ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018

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:	Anders Koch
Dato for fastsettelse av årsregnskapet:	03.06.2019

Grunnlag for avgivelse

År 2018: Årsregnskapet er elektronisk innlevert
År 2017: Tall er hentet fra elektronisk innlevert årsregnskap fra 2018

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, 18.03.2022

Resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Kostnader			
Annen driftskostnad	P3	14 133 000	
Sum kostnader		**14 133 000**	
Driftsresultat		**-14 133 000**	
Finansinntekter og finanskostnader			
Annen finansinntekt	P2	63 377 000	
Sum finansinntekter		**63 377 000**	
Netto finans		**63 377 000**	
Ordinært resultat før skattekostnad		**49 244 000**	**0**
Skattekostnad på ordinært resultat	P7	384 000	
Ordinært resultat etter skattekostnad		**48 860 000**	**0**
Årsresultat		**48 860 000**	**0**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		48 860 000	
Sum overføringer og disponeringer		**48 860 000**	

Balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Finansielle anleggsmidler			
Investering i datterselskap	P5	846 571 000	
Lån til foretak i samme konsern	P4	122 594 000	
Andre fordringer	P4	107 410 000	
Sum finansielle anleggsmidler		**1 076 575 000**	
Sum anleggsmidler		**1 076 575 000**	**0**
Omløpsmidler			
Varer			
Fordringer			
Andre fordringer		2 485 000	
Konsernfordringer	P4	6 639 000	
Sum fordringer		**9 124 000**	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende		76 000	
Sum bankinnskudd, kontanter og lignende		**76 000**	
Sum omløpsmidler		**9 200 000**	**0**
SUM EIENDELER		**1 085 775 000**	**0**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital		139 085 000	
Annen innskutt egenkapital		823 059 000	
Sum innskutt egenkapital	P6	**962 144 000**	

Balanse

Beløp i: NOK	Note	2018	2017
Opptjent egenkapital			
Annen egenkapital	P6	48 859 000	
Sum opptjent egenkapital		**48 859 000**	
Sum egenkapital		**1 011 003 000**	**0**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	P7	384 000	
Sum avsetninger for forpliktelser		**384 000**	
Annen langsiktig gjeld			
Tegningsretter	P8	57 228 000	
Sum annen langsiktig gjeld		**57 228 000**	
Sum langsiktig gjeld		**57 612 000**	**0**
Kortsiktig gjeld			
Leverandørgjeld		14 011 000	
Annen kortsiktig gjeld		3 149 000	
Sum kortsiktig gjeld		**17 160 000**	
Sum gjeld		**74 772 000**	**0**
SUM EGENKAPITAL OG GJELD		**1 085 775 000**	**0**

Konsernets resultatregnskap

Beløp i: NOK	Note	2018	2017
RESULTATREGNSKAP			
Inntekter			
Salgsinntekt	5,6	7 842 000	
Annen driftsinntekt	5,6	4 010 000	
Sum inntekter		**11 852 000**	
Kostnader			
Lønnskostnad	8	15 964 000	
Avskrivning på varige driftsmidler og immaterielle eiendeler	12,13, 14	24 785 000	
Annen driftskostnad	7,17,1 8	83 319 000	
Sum kostnader		**124 068 000**	
Driftsresultat		**-112 216 000**	
Finansinntekter og finanskostnader			
Inntekt på investering i datterselskap og tilknyttet selskap	14	-157 433 000	
Annen finansinntekt	10	61 674 000	
Sum finansinntekter		**-95 759 000**	
Annen finanskostnad	11	8 049 000	
Sum finanskostnader		**8 049 000**	
Netto finans		**-103 808 000**	
Ordinært resultat før skattekostnad		**-216 024 000**	**0**
Skattekostnad på ordinært resultat	9	-3 805 000	
Ordinært resultat etter skattekostnad		**-212 219 000**	**0**
Årsresultat		**-212 219 000**	**0**
Minoritetsinteresser		-42 363 000	
Årsresultat etter minoritetsinteresser		**-169 856 000**	
Andre resultatkomponenter for IFRS-foretak		42 420 000	

Konsernets resultatregnskap

Beløp i: NOK	Note	2018	2017
Sum resultatkomponenter for IFRS-foretak		42 420 000	
Totalresultat		**-169 799 000**	
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-169 799 000	
Sum overføringer og disponeringer		**-169 799 000**	

Konsernets balanse

Beløp i: NOK	Note	2018	2017
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Lisens	12	1 306 078 000	
Andre imaterielle eiendeler	12	15 339 000	
Sum immaterielle eiendeler		**1 321 417 000**	
Varige driftsmidler			
Maskiner og anlegg	13	135 183 000	
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	13	71 379 000	
Sum varige driftsmidler		**206 562 000**	
Finansielle anleggsmidler			
Investeringer i tilknyttet selskap	14		
Andre fordringer	16	109 920 000	
Sum finansielle anleggsmidler		**109 920 000**	
Sum anleggsmidler		**1 637 899 000**	**0**
Omløpsmidler			
Varer			
Varer	17	16 963 000	
Sum varer		**16 963 000**	
Fordringer			
Kundefordringer	16,18	3 664 000	
Andre fordringer	16,19	29 508 000	
Forskuddsbetalte kostnader	20	7 524 000	
Eiendeler holdt for salg	13	10 622 000	
Sum fordringer		**51 318 000**	
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	16,21	2 565 000	
Sum bankinnskudd, kontanter og lignende		**2 565 000**	
Sum omløpsmidler		**70 846 000**	**0**

Konsernets balanse

Beløp i: NOK	Note	2018	2017
SUM EIENDELER		**1 708 745 000**	**0**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Selskapskapital	P6	139 085 000	
Sum innskutt egenkapital		**139 085 000**	
Opptjent egenkapital			
Fond		554 273 000	
Udekket tap		169 856 000	
Sum opptjent egenkapital		**384 417 000**	
Minoritetsinteresser		392 014 000	
Sum egenkapital		**915 516 000**	**0**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	9	326 903 000	
Sum avsetninger for forpliktelser		**326 903 000**	
Annen langsiktig gjeld			
Langsiktige lån	16,21	3 853 000	
Tegningsretter	16,22	57 228 000	
Annen langsiktig gjeld	16,23	20 266 000	
Øvrig langsiktig gjeld	9	5 086 000	
Sum annen langsiktig gjeld		**86 433 000**	
Sum langsiktig gjeld		**413 336 000**	**0**
Kortsiktig gjeld			
Leverandørgjeld	16	224 964 000	
Kortsiktig gjeld	16,21	11 287 000	
Andre avsetninger	16,24, 25	143 642 000	

Konsernets balanse

Beløp i: NOK	Note	2018	2017
Sum kortsiktig gjeld		**379 893 000**	
Sum gjeld		**793 229 000**	**0**
SUM EGENKAPITAL OG GJELD		**1 708 745 000**	**0**

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 parent company balance sheet as at 31 December 2018, the parent company income statement, statement of changes in equity and parent company cash flows for the year then ended, and notes to the 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 2018, the consolidated statements of comprehensive income, the 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 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

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

PricewaterhouseCoopers AS, 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

Independent Auditor's Report - Net1 International Holdings AS

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 pwc

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 and in the statement on Corporate Governance 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, 3 June 2019
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant

(3)

Net1

Net1 International Holdings AS

Annual report 2018

Net1 International Holdings AS
Annual report 2018

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BOARD OF DIRECTOR'S REPORT

The Operations

Net1 International Holdings AS (the 'Company') is a holding company with its shares traded on the OTC in Norway. The Company was established in March 2018 in preparation of the Reorganisation of AINMT Holdings AB (the 'Reorganisation') in Q3 2018. AINMT Holdings AB was previously the sole shareholder of Net1 International Holdings BV with subsidiaries (the 'International Business'). In the Reorganisation the Company became the majority shareholder of Net1 International Holdings BV with subsidiaries (together 'Net1 Group', 'the Group' or 'Net1 International'). Please refer to note 4 in this annual report for additional details on the Reorganisation.

The Company has its share listed on Oslo OTC under the ticker symbol 'NET1'.

The Group operates in Indonesia and Philippines under the **Net1 brand**. The products offered are principally related to prepaid wireless broadband services ('mobile broadband') to consumers, businesses and government entities.

Our focus

Net1 is an emerging markets operator focused on rolling out 4G LTE wireless data networks in underserved regions in Indonesia and the Philippines. Our flexible and efficient model offers an exceptional customer experience at a competitive price, for both private and professional users.

We aim to deliver mobile data 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 building lean, customer-centric networks around the world, we're perfectly placed to expand our operations in Indonesia and the Philippines.

Spectrum portfolio

Net1's two operations hold the only nationwide 4G licences for the 450 MHz bands in Indonesia and the Philippines respectively. Both licences are into perpetuity. In addition, our Philippines operations own 3.5GHz (20MHz) spectrum. 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, meanwhile, 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

Net1's Indonesian subsidiary, PT Sampoerna Telekomunikasi Indonesia, delivers cost effective wireless internet access and voice services to consumers and businesses across Indonesia. The company focuses its network deployment on areas where there are no or limited internet access alternatives 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. The company has started the deployment of its 4G LTE network in 4Q 2017 and currently is commercially operational on all the major islands across Indonesia, with approximately 600 sites on air covering 122 million people.

The Philippines

Net1 invested in Broadband Everywhere in a joint venture partnership with a local conglomerate, Citadel Holdings. Citadel Holdings is a large diversified holding company located in The Philippines with interest in among others, aviation services, freight management and logistics.

Net1 Philippines delivers cost effective wireless internet access services to consumers and businesses. The company utilises it 450MHz LTE network to deliver these services in areas where there are no or limited internet access alternatives available. Broadband Everywhere delivers high speed internet services cost effectively in urban areas through its 3.5GHz network.

Broadband Everywhere holds a perpetual licence to operate on 2x5MHz in the 450MHz frequency band and 20MHz in the 3.5GHz band. The company has 51 LTE 4G sites on air at present.

Significant events after the end of the period

Significant events after year end are mainly related to financing of the Group:

- In January 2019, the Company and its Indonesian subsidiary, respectively, received a USD 10 million shareholder loan from Rasmussengruppen AS ('RG') and a USD 5 million loan from Sampoerna Agri Resources ('SAR'). Both loans were interest free. As consideration for advancing the loans, RG was allocated 48.2 million warrants whilst SAR 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 of USD 10 million and USD 5 million respectively were settled by conversion into shares as part of the Rights Issue which closed on 15 May 2019.
- On 16 January 2019, an agreement was made with the 44% minority investors in Indonesia, Sampoerna & Polaris, to purchase their shares and pay with new issued shares from the Company. The agreement was closed on 15 May 2019 and consequently the Company issued approx. 86 million new shares and now owns 100% of the economic interests of STI. The transaction therefore reduced the minority interest in Indonesia previously reflected in our financial statements.
- The Company completed the buy-back of approx. 4 million shares on 15 May 2019 from AINMT Holdings AB.
- The Company subsequently sold these approx. 4 million shares to RG in exchange for the cancellation of approx. 8 million RG warrants. In addition, warrants totalling approx. 34.6 million held by RG had an adjustment to the strike price from USD 0.97 a warrant to USD 0.57 a warrant. These warrants expire in December 2021.
- The total warrants issued by the Company and outstanding on the date of this report are approx. 82.8 million held by RG and 24.1 million held by SAR.
- In May 2019, the Group successfully completed a 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's Indonesian subsidiary.
- In May 2019, the Group's subsidiary Mobile Internet Holdings BV ('MIH') entered into a USD 40 million debt facility with Gemcorp Capital LLP to finance the growth in Indonesia.
- The loan to Ice Group ASA was settled in May 2019.
- A restructuring of holding companies structure resulted in Net1's Philippines investment being moved into a separate holding company structure from Indonesia. The restructuring was a requirement of the financing facility with Gemcorp Capital LLP. 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 greater than the value reflected in the financial statements. As far as the investment in Philippines is concerned, following a review of the asset arising from the restructuring, the value of the investment has been written down to zero. Overall, it is Management's believe that the greater value of the Indonesian asset offsets the write-down taken in the Philippines.

Future developments

For 2019, Net1 International maintain its strategic plan to further expand our network in Asia with the objective of further enhancing our customer proposition, competitiveness and overall profitability.

Operating profit and cash flows

The Group's operating result for the first period was a loss of NOK 112,216 thousand. The items making the difference between operating result and operating cash flows from operations of NOK -20,547 thousand consists of depreciation, amortisation, interest payments and changes in net working capital. See also note 27 Other cash flow adjustments.

Investments (CAPEX)

The Group's acquisitions of intangible assets during the first period amounted to NOK 354 thousand. Investments in tangible assets during the period amounted to NOK 23,281 thousand. The investments are mainly related to the network build-out as well as on backbone systems in Indonesia.

Financial investments for 2018 amounted to NOK 94,702 thousand.

Financing

The Group is financed through owners' capital and loans. As per the end of 2018, the Group's total assets amounted to NOK 1,708,745 thousand of which equity amounted to NOK 915,516 thousand which gives an equity/assets ratio of 54%.

In January 2019, the Group succeeded in raising USD 10 million in shareholder loan from Rasmussengruppen and in April 2019 Management secured both new equity through NOK 217.5 million in subscription rights and a USD 40 million new debt facility to the Indonesian business through Gemcorp.

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

Net1 International has made a strong commitment to ensure trust and to enhance shareholder value through efficient decision-making and improved communication between the Management, the Board of Directors and the shareholders and will seek to ensure that the Group 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 Net1 International is mainly based on the Companies Act, other applicable laws and regulations, the Company's Articles of Association and Net1 International's internal governance documents. The governance of Net1 International 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 of Directors and the Chief Executive Officer ('CEO') are the main governing bodies of Net1 International:

- The AGM is the Company's highest decision-making authority and serves as the forum through which Net1 International's shareholders exercise their influence over the business.
- The Board of Directors, who is elected by the shareholders, is ultimately responsible for the strategy and the organisation of Net1 International and the management of its operations.
- The CEO, appointed by the Board of Directors, is responsible for handling the day-to-day management of Net1 International in accordance with instructions from the Board. The CEO is supported by the Group Executive Management team.

The external auditor of the Company is appointed at the Annual General Meeting.

Corporate social responsibility

Net1 International defines corporate social responsibility ("CSR") as achieving commercial profitability in a way that is consistent with fundamental ethical values and with respect for individuals, the environment and society.

Net1 International shall respect human and labour rights, establish good HSE (health, safety and the environment) standards, facilitate good dialogue with stakeholders and generally operate in accordance with applicable regulatory frameworks and good business practice.

The average number of employees was 183, of which 131 respectively were men. The Company is a holdings company and has no employees. The Board consists of 3 persons, of which 3 are men.

Net1 International 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 Company' 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. Net1 International 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'. Whereby 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

Net1 International 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. Net1 International has defined risk as anything that could have a material adverse effect on the achievement of its goals or activities. Risks can be threats, uncertainties or lost opportunities relating to the Group's current or future operations. Net1 International divides the risks into related to the *Industry* in which it operates, risk related to the *Operations* of the Group and risks related to *Financing* of the business. The most significant risks and uncertainties are described below.

As significant *Industry risks* Management identifies the risk that the earnings and financial condition could be affected by the general conditions within the telecommunications industry, the regulatory environment being a significant component as well as the continuing rapid technological development. Both which could increase competition, and thereby potentially limit the Group's ability to increase or maintain its market share or product prices or require the Company to make substantial additional capital investments.

As significant *Operational risks*, Management sees the risk that it may not be able to successfully carry out its strategy or realise any or all of its anticipated gains in market share, ARPU targets and cost scalability. The network build-out strategy faces the risks of being dependent on suppliers and vendors in order to continue its investments in maintaining, upgrading and expanding its technical network. Furthermore, there is a risk of significant IT or network outages in the future, which could harm the Company's reputation, and thereby the ability to grow the revenues. The Group's networks are also vulnerable to damage or service interruptions, including interruptions or data breaches coming from targeted cyber-attacks. As another operational risk, Management identifies the risk of financial loss, disruption or damage to Net1 International's reputation from some sort of failure of its information technology systems, or loss, alteration or unauthorised disclosure of personal data handled by the Group.

Amongst *Financing risks*, the Group has raised (post year-end) a substantial 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.

Please refer to notes 2 and 30 for a detailed walk-through of the risks identified.

Related party transactions

As per 31 December 2018 the Company has an outstanding loan receivable to Ice Group ASA of NOK 110 million and outstanding payable to AINMT Holdings AB of NOK 4 million, all parties relating to the Pre-Reorganisation group having essentially the same shareholders.

Liquidity and going concern

Net1 International and the Board of Directors work actively with, and has an ongoing process, to secure future financing for the Group. The process includes a number of options and partners.

From a liquidity perspective the Group have in May 2019 secured financing for the Indonesian business.

Based on the above, the Board confirms that the prerequisites for the going concern assumption exist and that the Group's consolidated 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.

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

At the disposal of the Annual General Meeting:	*NOK*
Net result for the year	48,859,764
Total	**48,859,764**

The Board proposes that this sum be distributed as follows:	*NOK*
To be carried forward	48,859,764
Total	**48,859,764**

Oslo, 3 June 2019

Jean Daniel Fouchard	Trygve Lauvdal	Jan Šebor
Chairman	*Board member*	*Board member*
Linus Jönsson	Amit Vithlani	
CEO	*CFO*	

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NOK thousands	*Note*	**2018 [1)]**
Service revenue		7,842
Other operating revenue		4,010
Total operating revenue	*5, 6*	**11,852**
Operating expenses	*7, 17, 18*	-83,319
Employee benefit expenses	*8*	-15,964
Depreciation and amortisation	*12, 13, 14*	-24,785
Total operating expenses		**-124,068**
Operating result		**-112,216**
Financial income	*10*	61,674
Financial expenses	*11*	-8,050
Financial items – net		**53,625**
Share of net profit from joint ventures	*14*	-157,433
Result before tax		**-216,024**
Income taxes	*9*	3,805
Net result for the period		**-212,219**
Items that may be subsequently reclassified to profit or loss:		
Translation differences on foreign operations		42,420
Total other comprehensive income		**42,420**
Total comprehensive income for the period		**-169,799**
Net result for the period attributable to:		
Equity holders of the Parent Company		-169,856
Non-controlling interests		-42,363
Net result for the period		**-212,219**
Total comprehensive income for the period attributable to:		
Equity holders of the Parent Company		-151,040
Non-controlling interests		-18,758
Total comprehensive income for the period		**-169,799**
Earnings per share (NOK), basic and diluted		-1.37

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NOK thousands	*Note*	**31 Dec 2018**
ASSETS		
Non-current assets		
Intangible assets		
Licences and similar rights		1,306,078
Other intangible assets		15,339
Total intangible assets	*12*	**1,321,417**
Tangible assets		
Technical equipment		135,183
Equipment and tools		617
Other tangible assets		3,285
Work in progress		67,477
Total tangible assets	*13*	**206,562**
Other non-current assets		
Shares and participations in joint ventures	*14*	-
Other financial assets	*16*	109,920
Total other non-current assets		**109,920**
Total non-current assets		**1,637,899**
Current assets		
Inventory	*17*	16,963
Trade receivables	*16, 18*	3,664
Other receivables	*16, 19*	29,508
Prepaid expenses and accrued income	*20*	7,524
Assets classified as held for sale	*13*	10,623
Total current receivables		**68,281**
Cash and cash equivalents	*16, 21*	2,565
Total current assets		**70,847**
TOTAL ASSETS		**1,708,745**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTD.)

NOK thousands	*Note*	**31 Dec 2018**
EQUITY		
Equity attributable to the owners of the Parent Company		
Share capital	*P6*	139,085
Reserves		554,273
Retained earnings		-169,856
Total		**523,502**
Equity attributable to non-controlling interests		392,014
Total equity		**915,516**
LIABILITIES		
Non-current liabilities		
Borrowings	*16, 21*	3,853
Subscription rights	*16, 22*	57,228
Other long-term liabilities	*16, 23*	20,266
Deferred tax liabilities	*9*	326,903
Provisions		5,086
Total non-current liabilities		**413,336**
Current liabilities		
Borrowings – current portion	*16, 21*	11,287
Trade payables	*16*	224,964
Other current liabilities	*16, 24*	35,600
Accrued expenses and deferred income	*16, 25*	108,042
Total current liabilities		**379,893**
TOTAL EQUITY AND LIABILITIES		**1,708,745**

The Board of Net1 International Holdings AS
Oslo, 3 June 2019

Jean Daniel Fouchard	Trygve Lauvdal	Jan Šebor
Chairman	*Board member*	*Board member*
Linus Jönsson	Amit Vithlani	
CEO	*CFO*	

CONSOLIDATED STATEMENTS OF CHANGE IN EQUITY

	Attributable to shareholders of the Parent 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 [3)]	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**

1) *Please see note P6 in the Parent company stand-alone financial statements for details on the share capital.*

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

3) *Please refer to note 4 for more information.*

CONSOLIDATED STATEMENTS OF CASH FLOWS

NOK thousands	*Note*	**2018** [1]
Result before tax		-216,024
Depreciation and amortisation of non-current assets	*12, 13, 14*	24,785
Change in provisions		-24,062
Results from participations in joint ventures	*14*	157,433
Fair value revaluation on subscription rights		-47,500
Other cash flow adjustments	*27*	7,774
Income tax paid		1
Cash flows before changes in working capital		**-97,592**
Change in inventory		-6,440
Change in current receivables		17,436
Change in current liabilities		66,049
Cash flows from changes in working capital		**77,045**
Cash flows from operating activities		**-20,547**
Investments in intangible assets	*12*	-354
Investments in tangible assets	*13*	-23,281
Proceeds from sale of tangible assets		5,104
Net cash flows from other financial assets [2]		-78,902
Interest received		2,730
Cash flows from investing activities		**-94,702**
Share capital increase	*P6*	115,573
Share capital reduction	*P6*	-30
Borrowings	*21*	-
Repayments	*21*	-12,462
Net cash flows from other liabilities		15,436
Interest paid, borrowings		-683
Cash flows from financing activities		**117,834**
Cash flow for the period		**2,586**
Cash and cash equivalents at the beginning of the period		30
Exchange rate difference in cash and cash equivalents		-51
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**2,565**

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

2) 'Net cash flows from other financial assets' includes the cash and cash equivalents transferred during the Reorganisation for NOK 44,545 thousand. Please refer to note 4.

NOTES TO THE FINANCIAL STATEMENTS

General information

Net1 International Holdings AS, previously Ice Group International AS, ('Net1' or the 'Company') was established in March 2018 in preparation of the de-merger of AINMT Holdings AB's non-Scandinavian operations. The de-merger was made effective on 4 September 2018, where the Company was the takeover party. Access Industries, the controlling party in the de-merger, is also the majority shareholder in the Company post de-merger. The Company is a holding company, currently with investments in telecommunications operations in Indonesia and the Philippines.

Net1'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 Company's investments in Indonesia and the Philippines, holds 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.

The Company has office premises in Oslo, Norway.

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

The consolidated financial statements for Net1 International Holdings AS have been prepared for the first time as of 31 December 2018.

Net1 International Holdings AS was originally incorporated as of 8 March 2018, initially named Ice Group International AS, renamed in July 2018 to Net1 International Holdings AS and then listed on Oslo OTC on 11 October 2018, under the ticker symbol 'NET1'. The company was formed in connection with the Reorganisation de-merger of Ice Group ASA and its, by then, top holding company AINMT Holdings AB.

This Annual Report has been prepared reflecting the Reorganisation as a common control transaction. The accounting impact of the Reorganisation is further discussed in note 4.

The consolidated financial statements for Net1 International Holdings AS 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.

New and changed accounting standards adopted 1 January 2018

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 company.

IFRS 9 Financial instruments

Net1 International has adopted IFRS 9 *Financial instruments* as from the formation of the company. IFRS 9 replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The new standard sets out new requirements for the accounting of financial instruments in the areas of classification, impairment and hedge accounting.

The implementation of IFRS 9 has had no material implementation effect in the Group's consolidated statement of financial position and statement of changes in equity. During 2018 the Group did not engage in hedge accounting and all material balances related to financial instruments were recognised at amortised cost. Financial assets are classified at amortised cost under IFRS 9 when these financial assets meet the criteria for the business model Hold to collect and payments of solely principal and interest (SPPI). Investments in equity instruments are held at fair value over profit or loss. In 2018 the Group applies an expected credit loss model (ECL) when calculating impairment losses on accounts receivable using the practical expedient in IFRS 9 of a lifetime ECL approach. All other financial assets are impaired using the 3-stage ECL approach.

IFRS 15 Revenues from contracts with customers

IFRS 15 Revenue from contracts with customers has been applied from the formation of the copmpany, and Net1 International has adopted the accounting principle for revenues from contracts with customers from that date.

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 2018 a number of standards and interpretations are not yet effective and which are applicable to the Group. A preliminary assessment of the effects from the standards that are considered relevant for the Group:

IFRS 16 Leases

IFRS 16 *Leases*, changes the accounting treatment of leases by lessees. The standard is effective from the year beginning on 1 January 2019. The new standard removes the classification of leases as operating leases or finance leases as is required by IAS 17 and, instead introduces a single accounting model. When the new standard is implemented, Net1 International's long-term operating leases will be recognised as non-current assets and financial liabilities in the consolidated statement of financial position. Instead of operating lease expenses, Net1 International will recognise depreciation and interest expenses in profit or loss.

Net1 International will apply the modified approach for transition to IFRS 16, meaning that comparatives for 2018 will not be restated. Right-of-use assets and liabilities will be measured at the same amount, taking into consideration prepayments and accruals recognised as of 31 December 2018.

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 will be affected by the implementation of IFRS 16 are:

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

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 main types of lease contracts to which the Group is party to are site leases and the lease of frequencies.

Net1 International 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 Net1 International 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 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.

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

IFRS 15 Revenue from contracts with customers has been applied from the formation of the company, and subsequently the Group has implemented the accounting principle for revenues from contracts with customers from that date.

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 Group divides the revenue into two categories in profit or loss: Service revenue and Other operating revenue.

- Mobile voice services are separate performance obligations and revenue is recognised as the service is being delivered. Revenue from Mobile voice services are reported within Service revenues.
- Mobile broadband services are separate performance obligations and revenue is recognised as the service is being delivered. Revenue from Mobile broadband services are reported within Service revenues.
- Mobile broadband routers are deemed to be separate performance obligations and revenue is recognised either at one point in time, if the customer buys the router, or over the contract period, if the customer rents the router. Revenue from routers are reported within Other revenue.
- Start-up fees are in all cases, not separate performance obligations and revenue is recognised with the delivered service for which the start-up fee belongs to is recognised. Start-up fees are reported either in Service revenue or Other revenue depending on what type of service they are related.
- Discounts are, in all material aspects, not recognised in their full effect in the period the discounts are given to the customer. The discount is proportionally allocated to all performance obligations (distinct goods/services delivered) in the contract and recognised when the underlying performance is recognised.

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 specification.

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.

Costs to obtain and fulfil customer contracts

Net1 International 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 company 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 22 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, Broadband Everywhere Corporation ('BEC') in the 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 venture's losses exceeds its interest in the 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.

As per year-end 2018, the group's investment in BEC was written down to zero.

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 is a lessee
The Group holds leases concerning cars, coffee machines, copiers and office premises. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of 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. Equipment acquired under finance leases is depreciated over the lease term. In cases it with reasonable certainty can be established that the ownership will be transferred to the lessee at the end of the lease term, the asset is depreciated applying the same economic period as for other assets of similar nature.

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). Net1 International has external debts denoted in USD and in NOK (see note 21 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, Net1 International 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 21 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 21 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	**2018**
Total gross borrowings (note 21)	15,140
Less cash and cash equivalents	-2,565
Net debt	**12,575**
Total equity	915,516
Total capital	**928,091**
Net Debt/Total capital ratio	1%

The loan with CIMB Niaga bank was fully repaid in May 2019.

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 Net1 International 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
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 9.5 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 7.7 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

In the Reorganisation and de-merger as described in note 4, the Company became the owner of the businesses in Indonesia and in the Philippines. The transaction was performed under common control and under the presumption of continuing values from the AINMT Holdings AB group.

From this transaction, the Group holds considerable values in the 450 MHz licence in Indonesia. The Indonesian subsidiary, PT Sampoerna Telekomunikasi 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 approx. 600 thousand by 2023 resulting in total revenues of approx. 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

Net1 International and the Board of Directors work actively with, and has an ongoing process, to secure future financing and the continuing business. The process includes a number of options and partners.

From a liquidity perspective, the Group has secured considerable financing of its businesses subsequent to the end of the period, see note 29.

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.

Note 4 – Establishment of Net1 International group

Net1 International Holdings AS, previously Ice Group International AS, ('Net1' or the 'Company') 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 BV ('Net1 BV') with subsidiaries (the 'International Business'). In the Reorganisation the Company became the majority shareholder of Net1 BV with subsidiaries (together 'Net1 Group', 'the Group' or 'Net1 International'). The de-merger was made effective on 4 September 2018, where the Company was the takeover party.

From Net1's perspective, the Reorganisation of AINMT Holdings AB and the de-merger with Ice Group ASA in practice was performed as below:

1) AINMT Holdings AB distributed its International Business to its shareholders by ways of a dividend in kind of its shares in Net1 International Holdings BV ('Net1 BV').

2) The Company made at the same time a new share issue to the same shareholders, except Ice Group ASA, who paid them with their shares of Net1 BV.

3) The de-merger with Ice Group ASA was completed whereby the ownership of its shares in Net1 BV was transferred to the Company.

The Reorganisation was conducted under common control where Access Industries, the controlling party in the de-merger, is also the majority shareholder in the Company post de-merger. This means that, for Net1 Group, the values from the International Business of AINMT Holdings AB group has been used in the Net1 consolidated financial statements.

Effect of the Reorganisation on the Group's equity:

	Attributable to shareholders of the Parent Company					
NOK thousands	Share capital	Share premium reserve	Retained earnings	Total	Non-controlling interest	**Total Equity**
As per 8 March 2018	**30**	**-**	**-**	**30**	**-**	**30**
Net result period	-	-	-169,856	-169,856	-42,363	-212,219
Other comprehensive income	-	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
Share capital increase company statement of parent	113,908	321,856	-	435,763	410,807	846,571
Adjustment to carry over basis for group accounts	-	121,931	-	121,931	-1,038	120,893
Other changes	-	1,276	-	1,276	1,002	2,278
As per 31 December 2018	**139,085**	**554,273**	**-169,856**	**523,502**	**392,014**	**915,516**

Assets and liabilities transferred during the Reorganisation:

NOK thousands	
Licences	1,244,871
Other intangible assets	16,146
Network equipment	122,796
Other tangible assets	87,671
Participation in joint-ventures	161,425
Other financial assets	2,343
Current receivables	69,489
Cash and cash equivalents	44,545
Non-current interest-bearing liabilities	-162,169
Provisions	-7,007
Deferred tax liabilities	-311,218
Current liabilities	-301,431
Net assets	**967,464**
Investment in the Company's books	846,571
Equity effect, Reorganisation	**120,893**

Note 5 – Segment information

The segment information is reported in accordance with the reporting to Group Executive Management (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 2018 Net1 International reports only Indonesia as segment, as the operation in the Philippines is a JV 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 JV 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	**2018**
Operating result	**-112,216**
Depreciation & amortisation	24,785
EBITDA	**-87,431**

Note 6 – Revenue by type

NOK thousands	**2018**
Revenue from sale of communication services	7,842
Revenue from sale of customer premises equipment	2,845
Other operational revenue	1,165
Total revenues	**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.

CPE revenue is mainly related to sale of routers and accessories (antennas, batteries etc) and in 2018 also introducing Smartphone handsets.

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

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:

NOK thousands	**Indonesia** Service revenue	**Indonesia** Other revenue	**2018**
Revenue from external customer	7,842	4,010	**11,852**
Timing of revenue recognition:			
At a point in time	7,829	4,010	**11,839**
Over time	13	-	**13**

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

Note 7 – Operating expenses and auditors fees

Operating expenses	**2018**
Cost of goods sold	-9,365
Sites and premises leases	-34,056
Network costs	-8,183
Frequency licence fees	-19,302
Reversal of provision for frequency spectrum usage fee	27,293
Other operating expenses	-39,706
Total	**-83,319**

Auditors fees	**2018**
PwC	**433**
Audit assignment	330
Other assurance services	103
Tax advisory	-
Other advisory services	-
Other elected audit firms for the Group	**510**
Audit assignment	510
Total	**943**

Audit assignments involve examination of the annual accounts and the Board and the CEO, other tasks 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. Everything else is secondary. All amounts are excluding VAT.

Note 8 – Employees

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

Employee benefit expenses	**2018**
Salaries and other remuneration	-13,745
Social security contributions	-494
Post-employment benefits[1)] and other personnel related expenses	-1,725
Total	**-15,964**

1) The Group has only defined employee benefits obligations.

Remuneration and consulting fees earned - Senior executives	Base salary	Bonus	Other benefits	Pension benefit	**2018 Total**
J.D. Fouchard / Chairman of the Board	-	-	1,196	-	**1,196**
Linus Jönsson / CEO	-	-	491	-	**491**
Amit Vithlani / CFO	-	-	561	-	**561**
Estelle Overs / General counsel	-	-	345	-	**345**
Total	-	-	**2,594**	-	**2,594**

None of the senior executives are employed by the Group. All remunerations are consulting fees.
The Board of Directors consist of 3 persons. No separate Board fee has been paid to the Board members

Shareholdings

The Company's shares are traded at Oslo OTC under the ticker 'NET1'. As per 31 December 2018 the share holdings were distributed as follows (direct and indirect holdings):

Shareholders	Dec 2018 Shares	Dec 2018 Ownership %
More than 5% shareholdings		
Access Industries	80,744,293	52.3
Rasmussengruppen	36,763,904	23.8
Jörg Mohaupt	8,679,886	5.6
Board of Directors and management shareholdings		
Jean Daniel Fouchard	1,478,573	1.0
Trygve Lauvdal	5,000	0.0
Amit Vithlani	38,015	0.0
Linus Jönsson	51,944	0.0
Other investors (less than 5% holdings each)	26,777,194	17.3
Total	**154,538,809**	**100.0**

Note 9 – Taxes

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

Reconciliation of effective tax	**2018**
Result before tax	-216,024
Income tax calculated at applicable tax rate of the Parent Company	49,686
Difference in tax rates in foreign operations [1]	5,316
Tax effects from:	
- Effect of changes in tax rates	17
- Non-capitalised unused tax losses	-51,214
Total tax	**3,805**

1) *The Group complies with applicable tax laws in Norway, the Netherlands, Indonesia and Brazil. Applicable corporate tax rates are 23% in Norway, 25% in the Netherlands and in Indonesia and 34% in Brazil. The corporate tax rate in Norway has changed in Norway to 22% as from 1 January 2019.*

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

Deferred tax assets	
Closing carrying amount	**-**

Deferred tax liabilities	
Effect of the Reorganisation [1]	-311,218
Changes recognised as income in the statement of income	3,805
Currency translation differences	-19,490
Closing carrying amount	**-326,903**
Whereof attributable to non-current assets	-326,520
Whereof attributable to permanent differences	-384
Net deferred taxes presented in the statement of financial positions	**-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	**2018**
2019	-
2020	10
2021	171,283
2022	251,744
2023	301,232
2024 and later	29,716
No expiration date	12,327
Total tax losses carried forward	**766,312**
Of which deferred tax assets have not been recognised	**766,312**

Note 10 – Financial income

NOK thousands	**2018**
Interest income	2,593
Foreign exchange gain, net	10,445
Fair value revaluation of subscription rights [1]	47,500
Other financial income	1,137
Total	**61,674**

1) *Please also see note 22.*

Note 11 – Financial expenses

NOK thousands	**2018**
Interest expenses	-683
Other financial expenses	-7,366
Total	**-8,050**

Note 12 – Intangible assets

NOK thousands	Licences and similar rights	Other intangible assets	**Total**
Accumulated acquisition value	-	-	-
Accumulated amortisation	-	-	-
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**

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

Other intangible assets mainly consist of software.

Note 13 – Tangible assets

NOK thousands	Technical equipment	Equipment and tools	Other tangible assets	Work in progress	Total
Accumulated acquisition value	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Carrying value 8 March 2018	-	-	-	-	-
Changes during the period					
Effect of the Reorganisation 1)	122,796	387	3,168	84,116	210,468
Investments	20,725	330	79	41,358	62,492
Disposals / write-downs	-609	-	-	-	-609
Reclassifications, net	-10,623	-	-	-65,535	-76,158
Depreciation	-5,657	-135	-158	-	-5,950
Currency translation differences	8,551	35	196	7,538	16,320
Closing carrying value	**135,183**	**617**	**3,285**	**67,477**	**206,562**
Accumulated acquisition value	164,220	17,190	3,822	67,477	252,710
Accumulated depreciation	-29,037	-16,573	-537	-	-46,148
Carrying value 31 Dec 2018	**135,183**	**617**	**3,285**	**67,477**	**206,562**

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

Work in progress by 31 December 2018 consists primarily of installation of telecommunication network, equipment and infrastructure.

NOK 10,623 thousand of technical equipment are reclassified to Assets held for sale, which are constituted of 38 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 2018.

Note 14 – Investments in 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 Corporation ('THC') holds the remaining 60% of Broadband Everywhere Corp. ('BEC'), meaning that the group's direct and indirect economic interest in BEC calculates to 52%.

	2018		
Result from shares in joint ventures	Broadband Everywhere Corp.	Textron Holdings Corp.	**Total**
Net result in joint ventures	-17,720	-8	**-17,728**
Direct economic interest	40%	20%	
Participation in result of joint ventures	-9,214	-2	**-9,216**
Net result	-9,214	-2	**-9,216**
Impairment of shares	-111,615	-36,602	**-148,217**
Total result of shares in joint ventures	**-120,829**	**-36,604**	**-157,433**

Extracts from the balance sheet of joint ventures	31 Dec 2018 Broadband Everywhere Corp.	Textron Holdings Corp.
Net sales	1,957	-
Operating result	-25,104	-12
Net result	-23,147	-12

Extracts from the balance sheet of joint ventures	31 Dec 2018 Broadband Everywhere Corp.	Textron Holdings Corp.
Total assets	178,322	198,661
Equity	164,130	198,643
Total liabilities	14,192	19
Total equity and liabilities	178,322	198,661

Shares in joint ventures **Acquisition value**	Broadband Everywhere. Corp	Textron Holdings Corp.	**Total**
Effect of the Reorganisation [1]	124,290	37,135	**161,425**
Share of result for the period	-9,214	-2	**-9,216**
Impairment of shares	-111,615	-36,602	**-148,217**
Translation difference	-3,461	-531	**-3,992**
Total shares in joint ventures as at 31 December 2018	-	-	-

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

Note 15 – Investments in subsidiaries, Joint Ventures

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

	Corporate identity no	Registered office	Ownership	Number of shares
Direct holdings				
Net1 International Holdings BV	62871102	Amsterdam, The Netherlands	100%	253,128,122
Indirect holdings				
Mobile Internet Holdings BV	62866788	Amsterdam, The Netherlands	56%	9,710,002
Net1 Philippines Holdings BV	62870912	Amsterdam, The Netherlands	100%	11,000
Net1 LATAM Holdings BV	62871102	Amsterdam, The Netherlands	100%	1
Ice Group Holdings Ltda	15.271.183 /0001-57	Sao Paulo, Brazil	100%	248,540
Ice Group Telecomunicações Ltda	15.321.957 /0001-07	Sao Paulo, Brazil	100%	95,000
PT Sampoerna Telekomunikasi Indonesia	09.03.1.61. 22069.	Jakarta, Indonesia	65%	28,923,463,981
Other companies				
Broadband Everywhere Corp.	88589	Manila, The Philippines	40%	6,666,664
Textron Holdings Corp. [1]	A200012904	Manila, The Philippines	20%	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

NOK thousands	31 Dec 2018
Financial assets at amortised costs	
Other financial assets – loan to Ice Group ASA	109,920
Trade receivables	3,664
Other receivables	8,749
Cash and cash equivalents	2,565
Total	**124,898**
Financial liability at fair value	
Subscription rights	57,228
Financial liability at amortised cost	
Borrowings	3,853
Other long-term liabilities	20,266
Borrowings – current portion	11,287
Trade payables	224,964
Other current liabilities	27,442
Accrued expenses and deferred income	88,897
Total	**433,938**

Note 17 – Inventory and Costs of goods sold

The inventory comprises of finished goods and amounted to NOK 16,963 thousand. The cost of inventories recognised as an expense, cost of goods sold, in profit or loss amounted to NOK -9,365 thousand. Cost of goods sold is included in profit or loss on the line 'Operating expenses'.

Note 18 – Trade receivables

NOK thousands	31 Dec 2018
Trade receivables	29,028
Less provision for bad debts[1]	-25,364
Trade receivables – net[1]	**3,664**

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

At the beginning of the period, Net1 International Holdings AS 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 2018 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.

	31 Dec 2018	
Aging analysis of trade receivables	**Gross**	**Net**
Trade receivables not due	920	883
Trade receivables past due	28,108	2,780
of which less than 30 days	*999*	*959*
of which 30-180 days	*1,923*	*1,769*
of which more than 180 days	*25,186*	*51*
Total accounts receivable	**29,028**	**3,664**

Specification of provision for bad debt	2018
Opening balance	-
Effect of the Reorganisation [1]	-22,409
Change during the period	-1,458
Currency effects	-1,497
Loss allowance as at 31 December	**-25,364**
Realised losses for the period	-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 2018**
VAT receivable	22,179
Other receivables	7,329
Total	**29,508**

Note 20 – Prepaid expenses and accrued income

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

Note 21 – Borrowings

NOK thousands	**31 Dec 2018**
Non-current borrowings (see also note 1)	
AINMT Holdings AB loan	3,853
Current borrowings (see also note 1)	
Bank loan - Indonesia	11,287
Total borrowings	**15,140**
Cash and cash equivalents	-2,565
Net debt	**12,575**

Bank loan - Indonesia

The Indonesian subsidiary has bank loan facilities from PT Bank CIMB Niaga Tbk ('Niaga Bank'). The loan maturity is 10 years starting from 26 March 2014 including a two-year grace period. The interest rate is set at Lembaga Penjamin Simpanan ('LPS') rate +3.5%.

The loan was fully repaid in May 2019.

Note 22 – Subscription rights

On 22 August 2018, the Company issued 52,699,940 subscription rights to Rasmussengruppen AS ('RG'). 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 successful de-merger (completed at 4 September 2018) but no later than 31 December 2021. 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 RG.

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 2018, the subscription rights fair value was NOK 57.2 million, recognising the decrease of the value of NOK 47.5 million over the profit and loss as a financial income.

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 23 – Other long-term liabilities

Other long-term liabilities are constituted of a shareholder loan in Indonesia. This liability doesn't have any interest nor firm maturity date.

Note 24 – Other current liabilities

NOK thousands	**31 Dec 2018**
VAT liability	8,132
Other payables	27,469
Total	**35,600**

Note 25 – Accrued expenses and deferred income

NOK thousands	**31 Dec 2018**
Accrued personnel related expenses	708
Accrued expenses on capital expenditures	6,742
Other accrued expenses	81,447
Deferred revenue	19,145
Total	**108,042**

Note 26 – Pledges and other contractual commitments

The bank loan facilities in Indonesia are secured by:
- 50% of the Company's existing share capital;
- Account receivables;
- Land, tower infrastructure and network assets with value equivalent to 110% of the total outstanding loan amount;
- Funds held in Bank CIMB Niaga accounts including Debt Service Reserve Account, escrow and operational accounts;
- Letter of undertaking from shareholders proportionally and severally.

During the period, the Company obtained a consent letter from Bank CIMB Niaga in relation to the release of certain fiducia collateral and the partial settlement of bank loan through sales of telecommunication towers.

The loan to CIMB Niaga was fully repaid in May 2019.

Note 27 – Other cash flow adjustments

NOK thousands	**2018**
Currency related adjustments	11,592
Non-operating cash flows	-3,818
Total	**7,774**

Note 28 – Transactions with related parties

- As per 31 December 2018 the Company has an outstanding loan receivable to Ice Group ASA of NOK 110 million and an outstanding loan payable to AINMT Holdings AB of NOK 4 million, both parties relating to the Pre-Reorganisation group having essentially the same shareholders.

- The company has subscription rights issued to Rasmussengruppen AS, please refer to note 22.

- After year-end, the company has entered into a USD 10 million loan agreement with Rasmussengruppen, please see note 29.

Note 29 – Subsequent events

Significant events after year-end are mainly related to financing of the Group:

- In January 2019, the Company and its Indonesian subsidiary, respectively, received a USD 10 million shareholder loan from Rasmussengruppen AS ('RG') and a USD 5 million loan from Sampoerna Agri Resources ('SAR'). Both loans were interest free. As consideration for advancing the loans, RG was allocated 48.2 million warrants whilst SAR 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 of USD 10 million and USD 5 million respectively were settled by conversion into shares as part of the Rights Issue which closed on 15 May 2019.
- On 16 January 2019, an agreement was made with the 44% minority investors in Indonesia, Sampoerna & Polaris, to purchase their shares and pay with new issued shares from the Company. The agreement was closed on 15 May 2019 and consequently the Company issued approx. 86 million new shares and now owns 100% of the economic interests of STI. The transaction therefore reduced the minority interest in Indonesia previously reflected in our financial statements.
- The Company completed the buy-back of approx. 4 million shares on 15 May 2019 from AINMT Holdings AB.
- The Company subsequently sold these approx. 4 million shares to RG in exchange for the cancellation of approx. 8 million RG warrants. In addition, warrants totalling approx. 34.6 million held by RG had an adjustment to the strike price from USD 0.97 a warrant to USD 0.57 a warrant. These warrants expire in December 2021.
- The total warrants issued by the Company and outstanding on the date of this report are approx. 82.8 million held by RG and 24.1 million held by SAR.
- In May 2019, the Group successfully completed a 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's Indonesian subsidiary.
- In May 2019, the Group's subsidiary Mobile Internet Holdings BV ('MIH') entered into a USD 40 million debt facility with Gemcorp Capital LLP to finance the growth in Indonesia.
- The loan to Ice Group ASA was settled in May 2019.
- A restructuring of holding companies structure resulted in Net1's Philippines investment being moved into a separate holding company structure from Indonesia. The restructuring was a requirement of the financing facility with Gemcorp Capital LLP. 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 greater than the value reflected in the financial statements. As far as the investment in Philippines is concerned, following a review of the asset arising from the restructuring, the value of the investment has been written down to zero. Overall, it is Management's belief that the greater value of the Indonesian asset offsets the write-down taken in the Philippines.

Note 30 – Risks and factors of uncertainty

Net1 International 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. Net1 International 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 Net1 International's current or future operations. Net1 International divides the risks into related to the *Industry* in which the Company operates, risk related to the *Operations* of the Group and risks related to *Financing* of the business.

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, 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. In Indonesia, the Group is upgrading its telecommunication services from CDMA to Long-Term Evolution technology ('LTE') which is the fourth-generation standard ('4G') for wireless communication of high-speed data.

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 Government 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 Government's 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.

Our reliance on third party suppliers exposes us 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.

Financial risks

The financial risks are described in note 2.

Note 31 – Definitions

ARPU	Average monthly Revenue Per User.
Churn	The number of lost subscriptions expressed as a percentage of the average number of subscriptions.
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.

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

NOK thousands	*Note*	**2018**
Revenue		-
Operating expenses	*P3*	-14,133
Operating result		**-14,133**
Net financial items	*P2*	**63,377**
Operating result before tax		**49,243**
Income tax	*P7*	-384
Net result for the period [1]		**48,860**

1) Net result corresponds to total comprehensive income

PARENT COMPANY BALANCE SHEET

NOK thousands	*Note*	31 Dec 2018
ASSETS		
Investments in Group companies	P5	846,571
Loans to Group companies	P4	122,594
Other loans	P4	107,410
Total non-current assets		**1,076,575**
Current receivables from Group companies	P4	6,639
Accrued interest		2,485
Total current receivables		**9,125**
Cash and cash equivalents		76
Total current assets		**9,200**
TOTAL ASSETS		**1,085,775**
EQUITY AND LIABILITIES		
Share capital		139,085
Share premium reserve		823,059
Retained earnings		48,860
Total equity	P6	**1,011,003**
Subscription rights	P8	57,228
Provisions for deferred tax	P7	384
Total non-current liabilities		**57,612**
Trade payables		14,011
Other current liabilities		3,149
Total current liabilities		**17,160**
Total liabilities		**74,772**
TOTAL EQUITY AND LIABILITIES		**1,085,775**

The Board of Net1 International Holdings AS
Oslo, 3 June 2019

Jean Daniel Fouchard — *Chairman*
Trygve Lauvdal — *Board member*
Jan Šebor — *Board member*

Linus Jönsson — *CEO*
Amit Vithlani — *CFO*

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**

PARENT COMPANY CASH FLOWS

NOK thousands	Note	2018
Profit before tax		49,243
Non-operating cash items		-6,611
Other non-cash adjustments		-56,153
Cash flows before changes in working capital		**-13,520**
Change in current receivables		-9,125
Change in current liabilities		17,160
Cash flows from changes in working capital		**8,035**
Cash flows from operating activities		**-5,485**
Net cash flows from other financial assets		-116,623
Interest received		6,627
Cash flows from investing activities		**-109,996**
Share capital increase		115,573
Share capital reduction		-30
Interest payments on borrowings		-16
Cash flows from financing activities		**115,527**
Cash flow for the period		**46**
Cash and cash equivalents at the beginning of the period		30
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**76**

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

P1 - Accounting principles

The Parent 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.

The Group's explanation of its accounting policies also applies to the Parent Company, see note 2 of the Group's consolidated financial statements.

Critical accounting estimates and assessments in applying the Group's accounting policies is mainly related to the valuation of assets; valuation of licences in Indonesia. See also note 3 in the Group's consolidated financial statements.

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	**2018**
Interest income from Group companies	4,135
Interest income	2,492
Fair value revaluation of subscription rights	47,500
Foreign exchange gain, net	9,266
Interest expense	-16
Total	**63,377**

Note P3 – Fees and other remuneration to auditors

Expensed audit fees	**2018**
Statutory audit	181
Assurance services	103
Other assignments	-
Tax advisory fees	-
Total	**284**

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

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

	31 Dec 2018	
NOK thousands	**Non-current**	**Current**
Assets		
Loans to subsidiaries	122,594	-
Loan to related party presented in Other loans	107,410	-
Accrued interest to subsidiaries in Current receivables from Group companies	-	4,304
Other short-term receivables in Current receivables from Group companies	-	2,335
Accrued interest to related party presented in Accrued interest	-	2,485
Total	**230,004**	**9,125**
Liabilities		
Trade payables to Group companies	-	-
Total	-	-

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

	Corporate identity no	Registered office	Ownership	Number of shares	Equity per 31 Dec 2018
Subsidiary					
Net1 International Holdings BV	62871102	Amsterdam, The Netherlands	100%	253,128,122	878,745
Total					**878,745**

Please see the Group's note 15 for the full list of the Company's indirect holdings.

NOK thousands	**2018**
Opening balance 8 March 2018	-
Acquired shares through contribution in kind	846,571
As per 31 December 2018	**846,571**

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**

[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 BV.

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

For shareholdings of the Company, please refer to note 8 in the Group's consolidated financial statements.

Note P7 – Taxes

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

Reconciliation of tax expense	**2018**
Income before tax	49,243
Permanent differences	-47,500
Change in temporary differences	-10,183
Change loss carried forward	8,440
Taxable income	-

Numerical reconciliation of effective tax rate	2018
Profit before income tax	49,243
Tax rate	23%
Prima facie tax payable	-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
Non-capitalised unused tax losses	10,925
Income tax expense	-384
Effective tax rate	**-1%**

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

Deferred tax assets	
Closing carrying amount	-

Deferred tax liabilities	
Opening carrying amount	-
Changes recognised as income in the statement of income	-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 2 million related to losses of NOK 8 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

Please refer to note 22 in the Group's consolidated financial statements.

Note P9 – Pledges and securities

The company has no pledges by itself, please refer to note 26 in the Group's consolidated financial statements for pledges of the Group.