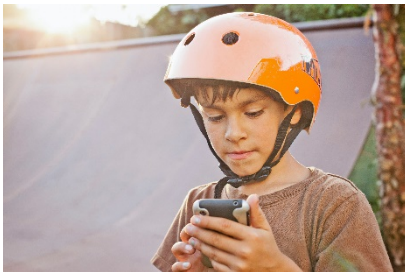
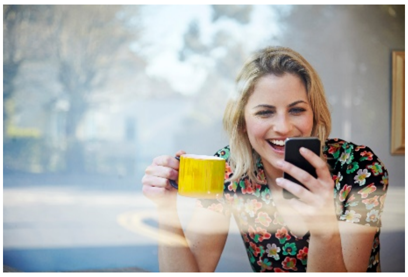
ice group









Q2 2021

Interim report

January-June 2021

CEO summary

Ice Group delivered a record high adjusted EBITDA result in the second quarter of 2021, ending at NOK 97 million compared to NOK 2 million in the same quarter last year. Operating margins are seeing significant increases indicating new earning levels for Ice group. This is a result of our strategic long-term efforts to improve customer offering, network performance, cost position and deliver continuous customer growth.

Total operating revenue in the quarter was NOK 562 million, a 13% increase from the second quarter last year (NOK 497 million), while smartphone service revenue was up 14% to NOK 434 million (382).

Same as the first quarter this year, also the second quarter was affected by large parts of Norwegian society being in lockdown because of increasing levels of Covid-19. Our own and most of the bigger retail stores of our partners have therefore been temporarily closed, negatively affecting sales in the quarter. However, we continue to grow our customer base and added 13,000 new subscribers in the second quarter, maintaining our market leading win rate in the B2C segment. This is higher than the previous quarter, and approximately at the same level as last year's second quarter, which also was partly impacted by closure of retail stores because of the Covid-19 outbreak. With shopping centres now fully re-opened and vaccination rates increasing, we expect that sales will normalize in the second half of the year.

We are used to adapting to changes in customer sentiment, technology developments, product offerings, competitive position, regulatory framework, etc. We have now also seen impacts by other factors, for example Covid-19. We need to continuously adapt our business and product offering as a response – and to be at the fore-front of the market. We are looking at our business plan to evaluate any room for amendments for boosting our market position. Capital structure and financing are related aspects to this.

Our efforts to increase customer satisfaction and further improve customer offerings are paying off, reducing smartphone churn further to 20% in the second quarter. This is the lowest quarterly churn ever reported for Ice Group. Churn reduction efforts continues to be a focus for the Ice team to increase the customer experience and further improve the net growth. Our efforts in improving customer experience are also showed by Ice once again winning the award for the best customer care in mobile in Norway. The Covid-19 related lockdowns have also reduced customer mobility somewhat in the second quarter and this has had a minor positive effect on our churn.

In June, Ice announced a summer campaign together with streaming service Strim, offering free streaming and Data Freedom throughout the summer. We also launched a Family package with included insurance for ID theft and safe e-commerce. These products are the first steps into value added services for Ice, and products like these are intended to improve customer loyalty, sales and ARPU going forward. ARPU improved steadily to NOK 226 in this year's second quarter compared to the corresponding quarter last year (223). Retail store sales generally represent higher ARPU compared to other sales channels. The temporary closure of retail stores has therefore also affected ARPU negatively in the second quarter 2021.

Further network build-out is still key to our business plan and improved profitability going forward. We added 81 new smartphone base stations in the second quarter, bringing the total to 3,071. This run-rate is in line with Ice Group's guidance of adding between 300 and 500 base stations in 2021.

Increasing share of data and voice traffic in Ice Group's own network is a key enabler for improved profitability and quality of services. On-net share of voice traffic continued its positive growth in the second quarter 2021, ending at 71% in the quarter. This is up from 68% in the previous quarter and up from 43% in the corresponding quarter last year. Average data on-net ended at 90% in the second quarter of 2021, stable from the previous quarter and an increase from 84% in the second quarter last year.

In sum, our operational and financial parameters continue to point in the direction we want them to, even though sales were disappointing due to Covid-19 lock-down. The second quarter as a whole – including macro effects outside our control – demonstrates our strong platform, the scale effects in our business and our competitive advantages. I want to give credit to my colleagues who make such a fantastic effort for Ice during another Covid-19 lock-down. We have now delivered 25 consecutive quarters of smartphone subscription growth and remain confident that we will continue to win market share and improve margins strongly going forward.

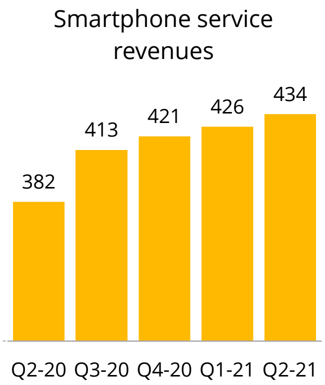
EIVIND HELGAKER
CEO

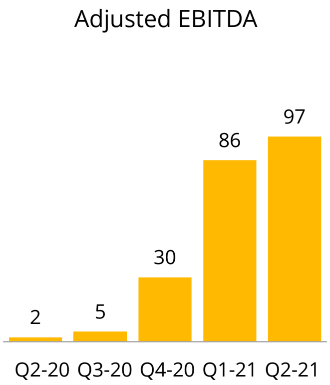
Second quarter highlights

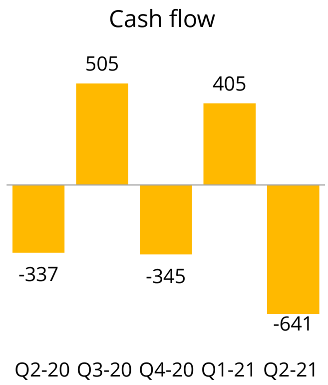
- 663k smartphone subscriptions at the end of the second quarter
- Total service revenues of NOK 514 million (460), representing a y-o-y growth of 12%
- Smartphone service revenues grew by 14% y-o-y to NOK 434 million (382)
- Adjusted EBITDA of NOK 97 million (2)
- Net result NOK -194 million (-181)
- Churn (annualised) reduced to 20 %, a 4 %-point reduction y-o-y

Key figures

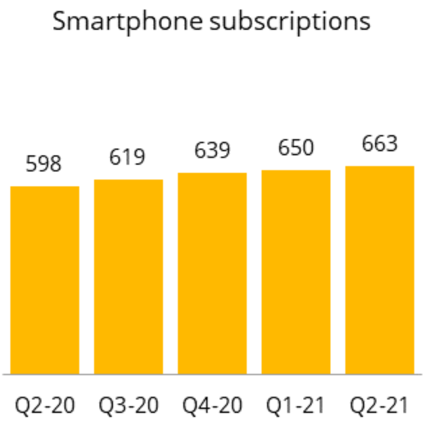
	Second Quarter		Jan-Jun		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Total service revenues	514	460	1,023	915	1,910
Smartphone service revenues	434	382	860	760	1,593
NRA cost	-47	-114	-90	-225	-441
NRA cost as share of smartphone service revenues	11%	30%	10%	30%	28%
EBITDA adjusted	97	2	182	6	41
EBITDA adjusted – margin	17%	0%	16%	1%	2%
Net result for the period	-194	-181	-457	-600	-974
CAPEX excluding contracts with customers	124	161	253	308	666
Cash flow for the period	-641	-337	-236	-571	-411
No. of smartphone subscriptions, thousand	663	598	663	598	639
No. of mobile broadband subscriptions, thousand (Norway)	73	84	73	84	78
Smartphone ARPU (Average Revenue Per User – in NOK)	226	223	226	224	228
Smartphone churn (annualised)	20%	24%	20%	26%	25%
Smartphone base stations in service	3,071	2,470	3,071	2,470	2,887
Average data on-net share	90%	84%	90%	83%	84%
Average Voice on-net share	71%	43%	69%	40%	50%

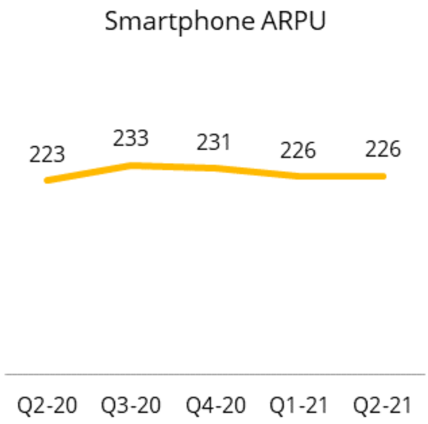


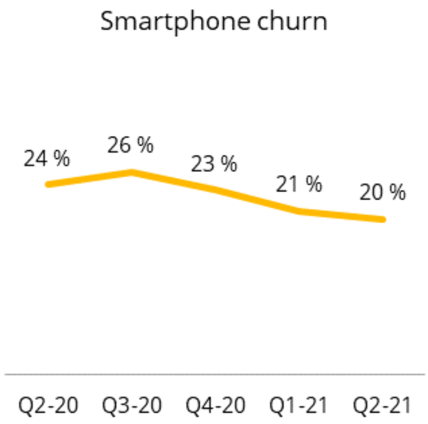




Operational development



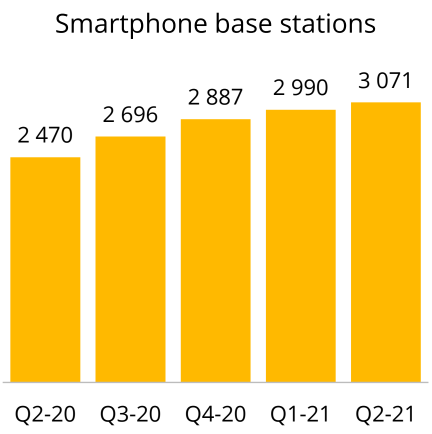


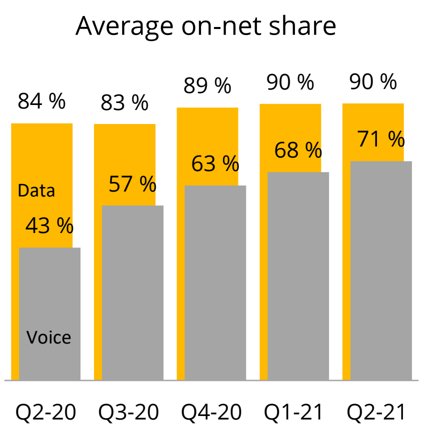


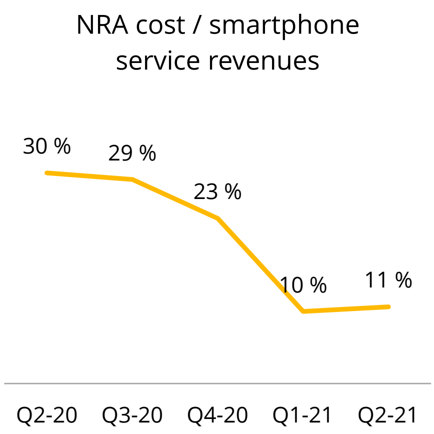
Total smartphone subscribers at the end of the second quarter 2021 was 663,000, an increase of 13,000 during the quarter and an increase of 24,000 during first half of 2021. Sale of subscriptions has been negatively affected by the temporary closure of retail stores because of the Covid-19 outbreak. New subscriptions are at approximately the same level as the first half last year, which was also affected by the closure of retail shops because of Covid-19.

Smartphone ARPU for the second quarter of 2021 was NOK 226, up from NOK 223 in the corresponding quarter last year and flat from the previous quarter. Retail store sales generally represent higher ARPU compared to other sales channels. As such, the temporary closure of Ice Group's retail stores has affected ARPU negatively in the first quarter 2021.

Smartphone churn ended at 20% for the second quarter of 2021, the lowest quarterly churn ever reported. This is down from 24% in the second quarter of 2020 and down from 21% in the previous quarter. Reducing churn further remain high on the Group's agenda. Covid-19 related lockdowns are likely to have contributed towards somewhat lower customer mobility in the second quarter and this has had a positive effect on churn.







Total number of smartphone base stations at the end of the second quarter 2021 was 3,071, an increase of 81 during the quarter. This is at a good level given the challenges posed by the ongoing Covid-19 pandemic and on track with the Group's guidance of adding between 300 and 500 base stations in 2021.

On-net shares continue to develop positively as the population coverage improves. On-net share of data was 90% in the second quarter of 2021, up from 84% in the same quarter last year and flat from the previous quarter. The data on-net share now peaks above 90%, showing the positive development in on-net share. On-net share of voice continued the very positive growth in the second quarter 2021, ending at 71% in the quarter. This is up from 68% in the previous quarter and up from 43% in the corresponding quarter last year. Increasing share of data and voice traffic in the Group's own network is a key enabler for improved profitability and quality of services.

National roaming costs as share of smartphone service revenues was 11% in the second quarter of 2021, a significant reduction from 30% in the same quarter last year, reflecting the lower cost level of the new NRA agreement that came into effect on 1 January 2021. National roaming costs as share of smartphone service revenues is expected to continue to decline as the network coverage improves.

Financial review

The comments below are related to Ice Group's development in 2021 compared to 2020.

Turnover, expenses and profit

The service revenue for the first half of 2021 amounted to NOK 1,023 million (915) of which the second quarter reported NOK 514 million (460), a y-o-y growth of 12% for the first half and 12% for the quarter.

The cost for the National Roaming ("NRA") for the first half amounted to NOK 90 million compared with NOK 225 million, NOK 47 million (114) for the quarter, a y-o-y decrease of 59% due to the new NRA-agreement that came into effect from 1 January 2021.

The operating expenses for the first half amounted to NOK 305 million compared with NOK 261 million, NOK 156 million compared with NOK 125 million for the quarter. The operating result for the first half improved to NOK -109 million compared with NOK -253 million, NOK -50 million compared with NOK -136 million for the quarter.

The net financial items for the first half ended at NOK -349 million compared with NOK -346 million, NOK -144 million compared with NOK -44 million for the quarter, positively affected by net currency gains in the second quarter of 2020.

Non-recurring and non-operational expenses identified during the first half of 2021 amounted to net NOK 5 million (16), presenting an EBITDA adjusted y-o-y improvement from NOK 6 million to NOK 182 million for the first half and a 15%-points margin improvement from 1% to 16% of revenues. For the quarter, non-recurring and non-operational expenses amounted to NOK 3 million (10), giving an EBITDA adjusted of NOK 97 million (2). Non-recurring items are mainly related to share-based compensation expenses.

Capitalised expenditure (CAPEX)

The Group's acquisition of non-current assets during the first half of 2021 amounted to NOK 253 million (308), NOK 124 million (161) for the quarter. The investments are mainly related to the smartphone network build-out project in Norway, both on existing and new sites as well as on core modernisation and IT.

The Group capitalises costs related to contracts with customers as other non-current assets in accordance with IFRS 15. These investments are presented within the working capital in the consolidated statement of cash flows and amounted to NOK 102 million (124) for the first half of 2021, NOK 53 million (73) for the quarter.

Cash flows

Cash flow from *operating activities* for the first half of 2021 was NOK 294 million (45), NOK 281 million (0) for the quarter. The increase is due to higher cash flows from working capital and increase in EBITDA.

The period's cash flow from *investing activities* was NOK -253 million (-306), NOK -124 million (-159) for the quarter.

Cash flow from *financing activities* was NOK -277 million (-310) for the first half of 2021, NOK -798 million (-178) for the quarter. Financing activities in 2021 holds the net proceeds from the NOK 1,400 million bond issue in March 2021 and the bond repayment of NOK 1,400 million, where NOK 697 million was paid in the second quarter. The Group paid NOK 104 million (121) in interest on borrowings in the first half, NOK 52 million (61) in the quarter. NOK -139 million (-135) relates to lease liability payments for the first half, NOK -49 million (-62) in the quarter.

Financial position

The total assets of the Group were NOK 6,184 million (6,267) at the end of the period, of which total non-current assets were NOK 5,365 million (5,416). Total equity ended at -2,200 million (-1,575). The Group's cash position at the end of the period was NOK 542 million (618). The Group's borrowings were NOK 5,028 million (4,466) at the end of the period, of which NOK 520 million (0) is current borrowings.

Covid-19 impact

Covid-19 continued to have a negative impact on the Group in the second quarter due to travel restrictions leading to a lack of international roaming revenues.

The financial markets have normalised after the initial lows allowing Ice Group to refinance its secured bond at favourable terms in the first quarter of 2021. However, the uncertainty surrounding Covid-19 implies a continuing risk going forward. This risk and potential mitigating measures is reflected in the Group's guidance and outlook.

Personnel and organisation

At the end of the period, the number of employees in the group amounted to 280 (253 FTEs) versus 229 for the equivalent period the previous year, an increase of 51 employees for the year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 402 (377) people.

Related party transactions

No transactions with related parties during the period.

Risks and uncertainties

Ice Group's continuing operations are in the highly competitive and regulated mobile telecommunications industry in Norway and is exposed to certain risks that could have impact on earnings or its financial position. Ice Group has defined risk as anything that could have a material adverse effect on the achievement of its goals or activities. Risks can be threats, uncertainties or lost opportunities relating to Ice Group's current or future operations. Ice Group divides the risks into related to the industry in which the company operates, risk related to the operations of the group and risks related to financing of the business. The most significant risks and uncertainties that are expected to remain for the next three months are described below.

The COVID-19 pandemic outbreak shows that disease outbreaks can put significant restrictions on the prerequisites for continuing operations of assets, including movement of people and their ability to get to their place of work. Such restrictions on and the outbreak itself could have an adverse impact on Ice Group's business, including on supply of both network equipment and handsets or other customer premises, equipment, and could also impact the availability and performance of service staff with our suppliers. A general reduction in macroeconomic activity, both domestic and international, following the COVID-19 disease outbreak could directly impact the growth and/or demand for the services Ice Group provides, which could result in lower service revenues, and thereby have a material adverse effect on Ice Group's business, financial condition and results of operations.

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

As significant operational risks, management sees the risk that it may not be able to successfully carry out its strategy or realise any or all of its anticipated gains in market share, higher ARPU and cost scalability. It also identifies that it is dependent on a national roaming agreement until it has sufficient coverage through its own network in order to secure access to a network when customers travel outside of Ice Group's own network coverage. The related strategy to build out the network faces the risks of being dependent on suppliers and vendors in order to continue its investments in maintaining, upgrading and expanding its technical network. Furthermore, there is a risk of significant IT or network outages in the future, which could harm the company's reputation, and thereby the ability to grow the revenues. Ice Group's networks are also vulnerable to damage or service interruptions, including interruptions or data breaches coming from targeted cyber-attacks. As another operational risk, management identifies the risk of financial loss, disruption or damage to Ice Group's reputation from some sort of failure of its information technology systems, or loss, alteration or unauthorised disclosure of personal data handled by the Group.

Amongst financing risks, the Group has a substantial amount of debt and debt service obligations and exposure to currency movements. As a result of this, the Group may be required to dedicate a large portion of its cash flow from operations to service debt and fund repayments on the Group's debt, thereby reducing the availability of its cash flow to fund working capital, capital expenditures and other general corporate purposes and restrict its ability to distribute dividends. Further, the Group's substantial debt may limit the Group's flexibility in planning for, or reacting to, changes in the Group's business or the industry in which it operates, limit the Group's ability to raise equity capital in the future, limit the ability to refinance current debt or raise additional debt and/or restrict the Group from making strategic acquisitions, investments or exploiting business opportunities or the ability to successfully implement its business strategy. Participation in frequency licences auctions held by the authorities is necessary for the Group to continue to grow, and the outcome of those auctions may impact the Group's competitive position.

Guidance and outlook

The continued smartphone network build-out in Norway is a key element in Ice Group's business plan. In 2021, the plan is to introduce between 300 and 500 new base stations. This will increase our population coverage and share of on-net data and voice.

The total cost of national roaming is expected to be approximately NOK ~200 million in 2021.

The Group expects to have a capex to sales ratio, excluding contracts with customers. of approximately 20-25% in 2021.

Further the Group expects to deliver an adjusted EBITDA margin of 15-20% in 2021.

Events after the closing of the period

On 8 August 2021, Ice Group ASA announced that the court has decided that the main hearing regarding the legal dispute described in note 8, originally scheduled for September 2021, will be rescheduled. A new date has not yet been set. Refer to note 9 for further information.

Legal disclaimer

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTS

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Second Quarter		Jan - Jun		Full year
NOK millions	*Note*	**2021**	**2020**	**2021**	**2020**	**2020**
Service revenue	*4, 5*	514	460	1,023	915	1,910
Other operating revenue	*5*	48	38	90	73	184
Total operating revenue	*4, 5*	**562**	**497**	**1,113**	**988**	**2,094**
National roaming expenses		-47	-114	-90	-225	-441
Operating expenses		-156	-125	-305	-261	-576
Sales and administrative expenses		-211	-220	-418	-405	-816
Employee benefit expenses		-54	-46	-123	-108	-245
Depreciation, amortisation, impairment losses	7	-144	-128	-286	-243	-528
Total operating expenses		**-612**	**-633**	**-1,222**	**-1,241**	**-2,606**
Operating result		**-50**	**-136**	**-109**	**-253**	**-512**
Financial items – net	*6*	-144	-44	-349	-346	-464
Result before tax		**-194**	**-180**	**-457**	**-600**	**-976**
Income taxes		0	-0	1	-1	2
Net result for the period		**-194**	**-181**	**-457**	**-600**	**-974**
Items that may be subsequently reclassified to profit loss:						
Translation differences on foreign operations		-34	7	38	-96	-97
Other comprehensive income		**-34**	**7**	**38**	**-96**	**-97**
Total comprehensive income for the period		**-228**	**-173**	**-419**	**-697**	**-1,071**
Net result for the period attributable to:						
Equity holders of the Parent Company		-194	-181	-457	-600	-974
Net result for the period		**-194**	**-181**	**-457**	**-600**	**-974**
Total comprehensive income attributable to:						
Equity holders of the Parent Company		-228	-173	-419	-697	-1,071
Total comprehensive income for the period		**-228**	**-173**	**-419**	**-697**	**-1,071**
Earnings per share (NOK)						
Basic earnings per share		-0.96	-0.89	-2.26	-2.98	-4.83
Diluted earnings per share		-0.96	-0.89	-2.26	-2.98	-4.83

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NOK millions	*Note*	30 Jun 2021	30 Jun 2020	31 Dec 2020
ASSETS				
Intangible assets	*7*	1,950	2,005	1,984
Tangible assets	*7*	3,034	3,037	2,916
Other non-current assets		380	374	408
Total non-current assets		**5,365**	**5,416**	**5,307**
Inventory		10	10	6
Trade receivables		176	131	178
Other receivables		1	35	14
Prepaid expenses and accrued income		91	56	90
Cash and cash equivalents		542	618	779
Total current assets		**820**	**851**	**1,068**
TOTAL ASSETS		**6,184**	**6,267**	**6,375**
EQUITY AND LIABILITIES				
Equity attributable to the Parent Company shareholders	*2*	-2,200	-1,575	-1,793
TOTAL EQUITY		**-2,200**	**-1,575**	**-1,793**
Non-current borrowings	*3*	4,508	4,466	3,604
Non-current lease liabilities	*7*	1,817	1,992	1,769
Other non-current liabilities		307	305	306
Total non-current liabilities		**6,632**	**6,763**	**5,679**
Trade payables		260	280	283
Current borrowings	*3*	520	-	1,400
Current lease liabilities	*7*	221	75	176
Other liabilities		46	24	24
Accrued expenses and deferred income		705	700	606
Total current liabilities		**1,752**	**1,079**	**2,489**
TOTAL LIABILITIES		**8,384**	**7,842**	**8,168**
TOTAL EQUITY AND LIABILITIES		**6,184**	**6,267**	**6,375**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the shareholders of the Parent Company				
NOK millions	Share capital	Other contributed capital	Reserves	Retained earnings	**Total Equity**
Opening balance 1 January 2020	**182**	**11,412**	**-34**	**-12,449**	**-889**
Net result for the period	-	-	-	-600	-600
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	-96	-	-96
Total comprehensive income for the period	-	-	**-96**	**-600**	**-697**
Capital contribution from share-based payments	-	-	-	8	8
Unregistered new share issue	-	3	-	-	3
Total transactions with owners, recognised directly in equity	**-**	**3**	**-**	**8**	**11**
Closing balance 30 June 2020	**182**	**11,415**	**-130**	**-13,042**	**-1,575**
Net result for the period	-	-	-	-374	-374
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	-1	-	-1
Total comprehensive income for the period	-	-	**-1**	**-374**	**-375**
Capital contribution from share-based payments	-	-	-	9	9
Unregistered new share issue	-	-3	-	-	-3
New share issue	-	3	-	-	3
Convertible bond issue	-	144	-	4	148
Total transactions with owners, recognised directly in equity	**-**	**144**	**-**	**13**	**157**
Closing balance 31 December 2020	**182**	**11,559**	**-131**	**-13,403**	**-1,793**
Net result for the period	-	-	-	-457	-457
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	38	-	38
Total comprehensive income for the period	-	-	**38**	**-457**	**-419**
Capital contribution from share-based payments	-	-	-	7	7
Convertible bond	-	-	-	5	5
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**12**	**12**
Closing balance 30 June 2021	**182**	**11,559**	**-93**	**-13,848**	**-2,200**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Second Quarter		Jan - Jun		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Result before tax	-194	-180	-457	-600	-976
Interest expenses related to leases	39	40	78	77	143
Paid interest expense	52	61	104	121	202
Depreciation & amortisation of non-current assets	98	81	194	154	354
Depreciation & amortisation of right-of-use assets	47	46	92	89	173
Depreciation & amortisation of contracts with customers	67	76	130	131	257
Net interest expense	57	31	125	67	190
Adjustments for other non-cash items	30	-77	48	84	-63
Change in inventory	-3	2	-4	-1	3
Change in current receivables	4	-24	16	24	51
Change in current liabilities	138	16	72	24	9
Change in contracts with customers	-53	-73	-102	-124	-282
Cash flows from operating activities	**281**	**0**	**294**	**45**	**61**
Investments in intangible assets	-22	-19	-34	-35	-125
Investments in tangible assets	-101	-142	-219	-273	-540
Net cash flows from other financial assets	0	2	0	2	2
Cash flows from investing activities	**-124**	**-159**	**-253**	**-306**	**-664**
Financing from equity holders	-	3	-	3	147
Borrowings	-	-	1,365	-	545
Repayments	-697	-57	-1,400	-57	-57
Payments related to lease liabilities	-49	-62	-139	-135	-239
Interest paid, borrowings	-52	-61	-104	-121	-203
Cash flows from financing activities	**-798**	**-178**	**-277**	**-310**	**193**
Cash flow for the period	**-641**	**-337**	**-236**	**-571**	**-411**
Cash and cash equivalents Beginning of Period	1,183	958	779	1,183	1,183
Exchange rate difference in cash and cash equivalents	1	-3	-1	6	7
Cash and cash equivalents End of Period	**542**	**618**	**542**	**618**	**779**

The accompanying notes are an integral part of the condensed consolidated interim financial statements.

NOTES TO THE FINANCIAL REPORT

General information

Ice Group ASA ("the Company") is a limited liability company incorporated in Norway and is with its subsidiaries (together, "the Group" or "Ice Group") a Norwegian telecom operator under the trademark ice. The business is to provide telecommunications services, including wireless data services, voice, messaging, mobile broadband services, telephony and other related telecom services. The Company is listed at Euronext Expand in Norway with ticker "ICEGR". The major shareholder is AI Media Holdings (NMT) LLC, Delaware.

Note 1 – Accounting principles

Basis of preparation

This interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting*. The report does not contain all the information and disclosures required in an annual financial report and should be read in conjunction with the Group's annual report for 2020, which can be found at www.icegroup.com.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to make certain judgments in applying the Group's accounting policies.

These condensed consolidated interim financial statements have not been subject to audit or a limited review. There may be figures and percentages in this report that do not always add up correctly due to rounding differences.

Summary of new accounting policies

The interim consolidated financial accounts have been produced in accordance with the accounting policies in the Group's annual financial accounts for the year ended 31 December 2020.

Note 2 – Equity and going concern

As of 30 June 2021, the consolidated equity is negative by NOK 2,200 million.

The Group is planning for and has an ongoing process to refinance its senior unsecured bond maturing in 2022 at its full nominal value prior to maturity. The process includes a number of options and partners. Based on this the report is prepared under the assumption of going concern.

Note 3 – Borrowings

NOK millions	30 Jun 2021	30 Jun 2020	31 Dec 2020
Senior unsecured bonds	1,410	1,397	1,406
Senior secured callable bonds	1,367	1,390	1,392
Convertible bonds	578	-	543
Goldentree loan (USD)	1,118	1,148	1,111
Rasmussengruppen loan (SEK)	538	511	535
Long-term payable with Access Industries (USD)	17	19	17
Total borrowings	**5,028**	**4,466**	**5,004**

Currency in millions	Currency	30 Jun 2021	30 Jun 2020	31 Dec 2020
Goldentree loan	USD	135	122	135
Rasmussengruppen loan	SEK	535	492	513
Long-term payable with Access Industries	USD	2	2	2

Please refer to note 22 in the 2020 Annual Report of Ice Group ASA for more information on borrowings.

In Q1 2021, Ice Group, through Ice Group Scandinavia Holdings AS, issued a new senior secured bond (ISIN NO0010939788) of NOK 1,400 million with maturity in March 2025. The new senior secured bond is issued at an interest rate of 3 months NIBOR, plus a margin of 4.0% per annum. The bond was listed at Oslo Stock Exchange on 4 August 2021. In March 2021, NOK 703 million of the net proceeds from the offering was used to redeem a portion of the Group's existing NOK 1,400 million senior secured bond (ISIN NO0010807092). In April 2021, the outstanding amount of NOK 697 million was redeemed.

The senior secured bond of NOK 1,400 million is reclassified from non-current liability to current liability in the annual 2020 comparable figures in the balance sheet due to a classification error in the annual report 2020 and the Q1 report of 2021. This reclassification has no effects on any results or KPIs.

The senior unsecured bond maturing in April 2022 is expected to be refinanced prior to maturity.

Note 4 - Segment information

The segment information is reported in accordance with the reporting to Group Executive Management and is consistent with financial information used for assessing performance and allocating resources and is based on business activities. Growth is measured from service revenues and profitability is measured from EBITDA adjusted performance, both by business activity.

2021 Second quarter *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	434	80	48	562	109	176
Other	0	0	0	-0	-12	-
Total	**434**	**80**	**48**	**562**	**97**	**176**

2020 Second quarter *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	382	77	38	497	9	234
Other	0	1	-1	-0	-7	-1
Total	**382**	**77**	**38**	**497**	**2**	**234**

2021 Jan - Jun *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	860	163	90	1,113	204	354
Other	0	0	0	-0	-22	-
Total	**860**	**163**	**90**	**1,113**	**182**	**354**

2020 Jan - Jun *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	760	151	74	985	19	432
Other	0	4	-1	3	-13	-1
Total	**760**	**155**	**73**	**988**	**6**	**432**

2020 Full year *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	1,593	312	186	2,091	77	948
Other	0	4	-1	3	-36	-1
Total	**1,593**	**317**	**184**	**2,094**	**41**	**948**

The 'Other' segment consists of reporting figures from the Group's non-operating companies. Furthermore, the reporting figures from Denmark, which was sold in May 2020, are included in the 'other' segment due to it being an immaterial part of Ice Group’s financial information, not of continuing significance to Group Executive Management for assessing performance and allocation of resources and not satisfying the criteria of operating segments in accordance with IFRS 8.

Revenue from intercompany transactions is not included in the segment information. Non-current assets exclude financial assets and deferred tax assets, include investments in contracts assets and business combinations.

Note 5 – Disaggregation of revenue

In the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as disclosed in note 4. For further information on the categories, please refer to note 5 and 6 in the 2020 Annual Report of Ice Group ASA.

Disaggregation of revenue from contracts with customers

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

2021 Second quarter	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	514	-	48	-0	**562**
Timing of revenue recognition:					
At a point in time	113	-	48	-0	**161**
Over time	401	-	-	-	**401**

2020 Second quarter	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	458	1	39	-1	**497**
Timing of revenue recognition:					
At a point in time	94	0	39	-1	**131**
Over time	365	1	0	-	**366**

2021 Jan – Jun	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	1,023	-	90	-0	**1,113**
Timing of revenue recognition:					
At a point in time	216	-	90	-0	**307**
Over time	807	-	-	-	**807**

2020 Jan – Jun	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	911	4	74	-1	**988**
Timing of revenue recognition:					
At a point in time	189	0	74	-1	**261**
Over time	723	4	0	-	**727**

2020 Full year	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	1,906	4	186	-1	**2,094**
Timing of revenue recognition:					
At a point in time	409	0	185	-1	**592**
Over time	1,497	4	1	-	**1,502**

Revenues from external customers comes in all material aspects from service subscriptions, which are over time, and CPE sales which are recognised at the point in time of the sale. Other revenue consists of CPE sales and other operational revenue.

Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

NOK millions	30 Jun 2021	30 Jun 2020	31 Dec 2020
Trade receivables	176	131	178
Contract assets included in Prepaid expenses and accrued income	39	42	40
Contract liabilities included in Accrued expenses and deferred income	48	44	41

Revenue recognised in relations to contract liabilities

The following table shows how much of the revenue recognised in the reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year.

	Second Quarter		Jan - Jun		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Revenue from contract liabilities	2	3	34	28	42

Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to costs to fulfil long-term contracts.

NOK millions	30 Jun 2021	30 Jun 2020	31 Dec 2020
Costs to fulfil a contract at the beginning of the period	387	362	362
Costs capitalised during the period	102	124	282
Amortisation during the period	-130	-131	-257
Costs to fulfil a contract at the end of the period	**359**	**355**	**387**

Note 6 – Financial items

	Second Quarter		**Jan - Jun**		**Full year**
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Interest income	0	0	0	1	1
Currency gains, net	14	96	-	-	97
Financial income	**14**	**96**	**0**	**1**	**98**
Interest expense	-118	-98	-245	-198	-416
Interest expenses related to leases	-39	-40	-78	-77	-143
Currency losses, net	-	-	-26	-69	-
Other financial expenses	0	-3	0	-3	-3
Financial expenses	**-158**	**-141**	**-349**	**-347**	**-562**
Net financial items	**-144**	**-44**	**-349**	**-346**	**-464**

Paid interest expense for the first half of 2021 was NOK 104 million (121), NOK 52 million (61) for the quarter.

Note 7 – Leases

Please refer to note 14 in the 2020 Annual Report of Ice Group ASA for more information on leases.

The note provides information for leases where the Group is a lessee. The rights-of-use assets stated below have been recognised in the balance sheet as tangible and intangible fixed assets.

Items recognised in the balance sheet

NOK millions	30 Jun 2021	30 Jun 2020	31 Dec 2020
Right-of-use assets			
Licenses	1,554	1,610	1,565
Property	59	64	59
Technical equipment	1,016	1,148	977
Equipment and tools	0	1	0
Other tangible assets	0	1	1
Total	**2,630**	**2,824**	**2,602**
Lease liabilities			
Current	221	75	176
Non-current	1,817	1,992	1,769
Total	**2,038**	**2,067**	**1,945**

Items recognised in the statement of comprehensive income

	Second Quarter		Jan - Jun		Full year
NOK millions	2021	2020	2021	2020	2020
Depreciation charge of right-of-use asset					
Licenses	-23	-23	-47	-45	-91
Property	-2	-2	-5	-4	-9
Technical equipment	-21	-21	-41	-39	-73
Equipment and tools	-0	-0	-0	-0	-0
Other tangible assets	-0	-0	-0	-0	-1
Total	**-47**	**-46**	**-92**	**-89**	**-173**
Interest expense (included in financial expenses)	-39	-40	-78	-77	-143

Total cash outflow related to leases in the first half of 2021 amounted to NOK 139 million (135), NOK 49 million (62) for the quarter.

Note 8 – Legal disputes

GoldenTree Asset Management LP (GoldenTree) has submitted a statement of claim to Oslo District Court to obtain a judgement that the loan agreement with the Group has been breached 14 times since 2017 (7 of these alleged breaches consisting of not informing GoldenTree of the alleged breaches) and that the lenders are entitled to an increase in the interest rate of 5 percentage points for each breach. According to GoldenTree this implies that interest accrued in the last year ending 30 September 2020 alone amounts to USD 112,376,900. GoldenTree alleges that this interest amount is due and payable and requests that the Ice Group ASA subsidiary, AINMT Holdings AB, be ordered to pay this amount to GoldenTree. GoldenTree has been informed of the public bond issues and has never before objected to or raised any concerns in relation thereto.

On 12 April 2021, GoldenTree submitted a pleading to the court in the dispute. In the pleading, GoldenTree admits that it received information about the disputed historic financing transactions when they took place – despite not raising any objections until August 2020 – which AINMT Holdings AB already had invoked as a key defense against the claim. In the same pleading, GoldenTree agreed to refer the dispute to mediation. In the pleading GoldenTree has further expanded its claim to include 6 additional alleged breaches (connected to Ice Group Scandinavia Holdings AS' refinancing of its NOK 1,400 million senior secured bond), based on the same legal arguments as for the original claim. The formal court-led mediation meetings were conducted in June.

In Ice Group's opinion there is no merit to any of GoldenTree's claims that the loan agreement has been breached. Ice Group will vigorously oppose all GoldenTree's allegations in a possible law-suit.

Note 9 – Events after the closing of the period

On 8 August 2021, Ice Group ASA announced that the court has decided that the main hearing regarding the legal dispute described in note 8, originally scheduled for September 2021, will be rescheduled. A new date has not yet been set. The rescheduling was decided at GoldenTree's request, on the background that GoldenTree recently terminated its legal team and appointed a new team from another law firm. AINMT Holdings AB did not object against the rescheduling.

ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

Alternative Performance Measures

Ice Group's financial information is prepared in accordance with IFRS. In addition to the ordinary financial performance measures prepared in accordance with IFRS, it is management's intent to provide alternative performance measures ("APM") to enhance the understanding of the Group's underlying performance.

Financial APMs are intended to enhance comparability of the results, financial position and cash flows from period to period, and Ice Group believes that these are frequently used by analysts, investors and other parties. These measures are adjusted IFRS measures, defined, calculated and used in a consistent and transparent manner over the years and across the company where relevant. The alternative performance measures take into consideration items regarded as special due to their nature and include among others provision for non-recurring or non-operational items as technical migrations, restructurings, write-downs, strategic processes, refinancing and share-based compensation expenses.

- Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS.
- APMs may be calculated differently by other companies.

EBITDA adjusted

EBITDA (Earnings Before Interests, Taxes, Depreciations and Amortisations) adjusted is a financial parameter that Ice Group considers to be relevant to an investor who wants to understand the generation of earnings before investment in fixed assets. Ice Group defines EBITDA adjusted as operating profit after adjustment of expenses for depreciation, amortisation and impairment losses, foreign exchange differences recognised in income pertaining to revaluation of items in the balance sheet, non-recurring and non-operational items. Any effects from business combinations are not included.

	Second Quarter		**Jan - Jun**		**Full year**
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Operating result	**-50**	**-136**	**-109**	**-253**	**-512**
Depreciation & amortisation	144	128	286	243	528
EBITDA	**94**	**-8**	**177**	**-10**	**16**
Network upgrades & migrations	0	3	1	5	6
Other non-recurring items incl. redundancy costs	0	3	-0	3	3
Share-based compensation expense	2	5	4	8	16
EBITDA adjusted	**97**	**2**	**182**	**6**	**41**

CAPEX

Ice Group considers CAPEX, CAPEX excluding contracts with customers, CAPEX excluding licenses and spectrum and CAPEX excluding licences, spectrum and contracts with customers as important measures to be able to understand the Group's investments in intangible, tangible and other non-current assets.

	Second Quarter		Jan - Jun		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Investments in intangible assets	22	19	34	35	125
Investments in tangible assets	101	142	219	273	540
Change contracts with customers	53	73	102	124	282
CAPEX	**176**	**234**	**354**	**432**	**948**
Change in contracts with customers	-53	-73	-102	-124	-282
CAPEX excluding contracts with customers	**124**	**161**	**253**	**308**	**666**
CAPEX	**176**	**234**	**354**	**432**	**948**
Licences and spectrum	-	-2	-	-2	-2
CAPEX excluding licences and spectrum	**176**	**233**	**354**	**431**	**946**
Change in contracts with customers	-53	-73	-102	-124	-282
CAPEX excluding licences, spectrum and contracts with customers	**124**	**159**	**253**	**306**	**664**

NIBD

Ice Group considers NIBD (Net Interest-Bearing Debt) to be an important measure to be able to understand the Group's indebtedness. NIBD presented below is based on the total group for continuing operations and is defined as Gross Interest-Bearing Debt less Cash and cash equivalents.

NOK millions	**30 Jun 2021**	**30 Jun 2020**	**31 Dec 2020**
Total borrowings	5,028	4,466	5,004
Adjusted for:			
Capitalised loan costs	78	71	60
Long-term payable with Access Industries	-17	-19	-17
Gross Interest-bearing Debt	**5,088**	**4,518**	**5,047**
Cash and cash equivalents	-542	-618	-779
Net Interest-bearing Debt	**4,546**	**3,899**	**4,268**

The Group issued a new senior secured bond in first quarter of 2021 of NOK 1,400 million of which the proceeds were used to redeem the existing NOK 1,400 million (ISIN NO0010807092) senior secured bond. Accrued interests have been capitalised.

CONSOLIDATED KEY RATIOS

	Second Quarter		Jan - Jun		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Profit					
EBITDA adjusted	97	2	182	6	41
Operating result	-50	-136	-109	-253	-512
Key ratios – increase					
Service revenue growth in %	12%	16%	12%	19%	13%
Service revenue growth in absolute numbers	54	65	108	146	223
Key ratios - financial position					
Cash liquidity %	47%	79%	47%	79%	43%
Total assets	6,184	6,267	6,184	6,267	6,375
Equity	-2,200	-1,575	-2,200	-1,575	-1,793
Gross interest-bearing debt	5,088	4,518	5,088	4,518	5,047
Net interest-bearing debt	4,546	3,899	4,546	3,899	4,268

DEFINITIONS

ARPU	Average Revenue Per User
EBITDA adjusted	Ice Group defines EBITDA adjusted as operating income after adjustment of expenses for depreciation, amortisation, impairment, network upgrades, share based compensation expense, non-recurring and other non-operational items. Any effects from business combinations are not included.
CAPEX	CAPEX is defined as investments in non-current assets as stated in the statement of cash-flows
Cash liquidity in %	Current assets divided by current liabilities
Net result margin in %	Profit after financial items divided by total operating revenue
NRA	National Roaming Agreement
Operating result	Profit before financial items and tax
Operating margin in %	Operating profit divided by total operating revenue
Return on Equity in %	Profit/loss before tax divided by equity
Gross interest-bearing debt	Total interest-bearing debts including capitalised interests
Net interest-bearing debt	Gross interest-bearing debts less cash and cash equivalents
Service revenue growth in %	Growth in comparison with the same period previous year in %
Service revenue growth	Growth in comparison with the same period previous year in absolute numbers
VoLTE	Voice over LTE
CPE	Customer Premises Equipment

RESPONSIBILITY STATEMENT

From the Board of Directors and CEO of Ice Group ASA:

"We confirm to the best of our knowledge that:

- the consolidated financial statements for the half year 2021 have been prepared in accordance with IFRS as adopted by the EU and IAS 34 *Interim Financial Reporting* as well as additional information requirements in accordance with the Norwegian Accounting Act

and that

- the information presented in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and result for the period viewed in their entirety and that

- the Board of Directors' report gives a true and fair view of the development performance and financial position of the Group and includes a description of the principle risks and uncertainties."

16 August 2021

The Board of Directors of Ice Group ASA

Guillaume d'Hauteville *Chairman of the Board*		Eivind Helgaker *CEO*
Mari Thjømøe	Hans-Holger Albrecht	Roshanak Lina Motman

CONTACT DETAILS

Address:	Ice Group ASA Nydalsveien 18B 0484 Oslo Norway
E-mail:	info@icegroup.com
Web:	www.icegroup.com

All financial information is posted on www.icegroup.com after publication.

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