK 73 to NOK 159 between signing of Term sheet and closing of the transaction. In accordance with the Share Purchase Agreement date19 September 2016, the preliminary purchase price in the acquisition of Linus AS shall after the closing be adjusted with the difference between closing net debt and the preliminary net debt on a NOK for NOK basis, and the difference between closing net working capital and the target net working capital on a NOK for NOK basis. In addition, the purchase price shall be subject to an upwards or downwards earn-out adjustment based on actual achieved EBITDA in Linus for the financial year ending in 31 December 2016. The following post-closing adjustments to the purchase price were recorded in Q4-2016:

- Net debt adjustment -3 683
- Net working capital adjustment -2 032
- Earn-out adjustment -6 128

Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on an updated purchase price allocation are as follows:

(NOK'000)	Book value	Adjustment	Fair value
R&D	815	(815)	-
Deferred tax asset	6	-	-
Machinery and equipment	23	-	23
Customer relationships	-	10 701	10 701
Technology	-	5 127	5 127
Net working capital	(4 079)	-	(4 079)
Cash and cash equivalents	10 131	-	10 131
NET ASSETS	**6 896**	**15 013**	**21 909**

Fair value of consideration paid	
Cash	34 077
Seller's credit	12 273
Link shares	43 839
Earn-out adjustment*	-6 000
Net debt adjustment	-3 683
Net working capital adj.	-2 022
TOTAL CONSIDERATION	**78 484**

* Earn-out adjustment is accounted for in income statement as change in estimate, see note 11.

Purchase price	78 356
Earn-out adjustment P&L	6 128
Equity purchase price	84 484

Allocation of purchase price	
Equity purchase price	84 484
Book value of equity	7 854
Excess value	**76 630**
Book value of intangible assets to be allocated	821
Excess value to be allocated	**77 451**

Deferred tax asset	6
Customer relationships	10 701
Technology	5 127
Sum intangible assets	**15 834**
Goodwill excl. deferred tax liability	61 617
Deferred tax liability	3 753
TOTAL GOODWILL	**65 370**

Significant estimate: contingent consideration
The purchase price is based on the assumption that the company will achieve the target EBITDA NOK 9 mill for the financial year ending on 31 December 2016. The difference between actual EBITDA and target EBITDA multiplied by 6 will be an adjustment to the purchase price. At 31 December the adjustement has been estimated to a reduced purchase price amounted to NOK 6,1 mill.

Revenue and profit contribution
The acquired business contributed revenues of TNOK 14 327 and net profit of TNOK 1 492 to the group for the period 1 October to 31 December 2016. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2016 would have been TNOK 53 101 and TNOK 5 951 repectively.

Acquisition of Whatever Mobile Group

On September 30, 2016, LINK acquired 100 % of the voting equity instruments of Whatever Mobile Group, Germany's leading provider of mobile messaging services. Fair value of consideration at closing 30th of September 2016 amounted to NOK 255.3 million. The consideration partly consists of a fixed number of 814.739 LINK shares of which fair value per share has increased from NOK 77 to NOK 159 between signing of Term sheet and closing of the transaction. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

Fair value of identifiable assets and liabilities acquired

(NOK'000)	Book value	Adjustment	Fair value
Software, patents and similar rights	191	(191)	-
Property, plant & equipment	816	-	816
Investments in affiliates	-	-	-
Customer relationships	-	48 172	48 172
Technology	-	23 908	23 908
Net working capital	10 579	-	10 579
Cash and cash equivalents	8 217	-	8 217
NET ASSETS	**19 803**	**71 889**	**91 692**

Fair value of consideration paid	
Cash	62 861
Seller's credit	62 861
Link shares	129 544
Adjustment	-
TOTAL CONSIDERATION	**255 265**

Allocation of purchase price	
Equity purchase price	255 265
Book value of equity	15 574
Excess value	**239 691**
Book value of intangible assets to be allocated	191
Excess value to be allocated	**239 882**
Customer relationships	48 172
Technology	23 908
Sum intangible assets	**72 080**

Goodwill excl. deferred tax liability	167 802
Deferred tax liability	21 696
TOTAL GOODWILL	**189 498**

Revenue and profit contribution
The acquired business contributed revenues of TNOK 61 986 and net profit of TNOK 3 239 to the group for the period 1 October to 31 December 2016. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2016 would have been TNOK 252 947 and TNOK 13 775 repectively.

Acquisition of Labyrintti Group

On September 30, 2016 LINK acquired 100 % of the voting equity instruments of Labyrintti Group, Finland's leading provider of B2C mobile messaging services. Fair value of consideration at closing 30th of September 2016 amounted to NOK 112,7 million. The consideration partly consists of a fixed number of 291.692 LINK shares of which fair value per share has increased from NOK 120 to NOK 159 between signing of Term sheet and closing of the transaction. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

Fair value of identifiable assets and liabilities acquired

(NOK'000)	Book value	Adjustment	Fair value
Tangible fixed assets	16	-	16
Customer relationships	-	22 097	22 097
Technology	-	4 858	4 858
Net working capital	(1 486)	-	(1 486)
Cash and cash equivalents	17 022	-	17 022
NET ASSETS	**15 552**	**26 955**	**42 508**

Fair value of consideration paid	
Cash	37 743
Seller's credit	26 960
Link shares	46 379
Tax costs (Verohallinto)	1 636
TOTAL CONSIDERATION	**112 717**

Allocation of purchase price	
Equity purchase price	112 717
Book value of equity	15 552
Excess value	**97 165**
Book value of intangible assets to be allocated	-
Excess value to be allocated	**97 165**
Customer relationships	22 097
Technology	4 858
Sum intangible assets	**26 955**

Goodwill excl. deferred tax liability	70 210
Deferred tax liability	5 391
TOTAL GOODWILL	**75 601**

Significant estimate: contingent consideration:
In the event that the EBITDA for the financial period 1 January - 31 December 2016 exceed EUR 1,9 mill, LINK have to pay an addition to the purchase price of EUR 400 000 to the Sellers. At 31 December it is estimated that this criteria is not reached, and no adjustments have been made to the purchase price.

Revenue and profit contribution
The acquired business contributed revenues of TNOK 16 028 and net profit of TNOK 3 425 to the group for the period 1 October to 31 December 2016. If the acquisition had occurred on 1 January consolidated pro-forma revenue and profit for the year ended 31 December 2016 would have been TNOK 58 120 and TNOK 15 401 repectively.

Acquisition of Globalmouth Marketing AB

On October 3, 2016 LINK Mobility Group ASA's fully owned Swedish subsidiary, LINK Mobilty AB, acquired 100 % of the voting equity instruments of Globalmouth Marketing AB. Globalmouth is the leading provider of mobile messaging services to the Swedish gaming business. The agreed enterprise value of the transaction is SEK 12.2 million on a cash-free and debt-free basis and assuming a normalized level of net working capital. The enterprise value of the transactions is based on an earn out model with an EBITDA multiple of 4. The purchase price under the transaction will, subject to customary adjustments, be settled with SEK 2.5 million paid in cash at closing, and SEK 9.8 million in estimate on earn out to be settled during a one year period. Estimate for earn out adjustment part was at closing adjusted to SEK 10,5 million. Details of the fair value of identifiable assets and liabilities acquired, purchase consideration and goodwill based on a provisionary purchase price allocation are as follows:

Fair value of consideration paid

(NOK'000)	Fair value
Cash	2 318
Earn-out adjustment	10 034
TOTAL CONSIDERATION	**12 352**

Allocation of purchase price	
Equity purchase price	12 352
Book value of equity	762
Excess value	**11 590**
Book value of intangible assets to be allocated	-
Excess value to be allocated	**11 590**
Goodwill excl. deferred tax liability	11 590
TOTAL GOODWILL	**11 590**

Significant estimate: contingent consideration
The total purchase price is based on an earn-out model, based on an agreed upon EBITDA ,12 months forward from closing date. The target EBITDA is multiplied by 4 to determine the purchase price. The estimated purchase price by 31.12. is SEK 13 million.

Revenue and profit contribution
The acquired business contributed revenues of TNOK 3 460 and net profit of TNOK 766 to the group for the period 1 October to 31 December 2016. Global Mouth was established 1 June 2016. If the acquisition had occurred on 1 June consolidated pro-forma revenue and profit for the year ended 31 December 2016 would have been TNOK 15 591 and TNOK 3 811 repectively.

Note 15 – Trade and other receivables

Specification of trade and other receivables	2017	2016
Trade receivables	348 749	133 210
Other receivables	41 646	33 313
Trade and other receivables	**390 395**	**166 523**
Prepaid costs	22 419	2 968
Prepaid public duty debt	126	21
Prepayments	**22 545**	**2 990**
Total	**412 940**	**169 513**

Fair value of trade & other receivables	2017	2016
Trade receivables*	348 749	130 220
Other receivables	41 646	36 303
Fair value	**390 395**	**166 523**

For receivables due within one year, fair value is considered not significantly different from book value.

Provisions for bad debt	2017	2016
Realized losses during the year	1 728	389
Provision for bad debt 01.01.	2 138	1 129
Provision for bad debt 31.12.	3 330	2 138

Overdue Trade Receivables	2017	2016
Not overdue	309 442	89 925
Overdue less than 1 month	24 773	31 870
Overdue 1-2 months	3 496	4 250
Overdue 2-3 months	4 279	2 979
Overdue 3-6 months	2 751	992
Overdue 6-12 months	2 090	1 969
Overdue more than 12 months	1 917	1 225
Total	**348 749**	**133 210**

Note 16 – Bank deposits

Cash and Cash Equivalents	2017	2016
Cash in bank	342 658	187 924
Total Cash and Cash Equivalents	**342 658**	**187 924**

Restricted Cash	2017	2016
Taxes withheld	4 258	2 834
Other restricted cash	2 290	729
Total restricted cash	**6 548**	**3 563**

Note 17 – Equity and Shareholder information

2017	Number of Shares	Nominal value
At 1. January 2017	13 086 907	1
Issue of share capital	1 180 555	1
At 31. December 2017	**14 267 462**	**1**

Every share has one vote right according to statutory provisions on voting.

Issue of share capital
A total of 189.102 new shares with par value NOK 1 were issued in the first quarter, increasing the share capital from 13.086.907 to NOK 13.276.009.

The Board of Directors decided to increase the share capital with NOK 33.333 by issuing 33.333 new shares with par value NOK 1 at the price of NOK 35 per share at its meeting 3rd of February 2017. The shares were issued to Jan-Tore Kjær in connection with the exercise of share option agreement.

The Board of Directors decided to increase the share capital with NOK 155.769 by issuing 155.769 new shares with par value NOK 1 at the price of NOK 128.50 per share at its meeting the 31stof March 2017. The shares were issued to the sellers of Didimo Group. See note 8 for more information regarding the acquisition.

The total of 233.329 new shares with par value NOK 1 were issued in the second quarter, increasing the share capital from 13.276.009 to NOK 13.509.338.

The Board of Directors decided to increase the share capital with NOK 16.667 by issuing 16.667 new shares with par value NOK 1 at the price NOK 35 per share at its meeting April 3rd 2017. The shares were issued to Markus Lindstrøm. Pursuant to the share option agreement, 16.667 options were earned on the 8th of March 2017, with a strike price of NOK 35 and a deadline to subscribe within the 8th of June 2019. The options were exercised by Markus Lindstrøm on April 3rd 2017.

The Board of Directors decided to increase the share capital with NOK 216.662 by issuing 216.662 new shares with par value NOK 1 at the price NOK 27,80 per share at its meeting May 3rd 2017. The shares were issued to key employees. Pursuant to the share option agreement, 216.662 options were earned on the 30th of April 2017, with a strike price of NOK 27,80 and a deadline to subscribe within the 30th of October 2018. The options were exercised on May 3rd 2017.

The total of 280.318 new shares with par value NOK 1 were issued in third quarter 2017, increasing the share capital from 13.509.338 to NOK 13.789.656. The Board of Directors decided to increase the share capital with NOK 230.318 by issuing

230.318 new shares with par value NOK 1 at the price NOK 120.50 per shares at its meeting 15 August 2017. The shares were issued to the sellers of Vianett AS.

The Board of Directors decided to increase the share capital with NOK 50.000 by issuing 50.000 new shares with par value NOK 1 at the price NOK 27.80 per share at its meeting 9 August 2017. The shares were issued as part of the option program. Pursuant to the share option agreement, 50.000 options were earned on 30 April 2017, with a strike price of NOK 27.80 and a deadline to subscribe within 30 October 2018. The options were exercised on 9 August 2017.

The total of 477.806 new shares with par value NOK 1 were issued in fourth quarter 2017, increasing the share capital from 13.789.656 to NOK 14.267.462.

The Board of Directors decided to increase the share capital with NOK 96.683 by issuing 96.683 new shares with par value NOK 1 at the price NOK 124.50 per shares at its meeting 2 October 2017. The shares were issued to the sellers of Voicecom AD.

The Board of Directors decided to increase the share capital with NOK 381.123 by issuing 381.123 new shares with par value NOK 1 at the price NOK 109.50 per share at its meeting 19 October 2017. The shares were issued to the sellers of Comvision Sp. z.o.o.

20 largest shareholders at December 31, 2017:

	Shares	%
RUGZ AS	1 455 642	10,20 %
SUNDAHL APS	1 097 841	7,69 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	801 428	5,62 %
SEVENCS AS	756 565	5,30 %
JPMORGAN CHASE BANK, N.A., LONDON	646 590	4,53 %
RUGZ II AS	622 789	4,37 %
SWEDBANK ROBUR NORDENFON	450 000	3,15 %
FONDITA NORDIC SMALL CAP INVESTMEN	415 000	2,91 %
SAXO BANK A/s	386 143	2,71 %
VERDIPAPIRFONDET DNB SMB	352 861	2,47 %
KLP AKSJENORGE	342 288	2,40 %
SEB PRIME SOLUTIONS SISSENER CANOP	300 000	2,10 %
PRESTTUN AS	275 353	1,93 %
AVANZA BANK AB	246 184	1,73 %
HOLTA INVEST AS	230 318	1,61 %
GUNNAR LANDGRAFF AS	222 729	1,56 %
KOMMUNAL LANSPENSJONSKASSE	215 908	1,51 %
SKADI AS	200 727	1,41 %
TONITO AS	193 563	1,36 %
SKANDINAVISKA ENSKILDA BANKEN AB	184 283	1,29 %
20 largest shareholders, ownership > 1 %	**9 396 212**	**65,86 %**
Total remaining shareholders	4 871 250	34,14 %
Total number of shares	**14 267 462**	**100 %**

Shares directly or indirectly held by members of the Board of Directors and Executive Management:

Name	Title	Number of Shares	Ownership Share
Jens Ragnar Rugseth	Chairman of the Board	2 078 431	14,57 %
Rune Syversen	Board Member	756 565	5,30 %
Søren Sundahl	Board Member	1 097 841	7,69 %
Tove Kristin Giske	Board Member	4 425	0,03 %
Bjørn-Christian Pedersen	Board Member	485	0,00 %
Lillian Nordgaard Flora	Board Member	539	0,00 %
Ingeborg Margrethe Liahjell	Board Member	500	0,00 %
Arild Hustad	CEO	125 833	0,88 %
Lars Christian Iuel	CCO	5 000	0,04 %

2016	Number of Shares	Nominal value
At 1. January 2016	9 641 384	1
Issue of share capital	3 445 523	1
At 31. December 2016	**13 086 907**	**1**

Every share has one vote right according to statutory provisions on voting.

Issue of share capital
The Board of Link Mobility Group ASA decided to increase the share capital with NOK 224.999 by issuing 224.999 new shares at par value NOK 1 at the price NOK 27,80 per shares at its meeting 18 June 2015. The shares were issued related to the option program for key employees 11 May 2015.

The Board of Link Mobility Group ASA decided to increase the share capital with NOK 399.680 by issuing 399.680 new shares at par value NOK 1 at the price NOK 52 per shares at its meeting 16 June 2016. The shares were issued to REFA Holding A/S, the seller of Responsfabrikken A/S. See note 13 for more information regarding the acquisition.

The Board of Directors decided to increase the share capital with NOK 814.739 by issuing 814.739 new shares with par value NOK 1 at the price NOK 77.62 per shares at its meeting 30th of September 2016. The shares were issued to the sellers of Whatever Mobile Group. See note 13 for more information regarding the acquisition.

The Board of Directors decided to increase the share capital with NOK 275.716 by issuing 275.716 new shares with par value NOK 1 at the price NOK 73 per shares at its meeting 30th of September 2016. The shares were issued to the sellers of Linus AS. See note 13 for more information regarding the acquisition.

The Board of Directors decided to increase the share capital with NOK 291.692 by issuing 291.692 new shares with par value NOK 1 at the price NOK 120 per shares at its meeting 30th of September 2016. The shares were issued to the sellers of Labyrintti Oy. See note 13 for more information regarding the acquisition.

The Board of Directors decided to increase the share capital with NOK 146.449 by issuing 146.449 new shares with par value NOK 1 at the price NOK 153.03 per shares at its meeting 30th of September 2016. The shares were issued to Sundahl ApS, by partly converting Sundahl ApS' seller's credit of DKK 25.844.000 issued in connection with LINK's acquisition of Cool Group ApS in June 2015. On 13 September 2016, LINK entered into an agreement with Sundahl ApS granting Sundahl ApS a right to convert up to the full amount under the seller's credit into shares in LINK for the purpose of maintaining its initial ownership share in LINK.

An extraordinary General Assembly Meeting held on the 20th of October 2016 adopted a resolution to increase the share capital with NOK 666.666 by issuing 666.666 new shares with par value NOK 1 at the price NOK 150 per shares. The new shares were subscribed by Arctic Securities AS, Sparebank1 Markets AS and Swedbank Norge, branch of Swedbank AB (publ.) on behalf of the subscribers in the private placement. The increase of 666.666 shares were registered with the Norwegian Register of Business Enterprise on 26th of October.

In October 2016, the holders of 300,000 warrants exercised all the warrants and the Company issued 300,000 shares to the holders of the Warrants at a subscription price of NOK 6 per share. The warrants, issued by the Company's general meeting on 26 June 2013, were exercisable within 30 October 2016. The increase of 300.000 shares were registered with the Norwegian Register of Business Enterprise on 8 November 2016.

The Board of Directors decided to increase the share capital with NOK 58.918 by issuing 58.918 new shares with par value NOK 1 at the price NOK 153.03 per shares in its meeting on 7 November 2016. The shares were issued to Sundahl ApS, by converting the remaining seller’s credit from of DKK 7.369.382 issued by Sundahl ApS in connection with LINK's acquisition of Cool Group ApS in June 2015. On 13 September 2016, LINK entered into an agreement with Sundahl ApS granting Sundahl ApS a right to convert up to the full amount under the seller's credit into shares in LINK for the purpose of maintaining its initial ownership share in LINK.

The Board of Link Mobility Group ASA decided to increase the share capital with NOK 100.000 by issuing 100.000 new shares with par value NOK 1 at the price NOK 35 per shares at its meeting 17 November 2016. The shares were issued to the Company's CEO Arild E Hustad. Pursuant to the share option agreement, 100,000 options were earned on 15 November 2016, with a strike price of NOK 35.00 and a deadline to subscribe within 1 December 2016. The options were exercised by Arild E Hustad on 15 November 2016.

The Board of Link Mobility Group ASA decided to increase the share capital with NOK 166.666 by issuing 166.666 new shares with par value NOK 1 at the price NOK 150 per shares at its meeting 5 December 2016. The shares were issued and allocated to subscribers in the Subsequent Offering by authorization from the extraordinary general meeting on 20 October 2016.

The shares are freely tradable and there is to the knowledge of the Board no shareholders' agreement in the company regarding exercise of voting power or limiting trading in the shares.

20 largest shareholders at December 31, 2016:

	Shares	%
RUGZ AS V/JENS RUGSETH	1 455 642	11,12 %
SUNDAHL APS V/SØREN SUNDAHL	1 309 304	10,00 %
SEVENCS AS V/RUNE SYVERSEN	756 565	5,78 %
STOREBRAND VEKST	715 413	5,47 %
SPARK CONSULT GMBH	623 275	4,76 %
RUGZ II AS V/JENS RUGSETH	622 789	4,76 %
VERDIPAPIRFONDET DNB SMB	570 211	4,36 %
JPMORGAN CHASE BANK	434 241	3,32 %
PRESTTUN AS	319 031	2,44 %
FUTURUM CAPITAL AS	316 376	2,42 %
RADIX AS	250 727	1,92 %
DNB NOR MARKETS	250 000	1,91 %
GUNNAR LANDGRAFF AS	232 300	1,78 %
SEB PRIME SOLUTIONS SISSENER CANOP	200 000	1,53 %
TONITO AS	193 659	1,48 %
HARALD DAHL	190 633	1,46 %
VERDIPAPIRFONDET ALFRED BERG GAMBA	183 917	1,41 %
MOBILSTEP AS	172 118	1,32 %
DEUTSCHE BANK AG	170 654	1,30 %
VERDIPAPIRFONDET STOREBRAND OPTIMA	146 000	1,12 %
20 largest shareholders, ownership > 1%	**9 112 855**	**69,63 %**
Total remaining shareholders	3 974 052	30,37 %
Total number of shares	**13 086 907**	**100 %**

Shares directly or indirectly held by members of the Board of Directors and Executive Management:

Name	Title	Number of Shares	Ownership Share
Jens Ragnar Rugseth	Chairman of the Board	2 078 431	15,88 %
Rune Syversen	Member of the Board	756 565	5,78 %
Søren Sundahl	Member of the Board	1 309 304	10,00 %
Arild Hustad	CEO	122 333	0,93 %

Note 18 – Borrowings and sellers credit

Long-term liabilities	2017	2016
Sellers credit	168 231	117 332
Debt to financial institutions	-	88 350
Bond loan	773 214	-
Other long term liabilities	258	-
Total long-term liabilities	**941 703**	**205 682**

Short term liabilities	**2017**	**2016**
Sellers credit short term	29 109	19 821
Debt to financial institutions*	-	73 378
Short term liabilities bond loan*	13 128	-
Total short-term liabilities	**42 237**	**93 199**

**Instalments within a 12 months periode is classified as short term debt, including non-capitalized interest.*

The fair value of borrowings has been calculated, there is no material difference from booked value

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 strategy.

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

Currency	Debt outstanding	Amortized cost EUR	Amortized cost NOK	Maturity	Term	Interest	Due date interest
EUR	80 000	78 700	773 214	24.02.2022	5 years	4,75 %	Half yearly

Accrued interest bond is classified under short term liabilities bond loan in balance statement.

The line item bond loan consists of:

	2017
Principal amount	732 391
Transaction costs	(14 838)
Amortization	2 018
Currency translation effects	53 643
Carrying amount	**773 214**

Sellers credit
Sellers credit arises from business combinations made. See note 14 for further information.

Sellers credit with instalments with due date within 12 months are classified as seller's credit short term in balance statement. Total amounted to TNOK 29 109 (19 821 in 2016)

2017

(000')	Date of acquisition	Curr-ency	Outstanding debt 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	Half yearly, 1 year	4,75 %	Quarterly
Total sellers credit			**197 340**				

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

Seller's credit from the acquisition of Netmessage, initial amounted TEUR 1 500, 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.

2016

(000')	Date of acquisition	Curr-ency	Outstanding debt NOK	Maturity	Term	Interest	Due date interest
Acquisition of PSWinCom	31.12.2014	NOK	19 821	30.12.2017	3 years	5,00 %	Quarterly
Acquisition of Responsfabrikken A/S	30.06.2016	DKK	20 370	29.06.2019	3 years	5,00 %	Quarterly
Aquistion of Linus AS	30.09.2016	NOK	6 144	30.09.2019	3 years	5,00 %	Quarterly
Aquistion of Labyrintti Group	30.09.2016	EUR	27 259	30.09.2019	3 years	5,00 %	Quarterly
Aquistion of Whatever Mobile Group	30.06.2017	EUR	63 559	30.09.2019	3 years	5,00 %	Quarterly
Total			**137 153**				

2017

Maturity analysis of borrowings (including interest):	< 3 months	3 months- 1 year	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 liabilities	99	99	59	-	-
Total	**24 657**	**51 858**	**177 823**	**915 784**	**-**

2016

Maturity analysis borrowings (including interest):	< 3 months	3 months-1 year	1-2 years	2-5 years	5 years
Financial institutions	19 518	57 293	65 759	23 360	-
Sellers Credit	1 624	24 867	25 894	95 639	-
Other long-term liabilities	-	-	-	-	-
Total	**21 142**	**82 160**	**91 652**	**120 999**	**-**

Collateral
In connection with the bond issue further described above, Nordic Trustee AS has been granted certain guarantees and security interests for the benefit of the bondholders. These securities include, inter alia, first priority pledges over all outstanding shares in all of LINK's subsidiaries. Furthermore, Nordic Trustee has been granted a first ranking security interest over all operating assets, account receivables and monetary claims in all group companies incorporated in Norway (i.e. LINK Mobility Group ASA, LINK Mobility AS, Vianett AS and Sendega AS). In addition, all of LINK's material group companies (as defined in the bond agreement) have issued guarantees for LINK's contractual performance under the bond agreement.

The carrying amounts of assets pledged as security for bond loan are:	2017	2016
Current assets:		
Trade receivables	40 281	21 700
Non-current assets:		
Equipment and fixtures	657	-
Total	**40 938**	**21 700**

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

2017	Sellers credit	Bond loan	Debt to financial institutions	Total
01.01.	**137 153**	**-**	**161 728**	**298 881**
Cash flows	(26 759)	732 391	(161 728)	543 904
New debt from acquired entities	74 339	-	12 877	87 216
Cancellation of debts	-	-	(12 877)	(12 877)
Effects of foreign exchange	12 607	53 643	-	66 250
Transaction costs	-	(14 838)	-	(14 838)
Amotization		2 018		2 018
Accrued interest	-	13 128	-	13 128
31.12.	**197 340**	**786 342**	-	**983 682**

Note 19 – Trade and other payables

Trade and other payables	2 017	2 016
Trade payables	283 850	103 995
Public duties	46 020	26 521
Accrued vacation pay	14 409	12 623
Accrued expenses	89 365	61 815
Total trade and other payables	**433 645**	**204 954**

Short-term payables and provisions are non-interest bearing and are due within the next 12 months.

2017:

Maturity analysis trade and other payables	< 3 months	3 – 6 months	6 months - 1 year
Trade & other payables	283 747	52	52
Public duties	41 869	4 151	-
Accrued vacation pay	-	6 688	7 721
Accrued expenses	88 774	531	60
Total	**414 389**	**11 423**	**7 833**

2016

Maturity analysis trade and other payables	< 3 months	3 – 6 months	6 months - 1 year
Trade & other payables	98 417	5 578	-
Public duties	26 521	-	-
Accrued vacation pay	5 592	4 632	2 399
Accrued expenses	43 345	18 470	-
Total	**173 875**	**28 680**	**2 399**

Note 20 – Pensions

The pension plans in LINK Mobility comply with the pension legislation of the respective countries. The pension plans require that LINK Mobility 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.

Pension expenses on defined contribution plans were TNOK 13 134 in 2017. For the financial year of 2016 the total pension cost amounted to TNOK 5 331.

Note 21 – Share based compensation

Share options have been allotted to management and selected key employees. Each share option allows for the subscription of one share in LINK Mobility Group ASA. The fair value of the options is calculated when they are allotted and expensed over the vesting period.

The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that takes into account the excercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk free interest. The expected volatility is based on historical volatility for a selection of comparable listed companies. Risk free interest is based on treasury bond with same maturity as the option program.

Allotment of share options	Options 01.01.2017	Granted during the year	Exercised during the year	Forfeited during the year	Average strike price	Average strike price excercised options	Remaining share options	Expiry date
Option program 1	508 336	-	(266 662)	(108 334)	28	28	133 340	31.10.2018
Option program 2	200 000	-	-	-	45	-	200 000	01.12.2019
Option program 3	100 000	-	(33 333)	-	35	35	66 667	30.03.2019
Option program 4	50 000	-	(16 667)	-	45	35	33 333	21.06.2019
Option program 5	150 000	-	-	-	45	-	150 000	01.09.2019
Option program 6	50 000	-	-	(33 333)	147	-	16 667	15.12.2019
Option program 7	50 000	-	-	(33 333)	119	-	16 667	01.12.2019
Option program 8	-	35 000	-	-	165	-	35 000	02.03.2020
Option program 9	-	100 000	-	(50 000)	165	-	50 000	02.03.2020
Option program 10	-	100 000	-	-	165	-	100 000	02.03.2020
Option program 11	-	50 000	-	-	158	-	50 000	01.03.2020
Option program 12	-	50 000	-	-	141	-	50 000	17.11.2020
Option program 13	-	50 000	-	-	120	-	50 000	28.11.2020
Option program 14	-	50 000	-	-	129	-	50 000	28.01.2021
Total	**1 108 336**	**435 000**	**(316 662)**	**(225 000)**			**1 001 674**	
Vested and exercisable at 31.12							**100 000**	

Variables in the model for the allotment of options	2017	2016
Expected life	1-3 year	1-3 year
Risk free interest	0,36 % -0,85 %	0,36 % -0,85 %
Volatility	33,7 % - 42,1 %	35,5 % - 42,1 %

Expenses arising from share based payment	2017	2016
Expensed in P&L, incl. social security tax	19 212	18 038

Share based payments compensated to key management are as follows:

	Options 01.01.2017	Granted during the year	Exercised during the year	Forfeited during the year	Average strike price	Average strike price excercised options	Remaining share options	Expiry date
Arild Hustad	200 000	-	-	-	45	-	200 000	01.12.2019
Thomas Berge	150 000	-	-	-	45	-	150 000	01.09.2019
Lars Christian Iuel	-	50 000	-	-	141	-	50 000	17.11.2020
Krister Tånneryd	100 000	-	(50 000)	-	28	28	50 000	31.10.2018
Søren Sundahl	-	50 000	-	-	165	-	50 000	02.03.2020
Janicke Wrige	-	50 000	-	-	165	-	50 000	02.03.2020
Total	**450 000**	**150 000**	**(50 000)**	**-**			**550 000**	

Note 22 – Related party transactions

All transactions are in accordance with the arm's length principle and as part of ordinary operations. The following transactions were carried out with related parties:

Sales (+) and purchases (-) of goods and services (excl VAT)	2017	2016
Crayon AS (Jens Rugseth, Rune Syvertsen)	(1 237)	(748)
Complit Holding AS (Jens Rugseth, Rune Syvertsen)	-	(305)
Futurum Capital AS (Harald Dahl)	-	-
Ejendomsselskabet Pyramiden ApS (Owned by Søren Sundahl)	(988)	(868)
Office rents (Tampere office owned by employees in Group)	-	(325)

All transactions are in accordance with the arm’s length principle and as part of ordinary operations.

Office rents Tampere is no longer a transaction with related party as defined in IAS 24.

Year-end balances arising from sales/purchases of goods/services (incl VAT)	2017	2016
Receivables from related parties	-	-
Payables from related parties		
Complit Holding AS (Jens Rugseth, Rune Syvertsen)	-	(38)
Crayon AS (Jens Rugseth, Rune Syvertsen)	(60)	-

Note 23 – Contingencies and legal claims

LINK is not involved in any major disputes or trials as at the balance sheet date or as at today, that might lead to any financial obligations or fines. Neither the executive management nor the board are aware of any such incidents that might have a negative impact on the Group.

Note 24 – Rent and lease agreements

The main rent agreement for LINK Mobility relates to rent of the offices of the different companies in the respective countries. Total office rent expensed in 2017 amounted to TNOK 10 296 (2016: TNOK 8 172). LINK has pr 31.12.17 material rental agreements related to premises in Oslo, Stockholm, Malmö, Kolding, Copenhagen, Hamburg, Tampere, Gliwice, Sofia, Madrid and Paris.

Total cost rental and lease as expensed in P&L	2017	2016
Rent	10 296	8 172
Office equipment	348	334
Other leases	417	135
Total rental expense relating to operating leases	**11 061**	**8 641**

Future minimum lease payment (non-discounted values) on operating lease	2017	2016
Payable within one year	8 428	8 641
Payable between 1 and 5 years	11 338	10 415
Payable later than 5 years	2 447	-
Total future minimum lease payments	**22 213**	**19 056**

Note 25 – Subsequent events

Acquisition of Horisen Messaging, Switzerland

On 5 January 2018, LINK Mobility Group ASA completed the acquisition of 100 % of the voting equity instruments of Horisen Messaging located in Rorschach. Horisen Messaging is the leading mobile messaging provider in Switzerland with more than 30% market share and a strong international network. The agreed enterprise value of the transaction is EUR 9.0 million, on a cash -free and debt-free basis and based on a normalized EBITDA of EUR 1.8 million multiplied by a factor of 5.
The purchase price under the transaction will, subject to customary adjustments, be settled as follows:
• 57% of the purchase price in cash upon closing
• 43% of the purchase price in LINK shares upon closing

Acquisition of Simple SMS Group, Austria

On 24 January 2018, LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Simple SMS Group, a strong positioned mobile messaging provider in Austria with approximately 25% market share in the small and medium sized business segment. Simple SMS Group's offices are located in Wels and has 8 employees. The acquisition was completed based on an updated estimated enterprise value of EUR 2.242 million, on a cash-free and debt-free basis. The

enterprise value is based on an adjusted EBITDA of EUR 0.358 million multiplied by a factor of 6.25. The purchase price under the transaction will, subject to customary adjustments, be settled as follows:
• 30% of the purchase price in cash upon closing,
• 20% of the purchase price as sellers' credit to be paid within three years after closing. Interest of 4.75% per annum is to be paid in quarterly arrears
• 50% of the purchase price in LINK shares

Acquisition of SMS.it, Italy

On 26 January 2018 LINK announced signing of term sheets regarding the acquisitions of the Italian mobile messaging company SMS.it, its second acquisition in the Italian market. The agreed enterprise value of SMS.it is EUR 8.011 million, on a cash-free and debt-free basis and assuming a normalized level of working capital. The purchase price is based on a multiple of 6.9 times 2017 estimated adjusted EBITDA. SMS.it expect to report revenues for 2017 of EUR 10.8 million. The acquisition will be settled with 1/3 to be held on Escrow Account, 1/3 in cash, and 1/3 in LINK shares.

Acquisition of Archynet s.r.l (TotalConnect), Italia

On 31 January 2018, LINK Mobility Group ASA acquired 100 % of the voting equity instruments of Archynet s.r.l, a strong positioned mobile messaging provider in Italy with direct interconnect with the Italian mobile operators and is located in Turin. The acquisition was completed based on an agreed estimated enterprise value of EUR 2.475 million, on a cash-free and debt-free basis. The enterprise value is based on an estimated EBITDA of EUR 0.450 million multiplied by a factor of 5.5. The purchase price under the transaction will, subject to customary adjustments, be settled as follows:
• 1/3 of the purchase price in cash upon closing,
• 1/3 of the purchase price as sellers' credit to be paid within three years after closing. Interest of 4.75% per annum is to be paid in quarterly arrears
• 1/3 of the purchase price in LINK shares

Acquisition of Teracomm companies

On 26 February 2018 LINK announced signing of term sheets regarding the acquisitions of the South Eastern Europe mobile messaging operations TERA COMMUNICATIONS AD, TERAVOICE AD, TERAVOICE EAD, ALLTERPAY EOOD, TERACOMM RO SLR and TERA COMMUNICATIONS DOOEL together forming the Teracomm companies. The Teracomm companies are among the leading providers of mobile services in the region. The agreed enterprise value of the transaction is EUR 8.8 million, on a cash-free and debt-free basis and assuming a normalized level of working capital. The purchase price is based on a multiple of 5.5 times 2017 adjusted consolidated pro-forma EBITDA of EUR 1.6 million. Teracomm expect to report revenues for 2017 of EUR 11.9 million. The acquisition will be settled as follows:
• 1/3 of the purchase price in cash upon closing,
• 1/3 of the purchase price as sellers' credit with quarterly payable 4.75% interest per annum and a maturity date 3 year after closing, and
• 1/3 of the purchase price in LINK shares

New share capital registered after balance date

In connection with the acquisition of Horisen Messaging, the Board of directors resolved to issue 328 529 new shares in the Company as partial consideration to the sellers. In connection with the acquisition of Simple SMS Group, the Board of directors resolved to issue 65 969 new shares in the Company as partial consideration to the sellers. In connection with the acquisition of Archynet S.r.l (Total Connect), the Board of directors resolved to issue 75 310 new shares in the Company as partial consideration to the sellers. In relation to exercise of options by company employees, the Board of directors resolved to issue 50 000 new shares.

The Company's new share capital is NOK 14 787 270 divided into 14 787 270 shares, each with a nominal value of NOK 1.

Note 26 - Proforma information

If the acquisition of subsidiaries in 2017 had occured on 1 January 2017, consolidated revenue and EBITDA would have been as follows:

Consolidated Profit and Loss proforma

	2017	2016
Operating revenues	1 754 052	923 862
Total operating revenues	**1 754 052**	**923 862**
Adjusted EBITDA	**208 823**	**110 441**
EBITDA	**155 761**	**78 960**

These amounts have been calculated using the subsidiary's results in the period before acquisition, and adjusted them for differences in the accounting principles between the Group and the subsidiary .

APPENDIX 1 - ALTERNATIV PERFORMANCE MEASURES ("APM'S)

The European Securities and Markets Authority (ESMA) issued guidelines on Alternative Performance Measures ("APMs") for listed issuers effective from 3 July 2016. An APM is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified in the applicable financial reporting framework.

In this annual report, the Group presents certain alternative performance measures ("APMs"), including EBIT, EBITDA, adjusted EBITDA and adjusted EBITDA margin. The Group believes that APMs such as EBIT and EBITDA are commonly reported by companies in the markets in which it competes and are widely used by investors in comparing performance on a consistent basis without regard to factors such as depreciation and amortisation, which can vary significantly, depending upon accounting methods (particularly when acquisitions have occurred) or based on non-operating factors. Below follows a short description of these APMs:

EBIT
EBIT means Earnings before interest and taxes. EBIT is a performance measure applied to express profitability of operating activities. EBIT is presented in note 5 *Revenue and segment reporting*.

EBITDA
EBITDA means Earnings before interest, taxes, amortisation, depreciation and impairments. Link Mobility has presented EBITDA in the consolidated statement of profit and loss because management believes that the measure provides useful information regarding the Group's ability to service debt and to fund capital expenditures and provides a helpful measure for comparing its operating performance with that of other companies.

Adjusted EBITDA
Adjusted EBITDA means EBITDA deducted by expenses related to significant one-time, non-recurring events such as acquisitions and restructuring activities, legal advisors and share-based compensation. LINK Mobility has presented adjusted EBITDA in the consolidated statement of profit and loss because management believes the measure provides useful information regarding operating performance.

Adjusted EBITDA margin
Adjusted EBITDA margin is presented as adjusted EBITDA as a percentage of operating revenues in the respective periods.

See below for a reconciliation of EBIT to Adjusted EBITDA, and adjusted EBITDA margin.

	2017	2016
Operating profit (loss), ("EBIT")	45 213	13 180
Depreciation intangible assets	41 710	24 274
EBITDA	**86 924**	**37 454**
Restructuring costs	7 641	-
Expenses related to acquisitions	26 209	11 939
Share based compensation	19 212	18 038
Adjusted EBITDA	**139 986**	**67 431**
Operating revenues	1 294 002	621 606
Adjusted EBITDA	139 986	67 431
Adjusted EBITDA margin	**10,82 %**	**10,85 %**

CORPORATE GOVERNANCE POLICY

LINK Mobility Group ASA

Adopted by the Board of Directors on 23 March 2015
(and revised on 9 April 2018)

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1 Introduction

Link Mobility Group ASA ("**Link Mobility**" or the "**Company**") is incorporated and registered in Norway and is subject to Norwegian law. The Company seeks to comply with the applicable legal framework for companies listed on Oslo Børs, and endorses the Norwegian Code of Practice for Corporate Governance (Norwegian: "*Norsk anbefaling for eierstyring og selskapsledelse*"), issued by the Norwegian Corporate Governance Board, most recently revised on 30 October 2014, (the "**Code**").

The Board of Directors of the Company (the "**Board**") has adopted this corporate governance policy (the "**Corporate Governance Policy**") to reflect the Company's commitment to good corporate governance. This document is for internal use only.

2 Main OBJECTIVES FOR CORPORATE GOVERNANCE IN Link Mobility

This Corporate Governance Policy is based on the Code, and shall establish a basis for good corporate governance, profitability, including long-term profitability for the shareholders of the Company. The manner in which the Company is managed is vital to the development of the Company's value over time.

Through good governance of the business, the Company intends to create profitability and increased shareholder value. This Corporate Governance Policy contains measures that are, and will be, implemented to ensure effective management and control over the Company's activities. The primary objective is to have systems for communication, monitoring and allocation of responsibility, as well as appropriate incentives, which contribute to increasing and maximising the Company's financial results, long-term success and returns to shareholders on their investments in the Company. The Company aims to have good control and governance procedures to ensure equal treatment of all shareholders, thereby providing a foundation for trust and positive development of values.

The development of, and improvements in, this Corporate Governance Policy are an on-going and important process that the Board will focus on.

3 CORPORATE GOVERNANCE POLICY FOR Link Mobility

3.1 Implementation and reporting on corporate governance

This Corporate Governance Policy is adopted by the Board on 23 March 2015 and revised on 9 April 2018 for and on behalf of the Company and is, in all material respects based on the Code, to which the Board has resolved that the Company shall adhere.

The Board shall ensure that the Company at all times has sound corporate governance.

The Board shall provide an overall review of the Company's corporate governance in the Company's annual report. The review shall include each individual point of the Code. If the Company does not fully comply with the Code, this shall be explained in the Company's annual report. A description of the most important corporate governance principles of the Company shall also be made available for external interest groups on the Company's website.

The Board shall define the Company's value base and formulate ethical guidelines and guidelines for corporate social responsibility in accordance with these values.

3.2 Business

The operations of the Company and its subsidiaries (collectively the "**Group**") are in compliance with the articles of association, which reads as follows: "The Company's objective is to develop and operate software for mobile telephone services to private and public businesses".

The Company's primary objectives and strategies, including the above clause from the articles of association, shall be stated in the Company's annual report.

3.3 Equity and dividends

The Board and the management of Link Mobility shall at all times aim at keeping the Company's equity capital suitable for the Company's objectives, strategy and risk profile. The Board shall immediately take adequate steps should it be apparent at any time that the Company's equity or liquidity is less than adequate.

The Board shall establish a clear and predictable dividend policy as the basis for the proposals on dividend payments that it makes to the general meeting.

Authorisations granted to the Board to increase the Company's share capital shall be restricted to defined purposes. If the general meeting is to consider authorisations to the Board for the issue of shares for different purposes, each authorisation shall be considered separately by the general meeting. Authorisations granted to the Board shall be limited in time to no longer than until the next annual general meeting. Authorisations granted to the Board to purchase of the Company's own shares shall be valid until the next annual general meeting.

3.4 Equal treatment of shareholders and transactions with close associates

3.4.1 General information

The Company has only one class of share. Each share in the Company carries one vote, and all shares carry equal rights, including the right to participate in general meetings. All shareholders shall be treated on an equal basis, unless there is just cause for treating them differently.

3.4.2 Share issues without pre-emption rights for existing shareholders

Any decision to deviate from the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital shall be justified. Where the Board resolves to carry out an increase in share capital and deviate from the pre-emption rights of existing shareholders on the basis of an authorisation granted to the Board, the justification shall be publicly disclosed in a stock exchange announcement issued in connection with the increase in share capital.

3.4.3 Transactions in own shares

Any transactions the Company carries out in its own shares shall be carried out either through Oslo Børs or at prevailing stock exchange prices if carried out in another way. If there is limited liquidity in the Company's shares, the Company shall consider other ways to ensure equal treatment of all shareholders.

3.4.4 Approval of agreements with shareholders and other close associates

In the event of not immaterial transactions between the Company and its shareholders, a shareholder's parent company, members of the Board, executive personnel or close associates of any such parties, the Board shall arrange for a valuation to be obtained from an independent third party. This will not apply if the transaction requires the approval of the general meeting pursuant to the requirements of the Norwegian Public Limited Liability Companies Act. Independent valuations shall also be arranged in respect of transactions between companies in the same group where any of the companies involved have minority shareholders.

Members of the Board and executive personnel must notify the Board if they have any significant, direct or indirect, interest in a transaction carried out by the Company.

3.5 Freely negotiable shares

The shares of the Company shall be freely negotiable.

3.6 General meetings

3.6.1 Exercising rights

The Board shall ensure that as many shareholders as possible may exercise their voting rights in the Company's general meetings and that the general meetings are an effective forum for the views of shareholders and the Board. In order to facilitate this:

- the notice and the supporting documents and information on the resolutions to be considered at the general meeting shall be available on the Company's website no later than 21 days prior to the date of the general meeting;
- the resolutions and supporting documentation, if any, shall be sufficiently detailed and comprehensive to allow shareholders to understand and form a view on matters that are to be considered at the meeting;
- any deadline for shareholders to give notice of their attendance at the general meeting shall be set as close to the date of the general meeting as possible;
- the Board and the person who chairs the general meeting shall ensure that the shareholders have the opportunity to vote separately on each candidate nominated for election to the Company's Board and committees (if applicable);
- the members of the Board, the nomination committee and the auditor should attend the general meeting; and
- the Board shall make arrangements to ensure an independent chairman for the general meeting.

3.6.2 Participation without being present

Shareholders who cannot be present at the general meeting must be given the opportunity to vote by proxy or to participate by using electronic means. The Company shall in this respect:

- provide information on the procedure for attending by proxy;
- nominate a person who will be available to vote on behalf of shareholders as their proxy; and
- prepare a proxy form, which shall, insofar as this is possible, be formulated in such a manner that the shareholder can vote on each item that is to be addressed and vote for each of the candidates that are nominated for election.

3.7 Nomination committee

The Company shall have a nomination committee comprising such number of persons as determined by the general meeting of the Company from time to time, and which members shall be appointed by a resolution of the general meeting, including the chairman of the committee. The general meeting shall determine the remuneration of the nomination committee and shall stipulate guidelines for the duties of the nomination committee.

The members of the nomination committee shall be elected to take into account the interests of the shareholders in general. The majority of the committee shall be independent of the Board and the executive personnel. No more than one member of the nomination committee shall be a member of the Board, and any such member shall not offer himself/herself for re-election. The nomination committee shall not include the chief executive officer or any other executive personnel.

The nomination committee's duties are to propose candidates for election to the Board and to propose remuneration to be paid to such members. The nomination committee shall justify its recommendations. The Company shall provide information of the nomination committee and any deadlines for submitting proposals to the committee.

The nomination committee should have contact with shareholders, the board of directors and the company's executive personnel as part of its work on proposing candidates for election to the board. The committee should establish suitable arrangements for shareholders to submit proposals to the committee for candidates for election.

3.8 Board; Composition and independence

The composition of the Board shall ensure that the Board can attend to the common interests of all shareholders and meets Link Mobility's need for expertise, capacity and diversity. Attention shall be paid to ensuring that the Board can function effectively as a collegiate body.

The composition of the Board shall ensure that it can act independently of any special interests. The majority of the shareholder-elected members of the Board shall be independent of the Company's executive personnel and material business connections. In addition, at least two of the members of the Board must be independent of the Company's major shareholder(s). For the purposes of this Corporate Governance Policy, a major shareholder shall mean a shareholder that controls 10% or more of the Company's shares or votes, and independence shall entail that there are no circumstances or relations that may be expected to be able to influence independent assessments of the person in question.

The Board shall not include executive personnel. The chairman of the Board shall be elected by the general meeting.

The term of office for members of the Board shall not be longer than two years at a time. Members of the Board may be re-elected.

The annual report shall provide information to illustrate the expertise of the members of the Board, and information on their record of attendance at board meetings. In addition, the annual report shall identify which members are considered to be independent.

Members of the Board shall be encouraged to own shares in the Company.

3.9 The work of the Board

3.9.1 General

The Board shall produce an annual plan for its work, with particular emphasis on objectives, strategy and implementation. The Board shall issue instructions for its own work, as well as for the executive personnel, with particular emphasis on clear internal allocation of responsibilities and duties. In order to ensure a more independent consideration of matters of a material character in which the chairman of the Board, is, or has been, personally involved, the Board's consideration of such matters shall be chaired by some other member of the Board.

The Board shall provide details in the annual report of any Board committees appointed.

3.9.2 Audit committee

The Company shall have an audit committee, consisting of at least two Board members who are independent of management. The Audit Committee shall follow up the financial report process, monitor the systems for internal control and risk, maintain ongoing contact with LINK's elected auditor regarding the audit of the annual accounts, and evaluate and monitor the auditor's independence.

3.9.3 Annual evaluations

The Board shall annually evaluate its performance and expertise in the previous year.

3.10 Risk management and internal control

The Board shall ensure that the Company has sound internal controls in place and systems for risk management that are appropriate in relation to the extent and nature of the Company's activities. Internal controls and the systems for risk management should also encompass the Company's corporate values, ethical guidelines and guidelines for corporate social responsibility.

The Board shall carry out an annual review of the Company's most important areas of exposure to risk and its internal control arrangements.

3.11 Remuneration of the Board

The remuneration of the Board is to be decided by the shareholders at the annual general meeting of the Company. The level of remuneration of the Board shall reflect the responsibility of the Board, its expertise and the level of activity in both the Board and any Board committees. The remuneration of the Board shall not be linked to the Company's performance. The Company shall not grant share options to members of the Board.

Members of the Board and/or companies with whom the members are associated shall not take on specific assignments for the Company in addition to their appointments as members of the Board. If they, nonetheless, do take on such assignments this must be reported to the Board and the remuneration for such additional duties must be approved by the Board.

Any remuneration in addition to normal fees to the members of the Board shall be specifically identified in the annual report.

3.12 Remuneration of executive personnel

The Board shall establish guidelines for the remuneration of the executive personnel setting out the main principles applied in determining the salary and other remuneration of the executive personnel. These guidelines shall be communicated to the annual general meeting.

Performance-related remuneration of the executive personnel in the form of share options, bonus programmes or the like shall be linked to value creation for shareholders or the Company's earnings performance over time. Such arrangements, including share option arrangements, shall incentivise performance and be based on quantifiable factors over which the employee in question can have influence. Performance-related remuneration shall be subject to an absolute limit.

The board of director's statement on the remuneration of executive personnel will be a separate appendix to the agenda for the general meeting. The board of directors shall ensure that it is clear which aspects of the guidelines are advisory and which, if any, are binding. The general meeting will vote separately on each of these aspects of the guidelines at the general meeting

3.13 Information and communication

The Board shall establish guidelines for the Company's reporting of financial and other information, based on openness and taking into account the requirement for equal treatment of all participants in the securities market. The guidelines shall further ensure that the market is given correct, clear, relevant and timely information.

The Company shall publish an overview each year of the dates for major events, such as its annual general meeting, publication of interim reports, public presentations, dividend payment date if appropriate etc.

All information distributed to the Company's shareholders shall be published on the Company's website at the same time as it is sent to shareholders.

The Board shall establish guidelines for the Company's contact with shareholders other than through general meetings.

3.14 Take-overs

3.14.1 General

In the event of a take-over process, the Board shall ensure that the Company's shareholders are treated equally and that the Company's activities are not unnecessarily interrupted. The Board shall also ensure that the shareholders have sufficient information and time to assess the offer.

3.14.2 Main principles for action in the event of a take-over bid

In the event of a take-over process, the Board shall abide by the principles of the Code, and also ensure that the following take place:

- the Board shall ensure that the offer is made to all shareholders, and on the same terms;
- the Board shall not undertake any actions intended to give shareholders or others an unreasonable advantage at the expense of other shareholders or the Company;
- the Board shall strive to be completely open about the take-over situation;
- the Board shall not institute measures which have the intention of protecting the personal interests of its members at the expense of the interests of the shareholders; and
- the Board must be aware of the particular duty the Board carries for ensuring that the values and interests of the shareholders are safeguarded.

The Board shall not attempt to prevent or impede the take-over bid unless this has been decided by the general meeting in accordance with applicable laws. The main underlying principles shall be that the Company's shares shall be kept freely transferable and that the Company shall not establish any mechanisms which can prevent or deter take-over offers unless this has been decided by the general meeting in accordance with applicable law.

If an offer is made for the Company's shares, the Board shall issue a statement evaluating the offer and making a recommendation as to whether shareholders should or should not accept the offer. If the Board finds itself unable to give a recommendation to the shareholders on whether or not to accept the offer, it should explain the reasons for this. The Board's statement on a bid shall make it clear whether the views expressed are unanimous, and if this is not the case, it shall explain the reasons why specific members of the Board have excluded themselves from the statement.

The Board shall consider whether to arrange a valuation from an independent expert. If any member of the Board, or close associates of such member, or anyone who has recently held a position but has ceased to hold such a position as a member of the Board, is either the bidder or has a particular personal interest in the bid, the Board shall arrange an independent valuation. This shall also apply if the bidder is a major shareholder (as defined in Section 3.8 herein). Any such valuation should either be enclosed with the Board's statement, or reproduced or referred to in the statement.

3.15 Auditor

The auditor shall annually submit the main features of the plan for the audit of the Company to the Board.

The auditor shall participate in meeting(s) of the Board that deal with the annual accounts, accounting principles, assess any important accounting estimates and matters of importance on which there has been disagreement between the auditor and the executive management of the Company.

The auditor shall at least once a year present to the Board a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement.

The Board shall hold a meeting with the auditor at least once a year at which no representative of the executive management is present.

The Board shall specify the right of the executive management to use the auditor for purposes other than auditing.

The Board must report the remuneration paid to the auditor to the shareholders at the annual general meeting, including details of the fee paid for audit work and any fees paid for other specific assignments.

CODE OF CONDUCT FOR THE NOMINATION COMMITTEE OF

LINK MOBILITY GROUP ASA

(Approved by the extraordinary general meeting held on 22 October 2013)

1 Duties

1.1 The duties of the nomination committee are to give recommendations to the general meeting on election of shareholder elected members, and deputy members, if any, to the board of directors. Further, the nomination committee shall propose the remuneration to the members of the board of directors.

1.2 The nomination committee shall also give recommendations on election of new members to the nomination committee.

2 Composition, election and remuneration

2.1 The nomination committee shall consist of three members who shall be elected by the General Meeting, including the chairman of the nomination committee.

2.2 The members of the nomination committee shall be elected to take into account the interests of the shareholders in general, and the majority of the members shall be independent of the board of directors and executive management.

2.3 No more than one member of the nomination committee shall be a member of the board of directors. The nomination committee shall not include the chief executive officer or any other executive personnel.

2.4 Members of the nomination committee are elected for a period of two years.

2.5 The general meeting determines the remuneration to the members of the nomination committee. The nomination committee's costs, including documented travel costs, shall be covered by the company.

3 The working procedures

3.1 Meetings of the nomination committee are held upon the chairman's notice. Each of the members of the nomination committee may require that a meeting is called for. The chairman of the nomination committee determines whether meetings shall be held physically or in another way.

3.2 There shall be kept minutes from the meetings which shall be signed by the participating members.

3.3 The chairman of the board of directors and the chief executive officer shall, without the right to vote, be called upon to at least one meeting of the nomination committee before the nomination committee gives its final recommendations.

3.4 In carrying out its work, the nomination committee may take contact with, among others, shareholders, members of the board of directors, the executive management and external advisors. It shall be ensured that shareholders have the opportunity to propose candidates for election to the board of directors.

3.5 The nomination committee shall emphasise that the proposed candidates have the necessary experience, competence and capacity to carry out their duties in a satisfactory manner.

3.6 The nomination committee's recommendations shall comply with the at all times prevailing laws and rules put forward by the Oslo Stock Exchange regarding the composition of the board of directors. The nomination committee shall also pay due attention to the recommendations on composition of the board of directors set forth in the Norwegian Code of Practice for Corporate Governance, the Norwegian Public Limited Companies Act and other relevant recommendations on corporate governance. The committee shall assess the board of directors' annual evaluation of its own performance and expertise.

3.7 The candidates proposed by the nomination committee must have been inquired whether he or she is willing to engage the proposed position.

3.8 The nomination committee's recommendations must be justified, and shall contain all relevant information about the candidates. Any dissenting votes shall appear from the recommendations.

4 Administration of the nomination committee's recommendations

4.1 The nomination committee's recommendations to the general meeting must be available in time to be sent to the shareholders together with the notice of such general meeting, and at the latest 4 weeks prior to the general meeting.

4.2 The chairman of the nomination committee, or whoever he or she may authorise, shall present the recommendation to the general meeting, and give an account for the nomination committee's work in relation to such recommendation.

Finance statement LINK Mobility Group ASA

Profit and Loss

	Note	2017	2016
Operating revenues	9	39 428	6 837
Total operating revenues		**39 428**	**6 837**
Payroll expenses	2, 3	27 850	27 864
Depreciation and amortization expense	10	1 798	182
Other operating expenses	2	50 059	10 366
Total operating expenses		**79 707**	**38 413**
Operating profit		**-40 280**	**-31 575**
Income from group entities		79 378	38 358
Other interest income		1 945	1 323
Other financial income		6 531	3 151
Other interest expenses		25 847	8 139
Other financial expenses		33 948	4 361
Net financial income and expenses		**28 060**	**30 332**
Profit (loss) before tax		**-12 220**	**-1 243**
Income tax	4	3 092	-2 245
Net profit (loss) for the year		**-9 128**	**-3 488**
Transfers and allocations:			
Transfers to other equity		-9 128	-3 488
Total transfers and allocations		**-9 128**	**-3 488**

Balance Sheet

	Note	2017	2016
Assets			
Research and development	10	41 667	11 099
Deferred tax asset	4	4 616	1 547
Total intangible assets		**46 283**	**12 646**
Equipment and other movables	10	346	302
Total tangible assets		**346**	**302**
Investment in subsidiaries	5	1 336 581	721 849
Total financial fixed assets		**1 336 581**	**721 849**
Total fixed assets		**1 383 209**	**734 796**
Trade receivables		36 786	549
Other receivables	5	85 913	63 008
Total receivables		**122 699**	**63 557**
Cash and cash equivalents	6, 12	265 348	102 448
Total current assets		**388 047**	**166 005**
		-	-
Total assets		**1 771 256**	**900 802**
Equity and liabilities			
Share capital	7	14 267	13 087
Share premium		636 502	518 133
Total paid-in equity		**650 770**	**531 220**
Other equity		-14 983	20 275
Total retained earnings		**-14 983**	**20 275**
Total equity	8	**635 786**	**551 495**
Long-term liabilities			
Seller's credit	11	197 340	143 282
Debt to financial institutions		-	159 250
Bond loan	11, 13	773 214	-
Other long-term liabilities		-	-
Total long-term liabilities		**970 554**	**302 532**
Short-term liabilities			
Trade payables	5	40 043	4 440
Tax payable	4	-	216
Public duties payable		232	1 703
Other short-term liabilities	5	124 640	40 416
Total short-term liabilities		**164 916**	**46 775**
Total liabilities		**1 135 470**	**349 307**
		-	-
Total equity and liabilities		**1 771 256**	**900 802**

Cash Flow Statement

Cash Flow Statement (TNOK)	2017	2016
Cash flow from operating activities		
Profit before tax	-12 220	-1 243
Depreciation and amortization	1 798	182
Adjustment for share-based payment	8 126	5 310
Change in accounts receivable	-34 872	368
Change in accounts payable	35 603	3 202
Change in provisions and payables/receivables	28 522	10 181
Net cash flow from operating activities	**26 958**	**18 000**
Cash flow from investing activities		
Acquisition of subsidiary	-609 416	-169 814
Purchase of intangible assets	-32 472	-11 169
Net cash flow from investing activities	**-641 888**	**-180 983**
Cash flow from financial activities		
Proceed from borrowings	847 094	147 000
Repayment of borrowings	-179 071	-16 117
Proceeds from issuing new shares	109 808	129 842
Net cash flow from financial activities	**777 831**	**260 725**
Net change in cash and cash equivalents	162 900	97 742
Cash and cash equivalents at the beginning for the period	102 448	4 706
Cash and cash equivalents at the end of the period	**265 348**	**102 448**

Note 1 - Accounting principles

The Financial Statements have been prepared in accordance with the Norwegian Accounting Act and Generally Accepted Accounting Principles.

Revenue
LINK Mobility Group ASA is a purely administrative unit offering services for the subsidiaries. Revenue in profit and loss statement consists of charged cost to subsidiaries. Revenue from services is recognized upon performance.

Current assets and liabilities
Current assets and liabilities are comprised of items receivable/due within one year and items related to the inventory cycle. Current assets are valued at the lower of cost and market value.

Tangible assets
Fixed assets are comprised of assets intended for long term ownership and use. Fixed assets are valued at cost. Fixed assets are recorded in the balance sheet and depreciated over the estimated useful economic life. Fixed assets are written down to recoverable amount when decreases in value are expected to be permanent. Impairments losses recognized are reversed when the basis for the impairment loss is no longer evident.

Intangible assets
Intangible assets are recognized in the balance sheet if it is likely that the expected future economic benefits attributable to the asset are expected to flow to the company and the assets acquisition cost can be measured reliably.

Intangible assets with limited useful live are measured at their acquisition cost, subtracted accumulated amortizations and impairments. Amortizations follow the linear method over the estimated useful life. Useful life and amortization method are reviewed annually.

Expenses related to development activities of LINK's technical platforms and products are capitalized when the following criteria are met:

- it is technically feasible to complete the asset so that it will be available for use
- management intends to complete the asset, and use it or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the asset will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the product are available, and
- the expenditure attributable to the product during its development can be reliably measured and commercially feasible, and the group has adequate resources to complete the development.

Expenses capitalized include material cost, cost of external consultants, direct wage costs and an appropriate portion of relevant overhead costs.

Capitalized development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use.

Shares
Short-term shareholdings are included on the balance sheet and valued at the lowest of cost and actual value. Other shareholdings are valued at cost. If actual value is below cost value and this continues over time, the shareholdings will be depreciated.

Foreign currency
Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical price expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated at the exchange rate applicable on the balance sheet date. Changes to exchange rates are recognized in the income statement as they occur during the accounting period.

Receivables

Accounts receivable and other receivables are recorded in the balance sheet at nominal value less a provision for doubtful accounts. Other receivables are valued under the same principle.

Pension costs and pension obligations
The pension plan in LINK Mobility Group ASA is a defined contribution plan. 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.

Net investment hedges
LINK Mobility Group ASA has from July 1, 2017 designated the senior secured bond loan in Euro as hedging instrument of the net investment in foreign operations (net investment hedges). The group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the bond loan that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in the hedging relationship..

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss within other income or other expenses.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

Taxes
The income tax expense is comprised of both tax payable (25 %) for the period, which will be due in the next financial year, and changes in deferred tax. Deferred tax is determined on the basis of existing temporary differences between booked net income and taxable net income, including year-end loss carry-forwards, calculated at 24%. Temporary differences, both positive and negative, which will or are likely to reverse in the same period, are recorded as a net amount.

Cash flow
The cash flow statement is presented using the indirect method. Cash and cash equivalents includes cash, bank deposits and other short term, highly liquid investments.

Note 2 - Payroll, number of employees, remuneration

Payroll	2017	2016
Salaries and holiday pay	12 578	12 803
Social security tax	2 296	1 783
Option plans for the management and employees	9 654	12 347
Pension cost	575	559
Other payroll expenses	2 747	372
Total	**27 850**	**27 864**

Number of full-time equivalent staff: 10

Remuneration of key group employees
Key group employees are defined as employees that are the part of the group management. In 2017 the Group management consisted of the following people.

2017 *(NOK'000)*	Wages and Salaries	Bonus	Pension expense	Other renumera-tions	Total benefit to executives	Post-employment salaries
Arild Hustad (CEO)	1 822	200	52	10	2 084	6 months
Thomas Berge (CFO)	1 759	67	52	9	1 887	6 months
Lars Christian Luel (CCO)	489	-	17	3	508	-
Janicke Wrige (Group HR Director)	1 097	17	52	17	1 182	-
Total	**8 413**	**797**	**896**	**5 247**	**15 352**	

Arild Hustad has a performance based bonus, limited to TNOK 600 for the first 3 years of employment. Criteria for bonus is a combination of quantitative and qualitative targets decided by the Board.

Thomas Berge has a performance based bonus, limited to 30 % of yearly fixed salary for the first 3 years of employment. Criteria for bonus is a combination of quantitative and qualitative targets decided by the Board.

Remaining group management is under the common bonus agreement for LINK employees. Bonus is calculated on the basis of achievment of budgeted Group income and EBITDA, and yearly decided quantitave and qualitative criteria. The yearly bonus is limited to 3 monthly salaries.

Share options have been allotted to management and selected key employees. Each share option allows for the subscription of one share in LINK Mobility Group ASA. The fair value of the options is calculated when they are allotted and expensed over the vesting period.

The fair value at grant date is determined using an adjusted form of the Black Scholes Model, that takes into account the excercise price, the term of the option, the impact of dilution (where material), the share price at the grant date, expected price volatility of the underlying share and risk free interest. The expected volatility is based on historical volatility for a selection of comparable listed companies. Risk free interest is based on treasury bond with same maturity as the option program.

Share based payments compensated to key management are as follows:

	Options 01.01.2017	Granted during the year	Exercised during the year	Forfeited during the year	Average strike price	Average strike price excercised options	Remaining share options	Expiry date
Arild Hustad	200 000	-	-	-	45	-	200 000	01.12.2019
Thomas Berge	150 000	-	-	-	45	-	150 000	01.09.2019
Lars Christian Luel	-	50 000	-	-	141	-	50 000	17.11.2020
Janicke Wrige	-	50 000	-	-	165	-	50 000	02.03.2020
Total	**350 000**	**100 000**	**-**	**-**			**450 000**	

Expenses arising from share based payment	2017	2016
Expensed in P&L, incl. social security tax	9 654	12 347

Remuneration of the Board of Directors

(NOK'000)		2017	2016
Jens Rugseth	Chairman	175	140
Rune Syversen	Board member	105	90
Tove Kristin Giske	Board member	105	90

Søren Sundahl	Board member (from March 9, 2016)	105	90
Bjørn-Christian Pedersen	Board member – employee representative (from March 9, 2016)	50	40
Lillian Nordgaard Flora	Board member – employee representative (from March 9, 2016)	50	40
Anita Huun	Board member (from May 2, 2017)	-	-
Guro Røed	Board member (until March 14, 2016)	-	-
Harald Dahl	Board member (until March 24, 2016)	105	-
Ingeborg Margrethe Liahjell	Board member (from March 14, 2016)	-	90
Gisela Sogn	Board member (until May 2, 2017)	105	90
Erik Langaker	Board member (from March 14, 2016 until May 2, 2017)	105	90
Ingjerd Cecilie Spiten	Board member (from May 2, 2017 until August 25, 2017)	-	-
Total		**905**	**760**

The table shows actual payments made during the financial year.

Loans to employees and related parties

Neither the Chairman of the Board, the CEO or other related parties have loans from the company.

Auditor	
Expensed auditor's fees	766
Other attestant services	-
Tax consulting services	-
Other services related to auditing	366
Total	**1 333**

Fees are quoted excluding VAT.

Note 3 - Pension obligations

LINK Mobility Group ASA is obligated to provide an occupational pension in accordance with the Mandatory Occupational Pensions Act, and has a defined contribution pension scheme which satisfies the requirements of this Act. Pension paid in 2017 is TNOK 575.

Note 4 - Taxes

The tax expense for the year is as follows:

	2017	**2016**
Tax payable on profit for the year	0	216
Change in deferred tax	-3 092	2 051
Total taxes for the year	-3 092	2 267

Deferred tax/deferred tax asset	2017	2016
Tax loss carryforward (accumulated)	-4 207	-1 606
Temporary differences at 31 December 2016	-15 862	-4 838
Basis for deferred tax	-20 069	-6 444
Deferred tax assets	-4 616	-1 547

Deferred tax assets can be offset against group contribution from subsidiaries in Norway. Deferred tax assets 31.12 is calculated using a tax rate of 24 % for 2016 and 23 % for 2017.

Note 5 - Investments in subsidiaries

The company owns shares in:

Company	Head office	Ownership and voting share	Book value
LINK Mobility AS	Oslo, Norway	100 %	166 909
LINK Mobility AB	Stockholm, Sweden	100 %	10 143
LINK Mobility SIA	Tallinn, Estonia and Riga, Latvia	100 %	2 000
LINK Mobility A/S	Kolding, Denmark	100 %	161 150
LINK Mobile ApS	Kolding, Denmark	100 %	812
LINK Mobility Oy	Tampere, Finland	100 %	131 076
Labyrintti International Oy	Tampere, Finland	100 %	part of LINK Mobility Oy
LINK Mobility GmbH	Hamburg, Germany	100 %	264 530
GmbH Gesellschaft fur mobiles Bezahlen mbH	Hamburg, Germany	100 %	part of LINK Mobility GmbH
LINK Mobility Spain S.L.U	Madrid, Spain	100 %	63 631
Vianett AS	Oslo, Norway	100 %	85 837
Global Messaging Solutions S.L.U	Madrid, Spain	100 %	146 315
Voicecom AD	Sofia, Bulgaria	100 %	36 283
Comvision Sp.z.o.o	Gliwice, Poland	100 %	166 242
Netmessage SAS	Paris, France	100 %	101 653

Booked value of subsidiaries equals historical cost.

Intercompany receivables and liabilities

	2016	2015
Accounts receivable	36 786	549
Other receivable	77 230	60 434
Accounts payable	33 531	3 110
Other payables	95 963	38 011

Intercompany loans are due after further agreement between companies.

Note 6 - Restricted liquid assets

The entry includes restricted bank deposits of TNOK 1 155.

Note 7 - Share capital and Shareholder information

2017	Number of Shares	Nominal value
At 1. January 2017	13 086 907	1
Issue of share capital	1 180 555	1
At 31. December 2017	**14 267 462**	**1**

Every share has one vote right according to statutory provisions on voting.

20 largest shareholders at December 31, 2017:

	Shares	%
RUGZ AS	1 455 642	10,20 %
SUNDAHL APS	1 097 841	7,69 %
DNB NOR MARKETS, AKSJEHAND/ANALYSE	801 428	5,62 %
SEVENCS AS	756 565	5,30 %
JPMORGAN CHASE BANK, N.A., LONDON	646 590	4,53 %
RUGZ II AS	622 789	4,37 %
SWEDBANK ROBUR NORDENFON	450 000	3,15 %
FONDITA NORDIC SMALL CAP INVESTMEN	415 000	2,91 %
SAXO BANK A/s	386 143	2,71 %
VERDIPAPIRFONDET DNB SMB	352 861	2,47 %
KLP AKSJENORGE	342 288	2,40 %
SEB PRIME SOLUTIONS SISSENER CANOP	300 000	2,10 %
PRESTTUN AS	275 353	1,93 %
AVANZA BANK AB	246 184	1,73 %
HOLTA INVEST AS	230 318	1,61 %
GUNNAR LANDGRAFF AS	222 729	1,56 %
KOMMUNAL LANSPENSJONSKASSE	215 908	1,51 %
SKADI AS	200 727	1,41 %
TONITO AS	193 563	1,36 %
SKANDINAVISKA ENSKILDA BANKEN AB	184 283	1,29 %
20 largest shareholders, ownership > 1 %	**9 396 212**	**65,86 %**
Total remaining shareholders	4 871 250	34,14 %
Total number of shares	**14 267 462**	**100 %**

Shares directly or indirectly held by members of the Board of Directors and Executive Management:

Name	Title	Number of Shares	Ownership Share
Jens Ragnar Rugseth	Chairman of the Board	2 078 431	14,57 %
Rune Syversen	Board Member	756 565	5,30 %
Søren Sundahl	Board Member	1 097 841	7,69 %
Tove Kristin Giske	Board Member	4 425	0,03 %
Bjørn-Christian Pedersen	Board Member	485	0,00 %
Lillian Nordgaard Flora	Board Member	539	0,00 %
Ingeborge Margrethe Liahjell	Board Member	500	0,00 %
Arild Hustad	CEO	125 833	0,88 %
Lars Christian Luel	CCO	5 000	0,04 %

Note 8 - Equity

	Share capital	Share premium	Other equity	Total
Equity 01.01.2017	13 087	518 133	20 252	551 472
Profit for the period	-	-	-9 128	-9 128
Issue of share capital	1 181	108 627	-1 526	108 282
Employee share options	-	9 742	-	9 742
Hedge accounting			-24 582	-24 582
Equity 31.12.2017	**14 267**	**636 502**	**-14 983**	**635 786**

Note 9 - Sales revenues

Revenue in profit and loss statement consists of charged management fee to subsidiaries.

Note 10 - Intangible and Tangible assets

	Equipment	R&D
Acquisition value as at 01.01	453	11 132
Additions	238	32 170
Disposals	0	0
Acquisition value as at 31.12	**691**	**43 302**
Accumulated depreciation as at 31.12	-345	-1 636
Carrying amount as at 31.12	**302**	**41 667**
Depreciation charge	**-194**	**-1 605**
Estimated useful life, depreciation plan and residual value is as follows:		
Economic life	3 years	5 years
Depreciation plan	Linear	Linear

Note 11 – Borrowings and sellers credit

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.

On November 14 2017 Link Mobility Group ASA completed a EUR 30 million tap issue. The bond loan has an fixed interest of 4,75 %.

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

Currency	Debt outstanding	Amortized cost EUR	Amortized cost NOK	Maturity	Term	Interest	Due date interest
EUR	80 000	78 700	773 214	24.02.2022	5 years	4,75 %	Half yearly

Accrued interest bond loan is classified under short term liabilities bond loan in balance statement.

Sellers credit
Sellers credit arises the acquisition of subsidiaries, as settlement for parts of the purchase price.

Sellers credit with instalments with due date within 12 months are classified as seller's credit short term in balance statement. Total amounted to TNOK 29 109 (19 821 in 2016).

LINK Mobility Group ASA has no borrowings with due date more than 5 years forward.

Collateral
In connection with the bond issue further described above, Nordic Trustee AS has been granted certain guarantees and security interests for the benefit of the bondholders. These securities include, inter alia, first priority pledges over all outstanding shares in all of LINK's subsidiaries. Furthermore, Nordic Trustee has been granted a first ranking security interest over all operating assets, account receivables and monetary claims in all group companies incorporated in Norway (i.e. LINK Mobility Group ASA, LINK Mobility AS, Vianett AS and Sendega AS). In addition, all of LINK's material group companies (as defined in the bond agreement) have issued guarantees for LINK's contractual performance under the bond agreement.

Note 12 – Cash pool

LINK Mobility Group ASA has in 2017 established a zero balancing cash pool in Danske Bank. Legal ownership to cash in involved subsidiaries are transferred to LINK Mobility Group ASA as a result of the establishment. Debt to subsidiaries from cash pool is presented under Other short term liabilities, pr 31.12.17 amounted to TNOK 55 464.

Note 13 – Hedge accounting

Hedge of net investments in foreign operations
LINK Mobility Group ASA is exposed to exchange risk regarding senior secured bond loan and sellers credit in EUR. Total outstanding bond loan as of 31.12.2017 amounts to TNOK 773 214 (TEUR 80 000), and total sellers credit as of 31.12.2017 amounts to TNOK 147 692. To reduce this foregin exchange risk these items have been designated as hedging instrument of the net investment in foreign operations. The fair value and carrying amount of the borrowing at 31.12.2017 was TNOK 779 883 (0 in 2016). The foreign exchange loss of TNOK 24 585 (0 in 2016) on translation of the borrowing at the end of the reporting period is in the foreign currency translation reserve, in shareholders' equity. There was no ineffectiveness to be recorded from net investments in foreign entity hedges.

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Independent Auditor's Report

To the General Meeting of Link Mobility Group ASA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Link Mobility Group ASA. The financial statements comprise:

- The financial statements of the parent company, which comprise the balance sheet as at 31 December 2017, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and

- The financial statements of the group, which comprise the balance sheet as at 31 December 2017 and statement of comprehensive income, statement of changes in equity, cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.

- The accompanying financial statements give a true and fair view of the financial position of the parent company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

- The accompanying financial statements give a true and fair view of the financial position of the group as at 31 December 2017, 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, included 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 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Description of key audit matter	How the key audit matter was addressed in the audit
Impairment of intangible assets Carrying amounts of goodwill and other intangible assets resulting from the Group's acquisitions of subsidiaries, constitute the greater part of the assets in the Group's statement of financial position. As at 31 December 2017, goodwill and other intangible assets amounting to NOK 1 477 million represents 66 % of total assets. Management performs an annual goodwill impairment test by estimating the recoverable amount of goodwill. The determination of recoverable amounts requires application of significant judgment by management, in particular with respect to cash flow forecast and the applied discount rate. Due to the materiality, complexity and estimation uncertainty concerning goodwill, we consider impairment of goodwill a key audit matter in the audit of the Group. See note 8 in the consolidated financial statements. The Group's accounting policy regarding impairment of intangible assets is disclosed in note 2.9 to the consolidated financial statements.	Our audit procedures included an evaluation of the key assumptions applied in the valuation model, such as revenue growth, EBITDA margin, terminal growth rate, discount rate and remaining useful life. We involved our valuation experts to assist us with our assessment of the discount rates, expected inflation rates and the appropriateness of the model used. In addition, we performed the following audit procedures: • we evaluated the reliability of estimates used by management by comparing forecasts made in prior years to actual outcomes • we assessed key inputs in the calculations such as revenue growth, EBITDA and discount rate, by reference to management's forecasts • we assessed management's sensitivity analysis focused on what impact on recoverable amount reasonable changes in assumptions such as revenue growth, EBITDA and discount rate would have • we tested the mathematical accuracy of the valuation model Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering impairment.

Accounting for business combinations	
During 2017, the Group acquired Link Mobility Spain S.L.U, Vianett AS, Global Messaging Solutions S.L.U, Voicecom AD, Comvision Sp.z.o.o and Netmessage SAS for a total consideration of NOK 600 million. Acquisitions of subsidiaries are accounted for using the purchase method. Hence, identifiable assets acquired and liabilities assumed are initially measured at fair value at the transaction date. Any consideration in excess of the net identifiable assets, is recorded as goodwill. In relation to the acquisitions, the Group has prepared provisional purchase price allocations. The purchase price allocation requires the application of significant judgment by management, in particular with respect to identification and valuation of intangible assets such as customer relations and technology. Due to the materiality, complexity and estimation uncertainty, we consider accounting for business combinations to constitute a key audit matter in the audit of the group. See note 14 to the consolidated financial statements. The Group's accounting policy regarding acquisitions is disclosed in note 2 to the consolidated financial statements.	Our audit procedures included an evaluation of the key assumptions applied in the valuation model, such as revenue growth, EBITDA margin, churn rate and remaining useful life. We involved our valuation experts to assist us with our assessment of the discount rates, expected inflation rates, and the appropriateness of the methodology and valuation model used. In addition, we performed the following audit procedures: • we compared Sale and Purchase Agreements (SPA) and Purchase Price Allocations (PPA) with respect to consideration amounts • we focused on the opening balances and evaluated the related fair value adjustments. • we tested the mathematical accuracy of the calculations derived from the forecast mode Furthermore, we have evaluated the adequacy of the disclosures provided in the notes covering business combinations.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report and statements on Corporate Social Responsibility, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 financial statements of the parent company in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the financial statements of the group 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the parent company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The financial statements of the group use the going concern basis of accounting unless management either intends to liquidate the 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 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 laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, included International Standards on Auditing (ISAs), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

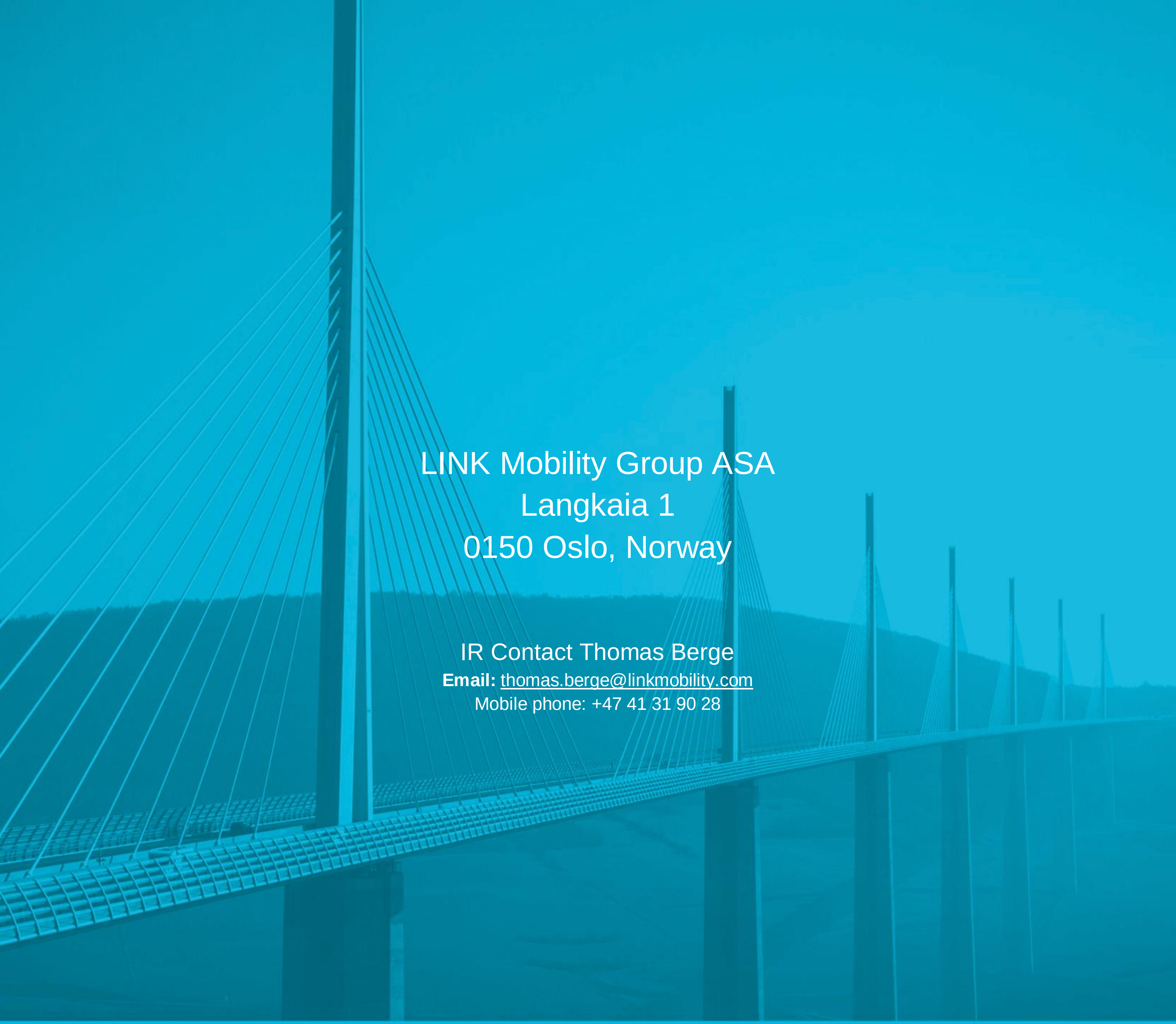
Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report and in statements on Corporate Governance and Corporate Social Responsibility concerning the financial statements, the going concern assumption, and the proposal for the allocation of the profit is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 9. April 2018
BDO AS

Børre Skisland
Børre Skisland
State Authorised Public Accountant



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