

OPERATING PROFIT
(EBIT) IN CHF

59.6
MILLION

GROWTH
NET PROFIT

+12.3%

EBIT GROWTH

+13.5%

DIVIDEND IN CHF

0.60

SALES IN CHF

1,324
MILLION



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mobilezone increases sales and net profit

Dear Shareholders

mobilezone finished fiscal year 2019 with good results. With EBIT in the amount of CHF 59.6 million we have reached our stated goal. In addition to having been a successful year of positive business development, fiscal year 2019 was also a year of acquisitions.

- ✔ Net profit was increased by 12.3 percent to CHF 44.4 million (2018: CHF 39.5 million). After adjustments for currency effects, net profit was 13.9 percent higher than in the previous year.
- ✔ In the reporting year earnings per share amounted to CHF 1.04 (2018: CHF 1.02). As of December 31, 2019, the mobilezone share price was CHF 10.86 compared to CHF 10.94 at the end of December 2018.
- ✔ mobilezone achieved sales in the amount of CHF 1,324 million, which is an increase of 10.7 percent over the previous year's figure. After adjustments for currency effects, sales were 14.3 percent higher than in the previous year.
- ✔ As of December 31, 2019, mobilezone's balance sheet showed cash and cash equivalents totaling CHF 65.0 million (2018: CHF 92.4 million).
- ✔ With EBIT in the amount of CHF 59.6 million (2018: CHF 52.5 million) we met the previously announced expectations of between CHF 56 million and 61 million.
- ✔ The company's net debt amounted to CHF 130.9 million (2018: CHF 76.2 million). The ratio of net debt to EBITDA was 1.93 (2018: 1.31).
- ✔ Financial expenses rose by CHF 0.8 million and totaled CHF 3.8 million.
- ✔ At the end of the year, net current assets amounted to CHF 108.6 million (2018: CHF 150.2 million).
- ✔ The company's tax expense amounted to CHF 11.6 million, an increase of CHF 0.6 million compared to the previous year.
- ✔ In the individual financial statements of mobilezone holding ag shareholders' equity amounted to CHF 174.9 million (2018: CHF 136.5 million).
- ✔ The Board of Directors will propose to the General Meeting on April 8, 2020, the unchanged distribution of a dividend in the amount of CHF 0.60 per share.

Acquisitions

In June 2019 we drastically strengthened our business in Germany with the acquisition of SH Telekommunikation Deutschland GmbH (SH). Thanks to this acquisition, mobilezone Germany concludes more than a million mobile phone contracts per year. Half of these are sold via online platforms. The acquisition of SH has opened up new growth potential with attractive margin synergies for mobilezone. As a result of increasing the shareholdings in Mister Mobile GmbH from 45 percent to 100 percent last fall, mobilezone owns the two leading portals in the indirect online business in Germany: the brands sparhandy.de and deinhandy.de. In Switzerland we have significantly strengthened our corporate customer base with the acquisition of mobilif AG and IT Business Services GmbH last August.



Urs T. Fischer



Markus Bernhard

Segment Trade reports clear increase in profitability

The segment Trade includes activities in the company's branch network extending throughout Switzerland, in the online business, and in the B2B sector as well as all other activities in Germany. Sales grew from CHF 1,099 million to CHF 1,249 million or by 13.6 percent. EBIT increased from CHF 43.3 million to CHF 52.2 million.

Both the retail and B2B businesses in Switzerland showed a very positive development. Though external sales fell by 3.7 percent to CHF 273 million, operating profit increased by 40.5 percent to CHF 20.9 million. The strong growth in profitability is due to the increase in both services and the number of wireline contracts (Internet, TV, and fixed-line). Compared to the previous year, customer traffic in the mobilezone shops increased slightly, and the number of sales transactions rose.

The further development of the retail business in Switzerland continues to be the company's top priority. Over the next four years all shops that have not yet been remodeled will be redesigned based on the newest concept in shop layout and design. As of the end of December 2019, mobilezone operated 117 shops in Switzerland.

A total of 542,000 mobile phone contracts were concluded in Germany, and 455,000 of these were concluded via the company's own platforms. Through B2B partners and other shops, an additional 505,000 mobile phone contracts were concluded. External sales grew by 19.6 percent to CHF 976 million; operating profit increased by 9.5 percent to CHF 32.1 million.

The new modular online platform for sparhandy.de and deinhandy.de, which will be activated in late 2020, allows us to respond more quickly to changes in the market and, for example, to sell accessories and devices without a contract online in Germany. We are convinced that with this step we are tapping a great, previously unused potential.

Wholesale sales amounted to CHF 411 million (2018: CHF 537 million). Wholesale margins were 2.7 percent compared to 4.3 percent in the previous year. The drop in wholesale sales of CHF 126 million is offset by the first-time sales in the amount of CHF 272 million achieved by SH Telekommunikation Deutschland GmbH, mobilit AG, and IT Business Services GmbH as well as by their contribution to EBIT in the amount of CHF 10.3 million.

Segment Service Providing reports decline in sales and profitability

The segment Service Providing includes the company's own TalkTalk mobile and fixed-line offers as well as the service and repair business in Switzerland and Austria. Sales in the segment Service Providing fell from CHF 96 million to CHF 75 million or by 22.1 percent, and the EBIT fell by a total of 21.5 percent to CHF 6.6 million (2018: CHF 8.4 million).

The previous year's trend of declining volume and profitability in the repair business in Austria and Switzerland could not be stopped, and thus EBIT in repair business fell by a total of 67 percent to CHF 1.0 million (2018: CHF 3.0 million).

In contrast, TalkTalk increased EBIT by 4.5 percent to CHF 5.6 million. Mobile customers' share in TalkTalk's total sales amounts to 69.9 percent (2018: 56.9 percent). In the postpaid area, the number of customers grew by 6.3 percent to 26,800 (2018: 25,200).

Changes in the Group management

The Board of Directors has appointed Wilke Stroman as CEO Germany and member of the Group management effective January 1, 2020. Roger Wassmer, previously member of the Group management and COO Switzerland & Austria, has been newly promoted to CEO Switzerland & Austria. Murat Ayhan, founder and managing director of the German subsidiary einsAmobile left the Group management at the end of 2019.

Change in the Board of Directors

Christian Petit decided not to stand for re-election at the upcoming General Meeting and to concentrate instead on his responsibilities as CEO of Romande Energie, a position he has held since June 2019. The Board of Directors wants to thank Christian Petit for his valuable commitment to the company. At the General Meeting on April 8, 2020, the Board of Directors will propose Michael Haubrich as a new member of the Board of Directors. Michael Haubrich has in-depth experience in the retail business in Germany and has great expertise in e-commerce as well as in the financial sector.

Dividend proposal to the General Meeting

An unchanged dividend of CHF 0.60 per registered share will be proposed to the General Meeting on April 8, 2020. Half of the distribution will come out of available earnings, and half will come out of reserves from capital contributions, which corresponds to a distribution ratio of 61 percent. If this proposal is approved, the dividend will be paid out on April 17, 2020. Starting on April 15, 2020, the shares will be traded ex-dividend.

Outlook

mobilezone Group's goal for the next three years is to increase the EBIT margin annually by 0.2 percent from the current 4.5 percent to 5.1 percent. For fiscal year 2020 we expect a flat trend with EBIT falling between CHF 56 million and 61 million. We plan to continue investments unchanged in 2020 in the amount of CHF 10 million. For the most part, the investments are connected with the remodeling of the shops in Switzerland and with ongoing investments in our infrastructure. By 2023 all points of sale in Switzerland will have been remodeled based on our current (modern) shop layout. In addition, in 2020 we will invest in the new platform for the operation of sparhandy.de and deinhandy.de.

In the past several years mobilezone has achieved an excellent position as a Group and anticipates continued positive development. We particularly wish to thank our 1,300 employees; with their dedicated work day after day, they have made fiscal year 2019 another successful year for mobilezone. We want to take this opportunity to express our sincere gratitude for their dedication, loyalty, and confidence in our company. And, last but not least, we want to thank you, our valued shareholders. With your support and confidence you have made it possible for us to advance the development of mobilezone in the last few years.

Rotkreuz, March 9, 2020



Urs T. Fischer
Chairman of the Board of Directors



Markus Bernhard
Chief Executive Officer

Key figures

Group

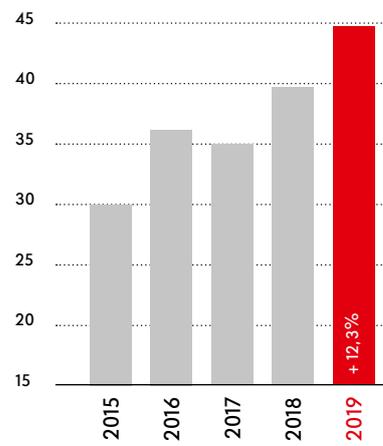
(CHF 000 or as indicated)	2019	%	2018	%	2017	%	2016	%	2015	%
Net sales	1 324 022		1 195 599		1 171 578		1 087 855		859 020	
Gross profit	180 073	13.6 ¹	156 838	13.1 ¹	149 826	12.8 ¹	143 966	13.2 ¹	133 608	15.6 ¹
Operating profit (EBITDA)	67 812	5.1 ¹	58 296	4.9 ¹	55 954	4.8 ¹	54 255	5.0 ¹	47 388	5.5 ¹
Operating profit (EBIT)	59 648	4.5 ¹	52 535	4.4 ¹	50 123	4.3 ¹	48 471	4.5 ¹	40 434	4.7 ¹
Net profit	44 405	3.4 ¹	39 531	3.3 ¹	35 226	3.0 ¹	36 147	3.3 ¹	30 821	3.6 ¹
Total assets	390 541		367 070		302 640		192 887		162 368	
Net debt	-130 876		-76 161		-70 200		-66 152		-65 268	
Shareholders' equity	15 051	3.9 ²	34 382	9.4 ²	8 977	3.0 ²	-3 294	-1.7 ²	-12 142	-7.5 ²
Shareholders' equity without offsetting of goodwill ³	132 530	26.1	111 192	25.1	46 776	13.7	46 461	19.1	47 126	21.3
Net debt-to-EBITDA ratio	1.93		1.31		1.25		1.22		1.38	
Net cash flow from operating activities before change in net assets and taxes	63 694		58 254		56 044		54 475		47 746	
Investments in property, plant & equipment and intangible assets	10 036		10 420		10 947		9 809		6 460	
Number of full-time employees as of December 31	1 217		930		867		878		918	
Number of shops as of December 31										
Switzerland	117		119		124		129		127	
Germany	76		73		65		55		43	

¹ In percent of net sales.

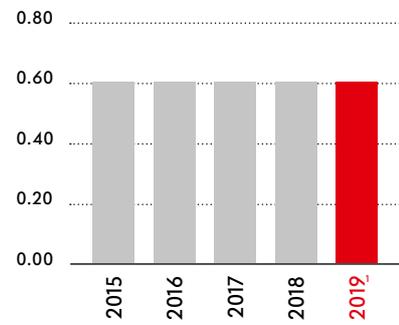
² In percent of total assets.

³ Shareholders' equity and total assets without offsetting of goodwill / with amortizations.

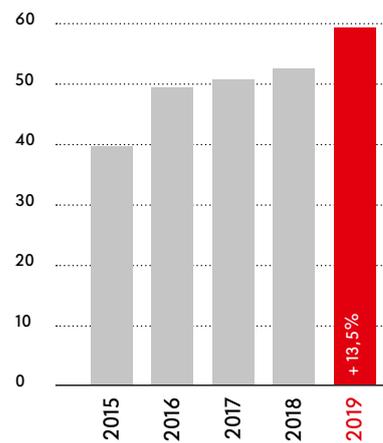
Net profit (CHF million)



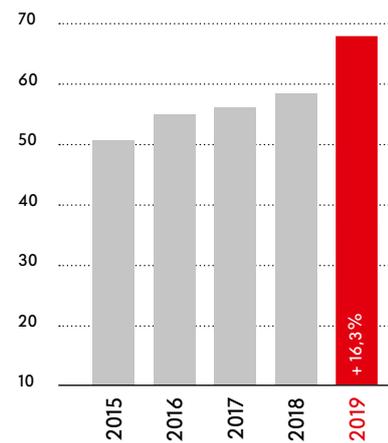
Dividend (CHF)



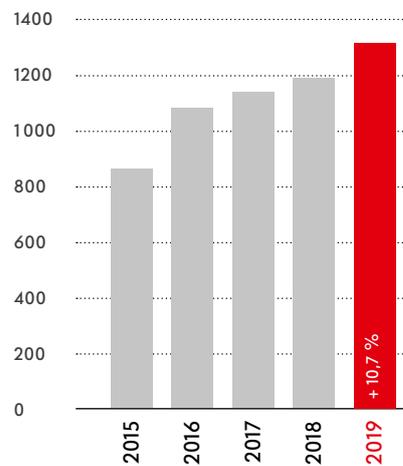
EBIT (CHF million)



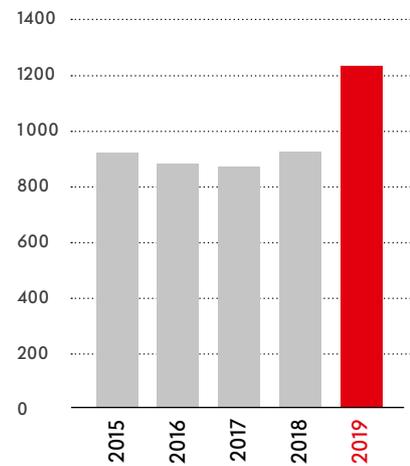
EBITDA (CHF million)



Net sales (CHF million)



Number of employees (Full-time positions)



¹ CHF 0.30 distribution free of withholding tax out of capital contribution reserves and a dividend of CHF 0.30 less 35 percent withholding tax in accordance with the Board of Directors' proposal to the General Meeting on April 8, 2020.

Share development

Information per share

(in CHF or as indicated)	2019	2018	2017	2016	2015
Shares issued at year end (number)	44 781 213	40 781 213	32 195 697	32 195 697	32 195 697
Weighted average number of shares outstanding	42 792 890	38 664 992	32 163 959	32 179 994	32 195 697
Earnings per share (undiluted/diluted)	1.04	1.02	1.10	1.12	0.96
Equity per share without offsetting of goodwill ⁴	2.96	2.73	1.45	1.44	1.46
Distribution per share	0.60 ²	0.60 ¹	0.60	0.60	0.60
Share price (highest/lowest)	11.94/8.78	12.48/9.51	15.95/11.45	14.75/12.15	17.55/10.50
Share price as of December 31	10.86	10.94	12.85	14.50	14.35

Share price since 2013³



¹ Distribution free of withholding tax out of capital contribution reserves in accordance with the Board of Directors' proposal to the General Meeting on April 4, 2019.

² CHF 0.30 distribution free of withholding tax out of capital contribution reserves and a dividend of CHF 0.30 in accordance with the Board of Directors' proposal to the General Meeting on April 8, 2020.

³ Dividend reinvested.

⁴ Shareholder's equity without offsetting of goodwill / with amortisations.

mobilezone overview

Headquartered in Rotkreuz, mobilezone is an independent Swiss telecommunications company that has been listed on the SIX Swiss Exchange since 2001. The Group includes the following companies: mobilezone holding ag, mobilezone ag, mobilit AG, IT Business Services GmbH, mobilezone Deutschland GmbH, einsAmobile GmbH, TPHCom GmbH, SH Telekommunikation Deutschland GmbH, Mister Mobile GmbH, TalkTalk AG, mobiletouch ag, and mobiletouch austria gmbH.

mobilezone employs a staff of 1,217 full-time employees in its locations in Rotkreuz, Urnäsch, Zweidlen, Vienna (Austria), Obertshausen (Germany), Berlin (Germany), Cologne (Germany), Bochum (Germany), and Münster (Germany). mobilezone's business activities include marketing telecommunications service contracts of all network operators in Switzerland and Germany as well as sales of mobile telecommunication devices and related accessories and services.

Group structure

mobilezone holding	
Board of Directors	Group management
Urs. T. Fischer Chairman	Markus Bernhard CEO
Peter K. Neuenschwander Member	Andreas Fecker¹ CFO
Christian Petit Member	Wilke Stroman CEO GER
Gabriela Theus Member	Roger Wassmer¹ CEO CH & AT
	Akin Erdem CPO

Management Team CH & AT			Management Team GER
Roger Wassmer¹ CEO CH & AT	Fritz Hauser Director IT & Logistics	Martin Hammerschmid Managing Director mobiletouch AT	Wilke Stroman CEO GER
Andreas Fecker¹ CFO	Yves Hörler Director Digital	Richard Hudacek Managing Director mobiletouch AT	Florian Jung CFO
Thomas Gülünay¹ Managing Director B2B	Philipp Müller Director Controlling		Akin Erdem CPO
Nicola Lippolis¹ Director Sales	Daniel Ringger Director Operator Relations		Jens Barth Managing Director
Claudia Schumacher¹ Director Human Resources	Karl Steinke Managing Director TalkTalk		Ralf Grundhoff Managing Director
Gregor Vogt¹ Director Marketing & Customer Experience	Christoph Traber Managing Director mobiletouch CH		Thorsten Fluck Managing Director

¹ Management Team CH



Interview with Markus Bernhard

CEO of mobilezone Group

IN 2019 MOBILEZONE GROUP ACQUIRED SH TELEKOMMUNIKATION DEUTSCHLAND GMBH (SH). WHAT ARE THE ADVANTAGES OF THIS ACQUISITION FOR MOBILEZONE GROUP?

Thanks to the acquisition of SH and the complete takeover of Mister Mobile in fiscal year, mobilezone owns the two leading portals in the market, sparhandy.de and deinhandy.de, which give it an attractive market position as number one in the indirect online business for mobile phone offers with subscription plans (contracts) in Germany. In the next twelve months we will completely revamp our two platforms so that we can present

a clear and broader range of offers to our customers online. For example, starting in 2021, our customers will be able to buy devices without contracts and an extremely attractive selection of accessories in our two webshops.

HOW WILL THIS ACQUISITION AFFECT MOBILEZONE'S SWISS RETAIL BUSINESS?

The acquisition has no direct effect on our retail business in the 117 mobilezone shops in Switzerland. The deep-seated online expertise of our colleagues at SH in Cologne and Berlin will help us to boost our online presence in Switzerland, especially our Omnichannel platform, with the drive-to-shop strategy.

HOW IS THE SWISS RETAIL BUSINESS DEVELOPING? ARE YOU SATISFIED?

In fiscal year 2019 our Swiss retail business showed a very positive development. In addition to the growing volume in the mobile phone contract business (postpaid, Internet, and TV), totaling 360,000 contracts concluded, thanks to our highly motivated sales force our sales of accessories and services increased. We are also proud of having maintained consistently high or even growing customer satisfaction in 2019.

IN THIS PAST YEAR MOBILEZONE ALSO ACQUIRED THE TWO COMPANIES MOBILIT AG AND IT BUSINESS SERVICES GMBH. WHAT INTENTIONS MOTIVATED YOUR ACQUISITION OF THESE TWO COMPANIES?

With this acquisition we were able to considerably expand our business customer base in Switzerland. The two selling partners will remain with mobilezone Group and will actively support the further development of the B2B sector. Working together is going well, and we have already achieved our first successes.

HOW IS THE B2B BUSINESS DEVELOPING?

In 2019 we significantly increased the profitability of our B2B business in Switzerland. Fortunately, in this business sector, too, customers always have new needs. That has helped us in the last few years to develop our business and in par-

” We want to continue expanding and strengthening our business in Germany and in Switzerland, and our clear focus here is on organic growth.

” The deep-seated online expertise of our colleagues at SH in Cologne and Berlin will help us to boost our online presence in Switzerland, especially our Omnichannel platform, with the drive-to-shop strategy.

particular to greatly increase our sales of services. For example, for several months now we have been offering "Device as a Service" for business customers. For a monthly flat rate we make mobile phones and tablets available to our customers and provide the full range of services necessary to ensure the smooth, trouble-free operation of the device pool. Our customers have the benefit of significantly reduced effort and expenditure in buying and setting up the devices as well as lower overall costs. In addition, we have entered into partnerships with more associations: their members receive attractive offers on our online platforms.

ing up the devices as well as lower overall costs. In addition, we have entered into partnerships with more associations: their members receive attractive offers on our online platforms.

WE HAVE ALREADY SPOKEN ABOUT THE COMPANY ACQUISITIONS. HOW DO YOU UNITE THE DIFFERENT COMPANY CULTURES UNDER THE ONE UMBRELLA OF MOBILEZONE HOLDING AG?

Our business operates in Switzerland, Germany, and Austria. It is already a major advantage that we all speak more or less the same language. Every company has its own culture, which we must actively make use of. Our employees and our management team want to enjoy their work; they want both to have fun and commercial success. That is what connects us across company and national borders.

IN THE INTERVIEW STARTING ON PAGE 18 WILKE STROMAN TALKS ABOUT THE ONLINE MARKET IN GERMANY. THOUGH THE MARKET IS WELL SUPPLIED, HE STILL SEES MORE POTENTIAL THERE. WHAT IS THE SITUATION IN SWITZERLAND?

Without a doubt we also have many opportunities in the Swiss market that we are not yet fully taking advantage of. I'm thinking here especially of our online sales of accessories. We will do everything we can to remedy this shortcoming as quickly as possible. In our view, when it comes to the mobile phone contract business, there is no comparison between the market in Germany and customer behavior in Switzerland. And we see no need here to also develop this market in Switzerland.

land. Of course, in fiscal year 2020 we will push online sales of our own mobile phone product TalkTalk.

AT THE END OF 2019 YOU MADE CHANGES IN THE MANAGEMENT OF MOBILEZONE GROUP: WILKE STROMAN AS CEO GERMANY AND ROGER WASSMER AS CEO SWITZERLAND & AUSTRIA WILL TAKE ON NEW ROLES. WHAT ADVANTAGES DO YOU EXPECT FROM THIS NEW STRUCTURE?

In the last few years, mobilezone's business has grown significantly and very rapidly. In 2020 we will achieve sales of more than CHF 1.5 billion. Our Board of Directors is convinced, as am I, that by appointing Wilke Stroman and Roger Wassmer as operative country directors we have set the best possible course for the future. For example, thanks to this new distribution of responsibilities, I will have more time available for strategic issues, such as M & A, investor relations, and coaching.

LET'S TALK ABOUT SUSTAINABILITY: MORE AND MORE COMPANIES NOW TAKE SOCIAL AND ECOLOGICAL RESPONSIBILITY FOR THEIR ACTIONS. WHAT IS MOBILEZONE'S POSITION REGARDING THIS?

The topic of companies' responsibility is everywhere these days, and it is also important for mobilezone, both in terms of the company's strategy and in guiding its actions. Milton Friedman's famous statement about the responsibility of companies, "The responsibility of business is to increase its profits," is now nearly fifty years old. Back then Friedmann also emphasized that in addition to complying with legal regulations, businesses should also abide by society's moral values.

mobilezone takes on its corporate social responsibility in many ways. Our employees are consistently treated fairly and are remunerated accordingly; available resources are used sensibly and sparingly.

In 2019 we replaced the plastic bags in our shops in Switzerland with bags made of recycled material. In all its shops mobilezone offers to buy back customers' old devices; the devices are then refurbished by our subsidiary mobiletouch and offered for sale to customers as used smart-

phones (refurbished devices). In 2019 we also added biodegradable covers for smartphones to our product line.

In 2018 mobilezone relocated its headquarters from Regensdorf to the Suurstoffi Areal in Rotkreuz and moved its offices into the first wooden high-rise building in Switzerland. The Suurstoffi Areal is based on the sustainability principle of zero/zero. This means that thanks to solar power systems, several dynamic underground storage tanks, and an energy grid the Areal is CO₂-neutral.

” In Switzerland we achieved the best cumulative operating result of the past five years, particularly at the points of sale.

Our subsidiaries also take their social responsibility seriously. For example, the SH buildings in Bochum in Germany are to a large extent supplied with solar power produced by the company's own on-site solar panels. In addition, for several years already SH has been donating funds to a nonprofit organization that works for more quality in the pre-school and school education in Mozambique.

Moreover, SH relies on climate-neutral parcel shipping via DHL Go Green. Our subsidiary einsAmobile supports various nonprofit projects and foundations that work, among other things, for the education of children. Furthermore, where packaging is concerned, the company cooperates with a foundation for people with disabilities.

HOW SATISFIED ARE YOU WITH FISCAL YEAR 2019?

We are very satisfied overall with the 2019 year-end result. With sales in the amount of CHF 1.3 billion we achieved EBIT of CHF 59.6 million and a net profit of CHF 44.4 million. In Switzerland we achieved the best cumulative operating result of the past five years, particularly at the points of sale. In Germany we concluded more than 542,000 mobile phone contracts online, thus more than doubling our sales figures, a success that is also due to the acquisition of SH. In fiscal year 2019 we experienced a drop in performance in the wholesale business in Germany as well as in the mobiletouch companies in Switzerland and in Austria.



WHAT CAN WE EXPECT FROM MOBILEZONE IN FISCAL YEAR 2020?

In Switzerland we will continue to develop our strong retail business. We will make every effort to increase customer satisfaction. To support these efforts, we have developed the mobilezone loyalty program, which will be launched in the second quarter of 2020. In addition, we will speed up the process of revamping all the shops that have not yet been remodeled based on the newest concept (shop layout and design), and we aim to complete this within the next four years. As I've already mentioned, in our B2B business we want to offer our customers new services as well. Online we want to expand our sales of accessories in Switzerland and to push contracts with TalkTalk online. Our repair services in the mobilezone workshops will continue to gain in importance. In Germany we will use fiscal year 2020 to forge ahead with consolidating the business activities of einsAmobile, TPHCom, SH, and Mister Mobile.



” In 2019 we invested CHF 10 million in total, and for 2020 we are planning investments in the same amount.

IN WHAT AREAS DO YOU SEE THE GREATEST POTENTIAL FOR GROWTH AND INCREASED MARGINS?

Continuing to increase profitability is a high priority for us. We want to continue expanding and strengthening our business in Germany and in Switzerland, and our clear focus here is on organic growth. For 2020 we expect to conclude about 600,000 contracts online in Germany, about 500,000 of them via our own platforms. We will continue also in the coming years to purposefully use our experience with acquisition and integration.

SINCE YOU MENTION IT: THE PAST FISCAL YEAR WAS MARKED BY THE ACQUISITION OF NUMEROUS COMPANIES. ARE YOU PLANNING ADDITIONAL ACQUISITIONS IN THE FUTURE?

We want to keep our debt rate below 2x EBITDA. In the short term, we are willing to go up to 2.5x EBITDA for bolt-on acquisitions. Regarding our business in Germany, for the next two years we will focus on consolidating the business activities of our four companies there.

HOW MUCH WILL YOU INVEST?

In 2019 we invested CHF 10 million in total, and for 2020 we are planning investments in the same amount. For the most part, the investments are connected with the remodeling of the shops in Switzerland. By 2023, all shops in Switzerland

will have been remodeled based on our current shop layout. In addition, in 2020 we will invest in the new platform for the operation of sparhandy.de and deinhandy.de.

WHAT FINANCIAL GOALS ARE YOU PURSUING IN THE NEXT FEW YEARS?

In the next three years we want to increase our EBIT margin of currently 4.5 percent by 0.2 percent annually up to 5.1 percent. For fiscal year 2020 we expect a flat trend with EBIT falling between CHF 56 million and 61 million.

WHAT CAN INVESTORS EXPECT FROM MOBILEZONE GROUP?

Over the last ten years we have become known in the market as a very reliable dividend payer. The proposal to the General Meeting calls provides for an unchanged gross dividend of CHF 0.60. We want to maintain this dividend level also in the coming years.

Strategy

mobilezone's strategic goals are twofold: the continuing development of the foundation undergirding its successful business development to date — namely, independence, customer focus, and cooperative partnerships with mobile phone providers and device manufacturers — and continuous growth, both organically through expansion of the company's offers and sales channels and externally through additional company acquisitions. Increasingly, the great variety of plans offered makes independent, competent advice especially important for customers — and precisely this support in making their purchase decision for the optimal rate plan and mobile phone brand is what mobilezone's skilled and professionally trained employees offer its customers both at the point of sale and online.

Growth

mobilezone plans to continue its current growth course. This means growth in existing business areas, in particular in the online business, the Swiss retail trade, and services and the specialist retail trade (B2B). The acquisition of SH Telekomunikation Deutschland GmbH (SH) opened up new growth opportunities for mobilezone with attractive margin synergies. In Germany alone mobilezone Group concludes more than a million mobile phone contracts per year. About half of these are sold via online platforms. In addition, SH operates its own TV channel, handystar.de, for marketing mobile phone contracts.

In its service business, mobilezone continuously expands the range of repairs and services offered. The growth of the online business will be supported by the expansion of the online shops. Currently, mobilezone generates sales in the amount of CHF 20 million in Switzerland by selling accessories, primarily smartphone covers and cases, headphones, power banks, and protective liners at the point of sale. At this time, no accessories are sold in Germany via the online channels sparhandy.de and deinhandy.de. The market for accessories in Germany is about ten times bigger than the one in Switzerland. The new modular online platform, which will be activated at the end of 2020, will allow mobilezone to respond more quickly to changes in the market and to sell accessories online in Germany.

The acquisitions of TPHCom in January 2018, of SH in June 2019, and of mobilit and IT Business Service in August 2019 spurred growth in the specialist retail trade.

The company's organic growth can be supported through additional acquisitions. For the next one or two years this expansion strategy will be limited to Switzerland. In Germany, mobilezone will focus on the consolidation of current business activities.

Strategic focus

Growth

Gains in market share

Expansion of online presence

Extension of the range of services offered

Optimization of shop network

Omnichannel platform

Dividend and distribution policy



In Switzerland, the expansion of the company's online presence and the drive-to-shop approach are essential components of mobilezone's market strategy. With this strategy mobilezone targets customers who research products first online before they go to the store to get advice there and then buy the product or conclude the subscription plan. The goal of drive-to-shop is optimal customer service across all online and offline channels.

Extension of the range of services offered

mobilezone is already offering business and private customers a broad range of services. Further expanding its range of services is an important focus of mobilezone's strategy in order to achieve increased revenues from services.

Fleet management includes the companywide management of the entire fleet of devices and of all interfaces to the network operator. mobilezone's enterprise mobility management includes the secure companywide management of users, devices, and apps. With its device-as-service model mobilezone developed an attractive offer for business customers. For a monthly flat rate the company makes mobile phones and tablets available to business customers and provides the full range of services necessary to ensure the smooth, trouble-free operation of the device pool. Business customers benefit from significantly reduced effort and expenditure in buying and setting up the devices as well as from lower overall costs. In the ten mobilezone workshops the repair volume more than doubled in fiscal year 2019. With the launch of the subscription plan "mobilezone Service+" mobilezone also offers a service subscription for private customers.

Gains in market share

Particularly with the acquisitions of TPHCom in January 2018, of SH in June 2019, of mobilit and IT Business Services in August 2019, and with the complete takeover of Mister Mobile in the fourth quarter of fiscal year 2019, mobilezone significantly increased the number of partnerships with network operators as well as its market share in Germany and Switzerland. As a result, mobilezone strengthened its market position in relation to network operators and device manufacturers. Accordingly, mobilezone plans to use this competitive advantage together with its unique selling point – its independence of network operators and device manufacturers – for further gains in market share.

Expansion of online presence

As a result of the acquisition of SH and the complete takeover of Mister Mobile in fiscal year 2019, mobilezone owns the two leading portals in the market, sparhandy.de and deinhandy.de, and this gives it an attractive market position as number one in the indirect online business in Germany.

Optimization of the shop network

mobilezone continuously evaluates the number and locations of its shops in Switzerland. The number of shops has remained unchanged in fiscal year 2019. Many shops have been redesigned and remodeled in accordance with a uniform modern concept (shop layout and design). The shop as point of sale continues to be of great importance in Switzerland. Customers research products and services at home but then often make the purchase after getting personal advice in the shop (drive-to-shop strategy).

Omnichannel platform

In fiscal year 2019 mobilezone launched its Omnichannel platform in Switzerland. As a result, customers can access a larger, networked range of offers across all sales channels (online and offline). The same full range of information will be available any time to mobilezone customers and employees, both in the shops and on the mobilezone online portals. Customers can thus decide, for example, whether they want to pick up their online order in the mobilezone shop of their choice or have it delivered to their home. With its Omnichannel strategy mobilezone adapts to the changing buying habits of its customers and at the same time consolidates its market presence in Switzerland.

Dividend and distribution policy

Based on a solid balance sheet, stable cash flows, and secure and cost-effective financing, mobilezone's investment program is to be continued with attractive dividends for shareholders. The company plans to distribute up to 75 percent of the net profit. mobilezone's net debt target is a maximum of 2.0x EBITDA.



Group overview – business segments



Markus Bernhard
CEO

mobilezone’s business activities include marketing telecommunications service contracts (mobile and fixed-line telephony, Internet, and digital TV) of all major network operators in Switzerland (Swisscom, Sunrise, Salt, UPC) and in Germany (Vodafone, Deutsche Telekom, Telefónica Deutschland) as well as selling (wholesale, supplying specialist retailers, sales to business and private customers) mobile communication devices (mobile phones, tablets, wearables) and related accessories.

In Switzerland, the company markets telecommunications service contracts and sells mobile telecommunication devices and the related accessories via its own network of shops, online and through its B2B organization. In addition, mobilezone offers consultation and outsourcing services for business customers in the area of mobile telecommunications and also offers repair services for mobile phones from many manufacturers. In Germany, marketing and sales are handled via the company’s own online portals, by partner-managed shops as well as via online portals managed by third parties. With the brand "TalkTalk" in Switzerland and the brand "High" in Germany mobilezone competes in the market with its own mobile, fixed-line and Internet offers as a Mobile Virtual Network Operator (MVNO). In Switzerland the offers are based on the network capacities of Sunrise and in Germany on those of Deutsche Telekom.

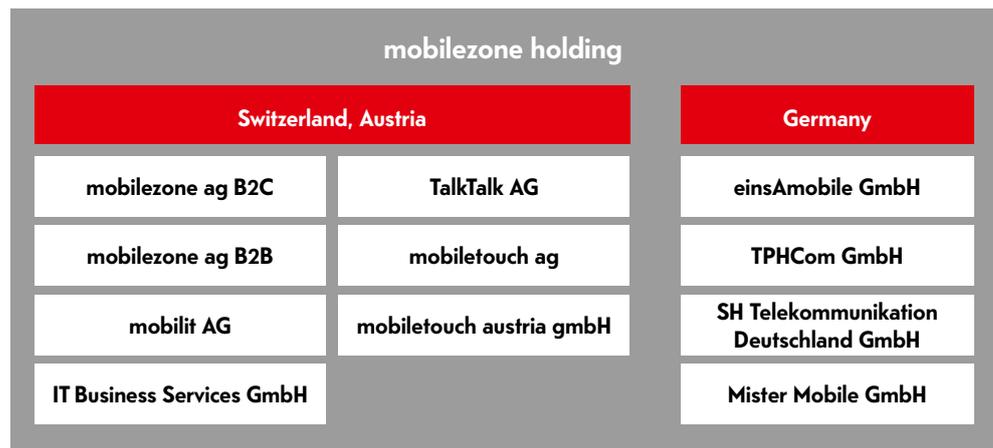
mobilezone has two business segments: Trade and Service Providing. The segment Trade includes the business units B2C and B2B in Switzerland as well as all activities in Germany. The segment Service Providing includes the companies TalkTalk and mobiletouch in Switzerland as well as mobiletouch in Austria.

”
With the acquisitions of SH and Mister Mobile in fiscal year 2019 we further strengthened our market position, particularly where our online business in Germany is concerned. And the acquisition of mobilIt and ITBS bolstered our B2B business.

Business segments



Andreas Fecker
CFO mobilezone



”
We are very satisfied overall with the 2019 year-end result. Net profit grew, and in Switzerland we achieved the best cumulative operating result of the past five years.

Market area Germany

As a result of acquiring einsAmobile, SH, TPHCom, and Mister Mobile, mobilezone is Germany's leading provider of mobile communications products specializing in the brokering of mobile phone contracts and the sale of mobile phones. Its products and services are offered online and in partner shops as well as by more than 1,000 specialist retailers. mobilezone is a partner of the network operators Vodafone, Deutsche Telekom, and Telefónica Deutschland. In the indirect online business mobilezone is the clear leader; it is a considerable distance ahead of the nearest competitor thanks to its brands sparhandy.de and deinhandy.de and to the home shopping channel handystar.de especially when it comes to marketing mobile phone fixed-term contracts with a focus on attractive deals bundling smartphones and appropriate rate plans.

With the brands sparhandy.de and deinhandy.de mobilezone has positioned itself in the market as the leading online retailer. The company can look back on a very positive development with

double-digit growth. Here, the investments made in past years in the development of the websites as well as in downstream customer processes are paying off. With handystar.de the company created a useful addition to its online offers and thus reached a contrary, new target group. In addition, a new brand was created for the young audience: under the brand name "High" mobilezone as Mobile Virtual Network Operator (MVNO) offers favorable SIM-only rates on the Deutsche Telekom's network.

In addition to its end-customer business (B2C), mobilezone is also active in the business customer segment (B2B): In its indirect sale business the company is responsible for the purchasing, selling, and logistics for its own brands as well as for those of its trading partners. For example, mobilezone is the exclusive provider of all relevant mobile communications services, such as product management and downstream processes of card activation, for both ElectronicPartner and the large store chain MEDIMAX.



Wilke Stroman
CEO GER

Interview with Wilke Stroman

CEO Germany, member of the Group management and founder of SH Telekommunikation Deutschland GmbH

YOU SOLD YOUR BUSINESS, SH TELEKOMMUNIKATION DEUTSCHLAND GMBH (SH), TOGETHER WITH THE SHAREHOLDER, HAUBRICH VERWALTUNGS SE (ELECTRONICPARTNER), TO MOBILEZONE GROUP. HOW DID THAT COME ABOUT?

As business owner in the mobile communications market, I had heard of mobilezone Group, of course, and closely watched the company's successful development. I was also interested because of mobilezone's successful shareholdings in the German companies einsAmobile, TPHCom, and Mister Mobile, which have long been our competitors. Therefore, I was very pleased when the acquisition talks with Markus Bernhard quickly became concrete, and our views of the strategy for the future matched so well.

WHAT IDEAS DO YOU MEAN SPECIFICALLY?

Of course, as founder of the business, I weighed carefully to who to sell the business to and what plans the potential new owner will pursue. I went through this process once before when I transferred the 50.1 percent majority to Haubrich Verwaltungs SE (ElectronicPartner/Medimax) in 2015. That decision led to a very positive experience back then, and I am glad that the negotiations again led to a very positive outcome for all parties involved. In addition to the shared business ideas, I also quickly found that the personal chemistry between the parties was just right – considering our ambitious plans for the future, this secondary aspect is after all not entirely unimportant.



” There is a lot of potential for growth in the online market in Germany.

CAN YOU DESCRIBE THOSE PLANS IN MORE DETAIL?

With mobilezone Germany we have created an outstanding starting position for us to significantly shape the German telecommunications market in the coming years with the strong subsidiaries. As

founder of sparhandy.de, I am very happy with our strong position in the e-commerce sector: with sparhandy.de and deinhandy.de we have the two strongest online brands in the indirect market. As a company, we cover about 80 percent of all

indirect contracts concluded in the German market and thus are clearly number 1 in this market. And we are also the most important partner of the manufacturers and network operators in this market segment.

IN VIEW OF YOUR 80 PERCENT MARKET SHARE YOU JUST MENTIONED, DO YOU STILL SEE MUCH POTENTIAL FOR GROWTH IN THIS MARKET?

There is a lot of potential for growth in the online market in Germany. The shift from stationary trade to online shopping will surely continue for at least a few more years. That is why we're currently also investing in our two strong and well-positioned brands in order to further expand our position as market leader. We are currently making

big investments in our technical infrastructure, for example, in the shop system and server structures, so that we can continue in the coming years to offer customers an optimal and innovative shopping experience and to gain their loyalty.

DO YOU HAVE PLANS TO EXPAND THE SELECTION ON YOUR ESTABLISHED WEBSITES IN THE LONG TERM?

We're keeping an eye on that, but we want to focus primarily on our core business of mobile communications, especially because we also have identified opportunities for growth in the areas of cross-selling and upselling: In the area of marketing "hardware only," that is, smartphones without any contract, as well as in marketing accessories we can still become much stronger, and in the area of so-called Inlife services, such as smartphone insurances, there is still room for growth. That is what we will focus on intensively.

CAN YOU GIVE US A FEW CONCRETE NUMBERS TO ILLUSTRATE THE SCOPE OF YOUR ONLINE ACTIVITIES IN GERMANY?

Our websites get about 4 million visits a month, and for 2020 we're aiming at concluding 600,000 fixed-term contracts – including new contracts, contract renewals, and broadband. By the way: our home shopping channel handystar.de also plays a part in the above-mentioned number of contracts concluded.

YOU HAVE BEEN OPERATING THAT CHANNEL SINCE 2015. HOW IS IT GOING?

We're very satisfied with the development. We have a strong team that manages the entire TV channel in-house, from preparing offers and proposals to producing the TV spots and drawing up the broadcasting schedules. The team works out of our offices in Bochum, where we also set up our own studio a few years ago. With handystar.de we have created a valuable addition to our online activities, one that is geared to a very different target group. And our success proves us right: Since the beginning, the broadcasting operation has been profitable, and sales have been steadily rising. In fiscal year 2019 we have concluded about 60,000 contracts via our TV operation. For fiscal year 2020 we plan to launch an extensive website, because even for older target groups the second screen is becoming more and more important, and in this way we will make our established brand more professional online as well.

WE HAVE TALKED A LOT ABOUT THE INDIRECT MARKET – ONLINE AND TV. WHAT IS THE SITUATION OF THE OTHER BUSINESS SEGMENTS?

Our strategy for our business in Germany is based on three pillars. In addition to the business segments mentioned these are in particular the retail/indirect market and the hardware wholesale business. Let's start with the retail business: the acquisition has not changed the close relationship between SH and ElectronicPartner, and we are continuing our long-standing and successful cooperation. This partnership forms a sound basis

for establishing ourselves in the long term as the number 1 partner of the network operators and key account customers. And that is also why we are always looking for opportunities to optimize in this area; for example, in 2020 we will issue a new category management concept for the ElectronicPartner dealers as well as for the

large store chain MEDIMAX, for both of which we are the exclusive supplier. TPHCom and einSAmobile also do business with dealers, and here we want to coordinate and jointly organize

our activities so that this business segment will have a clear unmistakable profile. In this area, too, we have big plans.

THE THIRD PILLAR OF YOUR BUSINESS ACTIVITIES IS THE HARDWARE WHOLESALERS. PLEASE GIVE US AN OVERVIEW OF THE STATUS QUO AND YOUR PLANS FOR THE FUTURE.

In fiscal year 2019 we were confronted with declining sales and margins in the wholesale business. And for the future as well we see fewer opportunities for sales growth here. We want to focus on creating stronger ties to our manufacturer partners to ensure and sustain sales in the long term. Currently, we are managing the Huawei's Amazon business as a full-service provider, and we see potential for growth here.

WHAT DOES THE CORPORATE STRUCTURE OF THE FUTURE LOOK LIKE?

In the fourth quarter we worked intensively on positioning ourselves optimally for the future. We have implemented a management board for our business in Germany that consists of six colleagues, who will work on positioning the business optimally and sustainably for the future.

CAN YOU BRIEFLY EXPLAIN WHY THIS BOARD WAS CREATED?

We are faced with the challenge of having to bring the different companies together under one umbrella, namely, mobilezone Germany, and to use the resulting synergies in the best way possible. Each company is based on its own long-established structures with individual contracts, configurations, and personnel infrastructure. On the one hand, this is a huge opportunity for us, but on the other hand it is also a lot of work. Therefore, it is fundamentally important for the success of mobilezone Germany that we have a close and well-organized coordination among the executives of the various companies. That is why we created that board.

WOULD TELL US WHO IS ON THIS BOARD?

As CEO Germany I chair the German management team. In addition, there is close cooperation with the CEO, Markus Bernhard, as well as with the CFO, Andreas Fecker. Beyond that I am involved with the areas investor relations, strategy & markets, and organization. In carrying

” We want to focus primarily on our core business mobile communications, especially as we have identified opportunities for growth in the areas of cross-selling and upselling.

out these tasks, I have the support and assistance of the managing directors of the other companies, and I'm thinking here especially of

” Therefore, it is fundamentally important for the success of mobilezone Germany that we have a close and well-organized coordination among the executives of the various companies.

Akin Erdem (Purchasing Hardware and Sales Key Account), Florian Jung (Finances, Human Resources & Legal), Jens Barth (E-Commerce and Technology), and Ralf Grundhoff (Purchasing Cardware and Sales Key Account Cardware) as well as of Thorsten Fluck (Projects & Operative Processes). I am sure that with this board we can

guide the integration of the companies in the best way possible and position ourselves optimally for the future.

IN CONCLUSION LET'S TALK ABOUT NUMBERS – HOW SATISFIED ARE YOU WITH FISCAL YEAR 2019 AND WHAT ARE YOUR PLANS FOR 2020?

We have had an eventful year. The top priority for the coming months is to position the four German companies for a sustainable and secure future. In concrete terms, this means reducing our dependence on the wholesale business – particularly where einsAmobile is concerned – and at the same time successfully developing our strong and profitable online business with continued double-digit growth.

A REDUCTION IN THE WHOLESALE BUSINESS CAN HARDLY BE REALIZED WITHOUT LOSSES OF SALES, RIGHT?

That is correct. In the wholesale business our sales dropped compared to the previous year, and we anticipate slightly declining sales for the next few years as well. However, this development is already factored into our calculation, and we have made provisions for it. The reasons can be found in our strategic orientation for the future. There's no need to worry, especially because our high-margin and profitable online business developed very positively in 2019: we succeeded in increasing sales by 15 percent compared to the previous year, and we're absolutely satisfied with the results achieved in 2019. Through the coming joint management of the two leading brands sparhandy.de and deinhandy.de our starting position for fiscal year 2020 has significantly improved, and we face the future with positive expectations and confidence.

Market area Switzerland and Austria



Roger Wassmer
CEO CH & AT



In fiscal year 2019 our retail business in Switzerland showed a very positive development. Thanks to our highly motivated sales force, our sales of services and in the mobile phone contract business grew.

In Switzerland mobilezone has 117 (2018: 119) own shops that offer mobilezone's complete line of products and services (including accessories and wearables) as well as the subscription plans / contracts for mobile and fixed-line telephony, Internet, and digital TV of the major network operators Swisscom, Sunrise, Salt, and UPC. The company's wide range of offers is rounded out by independent specialist consulting and numerous services, such as the mobilezone workshops, the company's own insurance product "Protect-Clever," the sale of the Apple insurance products Apple-Care+, data transfers, the buy-back program for used mobile phones, etc.

For small and medium-sized companies as well as for large companies mobilezone offers independent consulting and individual customer

MOBILEZONE B2C

In addition to the latest smartphones and tablets, customers find a large selection of accessories in all mobile-zone shops. Fiscal year 2019 saw a number of important smartphone launches. Marking the 10th anniversary of the Samsung Galaxy line, Samsung launched S10 series with the models Samsung Galaxy S10e, S10, and S10+. Furthermore, Samsung rolled out what is likely the most exclusive smartphone of the year: the vertically foldable Galaxy Fold 5G. mobilezone was the only independent telecom specialist in Switzerland carrying the Samsung Galaxy Fold 5G. Apple also introduced new models in 2019: the iPhone 11, the iPhone 11 Pro, and the iPhone 11 Pro Max, all of which were in high demand. In addition, in fiscal year 2019 Huawei unveiled its newest smartphones: the P30 and the P30 Pro. Moreover, in fiscal year 2019 mobilezone added products of the Chinese electronics manufacturer OPPO to its product line. The service sector was developed further, and the mobilezone Service+ subscription was launched and sold successfully.

Although the online shop is becoming more

solutions and in the process serves as the interface between the network operators, device manufacturers, and the customer businesses.

mobilezone maintains long-standing partnerships with the telecom providers Swisscom, Sunrise, Salt, and UPC as well as with all leading device manufacturers and suppliers. Through TalkTalk mobilezone offers customers its own post paid and prepaid subscription plans, fixed-line telephony, and Internet.

In both countries mobilezone offers repair services and the associated logistics services for mobile phones, tablets, and other electronic devices; the company also is active in retail selling refurbished mobile phones. In addition to various branch offices, mobilezone operates a central Repair Center in each of the two countries.

and more important, mobilezone continues to count on physical shops (POS). The salespeople are mobilezone's best advertisement and lead the purchase intention the customer may already have developed online to a successful conclusion because customers enjoy the haptic experience they have in the shops. To enable the sales people to address customers' individual needs and find the optimal offer for them, they receive training on an ongoing basis regarding the latest trends. An e-learning portal ensures that the salespeople are always fully informed about new products, services, and rate plans. To continue offering customers an optimal shopping experience, several mobilezone shops were modernized and enlarged, for example, the shops in St. Gallen, Thun, Volketswil, Oftringen, and Winterthur. Shop-in-shop concepts such as the ones with Swisscom, were also implemented with UPC. In addition, mobilezone opened a new, second shop in the Zurich central train station, likewise in Wattwil and Geneva. mobilezone now has the right number of shops to ensure optimal coverage for its customers.

TalkTalk increased the number of customers in the postpaid area from 25,200 in the previous year to 26,800. Thanks to the modernized online registration platform, the number of new customers via online registration was doubled. Moreover, in fiscal year 2019 TalkTalk completed the migration from analog telephony to Internet telephony (Voice-over IP).

In February 2019 mobilezone introduced a new ERP system and new cash register system thus successfully implementing the first stage of its

groundbreaking Omnichannel project. The project has been successful, for example, in the areas of for placing an order in a shop, delivery from the central warehouse, or picking up an order in a shop. An important strategy is drive-to-shop, designed to further strengthen the online sector to boost direct sales of products via the digital channels (e-commerce). At the same time the company aims to increase customer traffic in the shops. Thus, mobilezone customers can access a larger, networked range of offers across all sales channels.

MOBILEZONE B2B

The expansion of its service offers is a cornerstone of mobilezone's strategy. The specialists at mobilezone serve as general contractors and take over all the work connected with managing mobile devices and contracts. The consultants address the individual needs of their many different customers with customized offers in order to find the best solution for each customer. This solution can include management of mobile phone contracts, equipment maintenance, and even insurance claim negotiation in the event of damage or loss.

The services offered also include complete outsourcing of services and processes in the area of fleet management. The company's spectrum of offers here ranges from standardized products to complex, individual solutions for customers. In 2019, mobilezone introduced "device as a service" for business customers. Instead of buying mobile phones and tablets themselves, companies can get their mobile device fleet as a managed service from mobilezone. Customers can sign up for "device as a service" for a term of 24 to 36 months.

Smartphones and rate plans that are available to a company's employees are shown by mobilezone on an individual online customer platform. The platform is customized together in coordination with customers and is custom-

ized to their needs and requirements. In addition to procuring devices, the entire management of the company's contracts is displayed. The entire login and logout process of employees is designed individually in accordance with the customer's specifications. In addition, thanks to the integration of customer-specific authorization processes mobilezone can respond even better to customer's needs.

Starting this year, thanks to a service process newly introduced for this specific purpose, employees of key corporate accounts can learn about and purchase discounted subscription plans not only in the online shop but also in person in any one of mobilezone's 117 shops.

The number of appointments in the mobilezone workshops more than doubled in fiscal year 2019. This shows that the investments in the workshops are paying off. At the beginning of fiscal year 2020, Samsung and Salt announced that now all their repairs will be handled by the certified mobilezone workshops. Smartphones are increasingly made sturdier and are hardly exposed to damage from moisture anymore. For that reason repairs have been on the decline for years.

Highlights 2019

FEBRUARY

mobilezone successfully launches its Omnichannel strategy in Switzerland. The new ERP system and new cash register system make use of and network all available online and offline sales channels to offer customers an integral shopping experience.

Samsung launches the Galaxy S10 series. Just in time for the tenth anniversary of the Galaxy line Samsung launches the S 10 in Barcelona. The new models S10e, S10, and S10+ can be preordered at mobilezone immediately after the launch.

MARCH

Huawei launches the new P30 series. Huawei unveils its newest models: the P30 and the P30 Pro.

APRIL

mobilezone and the Schweizerische Fussballverband (SFV, Swiss football association) enter into a partnership. As the association's partner, mobilezone supports the Helvetia Schweizer Cup. mobilezone offers the football family and association members as well as corporate employees company-specific mobile services they can sign up for in any one of the 117 mobilezone shops. This offer is one of a kind in Switzerland.

MAY

TalkTalk eliminates data roaming for several countries. For TalkTalk's customers surfing abroad is as affordable as surfing at home: starting in May they no longer have to pay roaming fees in the EU, Canada, the USA, Liechtenstein, and Norway.

mobilezone launches its own service subscription for mobile phones in the Swiss retail trade. The service subscription "mobilezone Service+" offers customers comprehensive services for their mobile phones, such as free tech support, 12 months warranty extension, discount on display repairs, and other benefits.

JUNE

mobilezone acquires SH Telekommunikation Deutschland GmbH (SH). mobilezone takes over 100 percent of the shares of the German company. With its own brands deinhandy.de and sparhandy.de the company is the largest online reseller of contract-based mobile phone offers in Germany and thus boosts mobilezone's online business in Germany. The integration of SH into mobilezone Group is an important strategic step in the realization of mobilezone's growth strategy.

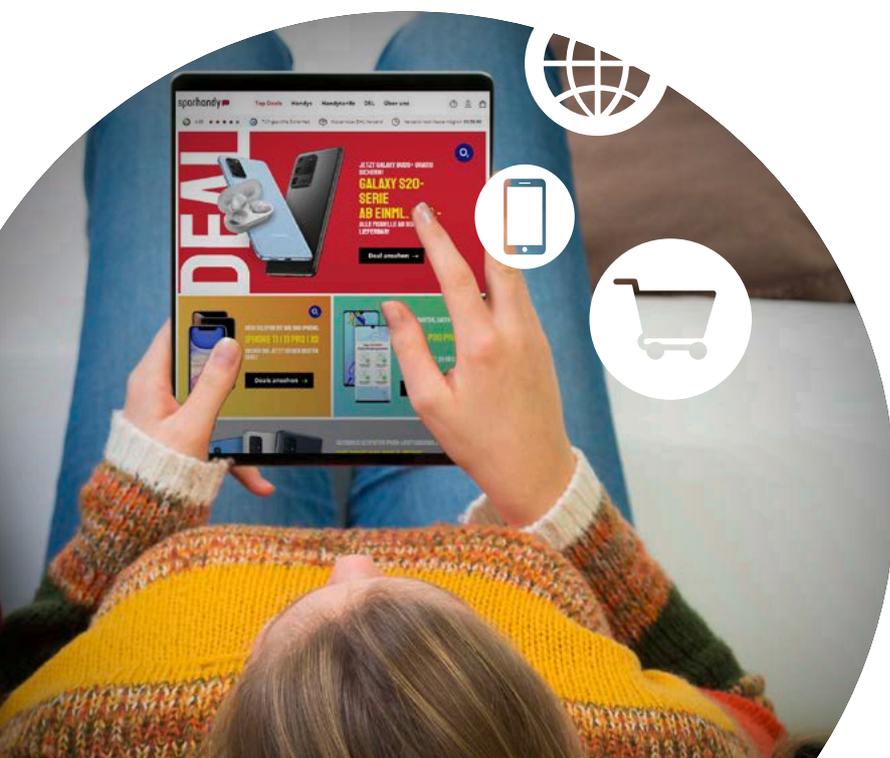
Sparhandy TV becomes Handystar. The TV shopping channel of mobilezone subsidiary SH Telekommunikation Deutschland GmbH gets a new name. Four years after its launch the channel in addition to the new name also gets a new logo, fresh colors, and a more modern studio. By separating its online and TV offers the company wants to offer its customers a better shopping experience.

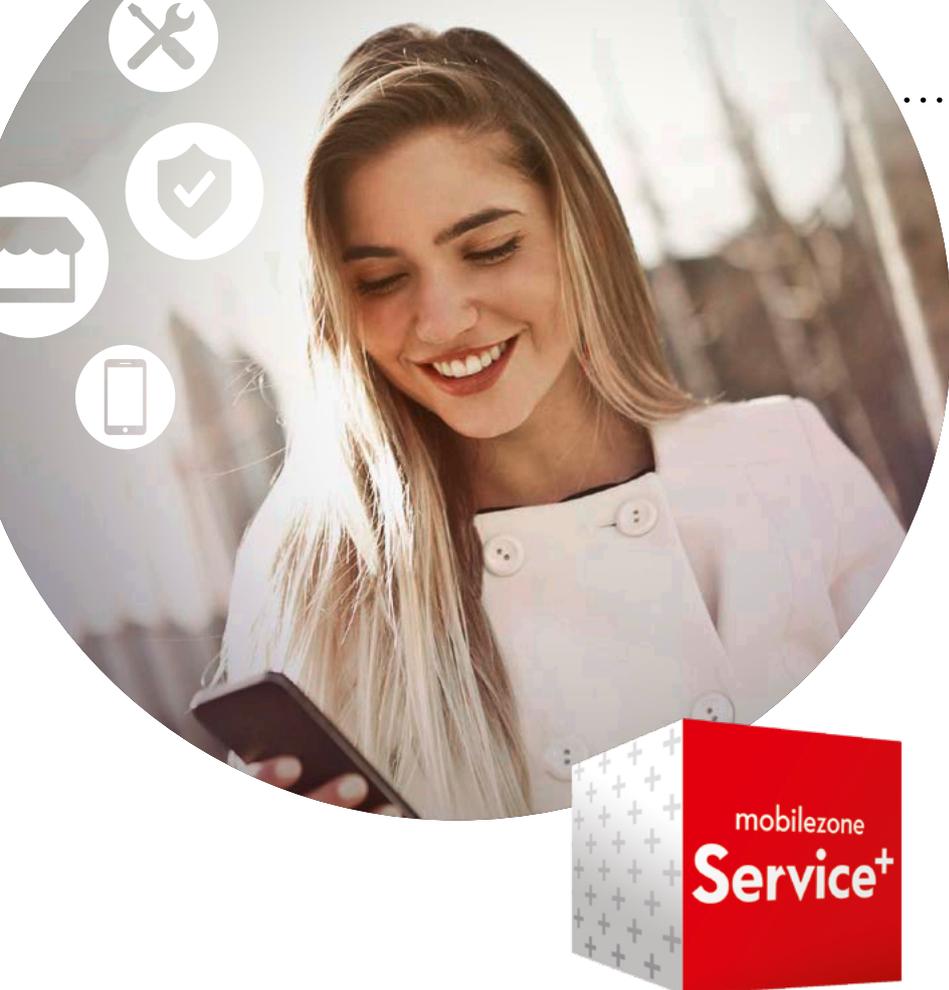
JULY

UPC opens shop-in-shops in three mobilezone locations. UPC opens shop-in-shops in the three mobilezone shops in Thun Bälliz, Zurich Letzipark, and Emmen Center. In the stores arranged in line with the UPC design, customers find offers in the areas of mobile telephony, Internet, fixed-line, and TV.

AUGUST

Launch of Samsung Galaxy Note10 and Note10+. In August Samsung launches the models Note 10 and Note 10+ in New York. After the launch, these models are available at mobilezone at attractive terms.





Acquisition of mobilit AG and IT Business Services GmbH. With these acquisitions mobilezone strengthens its B2B business in Switzerland. The companies provide online systems and serve more than 150 specialist retailers and IT companies throughout Switzerland with sales of products and services of Swiss network operators.

SEPTEMBER

Apple presents the new iPhone. After the presentation, the iPhone 11, the iPhone 11 Pro, and the iPhone 11 Pro Max are available at mobilezone. Demand for the three iPhone models is high, and the positive sales figures reflect that.

OCTOBER

Samsung Galaxy Fold available at mobilezone. The smartphone market undergoes a small revolution when Samsung launches the first foldable smartphone. The Samsung Galaxy Fold 5G has a unique, foldable UX display, a versatile camera, and first-class performance; it offers an exceptional user experience. mobilezone is the only independent Swiss telecom specialist carrying this Samsung model.

mobilezone adds smartphones from OPPO to its product line. OPPO is one of the world's leading smartphone manufacturers in China and since 2008 has established a presence in more than 40 countries. With its new Reno2 series, OPPO is taking its first steps in Europe.

mobilezone takes over Mister Mobile GmbH. mobilezone takes over 55 percent of the company from its cofounder and managing director Robert Emich (25 percent) and Philion SE (30 percent) and thus now owns 100 percent total. Mister Mobile operates the online platform deinhandy.de. With this acquisition mobilezone is taking another important step in its online strategy in Germany.

NOVEMBER

mobilezone celebrates its twentieth anniversary in Zurich's Samsung Hall. Established in 1999, mobilezone has grown in the past two decades into the leading independent telecom specialist. Since 2001 mobilezone has been listed on the Swiss Exchange; the company now has about 1,300 employees.

Several shop (re-)openings. In November several mobilezone shops are newly opened or reopened, beginning with the shop in the Shop-Ville in the Zurich central train station. At a prime location on the second lower level (Halle Löwenstrasse), the new mobilezone shop is mobilezone's second one in the Zurich central train station. The building at Bahnhof Süd will offer a promising community center in Wattwil, and mobilezone opens a new shop at this central location. As part of the renovation of the Volkiland in the past few years, the mobilezone shop there also got a fresh design. The shop in the A1 Oftringen shopping center is also undergoing complete remodeling. Also, mobilezone has opened another shop in Geneva, at Rue de Rive 13.

DECEMBER

Changes in the Group management. Wilke Stroman becomes CEO Germany. Roger Wassmer, up to now member of the Group management and COO Switzerland and Austria, is appointed CEO Switzerland and Austria. The changes take effect with the beginning of the new fiscal year.

Corporate Social Responsibility

For us, sustainability is an integral part of our corporate culture and mobilezone's value added. Our principles and values are shaped by our economic, social, and ecological responsibility, which we as a company want to live up to. This is essential to achieving profitable and long-term growth. The principle of sustainability is firmly rooted in our corporate culture and our strategy and is also aligned with the interests of our stakeholders. After all, economic success is the precondition for creating value for our various stakeholders. We see ourselves as directly responsible to our employees, customers, and shareholders, and at the same time we want to make a positive contribution to our environment and society. Living up to this responsibility is reflected in the following essential areas of our business.

Employees

We consider the competencies and motivation of our employees key factors in mobilezone's sustainable economic success. Flat hierarchies and a matrix organization support each employee in his or her sphere of operation. We invest in the training and continuing education of our employees as well as in apprenticeships for junior staff. Ensuring our own pool of trainees is part of our social responsibility and an important factor for the future development of our business. In fiscal year 2019, for example, in Switzerland, 40 trainees successfully completed their training and apprenticeships, and 27 of them continue to work at mobilezone. For the new training year, too, all apprenticeships are filled, and 46 new trainees have begun their training here at mobilezone. We have established a separate department headed by a training officer for our employees' career development and training. One of the goals of this department is to examine what forms work will take in the future — and to continuously improve our services for our customers. Moreover, the department offers employees and executives a learning environment for developing new skills and actively shaping their professional development.

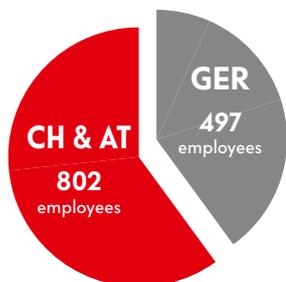
In addition to regular and constructive feedback meetings of management and employees, we examine above all personal needs. The annual goal setting and evaluation process serves as an essential result-oriented management tool, and agreements on development goals and measures are recorded. They then serve as reference points for the employee's individual development.

mobilezone stands for internationality and a multicultural and tolerant work environment. Employees from 46 countries help make our business successful by contributing their knowledge, innovative thinking, and dedication. Mutual respect and tolerance for other cultures and a workplace free of discrimination are a matter of course for us.

Our employees are young and loyal. Almost 90 percent of our employees are under 45. The proportion of those who have been with us for more than three years is relatively high at 41 percent.

Employee satisfaction and thus the long-term retention of our employees are important to us. Therefore, as part of the performance reviews we provide employees up to twice a year with feedback regarding their personal work situation. The results are then presented anonymously to an open panel, and we jointly discuss needs and work out solutions. The safety, health, and well-being of our employees in the workplace are important to us. We strive to protect our employees from work accidents and health risks. From ergonomic workplaces in our offices, to flexible working hours or flextime, we implement a broad range of health-promoting measures.

NUMBER OF EMPLOYEES



Employees (full-time and part-time)

PROPORTION WOMEN AND MEN

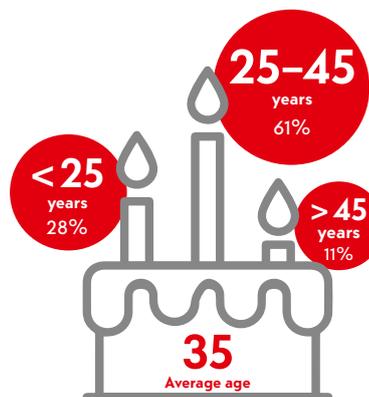


Employees (full-time and part-time)

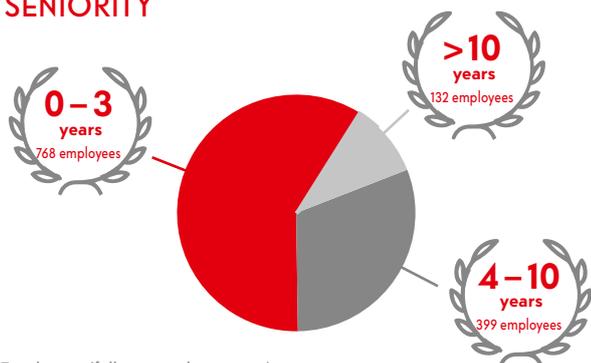
NUMBER OF NATIONALITIES



AGE



SENIORITY



Employees (full-time and part-time)

TURNOVER



Turnover is calculated based on the sum of the number at the beginning of the year and at the end of the year, divided by two in relation to unplanned exits.

SICK DAYS



Calculated from the sum of the number of sick days throughout the Group divided by the number of employees.

TRAINEES



Information refers to Switzerland because Germany and Austria have different education systems.

Customers

Sustainable customer management is important to us. As a result of our high service quality, we are rewarded with high customer satisfaction, and over the years that has developed into trusting customer relations. To preserve this trust in the long term, mobilezone's strategic focus is on measuring the "customer experience." The satisfaction of our sales customers is measured via the Net Promoter Score (NPS¹). Our score here has consistently been at the high level of 80. This figure refers to the sales segment. Regarding service quality, too, we achieved the high value of 7.89; this aspect is measured as Customer Satisfaction Score (CSAT²). We achieved these positive results in customer satisfaction and service quality by expanding the digital dialogue (via telephone, e-mail, chat, WhatsApp, Facebook Messenger, social media). To continuously develop the services we offer our customers, we are considering expanding our range of services in the coming year and optimizing the appointment process. We have already made customer service in Switzerland available by phone even on Saturdays. In Germany this has long since been established.

Partnerships & suppliers

In our view our supply chain management is the engine driving the creation of value and our success, both for us as a company and where society is concerned. We count long-standing close partnerships with network providers, international device manufacturers, and suppliers as well as those with advertising and media partners among our most important assets. In the area of procurement we pay attention to ecological and social aspects and continuously extend our field of sustainable action to our subsidiaries and suppliers. For example, as a result of our commitment, we added fully recyclable accessories for smartphones to our product range.

Environment

We take our ecological responsibility very seriously and live up to it using resources and energy in the most efficient way possible. The relocation of our headquarters in Switzerland to Rotkreuz into a new energy-efficient office complex in the Suurstoffi Areal, the shift to paperless workplaces, and the elimination of plastic carrier bags from all our shops are just a few examples of our dedicated efforts toward reducing our CO₂ emissions. Moreover, we promote commuting to work using public transportation, and we provide drinking water dispensers and individual reusable water bottles in our offices to reduce single-use plastic packaging. Several years ago we started offering our customers the option of trading in outdated or defective mobile phones. Thanks to the exchange program created for this purpose, customers trade in their old mobile phones they no longer need at their current market value. The devices are then inspected, intact components are taken out for reuse, or the device is completely refurbished and put on the market again. In 2018 we opened the first shop in Switzerland where refurbished devices are offered for sale. The subsidiaries of mobilezone Group subsidiaries are also living up to their responsibilities. For example, the offices of SH in Bochum in Germany are located in a building largely supplied with solar power. Moreover, for several years already SH has been contributing to a nonprofit organization that works for improved quality in the preschool and school education in

¹ NPS stands for Net Promoter Score; it measures the degree of customer loyalty to a company with questions about customers' intentions: How likely is it that a customer will purchase a product again or recommend it to others?

² CSAT stands for Customer Satisfaction and measures how satisfied customers are with a company regarding its products and/or services. Measurement is based on a scale from 1 (very dissatisfied) to 10 (very satisfied).

Mozambique. In addition, SH uses climate-neutral parcel shipping via DHL Go Green. Our subsidiary einsAmobile supports various nonprofit projects and foundations that work, among other things, for the education of children. And where packaging is concerned, the company cooperates with a foundation for people with disabilities.

Data security

We also take responsibility in the areas of data security and data protection. Handling sensitive data correctly is a top priority for us. Because of the extensive digitalization of our business processes, these issues have already been at the center of our actions for some time. For the optimal prevention of cyber attacks and the misuse of data we established IT security guidelines for the central coordination of security measures. In addition, all employees are regularly trained with regard to current specific events so they can recognize cyber attacks and respond appropriately. We comply with the data protection requirements of the EU General Data Protection Regulation (GDPR) that took effect in May 2018 and have implemented the statutory provisions accordingly. All issues and projects relating to data protection are coordinated in advance with our company's data protection officer.

Code of Conduct

It is our ambition to offer superior value added for our customers, to achieve attractive returns on investment for our shareholders, to be a preferred employer for our employees, and to be a well-known and highly respected company in society. To achieve this requires the highest integrity and professionalism because the success of our business increasingly depends on the way and the principles by which we achieve our results. But our success also depends on earning the trust of all our stakeholders: the trust of our customers, our shareholders, our employees, the media, and but also the trust of society as a whole. The key points of conduct in accordance with this are set down in mobilezone's Code of Conduct. The Code of Conduct provides the foundation for earning this trust, developing it, and ensuring a common system of values. We protect the mental and physical integrity of our employees and do not tolerate any mobbing, sexual harassment, or any other form of discrimination. We expect all our employees to treat their colleagues, customers, and suppliers with respect, and we encourage all to report any misconduct they observe. In connection with our anti-corruption efforts, we declare our compliance with the currently applicable laws and standards as well as with their underlying ethical principles, and we have created appropriate compliance guidelines. Our customers respond with enthusiasm when we exceed their expectations. We also treat our customers honestly and fairly and are open to their suggestions and feedback. We keep our promises.

Corporate Governance

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Corporate Governance

The principles and provisions of Corporate Governance are set forth in the Articles of Association and in the Organizational Regulations of mobilezone holding ag. The published information complies with the SIX Swiss Exchange guidelines on Corporate Governance and with the applicable relevant reporting requirements of the Swiss Code of Obligations. The balance sheet date is December 31, 2019, unless otherwise indicated.

1. Group structure and shareholders

1.1 Group structure

The mobilezone Group comprises two business areas, Trade and Service Providing. The parent company is mobilezone holding ag, Suurstoffi 22, 6343 Rotkreuz, Switzerland, which is a Swiss limited company listed in the Domestic Segment of SIX Swiss Exchange (Valor no.: 27683769, ISIN: CH0276837694). As of December 31, 2019, the market capitalization amounted to CHF 486 million. The significant consolidated companies of the Group are the following:

Company	Company's place of business	Currency	Share capital (000)	Capital shares	Segment
mobilezone ag ¹	CH-Rotkreuz	CHF	2 850	100%	Trade
mobilit AG ²	CH-Härkingen	CHF	100	100%	Trade
IT Business Services GmbH ²	CH-Härkingen	CHF	40	100%	Trade
mobilezone Deutschland GmbH ³	D-Heusenstamm	EUR	25	100%	Trade
einsAmobile GmbH	D-Oberthausen	EUR	50	100%	Trade
TPHCom GmbH ⁴	D-Heusenstamm	EUR	25	100%	Trade
SH Telekommunikation Deutschland GmbH ⁵	D-Cologne	EUR	778	100%	Trade
Mister Mobile GmbH ⁶	D-Oberthausen	EUR	25	100%	Trade
sparstrom Energievertriebs GmbH ⁵	D-Cologne	EUR	100	40%	Trade
Bonamic GmbH ⁵	D-Bochum	EUR	100	49%	Trade
TalkTalk AG	CH-Rotkreuz	CHF	100	100%	Service
mobiletouch ag	CH-Zweidlen	CHF	100	100%	Service
mobiletouch austria GmbH	A-Vienna	EUR	35	100%	Service

¹ Effective January 1, 2018, mobilezone business ag merged with mobilezone ag (absorption).

² In August 2019 the companies mobilit AG and IT Business Services GmbH were acquired.

³ On September 17, 2019, einsAmobile Management GmbH was renamed mobilezone Deutschland GmbH.

⁴ In January 2018 the company TPHCom GmbH was acquired.

⁵ In June 2019 the company SH Telekommunikation Deutschland GmbH was acquired with the shareholdings in sparstrom Energievertriebs GmbH and Bonamic GmbH. The shareholdings are valued according to the equity method.

⁶ On November 14, 2018, shareholding in Mister Mobile GmbH was reduced from 75 percent to 45 percent. At the end of October 2019 shareholdings were increased from 45 percent to 100 percent.

1.2 Significant shareholders

According to our share register, on December 31, 2019, the following significant shareholders and shareholder groups held more than 3 percent of capital shares and voting rights:

Company	2019	2018
Credit Suisse Funds AG, Zurich ¹	7.11%	7.81%
Haubrich Zentrale GmbH & Co. KG, Düsseldorf	5.00%	n.a.
Wilke Stroman, Cologne	5.00%	n.a.
UBS Fund Management (Switzerland) AG, Basel ¹	3.88%	4.26%

¹ The number of participation shares noted in the last disclosure notice have been converted based on the number of shares outstanding as of the balance sheet date of December 31.

The disclosures regarding shareholdings in mobilezone holding ag are published on the electronic platform of the SIX Swiss Exchange and can be retrieved via the Disclosure Office's search screen at the following web link:

<https://www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html>

To our knowledge there is no shareholder's agreement between the significant shareholders.

1.3 Cross-shareholdings

To our knowledge there are no cross-shareholdings.

2. Capital structure

2.1 Capital

The share capital consists of 44,781,213 registered shares at a par value of CHF 0.01 each. All registered share are fully paid up and listed on the SIX Swiss Exchange.

2.2 Authorized and conditional capital

There is neither authorized nor conditional share capital.

At the annual General Meeting on April 4, 2019, the shareholders approved the creation of authorized capital in the maximum amount of CHF 40,000 by issuing up to 4,000,000 fully paid registered shares with a par value of 1 centime each by April 5, 2021, at the latest. On June 14, 2019, the Board of Directors carried out the capital increase from authorized capital by issuing 4,000,000 registered shares for the acquisition of SH Telekommunikation Deutschland GmbH.

2.3 Changes in capital

Changes in capital made in 2018 and 2019 are listed in the consolidated equity statement on page 53 of this report, and the changes made in 2017 are listed on page 43 of the 2017 annual report.

2.4 Shares and participation certificates

As of December 31, 2019, there were 44,781, 213 registered shares at a par value of CHF 0.01 each. Of these, 63,624 (2018: 100,000) are treasury shares. Treasury shares do not have any dividend or voting rights. All other shares are equally entitled to dividends and voting. There are no participation certificates.

2.5 Profit-sharing certificates

There are no profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

The transferability of the registered shares is not limited.

Nominee shareholders are registered in the share register without voting rights. There are no agreements with nominee shareholders regarding registration requirements.

2.7 Convertible bonds and warrants/options

As of the balance sheet date there were no convertible bonds outstanding.

On December 29, 2017, the Board of Directors adopted a long-term incentive program (LTI) for the management. The individual allocation by the Board of Directors was based on the option plan regulations of mobilezone holding ag. The first distribution in the amount of 380,000 options took place on June 29, 2018. The options have a term of 7 years with a vesting period of 3 years; they were distributed at 10 percent above the average closing share price after dividend payment (April 10, 2018) until June 29, 2018, with an exercise price of CHF 12.19 per share.

On August 21, 2019, the Board of Directors made a distribution in the amount of 85,000 options. The options have a term of 7 years with a vesting period of 3 years; they were distributed at 10 percent above the average closing share price in the period from May 28, 2019, to August 21, 2019, with an exercise price of CHF 10.61 per share.

3. Board of Directors

3.1 Members of the Board of Directors

On December 31, 2019, the Board of Directors of mobilezone holding ag consisted of four non-executive members.



Urs T. Fischer

Christian Petit

Gabriela Theus

Peter K. Neuenschwander

Name	Position	Nomination
Urs T. Fischer	Chairman	2009
Christian Petit	Member	2018
Gabriela Theus	Member	2018
Peter K. Neuenschwander	Member	2019

URS T. FISCHER

Urs T. Fischer (1954, Swiss) has been Chairman of the Board of Directors of the mobilezone Group since April 2009. After graduating with a diploma in engineering from the ETH Zurich, he held various management positions at IBM Switzerland and Digital Equipment Corporation, Switzerland. He was the CEO of Sunrise Communication AG in Zurich and was CEO and member of the Board of Directors of Ascom Group, Bern. From 2004 to 2007, Urs T. Fischer was Managing Director of Hewlett-Packard (Switzerland) GmbH in Dübendorf, and from 2009 to 2012 he was CEO of the international IT-systems company ACP in Vienna. He is on the Board of Directors of various companies that are not listed on the stock exchange.

CHRISTIAN PETIT

Christian Petit (1963, Swiss) joined mobilezone Group's Board of Directors in 2018. After studying business management at the ESSEC in Cergy-Pontoise (France), he held various positions at the Paribas Group in France, Belgium, and Germany. From 1993 to 1999 Christian Petit held various management positions (including that of general manager) at debitel France (today: La Poste Mobile), a telecommunications company with Mercedes-Benz and Metro among its shareholders, in Paris. Subsequently he worked for 17 years at Swisscom. Between 2007 and 2017 he was the Swisscom group's management member responsible for the private customer business (2007-2013) and then for the wholesale business (2013-2017). Since June 1, 2019, he has taken on the role of CEO at the Romandie Energie in Morges.

GABRIELA THEUS

Gabriela Theus (1973, Swiss) joined mobilezone Group's Board of Directors in April 2018. After studying economics at the HSG St. Gallen, she began working as consultant at Knorr Capital Partner in 1999 and subsequently worked at Ernst & Young and Sal. Oppenheim in the real estate sector before taking the position of CFO at Zug Estates Holding AG. Since September 2017 she has been managing director of the AG für Fondsverwaltung in Zurich.

PETER. K. NEUENSCHWANDER

Dr. iur. Peter K. Neuenschwander (1956, Swiss) joined the Board of Directors of mobilezone Group in 2019. After studying in Zurich and being admitted to the bar, Peter Neuenschwander joined the legal department of a leading global IT company in 1986 and worked there for 13 years as legal consultant, finally as Legal Counsel Europe providing legal consultation for European sales. Since 1998 he has had his own law practice (Suffert Neuenschwander & Partner) specializing in information technology law, telecommunications law, and distribution law. For several years he was lecturer for intellectual property and information technology law at the HWZ Hochschule für Wirtschaft, Zurich. He is a member of the board of directors of several companies that are not listed on the stock exchange.

3.2 Other activities and vested interests

Information about other activities and vested interests of the members of the Board of Directors can be viewed on the website at:

www.mobilezoneholding.ch/en/Company/corporate-governance/Board-of-Directors.html

3.3 Cross-involvement

There is no cross-involvement with the boards of other companies listed on the stock exchange.

3.4 Elections and terms of office

The Board of Directors is elected individually by the General Meeting for a one-year term. Re-election is possible.

3.5 Internal organizational structure

Urs T. Fischer is chairman of the Board of Directors, Gabriela Theus, and Peter K. Neuenschwander are members of the Board of Directors. The Board of Directors meets as often as required by business. In the past year five half-day meetings were held at the company's headquarters in Rotkreuz, and one full-day meeting was held in Cologne, at the registered offices of SH Telekommunikation Deutschland GmbH. In addition, three telephone conferences were held. All members of the Board of Directors participated in five of the meetings and three telephone conferences; Christian Petit was absent with valid excuse from one of the telephone conferences meetings. Usually, the CEO and CFO attend these meetings and telephone conferences. Other members of the Group management, members of the management teams, employees, or third parties are brought in as needed.

3.6 Audit Committee

The Audit Committee was constituted for the first time after the 2018 General Meeting. Gabriela Theus chairs the committee, and Urs T. Fischer is a member of the Audit Committee. The Audit Committee meets as often as business requires. In the reporting year five meetings and one telephone conference were held. Both members were present for the meetings and the telephone conference. The meetings lasted two to four hours each. Usually, the CEO and CFO attend these meetings and telephone conferences. Other members of the Group management, members of the management teams, employees, or third parties are brought in as needed.

3.7 Compensation Committee

Urs T. Fischer chairs the Compensation Committee, and Christian Petit and Peter K. Neuenschwander are members of the committee. The committee was elected for the first time at the 2018 General Meeting. The Compensation Committee meets as often as business requires. In the reporting year four meetings were held. All members were present at all meetings. The meetings lasted one to two hours each.

3.8 Definition of areas of responsibility

To the extent allowed by law, the Board of Directors has delegated managerial functions to the Group management. The breakdown of tasks and competencies is established in the bylaws and rules of organization. They can be viewed at any time on the website at:

<http://www.mobilezoneholding.ch/en/Company/corporate-governance/downloads.html>

3.9 Information and control instruments vis-à-vis the Group management

Each member of the Board of Directors has the right to be informed about the course of business by the Group management, even outside of official meetings, and this includes the right to be informed about individual transactions. The information and control tools the Board of Directors uses vis-à-vis the Group management include in particular the following:

- Consolidated budget (annual)
- Quarterly reports with prior-year comparison
- Profit and loss forecast (beginning in the 3rd quarter)
- KPI reporting (monthly)
- Financial projections (half-yearly)
- Detailed oral reports of the Group management on the course of business

3.10 Directorships outside of mobilezone Group

Members of the Board of Directors may hold no more than five additional directorships in other publicly listed companies and no more than ten additional directorships in other companies not listed on the stock exchange.

3.11 Changes in the Board of Directors

Christian Petit (1963, Swiss) will not stand for re-election at the General Meeting on April 8, 2020. The Board of Directors will propose to the General Meeting to elect Michael Haubrich (1978, German) as a new member of the Board of Directors.

4. Group management

4.1 Members of the Group management

On December 31, 2019, mobilezone holding ag's Group management was made up of five members.

Name	Position	with the company since	in this position since
Markus Bernhard	CEO	2007	2014
Andreas Fecker	CFO	2007	2014
Murat Ayhan ¹	Managing Director GER	2015	2017
Akin Erdem	CPO	2015	2017
Roger Wassmer ²	COO CH & AT	2014	2017

¹ Murat Ayhan until 12/31/2019.

² Roger Wassmer until 12/31/2019 in the position of COO CH & AT, as of 01/01/2020 in the position of CEO CH & AT.



Markus Bernhard
CEO

MARKUS BERNHARD

Markus Bernhard (1964, Swiss) has led mobilezone Group as its CEO since 2014. From 2007 to 2013 he was mobilezone Group's CFO. Following his graduation from the University of St. Gallen (HSG St. Gallen) with a degree in economics, Markus Bernhard received his diploma as a certified public accountant. From 1991 to 1997, he worked as an auditor at Revisuisse Price Waterhouse AG in Zurich. He was CFO of Cope Inc. in Rotkreuz until 2000 and subsequently was CFO of Mount10 Holding AG, also in Rotkreuz. Markus Bernhard is a member of the Board of Directors of Bloxolid AG in Rotkreuz and also of two other privately held companies.



Andreas Fecker
CFO

ANDREAS FECKER

Andreas Fecker (1972, Swiss) joined mobilezone Group's management as CFO in 2014. From 2008 to 2013, he was Head of Finance & Controlling of mobilezone Group. Prior to that Andreas Fecker held the position of financial controller at Mount10 Holding AG from 2000 until 2005. Subsequently he served for several years as controller at Zeppelin International AG and Franke Management AG. After graduating with a Swiss federal certificate as a financial expert in accounting and finance, Andreas Fecker earned his Master of Advanced Studies degree in Controlling in 2013 at the Lucerne University of Applied Sciences and Arts.



Murat Ayhan
Managing Director GER

MURAT AYHAN

Murat Ayhan (1977, German) has been responsible for the areas E-Commerce and Operator Relations throughout the Group since 2017. He is also founder and managing director of einsAmobile GmbH. He studied in Darmstadt and graduated with a diploma in electrical engineering. While still a student, he opened three mobile phone shops in 1999, which he sold in 2001. From 2002 to 2005 he worked as managing director at a telecommunications company in Offenbach. In 2005 he founded einsAmobile GmbH in Obertshausen, which has been 100 percent part of the mobilezone Group since 2015. Murat Ayhan left the Group management effective December 31, 2019.



Akin Erdem
CPO

AKIN ERDEM

Akin Erdem (1974, German) has been responsible for the areas Purchase and Wholesale throughout the Group since 2017. After graduating from high school in 1994, he studied business administration and graduated with a diploma in business administration. In 1998 he founded his own telecommunications business, which he expanded into one of the leading wholesalers in Germany. In 2010 he joined einsAmobile GmbH as CEO and partner; since 2015, einsAmobile GmbH has been 100 percent part of the mobilezone Group.



Roger Wassmer
COO CH & AT

ROGER WASSMER

Roger Wassmer (1973, Swiss) has been COO Switzerland and Austria since 2017. In addition, he is responsible for the Services of the mobilezone Group. Prior to that, starting in 2014, Roger Wassmer headed mobiletouch Switzerland as managing director and since 2015 also mobiletouch Austria. He was head of sales and marketing at Publimedia and EurotaxGlass's as well as CEO of OmniMedia AG and managing director of Car4you. From 2012 to 2014 Roger Wassmer was country manager at zanox Schweiz AG. After further education to earn federal qualification as marketing director, Roger Wassmer earned his Executive MBA degree. Since January 1, 2020, Roger Wassmer is CEO Switzerland and Austria.

4.2 Other activities and vested interests

Information about other activities and vested interests of the members of the Group management can be viewed on the website at:

www.mobilezoneholding.ch/en/Company/corporate-governance/Group-Management.html

4.3 Mandates outside of mobilezone Group

No member of the Executive Board may hold more than two mandates in listed companies and more than four mandates in non-listed companies.

4.4 Management contracts

There are no management contracts regarding the transfer of managerial functions to third parties.

4.5 Change in the Group management as of January 1, 2020

Wilke Stroman, managing director of SH Telekommunikation Deutschland GmbH, has been appointed to the Group management as CEO Germany effective January 1, 2020. Effective January 1, 2020, Roger Wassmer, previously responsible for Operations in Switzerland and in Austria, is CEO Switzerland and Austria. Murat Ayhan, previously deputy CEO of the Group and managing director Germany, left the Group management as of December 31, 2019.

5. Shareholders' participation rights

5.1 Restrictions on voting rights and representation

Each share entitles the holder to one vote at the General Meeting. Voting rights may only be exercised by shareholders registered with voting rights in the share register. There are no restrictions on voting rights, and the rules in the Articles of Association regarding participation at the General Meeting of Shareholders do not deviate from those mandated by law.

5.2 Statutory quorums

The General Meeting passes resolutions and conducts votes by an absolute majority of the shareholders' votes cast unless mandatory statutory regulations or the provisions of the Articles of Association dictate otherwise. Abstentions, blank votes, and invalid votes shall not be counted as votes cast.

If a candidate does not have the absolute majority of votes in the first round of elections, a second round of elections shall take place. In the second round of elections the relative majority of votes shall be decisive. Pursuant to Article 13 of the Articles of Association, the following decisions require at least two-thirds of the votes represented and the absolute majority of the nominal share value represented:

- changing the purpose of the company;
- creating voting shares;
- restricting the transferability of registered shares;
- any authorized or conditional capital increase ;
- any capital increase out of shareholders' equity, against non-cash contributions or for the purpose of acquisitions in kind and for granting special privileges;
- limiting or canceling shareholders' subscription rights;
- relocating the company's headquarters;
- delisting the company's shares from the SIX Swiss Exchange or its successor organization;
- dissolution of the company without liquidation. There are no rules that deviate from those mandated by law.

5.3 Convocation of the General Meeting of Shareholders

The invitation to the annual General Meeting or extraordinary General Meeting is issued at least 20 days before the meeting through publication in the Schweizerische Handelsamtsblatt (SHAB – Swiss Official Gazette of Commerce). The registered shareholders listed in the share register may also be sent an invitation letter. The invitation shall announce that the annual report, the auditors' report, and the compensation report will be available for inspection by the shareholders at the company's headquarters at least 20 days before the annual General Meeting and that upon request a copy of these documents will be sent to any shareholder. No resolutions can be passed on matters not announced in this way except by means of an application to convene an extraordinary General Meeting or to conduct a special audit.

5.4 Agenda

Shareholders representing shares of at least 2 percent of the share capital may request to have a subject for discussion placed on the agenda for the General Meeting. Such a request must be made in writing and specify the agenda item as well as the proposals and motions; the request must be received by the company no later than 45 days before the General Meeting.

5.5 Registration in the share register

Voting rights may only be exercised by shareholders and beneficiaries who are registered in the mobilezone holding ag share register with voting rights. To be registered as a shareholder with voting right requires a declaration on the part of the shareholder that the mobilezone holding ag shares were acquired in the shareholder's own name and on the shareholder's own account. The Board of Directors may refuse recognition and registration as shareholder with voting rights if said registration was based on false information provided by the share purchaser.

5.6 Proxy voting / electronic participation in the General Meeting

A shareholder may be represented by a third party who has been authorized in writing; the third party does not have to be a shareholder. Alternatively, shareholders may choose to be represented by the Independent Proxy. Shareholders may also authorize and instruct the Independent Proxy electronically; the Board of Directors will specify the relevant modalities. The members of the Board of Directors present at the General Meeting shall decide whether to recognize or reject the proxy. Additional information on provisions regarding voting instructions to the Independent Proxy as well as on electronic participation in the General Meeting will be set forth in the invitation to the General Meeting.

6. Changes of control and defense measures

6.1 Duty to make an offer

There is no opting-out regulation.

6.2 Clauses regarding changes of control

There are no change-of-control clauses.

7. Auditor

7.1 Duration of the mandate and term of office of the lead auditor

Since fiscal year 2014, PricewaterhouseCoopers AG has been the auditor of mobilezone holding ag and all its Group companies to be audited. Prior to that year, Ernst & Young AG served for seven years as the company's auditor. The auditor is chosen annually by the General Meeting. The lead auditor since fiscal year 2014 is Daniel Ketterer.

7.2 Auditing fees

The auditing fees agreed on with the auditors for the fulfillment of their statutory mandate, including auditing the consolidated accounts, amount to a total of CHF 335,000.

7.3 Additional fees

In fiscal year 2019 PricewaterhouseCoopers submitted invoices in the amount of CHF 178,000 for additional services beyond the scope of the auditors' statutory mandate. The invoices were for services in connection with the capital increase from authorized capital in June 2019, tax advice, and services related to the acquisition of SH Telekommunikation Deutschland GmbH in June 2019.

7.4 Supervisory and control instruments pertaining to the audit

The auditors attend at least one meeting of the Audit Committee every year; usually they attend at least the final discussion of the audit. The auditors present the findings from their audit in an audit report to the Board of Directors.

8. Information policy

Pursuant to the rules of Swiss GAAP FER, mobilezone Group publishes each year in March and August an annual and a semi-annual report on business performance. All publications are made available in electronic form and are published on the Group's website. Upon request, the annual report and the semiannual report are made available in print. Additional information on important changes and essential business activities is published on an ad-hoc basis. All information, including publication dates and a list of contact addresses, is available on the website at www.mobilezoneholding.ch under "Investors". Anyone who wishes to receive all of mobilezone's media information automatically can register at : www.mobilezoneholding.ch/en/investors/Investor-Relations-Medienservice.html

For 2020 the following important dates have been set:

- | | |
|---|-----------------|
| • Publication of the 2019 annual report | March 13, 2020 |
| • Teleconference for investors, financial analysts, and media | March 13, 2020 |
| • General Meeting 2020 | April 8, 2020 |
| • Publication of semi-annual report | August 21, 2020 |
| • Teleconference for investors, financial analysts, and media | August 21, 2020 |

Compensation report

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Compensation report

1. Introduction

In compliance with the statutory provisions (Code of Obligations, Ordinance against Excessive Compensation of Listed Companies [Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV], and the SIX Swiss Exchange listing rules) and the Articles of Association, the current compensation report sets forth the compensation policy for mobilezone Group's Board of Directors and Group management. In addition, the effective compensation of the reporting year and each member's share portfolio are reported.

mobilezone pursues a profit- and performance-based and transparent compensation policy that is oriented toward the company's long-term growth and success. Accordingly, the members of the Group management receive the part of their compensation that is based on the net profit in shares of mobilezone holding ag that are subject to a blocking period of three years.

2. Authority and determination of compensation

2.1 General

In accordance with the VegüV, the 2015 annual General Meeting approved the amended Articles of Association. The amended articles stipulate that each year the Board of Directors will submit to the General Meeting for its approval the maximum total amount of compensation for the Board of Directors for the subsequent term of office. If unforeseeable events result in extraordinary demands made on the members of the Board of Directors, the Board of Directors may submit different or additional proposals regarding the same or other time periods to the General Meeting for its approval.

The 2019 annual General Meeting approved the proposal to amend the compensation regulations for the Group management and change the retrospective vote to a prospective one and to move the reporting year's compensation report forward for an advisory vote .

The members of the Group management receive a fixed compensation in cash and a profit-based compensation in shares as well as a performance-based compensation in cash. At its December meeting the Compensation Committee discusses any adjustments of the Group management's compensation for the following year and proposes them to the Board of Directors. The CEO participates as guest without voting rights in the discussions regarding the other members of the Group management. The CEO is not present for the discussion of the CEO's own compensation. The Compensation Committee evaluates whether and to what extent the Group management objectives were achieved and presents recommendations accordingly to the Board of Directors. Based on the individual agreements on objectives of the other members of the Group management, the CEO proposes to the Compensation Committee that the objectives for the performance-based compensation in cash have been achieved. The CEO is not present when the CEO's own performance and performance-based compensation are evaluated.

2.2 Board of Directors

The members of the Board of Directors receive a fixed compensation in cash that is not dependent on profit. The compensation amounts to CHF 130,000 (2018: CHF 130,000) for the chairman of the Board of Directors and CHF 75,000 (2018: CHF 75,000) for the other members of the Board of Directors. In fiscal year 2018 the company introduced an Audit Committee and a Nomination & Compensation Committee. The chair of a committee is compensated with CHF 20,000, and membership in a committee is compensated with CHF 10,000.

2.3. Group management

The compensation of the members of the Group management consists of a fixed compensation in cash and a variable compensation. The variable compensation includes a profit-based compensation in shares of mobilezone holding ag that are subject to a blocking period of three years, a performance-based compensation in cash as well as other employee benefits (employer contributions to the pension fund, social security, and personnel insurance as well as non-monetary benefits).

At the 2019 annual General Meeting the maximum permissible fixed compensation and the maximum permissible variable compensation for the Group management for fiscal year 2019 in the amount of CHF 2.3 million (total CHF 4.6 million) as well as the maximum permissible compensation for the Group management for fiscal year 2020 in the amount of CHF 4.8 million were approved.

At the 2020 annual General Meeting the Board of Directors will propose the approval of the maximum permissible total compensation for the Group management in the amount of the CHF 4.8 million (2018: CHF 4.8 million) for fiscal year 2021.

Fixed compensation

The fixed compensation and the target annual salary of the members of the Group management are proposed by the Compensation Committee to the Board of Directors in December of every year and are reviewed with due consideration of the budget adopted and the experience and skills of the Group management member concerned.

At its 2019 annual meeting, the General Meeting approved the maximum total compensation amount of CHF 2,300,000. The actual fixed compensation amounted to CHF 2,020,000.

Profit-based compensation in shares

The budget approved by the Board of Directors is the target for a 100 percent achievement of objectives. In fiscal year 2019 the budget for 100 percent achievement of the objectives amounted to a net profit of CHF 42.6 million. The target range was defined by the lower limit of a net profit of CHF 33.6 million and the upper limit of CHF 51.6 million. If the upper limit of a net profit of CHF 51.6 million had been reached, the variable compensation to be paid in blocked shares would have doubled. This upper limit cannot be exceeded. If the net profit had been below CHF 33.6 million, no variable compensation in shares would have been paid out.

The amount of the compensation paid in shares upon achievement of the upper limit corresponds at maximum to 100 percent of the fixed compensation. The total number of shares allotted is calculated on the basis of the average mobilezone share closing price on the 20 trading days preceding the December budget meeting of the Board of Directors for the following fiscal year. For fiscal year 2019 the bonus is converted into shares at the calculated average share price of CHF 10.51.

Performance-based compensation in cash

The performance-based compensation in cash is dependent on whether the individual objectives of the members of the Group management have been achieved over the course of a one-year period. These objectives, their relative weight, and the amount are proposed annually in December by the Compensation Committee and are approved by the Board of Directors. The individual objectives cannot be exceeded.

In the reporting year the variable compensation (based on net profit and the achievement of individual objectives) came to between 11 percent and 93 percent (2018: 17 percent and 62 percent) of the fixed compensation paid in cash. In the calculation of the compensation net profit was weighted at 56 to 100 percent, and the achievement of the performance objectives was weighted at 0 to 44 percent.

The lump sum expenses approved by the tax office are not included in the compensation amounts reported because they are reimbursements of expenses. In the reporting year these expenses totaled between CHF 12,000 and CHF 18,000 (2018: between CHF 12,000 and CHF 15,600) per member of the Group management who is employed in Switzerland.

The employment contracts of members of the Group management are open-ended and can be terminated with a maximum notice period of 12 months. No agreements regarding severance payments were made.

No severance payments were made to any members of executive bodies who left in the course of the reporting year.

3. Compensations, shareholdings, and loans to members of executive bodies

3.1 Members of the Board of Directors

The compensation paid to the Board of Directors in the reporting year in the total amount of CHF 456,000 is below the maximum permissible compensation of CHF 470,000 that was approved by the shareholders at the General Meeting of April 4, 2019.

The details of the compensation paid to members of the Board of Directors are as follows:

(CHF 000)	Year	Fixed fee	Committee	Other compensation ¹	Total
Urs T. Fischer	2019	130	30	12	172
	2018	130	30	12	172
Christian Petit ²	2019	75	10	6	91
	2018	75	10	6	91
Gabriela Theus ²	2019	75	20	7	102
	2018	75	20	7	102
Peter K. Neuenschwander ³	2019	75	10	6	91
	2018	n.a.	n.a.	n.a.	n.a.
Andreas M. Blaser ⁴	2019	n.a.	n.a.	n.a.	n.a.
	2018	75	10	6	91
Total	2019	355	70	31	456
	2018	355	70	31	456

¹ The item "Other compensation" includes employer contributions to social security.

² At the General Meeting on April 5, 2018, Christian Petit and Gabriela Theus were elected to the Board of Directors.

³ At the General Meeting on April 4, 2019, Peter K. Neuenschwander was elected to the Board of Directors.

⁴ At the General Meeting on April 4, 2019, Andreas M. Blaser did not stand for re-election.

In fiscal year 2019 no loans or credits were granted to members of the Board of Directors. Moreover, there are no loan or credit balances outstanding.

3.2 Former members of the Board of Directors

In fiscal year 2019 no compensation was paid and no loans or credits were granted to former members of the Board of Directors. There are also no loan or credit balances outstanding.

3.3. Shareholdings of the Board of Directors

As of December 31, the members of the Board of Directors held the following number of shares:

Name	Position	Number of shares	
		2019	2018
Urs T. Fischer	President	2 500	2 500
Christian Petit ¹	Member	0	0
Gabriela Theus ¹	Member	2 500	0
Peter K. Neuenschwander ²	Member	2 000	n.a.
Andreas M. Blaser ³	Member	n.a.	0

¹ At the General Meeting on April 5, 2018, Christian Petit and Gabriela Theus were elected to the Board of Directors.

² At the annual General Meeting on April 4, 2019, Peter K. Neuenschwander was elected to the Board of Directors.

³ At the General Meeting on April 4, 2019, Andreas M. Blaser did not stand for re-election.

3.4 Members of the Group management

The fixed compensation paid to the Group management in the reporting year in the total amount of CHF 2,020,000 and the variable compensation including other compensation in the total amount of CHF 1,334,000 are below the maximum permissible fixed compensation of CHF 2,300,000 and the maximum permissible variable compensation including other compensation of CHF 2,300,000 that was approved by the shareholders at the General Meeting on April 4, 2019.

The details of the compensation paid to members of the Group management are as follows:

(CHF 000)	Year	Fixed compensation in cash	Profit-based compensation ¹ in shares	Performance-based compensation in cash	Other compensation ²	Total
Markus Bernhard	2019	468	264	171	207	1 110
	2018	450	210	68	180	908
Other members of the Group management	2019	1 552	312	120	260	2 244
	2018	1 556	271	128	343	2 298
Total	2019	2 020	576	291	467	3 354
	2018	2 006	481	196	523	3 206

¹ The shares received are subject to a blocking period of three years.

² The item "Other benefits" includes employer contributions to the pension fund, social security, and personnel insurance as well as non-monetary benefits. In addition, in fiscal year 2019 other benefits include expenditures in the amount of CHF 16,166 (2018: CHF 54,771) from the distribution of the options. The valuation of the options followed the Black-Scholes method.

In the reporting year the Group management's compensation increased by CHF 148,000 to CHF 3,354,000. For the most part, the increase is due to the greater degree of target achievement that is the basis of the profit- and performance-based compensation.

In the reporting year no loans or credits were granted to members of the Group management. There are also no loan or credit balances outstanding.

3.5. Former members of the Group management

In fiscal year 2019 no compensation was paid and no loans or credits were granted to former members of the Group management. There are also no loan or credit balances outstanding.

3.6. Related parties

In the reporting year, no non-market compliant compensation was paid and no loans or credits were granted to related parties of current or former members of the Board of Directors and the Group management. Moreover, there are no loan or credit balances outstanding. Further information about

compensation paid to related parties can be found on page 73 in Note 25 to the consolidated financial statements.

3.7. Shareholdings and options held by the Group management

As of December 31, the members of the Group management held the following number of shares and options:

Name	Position	Number of shares		Number of options	
		2019	2018	2019	2018
Markus Bernhard	Chief Executive Officer	80 000	100 000	180 000	120 000
Andreas Fecker	Chief Financial Officer	40 000	40 000	75 000	50 000
Murat Ayhan	Managing Director GER	70 000	300 000	50 000	50 000
Akin Erdem	Chief Product Officer	70 000	300 000	50 000	50 000
Roger Wassmer	Chief Operating Officer CH & AT	11 427	5 504	50'000	50'000

¹ Murat Ayhan until 12/31/ 2019

² Roger Wassmer until 12/31/ 2019 in the role of COO CH & AT, as of 01/01/2020 in the role of CEO CH & AT.

3.8. Long-Term Incentive Program

On December 29, 2017, the Board of Directors adopted a long-term incentive program (LTI) for the management. The long-term incentive program involves equity instruments (equity-settled plan).

The first distribution in the amount of 380,000 options took place on June 29, 2018. The options have a term of 7 years with a vesting period of 3 years; they were distributed at 10 percent above the average closing share price after dividend payment (April 10, 2018) until June 29, 2018, with an exercise price of CHF 12.19 per share.

On August 21, 2019, the Board of Directors made a distribution in the amount of 85,000 options. The options have a term of 7 years with a vesting period of 3 years; they were distributed at 10 percent above the average closing share price in the period from May 28, 2019, to August 21, 2019, with an exercise price of CHF 10.61 per share.

Report of the statutory auditor

to the General Meeting of mobilezone holding ag

Rotkreuz

We have audited the compensation report of mobilezone holding ag for the year ended 31 December 2019. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) on pages 44 to 46 of the compensation report (Chapter3).

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the compensation report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the compensation system and defining individual compensation packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying compensation report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the compensation report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the compensation report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the compensation report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of compensation, as well as assessing the overall presentation of the compensation report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Opinion

In our opinion, the compensation report of mobilezone holding ag for the year ended 31 December 2019 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG



Daniel Ketterer
Audit expert
Auditor in charge



Icare Regnier
Audit expert

Zurich, 9 March 2020

Consolidated financial statements mobilezone Group

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Consolidated income statement

January 1 to December 31 (CHF 000)	Notes	2019	2018
Net sales	1	1 324 022	1 195 599
Cost of goods and materials		-1 143 949	-1 038 761
Gross profit		180 073	156 838
Other operating income	2	4 604	815
Personnel costs	3	-75 542	-64 365
Other operating costs	4	-41 323	-34 992
Operating profit before depreciation (EBITDA)		67 812	58 296
Depreciation of property, plant & equipment	8	-4 347	-3 566
Amortization of intangible assets	9	-3 817	-2 195
Operating profit (EBIT)		59 648	52 535
Financial income	5	140	972
Financial expense	6	-3 774	-2 946
Profit before taxes (EBT)		56 014	50 561
Income tax expense	7	-11 609	-11 030
Net profit		44 405	39 531
		CHF	CHF
Earnings per share	16	1.04	1.02
Earnings per share – diluted	16	1.04	1.02

The attached explanatory Notes are an integral part of mobilezone's consolidated financial statements.

Consolidated balance sheet

As of December 31 (CHF 000)	Notes	2019	2018
Assets			
Property, plant & equipment	8	18 619	10 967
Intangible assets	9	18 649	14 338
Other accounts receivable	11	787	411
Deferred tax assets	7	3 736	1 342
Fixed assets		41 791	27 058
Inventories	12	80 086	82 741
Trade accounts receivable	13	136 920	117 388
Other accounts receivable	14	10 111	8 563
Accruals	15	56 642	38 931
Cash & cash equivalents		64 991	92 389
Current assets		348 750	340 012
Total assets		390 541	367 070
Liabilities and shareholders' equity			
Share capital	16	448	408
Treasury shares	16	-579	-1 084
Capital reserves		125 964	87 856
Goodwill offset	21	-247 056	-171 817
Retained earnings		136 274	119 019
Shareholders' equity		15 051	34 382
Financial liabilities	20	128 308	140 118
Deferred income tax liabilities	7	3 043	2 787
Other liabilities		3 945	0
Long-term liabilities		135 296	142 905
Trade accounts payable	17	116 455	133 125
Other liabilities	19	13 270	6 449
Tax liabilities		8 559	5 137
Financial liabilities	20	67 559	28 432
Deferrals	18	34 351	16 640
Current liabilities		240 194	189 783
Total liabilities and shareholders' equity		390 541	367 070

The attached explanatory Notes are an integral part of mobilezone's consolidated financial statements.

Consolidated statement of cash flows

January 1 to December 31 (CHF 000)	Notes	2019	2018
Net profit before income taxes		56 014	50 561
Adjustments to reconcile profit before tax to net cash flow			
Non-cash transactions			
Interest income/expense		3 634	1 974
Depreciation and amortization	8, 9	8 164	5 761
Changes of adjustments, net		-1 873	-28
Gains on disposal of other assets		-2 247	0
Gains on disposal of fixed assets		-22	-25
Expenditure for share-based compensation		24	11
Net cash flow from operating activities before change in net current assets and taxes		63 694	58 254
Working capital adjustments			
Trade accounts receivable		41 588	-48 672
Other accounts receivable and accruals		-18 334	-2 807
Inventories		38 816	-3 232
Trade accounts payable		-70 566	20 082
Other accounts payable and deferrals		7 429	-10 471
Income taxes paid		-9 849	-7 769
Net cash from operating activities		52 778	5 385
Acquisitions of			
Property, plant & equipment	8	-4 391	-5 146
Intangible assets	9	-5 645	-5 274
Securities in fixed assets		-30	-1
Acquisition of subsidiaries less cash & cash equivalents	10	-44 193	-42 063
Acquisition of subsidiary / Earn-out	10, 19	0	-11 553
from disposals of			
Property, plant & equipment		118	209
Intangible assets		9	3
Securities in fixed assets		12	850
Dividends received		0	46
Interest received		124	76
Net cash from investment activity		-53 996	-62 853
Assumption of financial liabilities		127 862	39 689
Amortization of financial liabilities		-124 121	-26 920
Amortization of other liabilities		-674	0
Interest paid		-3 043	-2 933
Purchase of treasury shares		-4 908	-2 336
Sale of treasury shares		5 457	1 983
Capital increase	10, 16	0	79 037
Dividends paid		-24 384	-24 392
Net cash from financing activity		-23 811	64 128
Effect of currency translation		-2 369	-2 149
Net decrease/increase in cash & cash equivalents		-27 398	4 511
Cash & cash equivalents at January 1		92 389	87 878
Cash & cash equivalents at December 31		64 991	92 389

The attached explanatory Notes are an integral part of mobilezone's consolidated financial statements.

Consolidated statement of changes in shareholders' equity

Movement of shareholders' equity (CHF 000)	Notes	Share capital	Treasury shares	Capital reserve	Goodwill offset	Retained earnings	Total
01.01.2018		322	-735	8 898	-104 889	105 381	8 977
Net profit						39 531	39 532
Capital increase		86		78 951			79 037
Purchase of treasury shares			-2 336				-2 336
Sale of treasury shares			1 983				1 983
Dividends paid						-24 392	-24 392
Profit of treasury shares			4	-4			0
Acquisitions				11			11
Foreign currency differences					-66 928		-66 928
Währungsdifferenzen						-1 501	-1 501
31.12.2018		408	-1 084	87 856	-171 817	119 019	34 382
Net profit						44 405	44 405
Capital increase		40		38 040			38 080
Purchase of treasury shares			-4 908				-4 908
Sale of treasury shares			5 457				5 457
Dividends paid						-24 384	-24 384
Profit of treasury shares			-44	44			0
Share-based compensation				24			24
Acquisitions					-75 239		-75 239
Foreign currency differences						-2 766	-2 766
31.12.2019		448	-579	125 964	-247 056	136 274	15 051

The attached explanatory Notes are an integral part of mobilezone's consolidated financial statements.

As of December 31, 2019, the line item "Retained earnings" includes legally required reserves in the amount of CHF 1,685,000 (2018: CHF 1,640,000); it is required that they not be distributed. These reserves were established based on the legal requirements of the Swiss Code of Obligations.

At the extraordinary General Meeting on March 9, 2018, the shareholders agreed to a capital increase in the amount of CHF 85,855.16 through issuing 8,585,516 registered shares with a par value of CHF 0.01. The capital increase was effected by means of a rights issue. Existing shareholders received a subscription right for each registered share they held as of March 14, 2018, after the close of markets. Fifteen subscription rights granted the owner the right to subscribe for 4 new registered shares. The subscription price was CHF 9.50. The proceeds from the capital increase amounted to CHF 81.6 million minus transaction costs in the amount of CHF 2.6 million. The net proceeds of CHF 79 million from the capital increase were reclassified from retained earnings to capital reserves in 2019.

At the annual General Meeting on April 4, 2019, the shareholders approved the creation of authorized capital in the maximum amount of CHF 40,000 by issuing up to 4,000,000 fully paid registered shares with a par value of 1 centime each by April 5, 2021, at the latest. On June 14, 2019, the Board of Directors carried out the capital increase from authorized capital by issuing 4,000,000 registered shares for the acquisition of SH Telekommunikation Deutschland GmbH while excluding the subscription rights of existing shareholders. The subscription price was CHF 9.52. The share issue amounted to a value of CHF 38.1 million.

As of December 31, 2019, mobilezone holding ag holds 63,624 (2018: 100,000) treasury shares.

Additional information regarding the share capital is provided in Note 16, page 69.

Notes to the consolidated financial statements

Segment information

Income statement (CHF 000)

Net sales

– Germany

– Switzerland

– Austria

– Inter- and intrasegment

Net sales with third parties

Net sales with other segments

Net sales by segment

Cost of goods and materials

Gross profit

Other operating income

Personnel costs

Other operating costs

Operating profit before depreciation (EBITDA)

Depreciation of property, plant & equipment

Depreciation of intangible assets

Operating profit (EBIT)

Statement of financial position (CHF 000)

Fixed assets

Current assets

Total assets

Liabilities

Investments in property, plant & equipment and intangible assets

The management of mobilezone Group is the main decision-maker and determines the business activities. The mobilezone Group has two reportable segments which correspond to the management structure of the Group. The segment Trade is comprised of mobilezone ag, mobilit AG, IT Business Services GmbH, mobilezone Deutschland GmbH, einsAmobile GmbH, TPHcom GmbH, SH Telekommunikation Deutschland GmbH, and Mister Mobile GmbH. The segment Service Providing is comprised of TalkTalk AG, mobiletouch ag, and mobiletouch austria gmbH.

Total mobilezone Group		Trade		Service Providing		Unallocated / Elimination	
2019	2018	2019	2018	2019	2018	2019	2018
975 955	815 890	975 955	815 890	0	0	0	0
338 657	381 796	283 998	315 909	54 590	65 887	69	0
24 194	33 352	0	0	24 194	33 352	0	0
-14 784	-35 439	-11 008	-32 545	-3 776	-2 894	0	0
1 324 022	1 195 599	1 248 945	1 099 254	75 008	96 345	69	0
0	0	2 427	3 472	3 776	2 776	-6 203	-6 248
1 324 022	1 195 599	1 251 372	1 102 726	78 784	99 121	-6 134	-6 248
-1 143 949	-1 038 761	-1 100 003	-975 779	-52 476	-69 873	8 530	6 891
180 073	156 838	151 369	126 947	26 308	29 248	2 396	643
4 604	815	6 160	1 319	157	159	-1 713	-663
-75 542	-64 365	-58 110	-46 554	-14 606	-15 590	-2 826	-2 221
-41 323	-34 992	-40 349	-34 332	-4 050	-3 860	3 076	3 200
67 812	58 296	59 070	47 380	7 809	9 957	933	959
-4 347	-3 566	-4 067	-3 250	-239	-262	-41	-54
-3 817	-2 195	-2 801	-854	-1 016	-1 341	0	0
59 648	52 535	52 202	43 276	6 554	8 354	892	905
41 791	27 058	39 390	24 181	2 248	2 777	153	100
348 750	340 012	331 657	307 017	21 202	28 304	-4 109	4 691
390 541	367 070	371 047	331 198	23 450	31 081	-3 956	4 791
375 491	332 688	503 361	409 640	11 134	16 222	-139 004	-93 174
10 036	10 420	9 159	9 012	780	1 337	97	71

The mobilezone Group monitors performance on the basis of the segment operating profit before interests and taxes (EBIT). The total assets of each segment comprise all assets of the segment. Internal reporting of the mobilezone Group is based on the Swiss GAAP FER.

The segment Trade is active in Switzerland and Germany. The segment Service Providing is active in Switzerland and in Austria. The allocation of net sales to a country is based on the location of the registered office of the company that generated the sales. The "Unallocated/Eliminations" item comprises transactions between countries/ segments and the holding company. Within the assets, loans between Group companies are eliminated.

Principles of Group accounting

Corporate information

mobilezone's business activities include marketing telecommunications service contracts (mobile and fixed-line telephony, Internet, and digital TV) of all major network operators in Switzerland (Swisscom, Sunrise, Salt, UPC) and in Germany (Vodafone, Deutsche Telekom, Telefónica Deutschland) as well as selling (sales to business and private customers, supplying specialist retailers, wholesale) mobile communications devices (mobile phones, tablets, wearables) and related accessories.

In Switzerland, the company markets telecommunications service contracts and sells mobile telecommunication devices and the related accessories via its own network of shops and through its B2B organization. In addition, mobilezone offers consultation and outsourcing services for business customers in the area of mobile telecommunications and also offers repair services for mobile phones from many manufacturers. In Germany, marketing and sales are handled by the company's own online portals, by online portals managed by third parties and partner-managed shops. With the brand "TalkTalk" in Switzerland and the brand "High" in Germany mobilezone competes in the market with its own mobile, fixed-line, and Internet offers as a Mobile Virtual Network Operator (MVNO). In Switzerland the offers are based on the network capacities of Sunrise and in Germany on those of Deutsche Telekom.

mobilezone has two business segments: Trade and Service Providing. The segment Trade is active in Switzerland and Germany, and the segment Service Providing is active in Switzerland and Austria. The segment Trade is comprised of the following companies: mobilezone ag, mobilite AG, IT Business Services GmbH, mobilezone Deutschland Management GmbH, einsAmobile GmbH, TPHCom GmbH, SH Telekommunikation Deutschland GmbH, and Mister Mobile GmbH. The segment Service Providing is comprised of the following companies: TalkTalk AG, mobiletouch ag, and mobiletouch austria gmbh.

The parent company of mobilezone Group is mobilezone holding ag, Suurstoffi 22, 6343 Rotkreuz, Switzerland, It is listed on the SIX Swiss Exchange, Ticker MOZN / Swiss Security Number 276 837 69.

1. Important principles of Group accounting

1.1 Principles of preparation of the financial statements

The consolidated financial statements of mobilezone Group have been prepared in accordance with all existing guidelines of Swiss GAAP FER (financial reporting and accounting standards). The consolidated financial statements of mobilezone provide a true and fair picture of its asset, financial, and earnings situation (true and fair view) in accordance with the principles of Swiss GAAP FER and comply with Swiss law. The consolidated accounts have been prepared on the basis of the historical cost principle, except for derivative financial instruments and securities, which are listed at their fair market value. The Group's consolidated accounts are based on the Group companies' separate financial statements that have been prepared in accordance with uniform guidelines. The uniform balance sheet date is December 31. The reporting currency is the Swiss franc (CHF).

1.2 Definition of non Swiss GAAP FER key figures

The gross profit subtotal includes net sales after deduction of the cost of goods and changes in inventories. The EBITDA subtotal includes gross profit and other operating income after deduction of personnel costs, operative leasing, and other operating expenses. Since the gross profit and EBITDA subtotals are important control factors for mobilezone, they are reported separately in the income statement.

The subtotal of net cash flow from operative activities before the change to the net working capital and paid tax is separately declared in the cash flow analysis because this is important control factor for mobilezone. The key figure is calculated from the profit before tax, the interest result, and non-cash items.

1.3 Principles of consolidation

Scope of consolidation

The consolidated financial statements of mobilezone include the financial statements of mobilezone holding ag and all the subsidiaries it controls directly or indirectly by majority of votes or other means. mobilezone holding ag currently holds shares in the following companies:

Company	Corporate headquarters	Currency	Equity capital (000)	Capital voting shares	Segment	Consolidation
mobilezone ag ³	CH-Rotkreuz	CHF	2 850	100%	Trade	F ¹
mobilit AG ⁴	CH-Härkingen	CHF	100	100%	Trade	F ¹
IT Business Services GmbH ⁴	CH-Härkingen	CHF	40	100%	Trade	F ¹
mobilezone Deutschland GmbH ⁵	D-Heusenstamm	EUR	25	100%	Trade	F ¹
einsAmobile GmbH	D-Obertshausen	EUR	50	100%	Trade	F ¹
TPHCom GmbH ⁶	D-Heusenstamm	EUR	25	100%	Trade	F ¹
SH Telekommunikation Deutschland GmbH ⁷	D-Cologne	EUR	778	100%	Trade	F ¹
Mister Mobile GmbH ⁸	D-Obertshausen	EUR	25	100%	Trade	F ¹
sparstrom Energievertriebs GmbH ⁷	D-Cologne	EUR	100	40%	Trade	E ²
Bonamic GmbH ⁷	D-Bochum	EUR	250	49%	Trade	E ²
TalkTalk AG	CH-Rotkreuz	CHF	100	100%	Service	F ¹
mobiletouch ag	CH-Zweidlen	CHF	100	100%	Service	F ¹
mobiletouch austria gmbh	A-Vienna	EUR	35	100%	Service	F ¹

¹ F: full consolidation

² E: equity valuation

³ Effective January 1, 2018, mobilezone business ag merged with mobilezone ag.

⁴ The companies mobilit AG and IT Business Services GmbH were acquired in August 2019.

⁵ On September 17, 2019, einsAmobile Management GmbH was renamed mobilezone Deutschland GmbH.

⁶ In January 2018 the company TPHCom GmbH was acquired.

⁷ In June 2019 the companies SH Telekommunikation Deutschland GmbH, sparstrom Energievertriebs GmbH, and Bonamic GmbH were acquired. Both sparstrom Energievertriebs GmbH and Bonamic GmbH are valued based on the last known figures in accordance with the equity method.

⁸ In November 2018, 30 percent of the shares in Mister Mobile GmbH were sold. At the balance sheet date of December 31, 2018, the company was valued based on the equity method. In October 2019 shareholdings were increased to 100 percent. At the balance sheet date of December 31, 2019, the company was fully consolidated.

Assets and liabilities, as well as expenses and income of the fully consolidated companies are incorporated at 100 percent. All intercompany transactions and relations between the consolidated companies are offset against each other and eliminated. Intercompany profits from such transactions are eliminated. The acquisition cost of subsidiaries is offset at the time of acquisition against the fair market value of the net assets acquired, liabilities, and contingent liabilities based on their new valuation, and the resulting goodwill is offset at the time of acquisition against shareholders' equity (retained earnings).

Upon consolidation, all accounts payable to, accounts receivable from as well as transactions and resulting paper profits between the companies included in the consolidation are eliminated. Companies in which the Group holds at least 20 percent but not more than 50 percent of the voting rights are recognized based on the equity method.

Estimates and discretionary decisions

The preparation of financial statements in accordance with FER requires evaluations, assumptions, and estimates that influence the items in the financial statements as of the balance sheet date. These evaluations, assumptions, and estimates are based on empirical values and other factors that are considered adequate under the given conditions. The actual results may deviate from these estimates. The estimates and the assumptions based on them are subject to continuous revision. Changes to estimates that affect the annual financial statements are included in the reporting period in which the estimate was revised as well as in future reporting periods if the latter are affected by the revised estimates.

Segment information

The segment reporting format reflects the structure of the mobilezone Group. The assets as well as the liabilities include all balance sheet items that can be directly allocated to a segment.

The segment Trade is comprised of the companies mobilezone ag, mobilit AG, IT Business Services GmbH, mobilezone Deutschland GmbH, einsAmobile GmbH, TPHCom GmbH, SH Telekommunikation Deutschland GmbH, and Mister Mobile GmbH. The segment Service Providing is comprised of the companies TalkTalk AG, mobiletouch ag, and mobiletouch austria gmbH.

1.4 Principles of recognition and valuation

Principles of recognition and valuation

The consolidated financial statements are prepared in Swiss francs. The functional currency of all Group companies is the Swiss franc or the euro. Monetary assets and liabilities denominated in foreign currencies are translated using the exchange rate effective on the balance sheet date. Foreign-currency transactions are translated at the exchange rate in effect on the date of the transaction. Gains or losses arising from transactions and foreign currency translations of balance sheet items are included in the income statement. Effective December 31, 2019, the euro exchange rate of 1.0960 (2018: 1.1373) was used for the statement of financial position, and the average exchange rate of 1.1242 (2018: 1.16704) was applied to the income statement.

Securities

Generally, securities are initially valued at historical cost plus transaction costs. Subsequently, securities are adjusted to market value and are recognized in the income statement under current assets.

Accruals (prepaid expenses and deferred charges)

Significant amounts in the item "Accruals" include sales deferrals for soliciting new customers and contract renewals. Sales deferrals are calculated on the basis of sales and contracts not yet allocated. The effective allocation takes place in subsequent periods and can differ from the sales deferrals. Differences in the allocations to sales deferrals and revised assessments are recognized in the subsequent period in which the effective allocation or the revised assessment occurs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not listed on any stock exchange. They arise when mobilezone directly makes money, goods, or services available to a debtor and does not intend to trade with the receivable. Receivables from sales of services and products are valued at their nominal value, less the necessary value adjustments for receivables at risk. In addition to individual value adjustments for specific receivables known to be at risk, lump sum value adjustments are made for items that are overdue. The adjustment corresponds to the difference between the book value of the receivables and the current proceeds of the resulting cash flows expected. The changes in the value adjustment are recognized in the income statement. The nominal value corresponds roughly to the market value. With the exception of values maturing more than 12 months after the balance sheet date, they are included in the current assets. The latter are classified under "Other assets" in the fixed assets.

Property, plant, and equipment

Property, plant, and equipment are stated at historical cost or manufacturing cost less accumulated depreciation. Depreciation is charged to the income statement on a straight-line basis on the basis of the following estimated useful lives of items of property, plant, and equipment:

- Office equipment and furniture, including EDP and vehicles, 2 to 10 years
- Shop equipment 5 to 8 years

Intangible assets

Acquired rights, such as contracts with clients, lessors, and suppliers, and similar rights that generate financial earnings are capitalized and amortized on straight-line basis over the contractual or estimated useful life of usually 5 years. For the Service Providing business segment, customer acquisition costs for mobile, fixed-line, and Internet customers are capitalized and depreciated on straight-line basis over a maximum term of 24 months.

The item "Software" essentially includes the system and operating software. Software is valued at the acquisition cost minus operationally necessary amortizations and impairments. The amortizations are recognized in the income statement on a straight-line basis over the software's useful life, which is 2 to 15 years.

Impairment of assets

Assets are tested annually for impairment on the balance sheet date when due to events and indications an overvaluation of the book values appears possible. Losses due to impairment are recognized in the income statement when an asset's book value is higher than its recoverable value. The recoverable value is defined as the higher of the net market value and utility value. If the factors on which the determination of the recoverable value was based have improved considerably, a value impairment stated in a previous reporting period will be reversed in the income statement, either in part or in full, and included in the income statement.

Goodwill

Goodwill refers to the difference between purchase price and the actual value of the acquired net asset; it arises in the acquisition of subsidiaries. Goodwill is offset against shareholders' equity at the time of acquisition. When a subsidiary is sold, acquired goodwill that had at an earlier time been offset against shareholders' equity is taken into account at historical cost to determine the profit or loss affecting net income. The effect of a theoretical capitalization of goodwill with scheduled amortization, as well as possible value adjustments to the statement of financial position and the income statement over a useful life of 5 years is shown in the Notes.

Inventories

Inventories are stated at cost or net realizable value, whichever is lower. The cost of inventories is calculated using the weighted average cost method. Goods lacking marketability or slow-moving items are subject to appropriate value adjustments. Net realizable value is the estimated selling price in the ordinary course of business, less selling expenses. The price of a mobile phone is determined based on whether the product is sold on a stand-alone basis or in conjunction with a provider subscription. Net realizable value therefore takes into account both components. In addition, price protection arrangements with suppliers are also taken into account in determining the need for any value adjustments on inventories. Discount deductions are treated as reductions in the cost of goods.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, current credit bank balances, and current deposits with original maturity of less than 3 months. Cash and cash equivalents are treated as affecting net income and are stated at nominal value.

Treasury shares

Treasury shares are recognized at historical cost in the shareholders' equity as a separate minus position. Gains or losses from the sale of treasury shares are credit or charged to capital reserves.

Dividends

Dividends are recognized as a liability in the reporting period in which their distribution is decided.

Current financial liabilities

Current financial liabilities include trade and other current accounts payable and are stated at nominal value.

Provisions

Provisions are set aside for current or future legal or de-facto obligations when, on the balance sheet date, as a result of past events, reasonable estimates regarding the future outflow of funds are possible and when such a transfer is likely. The provisions are determined based on the best possible estimate of the expected expenditures.

Contingent liabilities are stated in the Notes if a future obligation is possible or if a present obligation exists, but an outflow of funds is not probable or the amount cannot be reliably determined.

Operative leasing and financial leasing

Payments made under operating leases are recognized in the income statement on a straight-line basis over the term of the lease. Revenue-based and other contingent leases are accrued on an estimated basis. As of December 31, 2019 and as of December 31, 2018, there were no financial leasing contracts.

Pension benefits

mobilezone Group has defined-contribution pension plans. Each of the Swiss subsidiaries is affiliated with a collective foundation, a multi-employer plan, with full value insurance. mobilezone Group is not obligated to cover a possible plan deficit. These pension benefit plans are financed with contributions from employees and employer. The foreign pension benefit plans are of secondary importance.

Revenues

Net sales include all revenues from the sale of goods and services, less reductions in earnings, rebates, discounts, and VAT. Revenues from the sale of goods are included in the income statement when the significant risks and rights of ownership have been transferred to the buyer. One-time commissions from providers are recognized upon conclusion of the contract. Recurring "air-time" profit-sharing commissions from providers are based on the subscribers' monthly payments of mobile telephone bills to the providers. These amounts are recorded in the income statement based on the providers' invoices on an accrual basis. Service revenues are recognized in the period in which the services were rendered.

Income tax

Current income taxes are calculated based on the taxable income of the year and are recorded in the income statement. Deferred income taxes are calculated using the balance sheet liability method on any temporary differences arising from divergences between the book value of assets and liabilities for financial reporting purposes and the value used for tax purposes. Deferred tax is calculated using tax rates enacted or substantially enacted on the balance sheet date and will be offset in future tax periods. Deferred tax loss carryforwards and deferred income tax credits are activated only to the extent that it is probable that they will be realized in the future.

2. Type and scope of financial risks

2.1 Financial risk management

The financial instruments of mobilezone Group predominantly include cash and cash equivalents to provide sufficient funds for the business activities of the Group companies. The Group has various other financial instruments, such as trade accounts payable and receivable resulting directly from business activities, at its disposal. The main risks arising from these financial instruments include liquidity risk and risk of loss of receivables. In terms of other financial assets, such as securities and other receivables, the maximum financial risk in the event of a failure of the counterparty corresponds to the book value of these instruments.

2.2 Foreign currency risk

For the most part, sales in the Trade segment are denominated in the companies' local currencies (Swiss franc and euro). The currency volatilities of the euro do not significantly impact the operating profits of mobilezone. Given the short-term nature of payments in euro (5–30 days) and the high inventory turnover, as well as mobilezone's currency congruent wholesale purchasing and selling of goods, the company generally does not hedge against currency risks on purchases. Only a few forward exchange transactions with short maturity took place in the reporting year. Any contracts open at the balance sheet date are valued at fair market value with any changes in fair market value fully recognized in the income statement. No forward exchange transactions were open as of December 31, 2019, or December 31, 2018.

2.3 Credit risk / Risk of loss of receivables

The Group is exposed to credit risks arising from its ordinary business activity. mobilezone's credit risk arises primarily from trade accounts receivable and bank deposits. A considerable portion of the sales in the segment Trade consists of cash transactions or is covered by insurance. Therefore, this business activity results in relatively few losses of accounts receivable compared to total sales. The company meets the risk of outstanding accounts receivable by negotiating short payment terms. To counteract the significantly higher risk of loss of receivables in the segment Service Providing, mobilezone Group employs predetermined hedging strategies, such as credit reports. Further minimization of risk is achieved by limiting and controlling the volume of outstanding receivables. Current bank credit balances and deposits are held at financial institutions. The risk of default is minimized by maintaining business relationships with several financial institutions and by continuously monitoring the credit risk.

2.4 Interest rate risk

Changes in interest rates can have negative effects on the Group's asset and income situation and can lead to changes in interest income and interest expenses. The risks regarding interest changes for the financial liabilities are limited, however, since the interest rates for most of the financial liabilities are fixed rates.

2.5 Liquidity risk

Currently, mobilezone Group bears no foreseeable liquidity risk as its financial position features a sufficient amount of cash and its credit lines of CHF 249 million (2018: CHF 174 million) are sufficient to cover peak demands on net current assets. As of December 31, 2019, CHF 53 million (2018: CHF 6 million) of the credit line amount remain unused.

2.6 Capital control

The primary objective of mobilezone Group's capital control is to ensure that the Group maintains a high credit rating and an advantageous proportion of shareholders' equity in order to support its business activities. Capital includes the shareholder's equity items capital stock, treasury shares, capital reserves, goodwill offset against equity and retained earnings. The Group may adjust dividend distributions to shareholders, issue new shares, buy back shares, or borrow capital for adjusting or maintaining its capital structure. No such changes were made to the objectives and guidelines as of December 31, 2019, or December 31, 2018.

Notes to the consolidated income statement

1 Net sales (CHF 000)	2019	2018
Sales mobile communication products	742 333	747 578
One-time commissions and recurring "airtime" profit sharing of providers	510 344	363 764
Revenue from fixed-net subscriptions, repairs, services	71 345	84 257
Total net sales	1 324 022	1 195 599

2 Other operating income (CHF 000)	2019	2018
Gains on sales of assets from current assets	2 247	0
Other operating income	2 357	815
Total other operating income	4 604	815

With the acquisition of SH Telekommunikation Deutschland GmbH mobilezone also acquired the companies One Brand Solutions GmbH, helfer-Line GmbH, the online platform handyflash.de, and other business and asset values from a 30 percent minority holding. These assets have been available for sale since June 2019. With the disposal of these assets at the end of October 2019 the company realized a profit of CHF 2.2 million.

3 Personnel costs (CHF 000)	2019	2018
Wages and salaries	65 227	55 852
Social security costs	7 884	6 297
Pension costs	1 426	1 217
Other personnel costs	1 005	999
Total personnel costs	75 542	64 365

Number of full-time employees as of December 31	1 217	930
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4 Other operating costs (CHF 000)	2019	2018
Operating lease costs	11 173	11 399
Advertising	15 518	9 688
Repair & maintenance, office & administrative costs	22 886	19 683
less contributions received from third parties	-8 254	-5 778
Total other operating costs	41 323	34 992

5 Financial income (CHF 000)	2019	2018
Income from interest	124	76
Sale of financial assets	0	850
Other financial income	3	46
Equity accounting result	13	0
Total financial income	140	972

6 Financial expense (CHF 000)	2019	2018
Interest expense	3 043	2 933
Other financial expenses	731	0
Equity accounting result	0	13
Total financial expense	3 774	2 946

The item "Other financial expenses" includes a value adjustment to other assets.

7 Income tax expense (CHF 000)	2019	2018
Current income taxes	8 203	7 709
Deferred income taxes	3 406	3 321
Total income tax	11 609	11 030

Current income taxes are based solely on the profit in the reporting year. Deferred income taxes are based on changes in temporary differences. In the reporting year deferred taxes on loss carryforwards in the amount of CHF 2.9 million (2018: CHF 1.2 million) were reversed.

Income tax reconciliation (CHF 000)	2019	2018
Profit before taxes	56 014	50 561
Average applicable tax rate	21.85%	23.11%
Expected tax expense	12 239	11 685
Tax effect from application of different income tax rates	-581	271
Tax effect from income tax relating to other periods	-49	-926
Effective income tax expense	11 609	11 030

The average tax rate is the weighted average of the tax rates of the individual Group companies and may therefore vary annually. Due to the tax reform in Switzerland, the deferred taxes were calculated on the basis of the expected new tax burden. This results in a one-time effect of deferred tax income of CHF 0.8 million, which is included in the item "Tax effect from application of different income tax rates."

Deferred tax assets and liabilities (CHF 000)	2019	2018
Accrued liabilities	198	67
Accounts receivable	7	0
Financial assets	192	4
Capitalized loss carried forward	3 339	1 271
Total deferred tax assets	3 736	1 342
Inventories	1 245	1 583
Accounts receivable	1 712	1 112
Accrued liabilities	86	92
Total deferred tax liabilities	3 043	2 787

Deferred tax liabilities are calculated at the tax rates that are applicable to the respective companies. These range from 14 to 33 percent. As in the previous year, no income tax was recognized directly in the shareholders' equity.

Notes to the consolidated statement of financial position

8 Property, plant & equipment (CHF 000)	Buildings, land	Shop equipment	Other	Total
Acquisition costs				
As of 12/31/2017	0	36 908	14 019	50 927
Additions	0	2 325	2 821	5 146
Change in the scope of consolidation	0	0	214	214
Reclassification	0	0	0	0
Disposals	0	-7 804	-7 800	-15 604
Foreign exchange impact	0	-2	-88	-90
As of 12/31/2018	0	31 427	9 166	40 593
Additions	0	3 061	1 330	4 391
Change in the scope of consolidation	6 209	0	1 778	7 987
Reclassification	0	0	0	0
Disposals	0	-14 134	-1 483	-15 617
Foreign exchange impact	-196	-2	-126	-324
As of 12/31/2019	6 013	20 352	10 665	37 030
Accumulated depreciation				
As of 12/31/2017	0	30 313	11 226	41 539
Additions	0	2 249	1 317	3 566
Reclassification	0	0	0	0
Disposals	0	-7 735	-7 693	-15 428
Foreign exchange impact	0	-2	-49	-51
As of 12/31/2018	0	24 825	4 801	29 626
Additions	0	2 486	1 861	4 347
Reclassification	0	0	0	0
Disposals	0	-14 121	-1 397	-15 518
Foreign exchange impact	0	-1	-43	-44
As of 12/31/2019	0	13 189	5 222	18 411
Book value				
As of 12/31/2018	0	6 602	4 365	10 967
As of 12/31/2019	6 013	7 163	5 443	18 619

9 Intangible assets acquisition costs (CHF 000)	Software	Customer	Acquired shop location	Total
acquisition costs				
As of 12/31/2017	15 039	15 866	4 810	35 715
Additions	4 341	933	0	5 274
Change in the scope of consolidation	60	0	0	60
Reclassification	0	0	0	0
Disposals	-1 135	-10 110	-709	-11 954
Foreign exchange impact	-51	0	-1	-52
As of 12/31/2018	18 254	6 689	4 100	29 043
Additions	3 384	1 838	423	5 645
Change in the scope of consolidation	2 223	403	0	2 626
Reclassification	0	0	0	0
Disposals	-2 540	0	-1 883	-4 423
Foreign exchange impact	-141	-45	0	-186
As of 12/31/2019	21 180	8 885	2 640	32 705
Accumulated amortization				
As of 12/31/2017	4 718	15 228	4 539	24 485
Additions	1 050	1 017	128	2 195
Reclassification	0	0	0	0
Disposals	-1 133	-10 110	-709	-11 952
Foreign exchange impact	-21	-1	-1	-23
As of 12/31/2018	4 614	6 134	3 957	14 705
Additions	2 474	1 246	97	3 817
Reclassification	0	0	0	0
Disposals	-2 531	0	-1 883	-4 414
Foreign exchange impact	-39	-14	1	-52
As of 12/31/2019	4 518	7 366	2 172	14 056
Book value				
As of 12/31/2018	13 640	555	143	14 338
As of 12/31/2019	16 662	1 519	468	18 649

10 Acquisitions

On June 18, 2019, the company SH Telekommunikation Deutschland GmbH (SH) was acquired, and on August 29, 2019, the companies mobilit AG and IT Business Services GmbH (mobilit) were acquired, and Mister Mobile GmbH was acquired on October 30/31, 2019. The takeover balance sheet pursuant to Swiss GAAP FER is as follows:

(CHF 000)	SH	mobilit	Mister Mobile
Cash and cash equivalents	4 859	2 256	297
Trade accounts receivable	63 638	292	224
Other receivables	2 029	228	394
Inventories	45 118	46	0
Financial assets	273	34	0
Property, plant & equipment	7 890	22	39
Intangible assets	2 203	0	10
Deferred tax assets	3 549	0	2 034
Total assets	129 559	2 878	2 998
Trade accounts payable	59 676	108	727
Other liabilities	16 877	1 235	264
Loan liabilities	26 091	0	551
Total liabilities	102 644	1 343	1 542
Net assets	26 915	1 535	1 456
Purchase price	88 569	6 132	3 119
Acquisition costs	252	0	101
Acquired cash and cash equivalents	-4 859	-2 256	-297
Capital increase from authorized capital	-38 080	0	0
Offset against receivables	0	0	-1 524
Earn-Out / purchase price due in subsequent period	-4 048	-2 360	-556
Net outflow of funds	41 834	1 516	843
Purchase price	88 569	6 132	3 119
Acquisition costs	252	0	101
Existing value of holdings, equity method	0	0	13
Capital contributions	0	0	6 959
Net assets	-26 915	-1 535	-1 456
Goodwill	61 906	4 597	8 736

On January 25, 2018, the company TPHcom GmbH, Obertshausen, was acquired. The takeover balance sheet pursuant to Swiss GAAP FER is as follows:

(CHF 000)	
Cash and cash equivalents	16 307
Trade accounts receivable	32 118
Other receivables	387
Inventories	935
Property, plant & equipment	214
Intangible assets	59
Deferred tax assets	4 810
Total assets	54 830
Trade accounts payable	21 353
Advance payments	29 520
Other liabilities	12 515
Total liabilities	63 388
Net assets	-8 558
Purchase price	58 370
Cash and cash equivalents acquired	-16 307
Net cash outflow	42 063
Purchase price	58 370
Net assets	8 558
Goodwill	66 928

11 Other assets (CHF 000)	2019	2018
Deposits, other receivables and assets	491	411
Equity holdings	296	0
Total other assets	787	411

The item "Other assets" includes deposits, other receivables, and shares in other companies, which are recognized at acquisition value minus any value adjustments.

12 Inventories (CHF 000)	2019	2018
Inventories, gross	81 560	83 014
Value adjustments	-1 474	-273
Total inventories	80 086	82 741

13 Trade accounts receivable (CHF 000)	2019	2018
Accounts receivable, gross	140 088	120 026
Value adjustments	-3 168	-2 638
Total trade accounts receivable	136 920	117 388

Trade accounts receivable do not bear interest and are usually payable within no more than 30 days.

Value adjustments (CHF 000)	2019	2018
As of January 1	2 638	2 567
Additions from acquisitions	658	452
Usage	-826	50
Dissolutions	-450	-352
Change in the scope of consolidation	1 239	0
Currency differences	-91	-79
As of December 31	3 168	2 638

14 Other accounts receivable (CHF 000)	2019	2018
accounts receivable	5 048	2 637
Other accounts receivable - VAT	0	1 887
Other accounts receivable - income tax	2 947	1 507
Other accounts receivable affiliated companies	384	2 532
Other accounts receivable from advance payments	1 732	0
Total other accounts receivable	10 111	8 563

15 Accruals (CHF 000)	2019	2018
Accruals from unbilled receivables	50 025	28 066
Other accruals	6 617	10 865
Total accruals	56 642	38 931

The item "Other accruals" comprises primarily reductions in the cost of goods.

16 Share capital

The share capital consists of 44,781,213 (2018: 40,781,213) registered shares at a par value of CHF 0.01 each.

Change in number of treasury shares	Number of shares	Maximum in CHF	Price in CHF average	Minimum in CHF	Total (CHF 000)
As of January 1, 2018	60 000				735
Purchases at cost prices	208 000	11.73	11.24	9.62	2 337
Disposals at sales prices stock price	-168 000	12.10	11.80	11.20	-1 983 -4
As of December 31, 2018	100 000				1 084
Purchases at cost prices	522 409	10.21	9.39	9.07	4 908
Disposals at sales prices price	-558 785	11.80	9.77	9.52	-5 457 44
As of December 31, 2019	63 624				579

In the reporting year sales of treasury shares resulted in a gain of CHF 44,000 (2018: loss of CHF 4,000).

At the extraordinary General Meeting on March 9, 2018, the shareholders agreed to a capital increase in the amount of CHF 85,855.16 through issuing 8,585,516 registered shares with a par value of CHF 0.01. The capital increase was effected by means of a rights issue. Existing shareholders received a subscription right for each registered share they held as of March 14, 2018, after the close of markets. Fifteen subscription rights granted the owner the right to subscribe for 4 new registered shares. The subscription price was CHF 9.50. The proceeds from the capital increase amounted to CHF 81.6 million minus transaction costs in the amount of CHF 2.6 million.

At the annual General Meeting of mobilezone holding ag on April 4, 2019, authorized capital in the amount of CHF 40,000 or, respectively, of 4 million registered shares with a nominal value of CHF 0.01 was created. On June 14, 2019, the Board of Directors in connection with the acquisition of SH Telekommunikation Deutschland GmbH effected a capital increase of CHF 40,000 by issuing 4 million registered shares from authorized capital while excluding the subscription rights of existing shareholders. The nominal value of the shares was CHF 0.01 each. subscription price was CHF 9.52. The share issue amounted to CHF 38 million.

On December 29, 2017, the Board of Directors adopted a long-term incentive program (LTI) for the management. The long-term incentive program involves equity instruments (equity-settled plan). The options have a term of 7 years with a vesting period of 3 years. The first distribution in the amount of 380,000 options took place on June 29, 2018, at 10 percent above the average closing share price after dividend payment (April 10, 2018, until June 29, 2018) and with an exercise price of CHF 12.19 per share. On August 21, 2019, the Board of Directors made a second distribution in the amount of 85,000 options at 10 percent above the average closing share price in the period from May 28, 2019, to August 21, 2019, and with an exercise price of CHF 10.61 per share.

Calculation of earnings per share		2019	2018
Net profit	CHF	44 405 000	39 531 000
Number of shares outstanding	Pieces	44 781 213	40 781 213
Weighted average number of shares outstanding	Pieces	42 792 890	38 664 992
Share	CHF	1.04	1.02
Earnings per share- diluted	CHF	1.04	1.02

In April 2019 a dividend of CHF 0.60 per share (2018: CHF 0.60) was paid to the shareholders.

As in the previous year, in the reporting year there was no dilution of the earnings per share.

17	Trade accounts payable			2019	2018	
	Trade accounts payable			116 278	132 362	
	Trade accounts payable toward non-consolidated affiliates			177	763	
	Total trade accounts payable			116 455	133 125	
18	Deferrals (CHF 000)			2019	2018	
	Sales of goods			2 515	3 480	
	Cost of goods and materials			14 932	7 458	
	Personnel costs			5 841	2 949	
	Other			11 063	2 753	
	Total deferrals			34 351	16 640	
19	Other current liabilities (CHF 000)			2019	2018	
	VAT			7 539	4 435	
	Social security costs			1 226	747	
	Earn-Out/ purchase price of acquisition due in subsequent period			2 903	0	
	Other			1 602	1 267	
	Total other current liabilities			13 270	6 449	
20	Current financial liabilities (CHF 000)	Currency	2019	Interest rate	2018	Interest rate
	Real estate loans	EUR	486	2.08–2.40	0	
	Bank loans	EUR	65 758	1.00–1.35	28 432	1.35
	Other loans	EUR	1 315	2.00	0	
	Total current financial liabilities		67 559		28 432	
	Long-term financial liabilities (CHF 000)	Currency	2019	Interest rate	2018	Interest rate
	Real estate loans	EUR	2 032	2.08–2.40	0	
	Bank loans	EUR	0		34 118	1.35
	Promissory note loans	EUR	31 235	0.85–1.15	0	
	Other loans	EUR	1 041	2.00	0	
	Bank loans	CHF	41 000	1.50–1.75	106 000	1.50
	Promissory note loans	CHF	53 000	0.85–1.20	0	
	Total long-term financial liabilities		128 308		140 118	
	Financial liabilities (CHF 000)	Currency	2019	Interest rate	2018	Interest rate
	Real estate loans	EUR	2 518	2.08–2.40	0	
	Bank loans	EUR	65 758	1.00–1.35	62 550	1.35
	Promissory note loans	EUR	31 235	0.85–1.15	0	
	Other loans	EUR	2 356	2.00	0	
	Bank loans	CHF	41 000	1.50–1.75	106 000	1.50
	Promissory note loans	CHF	53 000	0.85–1.20	0	
	Total financial liabilities		195 867		168 550	
	Remaining time to maturity (CHF 000)		2019		2018	
	Up to 1 year		34 680		28 432	
	Between 1 and 5 years		142 639		140 118	
	More than 5 years		18 548		0	
	Total financial liabilities		195 867		168 550	

Remaining time to maturity (CHF 000)	2019	2018
Up to 1 year	34 680	28 432
Between 1 and 5 years	142 639	140 118
More than 5 years	18 548	0
Total financial liabilities	195 867	168 550

The CHF bank loan is a syndicated loan with a credit line of 60 million (2018: CHF 110 million). Its term runs until April 18, 2021, with an option to renew until April 18, 2022. The syndicated loan has a fixed interest rate of between 1.25 percent and 2.35 percent, based on LIBOR plus a margin that depends on the net debt to EBITDA ratio. The bank loans include credit tranches with a credit line of CHF 67 million for an unlimited period. The fixed interest rate is between 0.8 percent and 1.35 percent. The syndicated loan, the bank loans, and the promissory note loans are subject to the customary market conditions and covenants, which are being complied with.

21 Goodwill treatment

Goodwill has been offset against retained earnings at the time of acquisition. The resulting effects on shareholders' equity and on profit or loss are documented below based on the assumption of a useful life of goodwill of 5 years.

Effect of a theoretical capitalization of goodwill on the statement of financial position:

Statement of financial position (CHF 000)	2019	2018
Stated shareholders' equity	15 051	34 382
Equity ratio	3.9%	9.4%
Acquisition value goodwill		
At the beginning of the fiscal year	171 817	104 889
Additions	75 239	66 928
Disposals	0	0
At the end of the fiscal year	247 056	171 817
Accumulated amortization		
At the beginning of the fiscal year	95 007	67 090
Amortization current year	34 570	27 917
Disposals	0	0
At the end of the fiscal year	129 577	95 007
Theoretical net book value goodwill	117 479	76 810
Theoretical shareholders' equity without offsetting of goodwill	132 530	111 192
Theoretical equity ratio	26.1%	25.1%

Effect of a theoretical amortization of goodwill on results:

Income statement (CHF 000)	2019	2018
Stated net profit	44 405	39 531
Theoretical amortization of goodwill	-34 570	-27 917
Net profit after amortization of goodwill	9 835	11 614

22 Operative Leasing

As of December 31, 2019, mobilezone Group operated 117 shops (2018: 119) all across Switzerland, all of which were leased. Leases typically have a fixed term of 5 years, with an option to renew for several years.

As of the balance sheet date, future payments for shops, storage and office rooms and other long-term contracts with fixed term are coming due as follows:

2019 (CHF 000)	Premises	Other	Total
Less than 1 year	10 511	897	11 408
Between 1 and 5 years	21 306	679	21 985
More than 5 years	3 110	0	3 110
Total	34 927	1 576	36 503

2018 (CHF 000)	Premises	Other	Total
Less than 1 year	10 512	901	11 413
Between 1 and 5 years	21 596	1 263	22 859
More than 5 years	2 508	0	2 508
Total	34 616	2 164	36 780

In the reporting year 2019 the amount of CHF 11.2 million (2018: CHF 11.4 million) was recognized as an expense from operating leases in the income statement.

23 Contingent liabilities and future commitments, capital commitments, and restrictions of ownership

Per December 31, 2019, trade accounts receivable in the amount of CHF 43.4 million (2018: CHF 53.1 million) and inventories in the amount of CHF 47.8 million (2018: CHF 58.2 million) and land and buildings in the amount of CHF 5.9 million (2018: CHF 0) are pledged for credit lines at banks.

There are no further items requiring disclosure.

24 Risk assessment

As the parent company of the mobilezone Group companies, mobilezone holding ag is fully involved in the risk assessment process across all Group companies. The risk assessment process is integrated into the Group's annual strategy process. The aim is not to avoid all risk but rather to create options that are intended to help the Group companies to consistently take advantage of existing opportunities and to increase their business success. Risk management supports the companies in reaching their business goals by providing transparency regarding the risk situation (as a basis for strategic and operative decisions), by recognizing potential threats to the Group's net assets, financial position, and profit situation, and by taking measures to limit risks to an acceptable level.

As part of this risk assessment process, the Board of Directors of mobilezone holding ag is kept informed about any observed risks and opportunities.

25 Relationship with related parties and companies

Related parties and companies are organizations in which mobilezone participates significantly as well as members of the Board of Directors, Group Management, their close relatives, and key shareholders, including companies controlled by them. All transactions with related parties and companies are conducted at market values.

Andreas M. Blaser was a member of the Board of Directors from April 7, 2016, to April 5, 2018. He is a member of the Board of Directors of the management consulting firm Blaser Meewes & Partner AG, which was involved in mobilezone's Omnichannel project.

Since the acquisition of einsAmobile Management GmbH at the end of March 2015, the company Mister Mobile GmbH is part of the mobilezone Group. Until the end of October 2019 mobilezone Deutschland GmbH held 45 percent and since October 31, 2019, 100 percent of the voting and capital shares of Mister Mobile GmbH.

Murat Ayhan and Akin Erdem, both members of the Group management, are the owners of DeinHandy GmbH, from which mobilezone Deutschland GmbH acquired 100 percent of the shares in TPHCom GmbH on January 25, 2018, at a purchase price of EUR 50 million

Transactions and balances with related parties and companies (CHF 000)	2019	2018
Sales of goods	418	3 747
Cost of goods and materials	15 604	7 683
Cost of services	128	1 221
Financial income	82	76
Accounts receivable	386	5 168
Accounts payable	177	852

26 Significant shareholders

The shares in mobilezone ag are broadly distributed. Significant shareholders are listed in the annual financial statements on page 85.

Compensation to Members of the Board of Directors and the Group Management

Further details of the compensation paid to members of the Board of Directors and of the Group management can be found on pages 44 to 46 of the compensation report.

28 Legal risks

Because of the ordinary course of their business, some group companies are involved in legal disputes. The management has estimated the outcome of these legal cases based on the information currently available and has not established any reserves in the reporting year. However, there are inherent risks in connection with legal claims, depending on the conduct and perspective of the competent court and the counterparty, that can result in a significant outflow of economic resources.

29 Events following the balance sheet date

No significant events have occurred after the balance sheet date.

On March 9, 2020, the Board of Directors of mobilezone holding ag released these financial statements for publication. The Board of Directors will submit these financial statements to the General Meeting on April 8, 2020, and propose that they be approved.

Report of the statutory auditor

to the General Meeting of mobilezone holding ag

Rotkreuz

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of mobilezone holding ag and its subsidiaries (the Group), which comprise the consolidated income statement for the year ended 31 December 2019, the consolidated balance sheet as at 31 December 2019, the consolidated cash flow statement and the consolidated statement of changes in shareholders' equity for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements (pages 50 to 73) give a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession 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.

Our audit approach

Overview



Overall Group materiality: CHF 2,800,000

We concluded full scope audit work at five Group companies in two countries. Our audit scope addressed 94% of the net sales, 73% of the assets and 85% of the profit before taxes of the Group.

In addition, at two Swiss Group companies, we performed limited statutory examinations and checked the major adjustments from financial statements prepared in accordance with local commercial law to those prepared in accordance with Swiss GAAP FER requirements.

As key audit matters, the following areas of focus were identified:

- Accruals from unbilled receivables
- Purchase price allocation for acquisitions in 2019

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the consolidated financial statements.

On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 2,800,000
How we determined it	5% of profit before taxes
Rationale for the materiality benchmark applied	We chose profit before taxes as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 140,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The audit strategy for the audit of the consolidated financial statements was determined taking into account the work performed by the Group auditor and the component auditors in the PwC network. The Group auditor performed the audit of the consolidation, disclosures and presentation of the consolidated financial statements. Where audits were performed by component auditors, we ensured that, as Group auditor, we were adequately involved in the audit and assessed whether sufficient appropriate audit evidence was obtained from the work of the component auditors on the financial information of the components to provide a basis for our opinion. Our involvement as Group auditor comprised telephone calls with the component auditors during the planning phase, the interim audit and the year-end audit as well as discussions of the risk assessment and on-site visits to component auditors and the Group companies that they audited in Germany.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

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

Accruals from unbilled receivables

Key audit matter

mobilezone generates some of its sales income from agreements with mobile telecoms providers and other partners, which compensate mobilezone for the costs of acquiring new customers and extending existing contracts. The commissions are determined on the basis of sales and agreed contracts and calculated and paid, with a time lag, only after the actual conclusion of the transaction. The Management of mobilezone accrues estimated unbilled commission income as of the balance sheet date on the basis of its own sales records and its own experience. Final agreement with mobile telecoms providers and other partners of the amounts due is in some cases still pending. The calculation of the commissions has a direct impact on the sales income and the result reported in the consolidated financial statements, and involves significant estimation uncertainties and scope for judgement. Therefore, we consider this item to be a significant audit matter in relation to the consolidated financial statements.

The assessment of accruals from unbilled receivables in the amount of CHF 50.0 million (or 12.8% of the Group's total assets) was a key audit matter in our audit of the 2019 consolidated financial statements for the reasons mentioned above.

Please refer to note 1.4 'Principles of recognition and valuation' in conjunction with note 15 'Accruals'.

How our audit addressed the key audit matter

We tested the reconciliation process as defined in the internal control system. We also tested compliance with the associated internal controls relating to commissions from the largest mobile telecoms providers and other partners.

In addition, we performed the following audit procedures in particular:

We checked Management's calculation and the accuracy of its estimates by examining, on a sample basis, the actual final invoices received in the 2019 financial year in relation to the prior year's estimate as at 31 December 2018.

We reconciled accruals for which provisional invoices were already available with the estimate as at the balance sheet date of 31 December 2019.

For accruals as at 31 December 2019 that had not been definitively confirmed by invoice or other supporting documentation before the completion of our audit, we tested the calculations and examined the latest available reconciliation with the mobile telecoms providers or the other partners. Additionally, we examined critically Management's statements and assumptions by considering the past recoverability of accruals. We obtained appropriate audit evidence on a sample basis.

The results of our audit support the judgement-based decisions and estimates made by Management in relation to the accruals from unbilled receivables as at 31 December 2019.

Purchase price allocation for acquisitions in 2019

Key audit matter

With effect as of 18 June 2019, einsAmobile Management GmbH (renamed mobilezone Deutschland GmbH as of 17 September 2019), Heusenstamm, Germany ('Buyer') acquired 100% of the shares in SH Telekommunikation Deutschland GmbH ('SH'), Cologne, Germany from Haubrich Verwaltungs SE, Düsseldorf, Germany ('Seller 1') and Mr Wilke Stroman, Cologne, Germany ('Seller 2').

SH markets contract-based mobile telephony offers as an independent online provider and specialises in the brokerage of mobile and fixed network contracts in the German market. As part of this acquisition, the assets and liabilities of the acquired entity, SH, were revalued and the purchase price was then allocated.

The surplus of the acquisition cost of SH over the newly valued net assets (goodwill) is offset against equity by mobilezone as at the date of the acquisition. The acquisition of SH gave rise to goodwill in the amount of CHF 61.9 million, which was offset against shareholders' equity. There is a risk that the revaluation of the net assets may be incorrect and, thus, the impact on shareholders' equity may not be reported correctly.

We consider the determination of goodwill for the acquisition of SH and its offsetting against shareholders' equity as a significant transaction in the consolidated financial statements. Therefore, we paid particular attention to the assessment of this transaction during the audit of the 2019 consolidated financial statements. Please refer to note 1.4 'Principles of recognition and valuation', note 10 'Acquisitions' and note 21 'Goodwill treatment'.

By means of a contract of sale with effect as of 30 October 2019 and a contract of sale and assignment with effect as of 31 October 2019, mobilezone Deutschland GmbH, Heusenstamm, Germany acquired from Mr Robert Ermich 25% and from Philion SE 30% of the shares of Mister Mobile GmbH ('MM'), Obertshausen, Germany. Mister Mobile GmbH operates the 'deinhandy.de' online platform. As part of this acquisition, the assets and liabilities of the acquired entity, MM, were revalued and the purchase price was then allocated.

The surplus of the acquisition cost of the remaining 55% share in MM over the newly valued net assets (goodwill) is offset against equity by mobilezone as at the date of the acquisition. The acquisition of MM gave rise to goodwill in the amount of CHF 8.7 million, which was offset against shareholders' equity. There is a risk that the revaluation of the net assets may be incorrect and, thus, the impact on shareholders' equity may not be reported correctly.

We consider the determination of goodwill for the acquisition of MM and its offsetting against shareholders' equity as

How our audit addressed the key audit matter

We used as the basis for our audit two memoranda drafted by the Management of mobilezone concerning the acquisition of 100% of the shares in SH and the remaining 55% of the shares in MM. We compared the information contained therein with the contractual terms and conditions (the respective contract of sale and contract of sale and assignment).

With regard to the acquisition of 100% of the shares in SH, we performed audit procedures as of the cut-off date of 31 May 2019 to assess the statutory values underlying the transaction and reconcile them with the values according to the memorandum. We tested the conformity of the fair value adjustments made to the acquired net assets with the requirements of Swiss GAAP FER and the accounting principles of the mobilezone Group. We then tested the calculation of the resulting goodwill and its offsetting against shareholders' equity. In addition, we reassessed the various elements of the payment of the purchase price. Lastly, we checked the correctness and completeness of the disclosures relating to this transaction in the notes to the consolidated financial statements.

The results of our audit support Management's valuations and its calculation of goodwill.

With regard to the acquisition of MM, we performed audit procedures as of the cut-off date of 31 October 2019 to assess the statutory values underlying the transaction and reconcile them with the values according to the memorandum. We tested the conformity of the fair value adjustments made to the acquired net assets with the requirements of Swiss GAAP FER and the accounting principles of the mobilezone Group. We then tested the calculation of the resulting goodwill and its offsetting against shareholders' equity. In addition, we reassessed the various elements of the payment of the purchase price. Lastly, we checked the correctness and completeness of the disclosures relating to this transaction in the notes to the consolidated financial statements.

The results of our audit support Management's valuations and its calculation of goodwill.

a significant transaction in the consolidated financial statements. Therefore, we paid particular attention to the assessment of this transaction during the audit of the 2019 consolidated financial statements. Please refer to note 1.4 'Principles of recognition and valuation', note 10 'Acquisitions' and note 21 'Goodwill treatment'.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors 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 consolidated financial statements

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

A further description of our responsibilities for the audit of the consolidated financial statements is available on the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Daniel Ketterer
Audit expert
Auditor in charge



Icare Regnier
Audit expert

Zurich, 9 March 2020

Financial statements mobilezone holding ag

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Income statement

January 1 to December 31 (CHF 000)	2019	2018
Dividend income	23 000	24 046
Other financial income	6 451	4 716
Other operating income	5 263	4 972
Total income	34 714	33 734
Financial expenses	6 677	2 040
Personnel costs	2 718	2 211
Other operating costs	491	382
Depreciation property, plant & equipment	41	55
Income tax expense	644	529
Total expenses	10 571	5 217
Net profit	24 143	28 517

Balance sheet

As of December 31 (CHF 000)	Notes	2019	2018
Assets			
Current assets			
Cash & cash equivalents		2 722	8 262
Other current accounts receivable	6	114 846	101 066
Accruals	7	2 956	432
Total current assets		120 524	109 760
Fixed assets			
Financial assets	8	180 995	99 107
Holdings	9	39 817	39 817
Property, plant & equipment		146	100
Total fixed assets		220 958	139 024
Total assets		341 482	248 784
Liabilities & shareholders' equity			
Current liabilities			
Current interest-bearing liabilities	10	5 807	2 856
Other current liabilities	11	1 207	717
Deferrals	12	1 494	2 695
Total current liabilities		8 508	6 268
Long-term liabilities			
Long-term interest-bearing liabilities	13	158 114	106 000
Total long-term liabilities		158 114	106 000
Shareholders' equity			
Share capital	14	448	408
Legally required profit reserve			
– Reserves from capital contributions		92 607	78 951
– Other capital reserve		131	131
Voluntary profit reserve		6 098	6 098
Own capital shares	15	–579	–1 084
Available earnings		76 155	52 012
Total shareholders' equity		174 860	136 516
Total liabilities & shareholders' equity		341 482	248 784

Notes to the financial statements

Principles

1 General

These financial statements have been prepared in accordance with the provisions of Swiss accounting legislation (Title 32 of the Swiss Code of Obligations). A description of the essential valuation principles that were applied but are not prescribed by law follows below.

2 Financial assets

The financial assets include long-term loans. Loans granted in foreign currency are valued at the exchange rate on the reporting date.

3 Holdings

Holdings are capitalized at cost minus any necessary value adjustments. Holdings that are significant are valued individually, but those that are similar in nature are usually valued together as a group.

4 Own capital shares

Treasury shares are recognized at acquisition costs as a debit item in shareholders' equity at the time of acquisition. Upon resale, the gain or loss will be recognized in the income statement as financial income or expense.

5 Dispensing with cash flow statement and additional information in the Notes

Since mobilezone holding ag prepares consolidated financial statements in accordance with a recognised accounting standard (Swiss GAAP FER), the company has decided, in accordance with the pertinent legal provisions, to dispense in these financial statements with the information in the Notes regarding interest-bearing liabilities and auditing fees as well as with a cash flow statement.

Details regarding the financial statements

6	Other current accounts receivable from (CHF 000)	2019	2018
	Group companies	114 463	101 029
	Third parties	383	37
	Total	114 846	101 066

7	Accruals (CHF 000)	2019	2018
	Group companies	2 367	0
	Third parties	589	432
	Total	2 956	432

8 Financial assets

The financial assets include a long-term loan to a Group company.

9 Direct and indirect holdings

Company	headquarters	Cur- rency	Equity capital (000)	Capital/ voting share 31.12.19	Capital/ voting share 31.12.18
mobilezone ag ¹	CH-Rotkreuz	CHF	2 850	100%	100%
mobililit AG ²	CH-Härkingen	CHF	100	100%	n.a.
IT Business Services GmbH ²	CH-Härkingen	CHF	40	100%	n.a.
einsAmobile GmbH	D-Obertshausen	EUR	50	100%	100%
mobilezone Deutschland GmbH ³	D-Heusenstamm	EUR	25	100%	100%
TPHCom GmbH ⁴	D-Heusenstamm	EUR	25	100%	100%
Mister Mobile GmbH ⁵	D-Obertshausen	EUR	25	100%	45%
SH Telekommunikation Deutschland GmbH ⁶	D-Cologne	EUR	778	100%	n.a.
sparstrom Energievertr GmbH ⁶	D-Cologne	EUR	100	40%	n.a.
Bonamic GmbH ⁶	D-Bochum	EUR	250	49%	n.a.
TalkTalk AG	CH-Rotkreuz	CHF	100	100%	100%
mobiletouch ag	CH-Zweidlen	CHF	100	100%	100%
mobiletouch austria gmbH	A-Vienna	EUR	35	100%	100%

¹ Effective January 1, 2018, mobilezone business ag merged with mobilezone ag.

² In August 2019 the companies mobililit AG and IT Business Services GmbH were acquired.

³ On September 17, 2019, einsAmobile Management GmbH was renamed mobilezone Deutschland GmbH.

⁴ In January 2018 the company TPHCom GmbH was acquired.

⁵ In November 2018, 30 percent of the shareholdings in Mister Mobile GmbH were sold. At the reporting date of December 31, 2018, the company was valued based on the equity method. In October 2019 the shareholdings were increased to 100 percent. As of the reporting date of December 31, 2019, the company was fully consolidated.

⁶ In June 2019, SH Telekommunikation Deutschland GmbH, sparstrom Energievertriebs GmbH, and Bonamic GmbH were acquired. Both sparstrom Energievertriebs GmbH and Bonamic GmbH are valued based on the last known figures in accordance with the equity method.

10	Current interest-bearing liabilities (CHF 000)	2019	2018
	Group companies	2 404	2 856
	Banks	3 403	0
	Total	5 807	2 856

The current interest-bearing liabilities to Group companies include current accounts.

11	Other current accounts payable to (CHF 000)	2019	2018
	Group companies	15	57
	Executive bodies	12	0
	Third parties	1 180	660
	Total	1 207	717

12	Deferrals (CHF 000)	2019	2018
	Executive bodies	440	440
	Third parties	1 054	2 256
	Total	1 494	2 696

13 Long-term interest-bearing liabilities

The long-term loans are bank loans.

14 Share capital and authorized capital

The share capital consists of 44,781,213 registered shares (2018: 40,781,213 registered shares) at a par value of CHF 0.01 each. As of the balance sheet date, there was no authorized share capital and no conditional share capital.

15 Own equity shares

Change in number of treasury shares	Number of shares	Maximum in CHF	Price in CHF average	Minimum in CHF	Total (CHF 000)
As of January 1, 2018	60 000				735
Purchases at cost prices	208 000	11.73	11.24	9.62	2 337
Disposals at sales prices	-168 000	12.10	11.80	11.20	-1 983
Income from stock price					-4
As of December 31, 2018	100 000				1 084
Purchases at cost prices	522 409	10.21	9.39	9.07	4 908
Disposals at sales prices	-558 785	11.80	9.77	9.52	-5 457
Income from stock price					44
As of December 31, 2019	63 624				579

In the reporting year sales of treasury shares resulted in a gain of CHF 44,000 (2018: loss of CHF 4,000).

16 Significant shareholders

As of December 31, 2019, the following significant shareholders and shareholder groups were registered in the share register as holding more than 3 percent of capital shares and voting rights:

Company	2019	2018
Credit Suisse Funds AG, Zurich ¹	7.11%	7.81%
Haubrich Zentrale gmbH & Co. KG, Düsseldorf	5.00%	n.a.
Wilke Stroman, Cologne	5.00%	n.a.
UBS Fund Management (Switzerland) AG, Basel ¹	3.88%	4.26%

¹ The number of participation shares noted in the last disclosure notice have been converted based on the number of shares outstanding as of the balance sheet date of December 31.

The disclosures regarding shareholdings in mobilezone holding ag are published on the electronic platform of the SIX Swiss Exchange and can be retrieved via the Disclosure Office's search screen at the following web link:

www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

To our knowledge there is no shareholder's agreement between the significant shareholders.

Additional information

17 Number of full-time employees

In the reporting year, the average number of full-time employees was 3 (2018: 3).

18 Contingent liabilities (CHF 000)	2019	2018
Joint and several liability from VAT – Group taxation	p.m.	p.m.
Surety for a subsidiary	3 300 000	3 300 000

Shareholdings of members of the Board of Directors and the Group Management

Name	Position	Number of shares		Share value (CHF 000)	
		2019	2018	2019	2018
Urs T. Fischer	President	2 500	2 500	27	27
Christian Petit ¹	Member	0	0	0	0
Gabriela Theus ¹	Member	2 500	0	27	0
K. Neuenschwander ²	Member	2 000	n.a.	22	n.a.
Andreas M. Blaser ³	Member	n.a.	0	n.a.	0
Markus Bernhard	CEO	80 000	100 000	869	1 094
Andreas Fecker	CFO	40 000	40 000	434	438
Murat Ayhan	Managing Director GER	70 000	300 000	760	3 282
Akin Erdem	CPO	70 000	300 000	760	3 282
Roger Wassmer	COO CH & AT	11 427	5 504	124	60

¹ At the General Meeting on April 5, 2018, Christian Petit and Gabriela Theus were elected to the Board of Directors.

² At the General Meeting on April 4, 2019, Peter K. Neuenschwander was elected to the Board of Directors.

³ At the General Meeting on April 4, 2019, Andreas M. Blaser did not stand for re-election.

Additional information is provided in the compensation report on page 45 and 46.

20 Significant events following the balance sheet date

No significant events have occurred after the balance sheet date.

Proposal by the Board of Directors

The proposal of the Board of Directors of mobilezone holding ag to the General Meeting on April 8, 2020, is to dispose of the 2019 available earnings and reserves from capital contributions as follows:

Appropriation of available earnings (CHF 000)	2019	2018
Balance brought forward from previous year	52 012	23 495
Net profit	24 143	28 517
Available earnings at the disposal of the General Meeting	76 155	52 012
Distribution of a dividend of CHF 0.30 per share entitled to dividends (2018: CHF 0)	13 434	0
Profit carried forward to new account	62 721	52 012
Total	76 155	52 012
Appropriation of capital contribution reserves		
Reserves from capital contributions – carried forward from previous year	54 567	0
Allocation from capital increase	38 040	78 951
Distribution of a dividend free of withholding tax in the amount of CHF 0.30 (2018: CHF 0.60) per dividend-bearing share	-13 434	-24 469
Undistributed dividends on treasury shares held by the Group	0	85
Reserves from capital contributions carried forward to new account	79 173	54 567

If the proposal is accepted, the dividend of CHF 0.30 per share free of withholding tax out of the reserves from capital contributions and the dividend, which is subject to withholding tax, of CHF 0.30 per share will be paid on April 17, 2020 (ex-date April 15, 2020). The last trading day with entitlement to receive the dividend is April 14, 2020. Starting on April 15, 2020, the shares will be traded ex dividend.

Report of the statutory auditor

to the General Meeting of mobilezone holding ag

Rotkreuz

Report on the audit of the financial statements

Opinion

We have audited the financial statements of mobilezone holding ag which comprise the income statement for the year ended 31 December 2019, the balance sheet as at 31 December 2019 and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 81 to 86) as at 31 December 2019 comply with Swiss law and the articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and 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 entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession 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.

Our audit approach

Overview

Overall materiality: CHF 1,500,000



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter, the following area of focus has been identified:

Impairment testing of investments in Group companies and loans to and current accounts receivable from Group companies

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They 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 the financial statements.

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On the basis of our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 1,500,000
How we determined it	0.45% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because the Company primarily holds investments in Group companies and grants loans to Group companies.

We agreed with the Audit Committee that we would report to them misstatements above CHF 140,000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, 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.

Impairment testing of investments in Group companies and loans to and current accounts receivable from Group companies

Key audit matter	How our audit addressed the key audit matter
<p>We consider the assessment of impairment of investments in Group companies and loans to and current accounts receivable from Group companies to be a key audit matter for the following reasons:</p> <p>Investments in Group companies (CHF 39.8 million), loans to Group companies (CHF 181.0 million) and current accounts receivable from Group companies (CHF 114.8 million) amount to CHF 335.6 million, representing around 98% of total assets of CHF 341.5 million and, thus, a significant portion of the assets.</p> <p>As mobilezone holding ag ensures the Group's financing through loans, their recoverability is linked to the valuation of the equity investments and to the Group companies achieving their business targets in the medium term.</p> <p>Testing these investments, loans and current accounts receivable for impairment involves scope for judgement (future cash flows, discount rate and growth rate) in assessing whether indications of impairment exist and in deriving the relevant values in use for the impairment tests.</p> <p>As part of the annual impairment testing, mobilezone's Management compares the book value of the investment</p>	<p>In addition to the comparison of the book values of the investments, loans and current accounts receivable relating to Group companies with the book value of the net assets of each company concerned, we performed the following audit procedures in the event of a material shortfall in the net assets:</p> <ul style="list-style-type: none"> • We examined the value-in-use analysis and tested whether the calculation method was appropriate. • We tested the mathematical accuracy of the calculation in the valuation models that were used. • We compared the assumptions concerning future cash flows and growth rates with the outcomes in the prior year and the assumptions in the budget. • We compared the discount rate with the financing costs. • We assessed the sensitivity of the estimated values with regard to the remaining headroom.

according to the statutory financial statements of the Company prepared in accordance with the Swiss Code of Obligations with the net assets of the companies concerned as recorded in their financial statements. If these are lower than the book value of the investment in the statutory financial statements of the Company, a value-in-use analysis is performed.

In the year under review, no impairments were made by mobilezone holding ag.

- We compared the growth rates used with historical growth rates and tested them for plausibility based on our knowledge of the Swiss mobile phone market.
- We compared the total of the book values of the investments with the market capitalisation of mobilezone holding ag.

We consider the principles and the assumptions applied by Management to test the investments in Group companies and loans to and current accounts receivable from Group companies for impairment to be appropriate.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors 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 Directors is responsible for assessing the entity'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 Directors intends either to liquidate the entity 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 Swiss law and Swiss Auditing Standards 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.

A further description of our responsibilities for the audit of the financial statements is available from the website of EXPERTSuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings (page 87) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Daniel Ketterer
Audit expert
Auditor in charge



Icare Regnier
Audit expert

Zurich, 9 March 2020

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