

# ice group



## Q2 - 2020

Interim report  
January-June 2020

## CEO summary



**EIVIND HELGAKER**  
CEO

In Q2 2020 Ice Group's adjusted EBITDA reached a positive margin for the second quarter in a row. We also continued to grow our customer base, reaching 21 consecutive quarters of smartphone subscriber growth. Smartphone service revenues in Q2 was NOK 379 million, a 19% increase from last year, driven by the growth in smartphone subscribers.

Ice Group has during 5 years with a smartphone offering captured more than 10% of the market, built a mobile network with more than 90% population coverage and launched a series of disruptive products in the Norwegian market. The support and regulation for build-out of the third network has also improved in the period. Our entrance in the mobile market has shown Norway the importance of healthy competition and we remain confident on our target of reaching 20% market share in the medium term.

In June we received the final decision to grant Ice Group c. NOK 550 million in deferred payments to the Norwegian state, significantly reducing our funding need. We are in advanced talks on additional funding, and management is positive that this may be accessible in the coming period. We will come back to the market with more news as soon as we have concluded the process.

On-net share of data and voice continued to increase in Q2, mostly driven by network build-out and positive effects of the Apple agreement increasing data and voice traffic in our own network. There is still an upside when the Apple agreement is expected to be implemented in full during the second half of this year. On-net data for Q2 ended at record high 84% while on-net voice increased to 43% during the quarter, peaking at 54% at the end of June. Total number of smartphone base stations at the end of Q2 was 2,470, an increase of 232 during the quarter. We have a good pipeline of ready-to-build base stations, and we continue to target up to 1,000 new base stations in total in 2020.

Total smartphone subscribers at the end of Q2 was 598,000, an increase of 15,000 during the quarter. The sale of subscriptions continued to be negatively affected by the Covid-19 outbreak and the resulting restrictions in Norway, especially impacting retail sales. On the other hand, Ice is already very strong in digital sales and we have been able to increase our digital sales further during the Covid-19 outbreak. We will have even higher focus and increased investments in digital sales channels going forward, and we see that our share of number portability in the market has been stable well above 20% during the last months.

Smartphone churn was negatively impacted early in the quarter by price adjustments on our 1GB subscription from 1 April, and ended at 24% for the quarter as a whole. We have implemented several initiatives to reduce churn, and we see good results from these initiatives so far. Smartphone ARPU for Q2 was NOK 222, a NOK 2 increase from Q2 last year, negatively impacted by loss of the negative margin international roaming due to Covid-19 travel restrictions, and lower regulated prices on voice interconnect. The underlying development in subscription revenues increased c. NOK 10 and show that we also succeed in targeting the medium- and high usage segments more efficiently.

The new telecom regulation (Market-15) from Norwegian Communications Authority (Nkom) was implemented from 1 June and is very positive for Ice Group as it will lower Ice's national roaming costs in the next agreement period. The decision also imposes stricter regulation regarding site sharing, which will have a positive impact for Ice Group in our current build-out phase. We are currently negotiating with the two other network operators in Norway regarding the roaming agreement from 1 April 2021, and we expect to achieve considerable better terms than in the current agreement. Due to the new linear pricing model, the regulation will allow Ice to optimize site location and gain higher capital returns on the network investments going forward.

The situation related to the outbreak of Covid-19 underlines the importance of a well-functioning and stable telecom network and market in Norway. Three mobile networks is a clear goal for Norwegian authorities in order to secure a diversified telecom infrastructure and fair competition in the market. Continued network-build, lower national roaming costs and smartphone subscription growth remain key to realise Ice Group's business plan. We have now delivered 21 consecutive quarters with smartphone subscription growth and remain confident that we will continue to win market share and improve margins strongly going forward due to reduced national roaming costs and scale economics.

## Second quarter highlights

- \* Smartphone customers base increased with 15k new subscriptions
- \* 598k smartphone subscriptions at the end of the quarter, up from 536k at the same time last year
- \* Total service revenues of NOK 460 million, a y-o-y growth of 17%
- \* Smartphone service revenues grew by 19% y-o-y to NOK 379 million (319)
- \* Adjusted EBITDA of NOK 2 million (-46)
- \* Net result NOK -181 million (-297), affected by currency effects in financial items
- \* Strong network build-out with 232 new base stations

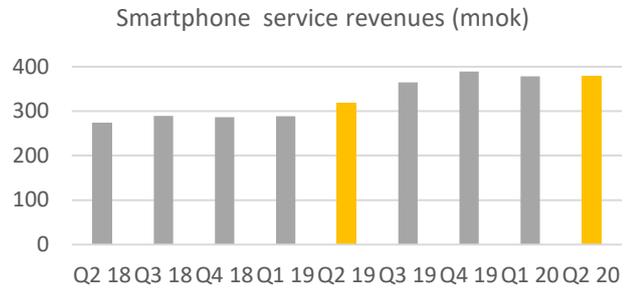
## Key figures

NOK million	Second Quarter		Jan-Jun		Full year
	2020	2019	2020	2019 <sup>1)</sup>	2019 <sup>1)</sup>
Total service revenues	460	394	915	769	1,687
Smartphone service revenues	379	319	758	607	1,363
EBITDA adjusted	2	-46	6	-111	-165
EBITDA adjusted – margin	0%	-11%	1 %	-13%	-9%
Net result for the period	-181	-297	-600	-573	-1,113
CAPEX	161	312	308	439	679
Cash flow for the period	-337	-331	-571	890	907
Average data on-net share	84%	72%	83%	72%	74%
Average Voice on-net share	43%	19%	40%	17%	22%
No. of smartphone subscriptions, thousand	598	536	598	536	573
No. of mobile broadband subscriptions, thousand (Norway)	84	85	84	85	86
Smartphone ARPU (Average Revenue Per User – in NOK)	222	220	224	221	224
Smartphone churn (annualised)	24%	24%	24%	24%	27%

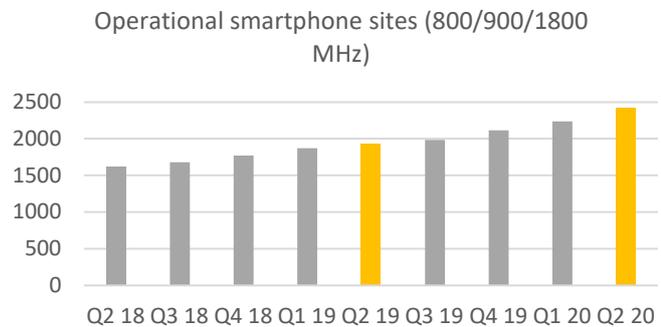
<sup>1)</sup> Numbers from the divested Swedish operation are included in only the two first months of 2019, for Total service revenues, EBITDA adjusted, Net result for the period, CAPEX and Cash flow.

## Key figures – historical development

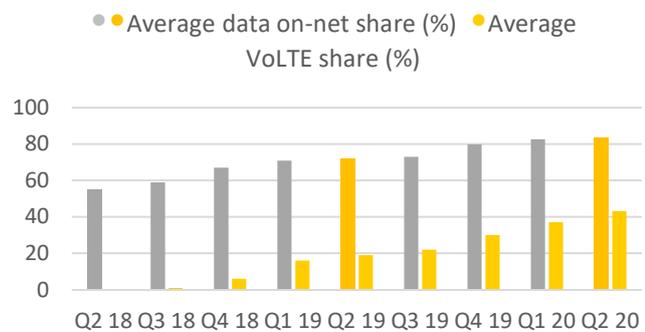
Smartphone service revenue ended at NOK 379 million in the second quarter, up from NOK 319 million in the same period last year, representing an increase of 19%. Smartphone ARPU for the second quarter was NOK 222 (220), negatively impacted by c. NOK 5 from loss of international roaming due to Covid-19 and c. NOK 3 from lower regulated prices on voice interconnect. Underlying subscription revenues were up c. NOK 10 from the second quarter last year. Total operating revenues increased 18% to 497 million in the second quarter.



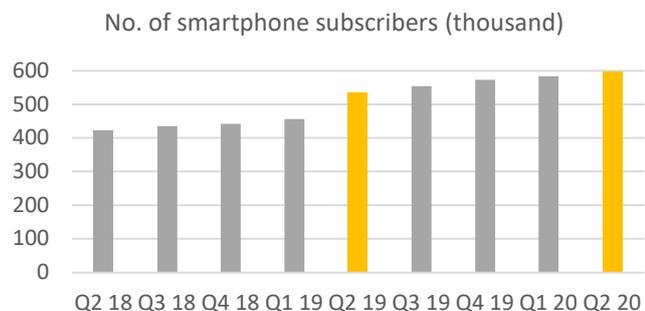
232 new smartphone sites were added during the second quarter, bringing the total to 2,470 operational sites per 30 June 2020, which is 537 more sites than one year ago. Ice Group's smartphone sites are operating 4G only in the 700, 800, 900, 1,800 and 2,100 MHz frequency bands. An upcoming 5G pilot is planned later this year and initial 5G offering on 700MHz in urban areas is expected during 2020.



Average data on-net share grew to 84% in the second quarter, up from 72% in the same quarter last year and up from 83% in the previous quarter. In late 2018, Ice Group started producing voice traffic (VoLTE) in its own network, and in Q1 2020 the Group launched voice over WiFi. The average on-net voice share was 43% in the second quarter this year, up from 37% last quarter. Increased on-net share reduces NRA costs which in the second quarter was 30% of smartphone service revenues, down from 34% last year. The share of on-net data and voice is expected to increase in the coming quarters as we build more base stations and further positive effects from the Apple agreement.



Per 30 June 2020, the Group had 598 thousand smartphone subscriptions. The smartphone customer base grew by 15 thousand in the second quarter, despite negative Covid-19 impact, especially affecting retail sales. Ice Group now has 21 consecutive quarters of subscriber growth. Smartphone churn for the quarter was 24% (24%), negatively impacted by a NOK 20 price increase on the 1GB price plan with effect from 1 April.



## Covid-19 impact

As a consequence of the Covid-19 pandemic, Norway implemented mobility restrictions and lockdown measures that financially affected Ice Group as well as impacting risk assessment.

The lockdown in Norway led to a decrease in physical sales from retail shops in the first part of the quarter, negatively impacting the acquisition of new customers and revenues from retail sales, while there has been an increase in digital sales. The reduction in market activity in the first part of the quarter led to savings in commissions and subsidies to retailers, and a lower subscriber acquisition cost. The Group increased the focus towards digital sales channels in order to offset the decline in physical sales.

Imposed mobility and travel restrictions led to a significant decrease in international roaming traffic, negatively impacting ARPU in the period. The Group saw an increase in national roaming in the beginning of the quarter, led by an increase in voice activities, normalising during the period as customers shifted from using mobile data to fixed data services while staying at home. Towards the end of the quarter the Group saw a shift towards increased mobile data usage outside Ice's own network, as the Group's customers were visiting their holiday homes to an increasing extent.

Ice Group had a slight delay in base station build-out at the end of the first quarter, as a few installation teams were restricted from travelling due to mobility restrictions. Base station build-out was back to planned roll-out speed through the second quarter. The Group expects base station build-outs to continue as planned in the second half of 2020.

In addition to the implemented mobility restrictions and lockdown measures the oil price drop impacted the value of the Norwegian Krone (NOK). Ice Group has significant borrowings in USD and SEK which exposes the Group to changes in the exchange currency rate, impacting the Group's results as well as reported net debt.

The financial markets were heavily impacted by the Covid-19 pandemic, resulting in reduced access to liquidity and higher volatility. Due to this the Norwegian government has implemented relief measures, which has not had a material impact on the Group for the period. However, Ice Group has obtained a future positive liquidity effect of approximately NOK 550 million due to deferment of spectrum payments from 2021/2022 until 2025.

The Group had already invested in excellent work-from-home solutions before the Covid-19 outbreak, ensuring business continuity and safe working conditions. The Group has also implemented the recommended disease control measures in the company's locations.

Due to the current economic situation, the impacts on the financial results and the continuing risk and outlook, the Group has made an assessment whether there are indicators of impairment of the Group's cash-generating units. Although the credit risk has increased due to the pandemic, Ice Group has not identified a corresponding increase in reduced payment from customers. The Group's network capacity has been tested during the period due to an increase in data and voice traffic, which has been handled without issues, supporting the assumption that the Group's assets are not impaired. There are no other significant changes from the assumptions in the impairment test performed at year end 2019, indicating no additional indicators of impairment. Group management closely monitors the development and the need for potential impairment of assets or increase in credit allowance.

## Financial review

The comments below are related to Ice Group's development in 2020 compared to 2019.

### *Turnover, expenses and profit*

The service revenue for the first half of 2020 amounted to NOK 915 million (769) of which the second quarter reported NOK 460 million (394), a y-o-y growth of 17%. Roaming revenues from travels outside the EU were negatively impacted by an estimated NOK 9 million in the second quarter due to lockdown measures and reduced activities.

The cost for the National Roaming ("NRA") for the first half amounted to NOK 225 million compared with NOK 206 million, NOK 114 million compared with NOK 109 million for the quarter, a y-o-y increase of 5% compared to the 12% increase in smartphone subscribers. Ice Group has observed a change in consumer behaviour and traffic consumption patterns due to Covid-19, leading to an increase in NRA data and voice traffic. The period's negative impact on the results due to this change is estimated to NOK 18 million.

The operating expenses for the second quarter was NOK 125 million compared with 130 million. The operating result for the first half of 2020 improved to NOK -253 million compared with NOK -330 million for the first half of 2019, NOK -136 million compared with NOK -182 million for the quarter. Operating expenses includes outbound roaming costs that are reduced by approximately NOK 11 million due to international travel restrictions, giving a positive effect on the Group's results.

The net financial items for the first half ended at NOK -346 million compared with NOK -244 million, NOK -44 million compared with NOK -115 million for the quarter. NOK 69 million (4) is related to a non-cash negative currency effect from borrowings in USD and SEK. The non-cash currency effect for the second quarter was positive NOK 96 million (-1). Interest expense for the first half amounted to NOK 189 million (161), NOK 93 million (92) for the quarter. The Group paid NOK 121 million (61) in interest on borrowings in the first half, NOK 61 (28) in the quarter. Financial expenses related to IFRS 16 amounted to NOK 77 million (58) for the first half of 2020, NOK 40 million (26) for the quarter.

Non-recurring and non-operational expenses identified during the first half of 2020 amounted to net NOK 16 million (1), presenting an EBITDA adjusted y-o-y improvement from NOK -111 million to NOK 6 million for the first half and a 14%-points margin improvement from -13% to 1% of revenues. For the quarter, non-recurring and non-

operational expenses amounted to NOK 10 million (20), giving an EBITDA adjusted of NOK 2 million (-46). These items are mainly related to extraordinary costs from network technology upgrade, smartphone migration and financing costs as well as share-based compensation expenses.

### *Investments*

The Group's acquisition of non-current assets during the first half of 2020 amounted to NOK 308 million (439), NOK 161 million (312) 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 modernization and IT.

The Group capitalises costs to obtain and to fulfil customer contracts 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 -124 million (-105) for the first half of 2020, NOK -73 million (-67) for the quarter.

### *Cash flows*

Cash flow from *operating activities* for the first half of 2020 was NOK 45 million (-71), NOK 0 million (126) for the quarter.

The first half's cash flow from *investing activities* was NOK -306 million (-268), NOK -159 million (-307) for the quarter. Investing activities for 2019 holds the NOK 166 million net proceeds from the divestment of the Swedish operations.

Cash flow from *financing activities* was NOK -310 million (1,229) for the first half of 2020, NOK -178 million (-150) for the quarter. NOK 57 million is repayment of the Telia seller's credit. Financing activities in 2019 holds the net proceeds from the NOK 1.5 billion new share issue made in January 2019. NOK -135 million (-106) relates to lease liability payments for the first half of 2020, NOK -62 million (-50) for the quarter.

### *Financial position*

The total assets of the Group were NOK 6,267 million (5,633) at the end of the period, of which total non-current assets were NOK 5,416 million (4,280). Total equity ended at -1,575 million (-314). The Group's cash position at the end of the period was NOK 618 million (1,164). Due to the change in currency exchange rate in the period the Group's borrowings were NOK 4,446 million (3,604) at the end of the period.

## Personnel and organisation

At the end of the period, the number of employees in the Group amounted to 229 versus 211 for the equivalent period the previous year, an increase of 18 employees for the year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 377 (296) 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 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 Group'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 2020, the plan is to introduce up to 1,000 new base stations in total. This will increase the Group's population coverage and share of on-net data and voice, and in turn reduce NRA expenses.

The impact of the National Roaming Agreement (NRA) is expected to be approximately NOK ~450 million in 2020.

The Group expects to have a capital expenditure of NOK ~750 million in 2020.

Further the Group expects to be EBITDA positive for 2020 as a whole.

## Divestment of Danish operations

On 17 June 2020 Ice Group ASA announced the divestment of its Danish business, Ice Danmark ApS to Cibicom A/S. This is in line with the Group's strategic focus on the Norwegian market. The parties have agreed not to communicate the value of the transaction.

## Events after the closing of the period

No significant events to report.

## 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

NOK million	Note	Second quarter		Jan - Jun		Full year 2019 <sup>1)</sup>
		2020	2019	2020	2019 <sup>1)</sup>	
Service revenue	4, 5	460	394	915	769	1,687
Other operating revenue	5	38	27	73	109	173
<b>Total operating revenue</b>	4, 5	<b>497</b>	<b>421</b>	<b>988</b>	<b>879</b>	<b>1,859</b>
National roaming expenses		-114	-109	-225	-206	-440
Operating expenses		-125	-130	-261	-257	-574
Other expenses		-220	-198	-405	-417	-793
Employee benefit expenses		-46	-50	-108	-110	-238
Depreciation, amortisation, impairment losses		-128	-116	-243	-218	-468
<b>Total operating expenses</b>		<b>-633</b>	<b>-604</b>	<b>-1,241</b>	<b>-1,209</b>	<b>-2,514</b>
<b>Operating result</b>		<b>-136</b>	<b>-182</b>	<b>-253</b>	<b>-330</b>	<b>-655</b>
Financial items – net		-44	-115	-346	-244	-488
<b>Result before tax</b>		<b>-180</b>	<b>-298</b>	<b>-600</b>	<b>-574</b>	<b>-1,142</b>
Income taxes		-0	1	-1	1	10
<b>Net result for the period</b>		<b>-181</b>	<b>-297</b>	<b>-600</b>	<b>-573</b>	<b>-1,133</b>
<i>Items that may be subsequently reclassified to profit loss:</i>						
Translation differences on foreign operations		7	8	-96	45	23
Other comprehensive income		7	8	-96	45	23
<b>Total comprehensive income for the period</b>		<b>-173</b>	<b>-289</b>	<b>-697</b>	<b>-528</b>	<b>-1,110</b>
Net result for the period attributable to:						
Equity holders of the Parent Company		-181	-297	-600	-573	-1,133
Non-controlling interests		-	-	-	-	-
<b>Net result for the period</b>		<b>-181</b>	<b>-297</b>	<b>-600</b>	<b>-573</b>	<b>-1,133</b>
Total comprehensive income attributable to:						
Equity holders of the Parent Company		-173	-289	-697	-528	-1,110
Non-controlling interests		-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-173</b>	<b>-289</b>	<b>-697</b>	<b>-528</b>	<b>-1,110</b>
Earnings per share (NOK)						
Basic earnings per share		-0.89	-1.48	-2.98	-2.84	-5.62
Diluted earnings per share		-0.87	-1.45	-2.89	-2.80	-5.52

<sup>1)</sup> Includes the divested Swedish operation up until and including February 2019

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

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>NOK million</i>	<i>Note</i>	<b>30 Jun 2020</b>	<b>30 Jun 2019</b>	<b>31 Dec 2019</b>
<b>ASSETS</b>				
Intangible assets		2,005	1,700	2,070
Tangible assets		3,037	2,249	2,383
Other non-current assets		374	331	382
<b>Total non-current assets</b>		<b>5,416</b>	<b>4,280</b>	<b>4,835</b>
Inventory		10	6	9
Trade receivables		131	130	143
Other receivables		35	21	18
Prepaid expenses and accrued income		56	32	27
Cash and cash equivalents		618	1,164	1,183
<b>Total current assets</b>		<b>851</b>	<b>1,353</b>	<b>1,381</b>
<b>TOTAL ASSETS</b>		<b>6,267</b>	<b>5,633</b>	<b>6,216</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to the Parent Company shareholders	2	-1,575	-314	-889
Equity attributable to non-controlling interests		-	-	-
<b>TOTAL EQUITY</b>		<b>-1,575</b>	<b>-314</b>	<b>-889</b>
Borrowings	3	4,466	3,604	4,331
Non-current lease liabilities		1,992	1,219	1,618
Provisions for deferred tax		1	8	-
Other non-current liabilities		304	303	303
<b>Total non-current liabilities</b>		<b>6,763</b>	<b>5,135</b>	<b>6,252</b>
Trade payables		280	232	164
Current lease liabilities		75	62	112
Other liabilities		24	20	21
Accrued expenses and deferred income		700	498	555
<b>Total current liabilities</b>		<b>1,079</b>	<b>812</b>	<b>852</b>
<b>TOTAL LIABILITIES</b>		<b>7,842</b>	<b>5,947</b>	<b>7,104</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>6,267</b>	<b>5,633</b>	<b>6,216</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NOK million	Note	Attributable to the shareholders of the Parent Company				Total Equity
		Share capital	Other contributed capital	Reserves	Retained earnings	
<b>Opening balance 1 January 2019</b>		<b>114</b>	<b>10,005</b>	<b>-57</b>	<b>-11,320</b>	<b>-1,258</b>
Net result for the period		-	-	-	-573	-573
<i>Other comprehensive income for the period</i>						
Translation differences on foreign operations		-	-	45	-	45
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>45</b>	<b>-573</b>	<b>-528</b>
Capital contribution from share-based payments		-	-	-	5	5
New share issue		68	1,400	-	-	1,468
<b>Total transactions with owners, recognised directly in equity</b>		<b>68</b>	<b>1,400</b>	<b>-</b>	<b>5</b>	<b>1,473</b>
<b>Closing balance 30 June 2019</b>		<b>181</b>	<b>11,405</b>	<b>-12</b>	<b>-11,888</b>	<b>-314</b>
Net result July-December		-	-	-	-560	-560
<i>Other comprehensive income for the period</i>						
Translation differences on foreign operations		-	-	-22	-	-22
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-22</b>	<b>-560</b>	<b>-582</b>
Capital contribution from share-based payments		-	-	-	7	7
New share issue		-	8	-	-7	1
<b>Total transactions with owners, recognised directly in equity</b>		<b>-</b>	<b>8</b>	<b>-</b>	<b>0</b>	<b>8</b>
<b>Closing balance 31 December 2019</b>		<b>182</b>	<b>11,412</b>	<b>-34</b>	<b>-12,449</b>	<b>-889</b>
Net result for the period		-	-	-	-600	-600
<i>Other comprehensive income for the period</i>						
Translation differences on foreign operations		-	-	-96	-	-96
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-96</b>	<b>-600</b>	<b>-697</b>
Capital contribution from share-based payments		-	-	-	8	8
Unregistered new share issue		-	3	-	-	3
<b>Total transactions with owners, recognised directly in equity</b>		<b>-</b>	<b>3</b>	<b>-</b>	<b>8</b>	<b>11</b>
<b>Closing balance 30 June 2020</b>		<b>182</b>	<b>11,415</b>	<b>-130</b>	<b>-13,042</b>	<b>-1,575</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>NOK million</i>	Note	Second Quarter		Jan - Jun		Full Year
		2020	2019	2020	2019	2019
Result before tax		-180	-298	-600	-574	-1,142
Payments related to lease interest		40	26	77	58	113
Paid interest expense		61	10	121	62	142
<i>Non-cash items</i>						
Depreciation & amortisation of non-current assets		95	93	182	171	370
Depreciation & amortisation of right-of-use assets		33	24	62	48	98
Depreciation & amortisation of costs to obtain/fulfil contracts		76	51	131	101	206
Net interest expense		31	74	67	99	183
Adjustments for other non-cash items		-77	10	84	26	56
<b>Cash flows before changes in working capital</b>		<b>79</b>	<b>-11</b>	<b>123</b>	<b>-10</b>	<b>27</b>
Change in inventory		2	3	-1	2	-1
Change in current receivables		-24	38	24	8	-22
Change in current liabilities		16	163	24	34	-26
Change in costs to obtain/fulfil customer contracts		-73	-67	-124	-105	-265
<b>Cash flows from changes in working capital</b>		<b>-79</b>	<b>136</b>	<b>-78</b>	<b>-61</b>	<b>-314</b>
<b>Cash flows from operating activities</b>		<b>0</b>	<b>126</b>	<b>45</b>	<b>-71</b>	<b>-287</b>
Net cash flow from divestment of subsidiary		-0	-	-0	166	166
Investments in intangible assets		-19	-154	-35	-168	-243
Investments in tangible assets		-142	-157	-273	-270	-389
Net cash flows from other financial assets		2	5	2	4	5
<b>Cash flows from investing activities</b>		<b>-159</b>	<b>-307</b>	<b>-306</b>	<b>-268</b>	<b>-461</b>
Financing from shareholders		3	-	3	1,468	1,468
Borrowings		-	-	-	-	599
Repayments		-57	-72	-57	-72	-72
Payments related to lease liabilities		-62	-50	-135	-106	-202
Interest paid, borrowings		-61	-28	-121	-61	-138
<b>Cash flows from financing activities</b>		<b>-178</b>	<b>-150</b>	<b>-310</b>	<b>1,229</b>	<b>1,656</b>
<b>Cash flow for the period</b>		<b>-337</b>	<b>-331</b>	<b>-571</b>	<b>890</b>	<b>907</b>
Cash and cash equivalents Beginning of Period		958	1,496	1,183	275	275
Exchange rate difference in cash and cash equivalents		-3	-1	6	-2	0
<b>Cash and cash equivalents End of Period</b>		<b>618</b>	<b>1,164</b>	<b>618</b>	<b>1,164</b>	<b>1,183</b>

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 Scandinavian telecom operator under the trademark ice in Norway. 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 Oslo Axess in Norway with ticker “ICE”. The major shareholder is AI Media Holdings (NMT) LLC, Delaware.

In the third quarter 2018 the Group undertook several reorganisational steps, the target being to become the majority shareholder of AINMT Holdings AB and its Scandinavian operations. After the reorganisation Ice Group consisted of operations in Norway, Sweden and Denmark only. In March 2019 the Swedish operations were deconsolidated while the Danish operations were sold in May 2020.

## 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 2019, which can be found at [www.icegroup.com](http://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 2019.

## Note 2 – Equity and going concern

Ice Group and the Board of Directors work actively with, and has an ongoing process, to secure future financing and continue to capitalise on the growth success in Norway. The current strategy includes investments dependent on new financing in 2020. The process includes a number of options and partners.

From a liquidity perspective, the NOK 1.5 billion equity raise completed in January 2019, the divestment of the Swedish business and the new bond issued in October 2019 secured additional funds for network build-out and growth in Norway until quarterly EBITDA break-even in the second half of 2020. The deferment of spectrum charges from 2021/2022 until 2025 also contributes to secure the Group’s liquidity in the short term.

Based on the above, this report is prepared under the assumption of going concern.

## Note 3 – Borrowings

In Q4 2019, Ice Group, through Ice Group Scandinavia Holdings AS, issued a four-year NOK 900 million Senior Unsecured bond (ISIN NO 001 0864002) at NIBOR +8.00%. The bond was listed at Oslo Stock Exchange on 30 March 2020.

In Q2 2020, the Telia Seller’s credit, originating from the purchase of the B2B business from Network Norway amounting to NOK 57 million, was repaid in full.

## Note 4 - Segment information by geographical area

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 geographical location. Growth is measured from service revenues, and profitability is measured from EBITDA adjusted performance, both by geographic location.

NOK million

2020	Second Quarter				Jan - Jun			
	Service revenue	Total revenue	EBITDA	Investments	Service revenue	Total revenue	EBITDA	Investments
Norway	458	497	9	234	911	985	19	432
Other <sup>2)</sup>	1	-0	-7	-1	4	3	-13	-1
<b>Total</b>	<b>460</b>	<b>497</b>	<b>2</b>	<b>233</b>	<b>915</b>	<b>988</b>	<b>6</b>	<b>431</b>

2019	Second Quarter				Jan - Jun			
	Service revenue	Total revenue	EBITDA	Investments	Service revenue	Total revenue	EBITDA	Investments
Norway	391	418	-42	378	744	803	-107	542
Sweden <sup>1)</sup>	0	0	0	0	19	21	5	0
Other <sup>2)</sup>	4	4	-4	-	7	54	-9	1
<b>Total</b>	<b>394</b>	<b>421</b>	<b>-46</b>	<b>378</b>	<b>769</b>	<b>879</b>	<b>-111</b>	<b>543</b>

2019	Full Year			
	Service revenue	Total revenue	EBITDA	Investments
Norway	1,654	1,771	-146	896
Sweden <sup>1)</sup>	19	21	5	-
Other <sup>2)</sup>	14	67	-24	1
<b>Total</b>	<b>1,687</b>	<b>1,859</b>	<b>-165</b>	<b>897</b>

1) Full year 2019 holds two months from the divested Swedish operation.

2) Denmark is reclassified and included in 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 7 and 8 in the 2019 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:

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

2019 Jan - Jun NOK million	Service revenue			Other revenue			Total
	Norway	Sweden	Other	Norway	Sweden	Other	
Revenue from external customers	744	19	7	60	2	47	879
<i>Timing of revenue recognition:</i>							
At a point in time	156	1	0	59	2	47	266
Over time	588	18	7	0	-	-	613

2019 Full year NOK million	Service revenue			Other revenue			Total
	Norway	Sweden	Other	Norway	Sweden	Other	
Revenue from external customers	1,654	19	14	117	2	53	1,859
<i>Timing of revenue recognition:</i>							
At a point in time	357	1	1	116	2	53	530
Over time	1,297	18	13	1	-	-	1,329

Revenue 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 million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Capitalized cost to obtain/fulfil customer contracts	355	306	362
Contract assets included in Prepaid expenses and accrued income	42	50	50
Contract liabilities included in Accrued expenses and deferred income	44	45	42

### Revenue recognised in relations to contract liabilities

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

NOK million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Revenue recognised that was included in the contract liability	28	47	44

### 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 million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Asset recognised from costs incurred to fulfil a contract at the end of period	355	306	362
Amortisation recognised as cost of providing services during the period	-131	-101	-206

**Note 6 – Events after the closing of the period**

No significant events to report.

## 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 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 Group 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 the Ice Group considers to be relevant to an investor who wants to understand the generation of earnings before investment in fixed assets. Ice 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.

Reconciliation NOK million	Note	Second Quarter		Jan - Jun		Full Year
		2020	2019	2020	2019	
<b>Operating result</b>		<b>-136</b>	<b>-182</b>	<b>-253</b>	<b>-330</b>	<b>-655</b>
Depreciation & amortisation		128	116	243	218	468
<b>EBITDA</b>		<b>-8</b>	<b>-66</b>	<b>-10</b>	<b>-112</b>	<b>-186</b>
Network upgrades & migrations		3	2	5	5	10
Other non-recurring items incl. redundancy costs		3	13	3	37	45
Sale of trademark		-	-	-	-46	-46
Share-based compensation expense		5	5	8	5	12
<b>EBITDA adjusted</b>		<b>2</b>	<b>-46</b>	<b>6</b>	<b>-111</b>	<b>-165</b>

### 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.

Reconciliation NOK million	30 Jun 2020	30 Jun 2019	31 Dec 2019
Total borrowings	4,466	3,604	4,331
Adjusted for:			
Capitalised loan costs	71	69	77
Long-term payable with Access Industries	-19	-17	-18
<b>Gross Interest-bearing Debt</b>	<b>4,518</b>	<b>3,656</b>	<b>4,390</b>
Cash and cash equivalents	-618	-1,164	-1,183
<b>Net Interest-bearing Debt</b>	<b>3,899</b>	<b>2,491</b>	<b>3,208</b>

Accrued interests have been capitalised, but no additional borrowings or financing agreements have been entered into during or between the periods.

## Consolidated key ratios

NOK million	Second Quarter		Jan - Jun		Full year
	2020	2019	2020	2019	2019
<i>Profit</i>					
EBITDA adjusted	2	-46	6	-111	-165
Operating result	-136	-182	-253	-330	-655
<i>Key ratios – increase</i>					
Service revenue growth in %	16%	3%	19%	3%	10%
Service revenue growth in absolute numbers	65	11	146	25	147
<i>Key ratios - financial position</i>					
Cash liquidity %	79%	167%	79%	167%	162%
Total assets	6,267	5,633	6,267	5,633	6,216
Equity	-1,575	-314	-1,575	-314	-889
Gross interest-bearing debt	4,518	3,656	4,518	3,656	4,391
Net interest-bearing debt	3,899	2,491	3,899	2,491	3,208

## 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
Investments	Investments is defined as investments in non-current assets, including capitalised costs to obtain/fulfil customer contracts, as stated in the statement of cash-flows, excluding business combinations, for continuing operations.
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 of Ice Group ASA:

**“We confirm to the best of our knowledge that:**

- the consolidated financial statements for the half year 2020 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 Company’s and 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 Company and Group and includes a description of the principle risks and uncertainties.”

17 August 2020

The Board of Directors of Ice Group ASA

Guillaume d’Hauteville  
Chairman

Ingvild Myhre  
Director

Mari Thjømøe  
Director

Hans-Holger Albrecht  
Director

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