



Ice Group Scandinavia Holdings AS

Q2 - 2020

Interim report
January-June 2020

CEO summary



In Q2 2020 Ice Scandinavia'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 Scandinavia 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 Scandinavia 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 Scandinavia 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'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 in the second quarter
- * 598k smartphone subscriptions at the end of the second quarter, up from 536k at the same time last year
- * Total service revenues of NOK 460 million, representing 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 8 million (-46)
- * Net result NOK -218 million (-234)
- * Strong network build-out with 232 new base stations

Key figures

NOK million	Second Quarter		Jan - Jun		Full year
	2020	2019	2020	2019 ¹⁾	2019 ¹⁾
Total service revenues	460	394	915	769	1,687
Smartphone service revenues	379	319	758	607	1,363
EBITDA adjusted	8	-46	16	-114	-163
EBITDA adjusted – margin	2%	-11%	2%	-14%	-9%
Net result for the period	-218	-234	-428	-506	-963
CAPEX	160	311	305	438	617
Cash flow for the period	-274	-309	-491	194	744
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%

¹⁾ 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.

Covid-19 impact

As a consequence of the Covid-19 pandemic, Norway implemented mobility restrictions and lockdown measures that financially affected Ice Scandinavia 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 its own network, as the Group's customers were visiting their holiday homes to an increasing extent.

Ice Scandinavia had a slight delay in base station build-out at the end of the first quarter, as a few 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.

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 Scandinavia 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

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 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 19% for the first half and 17% for the quarter. 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 was 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. The 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 in the results due to this change is estimated to NOK 18 million.

The operating expenses for the second quarter was NOK 109 million compared with NOK 116 million. The operating result for the first half 2020 improved to NOK -232 million compared with NOK -352 million, NOK -123 million compared with NOK -170 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.

Net financial items for the first half of 2020 ended at NOK -195 million compared with NOK -156 million, NOK -94 million compared with NOK -65 million for the quarter. Interest expense for the first half amounted to NOK 103 million (71), NOK 49 million (37) for the quarter. The Group paid NOK 111 million (61) in interest in borrowings in the first half, NOK 58 million (21) in the quarter. Financial expenses related to IFRS 16 amounted to NOK 77 million (58) for the first half of 2020, compared with NOK 40 million (26) for the quarter.

Non-recurring and non-operational expenses identified during the first half of 2020 amounted to net NOK 6 million (20), presenting an EBITDA adjusted y-o-y improvement from NOK -114 million to NOK 16 million and a 16%-point

margin improvement from -14% to 2% of revenues. For the quarter, non-recurring and non-operational expenses amounted to NOK 3 million (8). Non-recurring items are mainly related to extraordinary costs from network technology upgrade, smartphone migration and financing costs.

Investments

The Group's acquisition of non-current assets during the first half of 2020 amounted to NOK 305 million (438), NOK 160 million (311) for the quarter. The investments are mainly related to the smartphone network build-out project in Norway, both on existing and new sites as well as on core modernisation and IT.

The Group capitalises costs 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 amount to NOK 127 million (105) for the first half, NOK 75 million (67) for the quarter.

Cash flows

Cash flows from *operating activities* for the first half of 2020 was NOK 58 million (-109), NOK 4 million (63) for the quarter.

The first half's cash flow from *investing activities* was NOK -304 million (-272), NOK -159 million (-311) 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 -245 million (575) for the first half, NOK -120 million (-60) for the quarter. Financing activities in 2019 hold the net proceeds from the NOK 700 million cash financing received from the Parent Company. NOK -134 million (-64) relates to lease liability payments for the first half of 2020, NOK -62 million (-32) for the quarter.

Financial position

The total assets of the Group were NOK 6,114 million (4,860) at the end of the period, of which total non-current assets were NOK 5,407 million (4,276). Total equity ended at -36 million (347). The Group's cash position at the end of the period was NOK 523 million (464).

Personnel and organisation

At the end of the period, the number of employees in the Group amounted to 219 versus 208 for the equivalent period the previous year, an increase of 11 employees for the year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 367 (293) people.

Related party transactions

No transactions with related parties during the period except for the financing from the Parent company and operating activities with other companies within Ice Group but outside

Ice Scandinavia. For other items, see further details under the section on critical accounting estimates and judgments in the annual report of 2019.

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. The Group divides the risks into related to the

industry in which the company operates, risk related to the operations of the group and risks related to financing of the business. The most significant risks and uncertainties that are expected to remain for the next three months are described below.

The Covid-19 pandemic outbreak shows that disease outbreaks can put significant restrictions on the prerequisites for continuing operations of assets, including movement of people and their ability to get to their place of work. Such restrictions on and the outbreak itself could have an adverse impact on the 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 Scandinavia provides, which could result in lower service revenues, and thereby have a material adverse effect on the 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 Group's 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 Group'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 the 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. 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 1000 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 the Group announced the divestment of its Danish business, Ice Denmark 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 Scandinavia 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 ¹⁾
		2020	2019	2020	2019 ¹⁾	
Service revenue	4,5	460	394	915	769	1,687
Other operating revenue	5	19	12	36	33	70
Total operating revenue	4,5	478	406	951	803	1,756
National roaming expenses		-114	-109	-225	-206	-440
Operating expenses		-109	-116	-230	-236	-526
Other expenses		-210	-190	-387	-390	-760
Employee benefit expenses		-42	-45	-100	-105	-222
Depreciation, amortisation, impairment losses		-127	-116	-242	-218	-468
Total operating expenses		-601	-577	-1,184	-1,155	-2,417
Operating result		-123	-170	-232	-352	-660
Financial items – net		-94	-65	-195	-156	-313
Result before tax		-217	-235	-427	-507	-973
Income taxes		-0	1	-1	1	10
Net result for the period		-218	-234	-428	-506	-963
<i>Items that may be subsequently reclassified to profit loss:</i>						
Translation differences on foreign operations		0	0	0	1	1
Other comprehensive income		0	0	0	1	1
Total comprehensive income for the period		-217	-234	-428	-505	-963
<i>Net result for the period attributable to:</i>						
Equity holders of the Parent Company		-218	-234	-428	-506	-963
Non-controlling interests		-	-	-	-	-
Net result for the period		-218	-234	-428	-506	-963
<i>Total comprehensive income attributable to:</i>						
Equity holders of the Parent Company		-217	-234	-428	-505	-963
Non-controlling interests		-	-	-	-	-
Total comprehensive income for the period		-217	-234	-428	-505	-963

¹⁾ 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>	30 Jun 2020	30 Jun 2019	31 Dec 2019
ASSETS				
Intangible assets		1,993	1,700	2,060
Tangible assets		3,030	2,249	2,376
Other non-current assets		383	327	386
Total non-current assets		5,407	4,276	4,822
Current assets				
Inventory		8	6	6
Trade receivables		88	77	107
Other receivables		35	7	13
Prepaid expenses and accrued income		54	32	25
Cash and cash equivalents		523	464	1,014
Total current assets		707	585	1,166
TOTAL ASSETS		6,114	4,860	5,987
EQUITY AND LIABILITIES				
Equity attributable to the Parent Company shareholders	2	-36	347	391
Equity attributable to non-controlling interests		-	-	-
TOTAL EQUITY		-36	347	391
Non-current liabilities				
Borrowings	3	2,850	2,232	2,842
Non-current lease liabilities		1,990	1,219	1,616
Provisions for deferred tax		1	8	-
Other non-current liabilities		304	303	304
Total non-current liabilities		5,146	3,763	4,762
Current liabilities				
Trade payables		271	163	155
Current lease liabilities		75	62	111
Other liabilities		30	24	27
Accrued expenses and deferred income		629	502	542
Total current liabilities		1,005	751	835
TOTAL LIABILITIES		6,151	4,514	5,597
TOTAL EQUITY AND LIABILITIES		6,114	4,860	5,987

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 shareholders of the Parent Company				Total Equity
		Share capital	Other contributed capital	Reserves	Retained earnings	
Opening balance 1 January 2019		5	3,852	-1	-3,705	151
Net result for the period		-	-	-	-506	-506
<i>Other comprehensive income for the period</i>						
Translation differences on foreign operations		-	-	1	-	1
Total comprehensive income for the period		-	-	1	-506	-505
New share issue		-	700	-	-	700
Total transactions with owners, recognised directly in equity		-	700	-	-	700
Closing balance 30 June 2019		5	4,552	0	-4,211	347
Net result July - December		-	-	-	-457	-457
<i>Other comprehensive income for the period</i>						
Translation differences on foreign operations		-	-	-	-	-
Total comprehensive income for the period		-	-	-	-457	-457
Capital contribution from share-based payments		-	-	-	2	2
New share issue		1	499	-	-	500
Total transactions with owners, recognised directly in equity		-	499	-	2	503
Closing balance 31 December 2019		5	5,052	0	-4,666	391
Net result for the period		-	-	-	-428	-428
<i>Other comprehensive income for the period</i>						
Translation differences on foreign operations		-	-	-	-	-
Total comprehensive income for the period		-	-	-	-428	-428
Capital contribution from share-based payments		-	-	-	1	1
Total transactions with owners, recognised Directly in equity		-	-	-	1	1
Closing balance 30 June 2020		5	5,052	0	-5,093	-36

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		-217	-235	-427	-507	-973
Payments related to lease interest		40	26	77	58	113
Paid interest expense		58	21	111	61	144
<i>Non-cash items</i>						
Depreciation & amortisation of non-current assets		95	92	181	170	370
Depreciation & amortisation of right-of-use assets		33	24	61	48	98
Depreciation & amortisation of costs to obtain/fulfil contracts		78	51	133	101	206
Net interest expense		-8	7	-8	9	17
Adjustments for other non-cash items		5	12	8	21	40
Cash flows before changes in working capital		82	-2	135	-39	14
Change in inventory		2	3	-1	2	2
Change in current receivables		-20	-10	26	28	5
Change in current liabilities		15	139	25	5	-105
Change in capitalised costs to obtain/fulfil customer contracts		-75	-67	-127	-105	-270
Cash flows from changes in working capital		-77	65	-78	-70	-367
Cash flows from operating activities		4	63	58	-109	-353
Net cash flow from divestment of subsidiary		-	-	-	166	166
Investments in intangible assets		-17	-154	-33	-168	-232
Investments in tangible assets		-143	-157	-273	-270	-384
Net cash flows from other financial assets		1	-0	1	-0	-0
Cash flows from investing activities		-159	-311	-304	-272	-451
Financing from shareholders		-	-	-	700	1,200
Borrowings		-	-	-	-	599
Repayments		-	-7	-	-	-
Payments related to lease liabilities		-62	-32	-134	-64	-113
Interest paid, borrowings		-58	-21	-111	-61	-138
Cash flows from financing activities		-120	-60	-245	575	1,548
Cash flow for the period		-274	-309	-491	194	744
Cash and cash equivalents Beginning of Period		797	772	1,014	270	270
Exchange rate difference in cash and cash equivalents		-0	-0	0	-1	-1
Cash and cash equivalents End of Period		523	464	523	464	1,014

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.

In May 2020 the Danish operations were sold.

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.

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 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 followed in the Group’s annual financial accounts for the year ended 31 December 2019.

Note 2 – Equity and going concern

As of 30 June 2020, the consolidated total equity is negative by NOK 36 million.

The Group Parent Company and the Board of Directors work actively with, and have 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 by the Group Parent Company, Ice Group ASA, 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 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.

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 performance, both by geographic location.

NOK million

2020	Second Quarter				Jan - Jun			
	Service revenue	Total revenue	EBITDA adjusted	Investments	Service revenue	Total revenue	EBITDA adjusted	Investments
Norway	458	477	9	235	911	947	20	433
Other ²⁾	1	1	-2	-	4	4	-4	-
Total	460	478	8	235	915	951	16	433

2019	Second Quarter				Jan - Jun			
	Service revenue	Total revenue	EBITDA adjusted	Investments	Service revenue	Total revenue	EBITDA adjusted	Investments
Norway	391	403	-43	378	744	774	-114	542
Sweden ¹⁾	0	0	0	0	19	21	5	0
Other ²⁾	4	4	-3	-	7	8	-5	1
Total	394	406	-46	378	769	803	-114	543

2019	Full Year			
	Service revenue	Total revenue	EBITDA adjusted	Investments
Norway	1,654	1,720	-152	886
Sweden ¹⁾	19	21	5	0
Other ²⁾	14	15	-16	1
Total	1,687	1,756	-163	887

1) First quarter and 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 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. Investments include investments in contracts assets and exclude 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 - Jun NOK millions	Service revenue		Other revenue		Total
	Norway	Other	Norway	Other	
Revenue from external customers	911	4	36	0	951
<i>Timing of revenue recognition:</i>					
At a point in time	189	0	35	0	225
Over time	723	4	0	-	727

2019 Jan - Jun NOK millions	Service revenue			Other revenue			Total
	Norway	Sweden	Other	Norway	Sweden	Other	
Revenue from external customers	744	19	7	30	2	1	803
<i>Timing of revenue recognition:</i>							
At a point in time	156	1	0	30	2	1	190
Over time	588	18	7	0	-	-	613

2019 Full year NOK millions	Service revenue			Other revenue			Total
	Norway	Sweden	Other	Norway	Sweden	Other	
Revenue from external customers	1,654	19	14	66	2	1	1,756
<i>Timing of revenue recognition:</i>							
At a point in time	357	1	1	66	2	1	428
Over time	1,297	18	13	1	-	-	1,329

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

Assets and liabilities related to contracts with customers

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

NOK millions	30 Jun 2020	30 Jun 2019	31 Dec 2019
Capitalised cost to obtain/fulfil customer contracts	364	306	366
Contract assets included in Prepaid expenses and accrued income	41	50	48
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 millions	30 Jun 2020	30 Jun 2019	31 Dec 2019
Revenue recognised that was included in the contract liability	44	47	44

Assets recognised from costs to obtain/fulfil a contract

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

NOK millions	30 Jun 2020	30 Jun 2019	31 Dec 2019
Asset recognised from costs incurred to obtain/fulfil a contract at the end of period	364	306	366
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 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 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 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 Ice Scandinavia 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.

<i>Reconciliation NOK million</i>	Second Quarter		Jan - Jun		Full year
	2020	2019	2020	2019	2019
Operating result	-123	-170	-232	-352	-660
Depreciation & amortisation	127	116	242	218	468
EBITDA	4	-54	10	-134	-192
Network upgrades & migrations	2	1	5	5	10
Other non-recurring items incl. redundancy costs	0	6	0	14	16
Share-based compensation expense	1	1	2	1	3
EBITDA adjusted	8	-46	16	-114	-163

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 defined as Gross Interest-Bearing Debt less Cash and cash equivalents.

<i>Reconciliation NOK million</i>	30 Jun 2020	30 Jun 2019	31 Dec 2019
Total borrowings	2,850	2,232	2,842
<i>Adjusted for:</i>			
Capitalised loan costs	32	31	40
Gross Interest-bearing Debt	2,883	2,263	2,883
Cash and cash equivalents	-523	-464	-1,014
Net Interest-bearing Debt	2,359	1,800	1,869

Consolidated key ratios

<i>NOK million</i>	Second Quarter		Jan - Jun		Full year
	2020	2019	2020	2019	2019
<i>Profit</i>					
EBITDA adjusted	8	-46	16	-114	-163
Operating result	-123	-170	-232	-352	-660
<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 %	70%	78 %	70%	78%	140%
Total assets	6,114	4,860	6,114	4,860	5,987
Equity/assets ratio %	-1%	7%	-1%	7%	7%
Equity	-36	347	-36	347	391
Gross interest-bearing debt	2,883	2,263	2,883	2,263	2,883
Net interest-bearing debt	2,359	1,800	2,359	1,800	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 in EBITDA adjusted.
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
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

RESPONSIBILITY STATEMENT

From the Board of Directors of Ice Group Scandinavia Holdings AS:

“We confirm to the best of our knowledge that:

- the consolidated financial statements for the half year 2019 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.”

26 August 2020

The Board of Directors of Ice Group Scandinavia Holdings AS

Henning Karlsrud
Chairman

Eivind Helgaker
Director

Martin Westersø
Director

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