Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	920 598 951
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	NET1 INTERNATIONAL HOLDINGS AS
Forretningsadresse:	Kavringen brygge 2 0252 OSLO

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	IFRS
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Rene de Koning
Dato for fastsettelse av årsregnskapet:	26.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert

År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 08.05.2022

Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Operating revenue		7 734 000	
Sum inntekter		**7 734 000**	
Kostnader			
Annen driftskostnad	P3	45 183 000	14 133 000
Sum kostnader		**45 183 000**	**14 133 000**
Driftsresultat		**-37 449 000**	**-14 133 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		215 000	4 135 000
Annen renteinntekt		1 628 000	2 492 000
Verdiøkning andre finansielle instrumenter vurdert til virkelig verdi		57 228 000	47 500 000
Sum finansinntekter		**59 071 000**	**54 127 000**
Foreign exchange gain, net		1 208 000	-9 266 000
Annen rentekostnad		3 205 000	16 000
Other financial expenses		25 000	
Sum finanskostnader		**4 438 000**	**-9 250 000**
Netto finans	P2	**54 633 000**	**63 377 000**
Ordinært resultat før skattekostnad		**17 184 000**	**49 244 000**
Skattekostnad på ordinært resultat	P7	-383 000	384 000
Ordinært resultat etter skattekostnad		**17 567 000**	**48 860 000**
Årsresultat		**17 567 000**	**48 860 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		17 567 000	48 860 000
Sum overføringer og disponeringer		**17 567 000**	**48 860 000**

Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	P10	47 285 000	
Sum immaterielle eiendeler		**47 285 000**	
Finansielle anleggsmidler			
Investering i datterselskap	P5	1 336 089 000	846 571 000
Lån til foretak i samme konsern	P4		122 594 000
Andre fordringer	P4		107 410 000
Sum finansielle anleggsmidler		**1 336 089 000**	**1 076 575 000**
Sum anleggsmidler		**1 383 374 000**	**1 076 575 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer		5 268 000	
Andre fordringer		2 688 000	
Prepaid expenses and accrued income	P4	68 000	
Accrued interest			2 485 000
Konsernfordringer	P4	27 832 000	6 640 000
Sum fordringer		**35 856 000**	**9 125 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		3 883 000	75 000
Sum bankinnskudd, kontanter og lignende		**3 883 000**	**75 000**
Sum omløpsmidler		**39 739 000**	**9 200 000**
SUM EIENDELER		**1 423 113 000**	**1 085 775 000**

BALANSE - EGENKAPITAL OG GJELD

Balanse

Beløp i: NOK	Note	2019	2018
Egenkapital			
Innskutt egenkapital			
Selskapskapital		434 059 000	139 085 000
Overkurs		853 047 000	823 059 000
Sum innskutt egenkapital		**1 287 106 000**	**962 144 000**
Opptjent egenkapital			
Retained earnings		66 427 000	48 860 000
Sum opptjent egenkapital		**66 427 000**	**48 860 000**
Sum egenkapital		**1 353 533 000**	**1 011 004 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	P7		384 000
Subscription rights	P8		57 228 000
Sum avsetninger for forpliktelser			**57 612 000**
Annen langsiktig gjeld			
Sum langsiktig gjeld		**0**	**57 612 000**
Kortsiktig gjeld			
Leverandørgjeld		4 138 000	14 011 000
Accrued expenses and deferred income		3 119 000	
Borrowings	P9	62 275 000	0
Other current liabilities		48 000	3 148 000
Sum kortsiktig gjeld		**69 580 000**	**17 159 000**
Sum gjeld		**69 580 000**	**74 771 000**
SUM EGENKAPITAL OG GJELD		**1 423 113 000**	**1 085 775 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt		35 212 000	7 842 000
Annen driftsinntekt		12 337 000	4 010 000
Sum inntekter	5,6	**47 549 000**	**11 852 000**
Kostnader			
Lønnskostnad	8	44 442 000	15 964 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	12, 13	108 256 000	24 785 000
Annen driftskostnad	7, 17, 18	308 177 000	83 319 000
Sum kostnader		**460 875 000**	**124 068 000**
Driftsresultat		**-413 326 000**	**-112 216 000**
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	14		-157 433 000
Annen finansinntekt	10	63 050 000	61 675 000
Sum finansinntekter		**63 050 000**	**-95 758 000**
Annen finanskostnad	11	82 427 000	8 050 000
Sum finanskostnader		**82 427 000**	**8 050 000**
Netto finans		**-19 377 000**	**-103 808 000**
Ordinært resultat før skattekostnad		**-432 703 000**	**-216 024 000**
Skattekostnad på ordinært resultat	9	-14 066 000	-3 805 000
Ordinært resultat etter skattekostnad		**-418 637 000**	**-212 219 000**
Translation differences on foreign operations		38 729 000	42 420 000
Årsresultat		**-379 908 000**	**-169 799 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-379 908 000	-169 799 000
Sum overføringer og disponeringer		**-379 908 000**	**-169 799 000**

Konsernets balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter		1 315 988 000	1 306 078 000
Varemerke		47 285 000	
Other intangible assets		10 189 000	15 339 000
Sum immaterielle eiendeler	12	**1 373 462 000**	**1 321 417 000**
Varige driftsmidler			
Maskiner og anlegg		549 422 000	135 183 000
Other tangible assets		17 099 000	3 902 000
Work in progress		53 538 000	67 477 000
Sum varige driftsmidler	13	**620 059 000**	**206 562 000**
Finansielle anleggsmidler			
Other financial assets	16	44 934 000	109 920 000
Sum finansielle anleggsmidler		**44 934 000**	**109 920 000**
Sum anleggsmidler		**2 038 455 000**	**1 637 899 000**
Omløpsmidler			
Varer			
Varer	17	11 119 000	16 963 000
Sum varer		**11 119 000**	**16 963 000**
Fordringer			
Kundefordringer	16,18	13 384 000	3 664 000
Andre fordringer	16,19	49 815 000	29 508 000
Prepaid expenses and accrued income	20	341 000	7 524 000
Assets classified as held for sale	13	9 379 000	10 623 000
Sum fordringer		**72 919 000**	**51 319 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	16,22	29 340 000	2 564 000
Sum bankinnskudd, kontanter og lignende		**29 340 000**	**2 564 000**

Konsernets balanse

Beløp i: NOK	Note	2019	2018
Sum omløpsmidler		**113 378 000**	**70 846 000**
SUM EIENDELER		**2 151 833 000**	**1 708 745 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	21	434 059 000	139 085 000
Overkurs		958 512 000	554 273 000
Sum innskutt egenkapital		**1 392 571 000**	**693 358 000**
Opptjent egenkapital			
Udekket tap		630 855 000	169 856 000
Sum opptjent egenkapital		**-630 855 000**	**-169 856 000**
Minoritetsinteresser			392 014 000
Sum egenkapital		**761 716 000**	**915 516 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	328 997 000	326 903 000
Andre avsetninger for forpliktelser		7 255 000	5 086 000
Sum avsetninger for forpliktelser		**336 252 000**	**331 989 000**
Annen langsiktig gjeld			
Øvrig langsiktig gjeld	16, 24	12 394 000	20 266 000
Non-current lease liabilities	32	415 788 000	0
Borrowings - non-current portion	16, 22	324 260 000	3 853 000
Subscription rights	16, 23		57 228 000
Sum annen langsiktig gjeld		**752 442 000**	**81 347 000**
Sum langsiktig gjeld		**1 088 694 000**	**413 336 000**
Kortsiktig gjeld			
Borrowings - current portion	16, 22	62 275 000	11 287 000

Konsernets balanse

Beløp i: NOK	Note	2019	2018
Leverandørgjeld	16	104 900 000	224 964 000
Current lease liabilities	32	5 592 000	
Annen kortsiktig gjeld	16,25	14 716 000	35 600 000
Accrued expenses and contract liability	16, 26	113 940 000	108 042 000
Sum kortsiktig gjeld		**301 423 000**	**379 893 000**
Sum gjeld		**1 390 117 000**	**793 229 000**
SUM EGENKAPITAL OG GJELD		**2 151 833 000**	**1 708 745 000**

Skatteetaten

Vår dato	Din/Deres dato	Saksbehandler
20.03.2019	22.01.2019	Henning Stokke
800 80 000	Din/Deres referanse	Telefon
Skatteetaten.no	Herman Skibrek	800 80 000
Org.nr	Vår referanse	Postadresse
974761076	2019/5290608	Postboks 9200 Grønland 0134 OSLO

NET1 INTERNATIONAL HOLDINGS AS
Nydalsveien 18B
0484 OSLO

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Net1 International Holding AS, org.nr. 920 598 951

Vi viser til deres brev av 22. januar 2019 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Net1 International Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret helhetsvurdering Net1 International Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Fra søknaden gjengis:

> *Net1 International Holdings AS er hovedsakelig involvert i bransjen for mobilt bredbånd. Net1 International Holdings AS er et norskregistrert selskap hjemmehørende i Norge, med adresse Nydalsveien 18B, 0484 Oslo. Av konsernets 170 ansatte er samtlige ansatte i selskap utenfor Norge. Konsernets arbeidsspråk er engelsk. Engelsk språk benyttes i all hovedsak både ved intern og ekstern kommunikasjon. Styreleder i morselskapet er utenlandsk (styret består av fire medlemmer). Alle sentrale aktører og samarbeidspartnere behersker og benytter engelsk.*
>
> *Selskapets hovedleverandør er utenlandsk, og det er heller ingen forhold rundt selskapets finansiering som skulle tilsi behov for regnskap på norsk. En norsk versjonen av konsernregnskapet vil utarbeides kun for å tilfredsstille regnskapslovens krav. Nytten antas ikke å forsvare kostnadene ved utarbeidelsen.*
>
> *Hovedbruker av konsernregnskapet vurderes å være aksjonærene, og disse er primært utenlandske. 52,3 % av aksjene er eid av Access Industries hvor arbeidsspråket er engelsk.*

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."*

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Som nevnt ovenfor er det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er primært eid av utenlandske selskaper. Eierkretsen er begrenset. I tillegg opererer selskapet i en internasjonal bransje, og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelser i saken.

Med hilsen

Inger Helene Iversen
seniorrådgiver
Juridisk avdeling, næring
Skattedirektoratet

Henning Stokke

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

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To the General Meeting of Net1 International Holdings AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Net1 International Holdings AS, which comprise:

- The financial statements of the parent company Net1 International Holdings AS (the Company), which comprise the company balance sheet as at 31 December 2019, the income statement, statement of changes in equity and company cash flow for the year then ended, and notes to the company financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Net1 International Holdings AS and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at 31 December 2019, the consolidated statements of comprehensive income, consolidated statements of change in equity and consolidated statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial statements and the Board of Directors' report, which informs that the Company is dependent on raising additional financing to continue its operations. As stated in Note 3 and the Board of Directors' report, these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

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

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

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

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

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

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

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

Oslo, 30 June 2020
PricewaterhouseCoopers AS

Øystein B. Sandvik
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Net1

Signers:

Name	*Method*	*Date*
Øystein Blåka Sandvik	BANKID_MOBILE	2020-06-30 17:20

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Net1

Net1 International Holdings AS

Annual report 2019

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REPORT OF THE BOARD OF DIRECTORS

The operations

Net1 International Holdings AS (the 'Company') is a holding company with its shares traded on the Oslo OTC in Norway. The shares are listed under the ticker symbol 'NET1'.

The Company is the shareholder of subsidiaries in the Netherlands, Indonesia, the Philippines and Brazil (the 'Group'). The Group operates in Indonesia and Philippines under the **Net1 brand**. The products offered principally relate to prepaid wireless broadband services ('Mobile Broadband') to consumers, businesses and government entities.

This report is prepared by the board of directors of the Company (the 'Board').

Our focus

The Group is an emerging markets operator focussed on rolling out 4G LTE wireless data networks in underserved regions in Indonesia and the Philippines. The Group's flexible and efficient model offers an exceptional customer experience at a competitive price for both private and professional users.

We aim to deliver Mobile Broadband at the lowest possible cost while simultaneously creating future-proof networks with room for growth. We do this by building 4G LTE networks and acquiring low band spectrum which are able to deliver 4G LTE over vast distances and therefore create the perfect platform for large countries with diffused populations.

With our proven experience in this sector and in building lean, customer-centric networks around the world, we are perfectly placed to expand our operations in Indonesia and the Philippines.

Spectrum portfolio

The Group's two operations in Indonesia and the Philippines both hold the only nationwide 4G licences for the 450 MHz bands in those countries. In addition, our Philippines operations also owns spectrum in the 3.5GHz and 26GHz bands. Further details on the bandwidth are provided below. Both networks are in heavily populated markets with low fixed line internet penetration in rural areas, and topographies where low frequency bands can be particularly effective. The population density in suburban and urban areas in the Philippines provides a strong opportunity to utilise the bandwidth available under the 3.5GHz frequency.

The 3.5GHz is a standard LTE band and one of the preferred bands for the next generation of mobile networks, 5G. The 3.5GHz frequency can be considered more of a competitor to fixed lines such as DSL and fibre. However, the deployment speed and time to market is unbeatable using a wireless solution.

Indonesia

The Group's Indonesian subsidiary PT Sampoerna Telekomunikasi Indonesia ('Net1 Indonesia') delivers cost effective wireless internet access and voice services to consumers and businesses across Indonesia. Net1 Indonesia focusses its network deployment on areas where no or limited internet access alternatives are available. Net1 Indonesia benefits from operating its low frequency 450MHz LTE network to deliver cost effective coverage in these areas.

Net1 Indonesia holds a perpetual technology neutral licence to operate on 2x7.5MHz in the 450MHz frequency band. Net1 Indonesia started the deployment of its 4G LTE network in 4Q 2017 and is currently commercially operational on all the major islands across Indonesia, with approximately 600 sites on air covering 122 million people.

The Philippines

The Group has invested in its Philippines subsidiary Broadband Everywhere Corp. ('Net1 Philippines') by way of a joint venture partnership with a local conglomerate, Citadel Holdings, Inc. ('Citadel'). Citadel is a large diversified holding company located in the Philippines with interests in aviation services, freight management and logistics, amongst others.

Net1 Philippines holds licences for 20MHz in the 450MHz frequency band, 20MHz in the 3.5GHz band, and 200MHz in the 26GHz band. Net1 Philippines has 51 LTE 4G sites on air at present.

2019 Review of the Group

The Group continued to make steady progress in 2019.

Indonesia

Following completion of its 4G LTE data network at the start of 2019, Net1 Indonesia expanded its LTE data business-to-consumer (B2C) products and services throughout the year. Highlights of this segment's performance for the 12 month period ending December 2019 are as follows:

- Net1 Indonesia recorded a total LTE data active subscriber base of approximately 55,000 by December-end. Over 50,000 subscribers were post-paid and pre-paid consumers;
- Net1 Indonesia's LTE data subscriber base is defined to include any B2C, business-to-business (B2B) and business-to-government (B2G) customers who used LTE data services within the prior 90 day period;
- Over 17,000 of the LTE data subscriber base were active within the last 30 day period, up from just over 11,000 at end-2018;
- Pre-paid and post-paid consumers generated an average revenue per user (ARPU) of approximately USD 17 (NOK 142); and
- Net1 Indonesia's network, which deploys 4G LTE over the highly efficient 450MHz spectrum band, had approximately 540 sites on air by year-end 2019 covering in excess of 100 million people in Indonesia.

On the B2B and B2G front, Net1 Indonesia built up a pipeline of projects during 2019 based on a mix of products including capacity on demand, coverage on demand and point of sale solutions with top tier corporates in the mining, banking and air freight sectors.

B2B and B2G represented around 7.5% of total revenues in 2019. With the pipeline of projects, our hope is that this market will represent a higher proportion of revenues over the coming 12 months.

Overall, Net1 Indonesia posted gross revenues of IDR 82 billion for the 12 month period ended 31 December 2019 (compared to IDR 74 billion for the equivalent period in 2018) before commercial costs, revenue shares and discounts. *Please refer to the table on page 5 for a translation of the figures into NOK.* Net1 Indonesia saw a 24% increase in subscription and usage revenues, principally comprising of 4G LTE data services, from IDR 50 billion in 2018 to IDR 62 billion in 2019. While the revenue growth versus 2018 was significant, the final result was below the targets set by the Board. Issues which impacted the performance in 2019 were, amongst other things:

- Late closure of the facilities agreement with Gemcorp Capital LLP, set out in below under 'Financing developments in 2019', which closed in April 2019 meaning H1 2019 closed without a meaningful capital injection;
- A reduction in B2B and B2G contracts versus our expectations; and
- Challenges in the B2C segment in terms of site locations. Around 50% of Net1 Indonesia's sites were located in highly competitive areas and these were unable to gain traction. We have subsequently decommissioned most of these sites and have focussed on a smaller number of sites. The results of this focus in 2020 to date have been highly encouraging. However, additional long-term financing and refinancing is essential, as set out below under 'Liquidity and going concern'.

The Board has taken steps to address the challenges in the Group's business with the following measures:

- Appointment of a new Group CEO in December 2019;
- Appointment of a new CEO in Indonesia in May 2020; and
- An explicit mandate to adopt a much more focussed strategy.

In addition, Net1 Indonesia's management team have also been pursuing a financing solution to enable:

- the relocation of around 300 decommissioned sites to much less competitive areas in more rural locations in Indonesia compared to previously; and
- expansion of our business footprint.

As at the date of this annual report, discussions concerning additional long-term financing and refinancing are continuing with potential third party finance providers.

Key figures Indonesia

NOK million, except where stated	Jan - Dec **2019**	Jan - Dec **2018**
Total revenues	47.5	45.1
Service revenues (Data, VAS, Voice)	35.2	31.7
EBITDA [1]	-308	-300
Net result	-376	-205
No. of total subscribers, thousand	249	35
No. of subscribers active within 30 days, thousand [2]	199	48
NOK ARPU (Average Revenue Per User) 30-day active subscribers	142	187

**The above figures are at NOK/IDR FX rates relevant for each period. For a local currency comparison of true operational performance, see the commentary above.*

1) *See Definitions for the Group definition of EBITDA.*
2) *Any effects from business combinations are not included.*
3) *No. of subscribers who top up within a 30-day period. Any customers who top up in a 90-day period (known as 'Active 3') are registered as subscribers.*

The Philippines

The core development in 2019 for Net1 Philippines was the award of significant new spectrum by the regulator. Net1 Philippines received a further 5MHz of bandwidth, meaning it occupied a total of 20MHz of bandwidth in the 450MHz frequency. In addition, Net1 Philippines was also awarded 200MHz on the 24450-24650 MHz band. Net1 Philippines already owned 20MHz in the 3.5GHz band.

Operationally, Net1 Philippines is still at a nascent stage of its operational development. At the current time, Net1 Philippines has taken down its sites as it has not been able to produce a satisfactory strategy to address the business-to-consumer (B2C) segment.

The management team of Net1 Philippines, in discussion with the Company and Citadel, are considering options in respect of the business. Given its significant spectrum portfolio, the Company is seeking to explore potential partnerships, investments or a sale of Net1 Philippines.

Financing developments in 2019

- In January 2019 the Company and Net1 Indonesia entered into two interest free loan facilities with two of the Company's shareholders Rasmussengruppen AS ('Rasmussengruppen') and Sampoerna AGRI Resources Pte Ltd ('Sampoerna') in the amount of USD 10 million (NOK 87 million) and USD 5 million (NOK 44 million) respectively, totalling USD 15 million (NOK 131 million) for, amongst other things, the funding for the Group's operations in Indonesia.

- In January 2019, in connection with the January 2019 shareholder loan facilities, the Company also entered into an agreement to acquire all the shares held by Sampoerna in Mobile Internet Holdings B.V. ('MIH'), a subsidiary of the Company which holds the shares in Net1 Indonesia and which acted as a joint venture vehicle between the Company and Sampoerna. In return, it was agreed that Sampoerna would receive new issued shares in the Company (the 'Sampoerna Flip-up'), thereby facilitating a simplified and more transparent ownership structure.

- In April 2019 the Group announced that MIH had entered into a USD 40 million (NOK 350 million) term loan facilities agreement (with an incremental facility) with Gemcorp Capital LLP ('Gemcorp').

- The Gemcorp loan carries a coupon of 3 months Libor plus 10% (subject to certain adjustments if Net1 Indonesia turns EBITDA-positive), amortising over a 5-year period, with a final maturity date in May 2024. The loan is secured by inter alia the assets of Net1 Indonesia, share pledges over the shares in MIH and and the Company's subsidiary Net1 International Holdings B.V., and guarantees from MIH and Net1 International Holdings B.V. The loan contains financial covenants and tests of key performance indicators (the 'Financial Covenants and KPIs'). Covenants and KPIs are based on the business plan of the Indonesian operations and include head-room for deviations.

- The Gemcorp loan also contains a change of control provision which is triggered if Rasmussengruppen (or their affiliates) and AI Media Holdings LLC ('Access Industries') (or their affiliates) cease to hold, between them, at least 40% of the share capital of the Company at any time and other terms and conditions customary for this type of financing.

- The funds from the Gemcorp loan were utilised to finance Net1 Indonesia as it expands its operations and investing in its 4G LTE network utilizing its efficient 450 MHz spectrum.

- In May 2019 the Company successfully carried out a USD 25 million (NOK 217.5 million) rights offering (the 'Rights Offering') directed towards Sampoerna and the existing shareholders of the Company at a subscription price of NOK 0.90 per share. USD 15 million (NOK 131 million) of the USD 25 million (NOK 217.5 million) Rights Offering was secured through conversion of the January 2019 shareholder loans and an additional USD 10 million (NOK 87 million) was obtained in new cash through certain existing shareholders' additional subscriptions for cash in the Rights Offering.

- In May 2019 the Sampoerna Flip-up transaction was completed. See the section on 'Related Party Transactions' and the section on 'shareholder restructuring' in note 21.

- In September 2019 the Company entered into bridge loans of NOK 50 million and IDR 21 billion (NOK 132 million) from Rasmussengruppen and Sampoerna respectively. The bridge loans were secured as a first priority pledge over the shares of Net1 Holdings B.V, a wholly owned subsidiary of the Company which owns the investment in the Philippines. The bridge loans had an initial expiry date of 30 April 2020, which were extended to 30 June 2020. As part of this transaction the Group agreed to changes in the strike prices of certain warrants as described in the section on 'Financial position' under 'Financial review'.

- In May 2020 a further amount of USD 800,000 (NOK 7 million) and IDR 5 billion (NOK 3 million) were funded by Rasmussengruppen and Sampoerna respectively as a further tranche of the September 2019 bridge loans. These amounts were also secured over the shares of Net1 Holdings B.V.

Financial review

Turnover, expenses and profit

The Group reported consolidated service revenues of NOK 35 million and other revenue of NOK 12 million. From operating expenses, including personnel costs and depreciations and amortisations, of NOK 461 million the operating result for the period ended at NOK -413 million.

Investments

The Group's acquisition of non-current assets during the reporting period amounted to NOK 512 million (of which NOK 436 million was due to the effect of IFRS16 implementation) on a consolidated basis. The investments are mainly related to the network build-out project in Indonesia, both on existing and new sites as well as on backbone systems and radio access network expansion.

Cash flows

The cash flow from operating activities for the reporting period was NOK -491 million. Cash flows from investing activities and financing activities were NOK 2 million and NOK 513 million respectively. Investing activities included NOK 12 million repayments of a historic loan from Ice Group ASA. Financing activities included proceeds from shareholder loans and the Rights Offering concluded in January 2019 and May 2019, raising a total of USD 25 million (NOK 220 million) in proceeds, and a new long term loan of USD 40 million (NOK 352 million) with Gemcorp concluded in April 2019.

Financial position

The total assets of the Group were NOK 2,152 million at the end of the period, of which total non-current assets were NOK 2,038 million. Total equity ended at 762 million. The Group's cash position ended at NOK 29 million. Key changes to the financial position during 2019 were as follows:

- Conclusion of the USD 25 million (NOK 220 million) shareholder loans and Rights Offering concluded in January 2019 and May 2019 and the long term loan of USD 40 million (NOK 352 million) with Gemcorp concluded in April 2019; and

- Conclusion of the bridge loans of NOK 50 million advanced by Rasmussengruppen and IDR 21 billion (NOK 132 million) advanced by Sampoerna to the Company in September 2019.

The September 2019 bridge loans with Rasmussengruppen and Sampoerna mature on 30 June 2020 and are interest-bearing, carrying a coupon of 1.5% a month which will accrue and be payable on maturity.

The September 2019 bridge loans are secured by way of a first priority share pledge over the shares of Net1 Holdings B.V., a wholly owned subsidiary of the Company which owns the investment in the Philippines. Both bridge loans are repayable in cash or in-kind via delivery of its shares in Net1 Holdings B.V.

Pursuant to a relationship agreement between Rasmussengruppen, Sampoerna and Access Industries dated January 2019 which regulates certain rights and obligations in the relationship between the shareholders and the Company, Rasmussengruppen and Sampoerna have undertaken not to cause any changes to the terms of subscription rights that have been awarded to Rasmussengruppen and Sampoerna in connection with previous loans from the same shareholders to the Company. Accordingly, further to the September 2019 bridge loans with Rasmussengruppen and Sampoerna, the Company will call an Extraordinary General Meeting of shareholders to amend the strike prices on certain warrants issued to Rasmussengruppen and Sampoerna. Access Industries has undertaken to vote in favour of a motion at the Extraordinary General Meeting to:

a) reduce the strike price of 44,679,890 warrants in the Company held by Rasmussengruppen with current strike price of USD 0.57, to a revised strike price of NOK 1.57;

b) reduce the strike price of 48,228,795 warrants in the Company held by Rasmussengruppen with current strike price of NOK 1.20, to a revised strike price of NOK 0.90;

c) reduce the strike price of 24,114,397 warrants in the Company held by Sampoerna with current strike price of NOK 1.20, to a revised strike price of NOK 0.90;

d) approve the first priority share pledge over shares representing 79.3% of all shares in Net1 Holdings B.V. to Rasmussengruppen in accordance with the right to settlement by payment in kind set out in the Rasmussengruppen September 2019 bridge loan agreement; and

e) approve the first priority pledge over shares representing 20.7% of all shares in Net1 Holdings B.V. to Sampoerna in accordance with the right to settlement by payment in kind set out in the September 2019 Sampoerna loan agreement.

Significant events after the reporting period

In May 2020 a further amount of USD 800,000 (NOK 7 million) and IDR 5 billion (NOK 3 million) were funded by Rasmussengruppen and Sampoerna respectively as a further tranche of the September 2019 bridge loans. These amounts were also secured over the shares of Net1 Holdings B.V.

In May 2020 the board of directors of Net1 Indonesia appointed Andri Pranata as the new CEO to replace Larry Ridwan, who has decided to step down after almost 4 years in the role. Mr. Pranata joined Net1 Indonesia from PT Indosat Tbk, one of Indonesia's largest mobile operators, where he held multiple senior positions including Acting Chief Sales Officer and Senior Vice President and Regional Head of West and Central Java, a major region in Indonesia. Prior to joining Indosat, Mr. Pranata spent 10 years at XL Axiata Tbk.

In June 2020 the Company was in the advanced stages of negotiations to extend the September 2019 bridge loans of NOK 50 million and IDR 21 billion (NOK 132 million) from Rasmussengruppen and Sampoerna from 30 June 2020 to 31 July 2020.

In Q3 2020 the Company intends to raise debt and equity capital to support its operations. The Company is in discussions with Gemcorp and potential funders and investors with the goal of raising additional long-term financing and refinancing of the Group's existing USD 40 million term loan with Gemcorp, which will be used to address the Group's liquidity needs and provide growth capital for the Group's growth strategy.

Covid-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of global infections. Measures taken by various governments around the world to contain the virus have affected economic activity. The Group has taken a number of measures to monitor and prevent the effects of the COVID-19 virus in Indonesia and the Philippines including safety and health measures for our employees and consultants such as social distancing and working from home.

At this stage, the impact on the Group's business and results is limited. The Group will continue to follow the various policies and advice of national governments and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Covid 19 impacts:
- Halted travel and events
- Changed service delivery
- Shifted to working remotely

Mitigation actions:
- Making people aware of personal hygiene such as regular hand washing
- Making people aware of social distancing of 2 meters
- Wearing face masks and gloves in public

In April 2020 initiatives for alternate channels were set up in order to maintain sales Indoensia. Net1 Indonesia also received a "Letter of Recommendation" from the Ministry of Telecommunications in Indonesia ("MOCIT") recommending access into locked down areas.

Future developments

The Company expects further growth in Indonesia, whilst the benefits from the award of additional spectrum in Philippines are expected to gradually materialise from 2020 onwards.

Research and development

A key priority for the Group is to continue to invest in network infrastructure and technology. Key focuses during the year have been related to improving the customer offerings and service experience by strengthening the network performance through optimisation and improving its security and reliability.

Corporate governance

The Company has made a strong commitment to ensure trust and to enhance shareholder value through efficient decision-making and improved communication between the executive management team ('Management'), the Board and the shareholders and will seek to ensure that the Company complies with the requirements of section 3-3b of the Norwegian Accounting Act.

The Group's framework for corporate governance is intended to decrease business risk, maximise value and utilise the Group's resources in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large.

The overall objective of the Group's corporate governance policies is to meet shareholders' demands for returns on their invested capital as well as the long-term health and overall success of the business.

Corporate governance within the Company is mainly based on the Norwegian Companies Act, other applicable laws and regulations, the Company's Articles of Association and the Company's internal governance documents.

Governance is also designed to support the Group's business model, where decisions are made at local level as far as possible, in the most effective manner possible.

The Annual General Meeting ('AGM'), the Board and the Chief Executive Officer ('CEO') are the main governing bodies of the Company:

- The AGM is the Company's highest decision-making authority and serves as the forum through which the Company's shareholders exercise their influence over the business;
- The Board, which is elected by the shareholders, is ultimately responsible for the strategy and the organisation of the Company and the management of its operations;
- The CEO, appointed by the Board, is responsible for handling the day-to-day management of the Company in accordance with instructions from the Board. The CEO is supported by Management.

The external auditor of the Company is appointed at the AGM.

Corporate social responsibility

The Group defines CSR (corporate social responsibility) as achieving commercial profitability in a way that is consistent with fundamental ethical values and with respect for individuals, the environment and society.

The Group respects human and labour rights, has established good HSE (health, safety and the environment) standards, faciliates good dialogue with stakeholders and generally operates in accordance with applicable regulatory frameworks and good business practice.

The number of employees in the Group is 148, of which 105 are men. The Company is a holdings company and has no employees. The Board consists of 5 persons, of which all 5 members are men.

The Group has zero tolerance for corruption and conducts its business according to applicable laws, while observing the highest ethical standards and without compromise to its commitment to integrity. The Group's compliance manuals set out strict guidelines on anti-bribery and corruption requirements in accordance with local, U.S. and other laws including policies concerning gifts and entertainment, business ethics, anti-money laundering. The Group has established reporting lines for compliance matters, including a whistleblowing system that serves as an interface designed to receive and handle employee reports.

The Group's business is affected by the external environment. Our base stations are to a large extent co-located with other operators. Where the Group establishes its own base stations, the aim is to protect the environment to the greatest possible extent. The Group does not pollute the environment to any significant extent.

Risks and factors of uncertainty

The Group operates in the highly competitive and regulated mobile telecommunications industry in Asia and is exposed to certain risks that could have impact on earnings or its financial position. The Group has defined risk as anything that could have a material adverse effect on the achievement its goals or activities. Risks can be threats, uncertainties or lost opportunities relating to the Group's current or future operations. The Group divides the risks into related to the *Industry* in which the Group operates, risk related to the *Operations* of the Group and risks related to *Financing* of the Group.

Industry related risks

Economic conditions

The Group operates in Indonesia and in the Philippines and is accordingly influenced by the prevailing macroeconomic conditions in each country, as well as global economic, financial and geopolitical conditions.

Factors relating to general economic conditions, such as consumer spending, business investment, government spending, the volatility and strength of both debt and equity markets, and inflation, all affect the profitability and financial condition of the Group's business. In a sustained economic phase of low growth and high public debt, characterised by higher unemployment, lower household income could result in customers switching to lower-cost alternatives offered by the Group's competitors. The following may significantly impact the Group's earnings and financial position: (i) a deterioration and volatility in the global and local economy, as well as the telecommunications sector; (ii) a deterioration in business and consumer confidence and employment trends; and (iii) a drop-in consumer spending. The exact nature of all the risks and uncertainties the Group faces as a result of the current economic conditions and economic outlook in the markets in which the Group operates cannot be predicted and many of these risks are beyond the Group's control. Any of these factors may affect the Group's ability to grow its subscriber base and the price charged to its customers and could have a material adverse effect on the Group's business, earnings and financial condition.

Regulatory environment

The Group operates in a highly regulated industry. The Group's businesses are subject to regulations set by government authorities in each of the markets in which the Group operates. Changes in regulation or government policy could restrict the Group's ability to manage its operations. Regulatory authorities could amend or revoke licences, which could materially impact the Group's business performance and operational results.

Actual or perceived health risks relating to electromagnetic and radio frequency emissions

The electromagnetic signals from mobile devices and base stations have raised concerns over potential health risks. If negative campaigns around the potential effect of radio signals on health were to increase or litigation were to arise, this could lead to negative publicity, potential reduction in customer intake and usage and restrict network roll-out which could have a material adverse effect on the Group's business, earnings and financial condition.

Operational risks

Competition from other operators

The Group's business plan presupposes a significant growth in its customer base in Indonesia and in the Philippines. The Group faces competition from other telecommunication operators in the markets in which it operates.

Competition from current market participants, potential new entrants and new products and services, may adversely affect the Group's performance.

Increased competition could lead to an increased customer churn and a decrease in customer growth rates as well as affect the prices the Group charges for its products and services any of which could have a material adverse effect on the Group's business, earnings and financial condition.

Future investments in maintaining, upgrading and expanding its networks

The Group's success is dependent on its ability to continue its investments in maintaining, upgrading and expanding its telecommunication networks.

There are some factors that are outside the control of the Group that could restrict or limit the Group's ability to continue with those investments. These include the availability of new and attractive products in the market, the ability of equipment suppliers to deliver their products in an effective and satisfactory manner and the Group's ability to negotiate with its suppliers. In the 450 MHz segment, efficient and affordable LTE450 equipment is important to be able to deliver competitive services. Failure to maintain and develop robust telecommunication networks could hinder the Group's financial and operational performance in the future, which could have a material adverse effect on the Group's business, earnings and financial condition.

Furthermore, incidents and cut-offs caused by inclement weather, power outages and failures, has led to increased attention from the authorities resulting in regulatory demands and impositions on mobile network operators securing back-up power in case of a storm or similar incident causing cut-offs in the electrical infrastructure. Such impositions may also lead to increased costs for the Group on top of maintenance fees.

The amount and timing of the Group's future capital requirements may differ materially from the current estimates due to various factors, many of which are beyond the Group's control. If the Group is awarded a new licence in the future, the Group would expect to finance the related investment requirements from operating cash flows or through debt and equity financing (or any combination thereof), which could result in a substantial cost to the Group. The type, timing and terms of any future financing will depend on the Group's cash needs and the prevailing conditions in the financial markets. The Group cannot assure that it would be able to accomplish any of these measures on a timely basis or on commercially reasonable terms, if at all. There can be no assurance that the Group will generate sufficient cash flows in the future to meet its capital expenditure needs, sustain its operations or meet its other capital requirements, which may have a material adverse effect on the Group's business, financial condition and results of operations.

In addition to investing in the Group's network, it must also continuously maintain and upgrade the existing networks and IT systems in order to allow the ongoing operations to function properly and to expand such subscriber function as the Group's subscriber base grows. In addition, the Group could be required to upgrade the functionality of the Group's networks, increase its customer service efforts, update its network management and administrative system and upgrade older systems and networks to adapt them to new technologies by regulatory obligations. Many of these tasks are not fully under the Group's control, and may be affected by, among other things, applicable regulations. If the Group fails to successfully maintain, expand or upgrade the Group's networks and IT systems, its offerings and services may become less attractive to new subscribers and the Group may lose existing subscribers to its competitors. In addition, the Group's future and ongoing network and IT systems upgrades may fail to generate a positive return on investment which may have an adverse effect on the Group's business, financial condition and results of operations. Finally, if the Group's capital expenditure exceeds the Group's projections or the Group's operating cash flow is lower than expected, the Group might be required to seek additional financing for future maintenance and upgrades, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

Moreover, the Group may be unable to allocate sufficient managerial and operational resources to meet its needs as the Group's business grows, and the Group's current operational and financial systems and managerial controls and procedures may become inadequate, which as a result may have a material adverse effect on the Group's business, financial condition and results of operations.

Licence renewal risk

In order to operate its telecommunications networks and deliver its products and services to its customers, the Group is required to hold telecommunications licences issued by the governments in the markets in which it operates. The terms of the Group's licences require it to meet certain conditions established by the legislation regulating the communications industry, as well as to maintain minimum quality, service and coverage standards. If the Group fails to comply with these or other conditions of its licences or with the requirements regulating the communications industry generally, or if it does not obtain permits for the operation of equipment or the use of frequencies, the Group anticipates that it would have an opportunity to cure any non-compliance. However, the Group may not receive an anticipated grace period, and any grace period afforded to it may not be sufficient to allow the Group to cure its non-compliance. If the Group does not cure its non-compliance, any such non-compliant licence may be revoked or suspended or the Group may be subject to fines or other administrative actions. Although the Group may have an opportunity to cure any non-compliance, there is no assurance that it would be granted any grace period or that any grace afforded to it will be sufficient to allow the Group to cure its non-compliance. The Group's ability to comply with these conditions is subject in certain respects to factors beyond the Group's control.

The Group's ability to maintain its licences in the future may be affected by factors outside of its control such as a government decision to revoke licences. Failure to secure licences in the future would have a significant impact on the Group's ability to continue to deliver its products and services and subsequently impact the Group's financial and operational performance.

Delay in network roll out, swap and network stability

The Group's ability to operate successfully is dependent on the Group's ability to deploy sufficient resources, complete an efficient transition to LTE and operate the Group's networks. The failure or breakdown of key components of the Group's networks, including hardware and software, may have a material negative effect on the Group's financial and operational performance. Although the majority of system parts are redundant, if two or more business-critical nodes fail, the network may become unstable and weak services to the end-user could lead to customers terminating their services with the Group, any of which could have a material adverse effect on the Group's business, earnings and financial condition.

Relationships with suppliers

The Group depends on a limited number of suppliers and vendors in the market, over whom the Group has no direct operational or financial control, to provide equipment and services to develop and upgrade its networks and operate its businesses. The Group's suppliers of core network, radio and access equipment may not continue to supply equipment and provide services to the Group on favourable terms, or at all, may discontinue manufacturing the necessary equipment required to operate the telecommunications networks.

The Group may experience problems such as the availability of new devices, higher than anticipated prices of new devices, and potential difficulties with new suppliers. Given that the number of 450 MHz band operators and subscribers globally is limited, the attractiveness for suppliers to supply equipment for this frequency band is limited which could lead to fewer suppliers and higher prices for equipment and devices.

The Group's reliance on third party suppliers exposes the Group to risks related to delays and/or defects in the delivery and installation of their products and services. Moreover, if any of the third parties that the Group rely on become unable to or refuse to provide equipment to the Group and/or services that the Group depends on in a timely and commercially manner, or at all, the Group may experience service interruptions or service quality problems, which may impact the Group's reputation and potentially have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

Also, relying on national roaming agreements and good quality from the Group's suppliers might make the Group vulnerable.

The Group cannot assure that its suppliers will continue to provide the Group with products and services on commercially attractive terms, or that the Group will be able to obtain required services or equipment in the future from the Group's current or alternative suppliers on commercially attractive terms, if at all. If the Group's key suppliers are unable to provide the Group with adequate supplies of products and services, the Group's ability to attract subscribers could be negatively affected, which in turn could have a material adverse effect on the Group's business, financial condition and results of operations.

New licences auctioned by the authorities

The authorities may hold auctions for new licences in the future which may lead to new licences being assigned to current or new competitors of the Group. Such assignment may lead to increased competition in the telecommunications market and may have a negative effect on the prices the Group is able to obtain from its customers. Assignment of new licences may also decrease the demand for the Group's services. Increased competition through assignment of new licences may therefore have a material adverse effect on the Group's financial and operational performance.

If necessary, the Group may decide to divest licences to raise additional funds and assign the licences to the buyer.

Financing risks

Amongst *Financing risks*, in 2019 the Group has raised a significant amount of debt and significant debt service obligations. As a result of this leverage, the Group may be required to dedicate a large portion of its cash flow from operations to service debt and fund repayments on the Group's debt, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes and restrict its ability to distribute dividends. Further, the Group's substantial debt may limit the Group's flexibility in planning for, or reacting to, changes in the Group's business or the industry in which it operates, limit the Group's ability to raise equity capital in the future, limit the ability to refinance current debt or raise additional debt and/or restrict the Group from making strategic acquisitions or exploiting business opportunities or the ability to successfully implement its business strategy. See note 2 for a further explanation.

Related party transactions

In January 2019 the Company and Net1 Indonesia entered into two interest free loan facilities with Rasmussengruppen and Sampoerna of USD 10 million (NOK 88 million) and USD 5 million (NOK 44 million) respectively, totalling USD 15 million (NOK 132 million). As consideration for advancing the loans, Rasmussengruppen was allocated 48.2 million warrants while Sampoerna received 24.1 million warrants. These warrants had a strike price of NOK 1.20 per warrant and a 3-year expiry. The two loans were settled by conversion into shares as part of the Rights Offering which concluded in May 2019.

In January 2019, in connection with the January 2019 shareholder loan facilities, the Company entered into an agreement to acquire all the shares held by Sampoerna in MIH in return for new issued shares in the Company. The Company also agreed to acquire all the shares in MIH held by the minority shareholder Polaris Mobile Pte. Ltd in return for new issued shares in the Company (the 'Polaris Flip-up').

In May 2019 the Group successfully completed the Rights Offering, issuing 241.7 million shares at NOK 0.90 per share and raising proceeds of NOK 217.5 million. The proceeds were used to finance growth in Indonesia.

In May 2019 the Sampoerna Flip-up transaction and the Polaris Flip-up transaction concluded. Consequently, the Company issued approximately 86 million new shares and now owns 100% of the shares of MIH and 100% the economic interests of Net1 Indonesia. The transaction reduced the minority interest in Indonesia previously reflected in the Company's 2018 financial statements. See the section on 'shareholder restructuring' in note 21.

In May 2019 a historic loan to Ice Group ASA was settled.

In May 2019 the Company completed the buy-back of approximately 4 million shares from AINMT Holdings AB. Subsequently, the Company sold these shares to Rasmussengruppen in exchange for the cancellation of approximately 8 million Rasmussengruppen warrants. In addition,approximately 34.6 million warrants held by Rasmussengruppen had an adjustment to the strike price from USD 0.97 (NOK 8.52) a warrant to USD 0.57 (NOK 5) and then revised to a strike price of NOK 1.57. These warrants expire in December 2021. At the date of this annual report the total outstanding warrants issued by the Company are approximately 82.8 million held by Rasmussengruppen, and 24.1 million held by Sampoerna.

In May 2019 and as a requirement of the Gemcorp facility, a restructuring of the Group's holding companies structure resulted in the transfer of the shares in Net1 Philippines from Net1 International Holdings B.V. to Net1 Holdings B.V., a separate holding company structure from the shares held in Net1 Indonesia. As part of the restructuring the Company re-evaluated the value of the investments in Indonesia and Philippines. It is Management's belief that the investment in Indonesia is adequately reflected in the Company's 2019 financial statements. Following a review of the Philippines asset arising from the restructuring, the value of the Philippines investment was been written down to zero in 2019. Overall, it is Management's belief that the greater value of the Indonesian asset offsets the write-down taken in the Philippines.

In September 2019 the Company entered into bridge loans of NOK 50 million and IDR 21 billion (NOK 132 million) from Rasmussengruppen and Sampoerna respectively. The bridge loans were secured as a first priority pledge over the shares of Net1 Holdings B.V., a wholly owned subsidiary of the Company which owns the investment in the Philippines. The bridge loans had an initial expiry date of 30 April 2020, which were extended to 30 June 2020. As part of this transaction the Group agreed to changes in the strike prices of certain warrants as described in the section on 'Financial position' under 'Financial review'.

In May 2020 a further amount of USD 800,000 (NOK 7 million) and IDR 5 billion (NOK 3 million) were funded by Rasmussengruppen and Sampoerna respectively as a further tranche of the September 2019 bridge loans. These amounts were also secured over the shares of Net1 Holdings B.V.

Personnel and organisation

At the end of the period, the number of employees in the Group was 148.

In December 2019 the Group CEO, Linus Jönsson, stepped down from his position.

In December 2019 the Board appointed the Group CFO, Amit Vithlani, to the role of Group CEO.

The Board will decide whether to seek a replacement Group CFO.

Liquidity and going concern

The Board confirms that the financial statements of the Company and the Group have been prepared under the going concern assumption.

The strategy of the Group in Indonesia is to continue its growth strategy and future growth requires further financing as the operations in this phase of the business is loss making. The key going forward for Net1 Indonesia is to optimize the operated sites to maximise the traffic and profitability of those sites. Net1 Indonesia has embarked on a targeted approach to grow revenues in 62 sites covering around 600,000 homes in 2020. Revenues on these specifically targeted sites grew by almost 70% between December 2019 and March 2020, and all the sites achieved break-even on their direct costs in this period. Further, the strategy of Net1

Indonesia is to relocate certain of its sites to more profitable sites. The relocations are expected to complete by Q3 2020, after the anticipated conclusion of the Group's proposed financing plans.

To continue operations into the second half of 2020 the Group is dependent on raising additional long-term financing and refinancing the Group's existing USD 40 million term loan, with Gemcorp as mandated lead arranger. The Group is in discussions with potential funders and will provide further information on the progress of this as further developments take place. The conclusion of the proposed financing facilities is expected to address the Group's liquidity needs required to maintain the going concern perspective and provide growth capital for the implementation of the Group's growth strategy. However, there can be no assurance that such capital will be secured. If the financing is not secured the Group's liquidity, in the absence of alternative sources of funding (whether short term or long term), may fall short of the amount necessary to operate its business for the next 12 months and the Group may be in default under the terms of its existing Gemcorp term loan. In such circumstances, the Group will seek the necessary amendments, waivers and extensions with senior debt lenders to avoid such a default.

An extension of the Rasmussengruppen and Sampoerna bridge loans of NOK 50 million and IDR 21 billion (NOK 132 million) respectively has been agreed. These loans have been extended until 30 June 2020 and a further extension will be required. A further extension of the bridge loans to 31 July 2020 has been requested and is under consideration. Per the terms of the respective bridge loans, the Company can satisfy the two bridge loans in-kind via delivery of shares in Net1 Holdings B.V. which owns the investment in the Philippines. However, the Company expects a further extension to 31 July 2020 to be concluded in short order. Beyond 31 July 2020, the Company will review the status of the above-mentioned proposed long-term financing before considering a further extension request. Should the long-term financing close, then an extension of the Rasmussengruppen and Sampoerna bridge loans for a further 7 years has been agreed in principle. However, there can be no assurance the proposed long-term financing will be closed.

Thus, as the financing required for the Group's operations in H2 2020 is not yet finalised, there is significant uncertainty related to the going concern assumption. See note 3 for a further explanation.

Legal disclaimer

Certain statements in this report are forward-looking and the actual outcomes may be materially different. In addition to the factors discussed, other factors could have an impact on actual outcomes. Such factors include developments for customers, competitors, the impact of economic and market conditions, national and international legislation and regulations, fiscal regulations, fluctuations in exchange rates and interest rates and political risks.

Proposed distribution of earnings of the Company

The Board proposes the net loss in the Company for 2019 of NOK 17,567 thousand to be brought forward.

Oslo, 26 June 2020

Jean Daniel Fouchard	Trygve Lauvdal	Jan Šebor	Chye Chia Chow
Chairman	*Board member*	*Board member*	*Board member*

Amit Vithlani

Board member and CEO

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NOK thousands	*Note*	**2019**	**2018 1)**
Service revenue		35,212	7,842
Other operating revenue		12,337	4,010
Total operating revenue	*5, 6*	**47,549**	**11,852**
Operating expenses	*7, 17, 18*	-308,177	-83,319
Employee benefit expenses	*8*	-44,442	-15,964
Depreciation and amortisation	*12, 13*	-108,256	-24,785
Total operating expenses		**-460,874**	**-124,068**
Operating result		**-413,325**	**-112,216**
Financial income	*10*	63,049	61,674
Financial expenses	*11*	-82,427	-8,050
Financial items – net		**-19,378**	**53,625**
Share of net profit from joint ventures	*14*	-	-157,433
Result before tax		**-432,703**	**-216,024**
Income taxes	*9*	14,066	3,805
Net result for the period		**-418,637**	**-212,219**
Items that may be subsequently reclassified to profit or loss:			
Translation differences on foreign operations		38,728	42,420
Total other comprehensive income		**38,728**	**42,420**
Total comprehensive income for the period		**-379,908**	**-169,799**
Net result for the period attributable to:			
Equity holders of the Company		-418,637	-169,856
Non-controlling interests		-	-42,363
Net result for the period		**-418,637**	**-212,219**
Total comprehensive income for the period attributable to:			
Equity holders of the Company		-379,908	-151,040
Non-controlling interests		-	-18,758
Total comprehensive income for the period		**-379,908**	**-169,799**
Earnings per share (NOK), basic and diluted	*30*	-0.95	-1.37

1) The Company was established on 8 March 2018 as a holding company. The Group was formed when operational activities were transferred 4 September 2018. For more information, see note 4.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NOK thousands	*Note*	**31 Dec 2019**	**31 Dec 2018**
ASSETS			
Non-current assets			
Intangible assets			
Licences and similar rights		1,315,988	1,306,078
Trademark		47,285	-
Other intangible assets		10,189	15,339
Total intangible assets	*12*	**1,373,462**	**1,321,417**
Tangible assets			
Technical equipment		549,422	135,183
Other tangible assets		17,099	3,902
Work in progress		53,538	67,477
Total tangible assets	*13*	**620,059**	**206,562**
Other non-current assets			
Shares and participations in joint ventures	*14, 15*	-	-
Other financial assets	*16*	44,934	109,920
Total other non-current assets		**44,934**	**109,920**
Total non-current assets		**2,038,455**	**1,637,899**
Current assets			
Inventory	*17*	11,119	16,963
Trade receivables	*16, 18*	13,384	3,664
Other receivables	*16, 19*	49,815	29,508
Prepaid expenses and accrued income	*20*	341	7,524
Assets classified as held for sale	*13*	9,379	10,623
Total current receivables		**84,037**	**68,281**
Cash and cash equivalents	*16, 22*	29,341	2,565
Total current assets		**113,378**	**70,847**
TOTAL ASSETS		**2,151,833**	**1,708,745**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

NOK thousands	*Note*	31 Dec 2019	31 Dec 2018
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*21*	434,059	139,085
Reserves		958,512	554,273
Retained earnings		-630,855	-169,856
Total		**761,716**	**523,502**
Equity attributable to non-controlling interests		-	392,014
Total equity		**761,716**	**915,516**
LIABILITIES			
Non-current liabilities			
Borrowings – non-current portion	*16, 22*	324,261	3,853
Subscription rights	*16, 23*	-	57,228
Non-current lease liabilities	*32*	415,788	-
Other long-term liabilities	*16, 24*	12,394	20,266
Deferred tax liabilities	*9*	328,997	326,903
Provisions		7,255	5,086
Total non-current liabilities		**1,088,694**	**413,336**
Current liabilities			
Borrowings – current portion	*16, 22*	62,275	11,287
Trade payables	*16*	104,900	224,964
Current lease liabilities	*32*	5,592	-
Other current liabilities	*16, 25*	14,717	35,600
Accrued expenses and contract liability	*16, 26*	113,940	108,042
Total current liabilities		**301,423**	**379,893**
TOTAL EQUITY AND LIABILITIES		**2,151,833**	**1,708,745**

The Board of Net1 International Holdings AS
Oslo, 26 June 2020

Jean Daniel Fouchard	Trygve Lauvdal	Jan Šebor	Chye Chia Chow
Chairman	*Board member*	*Board member*	*Board member*

Amit Vithlani

Board member and CEO

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

	Attributable to shareholders of the Company					
NOK thousands	Share capital[1)]	Reserves	Retained earnings	Total	Non-controlling interests	**Total Equity**
Opening balance 8 March 2018	**30**	**-**	**-**	**30**	**-**	**30**
Net result for the period	-	-	-169,856	-169,856	-42,363	-212,219
Other comprehensive income for the period						
Translation differences on foreign operations		18,815	-	18,815	23,605	42,420
Total comprehensive income for the period		**18,815**	**-169,856**	**-151,040**	**-18,758**	**-169,799**
New share issues	25,147	90,396	-	115,543	-	115,543
Effect of Reorganisation under common control [2)]	113,908	443,787	-	557,694	409,770	967,464
Other changes [2)]	-	1,276	-	1,276	1,002	2,278
Total transactions with owners, recognised directly in equity	**139,055**	**535,458**	**-**	**674,513**	**410,772**	**1,085,285**
Closing balance 31 December 2018	**139,085**	**554,273**	**-169,856**	**523,502**	**392,014**	**915,516**
Net result for the year		-	-418,637	-418,637	-	**-418,637**
Other comprehensive income for the year						
Translation differences on foreign operations		38,728	-	38,728	-	38,728
Total comprehensive income for the year		**38,728**	**-418,637**	**-379,908**	**-**	**-379,908**
New share issues	217,500	-	-	217,500	-	217,500
Purchase of own shares	-5,013	-	-	-5,013	-	-5,013
Warrant cancellation	5,013	-	-	5,013	-	5,013
Effect of restructuring / change of non-controlling interest [1)]	77,474	356,903	-42,363	392,014	-392,014	-
Other changes	-	8,607	1	8,608	-	8,608
Total transactions with owners, recognised directly in equity	**294,974**	**365,510**	**-42,363**	**618,122**	**-392,014**	**226,108**
Closing balance 31 December 2019	**434,059**	**958,512**	**-630,855**	**761,716**	**-**	**761,716**

1) *Please refer to note 21 for more information.*

2) *Relates to an increase in other comprehensive income in a subsidiary owned at 65% but consolidated at 100%.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOK thousands	*Note*	**2019**	**2018**
Profit (loss) before taxes		-432,703	-216,024
Depreciation and amortisation of non-current assets	*12, 13*	108,256	24,785
Change in provisions		1,878	-24,062
Results from participations in joint ventures	*14*	-	157,433
Fair value revaluation on subscription rights		-57,228	-47,500
Interest expense (IFRS 16)	*13*	50,475	-
Other cash flow adjustments	*31*	18,887	7,774
Income tax paid		4	1
Cash flows before changes in working capital		**-310,431**	**-97,592**
Change in inventory		6,589	-6,440
Change in current receivables		-23,854	17,436
Change in current liabilities		-170,744	66,049
Cash flows from changes in working capital		**-188,009**	**77,045**
Cash flows from operating activities		**-498,440**	**-20,547**
Investments in intangible assets	*12*	-51,442	-354
Investments in tangible assets	*13*	-25,688	-23,281
Proceeds from sale of tangible assets		908	5,104
Net cash flows from other financial assets [1]		72,686	-78,902
Interest received		1,565	2,730
Cash flows from investing activities		**-1,969**	**-94,702**
Share capital increase	*21*	324,962	115,573
Share capital reduction	*21*	-	-30
Borrowings	*22*	382,390	-
Loan repayments	*22*	-11,287	-12,462
DSRA and Escrow [2]		-44,166	-
Payments of financial leases	*32*	-59,040	-
Repayments of other liabilities		-18,702	-
Other liabilities		-	15,436
Interest paid, borrowings		-45,276	-683
Cash flows from financing activities		**528,880**	**117,834**
Cash flow for the period		**28,471**	**2,586**
Cash and cash equivalents at the beginning of the period		2,565	30
Exchange rate difference in cash and cash equivalents		-1,696	-51
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**29,341**	**2,565**

1) 'Net cash flows from other financial assets' includes a loan repayment from Ice Group ASA for NOK 71,948 thousand
2) The Debt service reserve account (DSRA) and Escrow accounts have been funded in accordance with the Gemcorp loan facility

NOTES TO THE FINANCIAL STATEMENTS

General information

The Company is a holding company, currently with investments in telecommunications operations in Indonesia and the Philippines.

The Group's strategy is to provide mobile data and building complementary networks, operating on low frequency bands to largely provide internet access to customers in suburban and rural areas where existing internet access is poor or non-existent.

The Group's investments in Indonesia and the Philippines hold the only nationwide 4G licences for the 450 MHz bands, as well as 3.5 GHz (20 MHz) spectrum in the Philippines. The markets in these countries are both heavily populated with low fixed line internet penetration in rural areas and have topographies where low frequency bands can be particularly effective. The broad coverage of 450 MHz further provides a strong opportunity within the growing M2M/IoT space.

Note 1 – Basis of preparation, new standards and significant accounting policies

The consolidated financial statements for the Group have been prepared in accordance with IFRS as adopted by the EU and have been prepared on a going concern basis. The most significant accounting principles applied in these consolidated financial statements are set out below. These policies have been consistently applied, unless otherwise stated.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to make certain judgments in applying the Group's accounting policies, see note 3 Critical accounting estimates and judgements for further details. There may be figures and percentages that do not always add up exactly due to rounding differences.

Net1 International Holdings AS was established on 8 March 2018 as a holding company. The Group was formed when operational activities were transferred on 4 September 2018. For more information, see note 4.

New and changed accounting standards adopted 1 January 2019

No other of the standards and statements that have been published by the IASB, and that are effective for annual periods beginning on or after the formation of the Company than the below listed have had any material impact on the financial statements of the Group.

IFRS 16 Leases

The Group has adopted IFRS 16 Leases from 1 January 2019 using the simplified transition approach in accordance with IFRS 16.C5(b) and has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard.

The main types of lease contracts to which the Group is party to are site leases and the lease of frequencies. In addition the Group has lease contracts concerning cars, coffee machines, copiers and office premises.

- Site leasor	1-20 years
- Premises	2-5 years
- Other external parties	1-10 years

For leases which had previously been classified as operating leases under the principles of IAS 17 Leases, the lease liability upon adoption of IFRS 16 is measured as the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The Group's weighted average incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 12,72%.

The associated right-of use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet at 31 December 2018.

For leases previously classified as financial leases under IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application of IFRS 16 (1 January 2019) is the carrying amount of the lease asset and lease liability immediately before that date (31 December 2018), measured in accordance with IAS 17.

There is no impact on cash flows, however the cash from operating activities in the cash flow statement will be impacted due to the increase in depreciation from the right-of-use assets.

The Group has applied the following principles and decisions in relation to the implementation of IFRS 16:

- Fixed non-lease components included in the contracts will not be separated and therefore will be included as part of the lease liability and the capitalised rights-of-use asset. Where this is part of a lease contract for base station locations, this primarily relates to expenses related to power consumption.
- For base station locations contracts, although a majority of these lease contracts have exit options, either through active termination of running contracts or not calling on options to prolong the agreement, Management believes the Group has economic incentives to exercise the options to prolong the lease terms. Management believes the most relevant end date of the contracts is when the frequency licences expire. As the licences are perpetual, the lease period follows the assumed amortization plan of the licence value.
- With the exception of the aforementioned contracts for base station locations, lease contracts of 12 months or less (including those with 12 months or less remaining life time at implementation of IFRS 16) will not be capitalised. Furthermore, lease contracts with low value (primarily relating to office equipment) will not be capitalised.

No other IFRS or IFRIC interpretations not yet in force are expected to have a material impact on the Group upon adoption.

The total cost over the lease term will remain unchanged after the implementation of IFRS 16, however during the lease term the impact will be material given the number of site leases to which the Group is party. The key line items that are affected by the implementation of IFRS 16 are:

- Operating expenses decreases due to the reclassification of operational leases as depreciation and interest expenses.
- EBITDA improves by the same amount as the decrease in operating expenses.
- Depreciation and amortisation increases due to depreciation of capitalised lease contracts.
- Financial expenses increases, due to interest expenses on lease liabilities.
- Total non-current assets as well as total non-current liabilities increases due to the capitalisation of lease contracts.

Amounts in NOK thousand	
Operating lease commitments as at 31 December 2018	**465,888**
Effect of discounting using the Group's weighted average incremental borrowing rate	- 59,261
Adjustments as a result of different treatment of extension and termination options	25,681
Lease liability recognised upon implementation of IFRS 16 [3]	**432,308**
Of which are:	
Current lease liabilities[1]	7,562
Non-current lease liabilities[2]	424,746
Total lease liability as at 1 January 2019	**432,308**

1) Current lease liabilities are presented within the balance sheet on a separate line and apply in full to lease liability in IFRS16

2) Non-current lease liabilities are presented within the balance sheet on a separate line and apply in full to lease liability in IFRS16

3) Right-of-use assets are presented within note 13

IFRS 16 effects on the opening balances of the condensed consolidated statements of financial position

NOK thousands	**Closing 31 Dec 2018**	**Change IFRS 16**	**Opening 1 Jan 2019**
Intangible assets	1,321,417	-	1,321,417
Tangible assets	206,562	436,556	643,118
Other non-current assets	109,920	-	109,920
Current assets	70,847	-4,247	66,599
Total assets	**1,708,745**	**432,308**	**2,141,054**
Equity attributable to the Company shareholders	523,502	-	523,502
Equity attributable to non-controlling interests	392,014	-	392,014
Total equity	**915,516**	**-**	**915,516**
Borrowings - non-current portion	3,853	-	3,853
Other non-current liabilities	409,483	424,745	834,228
Borrowings - current portion	11,287	-	11,287
Other current liabilities	368,606	7,563	376,169
Total equity and liabilities	**1,708,745**	**432,308**	**2,141,054**

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

In preparing the consolidated financial statements at 31 December 2019 a number of standards and interpretations are not yet effective and neither applicable to the Group.

Significant accounting policies

Consolidation

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

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

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Norwegian kroner (NOK), which is the Group's presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Exchange rate gains and losses related to trade receivables and liabilities are reported on the applicable line in the statement of income and are included in operating result. Exchange rate differences related to financial assets and financial liabilities are reported as financial items in the statement of income, except exchange rate differences related to non-current debt that is part of the Group's net investment in a subsidiary.

Group companies
The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each income statement are translated at average exchange rates for the reporting period. All resulting exchange differences are recognised in other comprehensive income.

Revenue recognition

Revenues from contracts with customers primarily comprise sale of communication services and customer equipment.

When recognising the revenue a performance obligation is identified. Revenue is recognised when control is transferred or as consumed. Delivering recurring telecom services as data and voice are services where the customer simultaneously receives and consumes the benefits of the entity's performance. This means that payment terms (postpaid or prepaid) are not relevant for the recognition over time vs point in time.

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes.

The allocation of revenue is based on the stand-alone selling price for each separate performance obligation in the contract with the customer, and the revenue is recognised when the service/good is delivered. The stand-alone selling price for each performance obligation is determined according to the prices that the Group would achieve by selling the same goods or services to a similar customer on a stand-alone basis. The discount is proportionally allocated to all performance obligations (distinct goods/services delivered) in the contract and recognised when the underlying performance is recognised.

Revenue stream	Separate performance obligation	Type of revenue	Treatment
Subscriptions	Yes	Revenue from sale of communication services	Recognize subscription revenue over contract time
Consumer router	No	Revenue from sale of communication services	Recognize subscription revenue over contract time
Industry router	Yes	Revenue from sale of customer premises equipment	If leased: recognize device sales revenue as long as customer has it/lease period If bought: recognize device sales revenue when delivered
Start-up fees 250 kr	No	Revenue from sale of communication services	Recognize subscription revenue over contract time
Start-up fee pre-config (only one-off, not subscriptions)	Yes	Revenue from sale of communication services	Recognize service revenue day one
Start-up fee VPN	No	Revenue from sale of communication services	Recognize subscription revenue over contract time
Start-up fee surveillance, config and update	No	Revenue from sale of communication services	Recognize subscription revenue over contract time
Accessories (antennas, etc)	Yes	Revenue from sale of customer premises equipment	Recognize device sales revenue day one

The Group has no contract assets. If amounts received or receivable from a customer exceed revenue recognised for a contract, for example if the Group receives an advance payment from a customer, a contract liability is recognised. This will typically be relevant for prepaid services, where revenue is recognised based on usage.

Operating expenses

Operating expenses comprises cost of goods sold, costs for operating the network, site leases, transmission costs, carrier services, IT-costs, fieldwork and maintenance, retailer commissions and other customer acquisition costs, marketing and public relations, customer services and office costs.

All these operating costs are expensed as incurred. Please see note 7 for more information.

Intangible assets

Licences and similar rights
Separately acquired trademarks and licences are shown at historical cost less amortisation. Licences and trademarks acquired in a business combination are recognised at fair value at the acquisition date. The current licences held by the Group are perpetual but have been allocated a useful life of 25 years. They are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method.

Capitalised development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

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

Costs that are directly attributable as part of the software product, including the software development employee costs, are capitalised.

Capitalised development costs are shown at historical cost less accumulated amortisation. Amortisation is commenced when the asset is ready for use. Useful lifetime is assessed based on the period of the future economic benefits. The useful lifetimes are estimated to 3-5 years and amortisations are recognised linearly over the period. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Tangible assets

Tangible assets are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Each part of a tangible asset with an acquisition value that is significant in relation to the total acquisition value is depreciated separately. Constructions in progress are not depreciated until they are ready for use. Depreciation on tangible assets are made on a linear basis:

- Plant and machinery 5-25 years
- Equipment and tools 5 years
- Other tangible assets 3-5 years

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the line 'Operating expenses' in profit or loss.

Assets held for sale

Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considerd highly probable. They are stated at lower carrying amount and fair value less cost to sell.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset is recognised at the date of de-recognition.

These assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Assets classified as held for sale are presented separately from the other assets in the statements of financial position.

Costs to obtain and fulfil customer contracts

The Group can capitalise the incremental costs to obtain and to fulfil customer contracts as an other non-current asset if the cost is expected to be recovered, which means that these items will be amortised as investment expenditures ('Costs to obtain and fulfil customer contracts') instead of being a direct operating expense. As the Group is currently upgrading its technology and introducing new products, the current policy is to expense as incurred as there is not yet certainty on the amortisation period.

Impairment of non-financial non-current assets

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

Financial instruments

Financial instruments are included in many balance sheet items as described below.

Classification

The Group classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit (FVTPL), and financial assets and financial liabilities at amortised cost. The classification of financial assets depends on the business model of Hold to collect or Hold to collect and sell, as well as the financial asset meeting the criteria of SPPI (cash flows consist of solely payments of principle and interest). Management determines the classification of its financial instrument at initial recognition. There are no financial assets at fair value over other comprehensive income (FVOCI).

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are derivatives and financial assets not meeting the criteria of SPPI or designated at fair value by Management at initial classification. Currently the Group does not have any financial assets at FVTPL.

Financial assets at amortised cost
Financial assets at amortised cost are non-derivative financial assets with fixed or determinable payments meeting the SPPI criteria and that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting. These are classified as non-current assets. The Group's financial assets at amortised cost comprise 'trade receivables' and 'cash and cash equivalents' in the balance sheet and the financial instruments recorded in other receivables.

Financial liabilities at fair value through profit or loss
Currently the Group's only financial liability at FVTPL is the subscription rights. The subscription rights' liability is a financial liability that is classified as debt, not equity, as the exercise of the subscription rights is not fixed-for-fixed but a variable payment amount. The rights are measured at fair value based on a Black & Scholes valuation model that is a level 2 valuation. See also note 23 for additional information.

Financial liabilities at amortised cost
All other financial liabilities are at amortised cost and interest is determined using the effective interest rate method. These liabilities are the Group's borrowings, trade payables and the part of current liabilities related to financial instruments are classified as other financial liabilities.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognised when the contractual obligations have been completed or otherwise terminated.

Financial liabilities at fair value through profit or loss are subsequent to the acquisition carried at fair value. All financial assets and financial liabilities at amortised cost are measured using the effective interest rate method.

Gains or losses arising from changes in the fair value of the 'financial liabilities at fair value through profit or loss' category are presented in profit or loss within 'Other (losses)/gains – net' in the period in which they arise and is included in net financial items as it relates to financing.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. See note 18 for additional details.

A write-down is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the profit or loss.

Joint ventures

Joint venture is a joint arrangement whereby the partners that have joint control of the arrangement have rights to the net asset of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The Group has one joint venture, Net1 Philippines.

Joint ventures are included in the consolidated financial statements using the equity method from the date the Group's significant influence or joint control commences until the date it ceases. The Group's share of the joint venture's profit for the financial period is shown as a separate item after the Group's operating result, on the line Share of net profit from joint ventures. The Group's share of the joint venture's changes in other comprehensive income is recorded in the Group's other comprehensive income. If the Group's share of the joint ven'ure's losses exceeds its interest in the joint venture company, the carrying amount is written down to zero.

A write-down is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognised, the reversal of the previously recognised impairment loss is recognised in the consolidated profit or loss.

The Group's investment in Net1 Philippines was written down to zero in 2018.

Inventory

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

Trade receivables

Trade receivables are financial instruments and represent the amount due from customers for merchandise sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price according to IFRS 15 if the credit period is less than twelve months, minus estimated credit losses calculated using lifetime expected losses.

Cash and cash equivalents

Cash and cash equivalents in the cash flow statement include highly liquid short-term investments that can be easily converted into a known amount, are exposed to insignificant risk and have a maximum maturity of 3 months. Cash and cash equivalents in 2018 do not include any highly liquid short-term investments.

Trade payables

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

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Current and deferred income taxes

The tax expense for the period comprises current and deferred taxes. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income.

Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In such cases, the tax is also recognised in other comprehensive income.

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

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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

Employee benefits

Pension obligations
A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available. Defined contribution plans are recognised in the line 'Provisions' in the statement of financial positions.

Leases

The Group's main agreements types of lease contracts to which the Group is party to are site leases and the lease of frequencies. Towers usually have a lease period of 1 to 20 years. The premises are leased in a 2-5 year period. Other lease contracts have a 1-10 year period.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group is using:
- the external borowing interest rate that is quartly received from Gemcorp
- add the credit spread if the incremental rate is calculated for a subsidiary in the Group.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Extention and termination options
Most of the Group's contract have extension option with a wide rage of renewal terms. The Group applies judgement when assessing if the use of an option is resonably certain. Factors included are the Group's assets and network strategy, technological development and other circumstances that may impose and economis incentive affecting the expected ise of underlying asset. After the commencement of a lease, the Group reassesses the lease term if there is a significant event or change in circumstances that is within the Group's control and affects the Group's ability to exercise or not to exercise the option to renew or to terminate a lease.

Cash flow statement

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

Share capital

All shares are classified as equity.
Transaction costs in relation to equity transactions are recognised in equity net of tax.

Note 2 – Financial risks

The Group's activities expose it to a variety of financial risks: market risk (currency risk, fair value interest rate risk and cash), credit risk and liquidity risk. The Group does not use derivative instruments to hedge risk exposures.

The following describes the Group's estimated risk exposure and related risk management.

Market risk

(a) Foreign exchange risk
Exchange rate fluctuations affect the Group's financial results through translation of the profit and loss accounts and balance sheets of foreign subsidiaries to Norwegian krone (translation exposure). The Group has external debts denoted in USD and in NOK (see note 22 Borrowings).

(b) *Interest rate risk relating to cash flows and fair values*
As the Group has no significant interest-bearing assets, the Group's revenues and cash flows from operating activities are substantially independent of changes in market interest rates.

See the sensitivity analysis below.

Credit risk

Credit risk is managed on Group level, with the exception of credit risk relating to outstanding accounts receivable. Each Group company is responsible for monitoring and analysing the credit for each new customer before the standard terms of payment and delivery offered. Due to the end customer structure, the Group deems this risk as fairly low.

Liquidity risk

Liquidity risk is the risk that the Group may not have sufficient liquid financial resources to meet its obligations when they fall due or would have to incur excessive costs to do so. The Group assesses, monitors and manages its liquidity needs on an ongoing basis.

Please see the Group's main long-term financial liabilities classified according to the time on the closing date until the contractual maturity date, in note 22 Borrowings.

Capital management

The Group's target with respect to capital is to safeguard the Group's ability to continue its operations so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. With regards to the capital structure, please also see the financial covenants to the bondholders in note 22 Borrowings.

To maintain or adjust the capital structure, the Group may adjust the dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Similar to other companies in the industry, the Group assesses capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total gross borrowings (including current borrowings and non-current borrowings) less cash and cash equivalents. Total capital is calculated as equity plus net debt.

NOK thousands	**2019**	**2018**
Total gross borrowings (note 22)	386,536	15,140
Less cash and cash equivalents	-29,341	-2,565
Net debt	**357,195**	**12,575**
Total equity	761,716	915,516
Total capital	**1,118,911**	**928,091**
Net Debt/Total capital ratio	32%	1%

Sensitivity analysis

The factors below show the hypothetical effect on Group's profit, should some factors change. The calculations are hypothetical and should neither be considered as an indicator of either of these factors being more or less likely to change, nor the size of the magnitude of the change. Real changes and their effects may be larger or smaller than presented below. In addition, it is likely that the real changes will affect other items, and that actions by the Group and others, as a result of the changes, may come to affect other items.

The sensitivity analysis should therefore be interpreted with caution.

Currency risks
Exchange rate fluctuations affect the Group's financial results through translation of the profit and loss accounts and balance sheets of foreign subsidiaries to Norwegian krone (translation exposure). The Group has external debts denoted in USD and in NOK (see note 22 Borrowings).

With regards to exposure to translation effects risks from operations in other currencies, the Group's main operation is in Indonesia and in the Indonesian Rupiah currency (IDR). In terms of total equity, a weakening /strengthening of 10% of the NOK versus IDR would have caused a decrease/ increase in the Group's reported equity of NOK 33.6 million. In terms of total operating result, a weakening /strengthening of 10% of the NOK versus IDR would have caused a decrease/ increase in the Group's reported operating result of NOK 33.6 million.

Note 3 – Critical accounting estimates and judgements

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Valuation of licences in Indonesia

The Group holds considerable values in the 450 MHz licence in Indonesia. Net1 Indonesia has in its local books a negative total equity of IDR 113 billion (approximately USD 7.8 million). Management concludes based on the business plan that no impairment of the licence value is necessary. Management estimates that they could gain a 4G customer base of approximately 600 thousand by 2023 resulting in total revenues of approximately USD 150 million and cash flow from operations of USD 39 million in 2023. Changes in these key assumptions could indicate a need for impairment of the licence.

Going concern

The Company is reviewing its investment activities to ensure that they are in line with overall business objectives, as well as reviewing its existing business strategy. Management has taken measures to change its business strategy from a voice-centric to data-centric operation. The Company's subsidiaries are mainly focussed on the activity on providing Mobile Broadband to residential and business customers in underserved rural areas whilst leveraging the coverage advantages of the 450 Mhz frequency. The Company's subsidiary

Net1 Indonesia obtained approval of its operating license in early 2017 and launched 4G/LTE-based data services subsequently. In 2018, Net1 Indonesia was primarily focussed on building its LTE data network, Iwhich was completed in early 2019. Following completion of the network build, Net1 Indonesia has focused on selling prepaid data products.

Up to 31 December 2019, Net1 Indonesia had 516 4G/LTE sites across Indonesia. Subsequently, around half of these sites have been decommissioned. The strategy of the Group in Indonesia is to continue its growth strategy and future growth requires further financing as the operations in this phase of the business is loss making. The key going forward for Net1 Indonesia is to optimize the operated sites to maximise the traffic and profitability of those sites. Net1 Indonesia has embarked on a targeted approach to grow revenues in 62 sites covering around 600,000 homes in 2020. Revenues on these specifically targeted sites grew by almost 70% between December 2019 and March 2020, and all the sites achieved break-even on their direct costs in this period. Further, the strategy of Net1 Indonesia is to relocate certain of its sites to more profitable sites. The relocations are expected to complete by Q3 2020, after the anticipated conclusion of the Group's proposed financing plans.

To continue operations into the second half of 2020 the Group is dependent on raising additional long-term financing and refinancing the Group's existing USD 40 million term loan, with Gemcorp as mandated lead arranger. The Group is in discussions with potential funders and will provide further information on the progress of this as further developments take place. The conclusion of the proposed financing facilities is expected to address the Group's liquidity needs required to maintain the going concern perspective and provide growth capital for the implementation of the Group's growth strategy. However, there can be no assurance that such financing will be secured. If the financing is not secured, the Group's liquidity, in the absence of alternative sources of funding (whether short term or long term), may fall short of the amount necessary to operate its business for the next 12 months and the Group may be in default under the terms of its existing Gemcorp term loan. In such circumstances, the Group will seek the necessary amendments, waivers and extensions with senior debt lenders to avoid such a default.

An extension of the Rasmussengruppen and Sampoerna bridge loans of NOK 50 million and IDR 21 billion (NOK 132 million) respectively has been agreed. These loans have been extended until 30 June 2020 and a further extension will be required. A further extension of the bridge loans to 31 July 2020 has been requested and is under consideration. Per the terms of the respective bridge loans, the Company can satisfy the two bridge loans in-kind via delivery of shares in Net1 Holdings B.V. which owns the investment in the Philippines. However, the Company expects a further extension to 31 July 2020 to be concluded in short order. Beyond 31 July 2020, the Company will review the status of the above-mentioned proposed long-term financing before considering a further extension request. Should the long-term financing close, then an extension of the Rasmussengruppen and Sampoerna bridge loans for a further 7 years has been agreed in principle. However, there can be no assurance that that the proposed long-term financing will be closed.

Conclusion of the refinancing of the Group's existing USD 40 million term loan with Gemcorp will result in the covenants being re-set. Should the refinancing not close by 30 August 2020, the Group will need to seek a waiver from Gemcorp to avoid an event of default.

Thus, as the financing required for the Group's operations in H2 2020 is not finalised, there is a significant uncertainty related to the going concern assumption.

Based on the above, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on a going concern basis in accordance with section 3-3a of the Norwegian Accounting Act and IAS1, p. 25-26.

Financial Covenant Disclosure

Under the terms of its USD 40 million facility with Gemcorp, MIH as borrower has to comply with a set of financial covenants, where tests are applied to key financial metrics. Failure to comply with the covenants represents an event of default under the facilities.

As at December 2019, MIH was in compliance with its financial covenants.

However, for the 6 month period ended June 2020, it is unlikely that MIH will be in compliance with its financial covenents.

These covenants will be formally tested in August 2020. Conclusion of the refinancing of the Group's existing USD 40 million term loan with Gemcorp will result in the covenants being re-set. Should the refinancing not close by 30 August 2020, the Group will need to seek a waiver from Gemcorp to avoid an event of default.

Note 4 – Establishment of Net1 International group

The Company, previously known as Ice Group International AS, was established in March 2018 in preparation of the reorganisation of AINMT Holdings AB (the 'Reorganisation') and de-merger of Ice Group ASA (the 'De-merger') in the third quarter of 2018.

AINMT Holdings AB was previously the sole shareholder of Net1 International Holdings B.V. and its subsidiaries. In the Reorganisation the Company became the majority shareholder of Net1 International Holdings B.V. and its subsidiaries which together form the Group. The De-merger was made effective on 4 September 2018, where the Company was the takeover party.

Note 5 – Segment information

The segment information is reported in accordance with the reporting to Management as chief operating decision-makers and is consistent with financial information used by this body for assessing performance and allocating resources and is based on geographical location.

In 2019 the Group reports only Indonesia as segment, as the operation in the Philippines is a joint venture and not consolidated. This means that the consolidated profit or loss, as a whole, in all material aspects represents the operation in Indonesia. The main customer base in Indonesia is represented by private customers on prepaid subscription basis.

The joint venture operations in the Philippines are recognised through equity pick-up. This investment was written down to zero in the 2018 year-end closing.

EBITDA

EBITDA (Earnings Before Interests, Taxes, Depreciations and Amortisations) is as operating result after adjustment of expenses for depreciation, amortisation and impairment losses, foreign exchange differences recognised in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included.

Reconciliation	2019	2018
Operating result	**-413,325**	**-112,216**
Depreciation & amortisation	108,256	24,785
EBITDA	**-305,069**	**-87,431**

Note 6 – Revenue by type

NOK thousands	**2019**	**2018**
Revenue from sale of communication services	35,212	7,842
Revenue from sale of customer premises equipment	10,331	2,845
Other operational income	2,007	1,165
Total revenues	**47,549**	**11,852**

Communication services revenue consist of voice, data and Mobile Broadband subscription fees, revenues from voice (outgoing traffic) and data traffic, messaging, outbound roaming and other carrier services, wholesale and other mobile service revenues.

Customer premises equipment revenue is mainly related to sale of routers and accessories (antennas, batteries etc) and Smartphone handsets.

Other operational income includes invoice fees, breach-of-contract fees, and administration fees as billing, reminder and collection fees.

The Group determines the transaction price to be the amount of consideration which it expects to be entitled in exchange for transferring the promised goods and services to the customer, net of discounts and sales related taxes.

Contract type

Above mentioned revenue types are identified by different types of contracts. Within each of these contracts different revenue types can be recognized. In the table below the contract details are defined by each type of contract.

Contract type	Contract Length	Termination Clause	Payment Term
Prepaid subsriptions	Open ended contract	No penalty	Payment in Advance
Postpaid subscriptions	Open ended contract	No penalty	Payment in Advance
B2B	1 year to 5 years	No penalty	Monthly, Term of Payment 30 days
B2G	1 year	If customer terminate contract, they still need to pay until the end of contract	Monthly, Term of Payment 30 days
Wholesale	2 months up to 3 years	No penalty	Monthly, Term of Payment 30 days
Interconnection (Not Significant)	not defined exact end of contract	No penalty	Monthly, Term of Payment 30 days

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of services over time and at a point in time in the following major service lines and geographical region:

2019	**Indonesia**		
NOK thousands	**Service revenue**	**Other revenue**	**Total revenue**
Revenue from external customer	35,212	12,337	**47,549**
Timing of revenue recognition:			
At a point in time	-	12,337	**12,337**
Over time	35,212	-	**35,212**

2018	**Indonesia**		
NOK thousands	**Service revenue**	**Other revenue**	**Total revenue**
Revenue from external customer	7,842	4,010	**11,852**
Timing of revenue recognition:			
At a point in time	-	4,010	**4,010**
Over time	7,842	-	**7,842**

Revenues from external customers comes in all material aspects from service subscriptions.
Other revenue consists of CPE sales and other operational revenue.

Unsatisfied performance obligations:

Contracts over 1 year NOK thousands

Revenue Stream	**Contract Term**	**< 1 year**	**1-2 years**	**3-5 years**	**> 5 years**	**Total**
Wholesale	2 - 3 years	Actual usage	Actual usage	Actual usage	Actual usage	Actual usage
B2B	5 years	878	878	1,317	-	3,072
Total		**878**	**878**	**1,317**	**-**	**3,072**

Note 7 – Operating expenses and auditors fees

Operating expenses	**2019**	**2018**
Cost of goods sold	-20,952	-9,365
Sites and premises leases	-34,370	-34,056
Network costs	-24,222	-8,183
Repairs & maintenance *	-8,116	-
Frequency licence fees	-88,287	-19,302
Reversal of provision for frequency spectrum usage fee	-	27,293
Marketing and advertising *	-11,518	-
Commissions *	-15,499	-
Other sales costs *	-17,694	-
Other operating expenses	-87,518	-39,706
Total	**-308,177**	**-83,319**

Auditors fees	**2019**	**2018**
PwC	**2,131**	**433**
Audit assignment	1,416	330
Other assurance services	280	103
Tax advisory	200	-
Other advisory services	235	-
Other elected audit firms for the Group	**932**	**510**
Audit assignment	932	510
Total	**3,063**	**943**

Audit assignments involve examination of the annual accounts and the Board and the CEO, and other tasks are incumbent upon the auditor to perform. Further assurance services principally include other attestation services required by laws and regulations, attestations related to information system, audits, attestations and agreed upon procedures required by regulators and other third parties. Other advisory services include advice or other assistance resulting from observations of such review or implementation of such other tasks.

Note 8 – Employees

	2019		2018	
Average number of employees divided by country	**Total**	**Of which men**	**Total**	**Of which men**
Indonesia	146	103	181	129
Brazil	2	2	2	2
Total	**148**	**105**	**183**	**131**

The average number of employees represent the subsidiaries only.

Employee benefit expenses	**2019**	**2018**
Salaries and other remuneration	-35,824	-13,745
Social security contributions	-1,364	-494
Pensions	-1,434	1,148
Post-employment benefits[1] and other personnel related expenses	-5,819	-2,873
Total	**-44,442**	**-15,964**

[1] *The Group has only defined employee benefits obligations.*

Fees earned – Board of directors and executive management	**2019 Total**	**2018 Total**
Board of directors	-	-
Executive Management		
Amit Vithlani / Board member and CEO	3,343	561
Total	**3,343**	**561**

None of the senior executives are employed by the Group. All remunerations are consulting fees and apply in their role as such. The Board consists of 5 persons. No separate board fee has been paid to the Board members. Please refer to note 28 for more information.

Note 9 – Taxes

NOK thousands	2019	2018
Current taxes	-	-
Deferred taxes	14,066	3,805
Total tax	**14,066**	**3,805**

Reconciliation of effective tax	**2019**	**2018**
Result before tax	-432,703	-216,024
Income tax calculated at applicable tax rate of the Company	95,195	49,686
Difference in tax rates in foreign operations [1]	13,744	5,316
Tax effects from:	-	-
- Non-taxable income and non-deductible items	-15,596	-
- Effect of changes in tax rates	-	17
- Change in net deferred tax assets not recognized in the Financial Statements	-6,048	-
- Non-capitalised unused tax losses	-73,229	-51,214
Total tax	**14,066**	**3,805**

1) The Group complies with applicable tax laws in Norway, the Netherlands, Indonesia and Brazil. Applicable corporate tax rates are 22% (23%) in Norway, 25% (25%) in the Netherlands and in Indonesia and 34% (34%) in Brazil.

Deferred taxes	2019	2018
Positive changes in deferred taxes	14,066	3,805
Total deferred tax in the statement of income	**14,066**	**3,805**

Deferred tax liabilities		
Opening balance	-326,903	-
Effect of the Reorganisation [1]	-	-311,218
Changes recognised as income in the statement of income	14,066	3,805
Currency translation differences	-16,160	-19,490
Closing carrying amount	**-328,997**	**-326,903**
Whereof attributable to non-current assets	-329,381	-326,520
Whereof attributable to permanent differences	384	-384
Net deferred taxes presented in the statement of financial positions	**-328,997**	**-326,903**

1) Please refer to note 4 for more information on the Reorganisation.

Deferred tax assets are recognised for tax loss carry forwards to the extent that it is probable that they can be utilised by future taxable profits.

The Group's tax losses carried forward expire as follows:

NOK thousands	2019	2018
Within 1 year	10	-
Within 2 years	186,499	10
Within 3 years	274,109	171,283
Within 4 years	328,348	251,744
Within 5 years	330,835	301,232
Within more than 5 years	46,585	29,716
No expiration date	31,227	12,327
Total tax losses carried forward	**1,197,612**	**766,312**
Of which deferred tax assets have not been recognised	**1,197,612**	**766,312**

Note 10 – Financial income

NOK thousands	**2019**	**2018**
Interest income	3,452	2,593
Foreign exchange gain, net	-	10,445
Fair value revaluation of subscription rights 1)	57,004	47,500
Other financial income	2,593	1,137
Total	**63,049**	**61,674**

1) Please also see note 23.

Note 11 – Financial expenses

NOK thousands	**2019**	**2018**
Interest expenses	-84,493	-683
Currency losses	13,305	-
Other financial expenses	-11,240	-7,366
Total	**-82,427**	**-8,050**

Note 12 – Intangible assets

NOK thousands	Licences and similar rights	Trademark	Other intangible assets 2)	**Total**
Opening carrying value 8 March 2018	-	-	-	-
Changes during the period				
Effect of the Reorganisation 1)	1,244,871	-	16,146	1,261,017
Investments	-	-	354	354
Disposals & write-downs	-	-	-11	-11
Amortisation	-16,755	-	-2,080	-18,835
Currency translation differences	77,962	-	930	78,892
Closing carrying value	**1,306,078**	**-**	**15,339**	**1,321,417**
Accumulated acquisition value	1,323,728	-	67,486	1,391,214
Accumulated amortisation	-17,650	-	-52,148	-69,797
Closing carrying value 31 December 2018	**1,306,078**	**-**	**15,339**	**1,321,417**
Changes during the period				
Investments	-	50,114	1,327	51,442
Disposals & write-downs	-	-	2	2
Amortisation	-54,729	-1,890	-7,155	-63,775
Currency translation differences	64,639	-940	676	64,375
Closing carrying value	**9,910**	**47,285**	**-5,150**	**52,045**
Accumulated acquisition value	1,390,128	49,174	72,171	1,511,474
Accumulated amortisation	-74,140	-1,890	-61,982	-138,012
Closing carrying value 31 December 2019	**1,315,988**	**47,285**	**10,189**	**1,373,461**

1) Please refer to note 4 for more information on the Reorganisation.
2) Other intangible assets mainly consist of software.

Note 13 – Tangible assets

NOK thousands	Technical equipment	Technical equipment – IFRS16	Other tangible assets	Other tangible– assets - IFRS16	Work in progress	**Total**
Carrying value 8 March 2018	**-**	**-**	**-**	**-**	**-**	**-**
Changes during the period						
Effect of the Reorganisation [1]	122,796	-	3,555	-	84,116	210,468
Investments	20,725	-	409	-	41,358	62,492
Disposals / write-downs	-609	-	-	-	-	-609
Reclassifications, net	-10,623	-		-	-65,535	-76,158
Depreciation	-5,657	-	-294	-	-	-5,950
Currency translation differences	8,551	-	231	-	7,538	16,320
Closing carrying value	**135,183**	**-**	**3,902**	**-**	**67,477**	**206,562**
Accumulated acquisition value	164,220	-	21,012	-	67,477	252,710
Accumulated depreciation	-29,037	-	-17,110	-	-	-46,148
Carrying value 31 Dec 2018	**135,183**	**-**	**3,902**	**-**	**67,477**	**206,562**
Changes during the period						
Investments	9,600	435,283	5,858	1,083	8,543	460,367
Disposals / write-downs	-5,246	-	-	-	-	-5,246
Reclassifications, net	9,653	-	8,944	-	-22,225	-3,628
Depreciation	-21,889	-19,662	-2,930	-	-	-44,481
Currency translation differences	6,500	-	243	-	-257	6,486
Closing carrying value	**-1,382**	**415,621**	**12,114**	**1,083**	**-13,939**	**413,497**
Accumulated acquisition value	169,695	435,283	36,921	1,083	53,538	696,520
Accumulated depreciation	-35,894	-19,662	-20,905	-	-	-76,461
Carrying value 31 Dec 2019	**133,802**	**415,621**	**16,016**	**1,083**	**53,538**	**620,059**

1) *Please refer to note 4 for more information on the Reorganisation.*

Work in progress by 31 December 2019 consists primarily of installation of telecommunication network, equipment and infrastructure.

Assests held for sale

NOK 9,379 thousand of technical equipment are reclassified to Assets held for sale (included in the line reclassification, net), which are constituted of 32 units of telecommunication towers in Indonesia that were part of a 371-unit sale split in 4 phases for which the last portion has not yet been finalised as of December 2019.

IFRS 16 - Impacts P&L (excluding deferred–taxes) - All contracts

NOK thousands	**2019**
Lease expense - EBITDA / Office / premises	
Lease expense - EBITDA / Other tangible assets	6,820
Lease expense - EBITDA / Site equipment	202
Lease expense - EBITDA / Office / premises	48,469
Lease expense - EBITDA	**55,491**
Depreciation / Office / premises	-4,010
Depreciation / Other tangible assets	-130
Depreciation / Site equipment	-15,522
Depreciation total	**-19,662**
Financial cost	-50,475
Profit before tax	**-14,645**

Note 14 – Investments in joint ventures

Company name	Holding	31 Dec 2019 Book value of shares	Total result from shares
Broadband Everywhere Corp.	40%	-	-
Textron Holdings Corp.	20%	-	-
Total joint ventures		**-**	**-**

Company name	Holding	31 Dec 2018 Book value of shares	Total result from shares
Broadband Everywhere Corp.	40%	-	-120,829
Textron Holdings Corp.	20%	-	-36,604
Total joint ventures		**-**	**-157,433**

Voting shares equals the capital share.
Textron Holdings Corp. holds the remaining 60% of Broadband Everywhere Corp., meaning that the Group's direct and indirect economic interest in Broadband Everywhere Corp. calculates to 52%.

Result from shares in joint ventures	2019	2018
Net result in joint ventures	-46,374	-17,728
Participation in result of joint ventures	-24,108	-9,216
Net result	-	-9,216
Impairment of shares	-	-148,217
Total result of shares in joint ventures	**-**	**-157,433**

Extracts from the results of joint ventures	Broadband Everywhere Corp. 2019	Textron Holdings Corp. 2019	Broadband Everywhere Corp. 2018	Textron Holdings Corp. 2018
Net sales	6,076	-	1,957	-
Operating result	-52,434	-16	-25,104	-12
Net result	**-46,358**	**-16**	**-23,147**	**-12**

Extracts from the balance sheet of joint ventures	Broadband Everywhere Corp. 2019	Textron Holdings Corp. 2019	Broadband Everywhere Corp. 2018	Textron Holdings Corp. 2018
Total assets	**137,191**	**206,383**	**178,322**	**198,661**
Equity	119,838	206,366	164,130	198,643
Total liabilities	17,353	17	14,192	19
Total equity and liabilities	**137,191**	**206,383**	**178,322**	**198,661**

Shares in joint ventures

Acquisition value	2019	2018
Acquisition value at 1 January	-	-
Effect of the Reorganisation [1)]	-	161,425
Share of result for the period	-	-9,216
Impairment of shares	-	-148,217
Translation difference	-	-3,992
Total shares in joint ventures as at 31 December	**-**	**-**

1) Please refer to note 4 for more information on the Reorganisation.

Note 15 – Investments in subsidiaries, Joint Ventures

The Company holds the following investments in subsidiaries and joint ventures:

	Corporate identity no	Registered office	Ownership	Number of shares 2019	Number of shared 2018
Direct holdings					
Net1 International Holdings B.V.	62871102	Schiphol-Rijk, The Netherlands	100%	253,128,122	253,128,122
Indirect holdings					
Mobile Internet Holdings B.V.	62866788	Schiphol-Rijk, The Netherlands	100%	17,310,002	9,710,002
Net1 Holdings B.V.	74775847	Schiphol-Rijk, The Netherlands	100%	2.000	2,000
Net1 Philippines Holdings B.V.	62870912	Amsterdam, The Netherlands	100%	11,000	11,000
Net1 LATAM Holdings B.V.	62871102	Amsterdam, The Netherlands	100%	1	1
Ice Group Holdings Ltda	15.271.183 /0001-57	Sao Paulo, Brazil	100%	248,540	248,540
Ice Group Telecomunicações Ltda	15.321.957 /0001-07	Sao Paulo, Brazil	100%	95,000	95,000
PT Sampoerna Telekomunikasi Indonesia	09.03.1.61. 22069.	Jakarta, Indonesia	65%	2,918,446	2,918,446
Other companies					
Broadband Everywhere Corp.	88589	Manila, The Philippines	40%	6,666,664	6,666,664
Textron Holdings Corp. [1]	A200012904	Manila, The Philippines	20%	1,493,332	1,493,332

1) Textron Holdings Corp. is a holding company whose sole investment is the remaining 60% in Broadband Everywhere Corp.

Voting shares equals the capital share.

Note 16 – Financial instruments by category

	Note	Balance as per 31-Dec-2019	Financial instruments	Other	Balance as per 31-Dec-2018	Financial instruments	Other
Financial assets at amortized costs							
Other financial assets		44,934	44,934	-	109,920	109,920	-
Trade receivables	*18*	13,384	13,384	-	3,664	3,664	-
Other receivables		49,815	7,182	42,633	29,508	8,749	20,758
Cash and cash equivalents		29,341	29,341	-	2,565	2,565	-
Total		**137,473**	**94,841**	**42,633**	**145,657**	**124,898**	**20,758**
Financial liability at fair value							
Subscription rights	*23*	-	-	-	57,228	57,228	-
Financial liability at amortized costs							
Borrowings	*22*	324,261	324,261	-	3,853	3,853	-
Other long-term liabilities	*24*	428,182	428,182	-	35,600	20,266	15,335
Borrowings - current portion	*22*	62,275	62,275	-	11,287	11,287	-
Trade payables		104,900	104,900	-	224,964	224,964	-
Other current liabilities	*25*	14,717	5,689	9,028	35,600	27,442	8,158
Accrued expenses and deferred income	*26*	113,940	88,441	25,499	108,042	88,897	19,145
Total		**1,048,274**	**1,013,747**	**34,527**	**419,347**	**433,938**	**42,637**

Note 17 – Inventory and Costs of goods sold

The inventory comprises of finished goods and amounted to NOK 11,119 thousand. The cost of inventories recognised as an expense, cost of goods sold, in profit or loss amounted to NOK -20,952 thousand. Cost of goods sold is included in profit or loss on the line 'Operating expenses'.

Note 18 – Trade receivables

NOK thousands	**31 Dec 2019**	**31 Dec 2018**
Trade receivables	42,527	29,028
Less provision for bad debts[1]	-29,143	-25,364
Trade receivables – net[1]	**13,3843,664**	

1) Refers to trade receivables that, by individual assessment, has been considered as uncertain.

At of 1 January 2018 the Group adopted IFRS 9.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Aging analysis of trade receivables 31 December 2019	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	4%	4%	8%	77%	**69%**
Gross carrying–amount - trade receivables	561	1,362	3,185	37,419	**42,527**
Gross carrying–amount - contract assets	-	-	-	-	**-**
Loss allowance as at 31 December	22	54	255	28,811	**29,143**

Aging analysis of trade receivables 31 December 2018	Current	More than 30 days past due	More than 60 days past due	More than 120 days past due	Total
Expected loss rate	4%	4%	8%	100%	**87%**
Gross carrying amount – trade receivables	920	999	1,923	25,186	**29,028**
Gross carrying amount – contract assets	-	-	-	-	**-**
Loss allowance as at 31 December	37	40	154	25,134	**25,365**

Specification of provision for bad debt	2019	2018
Opening balance	**-25,364**	**-**
Effect of the Reorganisation [1)]	-	-22,409
Change during the period	-2,468	-1,458
Currency effects	-1,312	-1,497
Loss allowance as at 31 December	**-29,143**	**-25,364**
Realised losses for the period	-3,536	-2,406

1) Please refer to note 4 for more information on the Reorganisation.

Allocations to and reversals of provisions for bad debts are included in operating expenses. There is no collateral or other security on the outstanding trade receivables at period end(s).

Note 19 – Other current receivables

NOK thousands	31 Dec 2019	31 Dec 2018
VAT receivable	35,348	22,179
Other receivables	14,467	7,329
Total	**49,815**	**29,508**

Note 20 – Prepaid expenses and accrued income

NOK thousands	31 Dec 2019	31 Dec 2018
Prepaid expenses on rent	3,487	3,217
Other prepaid expenses	-3,147	1,821
Accrued interest income	-	2,485
Total	**341**	**7,524**

Note 21 – Shareholdings

The Company's shares are traded on the Oslo OTC under the ticker 'NET1'. The share holdings were distributed as follows (direct and indirect holdings):

	Dec 2019		Dec 2018	
Shareholders	Shares	Ownership %	Shares	Ownership %
More than 5% shareholdings				
Access Industries	80,744,293	16.7	80,744,293	52.3
Rasmussengruppen	210,866,392	43.7	36,763,904	23.8
Jörg Mohaupt	8,679,886	1.8	8,679,886	5.6
Sampoerna	130,094,846	27.0	0	-
Board of Directors and management shareholdings				
Jean Daniel Fouchard	2,228,573	0.5	1,478,573	1.0
Trygve Lauvdal	35,000	0.0	5,000	0.0
Amit Vithlani	836,495	0.2	38,015	0.0
Linus Jönsson	51,944	0.0	51,944	0.0
Other investors (less than 5% holdings each)	48,750,521	10.1	26,777,194	17.3
Total	**482,287,950**	**100.0**	**154,538,809**	**100.0**

NOK thousands	No of shares	Share capital
Opening balance as per 8 March 2018	**30,000**	**30**
Share capital decrease, 19 July 2018	-30,000	-30
New share issue, 19 July 2018	4,010,025	3,609
New share issues, De-merger with Ice Group ASA [1)]	126,416,347	113,775
New share issue, 2 Oct 2018	23,964,723	21,568
New share issue, 29 Nov 2018 [1)]	147,714	133
Profit for the period	-	-
As per 31 December 2018	**154,538,809**	**139,085**
New share issue		
New share issue, Conversion of Rasmussengruppen loan	95,660,000	86,094
New share issue, Conversion of Sampoerna loan	47,830,000	43,047
New share issue, Cash received by Pareto	98,176,667	88,359
New share issue, Sampoerna Flip-up	81,761,513	73,585
New share issue, Polaris Flip-up	4,320,961	3,889
Profit for the period		-
As per 31 December 2019	**482,287,950**	**434,059**

1) New shares issued related to the de-merger transaction with Ice Group ASA are non-cash and have been paid in kind with shares in Net1 International Holdings B.V.

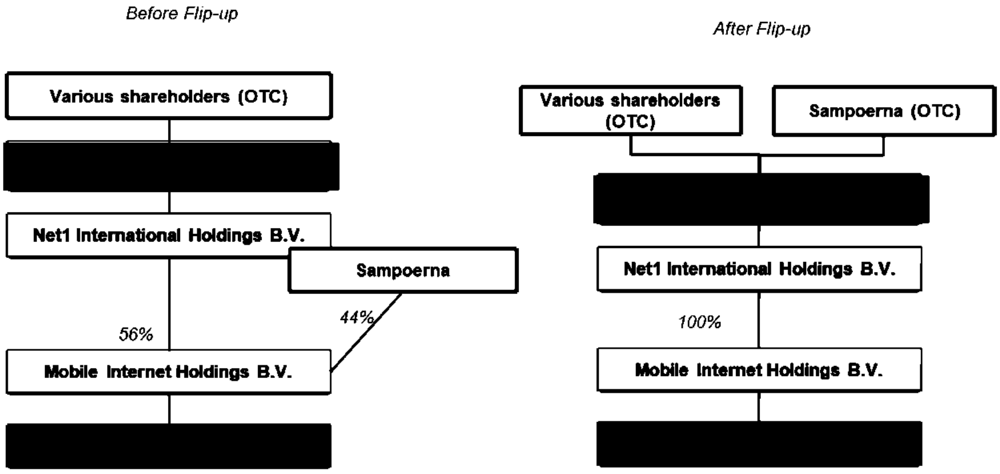
Shareholder restructuring

In the period, the Company entered into an agreement to acquire all the shares held by Sampoerna in MIH, a subsidiary of the Company which holds the shares in Net1 Indonesia and which acted as a joint venture vehicle between the Company and Sampoerna. In return, it was agreed that Sampoerna would receive new issued shares in the Company by way of the Sampoerna Flip-up, thereby facilitating a simplified and more transparent ownership structure. The Sampoerna Flip-up transaction completed in May 2019. Following the Sampoerna Flip-up and the Rights Offering, Sampoerna now holds over 25% of the total shares in the Company.

Effect of the restructuring on the consolidated equity:

	Attributable to shareholders of the Company					
NOK thousands	Share capital	Reserves	Retained earnings	Total	Non-controlling interests	**Total equity**
Sampoerna Flip-up of shares	77,474	29,988	-	107,462	-	107,462
Change in non-controlling interests	-	326,915	-42,363	284,551	-392,014	-107,462
Effect of restructuring - change of non-controlling interest	**77,474**	**356,903**	**-42,363**	**392,014**	**-392,014**	**-**

The below illustrates the shareholding before and after the Sampoerna Flip-up:



Note 22 – Borrowings

NOK thousands	**31 Dec 2019**	Cash – Loan repayment 2019	Cash - Borrowings 2019	Non- cash movement 2019	**31 Dec 2018**
Non-current borrowings (see also note 1)					
AINMT Holdings AB loan	-	-	-	-3,853	3,853
Gemcorp Capital LLP (arranger)	351,212	-	351,212	-	-
Gemcorp Capital LLP (arranger) - capitalised loan costs	-26,951	-	-31,097	4,146	-
Current borrowings (see also note 1)					
Rasmussengruppen AS	50,000	-	50,000	-	-
Sampoerna AGRI Resources Pte Ltd	12,275	-	12,275	-	-
Bank loan - Indonesia	-	-11,287	-	-	11,287
Total borrowings	**386,536**	**-11,287**	**382,390**	**293**	**15,140**
Cash and cash equivalents	-29,341				-2,565
Net debt	**357,195**				**12,575**

NOK thousands	**31 Dec 2018**	Cash - Loan repayment 2018	Cash - Borrowings 2018	Non- cash movement 2018	**8 Mar 2018**
Non-current borrowings (see also note 1)					
AINMT Holdings AB loan	3,853	-	-	3,853	-
Gemcorp Capital LLP (arranger)	-	-	-	-	-
Gemcorp Capital LLP (arranger) - capitalised loan costs	-	-	-	-	-
Current borrowings (see also note 1)					
Rasmussengruppen AS	-	-	-	-	-
Sampoerna AGRI Resources Pte Ltd	-	-	-	-	-
Bank loan - Indonesia	11,287	-12,462	-	23,749	-
Total borrowings	**15,140**	**-12,462**	**-**	**27,602**	**-**
Cash and cash equivalents	-2,565				-
Net debt	**12,575**				

Repayment schedule *NOK thousands*	**Less than 1 year**	**Between 1 and 3 years**	**Between 3 and 5 years**	**Over 5 years**	**Total**
Gemcorp Capital LLP	-	105,364	245,848	-	**351,212**
Gemcorp Capital LLP - capitalised loan costs	-5,390	-10,780	-10,780	-	**-26,951**
Rasmussengruppen AS	50,000	-	-	-	**50,000**
Sampoerna Agri Resources Pte Ltd	12,275	-	-	-	**12,275**
Total	**56,884**	**94,583**	**235,068**	**-**	**386,536**

Gemcorp

In April 2019 MIH signed a USD 40 million term loan facilities agreement (with incremental facility) with Gemcorp.

The Gemcorp loan carries a coupon of 3 months Libor plus 10% (subject to certain adjustments if Net1 Indonesia turns EBITDA-positive), amortising over a 5-year period, with a final maturity date in May 2024.

As of 30 June 2029 only the initial tranche of USD 20 million has been withdrawn from the USD 40 million facility, although the total loan liability is reflected in the borrowings. The remaining USD 20 million portion was paid out to a secured escrow account under the Gemcorp facilities agreement and presented in other current receivables.

The second tranche of USD 10 million was available on or after 16 September 2019 and the third tranche of USD 10 million on or after 16 December 2019, subject to certain KPIs being fulfilled.

Subsequent to the reporting period, MIH received a waiver to withdraw USD 2.5 million from the second tranche. In addition, MIH received a further waiver to withdraw the full remaining USD 17.5 million by October 2019.

The loan is secured by inter alia the assets of Net1 Indonesia, share pledges over the shares in MIH and Net1 International Holdings B.V. and guarantees from MIH and Net1 International Holdings B.V. The loan contains Financial Covenants and KPIs based on the business plan of the Indonesian operations and include head-room for deviations.

The loan also contains change of a control provision which is triggered if Rasmussengruppen (or their affiliates) and Access Industries (or their affiliates) cease to hold, between them, at least 40% of the share capital of the Company at any time and other terms and conditions customary for this type of financing.

Also, in accordance with Gemcorp faciliities agreement, MIH has secured USD 4.9 million to a Debt Service Reserve Account ('DSRA') which is presented within other non-current assets.

The Gemcorp loan will be repaid according to the repayment schedule as set out in the table below.

Repayment date	**Repayment instalment %**
Date falling 18 months from the utilisation date	2.5
Date falling 24 months from the utilisation date	2.5
Date falling 30 months from the utilisation date	12.5
Date falling 36 months from the utilisation date	12.5
Date falling 42 months from the utilisation date	15
Date falling 48 months from the utilisation date	15
Date falling 54 months from the utilisation date	20
Date falling 60 months from the utilisation date	20

Costs necessary to obtain this loan facility including legal and accounting fees, notary fees, processing fees, etc amounts to USD 3.5 million. These loan costs have been capitalised with the loan and amortised over the duration of the loan.

Financial Covenant Disclosure

Under the terms of its USD 40 million facility with Gemcorp, MIH as borrower has to comply with a set of financial covenants, where tests are applied to key financial metrics. Failure to comply with the covenants represents an event of default under the facilities.

As at December 2019, MIH was in compliance with its financial covenants.

However, for the 6 month period ended June 2020, it is unlikely that MIH will be in compliance with its financial covenants.

These covenants will be formally tested in August 2020. Conclusion of the refinancing of the Group's existing USD 40 million term loan with Gemcorp will result in the covenants being re-set. Should the refinancing not close by 30 August 2020, the Group will need to seek a waiver from Gemcorp to avoid an event of default.

Rasmussen and Sampoerna bridge loans

In September 2019 the Company entered into bridge loans of NOK 50 million and IDR 21 billion (NOK 132 million) from Rasmussengruppen and Sampoerna respectively. These bridge loans were lent to . the Company secured as a first priority pledge over the shares of Net1 Holdings B.V., a wholly owned subsidiary of the Company which owns the investment in the Philippines. The bridge loans had an initial expiry date of 30 April 2020, which were extended to 30 June 2020.

Note 23 – Subscription rights

On 22 August 2018 the Company issued 52,699,940 subscription rights to Rasmussengruppen. The initial fair value of the subscription rights was set to SEK 113.7 million (NOK 104.7 million). Of the 52,699,940 subscription rights, 42,566,822 could be exercised upon the De-merger which was completed on September 2018 but no later than 31 December 2021. Note: 10,113,118 of the 52,699,940 can only be exercised if Ice Group ASA becomes listed on a regulated marketplace and does not pay its accrued interest on their outstanding loan to Rasmussengruppen.

In May 2019 Rasmussengruppen also cancelled 8,020,050 of its original warrants in return for receiving 4,010,025 shares in the Company, which the Company acquired back from AINMT Holdings AB.

The cost of the subscription rights (call option) is valued at fair value. At initial valuation the subscription rights value was assessed to NOK 104.7 million, recognised as a subscription right liability. Subsequent changes in the fair value is recognised over profit and loss until the warrants are exercised, or the lapse of the subscription rights at 31 December 2021.

The consideration for the subscription rights, SEK 113.7 million was to be paid by Ice Group ASA. In November 2018 the receivable was converted to a NOK 107 million loan, which in May 2019 was fully settled and repaid by Ice Group ASA.

In January 2019 the Company and Net1 Indonesia entered into two interest free loan facilities with Rasmussengruppen and Sampoerna in the amount of USD 10 million (NOK 88 million) and USD 5 million (NOK 44 million) respectively, both in connection with the conversion of Rights Offering to equity. In connection with this, the Company issued 48,228,795 new subscription rights to Rasmussengruppen and 24,114,397 new subscription rights to Sampoerna, exercisable until 24 April 2022 to NOK 1.20.

In connection with the Rights Offering, the Company acquired all the shares held by Sampoerna in MIH in return for Sampoerna receiving new issued shares in the Company by way of the Sampoerna Flip-up. Following this transaction, the Group has no economic minority interests on a consolidated basis.

In September 2019 the Company concluded a NOK 50 million bridge loan with Rasmussengruppen and an IDR 21 billion (NOK 132 million) bridge loan with Sampoerna for the purposes of financing its Indonesian operations. These loans will mature on 30 June 2020 although the Company is in the advanced stages of negotiations to extend the bridge loans to 31 July 2020.

Pursuant to the relationship agreement between Rasmussengruppen, Sampoerna and Access Industries dated January 2019 and the September 2019 bridge loans with Rasmussengruppen and Sampoerna, the Company will call an Extraordinary General Meeting of shareholders to amend the strike prices on certain warrants issued to Rasmussengruppen and Sampoerna. Access Industries has undertaken to vote in favour of a motion at the Extraordinary General Meeting:

a) reduce the strike price of 44,679,890 warrants in the Company held by Rasmussengruppen with current strike price of USD 0.57, to a revised strike price of NOK 1.57;

b) reduce the strike price of 48,228,795 warrants in the Company held by Rasmussengruppen with current strike price of NOK 1.20, to a revised strike price of NOK 0.90;

c) reduce the strike price of 24,114,397 warrants in the Company held by Sampoerna with current strike price of NOK 1.20, to a revised strike price of NOK 0.90;

d) approve the first priority share pledge over shares representing 79.3% of all shares in Net1 Holdings B.V. to Rasmussengruppen in accordance with the right to settlement by payment in kind set out in the Rasmussengruppen September 2019 bridge loan agreement; and

e) approve the first priority pledge over shares representing 20.7% of all shares in Net1 Holdings B.V. to Sampoerna in accordance with the right to settlement by payment in kind set out in the September 2019 Sampoerna loan agreement.

As per 31 December 2019, the subscription rights fair value was NOK 49.4 million, recognising the decrease of the value of NOK 7.8 million over the profit and loss as a financial income. All rights are classified as equity as of September 2019.

Note 24 – Other long-term liabilities

Other long-term liabilities are constituted of loan agreements to Net1 Indonesia made by PT Sampoerna Strategic, the minority shareholder in MIH. This liability does not have any interest or any firm maturity date.

NOK thousands	**31 Dec 2019**	Cash movement 2019	Non- cash movement 2019	**31 Dec 2018**	Cash movement 2018	Non- cash movement 2018	**8 Mar 2018**
PT Sampoerna Strategic	12,394	-	12,394	20,266	-	20,266	-
Total	**12,394**	**-**	**12,394**	**20,266**	**-**	**20,266**	**-**

Note 25 – Other current liabilities

NOK thousands	**31 Dec 2019**	**31 Dec 2018**
VAT liability	14,619	8,132
Other payables	97	27,469
Total	**14,717**	**35,600**

Note 26 – Accrued expenses and contract liability

Accrued expenses

NOK thousands	**31 Dec 2019**	**31 Dec 2018**
Accrued interests	8,227	-
Accrued personnel related expenses	1,332	708
Accrued expenses on capital expenditures	7,080	6,742
Other accrued expenses	77,091	81,447
Contract liability	20,210	19,145
Total	**113,940**	**108,042**

Contract liability

NOK thousands	**2019**	**2018**
Contract liability balance at the beginning of the period	19,145	-
Revenue recognised that was included in the contract liability balance at the beginning of the period:	19,145	-

Note 27 – Pledges and other contractual commitments

The USD 40 million term loan facilities agreement with Gemcorp is secured by inter alia the assets of Net1 Indonesia, share pledges over the shares in MIH and Net1 International Holdings B.V. and guarantees from MIH and Net1 International Holdings B.V. The loan contains Financial Covenants and KPIs based on the business plan of the Indonesian operations and include head-room for deviations. The loan also contains change of a control provision which is triggered if Rasmussengruppen (or their affiliates) and Access Industries (or their affiliates) cease to hold, between them, at least 40% of the share capital of the Company at any time and other terms and conditions customary for this type of financing.

The Gemcorp loan facility is secured by:

Name of Obligor / Security Provider	Transaction Security Document
Borrower being Mobile Internet Holdings B.V.	Singapore law account charge over the Borrower's bank accounts.
PT Sampoerna Telekomunikasi Indonesia	Indonesian law deed of fiduciary security over insurances.
PT Sampoerna Telekomunikasi Indonesia	Indonesian law deed of fiduciary security over towers and telecommunication equipment.
PT Sampoerna Telekomunikasi Indonesia	Indonesian law assignment for security purposes in respect of PT Sampoerna Telekomunikasi Indonesia's material contracts.
PT Sampoerna Telekomunikasi Indonesia	Indonesian law deed of fiduciary security over receivables in respect of PT Sampoerna Telekomunikasi Indonesia's material contracts.
PT Sampoerna Telekomunikasi Indonesia	Indonesian law deed of fiduciary security over shares over 32% of the shares in PT Sampoerna Telemedia Indonesia.
PT Sampoerna Telekomunikasi Indonesia	Indonesian law pledge over the Collection Accounts (including ongoing monitoring/viewing rights in respect of such account) and security over all other bank accounts of PT Sampoerna Telekomunikasi Indonesia.
PT Sampoerna Strategic	Indonesian law deed of fiduciary security of shares over 35% of the shares in PT Sampoerna Telekomunikasi Indonesia.
PT Sampoerna Strategic	Indonesian law deed of fiduciary security of shares over 51% of the shares in PT Sampoerna Telemedia Indonesia.
PT Sampoerna Strategic	Indonesian law deed of fiduciary security over receivables under shareholder loans to PT Sampoerna Telekomunikasi Indonesia.
GLAS Trust Corporation Limited	English law account charge over the legal interest in the Escrow Account and Debt Service Reserve Account.

The bridge loans provided by Rasmussengruppen and Sampoerna loan are secured by way of pledges over the shares of Net1 Holdings B.V.

Note 28 – Transactions with related parties

In January 2019 the Company Net1 Indonesia entered into two interest free loan facilities of USD 10 million (NOK 88 million) with Rasmussengruppen and USD 5 million (NOK 44 million) with Sampoerna. As consideration for advancing the loans, Rasmussengruppen was allocated 48.2 million warrants while Sampoerna received 24.1 million warrants. These warrants had a strike price of NOK 1.20 per warrant and a 3-year expiry. The two loans were settled by conversion into shares as part of the Rights Offering which closed on 15 May 2019.

On 16 January 2019 the Company entered into an agreement to acquire all the shares held by Sampoerna and Polaris in MIH in return for new issued shares in the Company by way of the Sampoerna Flip-up and the Polaris Flip-up. The transaction was closed on 15 May 2019 and consequently the Company issued approximately 86 million new shares and now owns 100% of the shares of MIH and 100% of the economic interests of Net1 Indonesia. The transaction reduced the minority interest in Indonesia previously reflected in the Company's 2018 financial statements.

In May 2019 the Group successfully completed the Rights Offering, issuing 241.7 million shares at NOK 0.90 per share, raising proceeds of NOK 217.5 million. The proceeds were used to finance the development of Net1 Indonesia.

In May 2019 a historic loan to Ice Group ASA was settled.

On 15 May 2019 the Company completed the buy-back of approximately 4 million shares from AINMT Holdings AB.

Subsequently, the Company sold these approximately 4 million shares to Rasmussengruppen in exchange for the cancellation of approximately 8 million Rasmussengruppen warrants. In addition, warrants totalling approximately 34.6 million held by Rasmussengruppen had an adjustment to the strike price from USD 0.97 (NOK 8.52) a warrant to USD 0.57 (NOK 5) a warrant and then revised to a strike price of NOK 1.57. These warrants expire in December 2021.

At the date of this annual report the total outstanding warrants issued by the Company are approximately 82.8 million held by Rasmussengruppen, and 24.1 million held by Sampoerna.

In May 2019 and as a requirement of the Gemcorp facility, a restructuring of the Group's holding companies structure resulted in the transfer of the shares in Net1 Philippines from Net1 International Holdings B.V. to Net1 Holdings B.V., a separate holding company structure from the shares held in Net1 Indonesia. As part of the restructuring, the Company re-evaluated the value of the investments in Indonesia and the Philippines. It is Management's belief that the investment in Indonesia is adequately reflected in the Company's 2019 financial statements. Following a review of the Philippines asset arising from the restructuring, the value of the Philippines investment was written down to zero in 2019. Overall, it is Management's belief that the greater value of the Indonesian asset offsets the write-down taken in the Philippines.

In September 2019 the Company entered into bridge loans of NOK 50 million and IDR 21 billion (NOK 132 million) from Rasmussengruppen and Sampoerna respectively. The bridge loans were secured as a first priority pledge over the shares of Net1 Holdings B.V., a wholly owned subsidiary of the Company which owns the investment in the Philippines. The bridge loans had an initial expiry date of 30 April 2020, which were extended to 30 June 2020.

For 2019 the total consultancy fees paid to Board members amounted to NOK 2.9 million.

Note 29 – Subsequent events

Net1 Philippines has been awarded additional 5MHz of spectrum on the 450MHz band by the National Telecommunications Commission ('NTC'), giving Net1 Philippines access to 20MHz of contiguous bandwidth from 450-470MHz in total on that band. In addition, the NTC granted Net1 Philippines with 200MHz of frequency in the 24450MHz-24650MHz band, also for deployment of LTE services.

In May 2020 a further amount of USD 800,000 (NOK 7 million) and IDR 5 billion (NOK 3 million) were funded by Rasmussengruppen and Sampoerna respectively as a further tranche of the September 2019 bridge loans. These amounts were also secured over the shares of Net1 Holdings B.V.

In May 2020 the board of directors of Net1 Indonesia appointed Andri Pranata as the new CEO to replace Larry Ridwan.

In June 2020 the Company was in the advanced stages of negotiations to extend the September 2019 bridge loans of NOK 50 million and IDR 21billion (NOK 132 million) from Rasmussengruppen and Sampoerna from 30 June 2020 to 31 July 2020.

In Q3 2020 the Company intends to raise debt and equity capital to support its operations. The Company is in discussions with Gemcorp and potential funders and investors with the goal of raising additional long-term financing and refinancing of the Group's existing USD 40 million term loan with Gemcorp, which will be used to address the Group's liquidity needs and provide growth capital for the Group's growth strategy.

Covid-19

The COVID-19 outbreak has developed rapidly in 2020, with a significant number of global infections. Measures taken by various governments around the world to contain the virus have affected economic activity. The Group has taken a number of measures to monitor and prevent the effects of the COVID-19 virus in Indonesia and the Philippines including safety and health measures for our employees and consultants such as social distancing and working from home.

At this stage, the impact on the Group's business and results is limited. The Group will continue to follow the various policies and advice of national governments and in parallel will do our utmost to continue our operations in the best and safest way possible without jeopardizing the health of our people.

Covid 19 impacts:

- Halted travel and events
- Changed service delivery
- Shifted to working remotely

Mitigation actions:

- Making people aware of personal hygiene such as regular hand washing
- Making people aware of social distancing of 2 meters
- Wearing face masks and gloves in public

In April 2020 initiatives for alternate channels were set up in order to maintain sales Indoensia. Net1 Indonesia also received a "Letter of Recommendation" from the Ministry of Telecommunications in Indonesia ("MOCIT") recommending access into locked down areas.

Note 30 – Earnings per share

NOK thousands	**2019**	**2018**
Net result for the period	-418,637	-212,219
Weighted average number of ordinary shares	440,269	154,539
Earnings per share (NOK), basic and diluted	**-0.95**	**-1.37**

Note 31 – Other cash flow adjustments

NOK thousands	**2019**	**2018**
Gain/Loss disposal of tangible & intangible assets	10,585	-
Non-operating cash flow	5,513	-3,818
Currency related adjustments	5,042	11,592
Other cash flow adjustments	-2,253	-
Other cash flow adjustments	**18,887**	**7,774**

Note 32 – Lease liabilities

NOK thousands	**31 Dec 2019**	Cash movement 2019	Non- cash movement 2019	**31 Dec 2018**
Short term lease liability - IFRS 16	5,592	-59,040	64,632	-
Long term lease liability - IFRS 16	415,788	-	415,788	-
Total	**421,380**	**-59,040**	**480,420**	**-**

COMPANY FINANCIAL STATEMENTS

COMPANY INCOME STATEMENT

NOK thousands	*Note*	**2019**	**2018**
Operating revenue		7,734	-
Operating expenses	*P3*	-45,183	-14,133
Operating result		**-37,449**	**-14,133**
Net financial items	*P2*	**54,633**	**63,377**
Operating result before tax		**17,184**	**49,243**
Income tax	*P7*	384	-384
Net result for the period [1)]		**17,567**	**48,860**

1) Net result corresponds to total comprehensive income

COMPANY BALANCE SHEET

NOK thousands	*Note*	**31 Dec 2019**	**31 Dec 2018**
ASSETS			
Investments in Group companies	*P5*	1,336,090	846,571
Loans to Group companies	*P4*	-	122,594
Trademark	*P10*	47,285	-
Other loans	*P4*	-	107,410
Total non-current assets		**1,383,374**	**1,076,575**
Trade receivables		5,268	-
Current receivables from Group companies	*P4*	27,832	6,639
Other receivables	*P4*	2,688	-
Prepaid expenses and accrued income		68	-
Accrued interest		-	2,485
Total current receivables		**35,856**	**9,125**
Cash and cash equivalents		3,883	76
Total current assets		**39,739**	**9,200**
TOTAL ASSETS		**1,423,113**	**1,085,775**
EQUITY AND LIABILITIES			
Share capital		434,059	139,085
Share premium reserve		853,047	823,059
Retained earnings		66,427	48,860
Total equity	*P6*	**1,353,533**	**1,011,003**
Subscription rights	*P8*	-	57,228
Provisions for deferred tax	*P7*	-	384
Borrowings		-	-
Total non-current liabilities		**-**	**57,612**
Trade payables		4,138	14,011
Subscription rights		-	
Accrued expenses and deferred income		3,119	-
Borrowings	*P9*	62,275	-
Other current liabilities		49	3,149
Total current liabilities		**69,580**	**17,160**
Total liabilities		**69,580**	**74,772**
TOTAL EQUITY AND LIABILITIES		**1,423,113**	**1,085,775**

The Board of Net1 International Holdings AS
Oslo, 26 June 2020

Jean Daniel Fouchard	Trygve Lauvdal	Jan Šebor	Chye Chia Chow
Chairman	*Board member*	*Board member*	*Board member*

Amit Vithlani
Board member and CEO

STATEMENT OF CHANGES IN EQUITY

NOK thousands	Share capital	Share Premium reserve	Retained earnings	**Total**
As per 8 March 2018	**30**	**-**	**-**	**30**
Net result for the period	-	-	48,860	48,860
Total comprehensive income for the period	**-**	**-**	**48,860**	**48,860**
New share issues	25,147	90,396	-	115,543
New share issues, Reorganisation	113,908	732,663	-	846,571
Total transactions with owners, recognised directly in equity	**139,055**	**823,059**	**-**	**962,114**
As per 31 December 2018	**139,085**	**823,059**	**48,860**	**1,011,003**
Net result for the year	-	-	17,567	17,567
Total comprehensive income for the year	**-**	**-**	**17,567**	**17,567**
New share issue, Conversion of Rasmussengruppen loan	86,094	-	-	86,094
New share issue, Conversion of Sampoerna loan	43,047	-	-	43,047
New share issue, Cash received by Pareto	88,359	-	-	88,359
New share issue, Sampoerna Flip-up	73,585	28,483	-	102,068
New share issue, Polaris Flip-up	3,889	1,505	-	5,394
Total transactions with owners, recognised directly in equity	**294,474**	**29,988**	**-**	**324,962**
As per 31 December 2019	**434,059**	**853,047**	**66,427**	**1,353,533**

COMPANY CASH FLOWS

NOK thousands	*Note*	2019	2018
Profit before tax		17,184	49,243
Depreciation & amortization of non-current assets		1,890	-6,611
Non-operating cash items		1,367	
Warrants fair value adjustment		-57,228	-47,300
Other non cash adjustments		6,541	-8,853
Cash flows before changes in working capital		**-30,247**	**-13,520**
Change in current receivables		-6,846	-9,125
Change in current liabilities		-1,276	17,160
Change in working capital IC		-44,195	-
Cash flows from changes in working capital		**-52,317**	**8,035**
Cash flows from operating activities		**-82,564**	**-5,485**
Investments in associated companies		-446,422	-
Investments in intangible assets		-50,114	-
Loans to associated companies converted to investment		122,594	-
Net cash flows from other financial assets		71,948	-116,623
Interest received		1,564	6,627
Cash flows from investing activities		**-300,431**	**-109,996**
Share capital increase		324,962	115,573
Share capital reduction		-	-30
Borrowings	*P9*	62,275	-
Borrowings IC		-439	-
Repayments		-	-
Interest payments on borrowings		5	-16
Cash flows from financing activities		**386,803**	**115,527**
Cash flow for the period		**3,807**	**46**
Cash and cash equivalents at the beginning of the period		76	30
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**3,883**	**76**

NOTES TO THE COMPANY FINANCIAL STATEMENTS

P1 - Accounting principles

The Company annual accounts have been prepared in accordance with IFRS as adopted by the EU and have been prepared on a going concern basis. The most significant accounting principles applied in these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

There may be figures and percentages that do not always add up correctly due to rounding differences.

Operating expenses

Purchases from other Group companies consist mainly of consultancy fees, administrative fees and audit fees, see note P3 on fees and other remuneration to auditors.

Shares in subsidiaries and loans to subsidiaries

The Company conducts the main part of the external debt financing in the Group and finances its operating subsidiaries with equity and loans.

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

Asset impairments

Impairment tests are carried out if there is indication that the carrying amount of an asset exceeds the estimated recoverable amount. The test is performed on the lowest level of fixed assets at which independent cash flows can be identified. If the carrying amount is higher than both the fair value less cost to sell and recoverable amount (net present value of future use/ownership), the asset is written down to the highest of fair value less cost to sell and the recoverable amount. Previous impairment charges are reversed in later periods if the conditions causing the write-down are no longer present.

Financial Liabilities

Liabilities are recognised in the balance sheet at amortised cost under IFRS 9 when these financial assets meet the corresponding criteria. Subscription rights are recognised at fair value over profit or loss.

Foreign currencies

Receivables and liabilities in foreign currencies are valued at the exchange rate on the balance sheet date. Currency effects are recognised through the income statement as a part of net financial items.

Pensions

The Company has no employees.

Taxes

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at relevant tax rates on the basis of the temporary differences which exist between accounting and tax values, and any carry-forward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. The disclosure of deferred tax benefits on net tax reducing differences which have not been eliminated, and carry-forward losses, is based on estimated future earnings. Deferred tax and tax benefits which may be shown in the balance sheet are presented net.

The tax effect of group contributions given to parent or sister companies are recognised in the income statement if the amount represents distribution of prior earnings. The tax effect of group contributions given to subsidiaries is recognised net with the contribution as an additional cost of the shares. The tax effect of group contributions received from parent or sister companies is recognised net with the contribution as an equity increase. The tax effect of group contributions received from subsidiaries are recognised in the income statement. Deferred tax is reflected at nominal value.

Cash flow statement

The cash flow statement has been prepared using the indirect method. This means that the result before tax is adjusted for transactions that do not result in cash payments during the period and for any income or expense associated with investing or financing cash flows.

Note P2– Financial income and expenses

NOK thousands	**2019**	**2018**
Interest income from Group companies	215	4,135
Interest income	1,628	2,492
Fair value revaluation of subscription rights	57,228	47,500
Foreign exchange gain, net	-1,208	9,266
Interest expense	-3,205	-16
Other financial expenses	-25	-
Total	**54,633**	**63,377**

Note P3– Operating expenses

Operating expenses		
NOK thousands	**2019**	**2018**
Management fee	5,092	-
Salaries	4,246	4,569
Amortization & Depreciation	1,890	-
Audit fees	1,141	181
Other	32,814	9,383
Closing balance	**45,183**	**14,133**

Audit fees	**2019**	**2018**
NOK thousands–		
PwC - Pricewaterhouse Coopers		
Audit assignment	1,141	181
Total	**1,141**	**181**

VAT is not included in the audit fees. All audit fees are with PwC.

Note P4 – Balances with Group companies, related parties etc.

NOK thousands	**2019**	**2018**
Assets		
Non-current assets		
Loans to subsidiaries	-	122,594
Loan to related party presented in Other loans	-	107,410
Current assets		
Accrued interest to subsidiaries in Current receivables from Group companies	-	4,304
Other short-term receivables in Current receivables from Group companies	27,822	2,335
Accrued interest to related party presented in Accrued interest	2,688	2,485
Total assets	**30,520**	**239,129**
Liabilities		
Trade payables to Group companies	-	-
Total liabilities	-	-

The Company has no employees. No loans/sureties have been granted to the general manager, Board chairman or other related parties.

Note P5– Investments in subsidiaries

Investments in subsidiaries, associated companies and joint ventures are booked according to the cost method. Amounts in the table below are stated in NOK thousands.

The Company holds the following investments in subsidiaries and associated companies:

	Corporate identity no	Registered office	Ownership	Number of shares	**Equity per 31 Dec 2019**
Subsidiary					
Net1 International Holdings B.V.	62871102	Schiphol-Rijk, The Netherlands	100%	253,128,122	1,110,712
Net1 Holdings B.V.	74775847	Schiphol-Rijk, The Netherlands	100%	2,000	101,579
Total					**1,212,291**

Note P6 – Shareholders' equity and shareholder information

NOK thousands	No of shares	Share capital	Share premium reserve	Retained earnings	**Total**
Opening balance as per 8 March 2018	**30,000**	**30**	**-**	**-**	**30**
Share capital decrease, 19 July 2018	-30,000	-30	-	-	-30
New share issue, 19 July 2018	4,010,025	3,609	28,391	-	32,000
New share issues, de-merger with Ice Group ASA [1)]	126,416,347	113,775	732,287	-	846,061
New share issue, 2 Oct 2018	23,964,723	21,568	62,005	-	83,573
New share issue, 29 Nov 2018 [1)]	147,714	133	376	-	509
Profit for the period	-	-	-	48,860	48,860
As per 31 December 2018	**154,538,809**	**139,085**	**823,059**	**48,860**	**1,011,003**
New share issue					
New share issue, Conversion of Rasmussengruppen loan	95,660,000	86,094	-	-	86,094
New share issue, Conversion of Sampoerna loan	47,830,000	43,047	-	-	43,047
New share issue, Cash received by Pareto	98,176,667	88,359	-	-	88,359
New share issue, Sampoerna Flip-up	81,761,513	73,585	28,483	-	102,068
New share issue, Polaris Flip-up	4,320,961	3,889	1,505	-	5,394
Profit for the period		-	-	22,348	17,567
As per 31 December 2019	**482,287,950**	**434,059**	**853,047**	**66,427**	**1,353,533**

[1)] New shares issued related to the de-merger transaction with Ice Group ASA are non-cash and have been paid in kind with shares in Net1 International Holdings B.V.

The Company is listed on the Oslo OTC, and carry one vote per share. All shares issued are fully paid.

Note P7 – Taxes

Distribution of Income tax expense for the year	**2019**	**2018**
Current income taxes	-	-
Change in deferred taxes recognised in the Financial Statements	384	-384
Income tax expense	**384**	**-384**

Reconciliation of tax expense	**2019**	**2018**
Income before tax	17,184	49,243
Permanent differences	-47,294	-47,500
Change in temporary differences	12,068	-10,183
Change loss carried forward	18,042	8,440
Taxable income	-	-

Numerical reconciliation of effective tax rate	**2019**	**2018**
Profit before income tax	17,184	49,243
Tax rate	22%	23%
Prima facie tax payable	-3,780	-11,326
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Change in deferred tax due to change in tax rate	-	17
Change in net deferred tax assets not recognized in the Financial Statements	-6,241	
Non-capitalised unused tax losses	10,405	10,925
Income tax expense	384	-384
Effective tax rate	**2%**	**-1%**

Deferred taxes	**2019**	**2018**
Positive changes in deferred taxes		-
Negative changes in deferred taxes	384	-384
Total deferred tax in the statement of income	**384**	**-384**

Deferred tax assets		
Closing carrying amount	-	-

Deferred tax liabilities		
Opening carrying amount	-384	-
Changes recognised as income in the statement of income	384	-384
Currency translation differences	-	-
Closing carrying amount	-	**-384**
Whereof attributable to permanent differences	-	-384
Net deferred taxes presented in the statement of positions	-	**-384**

Deferred tax assets are recognised for tax loss carry forwards to the extent that it is probable that they can be utilised by future taxable profits. The Company did not recognise deferred tax assets amounting to NOK 6 million related to losses of NOK 26 million, which can be offset against future taxable profits. The Company's loss carry-forwards does not expire at any given time.

Note P8 – Subscription rights

On 22 August 2018 the Company issued 52,699,940 subscription rights to Rasmussengruppen. The initial fair value of the subscription rights was set to SEK 113.7 million (NOK 104.7 million). Of the 52,699,940 subscription rights, 42,566,822 could be exercised upon the De-merger which was completed on 4 September 2018 but no later than 31 December 2021. Note: 10,113,118 of the 52,699,940 warrants can only be exercised if Ice Group ASA becomes listed on a regulated marketplace and does not pay its accrued interest on their outstanding loan to Rasmussengruppen.

The cost of the subscription rights (call option) is valued at fair value. At initial valuation the subscription rights value was assessed to NOK 104.7 million, recognised as a subscription right liability. Subsequent changes in the fair value is recognised over profit and loss until the warrants are exercised, or the lapse of the subscription rights at 31 December 2021.

As per 31 December 2019, the subscription rights fair value was NOK 49.4 million, recognising the decrease of the value of NOK 7.8 million over the profit and loss as a financial income. All rights are classified as equity as of September.

The consideration for the subscription rights, SEK 113.7 million was to be paid by Ice Group ASA. The receivable was in November 2018 converted to a NOK 107 million loan, which in May 2019 was fully settled and repaid by Ice Group ASA.

Note P9 – Borrowings

NOK thousands	**31 Dec 2019**	Cash movement 2019	Non- cash movement 2019	**31 Dec 2018**	Cash move ment 2018	Non- cash movement 2018	**March 2018**
Current borrowings (see also note 1)							
Rasmussengruppen AS	50,000	50,000	-	-	-	-	-
Sampoerna Agri Resources	12,275	12,275	-	-	-	-	-
Total borrowings	**62,275**	**62,275**	**-**	**-**	**-**	**-**	**-**
Cash and cash equivalents	-3,883			-76			-
Net debt	**58,392**			**-76**			**-**

Note P10 – Trademark - Intangible assets

NOK thousands	Trademark
Closing carrying value 31 December 2018	**-**
Changes during the period	
Investments	50,114
Disposals & write-downs	-
Amortisation	-1,890
Currency translation differences	-940
Closing carrying value	**47,285**
Accumulated acquisition value	49,174
Accumulated amortisation	-1,890
Closing carrying value 31 December 2019	**47,285**

Definitions

ARPU	Average monthly Revenue Per User.
Churn	The number of lost subscriptions expressed as a percentage of the average number of subscriptions.
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization. The Group defines EBITDA as operating profit after adjustment of operating expenses for depreciation, amortisation, impairment, network upgrades, share based compensation expense, non-recurring and other non-operational items.
Earnings per share	Earnings per share are based on the weighted average number of shares before and after dilution with potential ordinary shares. Earnings equal net income attributable to owners of the parent.
Equity/assets ratio	Equity divided by total capital.
Investments	Investments is defined as investments in intangible assets and property, plant and equipment as reported in the statement of cash flows.
Gross interest-bearing debt	Total interest-bearing debts including capitalised interests.
Operating margin	Operating result expressed as a percentage of Total operating revenue.

RESPONSIBILITY STATEMENT

From the Board of Directors and CEO of Net1 International Holdings AS:

"We confirm to the best of our knowledge that:

- the consolidated financial statements for 2019 have been prepared in accordance with IFRS as adopted by the EU as well as additional information requirements in accordance with the Norwegian Accounting Act and that
- the financial statements for the Company for 2019 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway

and that

- the information presented in the financial statements gives a true and fair view of the Company's and Group's assets liabilities financial position and result for the period viewed in their entirety and that
- the report of the Board of Directors gives a true and fair view of the development performance and financial position of the Company and the Group and includes a description of the principle risks and uncertainties."

Oslo, 26 June 2020

Jean Daniel Fouchard	Trygve Lauvdal	Jan Šebor	Chye Chia Chow
Chairman	*Board member*	*Board member*	*Board member*

Amit Vithlani
Board member and CEO