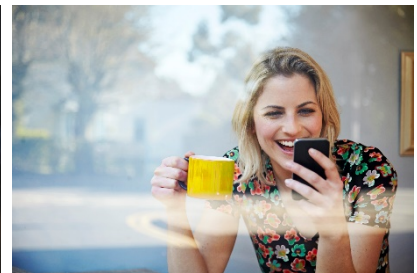


# ice group



## **Ice Group Scandinavia Holdings AS**

# **Q3 - 2020**

## **Interim report**

January-September 2020

## CEO summary



**EIVIND HELGAKER**  
CEO

We reached several important milestones and continued the positive operational development in Q3 2020. In late August we issued a new convertible bond of NOK 689 million. With this bond issue, we expect to have a fully financed business plan with sufficient liquidity to reach cash flow break even and reach our operational and financial targets. This is a major milestone for the Group and allows us to continue our growth in the Norwegian market and continue building a strong mobile network in Norway.

In September we agreed on a new national roaming agreement (NRA) with Telia. The new NRA has a price structure in line with the new "Market-15" regulation implemented from 1 June 2020. The new agreement will lower our NRA costs significantly and is very important for improving our profitability.

In Q3 we had 226 new smartphone base stations on air, delivering on our mission of building the third mobile network in Norway. This is in line with Norwegian authorities' ambitions to work for a more open and competitive telecom market in Norway.

We see that the increased coverage of our network is improving the on-net share, and we now have days peaking at on-net share of 90 percent. We are very pleased to see that the quality of our network and the speed of the build-out is improving despite challenges related to the Covid-19 outbreak. Everything we build is with Nokia 5G-ready equipment and we are well on our way in testing and preparing for a commercial 5G launch.

We continue to grow market share in the Norwegian market, and we added 20,000 new subscribers in Q3. According to the NKOM H1 2020 statistics, Ice continues to be the operator in the Norwegian market with the highest growth in number of subscribers. Our digital sales channels are delivering strong results, and we have also received very positive feedback from our own retail stores and have decided to expand this trial by rolling out additional four retail stores in the coming period, improving our own distribution further. We are confident that our own retail will be an important part of the sales channel mix going forward.

Continued network build-out, lower national roaming costs and smartphone subscription growth remain key to realizing Ice Group's business plan. I would like to give credit to our team for making very important contributions during a demanding period. We have now delivered 22 consecutive quarters of 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.

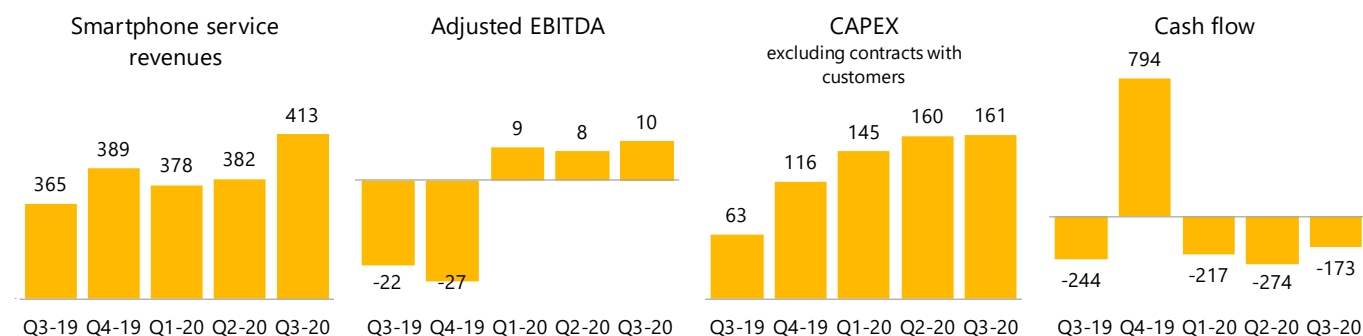
## Third quarter highlights

- \* **Smartphone customers base increased with 20k new subscriptions in the third quarter**
- \* **619k smartphone subscriptions at the end of the third quarter**
- \* **Total service revenues of NOK 494 million, representing a y-o-y growth of 10%**
- \* **Smartphone service revenues grew by 13% y-o-y to NOK 413 million (365)**
- \* **Adjusted EBITDA of NOK 10 million (-22)**
- \* **Net result NOK -206 million (-215), affected by currency effects in financial items**

## Key figures

NOK millions	Third Quarter		Jan-Sep		Full year 2019 <sup>1)</sup>
	2020	2019	2020	2019 <sup>1)</sup>	
Total service revenues	494	449	1,410	1,219	1,687
Smartphone service revenues	413	365	1,173	974	1,363
NRA cost	-119	-122	-343	-329	-440
NRA cost as share of smartphone service revenues	29%	34%	29%	34%	32%
EBITDA adjusted	10	-22	26	-136	-163
EBITDA adjusted – margin	2%	-5%	2%	-11%	-9%
Net result for the period	-206	-215	-634	-721	-963
CAPEX excluding contracts with customers	161	63	467	501	617
Cash flow for the period	-173	-244	-665	-50	744
No. of smartphone subscriptions, thousand	619	555	619	555	573
No. of mobile broadband subscriptions, thousand (Norway)	82	86	82	86	86
Smartphone ARPU (Average Revenue Per User – in NOK)	233	231	227	224	224
Smartphone churn (annualised)	26%	33%	26%	27%	27%
Smartphone base stations in service	2,696	1,987	2,696	1,987	2,116
Average data on-net share	83%	73%	83%	72%	74%
Average Voice on-net share	57%	22%	46%	19%	22%

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



## COVID-19 impact

The Covid-19 pandemic continues to impact the global economy, the financial markets and the way we live and work. Ice Scandinavia was still affected by the restrictions and measures implemented by the Norwegian government throughout the third quarter of 2020, although less than in the previous quarter.

The Group continues to observe a significant decrease in international roaming traffic due to the imposed mobility and travel restrictions. Roaming outside of EU has been almost completely absent since March, resulting in loss of roaming income. The lack of travel abroad has also resulted in a large reduction in international roaming costs.

Ice Scandinavia continues to observe an increase in mobile data usage outside Ice's own network at the beginning of the quarter, as customers spent their holidays in places without on-net coverage, resulting in a significant increase in national roaming costs. The usage of mobile data outside of Ice's own network was normalising towards the end of the quarter.

The Norwegian government has implemented relief measures, which have not had a material impact on the Group for the period.

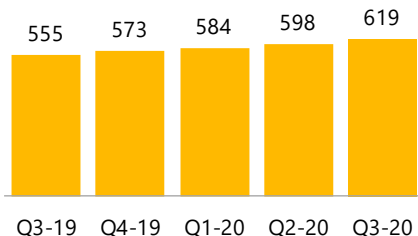
The Group had well-functioning work-from-home solutions in place and has managed to maintain a good and stable operation during the Covid-19 outbreak. In addition to disease control measures implemented in the company's location, the Group has taken steps to assist employees obtain a good home-office in this period.

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 unit. Although the credit risk has increased due to the pandemic, there are not identified any indicators of impairment that call for an increase in the Group's allowance for expected credit losses or impairment of the Group's assets. Group management continues to closely monitor the development and the need for potential impairment or increase in credit allowance.

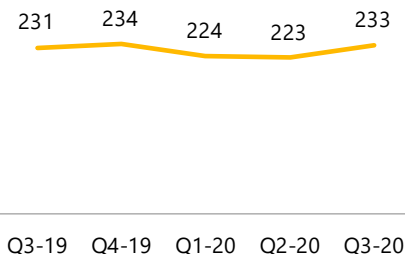
Ice Scandinavia expects similar effects on both international and national roaming in the last quarter of 2020. There is, however, still an increased risk of further economic impact due to the uncertainty of effects of Covid-19 as well as potential of new restrictions and measures going forward.

## Operational development

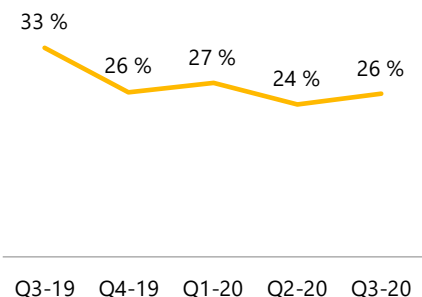
Smartphone subscriptions



Smartphone ARPU



Smartphone churn



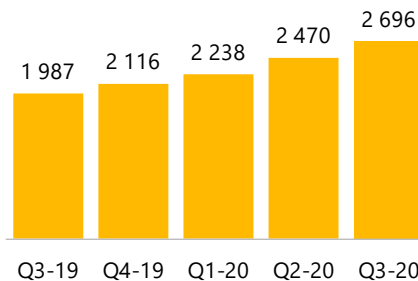
**Total smartphone subscribers** at the end of the third quarter of 2020 was 619,000, an increase of 64,000 since the third quarter last year and 20,000 during the quarter. In the first half of the year sale of subscriptions was negatively affected by the Covid-19 outbreak, while we have seen a more normalised situation in this quarter.

**Smartphone ARPU** for the third quarter of 2020 was NOK 233, a NOK 10 increase from the previous quarter (223) and a NOK 2 increase from the third quarter last year (231). Compared to the third quarter last year, smartphone ARPU

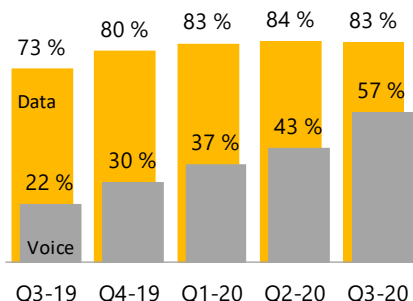
was negatively impacted by c. NOK 6 from loss of international roaming due to Covid-19 and c. NOK 1 from lower regulated prices on voice interconnect. Underlying subscription revenues were up c. NOK 9 from the third quarter last year.

**Smartphone churn** ended at 26% for the third quarter of 2020, down from 33% in the third quarter last year but up from 24% in the previous quarter. Reducing churn remains high on the company's agenda, and the company is working on several initiatives to reduce this further going forward.

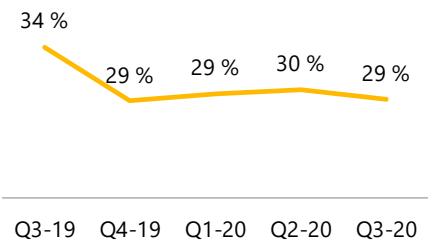
Smartphone base stations



Average on-net share



NRA cost / smartphone service revenues



**Total number of smartphone base stations** at the end of the third quarter 2020 was 2,696, an increase of 709 since the third quarter last year and 226 during the quarter. This is a very satisfactory achievement during the Covid-19 situation and given that July is holiday season in Norway with lower than normal activity.

**On-net shares** continue to develop positively as the population coverage improves. On-net share of data was 83% in the third quarter of 2020, up from 73% in the third quarter last year but a slight decline from 84% in the previous quarter. July, and to a certain extent also August, is affected by holiday travel to areas outside Ice's own coverage impacting the average for the third quarter negatively. The on-net share in September was 87% and the on-net share now peaks at 90%, showing the positive development in on-net share. On-net share of voice continued the very positive growth in the third quarter, where the key driver is full implementation of the Apple agreement. On-net share of voice increased to 57% in the

third quarter of 2020, up from 22% in the third quarter last year and 43% in the previous quarter.

**National roaming costs as share of smartphone service revenues** was 29% in the third quarter of 2020, down from 34% in the third quarter last year and 30% in the previous quarter. National roaming costs as share of smartphone service revenues will continue to decline as the network coverage improves and the effect of the new NRA agreement comes into effect from 1 January 2021.

## Financial review

Please refer to the financial reports of Ice Group ASA for further information about the operations of Ice Group.

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

### *Turnover, expenses and profit*

The service revenue for the first nine months of 2020 amounted to NOK 1,410 million (1,219) of which the third quarter reported NOK 494 million (449), a y-o-y growth of 10%. Roaming revenues from travels outside the EU were negatively impacted by an estimated NOK 20 million, NOK 10 million in the third quarter, due to lockdown measures and reduced travel activities.

The cost for the National Roaming ("NRA") for the first nine months amounted to NOK 343 million compared with NOK 329 million, NOK 119 million compared with NOK 122 million for the third quarter, a y-o-y decrease of 3% compared to the 12% increase in smartphone subscribers. Ice Scandinavia has observed a change in consumer behaviour and traffic consumption patterns leading to an increase in NRA data and voice traffic. The negative impact on the results due to this change is estimated to NOK 43 million, NOK 21 million in the third quarter.

The operating expenses for the first nine months amounted to NOK 363 million compared with NOK 376 million, NOK 133 million compared with NOK 140 million for the quarter. The operating result for the first nine months of 2020 improved to NOK -352 million compared with NOK -500 million for the first nine months of 2019, NOK -120 million compared with NOK -148 million for the quarter. Operating expenses includes outbound roaming costs that are reduced by approximately NOK 27 million, NOK 17 million in the third quarter, due to international travel restrictions, giving a positive effect on the Group's results.

The net financial items for the first nine months of 2020 ended at NOK -280 million compared with NOK -223 million, NOK -85 million compared with NOK -67 million for the quarter. Interest expense for the first nine months amounted to NOK 149 million (104), NOK 46 million (33) for the quarter. The Group paid NOK 157 million (101) in interest on borrowings in the first nine months, NOK 47 million (40) in the quarter. Financial expenses related to IFRS 16 amounted to NOK 113 million (85) for the first nine months of 2020, NOK 36 million (27) for the quarter.

Non-recurring and non-operational expenses identified during the first nine months of 2020 amounted to net NOK 8 million (24), presenting an EBITDA adjusted y-o-y

## Personnel and organisation

At the end of the period, the number of employees in the group amounted to 225 (214 FTEs) versus 212 for the equivalent period the previous year, an increase of 13 employees for the year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 373 (305) people.

improvement from NOK -136 million to NOK 26 million for the first nine months and a 13%-points margin improvement from -11% to 2% of revenues. For the quarter, non-recurring and non-operational expenses amounted to NOK 2 million (4), giving an EBITDA adjusted of NOK 10 million (-22). Non-recurring items are mainly related to extraordinary costs from network technology upgrade, smartphone migration and financing costs as well as share-based compensation expenses.

### *Capitalised expenditure (CAPEX)*

Ice Scandinavia's acquisition of non-current assets during the first nine months of 2020 amounted to NOK 467 million (501), NOK 161 million (63) 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 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 -202 million (-175) for the first nine months of 2020, NOK -75 million (-70) for the quarter.

### *Cash flows*

Cash flow from *operating activities* for the first nine months of 2020 was NOK 134 million (-228), NOK 54 million (-119) for the quarter.

The period's cash flow from *investing activities* was NOK -466 million (-335), NOK -161 million (-63) 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 -333 million (514) for the first nine months of 2020, NOK -66 million (-62) for the quarter. Financing activities last year holds the net proceeds from the NOK 700 million cash financing received from the Parent company. NOK -175 million (-85) relates to lease liability payments for the first nine months of 2020, NOK -19 million (-21) for the quarter.

### *Financial position*

The total assets of the Group were NOK 5,939 million (4,643) at the end of the period, of which total non-current assets were NOK 5,386 million (4,244). Total equity ended at -240 million (133). The Group's cash position at the end of the period was NOK 350 million (220). The Group's borrowings were NOK 2,854 million (2,235) at the end of the period.

## Related party transactions

No transactions with related parties during the period.

## Risks and uncertainties

Ice Scandinavia'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 Scandinavia 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 Scandinavia's current or future operations. Ice Scandinavia 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 Scandinavia'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 Scandinavia provides, which could result in lower service revenues, and thereby have a material adverse effect on Ice Scandinavia'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 Scandinavia'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 Scandinavia'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 Scandinavia'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 750-800 new base stations in total (updated guidance). This will increase the population coverage and share of on-net data and voice, and in turn reduce the NRA expenses.

The total cost of national roaming is expected to be approximately NOK ~450 million in 2020 (restated guidance).

The Group expects to have a capital expenditure excluding contracts with customers of NOK ~650 million in 2020 (updated).

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

## 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 Scandinavia Holdings AS 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

<i>NOK millions</i>	<i>Note</i>	Third quarter		Jan - Sep		Full year
		2020	2019	2020	2019 <sup>1)</sup>	2019 <sup>1)</sup>
Service revenue	4, 5	494	449	1,410	1,219	1,687
Other operating revenue	5	19	15	55	48	70
<b>Total operating revenue</b>	4, 5	<b>513</b>	<b>464</b>	<b>1,464</b>	<b>1,267</b>	<b>1,756</b>
National roaming expenses		-119	-122	-343	-329	-440
Sales and administrative expenses		-133	-140	-363	-376	-526
Other expenses		-190	-171	-577	-561	-760
Employee benefit expenses		-63	-57	-163	-162	-222
Depreciation, amortisation, impairment losses		-128	-121	-370	-339	-468
<b>Total operating expenses</b>		<b>-633</b>	<b>-612</b>	<b>-1,816</b>	<b>-1,766</b>	<b>-2,417</b>
<b>Operating result</b>		<b>-120</b>	<b>-148</b>	<b>-352</b>	<b>-500</b>	<b>-660</b>
Financial items – net		-85	-67	-280	-223	-313
<b>Result before tax</b>		<b>-205</b>	<b>-215</b>	<b>-633</b>	<b>-723</b>	<b>-973</b>
Income taxes		-0	1	-1	2	10
<b>Net result for the period</b>		<b>-206</b>	<b>-215</b>	<b>-634</b>	<b>-721</b>	<b>-963</b>
<i>Items that may be subsequently reclassified to profit loss:</i>						
Translation differences on foreign operations		0	0	0	0	1
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1</b>
<b>Total comprehensive income for the period</b>		<b>-206</b>	<b>-215</b>	<b>-633</b>	<b>-720</b>	<b>-963</b>
Net result for the period attributable to:						
Equity holders of the Parent Company		-206	-215	-634	-721	-963
Non-controlling interests		-	-	-	-	-
<b>Net result for the period</b>		<b>-206</b>	<b>-215</b>	<b>-634</b>	<b>-721</b>	<b>-963</b>
Total comprehensive income attributable to:						
Equity holders of the Parent Company		-206	-215	-633	-720	-963
Non-controlling interests		-	-	-	-	-
<b>Total comprehensive income for the period</b>		<b>-206</b>	<b>-215</b>	<b>-633</b>	<b>-720</b>	<b>-963</b>

<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 millions</i>	<i>Note</i>	<b>30 Sep 2020</b>	<b>30 Sep 2019</b>	<b>31 Dec 2019</b>
<b>ASSETS</b>				
Intangible assets		1,963	1,669	2,060
Tangible assets		3,033	2,230	2,376
Other non-current assets		390	345	386
<b>Total non-current assets</b>		<b>5,386</b>	<b>4,244</b>	<b>4,822</b>
Inventory		6	6	6
Trade receivables		96	76	107
Other receivables		22	35	13
Prepaid expenses and accrued income		78	62	25
Cash and cash equivalents		350	220	1,014
<b>Total current assets</b>		<b>552</b>	<b>399</b>	<b>1,166</b>
<b>TOTAL ASSETS</b>		<b>5,939</b>	<b>4,643</b>	<b>5,987</b>
<b>EQUITY AND LIABILITIES</b>				
Equity attributable to the Parent Company shareholders	2	-240	133	391
Equity attributable to non-controlling interests		-	-	-
<b>TOTAL EQUITY</b>		<b>-240</b>	<b>133</b>	<b>391</b>
Borrowings	3	2,854	2,235	2,842
Non-current lease liabilities		1,925	1,220	1,616
Provisions for deferred tax		1	8	-
Other non-current liabilities		305	303	304
<b>Total non-current liabilities</b>		<b>5,085</b>	<b>3,767</b>	<b>4,762</b>
Trade payables		317	263	155
Current lease liabilities		67	63	111
Other liabilities		31	23	27
Accrued expenses and deferred income		679	395	542
<b>Total current liabilities</b>		<b>1,094</b>	<b>744</b>	<b>835</b>
<b>TOTAL LIABILITIES</b>		<b>6,179</b>	<b>4,510</b>	<b>5,597</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,939</b>	<b>4,643</b>	<b>5,987</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>NOK millions</i>	Attributable to the shareholders of the Parent Company				
	Share capital	Other contributed capital	Reserves	Retained earnings	Total Equity
<b>Opening balance 1 January 2019</b>	<b>5</b>	<b>3,852</b>	<b>-1</b>	<b>-3,705</b>	<b>151</b>
Net result for the period	-	-	-	-721	-721
<i>Other comprehensive income for the period</i>					
Translation differences on foreign operations	-	-	0	-	0
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-721</b>	<b>-721</b>
Capital contribution from share-based payments	-	-	-	2	2
New share issue	-	700	-	-	700
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>700</b>	<b>-</b>	<b>2</b>	<b>702</b>
<b>Closing balance 30 September 2019</b>	<b>5</b>	<b>4,552</b>	<b>-0</b>	<b>-4,424</b>	<b>133</b>
Net result for the period	-	-	-	-243	-243
<i>Other comprehensive income for the period</i>					
Translation differences on foreign operations	-	-	0	-	0
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-243</b>	<b>-243</b>
Capital contribution from share-based payments	-	-	-	1	1
New share issue	1	499	-	-	500
<b>Total transactions with owners, recognised directly in equity</b>	<b>1</b>	<b>499</b>	<b>-</b>	<b>1</b>	<b>501</b>
<b>Closing balance 31 December 2019</b>	<b>5</b>	<b>5,052</b>	<b>-0</b>	<b>-4,666</b>	<b>391</b>
Net result for the period	-	-	-	-634	-634
<i>Other comprehensive income for the period</i>					
Translation differences on foreign operations	-	-	0	-	0
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>0</b>	<b>-634</b>	<b>-634</b>
Capital contribution from share-based payments	-	-	-	2	2
New share issue	-	-	-	-	-
<b>Total transactions with owners, recognised directly in equity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>
<b>Closing balance 30 September 2020</b>	<b>5</b>	<b>5,052</b>	<b>-</b>	<b>-5,297</b>	<b>-240</b>

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

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>NOK millions</i>	Third Quarter <b>2020</b>	<b>2019</b>	Jan – Sep <b>2020</b>	<b>2019</b>	Full Year <b>2019</b>
Result before tax	-205	-215	-633	-723	-973
Payments related to lease interest	36	27	113	85	113
Paid interest expense	47	44	157	105	144
<i>Non-cash items</i>					
Depreciation & amortisation of non-current assets	100	99	280	269	370
Depreciation & amortisation of right-of-use assets	28	22	90	70	98
Depreciation & amortisation of contracts with customers	71	52	204	153	206
Net interest expense	-1	-7	-9	1	17
Adjustments for other non-cash items	5	10	13	31	40
<b>Cash flows before changes in working capital</b>	<b>81</b>	<b>31</b>	<b>216</b>	<b>-8</b>	<b>14</b>
Change in inventory	2	-0	0	2	2
Change in current receivables	-15	-58	11	-30	5
Change in current liabilities	62	-21	109	-17	-105
Change in contracts with customers	-75	-70	-202	-175	-270
<b>Cash flows from changes in working capital</b>	<b>-27</b>	<b>-150</b>	<b>-82</b>	<b>-220</b>	<b>-367</b>
<b>Cash flows from operating activities</b>	<b>54</b>	<b>-119</b>	<b>134</b>	<b>-228</b>	<b>-353</b>
Net cash flow from divestment of subsidiary	-	-	-	166	166
Investments in intangible assets	-18	-18	-51	-186	-232
Investments in tangible assets	-143	-45	-416	-315	-384
Net cash flows from other financial assets	-0	0	1	-0	-0
<b>Cash flows from investing activities</b>	<b>-161</b>	<b>-63</b>	<b>-466</b>	<b>-335</b>	<b>-451</b>
Financing from shareholders	-	-	-	700	1,200
Borrowings	-	-	-	-	599
Repayments	-	-	-	-	-
Payments related to lease liabilities	-19	-21	-175	-85	-113
Interest paid, borrowings	-47	-40	-157	-101	-138
<b>Cash flows from financing activities</b>	<b>-66</b>	<b>-62</b>	<b>-333</b>	<b>514</b>	<b>1,548</b>
<b>Cash flow for the period</b>	<b>-173</b>	<b>-244</b>	<b>-665</b>	<b>-50</b>	<b>744</b>
Cash and cash equivalents Beginning of Period	523	464	1,014	270	270
Exchange rate difference in cash and cash equivalents	-0	0	0	-1	-1
<b>Cash and cash equivalents End of Period</b>	<b>350</b>	<b>220</b>	<b>350</b>	<b>220</b>	<b>1,014</b>

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

## NOTES TO THE FINANCIAL REPORT

### General information

Ice Group Scandinavia Holdings AS ("the Company") is a limited liability company incorporated in Norway and is with its subsidiaries (together, "the Group" or "Ice Scandinavia") 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 has three bonds listed at Oslo Børs in Norway (ISIN NO 001 0789035, ISIN NO 001 0807092 and ISIN NO 001 0864002).

### 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

As of 30 September 2020, the consolidated total equity is negative by NOK 240 million.

With the deferment of spectrum charges from 2021/2022 until 2025, new national roaming agreement effective from January 2021 and the convertible bond issued by Ice Group ASA in August 2020 with Ice Group Scandinavia Holdings AS

as co-debtor, the Group expects to have a fully financed business plan with sufficient liquidity to reach cash flow break-even and reach its operational and financial targets.

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

### Note 3 – Borrowings

<i>NOK millions</i>	<b>30 Sep 2020</b>	<b>30 Sep 2019</b>	<b>31 Dec 2019</b>
Senior unsecured bonds	1,681	790	1,674
Own holding of senior unsecured bonds	-281	-	-281
Senior secured callable bonds	1,391	1,382	1,386
AINMT Holdings AB loan	63	63	63
<b>Total borrowings</b>	<b>2,854</b>	<b>2,235</b>	<b>2,842</b>

Please refer to note 22 in the 2019 Annual Report of Ice Group Scandinavia Holdings AS for more information on borrowings.

In Q3 2020, Ice Group ASA issued a five-year convertible bond of NOK 689 million with Ice Group Scandinavia Holdings AS as co-debtor. Interest is payable with 8% per annum, or 10% PIK (payment in kind).

### 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 millions

2020	Third Quarter				Jan – Sep			
	Service revenue	Total revenue	EBITDA	CAPEX	Service revenue	Total revenue	EBITDA	CAPEX
Norway	494	513	13	237	1,405	1,460	34	669
Other <sup>2)</sup>	-0	0	-3	-	4	4	-7	0
<b>Total</b>	<b>494</b>	<b>513</b>	<b>10</b>	<b>237</b>	<b>1,410</b>	<b>1,464</b>	<b>26</b>	<b>669</b>

2019	Third Quarter				Jan – Sep			
	Service revenue	Total revenue	EBITDA	CAPEX	Service revenue	Total revenue	EBITDA	CAPEX
Norway	446	460	-21	133	1,189	1,234	-135	675
Sweden <sup>1)</sup>	-	-	-	-	19	21	5	-
Other <sup>2)</sup>	4	4	-1	0	11	12	-6	1
<b>Total</b>	<b>449</b>	<b>464</b>	<b>-22</b>	<b>134</b>	<b>1,219</b>	<b>1,267</b>	<b>-136</b>	<b>676</b>

2019	Full Year			
	Service revenue	Total revenue	EBITDA	CAPEX
Norway	1,654	1,720	-152	886
Sweden <sup>1)</sup>	19	21	5	0
Other <sup>2)</sup>	14	15	-16	1
<b>Total</b>	<b>1,687</b>	<b>1,756</b>	<b>-163</b>	<b>886</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 the 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 2019 Annual Report of Ice Group Scandinavia Holdings AS.

### 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 – Sep NOK millions	Service revenue		Other revenue		Total
	Norway	Other	Norway	Other	
Revenue from external customers	1,405	4	54	-	<b>1,464</b>
<i>Timing of revenue recognition:</i>					
At a point in time	300	0	54	-	<b>355</b>
Over time	1,105	4	1	-	<b>1,110</b>

2019 Jan – Sep NOK millions	Service revenue			Other revenue			Total
	Norway	Sweden	Other	Norway	Sweden	Other	
Revenue from external customers	1,189	19	11	45	2	1	<b>1,267</b>
<i>Timing of revenue recognition:</i>							
At a point in time	252	1	0	44	2	1	<b>301</b>
Over time	937	18	10	1	-	-	<b>966</b>

2019 Full year NOK millions	Service revenue			Other revenue			Total
	Norway	Sweden	Other	Norway	Sweden	Other	
	1,654	19	14	54	2	1	<b>1,756</b>

Revenue from external customers	1,654	19	14	66	2	1	<b>1,756</b>
<i>Timing of revenue recognition:</i>							
At a point in time	357	1	1	66	2	1	<b>428</b>
Over time	1,297	18	13	1	-	-	<b>1,329</b>

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:

<i>NOK millions</i>	<b>30 Sep 2020</b>	<b>30 Sep 2019</b>	<b>31 Dec 2019</b>
Trade receivables	96	76	107
Contract assets included in Prepaid expenses and accrued income	39	42	48
Contract liabilities included in Accrued expenses and deferred income	41	46	42

#### Revenue recognized 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.

<i>NOK millions</i>	Third Quarter		Jan – Sep		Full Year
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
Revenue from contract liabilities	0	0	32	44	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.

<i>NOK millions</i>	<b>30 Sep 2020</b>	<b>30 Sep 2019</b>	<b>31 Dec 2019</b>
Costs to fulfil a contract at the beginning of the period	366	304	304
Costs capitalised during the period	202	175	270
Amortisation during the period	-204	-153	-206
<b>Costs to fulfil a contract at the end of the period</b>	<b>369</b>	<b>346</b>	<b>430</b>

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

No significant events to report.

## ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

### Alternative Performance Measures

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

<i>NOK millions</i>	Third Quarter		Jan – Sep		Full Year
	2020	2019	2020	2019	2019
<b>Operating result</b>	<b>-120</b>	<b>-148</b>	<b>-352</b>	<b>-500</b>	<b>-660</b>
Depreciation & amortisation	128	121	370	339	468
<b>EBITDA</b>	<b>8</b>	<b>-27</b>	<b>18</b>	<b>-161</b>	<b>-192</b>
Network upgrades & migrations	0	2	5	7	10
Other non-recurring items incl. redundancy costs	1	1	1	15	16
Share-based compensation expense	1	1	2	2	3
<b>EBITDA adjusted</b>	<b>10</b>	<b>-22</b>	<b>26</b>	<b>-136</b>	<b>-163</b>

### CAPEX

Ice Scandinavia 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.

<i>NOK millions</i>	Third Quarter		Jan – Sep		Full Year
	2020	2019	2020	2019	2019
Investments in intangible assets	18	18	51	186	232
Investments in tangible assets	143	45	416	315	384
Change in contracts with customers	75	70	202	175	270
<b>CAPEX</b>	<b>237</b>	<b>134</b>	<b>669</b>	<b>676</b>	<b>886</b>
Change in contracts with customers	-75	-70	-202	-175	-270
<b>CAPEX excluding contracts with customers</b>	<b>161</b>	<b>63</b>	<b>467</b>	<b>501</b>	<b>617</b>
<b>CAPEX</b>	<b>237</b>	<b>134</b>	<b>669</b>	<b>676</b>	<b>886</b>
Licences and spectrum	0	0	-2	-342	-342
<b>CAPEX excluding licences and spectrum</b>	<b>237</b>	<b>134</b>	<b>667</b>	<b>334</b>	<b>544</b>
Change in contracts with customers	-75	-70	-202	-175	-270
<b>CAPEX excluding licences, spectrum and contracts with customers</b>	<b>161</b>	<b>63</b>	<b>465</b>	<b>159</b>	<b>274</b>

### NIBD

Ice Scandinavia 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.

<i>NOK millions</i>	<b>30 Sep 2020</b>	<b>30 Sep 2019</b>	<b>31 Dec 2019</b>
Total borrowings	2,854	2,235	2,842
<i>Adjusted for:</i>			
Capitalised loan costs	28	28	40
<b>Gross Interest-bearing Debt</b>	<b>2,883</b>	<b>2,263</b>	<b>2,883</b>
Cash and cash equivalents	-350	-220	-1,014
<b>Net Interest-bearing Debt</b>	<b>2,533</b>	<b>2,044</b>	<b>1,869</b>

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

## Consolidated key ratios

<i>NOK millions</i>	Third Quarter		Jan - Sep		Full year
	2020	2019	2020	2019	2019
<i>Profit</i>					
EBITDA adjusted	10	-22	26	-136	-163
Operating result	-120	-148	-352	-500	-660
<i>Key ratios – increase</i>					
Service revenue growth in %	10%	11%	16%	6%	10%
Service revenue growth in absolute numbers	45	44	191	70	147
<i>Key ratios - financial position</i>					
Cash liquidity %	50%	54%	50%	54%	140%
Total assets	5,939	4,643	5,939	4,643	5,987
Equity/assets ratio %	-4%	3%	-4%	3%	7%
Equity	-240	133	-240	133	391
Gross interest-bearing debt	2,883	2,263	2,883	2,263	2,883
Net interest-bearing debt	2,533	2,044	2,533	2,044	1,869

## Definitions

ARPU	Average Revenue Per User
EBITDA adjusted	Ice Scandinavia 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
Equity/assets ratio	Equity divided by total capital
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

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