



## ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2018 - GENERELL INFORMASJON

### Enheten

Organisasjonsnummer:	985 968 098
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	NEXTGENTEL HOLDING AS
Forretningsadresse:	Harbitzalléen 2A 0275 OSLO

### Regnskapsår

Årsregnskapets periode:	01.01.2018 - 31.12.2018
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### Konsern

Mørselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

### Regnskapsregler

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

### Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Eirik Lunde
Dato for fastsettelse av årsregnskapet:	12.06.2019

### 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, 31.10.2020



## Resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	1	4 757 000	4 358 000
<b>Sum inntekter</b>		<b>4 757 000</b>	<b>4 358 000</b>
<b>Kostnader</b>			
Lønnskostnad	2	1 067 000	0
Annen driftskostnad	3	3 520 000	9 791 000
<b>Sum kostnader</b>		<b>4 587 000</b>	<b>9 791 000</b>
<b>Driftsresultat</b>		<b>170 000</b>	<b>-5 433 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	4	188 555 000	22 286 000
<b>Sum finansinntekter</b>		<b>188 555 000</b>	<b>22 286 000</b>
Annen finanskostnad	4	17 683 000	41 308 000
<b>Sum finanskostnader</b>		<b>17 683 000</b>	<b>41 308 000</b>
<b>Netto finans</b>		<b>170 872 000</b>	<b>-19 022 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>171 042 000</b>	<b>-24 455 000</b>
Skattekostnad på ordinært resultat	6	2 868 000	31 011 000
<b>Ordinært resultat etter skattekostnad</b>		<b>168 174 000</b>	<b>-55 466 000</b>
<b>Årsresultat</b>		<b>168 174 000</b>	<b>-55 466 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		168 173 000	-55 466 000
<b>Sum overføringer og disponeringer</b>		<b>168 173 000</b>	<b>-55 466 000</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Utsatt skattefordel	5	175 000	689 000
<b>Sum immaterielle eiendeler</b>		<b>175 000</b>	<b>689 000</b>
<b>Finansielle anleggsmidler</b>			
Investering i datterselskap	7	469 820 000	469 773 000
<b>Sum finansielle anleggsmidler</b>		<b>469 820 000</b>	<b>469 773 000</b>
<b>Sum anleggsmidler</b>		<b>469 995 000</b>	<b>470 462 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Andre fordringer		964 000	711 000
Konsernfordringer	12	163 684 000	2 045 000
<b>Sum fordringer</b>		<b>164 648 000</b>	<b>2 756 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	7,12	56 334 000	2 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>56 334 000</b>	<b>2 000</b>
<b>Sum omløpsmidler</b>		<b>220 982 000</b>	<b>2 758 000</b>
<b>SUM EIENDELER</b>		<b>690 977 000</b>	<b>473 220 000</b>
<b>BALANSE - EGENKAPITAL OG GJELD</b>			
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	9,1	2 309 000	2 301 000
Overkurs	9	110 976 000	110 976 000
<b>Sum innskutt egenkapital</b>		<b>113 285 000</b>	<b>113 277 000</b>



## Balanse

Beløp i: NOK	Note	2018	2017
<b>Opptjent egenkapital</b>			
Annen egenkapital	9	205 176 000	82 126 000
<b>Sum opptjent egenkapital</b>		<b>205 176 000</b>	<b>82 126 000</b>
<b>Sum egenkapital</b>		<b>318 461 000</b>	<b>195 403 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Andre avsetninger for forpliktelser	15		795 000
<b>Sum avsetninger for forpliktelser</b>			<b>795 000</b>
<b>Annen langsiktig gjeld</b>			
Ansvarlig lånekapital	4		1 436 000
<b>Sum annen langsiktig gjeld</b>			<b>1 436 000</b>
<b>Sum langsiktig gjeld</b>		<b>0</b>	<b>2 231 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	13		173 692 000
Leverandørgjeld	12	962 000	1 929 000
Betalbar skatt	6	2 486 000	30 959 000
Konsernintern gjeld	12	367 625 000	66 579 000
Annen kortsiktig gjeld	11	1 445 000	2 427 000
<b>Sum kortsiktig gjeld</b>		<b>372 518 000</b>	<b>275 586 000</b>
<b>Sum gjeld</b>		<b>372 518 000</b>	<b>277 817 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>690 979 000</b>	<b>473 220 000</b>



## Konsernets resultatregnskap

Beløp i: NOK	Note	2018	2017
<b>RESULTATREGNSKAP</b>			
<b>Inntekter</b>			
Salgsinntekt	16	875 649 000	1 047 614 000
Annen driftsinntekt	25	86 570 000	0
<b>Sum inntekter</b>		<b>962 219 000</b>	<b>1 047 614 000</b>
<b>Kostnader</b>			
Varekostnad		484 993 000	577 545 000
Lønnskostnad	17	159 069 000	188 435 000
Avskrivning på varige driftsmidler og immaterielle eiendeler	6,7	95 689 000	155 680 000
Annen driftskostnad	18	130 286 000	141 493 000
<b>Sum kostnader</b>		<b>870 037 000</b>	<b>1 063 153 000</b>
<b>Driftsresultat</b>		<b>92 182 000</b>	<b>-15 539 000</b>
<b>Finansinntekter og finanskostnader</b>			
Annen finansinntekt	19	5 226 000	2 464 000
<b>Sum finansinntekter</b>		<b>5 226 000</b>	<b>2 464 000</b>
Annen finanskostnad	19	10 486 000	14 953 000
<b>Sum finanskostnader</b>		<b>10 486 000</b>	<b>14 953 000</b>
<b>Netto finans</b>		<b>-5 260 000</b>	<b>-12 489 000</b>
<b>Ordinært resultat før skattekostnad</b>		<b>86 922 000</b>	<b>-28 028 000</b>
Skattekostnad på ordinært resultat	14	19 802 000	23 353 000
<b>Ordinært resultat etter skattekostnad</b>		<b>67 120 000</b>	<b>-51 381 000</b>
<b>Årsresultat</b>		<b>67 120 000</b>	<b>-51 381 000</b>
Gevinst	26	120 696 000	-11 750 000
Sum resultatkomponenter for IFRS-foretak		120 696 000	-11 750 000
<b>Totalresultat</b>		<b>187 816 000</b>	<b>-63 131 000</b>
<b>Overføringer og disponeringer</b>			
Overføringer til/fra annen egenkapital		187 816 000	-63 131 000



## Konsernets resultatregnskap

<b>Beløp i: NOK</b>	<b>Note</b>	<b>2018</b>	<b>2017</b>
Sum overføringer og disponeringer		187 816 000	-63 131 000



### Konsernets balanse

Beløp i: NOK	Note	2018	2017
<b>BALANSE - EIENDELER</b>			
<b>Anleggsmidler</b>			
<b>Immaterielle eiendeler</b>			
Konsesjoner, patenter, lisenser, varemerker og lignende rettigheter	7	84 957 000	141 266 000
Utsatt skattefordel	14	18 374 000	22 035 000
Goodwill	7	67 099 000	132 672 000
<b>Sum immaterielle eiendeler</b>		<b>170 430 000</b>	<b>295 973 000</b>
<b>Varige driftsmidler</b>			
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	6	69 700 000	151 652 000
<b>Sum varige driftsmidler</b>		<b>69 700 000</b>	<b>151 652 000</b>
<b>Finansielle anleggsmidler</b>			
Andre fordringer	2	34 743 000	46 074 000
<b>Sum finansielle anleggsmidler</b>		<b>34 743 000</b>	<b>46 074 000</b>
<b>Sum anleggsmidler</b>		<b>274 873 000</b>	<b>493 699 000</b>
<b>Omløpsmidler</b>			
<b>Varer</b>			
<b>Fordringer</b>			
Kundefordringer	8,23	181 559 000	201 569 000
<b>Sum fordringer</b>		<b>181 559 000</b>	<b>201 569 000</b>
<b>Bankinnskudd, kontanter og lignende</b>			
Bankinnskudd, kontanter og lignende	9,23	86 087 000	17 821 000
<b>Sum bankinnskudd, kontanter og lignende</b>		<b>86 087 000</b>	<b>17 821 000</b>
<b>Sum omløpsmidler</b>		<b>267 646 000</b>	<b>219 390 000</b>
<b>SUM EIENDELER</b>		<b>542 519 000</b>	<b>713 089 000</b>

### BALANSE - EGENKAPITAL OG GJELD



## Konsernets balanse

Beløp i: NOK	Note	2018	2017
<b>Egenkapital</b>			
<b>Innskutt egenkapital</b>			
Selskapskapital	10	2 308 000	2 301 000
Overkurs		122 292 000	121 325 000
Annen innskutt egenkapital		-295 000	-403 000
<b>Sum innskutt egenkapital</b>		<b>124 305 000</b>	<b>123 223 000</b>
<b>Opptjent egenkapital</b>			
Annen egenkapital		147 881 000	6 233 000
<b>Sum opptjent egenkapital</b>		<b>147 881 000</b>	<b>6 233 000</b>
<b>Sum egenkapital</b>		<b>272 186 000</b>	<b>129 456 000</b>
<b>Gjeld</b>			
<b>Langsiktig gjeld</b>			
Utsatt skatt	14	7 177 000	19 911 000
<b>Sum avsetninger for forpliktelser</b>		<b>7 177 000</b>	<b>19 911 000</b>
<b>Annen langsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	12,13	9 708 000	25 416 000
Øvrig langsiktig gjeld		2 150 000	0
<b>Sum annen langsiktig gjeld</b>		<b>11 858 000</b>	<b>25 416 000</b>
<b>Sum langsiktig gjeld</b>		<b>19 035 000</b>	<b>45 327 000</b>
<b>Kortsiktig gjeld</b>			
Gjeld til kredittinstitusjoner	12,13	17 542 000	216 401 000
Leverandørgjeld	11	110 887 000	225 229 000
Betalbar skatt	14	20 028 000	31 792 000
Annen kortsiktig gjeld	15	102 842 000	64 885 000
<b>Sum kortsiktig gjeld</b>		<b>251 299 000</b>	<b>538 307 000</b>
<b>Sum gjeld</b>		<b>270 334 000</b>	<b>583 634 000</b>
<b>SUM EGENKAPITAL OG GJELD</b>		<b>542 520 000</b>	<b>713 090 000</b>



## Skattedirektoratet

Saksbehandler	Deres dato	Vår dato
Jan Hoelstad	11.02.2011	16.02.2011
Telefon	Deres referanse	Vår referanse
22077325	Tom Nøttveit	2011/158781

Telio Holding ASA  
Postboks 54, Skøyen  
0212 OSLO

### Dispensasjon fra kravet om utarbeidelse av årsregnskap og årsberetning på norsk språk for Telio Holding ASA, org. nr: 985 968 098

Det vises til deres brev av 11. februar 2011 samt e-post av 15. februar 2011 med supplerende opplysninger i sakens anledning. Det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Telio Holding ASA.

#### Bakgrunn

Telio Holding ASA er et rent holdingselskap med datterselskap i Sveits, Nederland, Sverige, Danmark og Norge. Konsernet er leverandør av bredbåndstelefoner (kommunikasjonsløsninger.) Selskapet har et nært samarbeide med teknologileverandører av hard- og software fra over hele verden. I holdingselskapet er det ansatt kun to personer som begge sitter i konsernledelsen. Konsernets arbeidsspråk er engelsk. I konsernledelse og styre er det normalt enkelte medlemmer som ikke er norsk språklig. All operativ drift skjer i selskapets datterselskap hvorav de norske datterselskapene fortsatt vil avlegge årsregnskap og årsberetning på norsk. Det er datterselskapene som forestår salg til konsernets kunder. Selskapet har ingen større norske kreditorer p.t.

Selskapet er notert på Oslo Børs, men er innvilget dispensasjon fra krav om norsk språk ved rapportering jmfør verdipapirhandelloven § 5-13. Det er opplyst at omkring 40 % av selskapets aksjer er på utenlandske hender. Generelt er det opplyst at aksjene til selskapet i hovedsak innehas av profesjonelle investorer.

Selskapet utarbeider og benytter en engelsk språklig versjon av årsregnskap og årsberetning alt i dag. Dette er begrunnet i den internasjonale aktivitet som er beskrevet ovenfor. Selskapet mener at alle sentrale interessenter til selskapets regnskap behersker og benytter engelsk språk, og at en norsk versjon derfor ikke gir noen vesentlig økt nytte. Det søkes derfor om dispensasjon.

#### Skattedirektoratets vurdering og konklusjon

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

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

*”Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører*

Postadresse	Besøksadresse	Sentralbord
Postboks 9200 Grønland	Se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>	800 80 000
0134 Oslo	Org. nr: 996250318	Telefaks
For elektronisk henvendelse se <a href="http://www.skatteetaten.no">www.skatteetaten.no</a>		22 17 08 60



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

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

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


Som nevnt ovenfor er det særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. Selskapet er holdingselskap for en virksomhet som både skjer internasjonalt og i Norge. Engelsk språk benyttes både internt som arbeidsspråk og eksternt. Operativ virksomhet i Norge skjer fra datterselskap som fortsatt vil avlegge årsregnskap og årsberetning på norsk. Selskapet er innvilget dispensasjon fra verdipapirhandelloven § 5-13 av Oslo Børs, og en betydelig del av selskapets aksjonærer er utenlandske og/eller profesjonelle investorer.

Skattedirektoratet gir på bakgrunn av en helhetsvurdering Telio Holding ASA dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd.

Dispensasjonen forutsetter at engelsk språk benyttes i stedet ved utarbeidelsen, og at øvrige opplysninger som vedtaket baserer seg på, heller ikke endres vesentlig.

Vennligst oppgi vår referanse ved henvendelser i anledning saken.

Med hilsen

  
Torstein Kinden Helleland  
seniorrådgiver  
Rettsavdelingen, foretaksskatt  
Skattedirektoratet

  
Jan Hoelstad



NextGenTel Holding ASA

Annual Report 2018





## Board of Directors' Report 2018 NextGenTel Holding ASA

The NextGenTel Group's activities, as stated in the articles of association, are to develop and sell IP based services and communications solutions, operate consultancy activities and participate in other enterprises.

The NextGenTel Group has operations in Norway, Denmark, Switzerland and the Netherlands, where Norway is the dominating market currently representing 96% of total revenues. The largest entity in the Group is NextGenTel AS. In 2018, the NextGenTel Group provided services under both the NextGenTel and Telio brands to end users in addition to Kvantel (first half) and Proximo for the corporate market in Norway, and through the Telio brand in Denmark and Switzerland. In the Netherlands, distribution is arranged through 'white label' agreements under local brands.

### *The Norwegian operation*

NextGenTel provides broadband and broadband services adapted to the customer's needs, from high-speed broadband in the consumer market to integrated data communications solutions in the business market. The company had at year-end 2018 installed more than 110,000 broadband connections across Norway.

NextGenTel's vision is to provide the best broadband experience in Norway. Its mission is to be a low-price vendor of broadband services to the consumer market and to selected segments of the business market and the public sector. NextGenTel operates in a mature market with price competition and significant migration from xDSL to new access technologies.

The company is realizing the digital home with services including internet access, mobile, VoIP and TV based on access over xDSL, fiber and mobile network.

In the business market, the NextGenTel Group provides complete solutions, independent of access technology, to large and small enterprises, directly and through partners. After the demerger of NextGenTel AS in November 2017, the business segment has been served by Proximo Norge AS, while NextGenTel AS has served the consumer segment.

The subsidiary Kvantel AS, focusing on indirect sales, was sold to Broadnet AS in June 2018 for an enterprise value of NOK 250 million.

### *Market development*

#### **Broadband**

According to the Norwegian Communications Authority, Norway had 2.048 million broadband subscribers in the first half of 2018. This represents an increase of 2.4% compared to first half of 2017.

22.3% of broadband subscriptions in the consumer segment was over xDSL and has seen a reduction during the last years. Broadband based on fiber is the largest category with a 45.8% share. The decline in the number of broadband subscriptions over cable TV continues (decline of 13,000 subscriptions).



During 2018, NextGenTel has been the fourth largest provider in the Norwegian broadband market in terms of number of lines. Total number of broadband lines at the end of 2018 was 110,000, a reduction of 14,000 lines during the year. This is the same net loss as in 2017. During 2018, total subscriptions for high-speed broadband increased from 44,300 to 48,000. The company is focusing on providing customer experience and network operations of high quality to meet customer needs in the best possible way.

#### Regulation of Telenor fiber

Effective from January 2015, the Norwegian Communications Authority imposed a regulation on Telenor to provide competitors access to Telenor's fiber network. This product is delivered on different categories and speed to fulfill various customer needs. The product supports Multicast, enabling NextGenTel to provide linear TV as part of the service offering. At the end of 2018, NextGenTel had 12,500 customers on this VULA product (Virtual Unbundled Local Access) compared to 8,100 at the end of 2017.

#### Broadband telephony

Broadband telephony (or Voice over IP) is fixed telephony over Internet Protocol (IP), a communications protocol handling routing of data packets for Internet and other IP based networks. The service was introduced in the Norwegian market in 2004. The growth in number of subscribers was particularly strong in 2005 and 2006. This service has seen a decline in subscribers over the last years together with regular fixed telephony. NextGenTel had 36,600 VoIP customers at the end of 2018.

#### Digital TV - NextTV

NextTV is the company's digital TV offering comprising all the standard TV channels in addition to a wide range of movies and series. The service is based on a TV platform developed by an external partner. The company had 17,100 digital TV customers at the end of 2018. Further growth in the customer base is expected in 2019.

#### Mobile services

NextGenTel is providing mobile and mobile broadband services through an MVNO (Mobile Virtual Network Operator) agreement with Telia. This product is provided to the corporate segment, as the consumer mobile customers was sold to Telia in the first half of 2018.

#### Unified communication – «Bedriftsnett»

At the end of 2015, NextGenTel launched a new service for unified communication. «Bedriftsnett» is a cloud based communication platform for mobile and IP telephony with all the services a business customer needs for professional customer care and effective communication between employees. Call-center and switchboard functionality is handled by the platform as well as services for the user directly from a mobile app. Full presence information is available to all users including the switchboard. The new platform also enables advanced online meetings with video, document sharing and instant messaging to make interaction between people more effective.

### *International operations*

International markets represented 4% of Group revenues in 2018 (3.72% in 2017). The operations outside Norway are small with 4 employees in Denmark and 2 employees in Switzerland. These markets have seen a continued decline in the customer base during 2018. Both these operations provide a single line



VoIP service in the Telio brand to consumers. At year-end 2018, Denmark and Switzerland had 7,900 and 3,600 customers respectively.

The Dutch entity provides VoIP as a wholesale service to white label partners. The company currently has three white label partners. Telio Netherlands BV had a customer base of 56,100 subscribers at the end of 2018.

All entities have a small and efficient operation and provide a positive cash flow to the Group. The Group's strategy is to focus on the home market in Norway and to maintain the international operations as long as they are profitable.

### *Financial performance (2017 figures in brackets)*

The Group has prepared its accounts in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

Net revenues in 2018 ended at NOK 962 million (NOK 1,048 million).

EBITDA for the Group was NOK 187.9 million (NOK 140.1 million), while operating profit (EBIT) was NOK 92.2 million (loss of NOK 15.5 million). Profit before tax was NOK 86.9 million (loss of NOK 28.0 million). The figures for 2018 are affected by gain from sale of the consumer mobile portfolio. Profit after tax was NOK 187.8 million, including profit from discontinued operations (loss of NOK 63.1 million). Earnings per share were NOK 8.14 (NOK 2.74 negative).

The Group has in-house research and development resources developing new products and services. The Group also engages external consultants for specific development projects. Development costs are capitalized in compliance with IFRS and NOK 9.0 million was capitalized in 2018 (NOK 29.3 million in 2017 - see note 7 to the financial statements).

The Group had a net positive cash flow of NOK 68.3 million in 2018 (negative NOK 48.8 million). Cash flow from operating activities was NOK 40.0 million compared to an operating profit of NOK 203.4 million. Depreciation and amortization reduce operating profit by NOK 115.6 million while taxes paid of NOK 37.8 million reduces cash flow from operating activities. Total cash balance was NOK 86.1 million at the end of the year.

The Group's equity at the end of the financial year was NOK 272.2 million (NOK 129.5 million), which implies an equity ratio of 50.17 % (18.15 %).

The parent company had a profit before tax of NOK 171.0 million (loss of NOK 24.5 million). The loss after tax for the year was NOK 168.2 million (loss of NOK 55.5 million).

#### **Investments**

The Group has invested NOK 22.5 million (NOK 58.9 million) in IT and customer equipment and hardware infrastructure. Furthermore, total investments in intangible assets were NOK 23.8 million (NOK 36.1 million). Intangible assets include in-house developed technology platform and software applications.

#### **Financing**

At the end of 2018, the company had a NOK 50 million overdraft facility (of which NOK 50.0 million were unused). In addition, the company had financial lease obligations of NOK 27.3 million. Total interest-bearing debt was NOK 27.3 million and net interest-bearing debt was negative NOK 58.8 million.



## Shareholder information

At the end of the year, the company had in total 23,283,180 shares outstanding of nominal value NOK 0.10. The company owned 199,201 treasury shares at year-end comprising 0.09 % of total shares outstanding. The company had 589 shareholders and 7.2% of total shares were registered outside Norway. Total outstanding options at the end of the year were 486,000, of which 184,000 have a dilutive effect with a weighted average strike price of NOK 12.00. For details regarding share options, see note 10 to the financial statements.

The Group has a policy of continuously keeping shareholders, analysts, employees and others updated on the Group's operations. This is achieved by open quarterly presentations and continuously updating the investor relations website on [www.nextgentelholding.com](http://www.nextgentelholding.com).

## Corporate governance

The company's Board of Directors recognizes the importance of good corporate governance. This is ensured through regular interaction between shareholders, the Board of Directors and the administration. NextGenTel's goal is that all company stakeholders are confident that the Group's activities are being operated in an acceptable way and that governing bodies have sufficient insight and influence to carry out their functions.

## Corporate social responsibility

As a leading provider of communications services, NextGenTel has a responsibility to act as a good corporate citizen in all the markets in which we operate. At NextGenTel we recognize and perform the obligations we have towards our people, investors, customers, suppliers, competitors and the community as a whole. We believe our reputation, together with the trust and confidence of those with whom we deal, to be one of our most valuable assets. In order to keep this reputation and trust, we demand and maintain the highest ethical standards in carrying out our business activities.

## Risks

The Group, via its activities, is exposed to credit risk due to the outstanding accounts of customers and co-operative partners. The company operates in a high volume business and no single customer constitutes a major part of accounts receivable. The procedures for credit rating, monitoring and collection are being continuously monitored and improved. The Group believes that the provisions for bad debt are adequate.

The Group is furthermore exposed to currency risks as a result of activities in countries where different currencies are used. Implicit hedging is arranged by subsidiaries carrying out their business in local currencies. Net currency exposure is therefore limited; however, subsidiaries are exposed to currency risk from inter-company borrowings denominated in NOK. The Group is only to a limited extent subject to interest rate risk, as the bank loan has been repaid in full during 2018.

Management of liquidity risk has become less challenging after receiving proceeds for the sale of consumer mobile customers and the subsidiary Kvantel. The management of liquidity risk requires maintenance of adequate liquid reserves in accordance with the development of the operations. Cash reserves are monitored regularly.

The Group operates in mature markets where market development is rather predictable. The market for VoIP services has been in a declining phase for several years. The Group has introduced new services to offset this decline, however, new services represent lower gross margins putting pressure on the Group's gross profit.



## Risk management and internal control

The administrative risk management relating to the Group's financial performance (liquidity, currency and credit risk) is controlled by the Group CFO. Operational risk relating to the Group's fixed assets including the operating platform is controlled by the CTO.

The Board of Directors receives monthly financial reports from the administration. The company approves and presents quarterly financial reports to the market in accordance with IAS 34. Financial reporting is prepared and issued by the company's finance function and quality assurance lies with the group controller and the CFO. The Board of Directors receives a monthly overview of important key performance indicators of a financial and operational nature.

The Group has set up procedures to secure the best possible segregation of duties and to measure exposure areas to secure the Group's assets in the best way possible. For further description of the company's risk management and internal control procedures, see the corporate governance section of the annual report.

## Working environment

NextGenTel Holding ASA has its head office at Harbitzalleen 2A in Oslo while its main subsidiaries NextGenTel AS and Proximo Norge AS have the majority of their employees located at Sandslimarka 31 in Bergen.

The average number of full-time equivalents in the Group was 222 during 2018 (252 during 2017).

The company puts great emphasis on good working environment measures to make the workplace a productive and pleasant place based on the company's values. Information about the company's values, objectives, strategy and development is highly emphasized. Quarterly staff meetings are being held and the intranet is regularly updated with relevant news.

The Board of Directors considers the working environment as good. Employee surveys are performed annually followed by targeted efforts to continuously improve employee satisfaction in the company.

Total sickness absence was in 2018 at 6.0% of total FTEs, which is an increase of 0.9% points compared to 2017. The company's working environment committee has held three meetings in 2018. Efforts are ongoing related to health, safety and environment issues. In 2018, courses have been held in first aid and the use of heart defibrillator. Employees have been offered free flu vaccinations, and the occupational health providers have been involved in a health day providing blood pressure measurements and health advice to employees. The company sports committee and the social committee have carried out a broad range of activities during 2018.

No significant personal injury or property damage or accidents have been registered during 2018.

## Equal opportunities

Both the Board of Directors and management are aware of society's expectations for measures to promote equality in the company and in the Board. The Board is continuously informed about the company's internal processes, and is not aware of any discrimination in promotions, wages or recruitment based on gender or ethnic background.

At the end of 2018, women represented 30% (30%) of the workforce across various departments and job categories. The disciplines from which the company normally recruits have historically had low representation of women. The average annual salary was 23% (25%) higher for male employees than female employees and this reflects the individual employee's responsibilities and qualifications.



NextGenTel promotes gender equality in its operations and strives for equal treatment in accordance with the law on gender equality. 21.7% (30.3%) of recruited personnel in 2018 were women.

#### Discrimination

The purpose of the Discrimination Act is to promote equality, ensure equal opportunities and rights and prevent discrimination based on ethnicity, national origin, ancestry, color, language, religion or belief. The company is actively working to promote this purpose within our business. The activities include recruitment, wages and working conditions, promotion, possibilities for personal development and protection against harassment.

The company tries wherever possible to adjust the working conditions to allow for people with disabilities to work for the company. The company has several employees with disabilities. The company has taken steps to ensure that these employees can have a rewarding working day in line with other employees in the company.

#### External environment

Companies in the Group do not generate higher levels of direct pollution or releases than those that are normal for a company in the industry. The Group consumes electric power in the operation of its offices and in providing data and telecom services.

Waste from the operation is mainly related to packaging material and the risk for accidents related to the operation is considered low.

#### Board meetings

During 2018, the Board of Directors held 18 meetings. Board meetings are normally attended in person, ad hoc meetings may however be arranged as a conference call. All board members were present at 15 meetings, while 3 meetings had 1 member absent.

#### Legal matters

There are currently no legal proceedings of significance which involve any company in the NextGenTel Group.

#### Tax

Reference is made to announcements related to the tax issue regarding the taxation of dividends from Switzerland (stock exchange notice and Q1 2017 report). The total tax claim of NOK 30.6 million including interest was paid during 2018, but the company is still waiting for a response on the filed complaint with the tax appeal board ("Skatteklagenemnda").

#### Going concern

In accordance with the Accounting Act paragraph 3-3, the Board confirms that the 2018 financial statements are prepared based on the going concern assumption. This assumption is founded on the financial results for 2018 and plans for 2019.

The Board of Directors' opinion is that the statement of financial position, the income statement, the statement of changes in equity, the statement of cash flows and notes present a true and fair view of the Group's financial position at the end of the financial year. The Board of Directors is not aware of significant uncertainties in the annual financial statements or extraordinary circumstances which have influenced the annual financial statements beyond what is stated in the annual financial statements and the Board of Directors' report.




#### Strategic direction


Management and the Board have continued the assessment of the company's strategic direction during 2018. NextGenTel will continue to capitalize on its strong market position in the Norwegian market by providing competitive services to both the consumer and corporate segments. The consumer market is challenging by means of maintaining the customer base in a competitive market, but NextGenTel has a strong position in the market for broadband services as the second largest xDSL provider in Norway. The company is pursuing the opportunities in other access technologies in order to offset the decline in the xDSL customer base.


#### Events after the balance sheet date

In April 2019, all shares in NextGenTel Holding was acquired by Telecom Holding 3 AS, a company controlled by Kistefos AS. After the acquisition, a general meeting passed a resolution to apply for delisting of the shares in NextGenTel Holding from Oslo Børs and the last day of listing was 15 April 2019. The Company will in 2019 be converted to a private limited liability company.

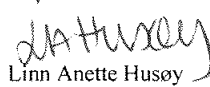
Oslo, 24 April 2019  
Board of Directors of  
NextGenTel Holding ASA

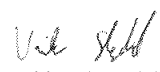
  
Tom Olav Holberg  
(sign.)

  
Gunnar Jacobsen  
Chairman of the Board  
(sign.)

  
Anette J. Knudtzon  
(sign.)

  
Kari Mette Toverud  
(sign.)

  
Linn Anette Husøy  
Employee repr.  
(sign.)

  
Vidar Skogedal  
Employee repr.  
(sign.)

  
Eirik Lunde  
CEO  
(sign.)



## Consolidated statement of profit or loss and comprehensive income

For the year ended 31 December

( In thousands of NOK)

	Note	2018	2017
<b>Continuing operations</b>			
Sales revenue	16	875 649	1 047 614
Gain from sale of operations	25	86 570	-
<b>Total revenues</b>		<b>962 219</b>	<b>1 047 614</b>
Connection costs and traffic charges		-484 993	-577 545
Payroll expenses	17	-159 069	-188 435
Other expenses	18	-130 286	-141 493
Depreciation and amortisation	6,7	-95 689	-155 680
<b>Total operating expenses</b>		<b>-870 037</b>	<b>-1 063 153</b>
<b>Result from operating activities</b>		<b>92 183</b>	<b>-15 539</b>
Finance income	19	5 226	2 464
Finance cost	19	-10 486	-14 953
<b>Net finance cost</b>		<b>-5 260</b>	<b>-12 489</b>
<b>Profit before income tax</b>		<b>86 922</b>	<b>-28 027</b>
Income tax expense	14	-19 802	-23 353
<b>Net profit from continued operations</b>		<b>67 120</b>	<b>-51 380</b>
Profit/Loss from discontinued operations	26	120 696	-11 750
<b>Net profit</b>		<b>187 816</b>	<b>-63 130</b>
<b>Profit attributable to:</b>			
Equity holders of the parent company		187 816	-63 130
<b>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>			
Foreign currency translation differences		107	3 244
Other comprehensive income for the year		107	3 244
<b>Total comprehensive income for the year</b>		<b>187 923</b>	<b>-59 886</b>
<b>Total comprehensive income attributable to:</b>			
Equity holders of the parent company		187 923	-59 886
<b>Earnings per share</b>			
Earnings per share	20	8.14	-2.74
Diluted earnings per share	20	8.10	-2.72

The notes on the following pages are an integral part of the consolidated accounts.



## Consolidated statement of financial position

As at 31 December

( In thousands of NOK)

	Note	2018	2017
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	69 700	151 652
Intangible assets	7	84 957	141 266
Goodwill	7	67 099	132 672
Deferred tax assets	14	18 374	22 035
Other long-term assets	2	34 743	46 074
<b>Non-current assets</b>		<b>274 874</b>	<b>493 699</b>
<b>Current assets</b>			
Trade and other receivables	8,23	181 559	201 569
Cash and cash equivalents	9,23	86 087	17 821
<b>Current assets</b>		<b>267 647</b>	<b>219 391</b>
<b>Total assets</b>		<b>542 521</b>	<b>713 090</b>
<b>Equity</b>			
Share capital reduced for treasury shares	10	2 308	2 301
Premium paid in capital		122 292	121 325
Other reserves		-295	-403
Retained earnings		147 881	6 233
<b>Total equity</b>		<b>272 187</b>	<b>129 455</b>
<b>Liabilities</b>			
Long-term interest bearing debt	12, 13	9 708	25 416
Deferred tax liabilities	14	7 177	19 911
Other long term liabilities		2 150	-
<b>Non current liabilities</b>		<b>19 035</b>	<b>45 327</b>
Trade and other payables	11	110 887	225 229
Current tax liabilities	14	20 028	31 792
Short-term interest bearing debt	12, 13	17 542	216 401
Deferred income/revenue	15	102 842	64 885
<b>Current liabilities</b>		<b>251 299</b>	<b>538 307</b>
<b>Total liabilities</b>		<b>270 334</b>	<b>583 634</b>
<b>Total equity and liabilities</b>		<b>542 521</b>	<b>713 090</b>

Oslo, 24 April 2019  
Board of Directors  
NextGenTel Holding ASA

Tom Olav Holberg  
(sign.)

Kari Mette Toverud  
(sign.)

Gunnar Jacobsen  
Chairman of the Board  
(sign.)

Linn Anette Husøy  
Employee repr.  
(sign.)

Anette J. Knudtzon  
(sign.)

Vidar Skogedal  
Employee repr.  
(sign.)

Erik Lunde  
CEO  
(sign.)



## Consolidated statement of changes in equity

Year ended 31 December 2018

(In thousands of NOK)

	Share capital	Treasury shares	Premium paid-in capital	Other reserves	Retained earnings	Total equity
<b>Balance at 1 January 2017</b>	<b>2 328</b>	<b>-30</b>	<b>121 325</b>	<b>-3 641</b>	<b>38 703</b>	<b>158 684</b>
Changes in accounting principles (Note 2 and 16)	-	-	-	-	40 817	40 817
<b>Restated balance at 1 January 2017</b>	<b>2 328</b>	<b>-30</b>	<b>121 325</b>	<b>-3 641</b>	<b>79 520</b>	<b>199 501</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	-63 130	-63 130
Translation differences	-	-	-	3 238	-	3 238
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 238</b>	<b>-63 130</b>	<b>-59 892</b>
<b>Contributions by and distributions to owners of the Company</b>						
Dividend distribution	-	-	-	-	-11 504	-11 504
Share options exercised	-	3	-	-	592	595
Share-based payment transactions	-	-	-	-	755	755
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-10 157</b>	<b>-10 154</b>
<b>Balance at 31 December 2017</b>	<b>2 328</b>	<b>-27</b>	<b>121 325</b>	<b>-403</b>	<b>6 233</b>	<b>129 455</b>
<b>Balance at 1 January 2018</b>	<b>2 328</b>	<b>-27</b>	<b>121 325</b>	<b>-403</b>	<b>6 233</b>	<b>129 455</b>
<b>Total comprehensive income for the year</b>						
Profit for the year	-	-	-	-	187 816	187 816
Translation differences	-	-	-	107	-	107
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>107</b>	<b>187 816</b>	<b>187 923</b>
<b>Contributions by and distributions to owners of the Company</b>						
Dividend distribution	-	-	-	-	-46 168	-46 168
Share options exercised	-	8	968	-	-	975
Share-based payment transactions	-	-	-	-	-	-
<b>Total contributions by and distributions to owners of the Company</b>	<b>-</b>	<b>8</b>	<b>968</b>	<b>-</b>	<b>-46 168</b>	<b>-45 193</b>
<b>Balance at 31 December 2018</b>	<b>2 328</b>	<b>-20</b>	<b>122 293</b>	<b>-295</b>	<b>147 881</b>	<b>272 187</b>



## Consolidated statement of cash flows

Year ended 31 December 2018

(In thousands of NOK)

	Note	2018	2017
<b>Cash flows from operations</b>			
Profit before income tax 1)		203 446	-35 463
Taxes paid		-37 745	-18 696
Net profit/loss from sale of fixed assets		-221 233	-275
Depreciation and amortisation	6, 7	115 601	182 747
Net change in trade and other receivables		40 491	13 805
Net change in trade and other payables		-60 597	-12 569
<b>Cash generated from operating activities</b>		<b>39 962</b>	<b>129 548</b>
<b>Cash flows from investing activities</b>			
Investments in intangible assets	7	-14 032	-36 106
Considerations from sale of operations		320 672	-
Investments in fixed assets	6	-22 463	-53 444
<b>Net cash used in investing activities</b>		<b>284 177</b>	<b>-89 550</b>
<b>Cash flows from financing activities</b>			
New financial debt	23	-13 931	17 374
Repayment of debt	23	-175 000	-70 000
Payment of financial lease obligations	13, 23	-22 762	-27 032
Payment of dividend		-46 168	-11 504
Equity Changes		975	1 363
<b>Net cash used in financing activities</b>		<b>-256 886</b>	<b>-89 799</b>
Currency translation of cash		1 015	1 029
<b>Net change in cash and cash equivalents</b>		<b>68 268</b>	<b>-48 773</b>
Cash and cash equivalents at 1 January	9	17 821	66 593
<b>Cash and cash equivalents at 31 December</b>		<b>86 086</b>	<b>17 821</b>
1) Profit before tax from total operations consists of:			
Profit before tax from continuing operations:		203 446	-43 488
Profit before tax from discontinuing operations:		86 922	-28 028
		116 524	-15 460
Cash flow from discontinuing operations included above:			
Net cash flow from operating activities		6 133	-17 672
Net cash flow from investing activities		136 326	-21 203
Net cash flow from financing activities		9 525	-2 338



## Notes to the financial statements

### Note 1. Reporting entity

NextGenTel Holding ASA (the Company) and its subsidiaries (collectively the Group) provide fixed and mobile broadband and mobile services in the Norwegian markets. In addition broadband telephony services (Voice over IP) and pure Internet services are provided to end customers under the Telio brand both in Norway and in other countries where Telio is established. The Group also offers its own proprietary technology platform to partners who sell broadband telephony services under their own name (*ASP*).

The Company is a public limited company (ASA) registered and domiciled in Norway. In April 2019, the General Meeting passed a resolution to convert the Company to a private limited liability company (AS), but the conversion has not yet been registered at the Brønnøysund Register Centre. The Company's registered business address is Harbitzalleen 2, N-0275 Oslo. In addition, the Group has companies in Denmark, Switzerland and the Netherlands.

The Board of Directors and CEO adopted the financial statements for the 2018 financial year, ending on 31 December 2018, on 24 April 2019. The Annual General Meeting will review and adopt the financial statements on 12 June 2019.

### Note 2. Basis of preparation

#### 2.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB) and approved by the European Union (EU), as well as additional information requirements in accordance with the Norwegian Accounting Act. The financial statements are presented in Norwegian kroner (NOK) and rounded off to the nearest thousand.

The preparation of accounts in accordance with IFRS requires the use of estimates. In addition, the application of the Company's accounting principles requires that the management exercise judgment. Areas that contain a high degree of such discretionary assessments, or a high degree of complexity, or areas where the assumptions and estimates are of significance to the financial statements are described in Note 4.

#### 2.2 Consolidation principles

Subsidiaries are entities controlled by the Group. The Group controls the entity when it 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 consolidated from the date on which the Group obtains control and are excluded from consolidation when control ceases. Change in ownership interest in subsidiaries without loss of control, is accounted for as an equity transaction. The difference between the proceeds and the carrying value of the non-controlling interests are recognized directly in equity and attributed to the shareholders of NextGenTel Holding. When control is lost, the subsidiary's assets, liabilities, non-controlling interests and any accumulated translation differences are derecognized. Any remaining interest at the date of loss of control is measured at fair value and gains or losses are recognized in profit or loss.



All intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. The accounting principles applied in the subsidiaries have been changed where necessary to ensure consistency with the Group's accounting policies.

Non-controlling interests in subsidiaries are shown as part of the equity but separate from the equity attributable to shareholders of the Group. The non-controlling interests are measured either at fair value or at the proportionate share of identifiable net assets and liabilities. The principle for measurement of non-controlling interests is determined separately for each transaction.

### 2.3 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The purchase method involves the identification of the acquirer, determining the date of acquisition, recognition and measurement of the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree, and the recognition and measurement of goodwill or gain from bargain purchase.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date, except for deferred tax assets and liabilities, share-based payment arrangements and held-for-sale assets or disposal groups. Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquiree's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. Direct costs associated with the acquisition are recognized in the profit or loss. If the business combination is achieved in stages, the acquisition date fair value of the Groups previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

### 2.4 Foreign currency translation

Foreign currency transactions in the different group entities are recognized and measured in the functional currency at the transaction date. Monetary items denominated in foreign currencies are translated to the functional currency at the closing rate. Gains and losses resulting from exchange rate fluctuations are recognized in profit or loss.

The consolidated financial statements are presented in Norwegian kroner (NOK), which is the functional currency of the parent company. When consolidating subsidiaries in foreign currency, the profit or loss items are translated to Norwegian kroner using average rate for the year. For balance sheet items, including fair value adjustments for assets and liabilities associated with acquisitions and goodwill, the exchange rate at the balance sheet date is used. Currency translation effects resulting from the consolidation of foreign operations are recognized as other comprehensive income until the subsidiary is disposed of.

### 2.5 Recognition of revenue

The Company has adopted IFRS 15 Revenue from contracts with customers for reporting periods beginning on and after 1 January 2018. The standard replaces both IAS 18 'Revenue' and IAS 11 'Construction contracts' as well as several interpretations on revenue recognition guidance. The core principle of IFRS 15 is that revenue is recognised to reflect the transfer of contracted goods or services to customers, at an amount that reflects the



consideration the company expects to be entitled to in exchange for those goods or services. The standard has been implemented in accordance with the fully retrospective transitional approach, which means that the effect of implementing the new standard is recorded as a change in shareholders equity as of 1 January 2017, and the comparable periods for 2017 in the income statement have been restated accordingly. IFRS 15 has established a new five-step approach to revenue recognition and measurement, and the standard has far more descriptive guidance than the previous standards. The new standard regulate whether revenue should be recognised over time or at a certain point in time, and affect the amount and timing of revenue when the transaction price includes a variable consideration element.

Even though most of the services and products offered by the Company have been unaffected by the implementation of IFRS 15, the Group have products that are bundled when offered to our customers. The implementation consequences are the following:

- Often, when acquiring a new customer (or group of customers), the Company has paid a provision to a third-party in order to obtain the contract with the customer, expecting to be fully reimbursed during sales to the new customer. Until and including 2017, these expenses have been recognized as costs in the income statement when incurred. After implementation of IFRS 15, these costs have been capitalized as an asset and amortized over the period in which the contract is expected to provide the Company with revenue. The Company has assessed the expected useful life of such contracts and at an average, a three-year amortization schedule are applicable. See Note 16 for further information and the implementation and restatement effects.
- The Company delivers subscription services, which are sometimes bundled before delivery to our customers. These subscriptions are in most cases independent of each other, and are treated separately after implementation of IFRS 15. Separating the income into its different components had an insignificant effect on the financial statements. The effect on discount given regarding currently running subscriptions, and the implementation effects are negligible.

Revenue consists primarily of revenue from connection fees, subscriptions and traffic charges. Revenue from the sale of services is valued at fair value of the consideration, net of value-added tax and discounts.

Revenue from sale of goods is recognized at point in time when the performance obligation is satisfied, i.e. when the control of the promised goods is transferred to the customer. In addition the proceeds from the sale need to be expected to flow to the Company and the amount have to be reliably estimated. Control of an asset refers to the ability to direct the use of and obtain substantially all of the remaining benefits from the asset, and the ability to prevent others from directing the use of and receiving the benefits from the asset. Revenue is generally recognised on delivery of the goods.

Revenue from rendering of services is recognized over time when the performance obligation is satisfied, because the customer simultaneously receives and consumes the benefits provided by the Group.

If the contracts contain multiple elements, revenue is recognized from each subset separately provided that the transfer of risks and can be measured separately for these items.



The normal credit term is 30 days upon delivery. Revenue is recognized in the income statement as follows:

*(a) Connection fees*

Revenue from connection fees is recognized at point in time of establishment of a new customer.

*(b) Subscriptions*

Revenue from subscriptions is recognized over time during the subscription period in accordance with the actual content of the subscription agreement, starting on the subscription's activation date.

*(c) Traffic (origination and termination)*

Revenue from traffic from subscribers is recognized in accordance with the actual traffic during the period, multiplied by the contractual rates per traffic unit and type (origination).

Revenue from traffic to subscribers from external sources is recognized in accordance with the same principle (termination).

*(d) Hardware*

Revenue from sales of hardware is recognized at point in time when the goods have been delivered. Hardware is usually sold stand-alone to existing customers who already have a subscription.

*e) Deferred revenue*

All payments from subscriptions are collected in advance. Revenue from prepaid subscriptions are therefore deferred and recognized as revenue over the subscription period. Deferred revenue is classified as a current liability as the prepayment period always is shorter than 12 months.

## 2.6 Connection costs and traffic charges

Costs associated with leased connection capacity consist primarily of costs associated with the termination of calls, bandwidth, hosting, etc. Such costs are recognized when incurred in accordance with the actual content of the lease agreements. Traffic charge costs are recognized in the same period as the traffic activity, corresponding to the associated traffic revenue.

## 2.7 Development costs

Internally generated intangible assets from development of identifiable and unique software products are capitalized if all of the following criteria are met:

- The asset can be identified
- The Company has both the intention and ability to complete the intangible asset, including the adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The technical feasibility of completing the intangible asset is known
- It is probable that the asset will generate future positive cash flows
- The development costs can be measured reliably



Direct expenses include payroll expenses for software development personnel and a share of the associated overhead costs.

Subsequent to initial recognition development expenditure is measured at cost less accumulated amortization and any accumulated impairment losses. The assets are amortized over their useful lives from the date the assets are available for use.

If the criteria are not met, the expenses associated with developing or maintaining software are recognized in the profit or loss as they are incurred.

## 2.8 Income taxes

Tax expense in the income statement consists of current tax and changes in deferred tax. Tax on items recognized in other comprehensive income in the statement of comprehensive income (OCI) is also recognized in other comprehensive income. Tax on items related to equity transactions is recognized in equity.

The tax payable for the period is calculated according to the tax rates and regulations ruling at the end of the reporting period. Tax payable for the period is calculated on the tax basis, which deviates from "Profit before tax" as a consequence of amounts that shall be recognized as income or expense in another period (temporary differences) or items never to be subject to tax (permanent differences).

Deferred tax is calculated on temporary differences between book and tax values of assets and liabilities in the financial statements and any tax effects of losses carried forward at the reporting date.

Deferred tax assets are only recognized in the balance sheet to the extent that it is probable that there will be sufficient taxable profits to utilize the benefits of the tax reducing temporary differences. Deferred tax liabilities and assets are calculated at nominal amounts. Deferred tax liabilities and assets offset when the Company has a legal right to offset assets and liabilities, and is able to and intend to settle the tax obligation net.

## 2.9 Goodwill

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if there are indications that amounts might be impaired, and carried at cost less accumulated amortization. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination. Impairment of goodwill is not reversed in a subsequent period.

## 2.10 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Intangible assets acquired in a business combination are capitalized at fair value at the date of the business combination.



Intangible assets with finite lives are amortized over their estimated useful lives. Normally, linear depreciation profiles are used, as this normally best reflect the use of the assets. This will apply to intangible assets such as software, customer relationships, patents and rights and capitalized development costs.

Intangible assets with indefinite lives are not amortized, but tested for impairment annually.

## 2.11 Property, plant and equipment

Tangible assets are carried at cost, less accumulated depreciation and amortization. The cost includes expenditure directly attributable to the acquisition of the asset, including borrowing costs. Subsequent costs related to the asset is recognized to the extent it is probable that future economic benefits will flow to the Group and the cost can be measured reliably, while ongoing current maintenance is expensed.

Tangible assets are depreciated over their expected useful lives, normally on a straight-line basis. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If indications of impairment exist, the asset is tested for impairment.

## 2.12 Lease agreements

The Group leases certain operating assets. Property, plant and equipment which is leased on conditions which substantially transfer all the economic risks and rewards to the Company (finance lease) are accounted for as property, plant and equipment at the lowest of fair value of the leased asset or the present value of the minimum lease payments. The corresponding lease commitments, excluding the financial expenses, are recognized as finance lease obligations in the balance sheet. Equipment acquired through financial lease agreements are depreciated over the shorter of the expected life of the asset or term of the lease agreement. The related liabilities are reduced by the amount of lease payments less the effective interest expense.

Lease agreements where a significant portion of the risk and reward associated with ownership still lies with the lessor, are classified as operating lease agreements, and lease payments are recognized as expenses over the lease terms. See also section 2.28 regarding the new IFRS 16 leasing standard.

## 2.13 Impairment of non-financial non-current assets

Intangible assets that have an indefinite useful life are not depreciated and the value is tested annually for impairment. Tangible and intangible assets that are depreciated are assessed for impairment in value when there are indicators that future earnings cannot support the carrying amount.

An impairment loss is recognized in the profit and loss account if the carrying amount of an asset or cash-generating unit (assets grouped at the lowest level at which it is possible to identify independent cash flows) exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. The value in use is the present value of future cash flows expected to be generated by an asset or a cash-generating unit. Previously recognized impairment losses, except for goodwill, are subsequently reversed when the impairment indicator no longer exists.



## 2.14 Government grants

Government grants are recognized at fair value in the accounts when it is reasonably certain that the grants will be received and the Group will comply with conditions attached to the grants. Grants are recognized according to the actual terms of the scheme. Government grants that compensate the Group for expenses are recognized in the statement of income as the expenses are incurred. Government grants that compensate the Group for the cost of an asset (investment grants) are deducted in the carrying amount of the asset and recognized in the statement of income on a systematic basis over the useful life of the asset as a reduction to depreciation expense.

The Company has utilized a tax scheme that is available to all businesses registered in Norway. In accordance with this scheme, the Company qualifies for a direct tax reduction by qualifying for and subsequently documenting certain qualifying research and development expenses (SkatteFunn scheme). The government grant consists of a reduction in the tax charge.

## 2.15 Inventory

Inventories are measured at the lower of cost and net realizable value. The cost of inventory is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories, and other cost incurred in bringing them to their existing location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

## 2.16 Financial instruments

IFRS 9 'Financial Instruments' replaced IAS 39 'Financial Instruments: Recognition and Measurement' from the effective date 1 January 2018. IFRS 9 contains the requirements for I) Classification and measurement of financial assets and liabilities, II) Impairment methodology, and III) General hedge accounting. Compared to IAS 39, the number of categories of financial assets has been reduced, and all assets within the scope of IFRS 9 have subsequently been measured either at fair value or at amortised cost. Furthermore, the impairment model under IFRS 9 reflects expected losses, as opposed to incurred losses under IAS 39.

Under IFRS 9, it is no longer necessary for a credit event to have occurred before credit losses are recognised. The new impairment model requires the recognition of impairment provisions based on expected credit losses. The new standard may result in an earlier recognition of credit losses, however, the effect in the accounts is limited as the Group has previously recognized only immaterial credit losses. IFRS 9 introduce greater flexibility to the types of transactions eligible for hedge accounting and the effectiveness test has been replaced with a principle of economic relationship.

The impact for the Group of implementation of IFRS 9 had no effect on the reported figures except for expended disclosure requirements, as the use of financial instruments is limited and the Group does not enter into hedging instruments.

The group classify its financial assets and liabilities in the following categories depending on for which the financial assets were acquired:



- at fair value through profit and loss: the group continue measuring at fair value the financial assets previously classified at fair value through profit and loss. This include financial assets held for trading and those designed at fair value through profit and loss at inception.
- at amortised cost: amortised cost includes cash, loans and receivables with fixed or determinable payments not quoted in an active market. Loans and receivables are classified as current assets or current liabilities unless there is an unconditional right to postpone payment of the debt by more than 12 months from the date of the balance sheet. Borrowings and receivables are initially recognised at fair value with the addition of direct transaction costs. In subsequent periods, the assets and liabilities are measured at amortised cost by using the effective interest method less any decline in value. Any difference between fair value of proceeds and redemption value is recognised in the income statement over the period of the borrowing, using the effective interest method.

Financial instruments are derecognised when the contractual rights to the cash flows from the asset expire or are transferred to another party. Correspondingly, the financial instruments are derecognised when the Company has transferred the risks and rewards connected with the ownership. Gain and loss from the realisation of financial instruments and changes in fair values are recognised in the income statement in the period they arise. Dividend received is recognised as income when the Company has a legal right to receive payment.

#### Financial derivatives and hedge accounting

The Company applies financial derivatives to reduce any potential loss from exposures to unfavourable changes in interest rates (interest-rate swaps). The derivatives are recognised as financial instruments at fair value, and the value changes are recognised in the income statement. The Company does not apply hedge accounting in the financial statements.

#### 2.17 Cash and cash equivalents

Cash and cash equivalents consist of cash, bank deposits and other short-term easily realisable investments with an original maturity of less than three months, including restricted funds.

The Group has established a cash pool for all Norwegian companies. Subsidiaries' cash balances are presented as inter-company balances in their separate financial statements and eliminated in the group accounts.

#### 2.18 Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional.

#### 2.19 Share capital and reserves

Ordinary shares are classified as equity. The paid-up capital is presented as share capital and share premium, the first of which represents ordinary shares at par value. Expenses that are directly attributable to the issuance of new shares are recognized as a reduction in the proceeds received above par.



When the Company's own shares are purchased, the consideration, including any transaction costs less taxes, is entered as a reduction of the equity (attributable to the Company's shareholders) and presented as treasury shares until the shares are annulled, reissued or sold. If the Company's own shares are subsequently sold or reissued, gain/loss from the sale of own shares is recognized as a change in equity.

## 2.20 Contract assets and contract liabilities

**Contract assets:** A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional. Contract assets includes trade receivables.

**Contract liabilities:** A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made. Contract liabilities are recognised as revenue when the Group fulfils the performance obligations under the contract.

## 2.21 Deferred tax assets and liabilities

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit and are accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences, and deferred tax assets are generally recognized for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent these can be utilized against probable taxable profits. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.



2.22 Pension obligations, bonus schemes and other compensation schemes for employees

*(a) Defined contribution plans*

The companies in Norway and Switzerland have established a defined contribution pension plan for employees. A defined contribution plan is a pension scheme in which the Group pays fixed contributions to a separate legal entity. The Group does not have any legal or other obligation to pay additional contributions.

Obligations for contributions to defined contribution plans are recognized as a payroll expense in the statement of income when employees have rendered services entitling them to the contributions. Contributions paid in advance are recognized as an asset in the accounts if the contribution can be refunded or reduce future payments.

*(b) Share-based reward system*

The Group has a share-based settlement payment plan. The share-based payments will be settled with issuance of new shares. The Company recognizes an increase in equity and an expense in profit and loss when the services are received from the counterparty and the equity instruments are vested. The amount recognized as an expense is based on the fair value of the options granted at the time of the grant, less the effect of any contribution terms that are not market-based (such as profitability or sales growth goals).

2.23 Provisions

A provision is recognized when the Company has an obligation as a result of a previous event, it is probable that a financial settlement will take place and the amount can be reliably measured. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, discounted at present value if the discount effect is significant.

2.24 Dividend

Dividend proposed by the Board is classified as equity in the financial statements and recognized as a liability only when it has been approved by the shareholders in a Shareholders' Meeting.

2.25 Operating segments

The operating segments are presented based on the same information provided to the Board of Directors and CEO, who collectively represent the Group's highest decision-making body. The segments are evaluated on a regular basis by the Company's senior management based on financial and operational information prepared specifically for each segment for the purpose of assessing performance and allocating resources. For 2017 and 2018, the Board of Directors have considered the business from three perspectives:

- The primary segment; Customer types
- The secondary segment; Geographically
- The third segment; Products

Management monitors sales revenue and customer receivables separated by residential customers and business customers product perspective. Geographically, the following four operating segments have been defined: Norway, Denmark, Switzerland and the Netherlands.



Thirdly, management separately considers broadband, datacom, VoIP, TV, mobile and wholesale as segments.

## 2.26 Cash-flow statement

The cash flow statement has been prepared using the indirect method. This implies that when presenting the cash-flow from operating activities, profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments. Cash-flow from investing activities and financing activities are included in the statement.

## 2.27 Related parties

Parties are considered related when one of the parties has the control, joint control or significant influence over another party. Parties are also related if they are subject to a third party's control or one party can be subject to significant influence and the other joint control. Companies controlled by or being under joint control by key executives are also considered to be related parties.

All related party transactions are carried out in accordance with written agreements and established principles.

## 2.28 New and revised standards with a future effective date

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The new standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties in a lease, i.e. the customer (lessee) and provider (lessor). The new standard requires that the lessee recognizes assets and liabilities for all leases, which is a significant change from current policies. There is an exception for short-term leases (12 months or less and does not contain a purchase option) and leases of low value assets (such as tablets, telephones, computers and small items of office furniture).

For lessors, IFRS 16 essentially continues existing principles from IAS 17. In line with this, a lessor shall continue to classify their leases as operating leases or finance leases and report these two types of leases separately.

The following accounting policy options have been applied:

- Leases with a lease term shorter than 12 months have not been included
- Low value leases will not be capitalized

The standard is effective for annual periods beginning on or after 1 January 2019. The group will apply the new standard using the modified retrospective approach. This means that comparative figures will not be restated. The recognized right-of-use asset will equal the lease liability, hence there will be no material impact on equity.

The implementation effect on the consolidated financial statement are estimated as follows:

- Carrying value of right-of-use assets and lease liability estimated to be NOK 85 million higher as of 1 January 2019



- Operating expenses estimated to be approximately NOK 16.5 million lower for 2019
- Interest expenses estimated to be approximately NOK 2.5 million higher for 2019
- Depreciations estimated to be approximately NOK 15.2 million higher for 2019

For all leases previously classified as finance leases, there are no implementation effects; The carrying amount of the lease asset shall be the carrying amount of the right-of-use asset, and the carrying amount of the lease liability shall remain unchanged.

As at the reporting date, the group has non-cancellable operating lease commitments of TNOK 60 944 (nominal value), see note 13.

Other amendments to existing standards are expected to have negligent effect on the Groups financial statements for 2019.

### Note 3. Financial risk management

The Group's activities are exposed to certain financial risks: a market risk, credit risk, interest risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The CFO is responsible for risk in the company. The CFO monitors financial risk and operating risk is monitored by the CTO.

#### 3.1 Market risk

##### Foreign exchange risk

The Group operates internationally, but it has a limited foreign exchange risk since most of the revenues (approximately 96%) and expenses are in Norwegian kroner (NOK). The Group is exposed to foreign exchange risk because of operations in multiple countries with different currencies, although there is a degree of implicit hedging because subsidiaries are doing business in the local currency. The net exposure to foreign currency is thus limited. Subsidiaries are exposed to foreign currency risk through intra-group loans in Norwegian kroner (NOK).

##### Interest rate risk

Interest rates are depending on the economy and political actions, which will influence the Group's funding cost over time. However, the overall exposure of its business to interest rate fluctuations is considered low.

#### 3.2 Credit risk

The Group has no significant concentrations of credit risk, since the customer base consists of many customers with relatively small balances. Some of the foreign subsidiaries have factoring agreements. The credit rating, monitoring and collection routines are subject to continuous evaluation and improvements. The Group has appropriate procedures to monitor high consumption, watch out for fraud and disconnect customers who do not settle their accounts with the company.



### 3.3 Liquidity risk

Management of liquidity risk has become less challenging after the recent sale of mobile consumer customers and the subsidiary Kvantel AS. The Group has low debt ratios and excess liquidity available. The management of liquidity risk requires maintenance of adequate liquid reserves in accordance with the development of the operations and cash reserves are monitored regularly.

## Note 4. Management's judgement, estimation uncertainty, accounting estimates and discretionary assessments

### 4.1 Critical judgement in applying accounting policies

In the process of applying the entity's accounting policies, management makes various judgements, primarily regarding assumptions about the future and estimates. Apart from those involving estimations, judgement regarding the application of the accounting policies is seldom required, as the application is fairly straightforward.

Judgements regarding estimates are discussed below in paragraph 4.2.

### 4.2 Key sources of estimation uncertainty

Estimates and discretionary assessments are evaluated continuously and based on historical experience and other factors, including expectations of future events that are regarded as probable under the current circumstances. The Group prepares estimates and makes assumptions concerning the future. The accounting estimates that are made as a result of this will rarely coincide in full with the final outcome. Estimates and assumptions/prerequisites that represent a significant risk of major changes in the book value of assets and liabilities during the next financial year are discussed below.

For some of the Groups assets or liabilities, a sensitivity analysis has been prepared and presented in the according note, demonstrating sensitivity to certain risk and estimation uncertainty. Furthermore, if changes has been made to past assumptions concerning certain assets or liabilities, an explanation has been presented together with the effects in the according note.

#### (a) Uncertain tax positions

The Group is taxed for income in several different jurisdictions. The use of discretion is required to determine the income tax in all the countries combined in the consolidated accounts. For many transactions and calculations there will be uncertainty related to the ultimate tax liability. The Group accounts for tax obligations related to future decisions in tax/dispute cases, based on estimates of whether additional income tax will accrue. If the final outcome of the cases deviates from the original provisions set aside, the deviation will affect the recorded taxes and provisions for deferred taxes during the period when the deviation is established.

#### (b) Evaluation of impairment in the value of non-financial assets

The impairment exists when carrying value of an asset or cash-generating unit (CGU) exceeds its recoverable amount, which is higher of its fair value less costs to sell and value in use. Fair value less costs to sell calculation is based on available data for similar assets or observable market prices less costs to sell. The value in use calculation is based on DCF



model. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected cash flows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognized by the Group.

Annual tests are performed to assess whether the value of non-financial assets is impaired.

#### (c) Development expenses, amortization and depreciation

Development expenses can either be capitalized or recognized as an expense when they are incurred based on an evaluation of the cost category. Expenses directly related to the development of identifiable and unique software products that are owned by the Group are recognized as intangible assets on the balance sheet if it is probable that they will generate economic benefits exceeding the expected future expenses. Direct expenses includes payroll expenses for software development personnel and a share of the associated fixed costs. Capitalized proprietary software is depreciated on a straight-line basis over the software's expected economic life (three to five years). Other expenses associated with developing or maintaining software are recognized as they are incurred.

The corporate management evaluated the expected economic life and related depreciation for capitalized development expenses. The management reviews the capitalized assets' expected economic life and the depreciation method used at least annually. The effect of any changes to the depreciation method will be amortized over the remaining economic life of the assets. Capitalized internally developed software will be tested annually for impairment in accordance with IAS 36, or more often if there are indications of impairment in value.

#### (d) Provisions for losses on receivables

Trade accounts receivable consist typically of a large number of balances with relatively small amounts. The Group has standardized reminder and collection routines for all the claims that are not paid when they fall due. The Group sets aside provisions for losses on receivables monthly based on expected credit losses taking into account the expected payment ratio. The provisions are reviewed regularly. Provisions for non-consumer-related receivables are evaluated individually.

#### (e) Measurement of fair value

The group has to a small extent accounting policies and disclosures that require the measurement of fair values. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1:	Quoted prices in active markets for identical assets or liabilities
Level 2:	Inputs other than Quoted prices included in level 1 that is observable for the asset or liability, either directly or indirectly
Level 3:	Inputs for the asset or liability that is not based on observable market data.



## Note 5. Operating segments

### Segment reporting

The operating segments are redefined in 2018, and based on the new structure with separate entities for the consumer and business segment in Norway. Norway Consumer consists of NextGenTel and Norway Business consists of Proximo. Foreign subsidiaries are presented as one segment. Other consists mainly of group functions and intra-group eliminations. Kvantel is classified as discontinued operations and not included in segment information below, see Note 16 for information on discontinued operations.

(In thousands of NOK)

<u>Profit and loss by segment</u>	2018				
	<u>Norway consumer</u>	<u>Norway business</u>	<u>Outside of Norway</u>	<u>Other</u>	<u>Group</u>
Operational revenues	628 196	255 279	37 560	-45 386	875 649
Gain from sale of operations	86 570	-	-	-	86 570
Total revenues	714 766	255 279	37 560	-45 386	962 219
Cost of sales	-365 880	-140 924	-16 014	37 826	-484 993
Gross profit/loss	348 886	114 354	21 546	-7 560	477 226
Gross margin	49 %	45 %	57 %	17 %	50 %
Operating expenses	-191 755	-96 268	-10 449	9 118	-289 354
<b>EBITDA</b>	<b>157 131</b>	<b>18 086</b>	<b>11 096</b>	<b>1 558</b>	<b>187 872</b>

(In thousands of NOK)

<u>Profit and loss by segment</u>	2017				
	<u>Norway consumer</u>	<u>Norway business</u>	<u>Outside of Norway</u>	<u>Other</u>	<u>Group</u>
Total revenues	779 462	275 946	46 873	-54 666	1 047 614
Cost of sales	-460 111	-153 350	-14 180	50 096	-577 545
Gross profit/loss	319 350	122 596	32 693	-4 570	470 069
Gross margin	41 %	44 %	70 %	8 %	0 %
Operating expenses	-228 657	-85 766	-9 446	-6 059	-329 928
<b>EBITDA</b>	<b>90 693</b>	<b>36 830</b>	<b>23 247</b>	<b>-10 629</b>	<b>140 141</b>

31.12.2018

<u>Balance sheet</u>	<u>Norway consumer</u>	<u>Norway business</u>	<u>Outside of Norway</u>	<u>Other</u>	<u>Group</u>
Assets	450 941	211 024	54 406	-173 851	542 521
Liabilities	236 256	127 150	14 128	-107 200	270 334
Equity capital	214 685	83 874	40 278	-66 650	272 187

31.12.2017

<u>Balance sheet</u>	<u>Norway consumer</u>	<u>Norway business</u>	<u>Outside of Norway</u>	<u>Other</u>	<u>Group</u>
Assets	441 138	121 650	44 828	105 374	713 090
Liabilities	310 071	46 267	4 378	222 918	583 634
Equity capital	131 066	75 383	40 550	-117 544	129 455

### Operational revenue by products

	2018	2017
VoIP	56 792	128 244
Mobile	132 799	183 692
Broadband	531 737	640 264
Wholesale	3 819	11 666
TV	75 423	66 701
Other	75 080	17 048
<b>Total</b>	<b>875 649</b>	<b>1 047 614</b>



## Note 6. Property, plant and equipment

(In thousands of NOK)

	IT equipment rented to customers	Office equipment, furniture	Infrastructure and network	Total fixed assets
<b>Accumulated acquisition cost 01.01.18</b>	2 550	32 332	1 487 867	1 522 749
Additions	14 554	2 239	5 670	22 463
Disposals	-	-33 660	-135 539	-169 198
<b>Accumulated acquisition cost 31.12.18</b>	<b>17 104</b>	<b>911</b>	<b>1 357 999</b>	<b>1 376 014</b>
<b>Accumulated depreciation 01.01.18</b>	-1 619	-16 548	-1 352 930	-1 371 097
Depreciation continuing operations	-472	-	-62 650	-63 122
Depreciation discontinued operations	-	-2 008	-5 601	-7 608
Disposals	-	18 556	116 982	135 518
Currency translation differences	-	-	-5	-5
<b>Accumulated depreciation 31.12.18</b>	<b>-2 091</b>	<b>0</b>	<b>-1 304 224</b>	<b>-1 306 314</b>
<b>Carrying value 31.12.18</b>	<b>15 013</b>	<b>911</b>	<b>53 775</b>	<b>69 700</b>
Depreciation method	Linear	Linear	Linear	
Economic useful lifetime	2-3 years	3-5 years	3-7 years	

\*) Part of these fixed assets are capitalised as financial lease assets. See note 13 for further details.

(In thousands of NOK)

	IT equipment rented to customers	Office equipment, furniture	Infrastructure and network	Total fixed assets
<b>Accumulated acquisition cost 01.01.17</b>	2 213	23 694	1 437 801	1 463 709
Additions	180	8 638	50 090	58 908
Disposals	-	-	-	-
Currency translation differences	156	-	-24	132
<b>Accumulated acquisition cost 31.12.17</b>	<b>2 550</b>	<b>32 332</b>	<b>1 487 867</b>	<b>1 522 749</b>
<b>Accumulated depreciation 01.01.17</b>	-869	-13 218	-1 254 932	-1 269 019
Depreciation in the period	-929	-3 330	-97 801	-102 059
Disposals	275	-	-	275
Currency translation differences	-97	-	-197	-295
<b>Accumulated depreciation 31.12.17</b>	<b>-1 619</b>	<b>-16 548</b>	<b>-1 352 930</b>	<b>-1 371 097</b>
<b>Carrying value 31.12.17</b>	<b>939</b>	<b>15 784</b>	<b>134 937</b>	<b>151 652</b>
Depreciation method	Linear	Linear	Linear	
Economic useful lifetime	2-3 years	3-5 years	3-7 years	

\*) Part of these fixed assets are capitalised as financial lease assets. See note 13 for further details.

## Note 7. Intangible assets

(In thousands of NOK)

	Internally developed IT systems	Other rights/customer relations	Total	Goodwill
<b>Accumulated acquisition cost 01.01.18</b>	397 903	451 381	849 284	132 672
Additions	9 025	14 757	23 782	-
Disposals	-	-91 372	-91 372	-65 573
Reclassification, acquisition cost	-	-	-	-
<b>Accumulated acquisition cost 31.12.18</b>	<b>406 929</b>	<b>374 765</b>	<b>781 694</b>	<b>67 099</b>
<b>Accumulated depreciation 01.01.18</b>	-324 733	-382 907	-707 640	-
Amortization continuing operations	-23 235	-8 680	-31 916	-
Amortization discontinued operations	-	-7 058	-7 058	-
Reclassification, acc. depreciation	-	50 254	50 254	-
<b>Accumulated depreciation 31.12.18</b>	<b>-347 969</b>	<b>-348 391</b>	<b>-696 359</b>	<b>-</b>
Accumulated Write downs 01.01.18	-378	-	-378	-
Accumulated Write downs 31.12.18	-378	-	-378	-
<b>Carrying value 31.12.18</b>	<b>58 960</b>	<b>26 375</b>	<b>84 957</b>	<b>67 099</b>
Depreciation method	Linear	Linear		
Economic useful lifetime	3-7 years	5 years		

(In thousands of NOK)

	Internally developed IT systems	Other rights/customer relations	Total	Goodwill
<b>Accumulated acquisition cost 01.01.17</b>	387 973	386 342	774 316	132 672
Additions	29 336	6 770	36 106	-
Reclassification, acquisition cost	-19 406	58 268	38 862	-
<b>Accumulated acquisition cost 31.12.17</b>	<b>397 903</b>	<b>451 381</b>	<b>849 284</b>	<b>132 672</b>



Accumulated depreciation 01.01.17	-297 797	-290 294	-568 091	-
Depreciation in the period	-26 937	-53 750	-80 687	-
Recassification, acc depreciation	1	-38 863	-38 862	-
<b>Accumulated depreciation 31.12.17</b>	<b>-324 733</b>	<b>-382 907</b>	<b>-707 640</b>	-
Accumulated Write downs 01.01.17	-378	-	-378	-
<b>Accumulated Write downs 31.12.17</b>	<b>-378</b>	-	<b>-378</b>	-
<b>Carrying value 31.12.17</b>	<b>72 792</b>	<b>68 474</b>	<b>141 266</b>	<b>132 672</b>
Depreciation method	Linear	Linear	Linear	-
Economic useful lifetime	3-7 years	5 years	-	-

#### Goodwill - Impairment test

The Group's carrying value of goodwill arises from the acquisition of NextGenTel AS with effect from 1 February 2013. As of 31 December 2018 the goodwill amounted to TNOK 67 099.

During 2017, a restructuring of the Group was carried out, establishing Fiber Norge AS and Proximo AS as provider of services to the corporate market, and cultivating NextGenTel as provider of services to the consumer market. However, despite the demerger, the activities in the companies use the same network, the same technology platform and other key assets and personnel, and the activities in NextGenTel Group, including NextGenTel and Proximo, should still be considered one joint CGU for impairment-testing purposes.

The goodwill is tested for impairment losses annually. It has been concluded that future cash flows are sufficient to support the carrying value of recognized goodwill.

#### Determination of recoverable amount

The company has used "value in use" to determine the recoverable amount for each of the cash generating units. These calculations use cash flow projections based on financial budgets approved by management for the next year and managements estimates for the years 2020-2022. Terminal Value is set by using 3.5 as an EBITDA multiple, based on the Group's historical pricing on Oslo Stock Exchange.

Key assumptions used in the calculation of value in use are:

#### EBITDA

EBITDA represents the operating profit before depreciation and amortization and is estimated based on the most recent budget and the estimated future development in the market.

#### Terminal Value

The terminal value is set to 3.5 times EBITDA in 2022, reflecting the historical pricing of the NextGenTel Holding ASA shares at Oslo Stock Exchange.

#### Capital expenditure

Capital expenditure is estimated based on the budget for 2019 and an expected reduction over the next years in line with finalisation of planned development projects.

#### Discount rate

Discount rate reflects the current market assessment of the risks specific to the specific cash generating unit. Discount rate (WACC) used in calculations is 8% for 2018.

#### Sensitivity to changes in assumptions

There is significant headroom between recoverable amounts of goodwill and the carrying amounts. As a basis for sensitivity evaluation, the company has used the following changed assumptions.

(In thousands of NOK)	NextGenTel / Proximo
Tangible assets	69 700
Intangible assets	152 056
Total carrying value	221 756
Calculated recoverable amount	303 781
Excess value	<b>82 025</b>

#### Sensitivity, recalculated excess value:

- Increase of discount rate of 1%	71 846
- Reduction in terminal multiple from 3.5 to 2.5	23 889
- Reduction of EBITDA of 10%	42 291
- Combined all three	-17 151

Combined change of all assumptions would require an impairment of NOK 17 million. The Group operate a recurring revenue business in a mature market. The ability to achieve EBITDA estimates is dependent on a successful strategy and that no major unforeseen negative market events occur.

#### Note 8. Trade and other receivables

(In thousands of NOK)

	2018	2017
Trade accounts receivable	114 066	111 985
Provisions for expected losses on trade receivables	-5 636	-12 074
<b>Net trade accounts receivable</b>	<b>108 430</b>	<b>99 911</b>
Prepaid expenses	72 362	92 493
Contract assets (accrued, not invoiced income)	429	8 229
Other receivables	538	936
<b>Total trade receivables and other receivables</b>	<b>181 559</b>	<b>201 569</b>
The movement in the provision for bad debt during the year was as follows	2018	2017
Balance at 1 January	-12 074	-14 356
Amounts written off during the year as uncollectable	7 567	3 460
Provision for receivables impairment	-1 129	-1 178
<b>Balance at 31 December</b>	<b>-5 636</b>	<b>-12 074</b>



	2018	2017
Realized losses	16 541	13 093
Change in bad debts provision	-6 438	-2 282
Payments received for previously written off rec.	-2 238	-4 057
Included in Other expenses	<u>7 865</u>	<u>6 753</u>

See note 23 regarding credit risk exposure.

The Group's delivery of subscriptions are invoiced up-front to our customers. This is accounted for as an account receivable and a deferred revenue. The deferred revenue is normally presented as a short-term contract liability in the balance sheet awaiting delivery of services (then it is recognised as sales revenue in the profit and loss). In some cases the company provides for contract assets as invoices not are issued at the balance sheet date.

#### Note 9. Cash and cash equivalents ( in thousands of NOK)

	2018	2017
Unrestricted cash and bank deposits	78 091	14 992
Restricted cash, tax withholdings	4 636	1 846
Other restricted cash *)	<u>3 160</u>	<u>984</u>
<b>Total cash and bank deposits</b>	<b><u>85 887</u></b>	<b><u>17 821</u></b>

\*) Cash and bank deposits include separate bank accounts in connection with guarantees furnished to TDC and other supplier contracts.

The Group has an overdraft facility with Nordea amounting to MNOK 50, where MNOK 13.9 was used at 31.12.2017. The overdraft facility is not treated as cash, but as short-term borrowings (see note 12). The facility was not used at 31.12.2018.

The Group has established a cash pool with Nordea for all Norwegian companies. Subsidiaries' cash balances are presented as intercompany balances in their separate financial statements and eliminated in the Group accounts. Participating subsidiaries are jointly responsible for the bank facilities.



## Note 10. Capital and reserves

### Share capital

Total number of shares issued is 23,283,180 ordinary shares with a nominal value of NOK 0.10 per share. All the shares issued are fully paid-up. All shares have equal voting rights. The company held 199 201 treasury shares as at 31 December 2018.

### List of the 20 largest shareholders as at 31 December 2018

Shareholder's name	Number of shares	Percentage
SKANDINAVISKA ENSKILDA BANKEN AB	5 824 667	25,0 %
STOREBRAND NORGE I VERDIPAPIRFOND	1 481 069	6,4 %
ZICO AS	1 264 500	5,4 %
TALIR HOLDING AS	1 260 000	5,4 %
SYNESI AS	1 250 000	5,4 %
ZONO HOLDING AS	1 132 894	4,9 %
HORTULAN AS	853 676	3,7 %
MATHIAS HOLDING AS	700 000	3,0 %
TIGERSTADEN AS	525 278	2,3 %
JPMORGAN CHASE BANK, N.A., LONDON	511 698	2,2 %
LEOVILLE AS	500 000	2,1 %
ARCTIC FUNDS PLC	458 157	2,0 %
VERDIPAPIRFONDET STOREBRAND OPTIMA	376 894	1,6 %
GUTTIS AS	348 330	1,5 %
TIGERSTADEN INVEST AS	255 000	1,1 %
VERDIPAPIRFONDET DNB SMB	253 561	1,1 %
DATUM AS	227 183	1,0 %
ECKHOFF HOLDING AS	200 000	0,9 %
NEXTGENTEL HOLDING ASA	199 201	0,9 %
HUSTADLITT AVS	191 961	0,8 %
OTHERS	5 469 111	23,5 %
Total number of shares	23 283 180	100,0 %



## Note 10. Capital and reserves - continued

Movements in the number of outstanding share options and the associated weighted average exercise prices are as follows:

	2018		2017	
	Average exercise price in NOK per share	Options (in thousands)	Average exercise price in NOK per share	Options (in thousands)
As of 1 January	16.51	561	14.48	473
New	-	-	25.30	200
Exercised	13.00	75	24.00	-25
Expired	-	-	23.54	-87
As at 31 December	<u>16.31</u>	<u>486</u>	<u>16.51</u>	<u>561</u>

The outstanding share options (in 1,000) at the end of the year have the following expiration dates and exercise prices:

Expiration year	Exercise price in NOK per share	Number of options
2020	25.3	200
infinite	1.0	180
infinite	10.0	4
infinite	23.0-26.0	102
<b>Total</b>		<u><b>486</b></u>

Intervals have been consolidated and the weighted average exercise price have been used.

Share options are allotted to management and selected employees. The company does not have a standardised option program. The exercise price for the options corresponds to the market price on the date when the options were granted. The vesting of the options is normally contingent on the employee working for the company for one to three years after the options are granted (vesting period). Some options have an indefinite exercise period. Others must be exercised within a year after the options have been vested, or within other dates that have been negotiated individually. Some options will have to be exercised within six months after a voluntary resignation or within one year after termination of employment.

The fair value of the options allotted is calculated by the Black-Scholes option pricing model. The most important input data is weighted average share price on the date of allotment, the exercise prices listed above, standard deviation of the expected return on the shares, dividends, term of the option from a set of assumptions and an average risk-free interest rate. The duration of the risk-free interest rate is the same as the allotted options. The volatility has been measured by the standard deviation of the expected return on the shares. The company has access to its own data for the volatility of shares, and these numbers have therefore been used. It has been assumed that holders of more than 30,000 options exercise on average their options within three months after the vesting date. Holders of less than 30,000 options exercise on average their options nine months after the vesting date.

## Note 11. Trade and other payables

(In thousands of NOK)	2018	2017
Trade accounts payable	54 632	139 799
Accrued expenses - payroll & vacation salary	10 648	17 634
Accrued expenses - costs	23 785	36 529
Public dues other than income tax	17 471	28 227
Other current liabilities	4 351	3 041
<b>Total trade payables and other current liabilities</b>	<u><b>110 887</b></u>	<u><b>225 229</b></u>



## Note 12. Loans and borrowings

Long term bank debt has been paid in full in 2018. The company has a NOK 50 million overdraft facility.

(In thousands of NOK)

	2018	2017
Long-term financial lease commitments	9 708	25 416
<b>Total long-term interest-bearing debt</b>	<b>9 708</b>	<b>25 416</b>
"Long-term" loan Nordea, presented as short-term	-	105 000
Short-term loan Nordea	-	70 000
Bank overdraft facility	-	13 933
Short-term financial lease commitments	17 542	27 468
<b>Total-short term interest-bearing debt</b>	<b>17 542</b>	<b>216 401</b>

See note 19 for information regarding interest expense.

## Note 13. Leasing

Financial leasing:

(In thousands of NOK)

	2018		2017	
<u>Overview of future minimum lease payments (nominal value) and their present value separated by maturity:</u>	Minimum lease payment	Present value (= book value)	Minimum lease payment	Present value (= book value)
Maturity within one year:	17 542	17 542	27 468	27 468
Total payments with maturity between 1-5 years:	9 708	9 708	25 416	25 416
Total payments with maturity after 5 years:				
<b>Total future financial lease payments</b>	<b>27 250</b>	<b>27 250</b>	<b>52 884</b>	<b>52 884</b>

Net book value of leased assets, broken down by asset class. The assets are also included in the fixed assets note.

	2018	2017
IT equipment	24 458	54 312
Office equipment and furniture	75	444
<b>Total book value of leased assets</b>	<b>24 533</b>	<b>54 756</b>

Variable rent expensed in the income statement for the year:	<b>1 483</b>	<b>3 356</b>
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Payments that mature within one year are classified as current. Equipment from Societe Generale is leased in accordance with a Fair Market Value (FMV) agreement. This agreement is based on the company returning the equipment at the end of the term of the lease. The company has an option to purchase the assets at one month lease price three months prior to the expiration of the agreement. Equipment from suppliers other than SG are leased in accordance with a Standard Pay-Out (SPO) agreement.



## Operational leasing:

(In thousands of NOK)

### Specification of this years' rental costs:

	2018	2017
Minimum-rent and fixed rent expensed in the income statement for the year	13 207	12 906
Payment from subleases, recognised as expense-reductions		
Total rental costs	<u>13 207</u>	<u>12 906</u>

### Overview of future minimum lease payments under non-cancelable operating leases at maturity:

Maturity within one year:	9 525	18 936
Total payments with maturity between 1-5 years:	36 237	51 630
Total payments with maturity after 5 years:	15 182	13 842
Total future minimum lease payments	<u>60 944</u>	<u>84 408</u>

Rental agreement with I/S Klaveness for premises at Skøyen is running until 30.08.2020. The minimum annual lease payment is TNOK 2 936. The lease payment can be adjusted annually in accordance with Statistics Norway's consumer price index. In Denmark and Switzerland office space is leased on short term contracts. NextGenTel AS has signed a lease-contract for the premises in Sandslimarka 31 in Bergen which is running until 30.06.2028. Minimum annual payment for the premises is TNOK 7 591.

## Note 14. Income tax expense, deferred tax assets and liabilities

### Specification of tax expense

(In thousands of NOK)

	2018	2017
Taxes payable	20 678	33 163
Adjustment tax payable previous years	4 257	
Change in deferred tax	-5 908	-9 810
Change in tax law	776	
Income tax expense	<u>19 802</u>	<u>23 353</u>

### Reconciliation of tax expense from nominal to effective tax rate:

	2018	2017
Profit before tax	221 585	-28 027
Expected tax expense, calculated from nominal tax rate in Norway (23% in 2018, 24% i 2017)	50 965	-6 726
Non-deductible expenses from shares and other financial instruments	5 997	21
Non-taxable income from shares and other financial instruments	-36 925	-
Non-deductible gifts and representation expenses	335	27
Effect from difference in tax rate from nominal tax rate in Norway	-141	-92
Effect from change in tax provisions from previous years (see note 24)	-	31 097
Effect from change in valuation allowance, tax losses	-	-499
Other permanent differences	-429	-474
Tax expense	<u>19 802</u>	<u>23 353</u>
Effective tax rate	8,9 %	-83,3 %

### Specification of taxes payable

	2018	2017
Taxes payable, current year	20 028	2 403
Current year taxes, prepaid	-	-1 698
Taxes payable, rest from previous years	-	31 097
Currency translation effect	-	-10
Tax payable on the balance sheet	<u>20 028</u>	<u>31 792</u>



Overview of deferred tax assets (+) and liabilities (-):	2018	2017
Receivables	848	2 338
Financial lease agreements	-	-285
Tangible and intangible fixed assets	13 115	8 638
Deferred income	-	-
Provisions	2 968	-
Other deferred tax items	-7 177	-10 081
Tax losses carried forward	1 519	5 213
Deferred tax assets	11 273	5 824
Of which are unrecognised deferred tax assets	-76	-3 700
<b>Net deferred tax liabilities</b>	<b>11 197</b>	<b>2 124</b>
Deferred tax asset, balance sheet	18 374	22 035
Deferred tax liability, balance sheet	-7 177	-19 911
<b>Net deferred tax liabilities</b>	<b>11 197</b>	<b>2 124</b>

Deferred tax assets have been recognised since it is probable that there will be future taxable income in the companies with deferred tax assets, and that the temporary differences can be offset against this income.

The tax rate for deferred tax asset and liability is 22% (23% in 2017).

Reconciliation of changes in deferred tax assets / liabilities:	2018	2017
Net deferred tax assets / liabilities, as of 01.01.	2 124	1 338
Deferred tax expense	5 908	11 130
Deferred tax booked in other comprehensive income (currency translation effects)	3 165	-10 345
<b>Net deferred tax assets / liabilities as of 31.12.</b>	<b>11 197</b>	<b>2 124</b>

Specification of tax losses carried forward by expiration dates	2018	2017
Expiry within 1 year	-	35
Expiry between 1-2 years	-	5 097
Expiry between 2-3 years	-	4 941
Expiry later than 3 years	-	-
No expiration	6 903	6 876
<b>Total tax losses carried forward</b>	<b>6 903</b>	<b>16 948</b>

## Note 15. Contract liabilities

(In thousands of NOK)	2018	2017
<b>Specification of contract liabilities:</b>		
Prepaid subscriptions	102 842	64 885
<b>Total contract liabilities</b>	<b>102 842</b>	<b>64 885</b>

Contract liabilities are related to prepaid subscriptions (deferred revenues). They are classified as current since they are related to the Group's ordinary activities and include prepayments for a period of up to 6 months. See also note 8.



## Note 16 Impact of IFRS 15 Revenues from contracts with customers

The new accounting standard, IFRS 15 Revenues from contracts with customers, has been implemented in accordance with the fully retrospective transitional approach with effect from 1 January 2017. The effect of implementing IFRS 15 is recorded as a change in shareholders equity as of 1 January 2017, and the comparable periods for 2017 in the balance sheet and income statement have been updated accordingly. The group have completed the assessment of implementation, and the only contracts that have a material effects on the previous reported figures are the incremental costs for obtaining a customer contract. Often, when acquiring a new customer (or group of customers), the company has paid a provision to a third-party in order to obtain the contract with the customer, expecting to be fully reimbursed during sales to the new customer. Until and including 2017, these expenses have been recognized as costs in the income statement when incurred. After implementation of IFRS 15, these costs will have to be capitalized as other non-current assets and amortized over the period in which the contract is expected to provide the company with revenue. The company has assessed the expected useful life of such contracts and at an average we have applied a three-year amortization schedule for the amortized costs. Amortisation of the capitalised cost of obtaining a customer is recognised as other costs in the profit and loss statement. The tables below shows the impact arising from implementation of IFRS 15 on the accounts in the balance sheet and income statement.

(Figures in NOK 1000)	As reported	Impact IFRS 15	Restated	Impact IFRS 5*	Total*
<b>Impact on assets and equity 1 January 2017</b>					
Other non-current assets (incl. contract costs)	372	53 707	54 079	-	54 079
Deferred tax liabilities	21 360	12 890	34 250	-	34 250
Equity	94 280	40 817	135 097	-	135 097
<b>Impact on assets and equity 31 December 2017</b>					
Other non-current assets (incl. contract costs)	392	45 683	46 074	-	46 074
Deferred tax liabilities	9 404	10 507	19 911	-	19 911
Equity	94 280	35 176	129 456	-	129 456
<b>Impact on profit and loss Jan-Dec 2017</b>					
Other costs	-160 410	-8 024	168 434	26 941	-141 493

\* Adjusted for IFRS 5 effects of sale of Kvantel AS as discontinued operations as presented in note 10 to reconcile the changes in the balance sheet and the income statement for the fourth quarter of 2017 and the year ended 31 December 2017 against previous reported figures.

## Note 17. Wages and social costs

(In thousands of NOK)

	2018	2017
Wages	111 041	133 881
Social security tax	16 056	20 343
Share options allotted to the management and employees	-	763
Pension costs – defined contribution pension schemes	6 819	9 637
Capitalised personnel expenses*	-6 669	-10 811
Other personnel expenses	3 139	339
Temporary employees	28 683	34 282
<b>Total personnel expenses</b>	<b>159 069</b>	<b>188 435</b>
Average number of full-time employees	222	252

\* See note 7 for intangible assets

Employees from the former Telo companies in Norway and the Swiss companies have a defined contribution pension plan. The agreement implies 3% savings for wages between 1-6 G and 5% between 6-12G (G = National Insurance basic amount) in Norway. The company recognises the payments on an ongoing basis. The company pays the monthly amount and the employees themselves choose their risk profile. The plan includes a contribution or premium waiver in the event of disability and is in compliance with the Act on Occupational Pensions. The company covers the administrative costs for the plan. NextGenTel AS has the same defined contribution pension plan for its employees as former Telo employees, but their savings rates are 5% for wages between 1-6G, and 8% between 6-12G.



## Note 18. Other expenses (In thousands of NOK)

	2018	2017
Fees for professional services (attorneys, auditors, etc.)	18 985	23 199
Travel and car expenses	757	1 096
Office supplies, equipment and communication	48 413	39 864
Office space	15 947	15 982
Losses on receivables	7 865	6 753
Other	38 318	54 598
<b>Total other expenses</b>	<b>130 286</b>	<b>141 493</b>

## Audit fees

	2018	2017
Statutory auditing	1 739	1 238
Tax consulting	28	351
Other services	221	-
<b>Total auditing services</b>	<b>1 988</b>	<b>1 589</b>

The services above include services provided by the auditor's partner law firm and advisors. Statutory auditing includes audit related services (assistance).

## Note 19. Finance income and finance cost (In thousands of NOK)

	2018	2017
Interest income – bank deposits	1 621	1 505
Foreign exchange gains	3 211	959
<b>Total finance income</b>	<b>5 226</b>	<b>2 464</b>
Interest expenses	6 187	6 642
Interest cost of lease agreements	1 483	4 290
Other financial expenses	-	690
Foreign exchange losses	2 816	3 331
<b>Total finance expenses</b>	<b>10 486</b>	<b>14 953</b>
<b>Net finance cost</b>	<b>-5 260</b>	<b>-12 489</b>

## Note 20. Earnings per share

	2018	2017
Net profit for the year attributable to the company's shareholders (in thousands of NOK)	187 923	-59 886
Weighted average of number of outstanding shares ('000s)	23 084	23 008
Dilution effect of outstanding options to employees and employee representatives	101	190
Weighted average number of shares including dilution ('000s)	23 185	23 198
Basic earnings per share (NOK per share)	8,14	-2,50
Diluted earnings per share (NOK per share)*	8,10	-2,50

\*) No dilution effect when negative net profit

NextGenTei Holding ASA has a total of 486 000 options to employees and board members outstanding as at 31 December 2018. The exercise price for options varies from NOK 1.00 to NOK 26.00. The term of the options varies from a period of 1 year to infinite. Only the outstanding options that have a diluting effect have been included when the diluted number of shares has been calculated. The options that have a diluting effect are those that have an exercise price lower than the average market price. The weighted average share price was NOK 14.95 in 2018. The share price at 31 December 2018 was NOK 11.75.



## 21. Remuneration of key executives

### Statement on executive remuneration

This executive remuneration statement applies to remuneration for work performed by key executives in the NextGenTel Group. NextGenTel shall strive to have a management that can safeguard the interests of the shareholders at any given time in the best possible manner. In order to achieve this, the company must offer competitive terms to the individual executives.

The Board of Directors reviews the guidelines annually, and the statement is presented to the General Meeting for review in accordance with Section 5-6 of the Norwegian Public Limited Companies Act.

#### 1. Principles for base salary

Key employees shall have a competitive base salary that is based on the performance and responsibilities of the individual employee.

#### 2. Principles for variable benefits, incentive schemes, etc.

Key employees can receive a variable salary. A variable salary is based on the achievement of targets for the group or the department or company where the individual is employed. The variable salary is based on the achievement of key performance indicators or various improvement measures. Such criteria can be stipulated by the Board of Directors for the CEO and by the CEO for other key executives. Performance related benefits should be directly linked to the performance of the company and the creation of shareholder value. Performance criteria should be measurable and the employee should be able to influence the outcome. There is a limit on the amount of variable performance related benefits that an employee can receive.

The CEO has a bonus agreement where the actual bonus payment is based on the achievement of guided targets or budgets for the following metrics: revenues, EBITDA and capital expenditures.

Bonus to key executives is to a great extent based on achievement of the same metrics as for the CEO.

It is seen as positive for the long-term creation of value in the company that key executives own shares or options in the company. The Board of Directors can offer options to key executives if the General Meeting has granted the authority to do so. The exercise price for the option shall be the market value or higher when the employment contract was signed. The vesting period should typically be a total of three years.

As for all payroll items, the company has the right to rectify erroneous payments of variable salary based on pure error, wrong assumptions or misleading information from the employee.

#### 3. Principles for benefits without any cash payment

Key executives may be offered various benefits such as insurance, pensions, etc. Benefits in kind shall primarily be offered in the form of free broadband access, broadband telephony and mobile telephony so that the key employees are available to the company.

Key employees are entitled to participate in the defined contribution pension plan in the same manner and at the same terms as other employees.

#### 4. Severance pay schemes

The CEO has an agreement that entitles him to severance pay of 18 months for termination by the employer. The company's policy is that key executives shall have a notice period of from three to six months. The notice period is six months for the CEO and the CFO.



The CEO has a severance pay scheme, but not the other key executives. If severance pay is agreed on with an executive who does not have this documented in his employment contract, then it shall be approved by the Chairman of the Board.

5. Processes for remuneration agreements

The Board of Directors reviews the CEO's salary terms annually in a meeting.

These guidelines have been in effect for 2018 and will also apply to 2019.



## Remuneration to key executives in 2018

Position	Fixed salary	Share options exercised	Variable salary	Other remuneration	Mandatory Occupational Pension	Total remuneration in 2018
CEO	3 875	0	1 025	321	25	5 246
CFO (01.01.2018-21.03.2018)	640	368	375	48	6	1 436
CFO (01.02.2018-31.12.2018)	1 132	0	170	125	23	1 450
Director Corporate	1 045	0	39	72	99	1 255
Director Consumer	1 265	0	210	105	92	1 672
CTO	841	0	53	11	20	925
<b>Sum</b>	<b>8 798</b>	<b>368</b>	<b>1 871</b>	<b>681</b>	<b>265</b>	<b>11 985</b>

## Remuneration to key executives in 2017

Position	Fixed salary	Share options exercised	Variable salary	Other remuneration	Mandatory Occupational Pension	Total remuneration in 2017
CEO	3 529	-	555	20	28	4 132
CFO	1 285	-	142	22	28	1 477
Director Corporate	1 275	-	-	8	70	1 353
Director Consumer	1 169	-	186	19	68	1 441
CTO	1 014	-	179	15	22	1 230
<b>Sum</b>	<b>8 271</b>	<b>-</b>	<b>1 061</b>	<b>84</b>	<b>217</b>	<b>9 633</b>

Directors' fees		Total remuneration in 2018	Total remuneration in 2017
Lars B. Thoresen	Board Chairman	500	375
Kari Mette Toverud	Board Member	150	113
Espen Fjorstad	Board Member	50	113
Willy Dahl	Board Member	100	-
Anette J. Knudtzon	Board Member	100	-
Vidar Skogedal	Board Member (employee repr.)	20	-
Linn Anette Husøy	Board Member (employee repr.)	10	-
Geir Jensen	Board Member (employee repr.)	10	-
Audun Iversen	Board Chairman	-	75
Ariil Resen	Board Member	-	150
Ellen Merethe Hanetho	Board Member	50	150
Silje Veen	Board Member	-	38
Snorre Kjesbu	Board Member	-	38
Harald Arnet	Nomination Committee	-	15
Petter Tusvik	Nomination Committee	-	15
		<b>990</b>	<b>1 080</b>

The amounts in the table relates to the year the remuneration was earned.

In addition, the chairman Lars B. Thoresen received NOK 1.5 million through LT Invest AS for consultancy services related to the sale of Kvantel in 2018.

## Shares and options in the company owned by board members and key executives as at 31 December 2018

Name	Position	Number of shares	options	exercise price
Lars B. Thoresen	Board Chairman	-	200 000	25,30
Anette Juel Knudtzon	Board Member	-	-	-
Kari Mette Toverud	Board Member	-	-	-
Willy Dahl	Board Member	-	-	-
Vidar Skogedal	Board Member (employee repr.)	-	-	-
Geir Jensen	Board Member (employee repr.)	-	-	-
Eirik Lunde	CEO	144 881	280 000	9,93
		144 881	480 000	



## Note 22. Guarantees

All guarantees are off-balance sheet as none of these guarantees have been recognised in the balance sheet as a liability. The following is a list of possible exposure regarding guarantees issued.

NextGenTel AS has a bank guarantee of NOK 6 million in relation to interconnect agreement with Telenor.

NextGenTel AS has a bank guarantee of NOK 1 million relating to interconnect agreement with Telia.

NextGenTel Holding ASA has issued a guarantee to KPN in the Netherlands for the interconnect agreement entered into with the subsidiary Telio Netherlands BV. This guarantee implies that the company must redeem obligations that Telio Netherlands BV is not able to service itself.

NextGenTel Holding ASA has issued a guarantee to Swisscom Health AG in Switzerland for an invoicing and factoring agreement entered into with the subsidiary Telio Telecom AG. This guarantee implies that the company must redeem obligations that Telio Telecom AG is not able to service itself.

NextGenTel AS has issued a guarantee to Tele2 Nederland BV for the interconnect agreement entered into with the subsidiary Telio Netherlands BV. This guarantee implies that the company must redeem obligations that Telio Netherlands BV is not able to service itself.

NextGenTel AS has issued a guarantee to Verizon Switzerland AG concerning the agreement entered into with the subs subsidiary Telio

NextGenTel Holding ASA has on behalf of Telio ApS issued a guarantee to Post Danmark AS and Post Danmark AS Logistik limited to DKK 125,000.

NextGenTel AS has issued a guarantee of NOK 2 million to Sameiet I/S Klaveness related to the office rent for the head office in Oslo.

NextGenTel AS has issued a guarantee related to employee withholding tax of NOK 9 million.

Telio APS has issued a guarantee related to interconnect agreement with TDC.



## Note 23. Financial instruments

(in thousands of NOK)

### Accounting classifications and fair values

The table below shows an overview of carrying amount and fair value of financial assets and liabilities and how they are valued in the financial statements. For all of the presented assets and liabilities, the carrying amounts are equal to fair values.

	31.12.2018				31.12.2017			
	Financial assets at fair value	Loans and receivables	Financial liabilities at fair value	Other financial liabilities	Financial assets at fair value	Loans and receivables	Financial liabilities at fair value	Other financial liabilities
<b>Financial assets</b>								
Trade and other receivables		181 559				201 569		
Cash and cash equivalents		86 087				17 821		
<b>Financial liabilities</b>								
Long-term interest bearing debt							1 436	223 793
Trade and other payables				110 887				
Financial leases				27 250				52 884
Short-term interest bearing debt				-				188 933

All financial assets and liabilities measured at fair value in the balance sheet are classified in a hierarchy based on the underlying object for the valuation. The hierarchy has the following levels:

Level 1: Valuation based on quoted prices in active markets for identical assets without adjustments. An active market is characterised by the fact that the security is traded with adequate frequency and volume in the market. The price information shall be continuously updated and represent expected sales proceeds.

Level 2 comprises investments where there are quoted prices, but the markets do not meet the requirements for being characterised as active. Also included are investments where the valuation can be fully derived from the value of other quoted prices, including the value of underlying securities, interest rate level, exchange rate etc. In addition, financial derivatives like interest rate swaps and currency futures are considered to be level 2 investments. The financial liabilities at fair value through profit and loss as at 31.12 is valued at level 2.

Level 3: All other securities are valued on level 3. This concerns investments where all or parts of value-sensitive information cannot be observed in the market and investments where there is little or no trading. The value of these investments must be estimated using valuation methods.

### Financial Risk Management

The companies Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The CFO is responsible for risk on the company level. Financial risk is monitored by the CFO and operating risk is monitored by the CTO. The Group's activities are exposed to certain financial risks: credit risk, liquidity risk and market risk (currency risk and interest risk).

#### i) Credit risk:

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. See note 8 regarding receivables.



Summary of maximum credit risk exposure at 31 December:

	2018	2017
Gross receivables before provisions for losses (see note 8)	114 066	111 985
Provision for bad debt	-5 636	-12 074
Net receivables after provision for bad debt	<u>108 430</u>	<u>99 911</u>

Maximum credit exposure for trade accounts receivable by geographic origin at 31 December:

	2018	2017
Norway	110 399	106 517
Denmark	1 719	2 332
Switzerland	905	1 011
Netherlands	1 043	2 126
	<u>114 066</u>	<u>111 985</u>

Maximum credit exposure for trade accounts receivable by type of customer at 31 December:

	2018	2017
Residential customers	69 051	37 565
Business customers	45 015	74 420
	<u>114 066</u>	<u>111 985</u>

The aging of trade receivables at 31 December

	2018		2017	
	Gross	Net (after provisions)	Gross	Net (after provisions)
Not past due	92 466	92 173	57 936	57 936
Past due 0-30 days	16 301	14 965	24 746	24 746
Past due 31-60 days	-4 304	-4 838	4 695	2 760
Past due 61-90 days	1 199	-137	1 578	928
More than 91 days	8 404	6 267	23 030	13 541
	<u>114 066</u>	<u>108 430</u>	<u>111 985</u>	<u>99 911</u>

ii) Liquidity risk:

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet the liabilities when they are due.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

31.12.2018	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial commitments</b>							
Trade payables	54 632	54 632	54 632				
Other current liabilities	56 255	56 255	39 378	16 876			
Financial leases	27 250	27 250	8 771	8 771	7 265	2 443	
Other long term liabilities	2 150	2 150	-	-	-	-	2 150
<b>Totals</b>	<b>140 287</b>	<b>140 287</b>	<b>102 781</b>	<b>25 648</b>	<b>7 265</b>	<b>2 443</b>	<b>2 150</b>
<hr/>							
31.12.2017	Book value	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial commitments</b>							
Trade payables	139 799	139 799	139 799				
Other current liabilities	85 430	82 772	57 940	24 832			
Financial leases	52 884	52 884	13 734	13 734	15 249	10 166	
Interest-bearing debt	188 933	188 933	48 933	35 000	105 000		
<b>Derivative financial commitments</b>							
Interest rate swap	1 436						
<b>Totals</b>	<b>468 482</b>	<b>464 388</b>	<b>260 406</b>	<b>73 566</b>	<b>120 249</b>	<b>10 166</b>	<b>-</b>



## Reconciliation of the changes in financial debt during the year 2018

	Non-cash changes			Cash-flow effects		Balance at 31.12
	Balance at 01.01	New leasing agreements	Amortisations	Reclassifications	New loans	
Long-term lease commitments	25 416			-15 708		9 708
LT liabilities to financial institutions						-
Short-term lease commitments	27 468			15 708		17 542
ST liabilities to financial institutions	188 933					-188 933
<b>Totals</b>	<b>241 817</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27 250</b>

## Reconciliation of the changes in financial debt during the year 2017

	Non-cash changes				Cash-flow effects		Balance at 31.12
	Balance at 01.01	New leasing agreements	Amortisations	Other non-cash effects	New loans	Repayment of existing loans	
Long-term lease commitments	46 135	6 410		-1 821		-25 309	25 416
LT liabilities to financial institutions	173 739		1 261	-105 000		-70 000	-
Short-term lease commitments	25 084	2 287		1 821		-1 723	27 468
ST liabilities to financial institutions	70 000			105 000	13 933		188 933
<b>Totals</b>	<b>314 958</b>	<b>8 697</b>	<b>1 261</b>	<b>-</b>	<b>13 933</b>	<b>-97 032</b>	<b>241 817</b>

### iii) Currency risk:

#### Exposure to foreign exchange risk

The group has cash, receivables and liabilities denominated in the following currencies and therefore exposure to foreign currency risk as follows:

#### 31.12.2018

	NOK	EUR	DKK	CHF
Receivables	117 195	105	1 290	103
Bank deposits	66 315	499	8 419	407
Trade payable	-54 398	-6	-416	-10
Other current liabilities	-93 840	-2	-1 777	-233
Non-current liabilities	-11 858	-	-	-
<b>Gross exposure:</b>	<b>23 414</b>	<b>596</b>	<b>7 516</b>	<b>267</b>

#### 31.12.2017

	NOK	EUR	DKK	CHF
Receivables	170 743	1 671	13 502	436
Bank deposits	7 020	345	5 009	94
Trade payable	-138 731	-8	-891	-14
Other current liabilities	-296 866	-4	-930	-88
Non-current liabilities	-25 416	-	-	-
<b>Gross exposure:</b>	<b>-283 251</b>	<b>2 004</b>	<b>16 691</b>	<b>428</b>

#### Key exchange rates throughout the year:

	Average rate		Rate on the date of the balance sheet	
	2018	2017	31.12.2018	31.12.2017
DKK	128,75	125,39	133,22	132,18
CHF	8,31	8,39	8,83	8,41
EUR	9,60	9,33	9,95	9,84

#### Sensitivity analysis

The sensitivity analysis applies to a change in the exchange rate with a view to the translation of subsidiaries (monetary items in Norwegian companies are not included). A 10% stronger NOK against the following currencies would have entailed an increase (reduction) in the equity and profit/loss as illustrated in table below. The analysis requires that the other variables, and the interests rates in particular, remain constant.

#### 10% - stronger NOK

	2018		2017	
	Equity	Profit/Loss	Equity	Profit/Loss
DKK	-3 021	-453	-2 530	-484
CHF	48	-319	369	-262
EUR	-1 055	-582	-1 893	-160



#### iv) Interest rate risk:

##### Profile

At the end of the year the group had the following interest-bearing financial instruments.

	31.12.2018	31.12.2017
<b>Fixed rate instruments:</b>		
Financial liabilities (leasing)	-27 250	-52 884
Interest rate swap	-	-1 436
<b>Net exposure</b>	<b>-27 250</b>	<b>-54 320</b>
<b>Variable rate instruments:</b>		
Financial assets	86 087	17 821
Financial liabilities	-2 150	-188 933
<b>Net exposure</b>	<b>83 937</b>	<b>-171 112</b>

#### Note 24. Contingent liabilities and provisions

The company can through its ongoing business operations be exposed to litigation and claims from public authorities and contraction parties as well as assessments from public authorities in each country it operates. No material provisions for contingent liabilities are included in the financial statements as at 31.12.2018.

#### Note 25. Divestments

##### Sale of consumer mobile customer portfolio

As a result of the agreement to sell all consumer mobile subscribers to Telia Norge AS, the Company recorded a revenue of NOK 82 million in 2018 after deduction of transaction costs. The sale was fully completed in the first half of 2018. The customer portfolio is not recognised in the balance sheet, thus no carrying value of assets or liabilities will be affected. The business represents approx. 8,5 % of the Group's revenue and 3,6 % of the Group's EBITDA, which has been deemed immaterial for IFRS 5 purposes. The customer portfolio is therefore included in ongoing business in the statement of profit/loss.

#### Note 26. Discontinued operation

On 27 April 2018 NextGenTel Holding AS entered into an agreement to sell Kvantel AS to Broadnet AS for NOK 250 million. According to the agreement, both datacom and telephony services was transferred to Broadnet AS, while the platform producing the voice services for NextGenTel AS was not a part of the transaction. Closing of the transaction was 29 June 2018. In accordance with IFRS 5, the results of Kvantel AS classified as discontinued operations.

(Figures in NOK 1000)

	2018	2017
Sales revenue	112 754	221 534
Cost of connection and traffic charges	-78 444	-145 559
Salaries and personnel costs	-19 857	-36 784
Other costs	-11 669	-26 941
Depreciation and amortization	-14 666	-27 067
impairment	-6 117	-
<b>Operating profit</b>	<b>-18 000</b>	<b>-14 817</b>
Finance	-140	-643
<b>Profit before income tax</b>	<b>-18 139</b>	<b>-15 460</b>
income tax	4 172	3 711
<b>Profit after tax</b>	<b>-13 967</b>	<b>-11 750</b>
Gain on disposal	134 663	-

#### Note 27. Events after the balance sheet date

In April 2019, all shares in NextGenTel Holding were acquired by Telecom Holding 3 AS, a company controlled by Kistefos AS. After the acquisition, a general meeting passed a resolution to apply for de-listing of the shares in NextGenTel Holding ASA from Oslo Børs and the last day of listing was 15 April 2019. The Company will during 2019 be converted to a private limited liability company.



## Alternative performance measures (APMs)

Alternative performance measures are performance measures not within the applicable financial reporting framework (IFRS). Financial APMs are intended to enhance comparability of financial performance over time and are frequently used by analysts and investors. APMs may also be used internally as basis for performance related remuneration.

NextGenTel uses the following APMs:

**EBITDA:** EBIT (operating profit) + depreciation, amortization and impairments

**Net interest-bearing debt (NIBD):** total interest-bearing debt less cash and cash equivalents

**Leverage:** net interest-bearing debt/EBITDA

**Equity ratio:** total equity/total equity and liabilities

**Investments:** New additions to fixed or intangible assets

**RGUs:** Revenue generating units

**ARPU:** Average revenue per user

### EBITDA

(NOK 000)	2018	2017
Operating profit	92 183	-15 539
Depreciation and amortization	95 689	155 680
Impairments	0	0
<b>EBITDA</b>	<b>187 872</b>	<b>140 141</b>

### Net interest-bearing debt (NIBD)

(NOK 000)	31.12.2018	31.12.2017
Long-term interest bearing debt	9 708	25 416
Short-term interest bearing debt	17 542	216 401
Cash and cash equivalents	-86 087	-17 821
<b>Net interest-bearing debt (NIBD)</b>	<b>-58 837</b>	<b>223 995</b>

### Leverage (NIBD / EBITDA)

(NOK 000)	2018	2017
Net interest-bearing debt	-58 837	223 995
EBITDA	187 872	140 141
<b>Leverage</b>	<b>-0,313</b>	<b>1,598</b>

### Equity ratio

(NOK 000)	31.12.2018	31.12.2017
Total equity	272 187	129 455
Total equity and liabilities	542 521	713 090
<b>Equity ratio</b>	<b>50,17 %</b>	<b>18,15 %</b>

### Investments

(NOK 000)	2018	2017
New additions to fixed assets	22 463	58 908
New additions to intangible assets	23 782	36 106



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To the General Meeting of NextGenTel Holding ASA

## INDEPENDENT AUDITOR'S REPORT

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of NextGenTel Holding ASA, which comprise:

- The financial statements of the parent company NextGenTel Holding ASA (the Company), which comprise the balance sheet as at 31 December 2018, the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of NextGenTel Holding ASA and its subsidiaries (the Group), which comprise the balance sheet as at 31 December 2018, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- The 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 the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- 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.

#### 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 of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

#### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



**Deloitte.**

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Independent Auditor's Report -  
NextGenTel Holding ASA

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

#### **Report on Other Legal and Regulatory Requirements**

##### *Opinion on the Board of Directors' report*

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

##### *Opinion on Registration and Documentation*

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

Oslo, 30 April 2019  
Deloitte AS

**Torgeir Dahls**  
State Authorised Public Accountant (Norway)



NextGenTel Holding ASA

Annual Accounts 2018





## NextGenTel Holding ASA INCOME STATEMENT

	Note	2018	2017
Other operating revenues	1	4 757	4 358
<b>Total operating revenues</b>		<b>4 757</b>	<b>4 358</b>
Payroll expenses	2	1 067	-
Depreciation and amortization expenses	5	-	-
Other operating expenses	3	3 520	9 791
<b>Total operating expenses</b>		<b>4 587</b>	<b>9 791</b>
<b>Operating profit/loss</b>		<b>169</b>	<b>(5 433)</b>
Financial income	4	188 555	22 286
Financial expenses	4	17 683	41 308
<b>Ordinary result before tax</b>		<b>171 041</b>	<b>(24 455)</b>
Tax on ordinary result	6	(2 868)	(31 011)
<b>Profit for the year</b>		<b>168 173</b>	<b>(55 466)</b>
<b>Allocations</b>			
Dividend provision		-	-
Additional dividend		-	-
Transferred to other reserves		168 173	(55 466)
<b>Total allocations</b>		<b>168 173</b>	<b>(55 466)</b>



**NextGenTel Holding ASA**  
Balance Sheet as at 31 December


	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	5	-	-
Deferred tax asset	6	175	689
Investments in subsidiaries	7	469 820	469 773
<b>Total non-current assets</b>		<b>469 995</b>	<b>470 462</b>
<b>Current assets</b>			
Intercompany receivables	12	163 684	2 045
Other receivables		964	711
Bank deposits, cash and cash equivalents	7,12	56 334	2
<b>Total current assets</b>		<b>220 982</b>	<b>2 759</b>
<b>TOTAL ASSETS</b>		<b>690 977</b>	<b>473 221</b>



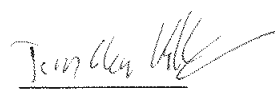
NextGenTel Holding ASA  
Balance Sheet as at 31 December

	Note	2018	2017
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital reduced for treasury stocks	9,1	2 309	2 301
Premium paid in capital	9	110 976	110 976
<b>Total paid in capital</b>		<b>113 285</b>	<b>113 277</b>
<b>Retained earnings</b>	9	<b>205 176</b>	<b>82 126</b>
<b>Total equity</b>		<b>318 461</b>	<b>195 404</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	15	-	795
Financial liability	4	-	1 436
Long term interest bearing debt	13	-	-
<b>Total non current liabilities</b>		<b>-</b>	<b>2 231</b>
<b>Current liabilities</b>			
Taxes payable	6	2 485	30 959
Dividend payable	9	-	-
Trade accounts payable	12	962	1 929
Intercompany liabilities	12	367 624	66 579
Short term interest bearing debt	13	-	173 692
Other current liabilities	11	1 445	2 427
<b>Total current liabilities</b>		<b>372 516</b>	<b>275 586</b>
<b>Total liabilities</b>		<b>372 516</b>	<b>277 817</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>690 977</b>	<b>473 221</b>

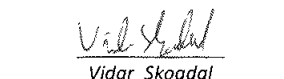
Oslo, 24 April 2019


  
Gunnar Jacobsen  
Chairman  
(sign.)


  
Kari Mette Toverud  
Board member  
(sign.)

  
Tom Olav Holberg  
Board member  
(sign.)

  
Anette Juel Knudtzon  
Board member  
(sign.)

  
Vidar Skogdal  
Board member - Employee repr  
(sign.)

  
Linn Anette Husøy  
Board member - Employee repr.  
(sign.)

  
Eirik Lunde  
CEO  
(sign.)



**NextGenTel Holding ASA**  
CASH FLOW STATEMENT

		2018	2017
<b>Cash flows from operating activities</b>	Note		
Profit before tax		171 041	(24 455)
Paid taxes	6	-	-
Change in trade accounts payables		(967)	878
Writedown of investments in subsidiaries		(47)	25 625
Non-cash transactions related to option costs		77	763
Changes in inter-company receivables and payables		139 406	42 385
Changes in other accruals		(3 566)	2 106
<b>Net cash flow from operating activities</b>		<u>305 944</u>	<u>47 302</u>
<b>Cash flows from investment activities</b>			
Payments for the purchase of other investments / share capital increases in subsidiaries	7	-	(60)
<b>Net cash flow from investment activities</b>		<u>-</u>	<u>(60)</u>
<b>Cash flows from financing activities</b>			
Payment for purchase of own shares		975	600
Proceeds from borrowings	13	-	(1 308)
Payment of long-term debt	13	-	(70 000)
Dividends paid		(46 168)	(11 504)
<b>Net cash flow from financing activities</b>		<u>(45 193)</u>	<u>(82 212)</u>
Net change in cash and cash equivalents		260 751	(34 969)
Cash and cash equivalents at the start of the period		2	34 971
<b>Cash and cash equivalents at the end of the period</b>		<u>260 753</u>	<u>2</u>



NextGenTel Holding ASA

Notes to the accounts for 2018

Note 1. Operating revenues

	2018	2017
Denmark	66	435
Switzerland	50	319
Netherlands	37	321
Norway	4 603	3 283
<b>Total intra-group sale of services</b>	<b>4 757</b>	<b>4 358</b>

Note 2. Payroll expenses, number of employees, other remunerations, loans to employees, etc.

All employees in NextGenTel Holding ASA are transferred to NextGenTel AS from 1 January 2018.

Payroll expense in 2018 relates to remuneration to the Board

There are no loan/guarantees to the CEO, Chairman or other related parties.

Auditor	2018	2017
Statutory audit	726	146
Other services	107	351
<b>Total auditing fees</b>	<b>833</b>	<b>229</b>

Auditing fees are exclusive VAT.

Note 3. Other operating expenses

	2018	2017
External services	2 190	9 104
Other expenses	1 330	687
<b>Total</b>	<b>3 520</b>	<b>9 791</b>



NextGenTel Holding ASA

Notes to the accounts for 2018

Note 4. Finance

<b>Financial income</b>	<b>2018</b>	<b>2017</b>
Interest income	28 544	21 319
Interest income from group companies	11	967
Group contributions from subsidiaries	160 000	-
<b>Total financial income</b>	<b>188 555</b>	<b>22 286</b>

<b>Financial expenses</b>	<b>2018</b>	<b>2017</b>
Interest on loans	3 485	7 178
Interest cost from group companies	1 128	380
Interest cost cash pool	11 836	-
Change in market value financial assets		25 625
Other financial cost	1 234	8 124
<b>Total financial expenses</b>	<b>17 683</b>	<b>41 308</b>

Note 5. intangible assets

	<b>2018</b>	<b>2017</b>
Historical cost 1 January	187	187
Additions	0	0
<b>Historical cost as at 31 December</b>	<b>187</b>	<b>187</b>
Amortizations as at 1 January	187	187
Amortization	0	0
<b>Accumulated amortization 31 December</b>	<b>187</b>	<b>187</b>
<b>Carrying amount intangible assets as at 31 December</b>	<b>0</b>	<b>0</b>

Expected economic life

2 years

Depreciation plan

Linear



NextGenTei Holding ASA

Notes to the accounts for 2018

Note 6. Taxes

Specification of income tax expense	2018	2017
Payable tax on profit	2 354	259
Adjustment tax payable previous years	0	30 700
Tax effect of group contributions	0	0
Change in deferred tax	506	22
Change in tax law	8	30
<b>Total</b>	<b>2 868</b>	<b>31 011</b>
<b>Reconciliation of change in deferred taxes</b>	<b>2018</b>	<b>2017</b>
Change in deferred tax in the balance sheet	514	52
<b>Change in deferred tax on the income statement</b>	<b>514</b>	<b>52</b>
<b>Calculation of deferred tax asset</b>		
<b>Temporary differences</b>	<b>2018</b>	<b>2017</b>
Provisions	(795)	(2 230)
Other differences	0	(763)
<b>Net temporary profit/loss differences</b>	<b>(795)</b>	<b>(2 994)</b>
<b>Basis for deferred tax / tax assets</b>	<b>(795)</b>	<b>(2 994)</b>
22%/23% tax on deferred tax assets and liabilities	(175)	(689)
<b>Deferred tax assets/liabilities in balance sheet</b>	<b>(175)</b>	<b>(689)</b>
<b>Basis for tax payable</b>	<b>2018</b>	<b>2017</b>
Profit before tax	171 041	(24 455)
Permanent differences	(158 607)	25 625
Change in tax provisions from previous years	(2 199)	(92)
Received (unrecognized) / group contribution	0	0
<b>Basis for tax payable</b>	<b>10 235</b>	<b>1 078</b>
23%/24% tax on taxable income	2 354	259
Adjustment tax payable previous years	131	30 700
<b>Tax payable</b>	<b>2 485</b>	<b>30 959</b>
<b>Explanation of taxes</b>	<b>2018</b>	<b>2017</b>
Profit/loss before tax	171 041	(24 455)
Nominal tax (23%/24%)	39 339	(5 869)
Tax effect of permanent differences	(36 480)	6 150
Adjustment tax payable previous years		30 700
Change in tax law	8	30
<b>Recognised tax charge</b>	<b>2 868</b>	<b>31 011</b>
Effective tax rate (as a percentage of profit/loss before tax)	2 %	-127 %

On 23 January 2017, the company sent a stock exchange notice informing the market about a report from a tax audit performed by Norwegian tax authorities (Skatt øst). The company has received a final report from the tax authorities implying a total tax claim of NOK 30.7 million incl interest. The company has accounted for an accrual for this tax claim in the financial accounts for 2017 and paid the claim in full in 2018. It is still the company's view that no additional tax should be imposed and the company has filed a complaint with the tax appeal board ("Skatteklagenemnda") as well as an application for postponement with paying the tax awaiting a ruling by the tax appeal board.



NextGenTel Holding ASA

Notes to the accounts for 2018

Note 7. Investment in subsidiaries

Investments in subsidiaries are accounted for in accordance with the cost method.

Subsidiaries	Business office	Ownership interest	Profit/loss for year	Equity capital	Book value
Telio SA	Zürich	100 %	1 500	14 056	2 316
Fiber Norge AS	Oslo	100 %	160 726	148 457	147 721
NextGenTel AS	Bergen	100 %	44 629	242 836	319 784
<b>Book value as at 31 December 2018</b>					<b>469 820</b>

Note 8. Restricted bank deposits, drawing rights and guarantees

Restricted bank deposits	2018	2017
<b>Tax withholdings</b>	<b>787</b>	<b>2</b>

Note 9. Equity capital

	Share capital	Treasury shares	Premium paid in capital	Retained earnings	Total
<b>2017</b>					
Equity as at 1 January	2 328	(30)	110 976	136 231	249 506
Purchase of treasury shares				597	597
Option costs		3		763	766
Profit for year				(55 466)	-55 466
<b>Equity as at 31 December</b>	<b>2 328</b>	<b>(27)</b>	<b>110 976</b>	<b>82 126</b>	<b>195 403</b>
<b>2018</b>					
Equity as at 1 January	2 328	(27)	110 976	82 126	195 403
Purchase of treasury shares				-	-
Options exercised		8		968	975
Reversal of dividends				-	-
Option costs				77	77
Dividends				(46 168)	(46 168)
Additional dividend				-	-
Profit for year				168 173	168 173
<b>Equity as at 31 December</b>	<b>2 328</b>	<b>(20)</b>	<b>110 976</b>	<b>205 175</b>	<b>318 461</b>

The company owns 199,201 treasury shares as at 31 December 2018 (31 December 2017: 274,201 shares).



NextGenTel Holding ASA

Notes to the accounts for 2018

Note 10. Share capital and shareholder information

#### NextGenTel Holding ASA

Total number of shares issued is 23,283,180 (2017: 23,283,180) with a nominal value of NOK 0,10 per share.

#### List of the 20 largest shareholders as at 31 December 2018

Shareholder's name	Number of shares	Percentage
SKANDINAVISKA ENSKILDA BANKEN AB	5 824 667	25,02 %
STOREBRAND NORGE I VERDIPAPIRFOND	1 481 069	6,36 %
ZICO AS	1 264 500	5,43 %
TALIR HOLDING AS	1 260 000	5,41 %
SYNESI AS	1 250 000	5,37 %
ZONO HOLDING AS	1 132 894	4,87 %
HORTULAN AS	853 676	3,67 %
MATHIAS HOLDING AS	700 000	3,01 %
TIGERSTADEN AS	525 278	2,26 %
JPMORGAN CHASE BANK, N.A., LONDON	511 698	2,20 %
LEOVILLE AS	500 000	2,15 %
ARCTIC FUNDS PLC	458 157	1,97 %
VERDIPAPIRFONDET STOREBRAND OPTIMA	376 894	1,62 %
GUTTIS AS	348 330	1,50 %
TIGERSTADEN INVEST AS	255 000	1,10 %
VERDIPAPIRFONDET DNB SMB	253 561	1,09 %
DATUM AS	227 183	0,98 %
ECKHOFF HOLDING AS	200 000	0,86 %
NEXTGENTEL HOLDING ASA	199 201	0,86 %
HUSTADLITT A/S	191 961	0,82 %
OTHERS	5 469 111	23,49 %
<b>Total number of shares</b>	<b>23 283 180</b>	<b>100,0 %</b>



NextGenTel Holding ASA

Notes to the accounts for 2018

In accordance with the authority granted by the General Meeting of NextGenTel Holding ASA, the Board of Directors has granted the following options:

Each option entitles the holder to subscribe for one share.

Movements in the number of outstanding share options and the associated weighted average exercise prices are as follows:

	2018		2017	
	Average exercise price in NOK per share	Options (in thousands)	Average exercise price in NOK per share	Options (in thousands)
As of 1 January	16.51	561	14.48	473
New	-	-	25.30	200
Exercised	13.00	75	24.00	-25
Expired	-	-	23.54	-87
<b>As at 31 December</b>	<b>16.31</b>	<b>486</b>	<b>16.51</b>	<b>561</b>

The outstanding share options (in 1,000) at the end of the year have the following expiration dates and exercise prices:

Expiration year	Exercise price in NOK per share	Number of options 2018
2020	25.3	200
Infinite	1.0	180
Infinite	10.0	4
Infinite	23.0-26.0	102
<b>Total</b>		<b>486</b>

Infinite means that options are valid and can be exercised as long as the employment with the company exists. Intervals have been consolidated and the weighted average exercise price have been used.

Total number of outstanding share options as at 31 December 2018 was 486,000 (2017: 561,000.) The exercise price has been set at the market value of the share when the option was granted.

Key executives and members of the Board of Directors own the following shares and options in the company as at 31 December 2018:

Name	Function	Number of shares	Number of options	Average exercise price
Lars B. Thoresen	Board Chairman	0	200 000	25,3
Anette Juel Knudtzon	Board Member	0	0	0
Kari Mette Toverud	Board Member	0	0	0
Willy Dahl	Board Member	0	0	0
Vidar Skogedal	Board Member (employee repr.)	0	0	0
Geir Jensen	Board Member (employee repr.)	0	0	0
Eirik Lunde	CEO	144 881	280 000	9,9
		<b>144 881</b>	<b>480 000</b>	



NextGenTel Holding ASA

Notes to the accounts for 2018

Note 11. Other current liabilities

	2018	2017
Provisions for incurred costs	1 445	2 046
Provision for interest	-	382
<b>Total</b>	<b>1 445</b>	<b>1 890</b>

Note 12. Intercompany balances

**Specification of Intra-group receivables**

	2018	2017
Accounts receivable	1 748	
NextGenTel AS	1 936	1 309
Fiber Norge AS (group contribution)	160 000	-
Kvantel AS		736
	<b>163 684</b>	<b>2 045</b>

**Specification of Intra-group liabilities**

Accounts payable	-895	
Fiber Norge AS	-244 140	-
Proximo AS	-61 033	-
NextGenTel AS	-30 392	
Telio Telecom AG	-5 311	-5 228
Telio Nehterlands BV	-14 650	-14 422
Telio SA	-2 554	-2 514
Telio ApS	-9 545	-9 281
	<b>-368 519</b>	<b>-31 444</b>

**Specification of cash pool to be presented as intercompany balances**

NextGenTel Holding ASA	-204 419	-35 135
NextGenTel AS	30 392	38 804
Fiber Norge AS	168 542	30
Proximo Norge AS	61 033	-12 079
Kvantel AS		-10 411
Cash in total as a part of cash pool	<b>55 548</b>	<b>-18 790</b>

**Specification of dividends and group contribution from subsidiaries included in intra-group receivables**

Fiber Norge AS	160 000	0
	<b>160 000</b>	<b>-</b>



NextGenTel Holding ASA

Notes to the accounts for 2018

Note 13. Loans & borrowings

Long term bank debt ohas been paid in full in 2018. The company has a NOK 50 million overdraft facility.

	2018	2017
Long term loan Nordea	-	-
Long-term loan Nordea	-	-
Loan expenses	-	-
<b>Total long term loan/ bond</b>	<b>-</b>	<b>-</b>

	2018	2017
"Long-term" loan Nordea, presented as short-term	-	105 000
Short term loan Nordea	-	50 000
Short term loan Nordea	-	20 000
Loan expenses	-	(1 308)
<b>Total short term loan</b>	<b>-</b>	<b>173 692</b>

Note 14. Guarantees

NextGenTel Holding ASA has issued a guarantee to KPN in the Netherlands for the interconnect agreement entered into with the subsidiary Telio Netherland guarantee implies that the company must redeem obligations that Telio Netherlands BV is not able to service itself.

NextGenTel Holding ASA has issued a guarantee to Swisscom Health AG in Switzerland for an invoicing and factoring agreement entered into with the subsidiary Telio Telecom AG. This guarantee implies that the company must redeem obligations that Telio Telecom AG is not able to service itself.

NextGenTel Holding ASA has on behalf of Telio ApS issued a guarantee to Post Danmark AS and Post Danmark AS Logistik limited to DKK 125,000.

Note 15. Provisions for contingent liabilities

	2018	2017
Provisions as at 1 January	-	795
Recognised as an expense during the year	-	-
<b>Provisions as at 31 December</b>	<b>-</b>	<b>795</b>

The provisions are related to social security tax on share options.

