



Third quarter 2021 results

4 November 2021

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Agenda





- **Introducing NiceMobil – the worlds first fully digital mobile low-frills concept**
- **First introduction to Ice 5G in parts of Oslo was turned on last night**
- **Q3 2021 update**
- **Update on funding, capital structure and business plan**

Introducing NiceMobil – a fully digitalized low-frills concept

NiceMobil™

Helt enkelt billig!

Introducing NiceMobil

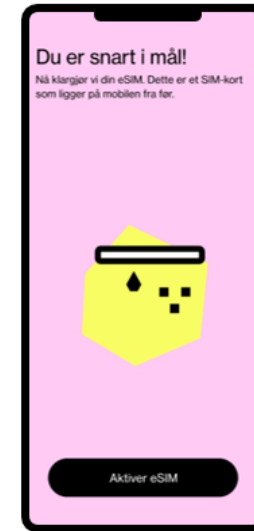
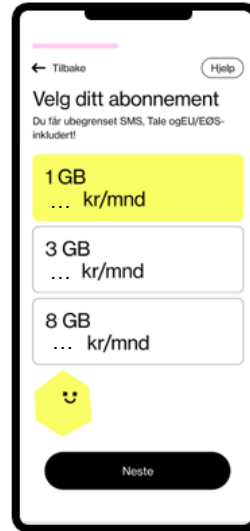
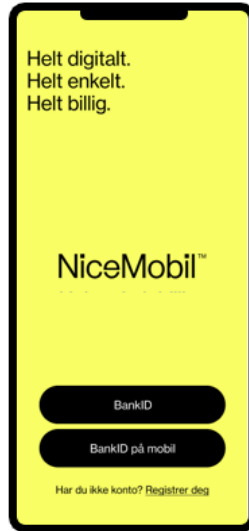
-  NiceMobil is a separate concept under the mobile company Ice, and is thus not a completely independent mobile company
-  In short, NiceMobil is a cheap alternative for the ones who only need a simple, no frill mobile subscription - and think it's nice that all meeting points you have with your mobile company are in the app
-  One of the reasons why NiceMobil is so cheap is simply that everything happens digitally
-  All you need is a newer mobile that supports eSIM, you order your subscription directly in the app, you have full control over data use and costs in the app, and if you need help, you get it from Norway's best customer care service on chat - right in the app



NiceMobil digital customer journey



Digital media ads



In-app eSIM activation



Manage subscription



Easy access to Customer care

We will target the price sensitive customers with the new low-frills concept and the “digital maniacs” with ice repositioned more upmarket

We are targeting two distinct customer segments...

...with different value propositions



Digital Maniacs¹

Characteristics

- Technology-oriented
- Medium to high willingness to pay
- Plenty of digital devices
- Aspires to be self-sufficient

Unique drivers

- Value for money
- Protection and security of data

**ice**



Own high-quality network



Simplicity for the customer



Value for money – facilitating the digital lifestyle (with partners)



Rewarding loyalty



Low WTP²

Characteristics

- Low brand-loyalty
- Low willingness to pay
- Digitally-interested
- Few, basic digital devices

Unique drivers

- Low prices
- Predictability and control

**NiceMobil™**



Pure digital customer journey



Low-prices with a Netflix model³



Low-frills offerings

**ice group**

- 1) Upper subsegment of “Digital Disruptor” and lower subsegment of “Media Maniacs” customer segments
- 2) Lower subsegment of “Minimalists” and “Digital Disruptors”
- 3) Netflix Model offers monthly prepaid subscriptions with no lock-ins

Sources: Quantitative customer survey 2020

Today Ice turned on parts its 5G ready network

- Covering approx. 10% of the population in the Greater Oslo
- Using 2,100 and the 700 MHz frequencies
- Android phones in the initial phase



5G auction

In September, the company was awarded 80MHz of valuable frequency blocks in the 3,600 MHz band in the national frequency auction in Norway.

The frequencies will be highly valuable for the build-out of 5G and for securing the third nationwide mobile network in Norway for the coming years.

Q3 2021

Third quarter 2021 highlights

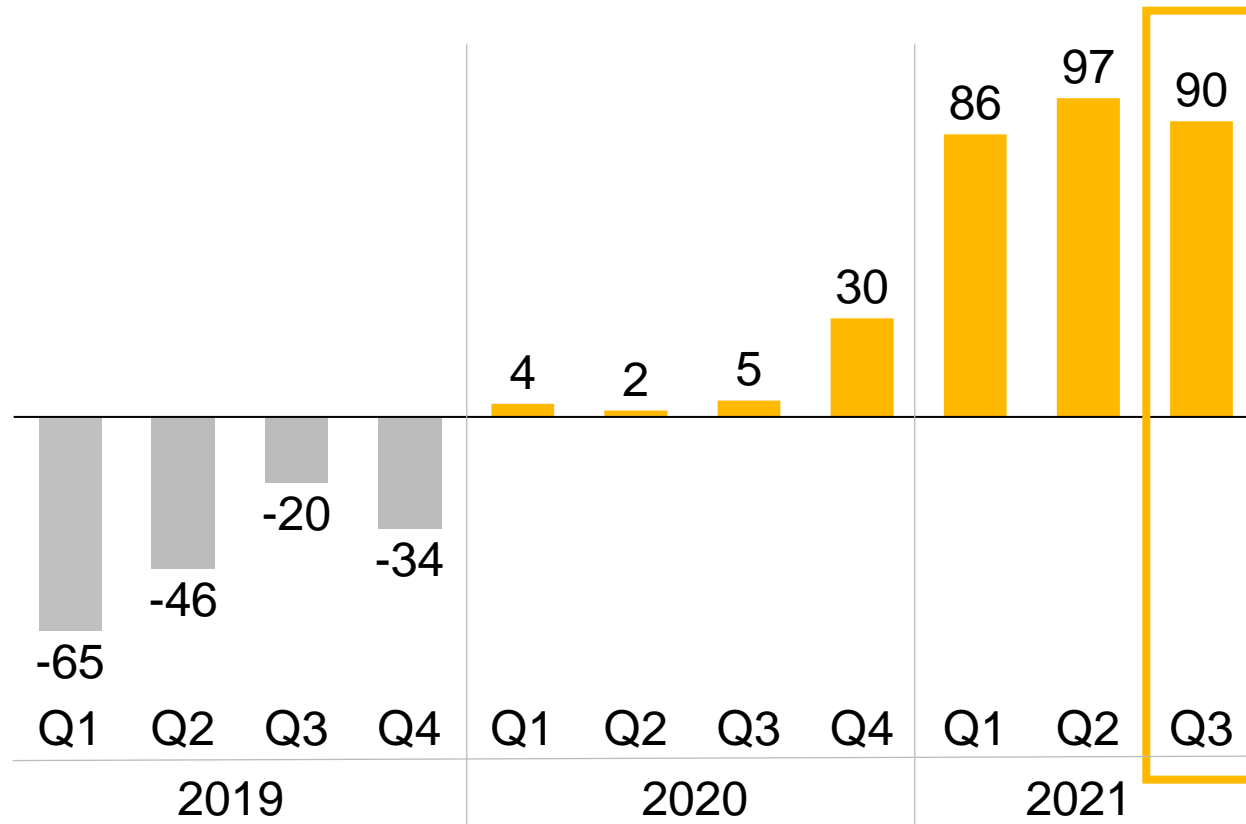
- Adjusted **EBITDA of NOK 90 million** (15% margin)
- All time high **smartphone service revenues** at NOK 460 million, **up 11%** from Q3 2020
- Total revenues of NOK 593 million, equivalent to **y-o-y growth of 11%**
- 677k smartphone subscriptions at end of Q3, **up 14k in Q3**
- **Churn at 23%** (annualized) – down from 26% in Q3 2020

NOK 90 million in adj. EBITDA in Q3 2021

- a NOK 85 million improvement from Q3 2020

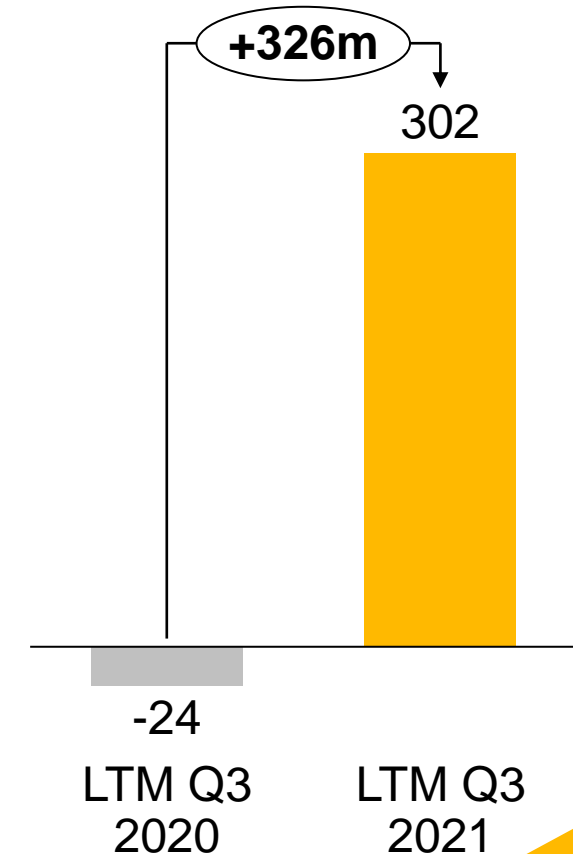
Adjusted EBITDA

NOK millions per quarter



Adjusted EBITDA

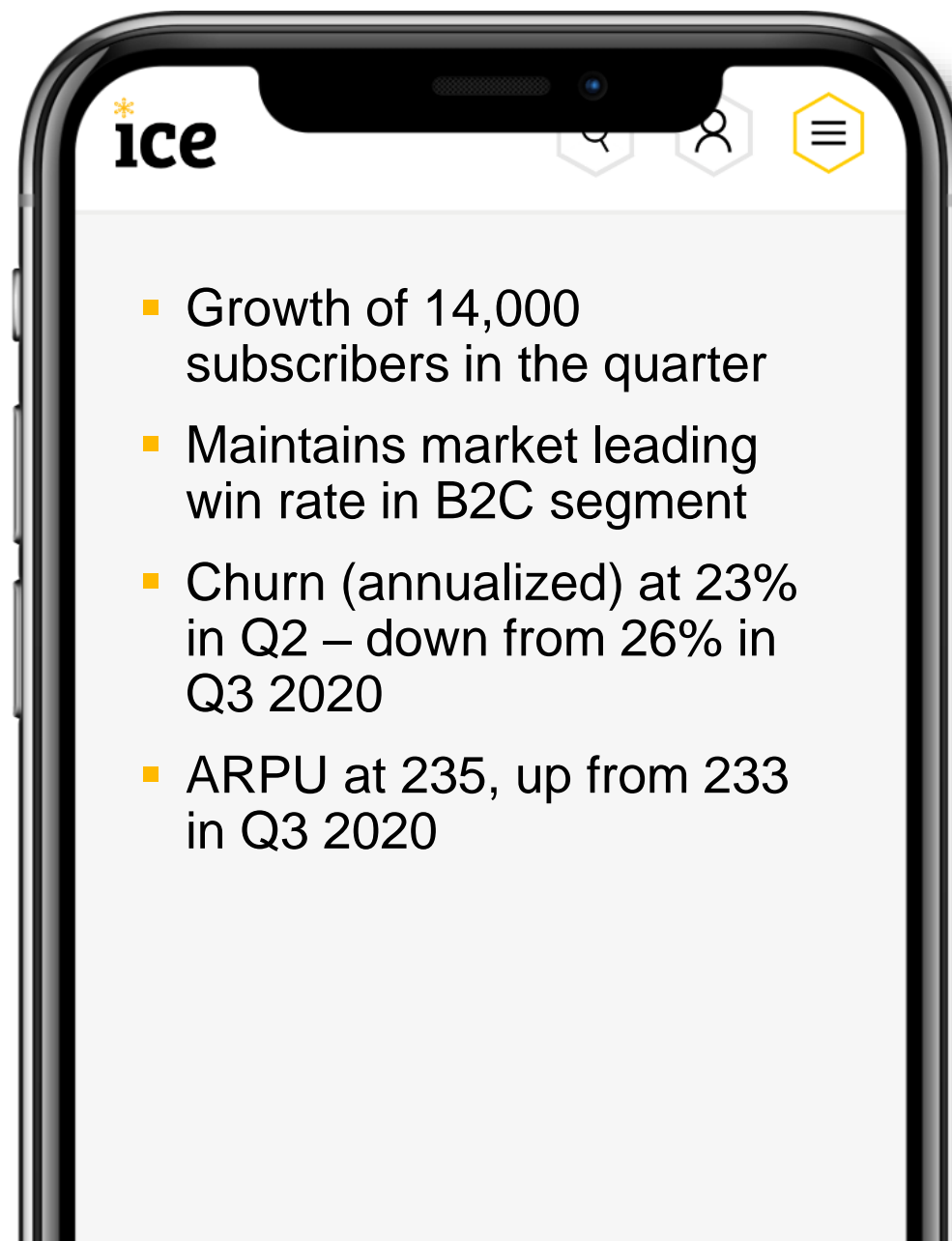
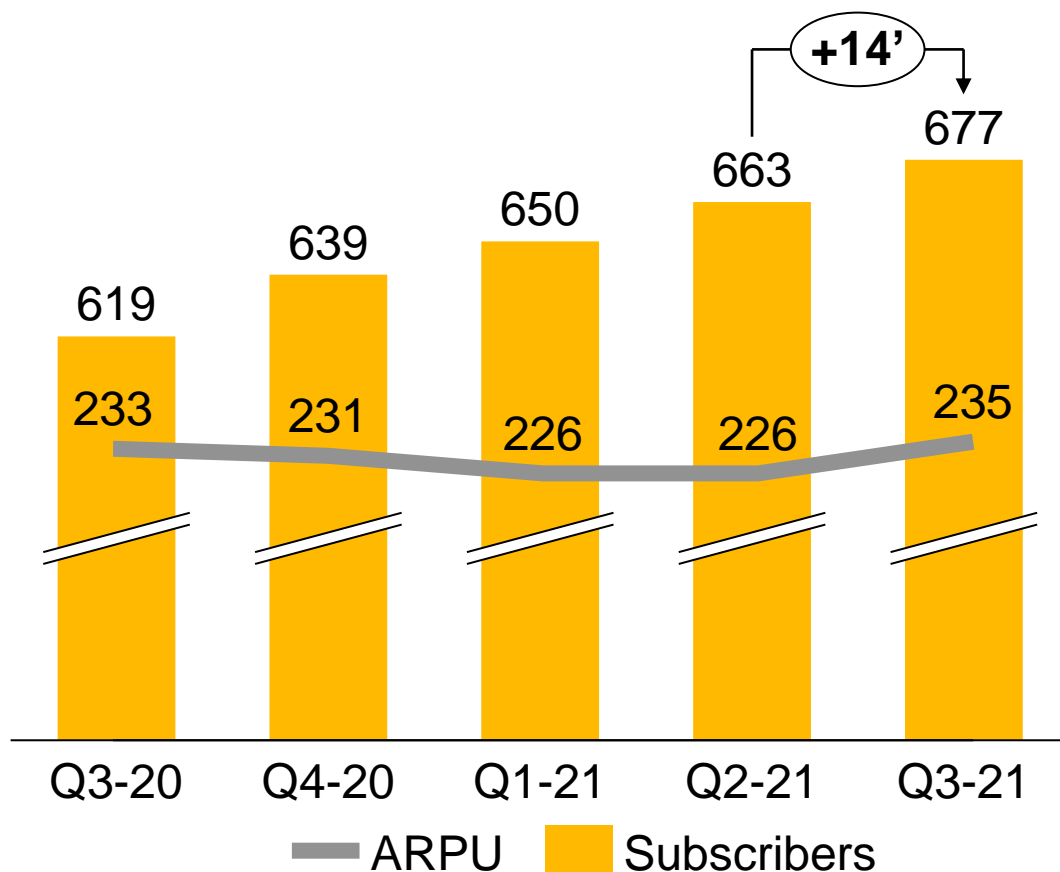
NOK millions, last twelve months (LTM)



Continued growth in smartphone subscribers

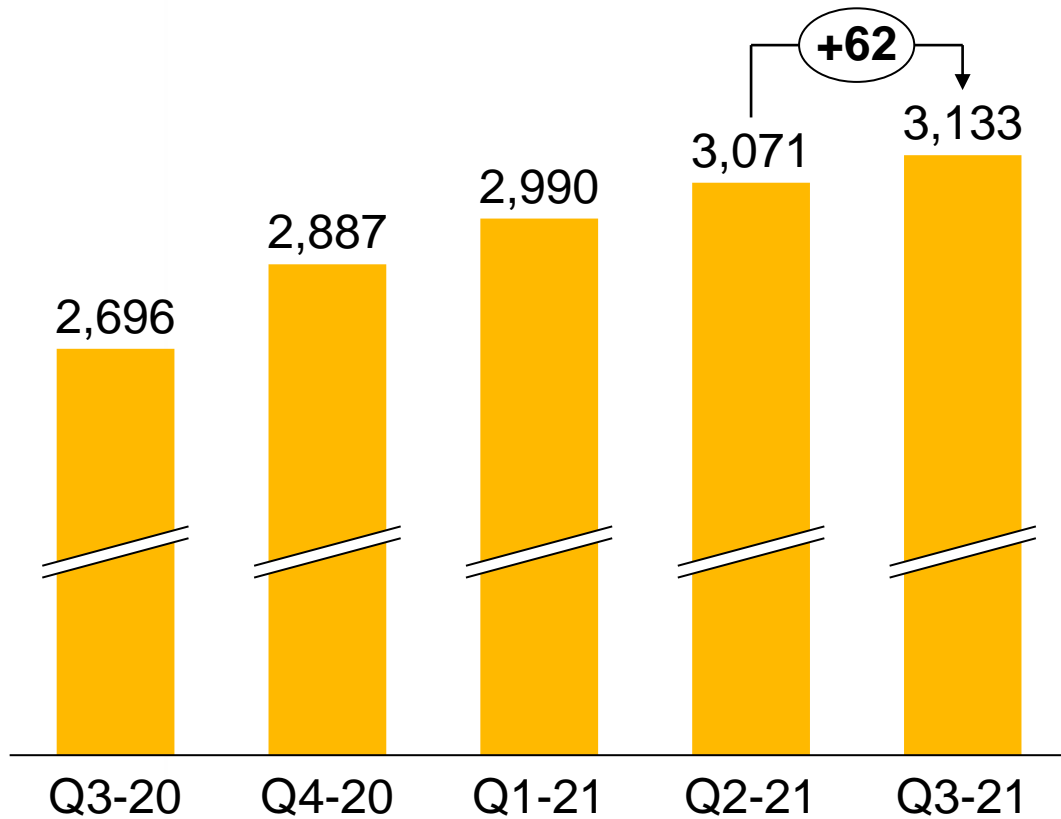
Smartphone subscribers & ARPU

1,000 subscribers end of period / Average monthly ARPU in NOK



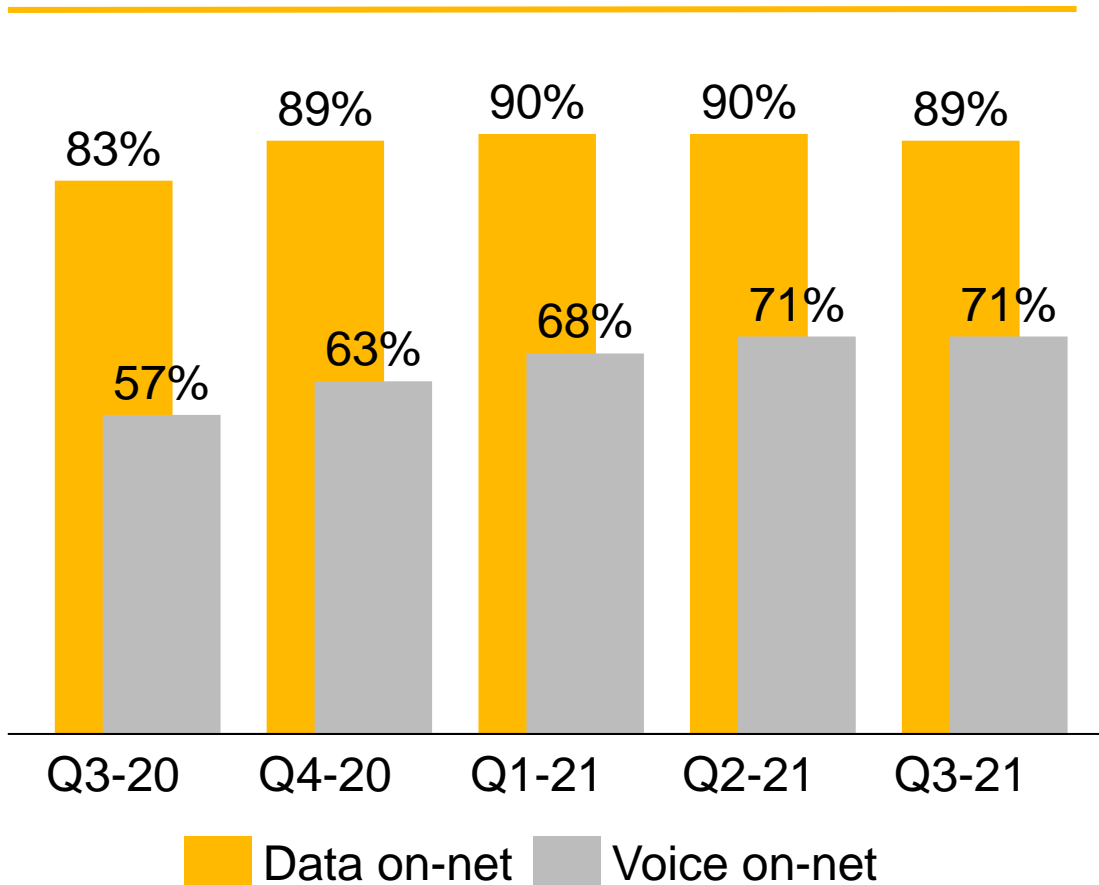
We continue to build base stations – in line with guiding for 2021

Operational smartphone sites



High quality network with increasing population coverage

Average on-net share



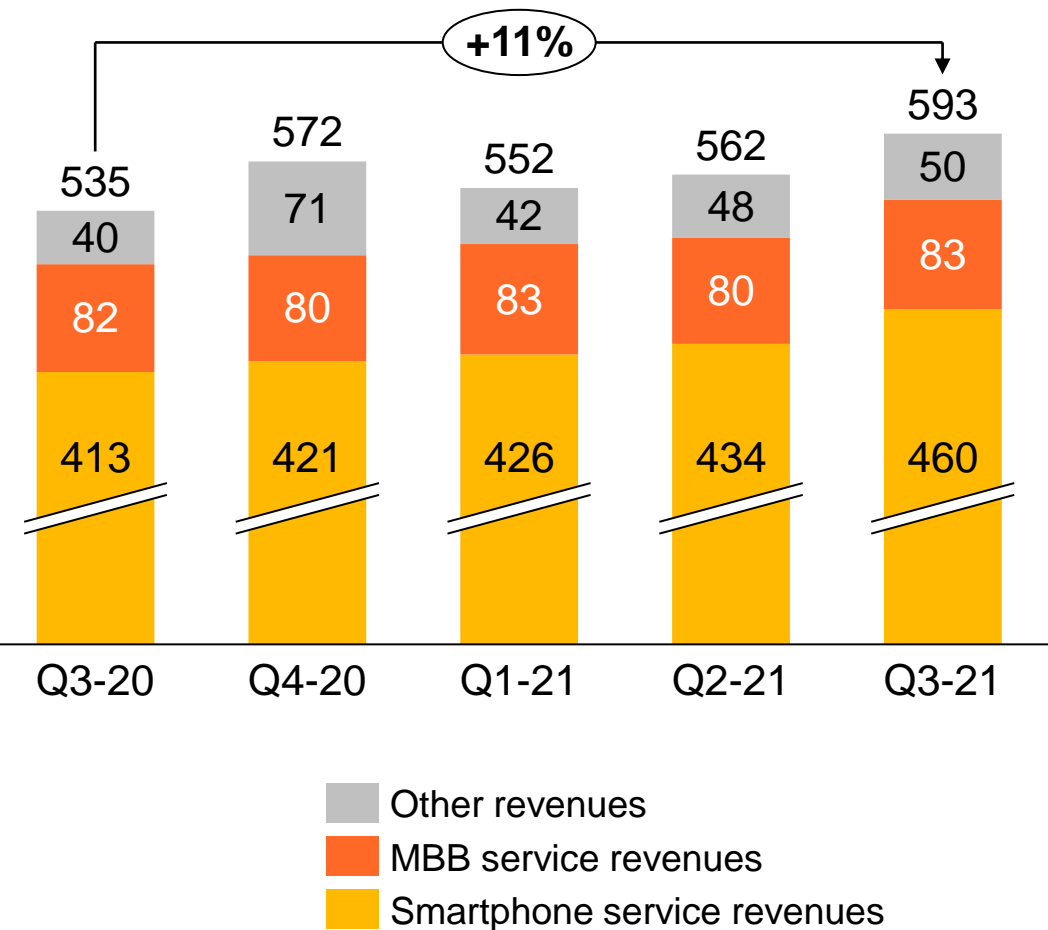
- High quality network
 - Top score among Nokia networks in Europe
 - #1 on up-time in Tutela 2020 report
 - #16 world-wide mobile network in Tutela's consistent quality report 2021
- On-net share:
 - On-net share is stabilizing due to limited growth in new coverage base stations
 - Summer travel activity impacts on-net during holiday months
 - Underlying on-net development is positive

Finance

EBITDA margin of 15% in Q3 2021

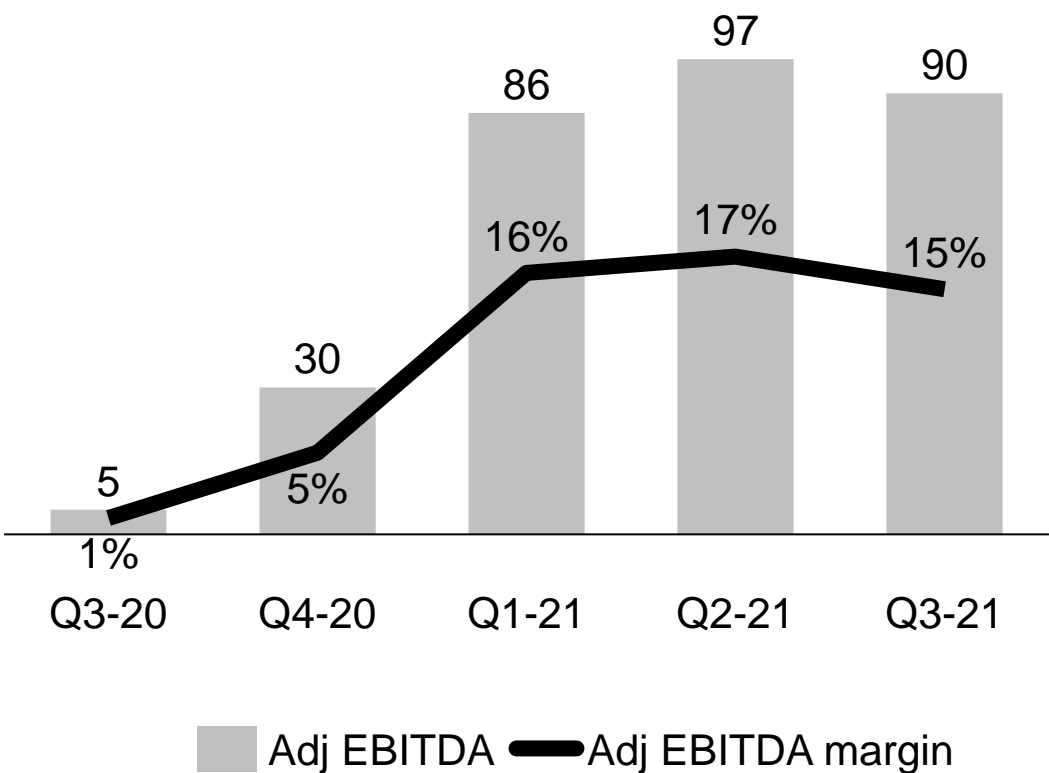
Operating revenues

NOK millions



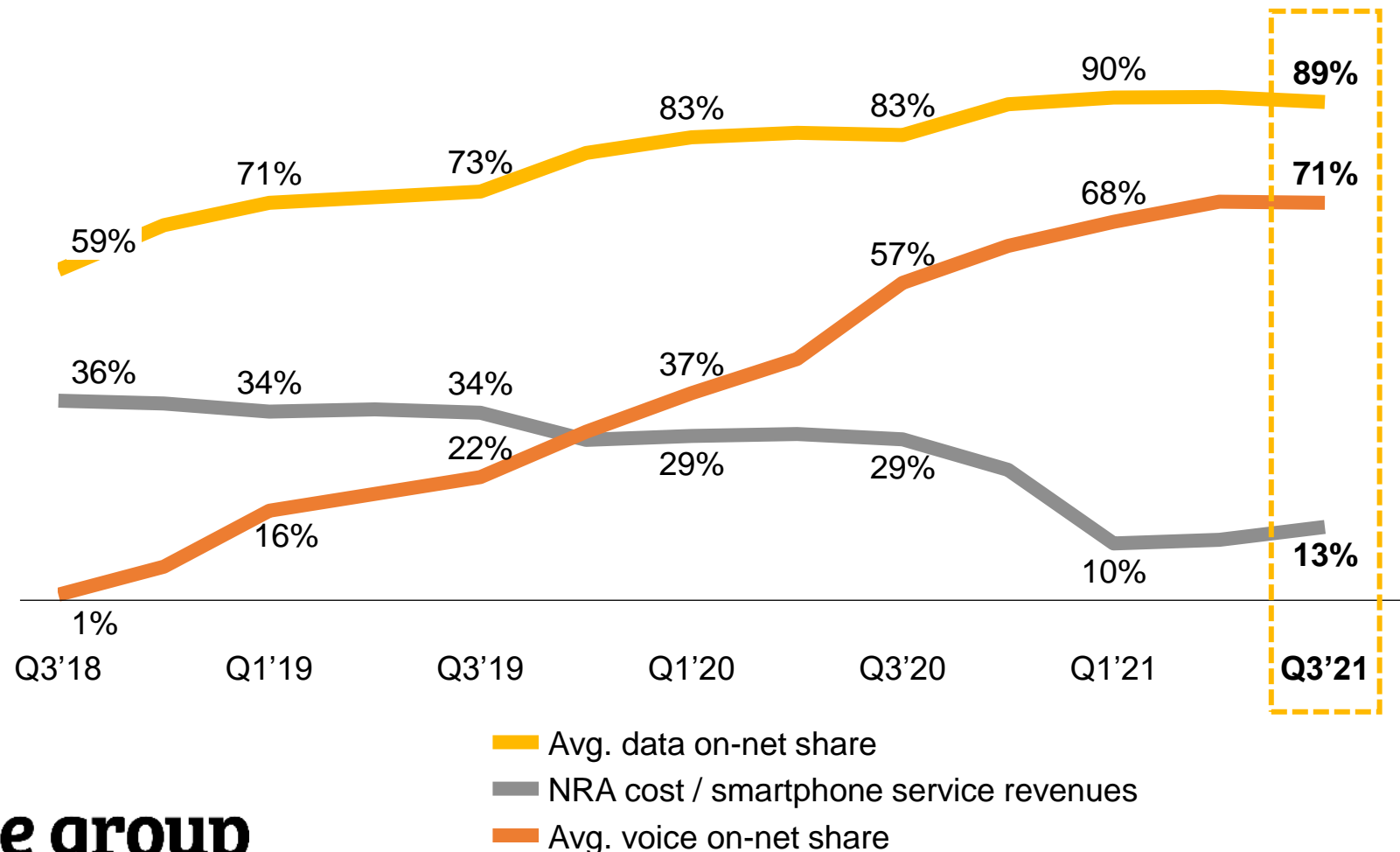
Adj EBITDA and adj EBITDA margin

NOK millions / %



Step-down in NRA cost from 1 January 2021 with new roaming agreement

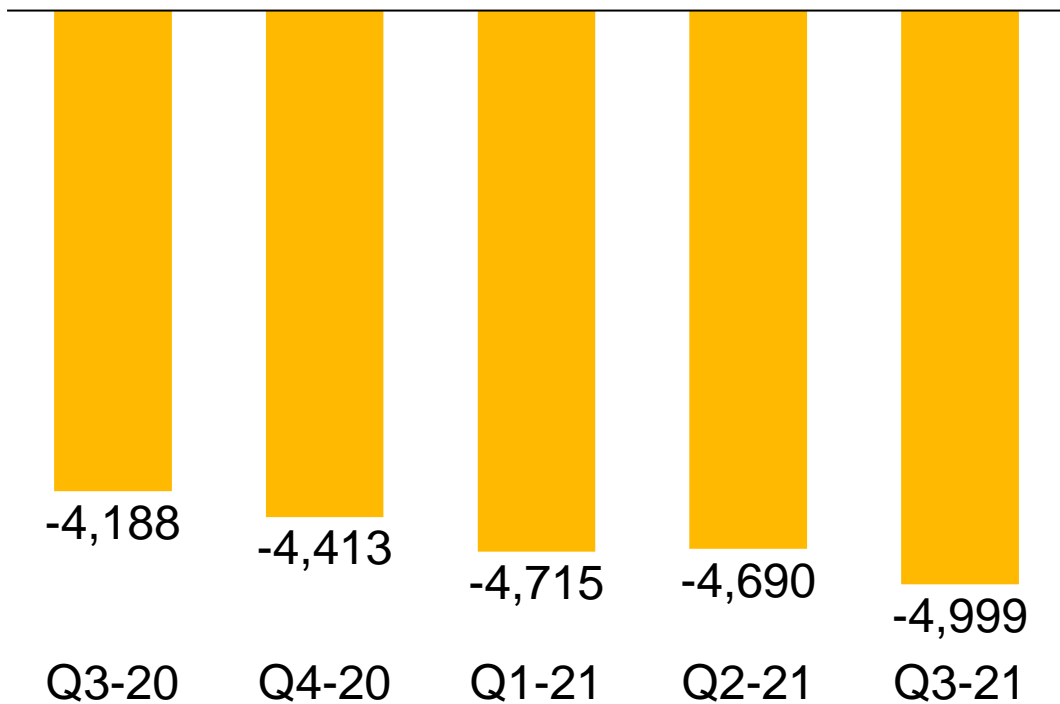
On-net data share and network rental cost as % of revenues



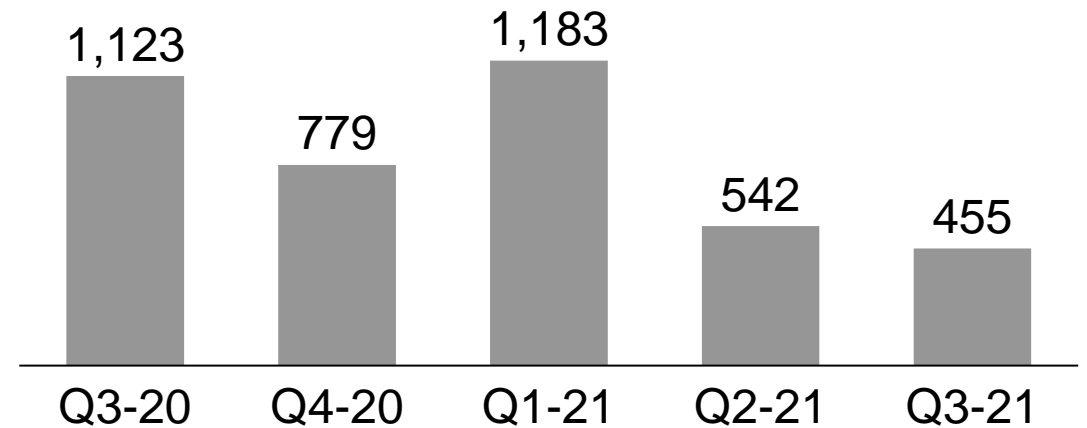
- Network build-out has enabled a shift from variable to fixed cost base
- Network rent cost has continuously decreased as on-net share has increased
- Step-down in NRA cost from 1 January 2021 with new Telia roaming agreement
- Summer holiday travel activity impacts on-net negatively in Q3
- NRA cost expected to be NOK ~200 million for 2021, down from NOK 441 million in 2020

Net interest bearing debt and cash position

Net interest bearing debt (NOK millions)



Cash and cash equivalents (NOK millions)



Update on business plan, funding and capital structure

Key elements of new business plan

- **Accelerated 5G roll-out**

- Commercial launch in Oslo today
- Short term 4-5 largest cities
- Longer term 75% population coverage
- Awarded valuable 5G spectrum licenses

- **Differentiated offers to accelerate market share growth**

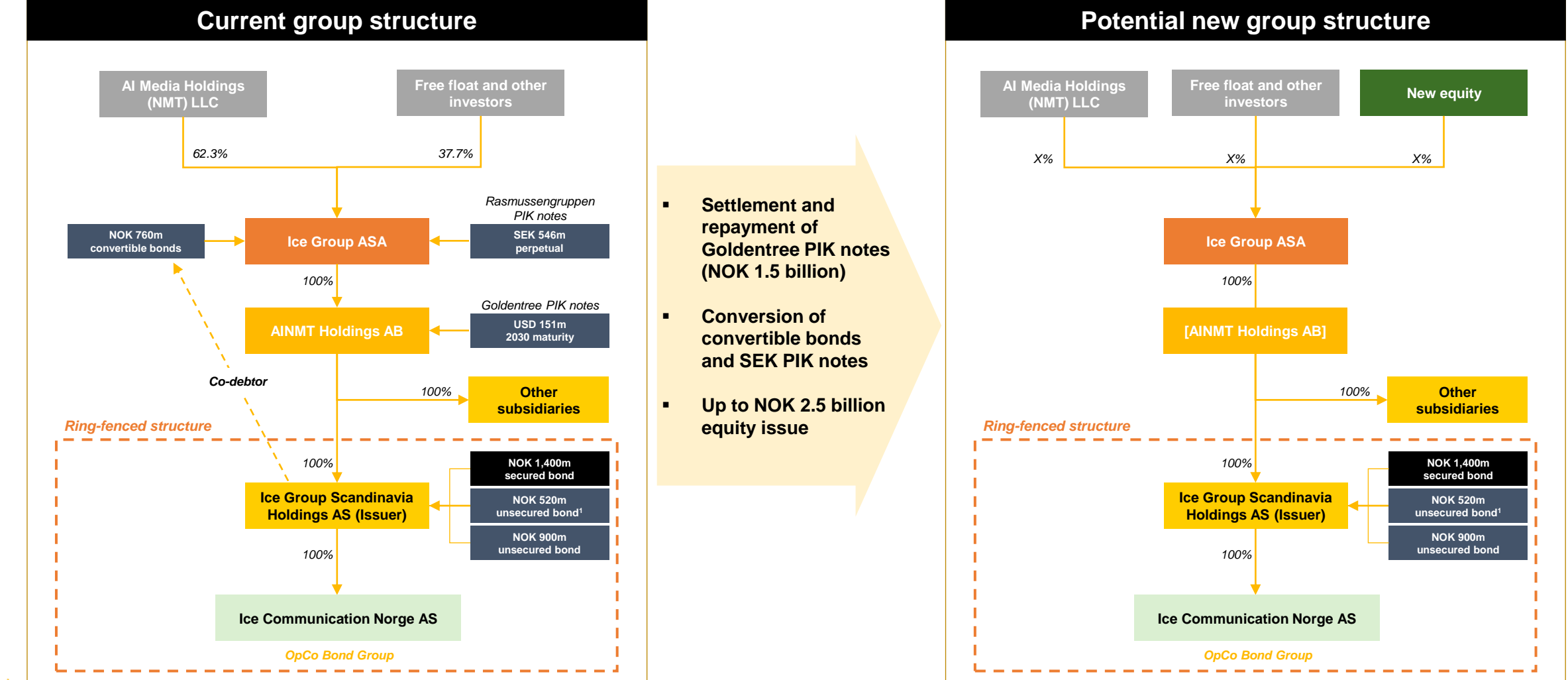
- **NiceMobil** to target price sensitive customers
 - lowest prices in the market
- **Ice** to continue upmarket move
 - value added services
 - unlimited offers
 - increasing 5G coverage

- **Potential to restructure balance sheet**

- Restructured balance sheet to facilitate further growth and increased flexibility



Process to reduce complexity in the balance sheet to facilitate further growth and increased flexibility

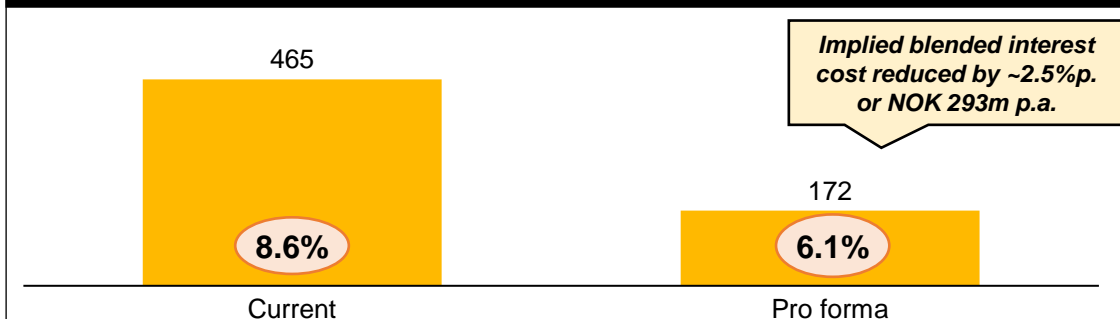


Potential for stronger balance sheet and lower interest costs going forward

Pro forma debt structure

NOKm	Maturity	Current interest	Q3'21 ²	Transaction	Pro forma
Senior secured bonds	2025	3mN + 400 bps	1,400	-	1,400
Senior unsecured bonds	2023	3mN + 800 bps	900	-	900
Senior unsecured bonds	2022	3mN + 525 bps	520	-	520
Convertible bonds	2025	10% (PIK)	760	-760	-
GoldenTree	2030	12.5% (PIK)	1,296 ³	-1,296	-
Rasmussen	Perp	10.15% (PIK)	546	-546	-
Gross interest-bearing debt (excl. leasing)			5,453		2,820
Pro forma cash balance			455		1,455
Net interest-bearing debt (excl. leasing)			4,999		1,365
Leasing liabilities			2,069		2,069
Net interest-bearing debt including leasing			7,036		3,434

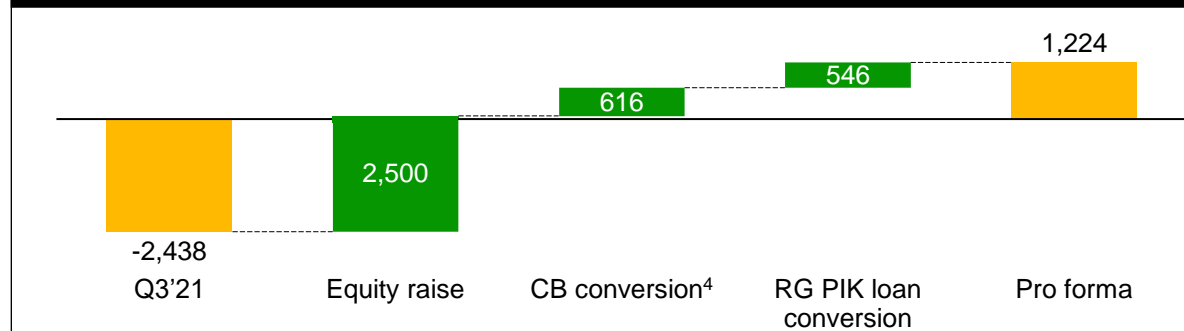
Implied blended interest cost effect (NOKm)²



Comments

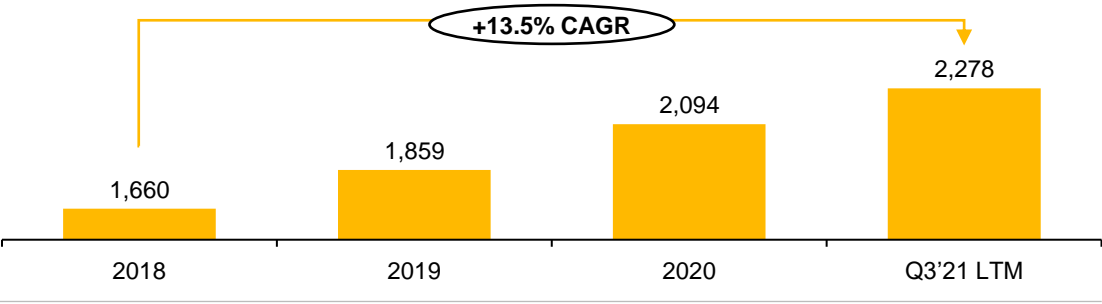
- The contemplated transactions will significantly simplify the Company's capital structure and strengthen the balance sheet
- Gross interest-bearing debt reduced by ~48% and lower blended interest cost through take-out of expensive PIK notes and convertible bond
- Pro forma cash balance will enable the Company to pursue attractive investment opportunities as part of the new business plan
- Following the contemplated transactions, book equity is expected to increase from NOK -2.4bn as of Q3 to above NOK 1.2bn
- Plan to refinance the senior unsecured bonds with the intention to secure additional funds for new investments related to the new business plan and to reduce cost of capital further.
- Plan to increase secured financing over time.

Illustrative book equity effect (NOKm)



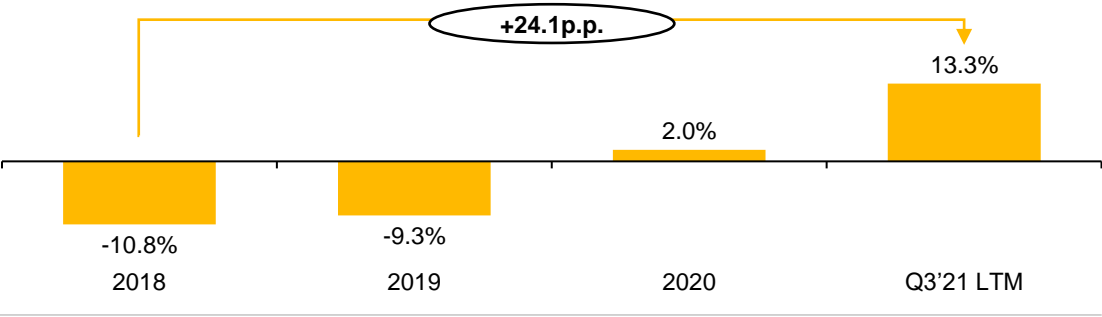
New business plan and initiatives catering for continued growth and increased profitability going forward

Historical development (Ice Group)

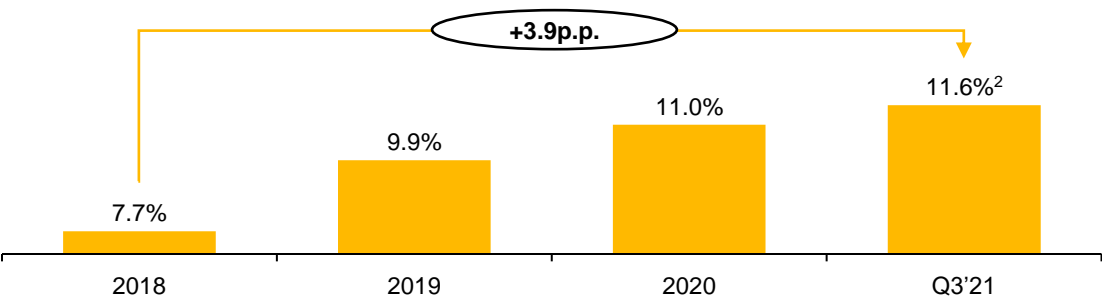


New mid to long-term targets

NOK 4-5bn



30%+



20%+

1) Source: NKOM, excluding mobile broadband
2) Market share based on Ice # of subscribers as of Q3'21 and market size as of H1'21. Current B2C market share of 14.4%

Summary

Summary

**Continued
positive
operational
and financial
development
in Q3**

**Launch of
NiceMobil**

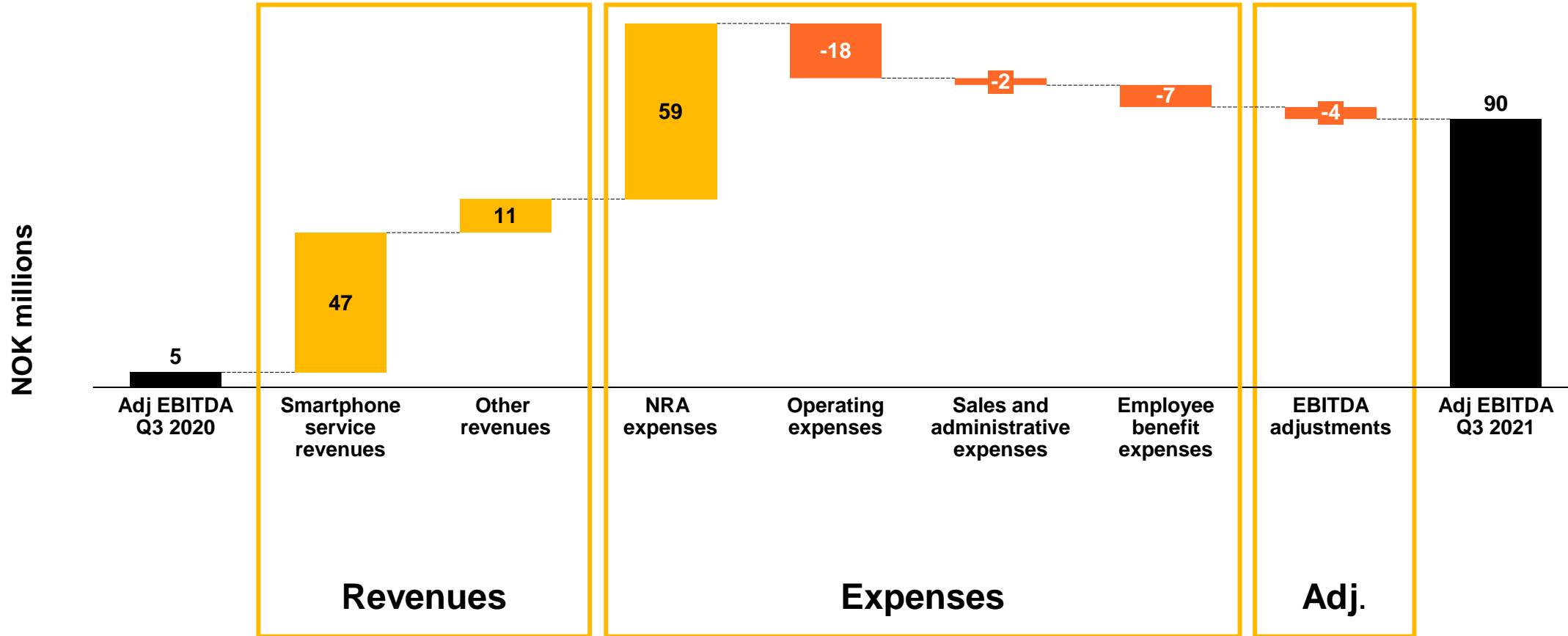


**New business
plan and
refinancing
process**

Q&A

Appendix

Adj. EBITDA development – Q3 2020 vs Q3 2021



Income statement

NOK millions	2020 Q3	2021 Q3
Service revenue total	494	543
Other operating revenue total	40	50
Total operating revenue	535	593
Operating expenses, NRA	(119)	(60)
Operating expenses, excl. NRA	(150)	(169)
Sales and administrative expenses	(199)	(201)
Employee benefit expenses	(70)	(77)
Depreciation, amortization and impairment losses	(129)	(147)
Total operating expenses	(666)	(654)
Operating result	(131)	(61)
Financial items - net	(92)	(195)
Result before tax	(223)	(256)
Income taxes	(0)	0
Net result for the period	(223)	(255)
EBITDA adjusted	5	90

Q3 2020 includes a 41 mnok positive unrealized currency effect. Q3 2021 includes a 40 mnok negative unrealized currency effect

Cash flow

NOK millions

	2020 Q3	2021 Q3
Result before tax	(223)	(256)
Payments related to lease interest	36	36
Paid interest expense	44	41
Depreciation & amortisation of non-current assets	86	100
Depreciation & amortisation of right-of-use assets	42	47
Depreciation & amortisation of contracts with customers	69	60
Net interest expense	48	85
Adjustments for other non-cash items	(33)	32
Change in inventory	3	3
Change in current receivables	(18)	2
Change in current liabilities	82	72
Change in contracts with customers	(74)	(61)
Cash flows from operating activities	63	161
Investments in intangible assets	(19)	(17)
Investments in tangible assets	(143)	(100)
Net cash flows from other financial assets	(0)	(50)
Cash flows from investing activities	(162)	(167)
Financing from shareholders	144	2
Borrowings	545	-
Payments related to lease liabilities	(42)	(42)
Interest paid, borrowings	(44)	(41)
Cash flows from financing activities	603	(81)
Cash flows for the period	505	(87)
Cash and cash equivalents at the beginning of the period	618	542
Exchange rate differences in cash and cash equivalents	1	(0)
Cash and cash equivalents at the end of the period	1,123	455

Mainly unrealized FX-effects

5G auction guarantee. Will be released in Q4

Convertible bond issue in Q3 2020

Key KPIs

NORWAY	2020				2021		
	Q1	Q2	Q3	Q4	Q1	Q2	Q3
No. of active subscriptions (in thousands)	668	683	701	718	726	736	746
- smart phone	584	598	619	639	650	663	677
- consumer	545	558	578	598	608	619	630
- business	39	40	41	41	42	44	46
- MBB (excl. M2M/IoT)	85	84	82	78	76	73	70
Smartphone ARPU	224	223	233	231	226	226	235
Number of Smartphone base stations in service EoP	2,238	2,470	2,696	2,887	2,990	3,071	3,133
Smartphone avg. Data on-net share %	83 %	84 %	83 %	89 %	90 %	90 %	89 %
Voice on-net share %	37 %	43 %	57 %	63 %	68 %	71 %	71 %
Smartphone churn, annualized %	27 %	24 %	26 %	23 %	21 %	20 %	23 %

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