European Directories Midco S.à r.l.

Financial statements for the year ending 31 December 2018

(with the Report of the Réviseur d'Entreprises Agrée thereon)

R.C.S Luxembourg B 155418
46A avenue J.F. Kennedy
L-1855 Luxembourg
Subscribed capital: EUR 100,000

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Financial statements for the year ending 31 December 2018

Statement of financial position

All amounts are in Euro unless otherwise stated	Note(s)	31 December 2018	31 December 2017
ASSETS			
Non-current assets			
Investments in subsidiaries	1.8, 6	2 043 499	2 043 499
Loan receivables	1.9, 7	138 242 013	128 975 010
Total non-current assets		140 285 513	131 018 509
Current assets			
Accrued interest on loans and other receivables	1.9, 7	12 016 251	10 921 544
Cash and cash equivalents	1.11	99 082	117 003
Total current assets		12 115 333	11 038 547
Total assets		**152 400 846**	**142 057 056**
EQUITY			
Equity attributable to owners of the parent			
Share capital		100 000	100 000
Share premium		16 448 734	16 448 734
Other reserves		9 873	9 873
Profit (loss) brought forward		-64 311 034	-51 569 271
Loss of the year		-15 404 935	-12 741 763
Total equity	1.12, 8	-63 157 363	-47 752 427
LIABILITIES			
Non-current liabilities			
Shareholder loan and accrued interests	1.13, 9 (a), 10	202 259 541	176 461 172
Total non-current liabilities		202 259 541	176 461 172
Current liabilities			
Accrued interest	1.13, 9 (b), 10	-	81 297
Trade and other payables	1.14, 9 (b), 10	13 298 669	13 267 014
Total current liabilities		13 298 669	13 348 311
Total liabilities		215 558 209	189 809 483
Total equity and liabilities		**152 400 846**	**142 057 056**

Statement of profit and loss and other comprehensive income

All amounts are in Euro unless otherwise stated	Note(s)	1 January - 31 December 2018	1 January - 31 December 2017
Board fees	1.15, 3, 11	-95 100	-212 200
Other expenses	4	-147 063	-145 580
Operating loss	1.16	-242 163	-357 780
Finance income	1.17, 7	10 638 496	9 972 095
Finance costs	1.17, 9 (a)	-25 798 442	-22 351 189
Net finance costs		-15 159 946	-12 379 094
Loss before income tax		**-15 402 109**	**-12 736 874**
Income tax	1.18, 5	-2 826	-4 889
Profit (loss) for the period		**-15 404 935**	**-12 741 763**
Total comprehensive income		**-15 404 935**	**-12 741 763**

Statement of cash flows

All amounts are in Euro unless otherwise stated	Note(s)	1 January - 31 December 2018	1 January - 31 December 2017
Cash flow from operating activities			
Profit (loss) for the period		**-15 404 935**	**-12 741 763**
Adjustments for:			
Income tax	5	2 826	4 889
Finance income	1.17, 7	-10 638 496	-9 972 095
Finance costs	1.17, 9 (a)	25 798 442	22 351 189
Operating loss		**-242 163**	**-357 780**
Interest received	1.17, 7	278 000	500 000
Interest paid	1.17, 9 (b)	-81 297	-
Realised foreign exchange gains and losses and other finance items		-73	4 446
Taxes paid		-4 815	-4 889
Operating cash flow before movements in working capital		**-50 348**	**141 777**
Net change in working capital		36 893	-27 608
Net cash from operating activities		**-13 456**	**114 169**
Cash flow before financing activities		**-13 456**	**114 169**
Cash flow from financing activities			
Changes in current liabilities	9 (b)	-4 465	-36 038
Net cash used in financing activities		**-4 465**	**-36 038**
Net increase (+) / decrease (-) in cash and cash equivalents		-17 921	78 131
Cash and cash equivalents at beginning of period		117 003	38 872
Cash and cash equivalents at the end of period		99 082	117 003

Statement of changes in equity

All amounts are in Euro unless otherwise stated	Note(s)	Equity attributable to owners of the parent				
		Share capital	Share premium	Other reserves	Retained earnings	Total equity
Balance 1 January 2017	8	**100 000**	**16 448 734**	**9 873**	**-51 569 271**	**-35 010 664**
Total comprehensive income for the financial year 2017		-	-	-	-12 741 763	-12 741 763
Balance at 31 December 2017		**100 000**	**16 448 734**	**9 873**	**-64 311 034**	**-47 752 427**
Total comprehensive income for the financial year 2018		-	-	-	-15 404 935	-15 404 935
Balance at 31 December 2018		**100 000**	**16 448 734**	**9 873**	**-79 715 969**	**-63 157 363**

Notes to the financial statements

Note 1 Summary of significant accounting policies

1.1 General information

European Directories Midco S.à r.l., Luxembourg (hereafter referred to as "the Company") is the parent company of the European Directories group ("the Group" or "European Directories" or "ED Group") and has its registered address at 46A, Avenue J.F. Kennedy, L-1855 Luxembourg. The Company was incorporated on 27 August 2010 for an unlimited period, under the laws of the Grand Duchy of Luxembourg as European Directories Midco S.A., Luxembourg, on 7 December 2012 it became European Directories Midco S.à r.l.

The Company is a holding company and is registered with the Luxembourg Register of Commerce under number B 155418.

The main accounting policies applied in the preparation of these financial statements are set out below.

1.2 Going concern

The going concern of the Company largely depends on the support of its shareholders and positive cash flow from Group operations. The Board of Directors of the Company has considered the future expected cash flows of the Company's existing business and believes the Company will continue to operate in the foreseeable future, at least during the next 12 months after the date of the issuance of this financial statement

The Group refinanced its external debt on 10 December 2013. The refinancing was achieved by replacing the external bank debt with bonds issued to the market by a Group company, European Directories BondCo S.C.A. and preferred equity certificates issued by the Company ("PECs"). The holder of the PECs is Leafy S.à r.l., the Company's parent. The maturity of the PECs is 2043. On 30 January 2018 the Company's subsidiary, European Directories BondCo S.C.A. announced a proposal to amend certain bond terms and conditions. The proposal was accepted by the requisite majority of bondholders on 9 March 2018. The accepted principal terms include an extension to the bond maturity date of 2.5 years to 9 June 2021, an increase in the interest margin of 150bps to 8.5%, a consent fee of 1% to all bondholders and cancellation by the Group of those bonds which it holds. Full details of the amended bond terms and conditions were sent out to the bondholders and are published on the Group's website.

With the maturity extension of the bonds and changes to the bond terms and conditions, the ED Group has secured its financing position until June 2021. Consequently, and taking the current cash flow and working capital forecasts into consideration, these financial statements have been prepared on a going concern basis assuming that the Group will continue in operation for at least the 12 months following and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Board of Directors has noted that the company net equity is negative. Considering the secured financing position mentioned above and the positive cash flows from Group operations, the Board of Directors does not consider the negative net equity to compromise Company's going concern.

The Group has contracts with customers and suppliers across different geographic areas and industries, the Board of Directors believes that the Group is able to manage its business risks. The Board of Directors has a reasonable expectation that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Therefore the going concern basis of accounting has been adopted in preparing these financial statements.

1.3 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.

These financial statements were authorised for issue on 8 April 2019.

The financial statement is presented in Euros. All figures in the financial statement have been rounded to nearest Euro and consequently the sum of individual figures may deviate from the sum presented.

Notes to the financial statements (continued)

1.4 Basis of measurement

These financial statements are prepared under historical cost convention or otherwise at fair value as disclosed in accounting policies thereafter.

1.5 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Euro (EUR), which is the Company´s functional currency.

Transactions denominated in foreign currencies are translated using the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies outstanding at the balance sheet date are translated to Euro using the exchange rate quoted on the closing date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated at the functional currency at the exchange rate when the fair value is determined. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange rate differences are recognised in the statement of profit or loss and other comprehensive income. Net translation differences relating to financing are presented under finance income or expenses.

The balance sheet date rate is based on the exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of each month's ending rate from the European Central Bank during the year and the ending rate of the previous year.

1.6 New accounting principles

1.6.1 Application of new and amended IFRS standards and IFRIC interpretations

The changes in the IFRS standard effective from periods beginning 1 January 2018 included IFRS 9 and IFRS 15. The adoption of these two standards did not have a significant impact on the Company's financial statement.

The Board of Managers anticipates that the adoption of the following standards, amendments and interpretations listed below in future periods will have no material financial impact on the financial statements.

- IFRS 16 Leases

The Company intends to adopt these standards, if applicable, when they become effective. The adoption of these standards is not expected to have a significant impact on Company's financial statements.

1.7 Presentation of current and non-current assets and liabilities

Current assets and liabilities are settled within twelve months whereas non-current assets and liabilities are settled within more than twelve months.

1.8 Investments in subsidiaries

Shareholdings are carried at cost less impairment losses.

The carrying amount of the shares is reviewed at each balance sheet date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated and the difference with the carrying amount is recorded as an impairment loss. For further information, see note 1.10 "Impairment of financial assets".

1.9 Loan receivables

Loan receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market nor held by the Company for trading. Upon initial recognition loan receivables are measured at fair value, and are subsequently measured at amortised cost using the effective interest method, less any impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period.

Interest income is recognised by applying the effective interest rate, except for current receivables when the recognition of interest would be immaterial.

Transaction costs that are directly attributable to the acquisition or issue of a financial asset are deducted from the asset's carrying value. This is because financial assets are initially recognised at cost, corresponding to the fair value of the sums paid or received in exchange for the asset. The costs are subsequently amortised over the life of the asset, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

The Company derecognises a financial asset when its contractual obligations are discharged, cancelled or expire.

1.10 Impairment of financial assets

A financial asset is impaired when its carrying amount exceeds its recoverable amount. The Company reviews all of its assets at each reporting date for indicators of impairment.

The carrying amount of an impaired financial asset is reduced to its estimated recoverable amount and the amount of the change in the current period provision is recognised in the statement of comprehensive income. Recoveries, write-offs and reversals of impairment are included in the statement of comprehensive income as part of change in provisions for impairment.

If in a subsequent year, the amount of the impairment on financial assets decreases, due to an event occurring after the write-offs, the amount is reversed by adjusting the impairment and is recognised in the statement of comprehensive income.

A financial asset is impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the asset the estimated future cash flows of the asset have been impacted.

The Company considers evidence of impairment at both specific and collective level. All individually significant financial assets are assessed for specific impairment. All significant assets found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together financial assets (carried at amortised cost) with similar risk characteristics.

Objective evidence that financial assets are impaired can include default or delinquency by a borrower, restructuring of a loan or receivable by the Company on terms that the Company would not otherwise consider, indications that a borrower or issuer will enter into bankruptcy, the disappearance of an active market for a security, or other observable data relating to a group of assets such as economic conditions that correlate with defaults in the group.

1.11 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and short-term deposits with an original maturity of three months or less that are subject to an insignificant risk of changes in their fair value, and are used by the Company / Group in the management of its short-term commitments.

Notes to the financial statements (continued)

1.12 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as deduction, net of tax, from the proceeds of the share issue.

Dividends on ordinary shares are recognised in the financial statements in the period in which they are approved by the Company's shareholders.

1.13 Interest-bearing liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss; or other financial liabilities (financial liabilities recognized at amortised cost). Currently the Company has only financial liabilities classified in the latter category.

Interest-bearing loans and borrowings are initially recognized at fair value less transaction costs incurred. Subsequently they are stated at amortised cost with any difference between cost and redemption value being recognised as an interest expense over the period of the borrowings, using the effective interest method.

Interest-bearing loans and borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Transaction costs that are directly attributable to the acquisition or issue of a financial liability are deducted from the liability's carrying amount. This is because financial liabilities are initially recognized at cost, corresponding to the fair value of the sums paid or received in exchange for the liability. The costs are subsequently amortised over the life of the liability, by the effective interest method.

The effective interest rate is the rate, which discounts estimated future cash payments up to the maturity or the nearest date of price adjustment to the market rate, to the net carrying amount of the financial liability.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Interest-bearing loans and borrowing costs paid on the establishment of loan facilities are recognised to the extent that is probable that some or all of the facility will be drawn down. In this case, the cost is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the cost is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

1.14 Trade and other payables

Payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

1.15 Management remuneration

Currently the Company's management remuneration consist of fees paid to members of the Board. Board fees are accrued in the year in which the related service is provided.

1.16 Operating result

IFRS allow the use of additional line items and subtotals in the income statement. The Company has defined operating result to be a relevant subtotal in understanding the Company's financial performance. All other items of the statement of comprehensive income are presented below the operating result.

Notes to the financial statements (continued)

1.17 Finance income and expenses

Finance income and expenses comprise interest receivable and payable on borrowings, loans calculated using the effective interest rate method, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognized in the income statement. Currently the Company has no hedging instruments.

Finance income comprises interest receivable on the loans granted and foreign exchange gains. Interest income is recognized as it accrues, using the effective interest method. Dividend income is recognized on the date that the entity's right to receive payments is established.

Finance costs comprise interest payable on borrowings calculated using the effective interest method and foreign exchange losses.

1.18 Current and deferred Income tax

Tax expense for the period comprises current and deferred income tax. Income tax is recognized in the income statement except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively. Other taxes not based on income, such as capital taxes, are included within other operating expenses.

The current income tax charge is calculated on the Company’s taxable income and on the basis of the tax rates and laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Taxable profit differs from profit as reported in the separate income statement because of items of income and expense that are taxable or deductible in other years and items that are never taxable or deductible.

The Managers periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is generally provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax assets are set off against deferred tax liabilities if they relate to income taxes levied by the same taxation authority.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

1.19 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the control of the entity. Such present obligation that probably does not require settlement of a payment obligation and the amount of which cannot be reliably measured is also considered to be a contingent liability. Contingent liabilities are disclosed in the notes to the financial statements.

Note 2 Use of judgements and estimates

The preparation of financial statements under IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These estimates and assumptions are based on historical experience and other justified factors, including expectations of future events that are believed to be reasonable under the circumstances at the end of the reporting period and the time when they were made. Actual results and timing may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis and when preparing financial statements. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based, or as a result of new information or more experience. Such changes are recognized in the period in which the estimate is revised.

Critical estimates and judgements as applied by the Managers in the preparation of the financial figures are periodically discussed with the Board of Managers. The major accounting estimates and judgements applied in the preparation of the underlying financial statements are as follows:

- Accounting for income taxes
- Accounting for provisions
- Impairment testing for financial assets (see note 1.10)

By their nature, the above-mentioned items are dependent upon estimates and judgements whether the criteria for recognition have been met. Should the actual outcome defer from the estimates and judgements, revision to the recognized amounts would be required which could impact the financial position of the Company.

All amounts are in Euro unless otherwise stated **Notes to the financial statements (continued)**

Note 3 Board of Managers fees

The Company had no employees during the year, as well as in the previous year.

The Company pays remuneration to the members of the Board of Managers. Please see note 11 for details.

Note 4 Other expenses

	31 December 2018	31 December 2017
Auditor remuneration	49 783	31 625
Other administrative expenses	97 281	113 955
Total	**147 063**	**145 580**
Auditor remuneration		
Audit fees	49 783	31 625
Total	**49 783**	**31 625**

Note 5 Income taxes

The Company is subject to taxation under the Luxembourg tax regulation applicable to companies.

	31 December 2018	31 December 2017
Current income taxes	2 826	4 889
Total	**2 826**	**4 889**

The table below expains the difference between theoretical tax cost calculated with Luxembourg nominal tax rate 26.01% (2017: 27.08%) and tax expense in the consolidated income statement.

	31 December 2018	31 December 2017
Profit (loss) before income tax	**-15 402 109**	**-12 736 874**
Taxes calculated using the Luxembourg tax rate	4 006 089	3 719 167
Tax exempt income	-	-
Current year losses for which no deferred tax asset was recognised	-4 003 262	-3 714 278
Income tax total	**2 826**	**4 889**

Note 6 Investments in subsidiaries

	31 December 2018	31 December 2017
Balance at the beginning of the year	**2 043 499**	**2 043 499**
Changes in investments in subsidiaries	-	-
Balance at the end of the year	**2 043 499**	**2 043 499**

The Company has shareholdings in the following companies:

Name	Registered office	Proportion of the capital held, %	Capital and reserves as at 31 December 2018	Profit (loss) for the year ended 31 December 2018
European Directories BondCo S.C.A. ("BondCo")	46A, Avenue JF Kennedy, L-1855 Luxembourg, R.C.S. Luxembourg	99.99%	1 386 945	-137 968
European Directories GP S.à r.l. ("ED GP")	46A, Avenue JF Kennedy, L-1855 Luxembourg, R.C.S. Luxembourg	100 %	-97 993 *	-4 541 *

* Figures are not audited

On 2 December 2013 the Company contributed EUR 2,030,999 to the share capital of European Directories BondCo S.C.A. and EUR 12,500 to the share capital of European Directories GP.

Note 6 (continued)

The amount of capital and reserves and the loss for the latest financial year of the said companies, as presented above, are based on the financial statements as at and for the period ended 31 December 2018. European Directories BondCo S.C.A has prepared its financial statements under IFRS and European Directories GP S.á r.l. under Lux GAAP.

The Company has issued a guarantee for the obligations of European Directories BondCo S.C.A. senior secured callable floating rate bonds ("Bonds") in the amount of EUR 79,580,400. The Company has also pledged the shares it owns in European Directories BondCo S.C.A. and European Directories GP as well as all claims under the PIK intercompany loans as security to the Bonds.

Note 7 Current and non-current receivables

Counterpart		31 December 2018	31 December 2017	Interest rate	Maturity date
Loan to European Directories BondCo S.C.A.				7,24 %	31.10.2043
	Original loan amount	103 313 950	103 313 950		
	Set up fee	450 845	450 845		
	Interest capitalized	33 499 497	24 232 494		
	Loan balance	137 264 292	127 997 289		
Loan to Leafy S.á r.l.		977 721	977 721	0,1 %	On demand
Total		138 242 013	128 975 010		

On 10 December 2013, in order to facilitate the financial restructuring of its group, the Company entered into a EUR 103,313,950 loan agreement with its immediate subsidiary, European Directories Bondco S.C.A. As on 31 December 2018 the loan amounts to EUR 137,264,292. The loan carries an interest rate of 7,24% payable annually in arrears.

As of 31 December 2018 the Company has a loan receivable totalling of EUR 977,721 from Leafy S.à r.l.. The loans from European Directories Parent S.A. and European Directories Holdco S.A. totalling of EUR 724,250 were transferred to Leafy S.à r.l. in November 2016. The loans carry an interest rate of 0,1% payable in arrears of 30 June and 30 December each year. The Company does not have the intention to ask for repayment in the next 12 months from the date of the financial statements.

	31 December 2018	31 December 2017
Interest income on financial assets classified as loans and receivables		
Loan to European Directories BondCo S.C.A.	10 637 505	9 966 574
Other loans	991	1 075
Total interest income in the statement of profit and loss	10 638 496	9 967 649
Other financial income	-	4 446
Total financial income in the statement of profit and loss	**10 638 496**	**9 972 095**
Interest accrued previous year	10 915 197	10 110 989
Interest received during the period	-278 000	-500 000
Interest capitalized during the period	-9 267 003	-8 663 441
Total accrued interest	**12 008 690**	**10 915 197**
Prepayments	7 561	6 347
Total accrued interest and other receivables	**12 016 251**	**10 921 544**

Other current receivables comprised prepayments made in relation with insurance contracts, recognised in the following years EUR 7,561 (2017: EUR 6,347).

Note 8 Capital and reserves

Share capital

The issued share capital consists of 10,000,000 shares with a nominal value of EUR 0.01 each, all of which are fully paid up. The share capital is divided into three classes of shares, namely 4,990,000 class A shares, 4,010,000 class B shares and 1,000,000 class C shares. Each share entitles the holder to one vote at the Annual General Meeting. Different shares entitle their holders to a different dividend.

According to the Articles of Association, profits shall be allocated between the different share classes as follows:
a) the Class C shares shall be entitled to receive an amount up to 15% of the aggregate amount to be distributed;
b) the Class A shares shall be entitled to receive an amount equal to 49.9% of the aggregate amount of the distributable amount after subtraction of the C share entitlement;
c) the Class B shares shall be entitled to receive an amount equal to 50.1% of the aggregate amount of the distributable amount after subtraction of the C share entitlement; and
d) the holders of each class of shares shall be entitled to participate in those proceeds of a distribution which are to be distributed in respect of that class, pro rata to the number of shares they hold within that class.

Other reserves

Legal reserve: In accordance with the Luxembourg company law, the Company is required to transfer a minimum of 5% of its net profit for each financial year to a legal reserve. This requirement ceases to be necessary once the balance on the legal reserve reaches 10% of the issued share capital. The legal reserve is not available for distribution to the shareholders.

Note 9 Non-current and current financial liabilities and other liabilities

a.) Non-current financial liabilities	31 December 2018	31 December 2017
Shareholder loan (PECs)	103 313 950	103 313 950
Accrued interests on Shareholder loan	98 945 591	73 147 222
Total non-current liabilities	**202 259 541**	**176 461 172**

On 10 December 2013 the Company issued 103,313,950 preferred equity certificates for an aggregate amount of EUR 103,313,950. Leafy S.á r.l. is the holder of all outstanding PECs.

The PECs have a maturity date of 10 December 2043. The PECs carry a fixed yield 7.24% and a profit yield which can be paid in full or in part by issuing new PECs to the holders. As at 31 December 2018, the accrued interest amounts to EUR 98,945,591 (31 Dec 2017: EUR 73,147,222).

	31 December 2018	31 December 2017
Interest expense on shareholder loan and other financial liabilities		
Shareholder loan (PECs)	25 798 369	22 351 189
Loan from Fonecta Oy	-	-
Total interest expense	**25 798 369**	**22 351 189**
Other finance expenses (incl. loss on available for sale investment disposal)	73	-
Total finance cost in the statement of profit and loss	**25 798 442**	**22 351 189**
Accrued interest previous year		
Shareholder loan (PECs)	73 147 222	50 796 033
Total accrued interest previous year	**73 147 222**	**50 796 033**
Interest capitalized	**98 945 591**	**73 147 222**

Note 9 (continued)

b.) Current liabilities	31 December 2018	31 December 2017
Interest payable on borrowings		
Fonecta Oy	-	81 297
Total interest payable to borrowings	**-**	**81 297**
Amounts due to group companies		
DTG Holding B.V.	52 551	56 012
Fonecta Oy	-	4 362
European Directories Corporations Oy	25 572	22 214
European Directories Opholdco S.à r.l.	3 705 426	3 705 426
European Directories (DH7) B.V.	9 341 009	9 341 009
	13 124 558	**13 129 023**
Current tax	-	1 989
Accrued expenses	159 719	112 716
Other	14 392	23 286
Total trade and other payables	**13 298 669**	**13 267 014**

As of 31 December 2018, the accrued interest amounts to EUR 0 (2017: EUR 81,297).

Amounts due to group companies consists of accounts payable to Company's subsidiaries.

Note 10 Financial risk management

Annual corporate governance statement

The Board of Managers of European Directories Midco S.à r.l. has overall responsibility for its control environment and is responsible for establishing and maintaining adequate internal control and risk management systems for the Company in relation to the financial reporting process. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Company's financial reporting objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

European Directories Midco S.à r.l. has a number of policies and procedures in key areas of financial reporting, which are derived from the European Directories Group's Accounting Standards, Risk Management Policy, Treasury Policy, Information Security Policy and Business Ethics Policy. These policies and procedures apply to all companies of the European Directories Group, including European Directories Midco S.à r.l.

Financial risk factors

The Company's activities expose it to a variety of financial risks:
- market risk (including currency risk), fair value interest rate risk and price risk
- credit risk; and
- liquidity risk.

The Company's overall risk management programme focuses on the structure of the assets and liabilities.
Management aims in achieving risk minimisation through the use of a ("back to back") structure.

1. Market risk

Price/Interest rate risks

Market risk is the potential of suffering losses due to changes in market prices or parameters influencing market prices. It includes changes concerning illiquidity of sub-markets resulting in the inability of buying/selling positions of a specific size, within a specific period of time or at fair value conditions.

Interest rate risk is covered by the structure of the assets and liabilities. Through back to back structuring management consider the interest cash flow risk to be mitigated.

Sensitivity analysis

A reasonably possible change of 100 basis points in the interest rates at the reporting date would not impact the value of assets, liabilities or shareholder equity in a significant way.

The back to back structure of assets and liabilities offsets this risk.

Note 10 (continued)

Currency risk

The Company has no significant currency risk as borrowings and lending contracts are denominated in Euro, the functional and presentation currency of the Company. The Company is only subject to individual insignificant transactions in foreign currency which may arise.

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Euro, US dollar (USD) or Swedish Crown (SEK) against all other currencies as at reporting date would have not significantly affect the measurement of the value of assets, liabilities or shareholder equity.

2. Credit risk

Credit risk is associated with potential losses arising from a business partner's (counterparty, issuer, other contractual partner) default, i.e. its inability or unwillingness to meet contractual obligations, or the deterioration of its creditworthiness, e.g. changes in the issuer credit rating.

The maximum credit risk exposure of the Company in the event of other parties failing to perform their obligations is considered to be the carrying value of the loan.

3. Liquidity risk

Liquidity risk is the risk that the ability to meet payment obligations cannot be ensured at all times. In economic terms, this is the risk resulting from the Company's exposure to an increase of liquidity premiums. As presented under Note 7 "Current and non-current receivables" and Note 9 "Non-current and current financial liabilities and other liabilities", the management ensures that liquidity risk is kept to a minimum by matching the liquidity and maturity structure of assets and liabilities at all time.

31 December 2018 1000 EUR Maturity of financial liabilities	Carrying amount	2019	2020	2021	2022	2023	Total
Shareholder loan	202 259 541	-	-	-	304 954 245	-	304 954 245
Trade and other payables	13 298 669	13 298 669	-	-	-	-	13 298 669
Total	**215 558 209**	**13 298 669**	**-**	**-**	**304 954 245**	**-**	**318 252 914**

A change in the interest, currency and market price movements would not impact the liquidity of the Company at the reporting date, value of assets, liabilities or shareholder equity in a significant way. The back to back structure of assets and liabilities offsets these risks.

Carrying amounts and fair value

The following table shows the carrying amounts of financial instruments. All financial instruments presented are valued at amortized cost through the use of the effective interest rate method. The carrying values of the financial instruments are considered to be a good approximation of the fair value of the financial instruments, with exception of the borrowings and trade and other reicevables.

31 Dec 2018	Non-current assets	Current assets		
	Trade and other receivables	Trade and other receivables	Cash and cash equivalents	Total
Financial assets are measured at fair value				
Loans and other receivables	123 405 902	12 016 251	-	**135 422 153**
Cash and cash equivalents	-	-	99 082	**99 082**
TOTAL	**123 405 902**	**12 016 251**	**99 082**	**135 521 235**

	Non-current liabilities	Current liabilities		
	Interest bearing loans and borrowings	Interest bearing loans and borrowings	Trade and other payables	Total
Financial liabilities not measured at fair value				
Loans and other payables	-	-	13 298 669	**13 298 669**
Borrowings	123 405 902	-	-	**123 405 902**
TOTAL	**123 405 902**	**-**	**13 298 669**	**136 704 571**

Note 10 (continued)

31 Dec 2017	Non- current assets	Current assets		
	Trade and other receivables	Trade and other receivables	Cash and cash equivalents	Total
Financial assets are measured at fair value				
Trade and other receivables	100 884 325	10 921 544	-	**111 805 869**
Cash and cash equivalents	-	-	117 003	**117 003**
TOTAL	**100 884 325**	**10 921 544**	**117 003**	**111 922 872**

	Non- current liabilities	Current liabilities		
	Interest bearing loans and borrowings	Interest bearing loans and borrowings	Trade and other payables	Total
Financial assets not measured at fair value				
Trade and other payables	-	-	13 267 014	**13 267 014**
Borrowings	100 884 325	81 297	-	**100 965 622**
TOTAL	**100 884 325**	**81 297**	**13 267 014**	**114 232 636**

Note 11 Related parties

Related parties of the Company

The Company's related party comprise the following:
* Leafy S.à r.l. (and its shareholders)
* Board of Managers
* all European Directories Group companies.

Key management personnel of the Company consist of the Board of Managers ("the Managers"). The Company also has intercompany items with some of its subsidiaries (see Note 9 "Non-current and current financial liabilities and other liabilities").

Ownership structure

European Directories Midco S.à r.l. is the parent company of the European Directories Group. Leafy S.á r.l. holds at the balance sheet date 90.00 % of the shares in European Directories Midco S.à r.l..
European Directories Midco S.à r.l. has shareholdings in two subsidiaries, European Directories BondCo S.C.A., and European Directories GP S.á r.l.. For further information, see Note 6 "Investment in subsidiaries".

Related party transactions

	31 December 2018	December 2017
Loan receivables	138 242 013	128 975 010
Loan payables	202 259 541	176 461 172
Interest income	10 638 496	9 967 649
Interest expenses	25 798 369	22 351 189
Accrued interest on loan receivables	12 008 690	10 915 197
Accrued interest on loan payables	-	81 297
Board fees*	311 100	428 200

*The Midco board is active as well at the level of the Group, therefore EUR 216,000 (2017: EUR 216,000) were recognised by another European Directories Group company and EUR 95,100 (2017: EUR 212,200) by European Directories Midco S.à r.l.

There are no commitments in respect of retirement pensions for members of the management and supervisory bodies. There are no advances, loans or commitments given on their behalf by way of guarantee of any kind granted to the members of those bodies during the year ended 31 December 2018.

Note 12 Contingencies and commitments

The Managers of the Company are not aware of any significant contingent liabilities as at 31 December 2018.

European Directories Midco S.à r.l. is a guarantor for the obligations of European Directories BondCo S.C.A. under the Bond. European Directories Midco S.à r.l. and European Directories BondCo S.C.A. have provided security for certain assets (loan receivables and accounts) to secure the obligations of European Directories BondCo S.C.A. under the finance documents.

Note 13 Events after the balance sheet date

No significant events occurred after the balance sheet date for the year ending 31 December 2018.

Luxembourg, 8 April 2019

The Board of Managers,

Hannu Syrjänen	Peder Prahl
Marco Sodi	Björn Osterloff
Marcus Englert	Atif Kamal
Kristina Velicka	

To the Partners of
European Directories Midco S.à r.l.
46A, Avenue John F. Kennedy
L-1855 Luxembourg

REPORT OF THE REVISEUR D'ENTREPRISES AGREE

Report on the audit of the financial statements

Opinion

We have audited the financial statements of European Directories Midco S.à r.l. (the "Company"), which comprise the statement of financial position as at December 31, 2018, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession ("Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs are further described in the « Responsibilities of "Réviseur d'Entreprises agréé" for the audit of the financial statements » section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Managers is responsible for the other information. The other information comprises the information stated in the annual report including the management report but does not include the financial statements and our report of "Réviseur d'Entreprises agréé" 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 this fact. We have nothing to report in this regard.

Responsibilities of the Board of Managers and Those Charged with Governance for the financial statements

The Board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as adopted by the European Union, and for such internal control as the Board of Managers 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, the Board of Managers is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the Réviseur d'Entreprises agréé for the audit of the financial statements

The objectives of our audit 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 a report of "Réviseur d'Entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

— Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

— Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.

— Conclude on the appropriateness of Board of Managers' 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 report of "Réviseur d'Entreprises agréé" 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 report of "Réviseur d'Entreprises agréé". 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.

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

Luxembourg, 8 April 2019

KPMG Luxembourg
Société coopérative
Cabinet de révision agréé

Jean-Manuel Séris