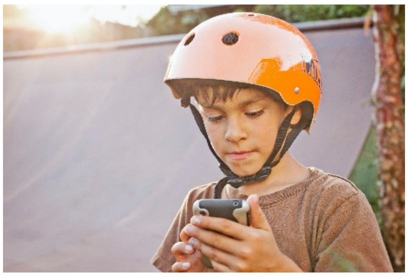
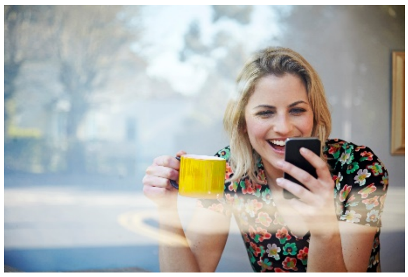
ice group









Q4 and full-year 2020

Interim report

January-December 2020

CEO summary

EIVIND HELGAKER
CEO

Ice has delivered a very solid 2020 despite the challenging conditions posed by Covid-19. It has been enjoyable to experience that our key parameters have continued to point in the right direction throughout the year. Our revenues and EBITDA results developed positively. Our mobile phone network continued to grow, and our on-net traffic increased significantly. For mobile phone customers, we continue to grow the subscriber base and gained market share every single quarter also in 2020. Our churn rate is also developing positively. Furthermore, we have signed a new national roaming agreement with considerably improved terms from 1 January 2021, and with the NOK 689 million convertible bond issue, we expect to have a fully financed business plan.

In the fourth quarter we delivered all-time high operational revenues of NOK 572 million and all-time high adjusted EBITDA of NOK 30 million. Operational revenues for the year 2020 was NOK 2,094 million, and adjusted EBITDA for the year was NOK 41 million. This clearly proves our ability to benefit from the underlying operational leverage in telecom.

In Q4 we added 191 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 as planned. The average data on-net share for Q4 was 89%, while the average voice on-net share was 63%. 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 especially in the first half of 2020.

Everything we are currently building is with Nokia 5G-ready equipment. In December we launched our very own 5G network with Oslo and Tromsø as the first two locations. This milestone event was marked with the help of the Norwegian minister of digitalization, Linda H. Helleland, conducting a live Ice 5G call from Ice's headquarter in Oslo.

We continue to grow market share in the Norwegian market, and added 20,000 new subscribers in Q4. Our digital sales channels are delivering strong results, and in Q4 we also saw record-low churn with only 23% average annualized churn for the quarter. Reducing churn even further remains high on our agenda, and we are working on several further anti-churn initiatives. We are also pleased to see that we continue to see an underlying positive growth in subscription ARPU, even though the loss of international roaming due to Covid-19 and significant one-off effects in Q4 2019 reduce the total ARPU figure for the fourth quarter compared to the same period last year.

Higher data and voice on-net shares, 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 year. We have now delivered 23 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. As a result, Ice Group expects to deliver an adjusted EBITDA margin of 15-20% in 2021.

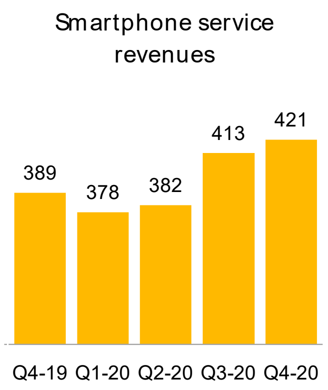
Fourth quarter highlights

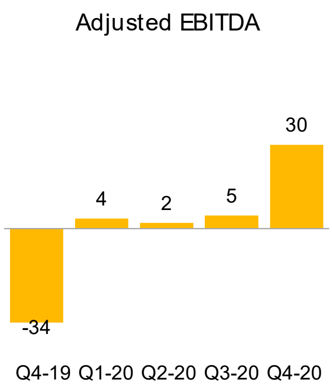
- **Smartphone customers base increased with 20k new subscriptions in the fourth quarter**
- **639k smartphone subscriptions at the end of 2020**
- **Total service revenues of NOK 500 million, representing a y-o-y growth of 7%**
- **Smartphone service revenues grew by 8% y-o-y to NOK 421 million (389)**
- **Adjusted EBITDA of NOK 30 million (-34)**
- **Net result NOK -151 million (-240), affected by currency effects in financial items**

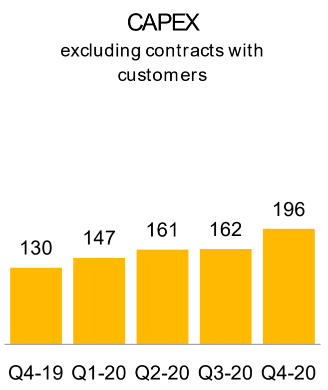
Key figures

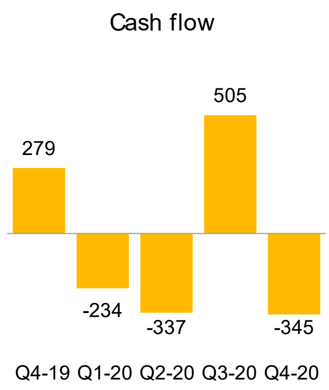
	Fourth Quarter		Full year	
NOK million	**2020**	**2019**	**2020**	**2019**[1)]
Total service revenues	500	468	1,910	1,687
Smartphone service revenues	421	389	1,593	1,363
NRA cost	-98	-112	-441	-440
NRA cost as share of smartphone service revenues	23%	29%	28%	32%
EBITDA adjusted	30	-34	41	-165
EBITDA adjusted – margin	5%	-7%	2%	-9%
Net result for the period	-151	-240	-974	-1,113
CAPEX excluding contracts with customers	196	130	666	631
Cash flow for the period	-345	279	-411	907
No. of smartphone subscriptions, thousand	639	573	639	573
No. of mobile broadband subscriptions, thousand (Norway)	78	86	78	86
Smartphone ARPU (Average Revenue Per User – in NOK)	231	234	228	224
Smartphone churn (annualised)	23%	26%	25%	27%
Smartphone base stations in service	2,887	2,116	2,887	2,116
Average data on-net share	89%	80%	84%	74%
Average Voice on-net share	63%	30%	50%	22%

1) Numbers from the divested Swedish operation are included for 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 Group was still affected by the restrictions and measures implemented by the Norwegian government throughout the fourth quarter of 2020.

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 Group observed an increase in mobile data usage outside Ice's own network in previous quarters, 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 has normalised in the fourth quarter of 2020.

Ice Group has significant borrowings in USD and SEK which expose the Group to changes in the exchange currency rate. Unrealised currency loss impacted the Group's results and reported debt negatively in the beginning of the year but has since been reversed. In the fourth quarter of 2020 the Group completely reversed the unrealised losses resulting in a currency gain in the Group's results and a positive effect on reported debt for the year.

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

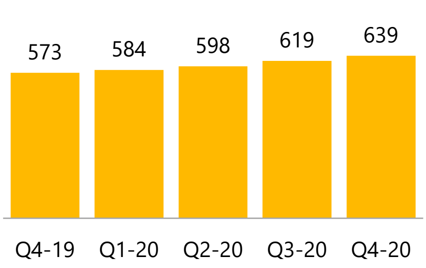
The Group had well-functioning work-from-home solutions in place and has managed to maintain a good and stable operation during the Covid-19 outbreak. In addition to disease control measures implemented in the company's location, the Group has taken steps to assist employees obtaining a good home-office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

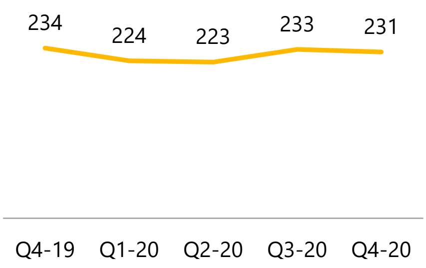
Ice Group expects that restrictions and measures will continue in 2021 and expects to be negatively affected on both international and national roaming. There is, however, still an increased risk of further economic impact due to the uncertainty of effects from mutations of Covid-19 as well as potential of new restrictions and measures.

Operational development

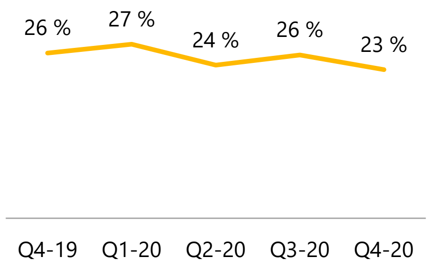
Smartphone subscriptions



Smartphone ARPU



Smartphone churn

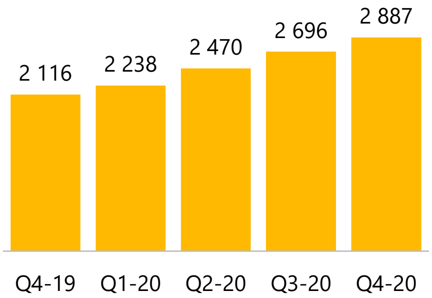


Total smartphone subscribers at the end of the fourth quarter of 2020 was 639,000, an increase of 66,000 during the year and 20,000 during the quarter. In the first half of the year sale of subscriptions was negatively affected by the Covid-19 outbreak, while we have seen a more normalized situation in the second half of 2020.

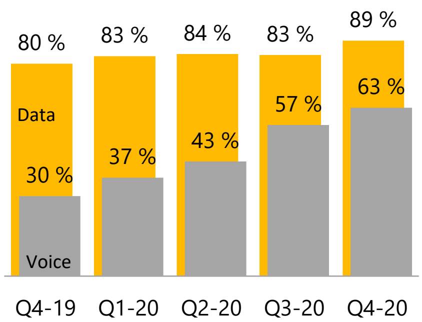
Smartphone ARPU for the fourth quarter of 2020 was NOK 231, a NOK 2 decrease from the previous quarter (233) and a NOK 3 decrease from the fourth quarter last year (234). Compared to the fourth quarter last year, smartphone ARPU was negatively impacted by ca. NOK 4 from loss of international roaming due to Covid-19. In addition, the fourth quarter of 2019 holds a NOK 5 positive one-off adjustment. Underlying subscription revenues were up ca. NOK 5 from the fourth quarter last year.

Smartphone churn ended at 23% for the fourth quarter of 2020, the lowest quarterly churn ever reported. This is down from 26% in both the fourth quarter last year and the previous quarter. Reducing churn further remain high on the company's agenda, and the company is working on several initiatives to reduce this further going forward.

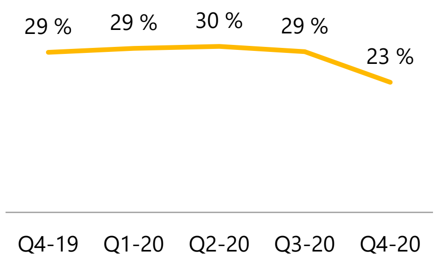
Smartphone base stations



Average on-net share



NRA cost / smartphone service revenues



Total number of smartphone base stations at the end of the fourth quarter 2020 was 2,887, an increase of 771 during the year and 191 during the quarter. This is a very satisfactory achievement during the Covid-19 situation and we still have a large pipeline of ready to build base stations for 2021.

On-net shares continue to develop positively as the population coverage improves. On-net share of data was 89% in the fourth quarter of 2020, up from 80% in the fourth quarter last year and up from 83% in the previous quarter. The data on-net share now peaks above 90%, showing the positive development in on-net share. On-net share of voice continued the very positive growth in the fourth quarter, where the key driver is full implementation of the Apple agreement in August. On-net share of voice increased to 63% in the fourth quarter of 2020, up from 30% in the fourth quarter last year and 57% in the previous quarter.

National roaming costs as share of smartphone service revenues was 23% in the fourth quarter of 2020, down from 29% in the fourth quarter last year and 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

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

Turnover, expenses and profit

The service revenue for the year amounted to NOK 1,910 million (1,687) of which the fourth quarter reported NOK 500 million (468), a y-o-y growth of 7%. Roaming revenues from travels outside the EU were negatively impacted by an estimated NOK 27 million, NOK 7 million in the fourth quarter, due to lockdown measures and reduced travel activities.

The cost for the National Roaming ("NRA") for the year amounted to NOK 441 million compared with NOK 440 million, NOK 98 million compared with NOK 112 million for the fourth quarter, a y-o-y decrease of 12% compared to the 12% increase in smartphone subscribers. Ice Group has observed a change in consumer behaviour and traffic consumption patterns during the pandemic leading to an increase in NRA data and voice traffic. The negative impact on the results due to this change is estimated to NOK 44 million, NOK 1 million in the fourth quarter.

The operating expenses for the year amounted to NOK 576 million compared with NOK 574 million, NOK 165 million compared with NOK 167 million for the quarter. The operating result for the year improved to NOK -512 million compared with NOK -655 million, NOK -127 million compared with NOK -172 million for the quarter. Operating expenses includes outbound roaming costs that are reduced by approximately NOK 35 million, NOK 7 million in the fourth quarter, due to international travel restrictions, giving a positive effect on the Group's costs.

The net financial items for the year ended at NOK -464 million compared with NOK -488 million, NOK -26 million compared with NOK -75 million for the quarter.

Non-recurring and non-operational expenses identified during the year amounted to net NOK 25 million (21), presenting an EBITDA adjusted y-o-y improvement from NOK -165 million to NOK 41 million for the year and a 11%-points margin improvement from -9% to 2% of revenues. For the quarter, non-recurring and non-operational expenses amounted to NOK 2 million (9), giving an EBITDA adjusted of NOK 30 million (-34). 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)

The Group's acquisition of non-current assets during the year amounted to NOK 666 million (631), NOK 196 million (130) 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 -282 million (-265) for the year, NOK -84 million (-90) for the quarter.

Cash flows

Cash flow from *operating activities* for the year was NOK 61 million (-287), NOK -48 million (-107) for the quarter.

The period's cash flow from *investing activities* was NOK -664 million (-461), NOK -196 million (-130) 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 193 million (1,656) for the year, NOK -101 million (516) for the quarter. NOK 57 million is repayment of the Telia seller's credit in the second quarter. The Group issued a convertible bond in the third quarter of NOK 689 million, of which NOK 545 million is increased borrowings and NOK 144 million in equity component. Financing activities last year holds the net proceeds from the NOK 1.5 billion new share issue made in January 2019. The Group paid NOK 203 million (137) in interest on borrowings in the year, NOK 39 million (36) in the quarter. NOK -239 million (-202) relates to lease liability payments for the year, NOK -62 million (-47) for the quarter.

Financial position

The total assets of the Group were NOK 6,375 million (6,216) at the end of the period, of which total non-current assets were NOK 5,307 million (4,835). Total equity ended at -1,793 million (-889). The Group's cash position at the end of the period was NOK 779 million (1,183). The Group's borrowings were NOK 5,004 million (4,331) at the end of the period.

Personnel and organisation

At the end of the period, the number of employees in the group amounted to 246 (226 FTEs) versus 223 for the equivalent period the previous year, an increase of 23 employees for the year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 380 (361) people.

Related party transactions

The Group's largest shareholders AI Media Holdings (NMT) LLC, RASMUSSENGRUPPEN AS and Bridford Investments Limited that in aggregate hold c.82% of the shares in the Group, have subscribed for bonds in the amount of NOK 650 million in the convertible bond issue.

Risks and uncertainties

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

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

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

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

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

Guidance and outlook

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

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

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

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

Divestment of Danish operations

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

Events after the closing of the period

No significant events to report.

Legal disclaimer

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL REPORTS

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

		Fourth Quarter		Full year	
NOK millions	*Note*	**2020**	**2019**	**2020**	**2019[1)]**
Service revenue	*4, 5*	500	468	1,910	1,687
Other operating revenue	*5*	71	30	184	173
Total operating revenue	*4, 5*	**572**	**498**	**2,094**	**1,859**
National roaming expenses		-98	-112	-441	-440
Operating expenses		-165	-167	-576	-574
Sales and administrative expenses		-213	-196	-816	-793
Employee benefit expenses		-68	-67	-245	-238
Depreciation, amortisation, impairment losses		-156	-129	-528	-468
Total operating expenses		**-699**	**-670**	**-2,606**	**-2,514**
Operating result		**-127**	**-172**	**-512**	**-655**
Financial items – net	*6*	-26	-75	-464	-488
Result before tax		**-154**	**-247**	**-976**	**-1,142**
Income taxes		3	8	2	10
Net result for the period		**-151**	**-240**	**-974**	**-1,133**
Items that may be subsequently reclassified to profit loss:					
Translation differences on foreign operations		8	-18	-97	23
Other comprehensive income		**8**	**-18**	**-97**	**23**
Total comprehensive income for the period		**-143**	**-258**	**-1,071**	**-1,110**
Net result for the period attributable to:					
Equity holders of the Parent Company		-151	-240	-974	-1,133
Net result for the period		**-151**	**-240**	**-974**	**-1,133**
Total comprehensive income attributable to:					
Equity holders of the Parent Company		-143	-258	-1,071	-1,110
Total comprehensive income for the period		**-143**	**-258**	**-1,071**	**-1,110**
Earnings per share (NOK)					
Basic earnings per share		-0,75	-1.19	-4.83	-5.62
Diluted earnings per share		-0.62	-1.17	-4,22	-5.52

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

NOK millions	*Note*	31 Dec 2020	31 Dec 2019
ASSETS			
Intangible assets		1,984	2,070
Tangible assets		2,916	2,383
Other non-current assets		408	382
Total non-current assets		**5,307**	**4,835**
Inventory		6	9
Trade receivables		178	143
Other receivables		14	18
Prepaid expenses and accrued income		90	27
Cash and cash equivalents		779	1,183
Total current assets		**1,068**	**1,381**
TOTAL ASSETS		**6,375**	**6,216**
EQUITY AND LIABILITIES			
Equity attributable to the Parent Company shareholders	*2*	-1,793	-889
TOTAL EQUITY		**-1,793**	**-889**
Borrowings	*3*	5,004	4,331
Non-current lease liabilities		1,769	1,618
Other non-current liabilities		306	303
Total non-current liabilities		**7,079**	**6,252**
Trade payables		283	164
Current lease liabilities		176	112
Other liabilities		24	21
Accrued expenses and deferred income		606	555
Total current liabilities		**1,089**	**852**
TOTAL LIABILITIES		**8,168**	**7,104**
TOTAL EQUITY AND LIABILITIES		**6,375**	**6,216**

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

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to the shareholders of the Parent Company				
NOK millions	Share capital	Other contributed capital	Reserves	Retained earnings	**Total Equity**
Opening balance 1 January 2019	**114**	**10,005**	**-57**	**-11,320**	**-1,258**
Net result for the period	-	-	-	-1,133	-1,133
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	23	-	23
Total comprehensive income for the period	-	-	**23**	**-1,133**	**-1,110**
Capital contribution from share-based payments	-	-	-	12	12
New share issue	68	1,408	-	-7	1,468
Total transactions with owners, recognised directly in equity	**68**	**1,408**	**-**	**4**	**1,480**
Closing balance 31 December 2019	**182**	**11,412**	**-34**	**-12,449**	**-889**
Net result for the period	-	-	-	-974	-974
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	-97	-	-97
Total comprehensive income for the period	-	-	**-97**	**-974**	**-1,071**
Capital contribution from share-based payments	-	-	-	16	16
New share issue	-	3	-	-	3
Convertible bond issue	-	144	-	4	148
Total transactions with owners, recognised directly in equity	**-**	**147**	**-**	**21**	**168**
Closing balance 31 December 2020	**182**	**11,559**	**-131**	**-13,403**	**-1,793**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

NOK millions	Fourth Quarter 2020	Fourth Quarter 2019	Full year 2020	Full year 2019
Result before tax	-154	-247	-976	-1,142
Payments related to lease interest	31	28	143	113
Paid interest expense	37	40	202	142
Non-cash items				
Depreciation & amortisation of non-current assets	127	101	409	370
Depreciation & amortisation of right-of-use assets	28	28	119	98
Depreciation & amortisation of contracts with customers	57	53	257	206
Net interest expense	75	54	190	183
Adjustments for other non-cash items	-115	-50	-63	56
Cash flows before changes in working capital	**86**	**6**	**281**	**27**
Change in inventory	2	-3	3	-1
Change in current receivables	45	38	51	-22
Change in current liabilities	-97	-58	9	-26
Change in contracts with customers	-84	-90	-282	-265
Cash flows from changes in working capital	**-134**	**-113**	**-220**	**-314**
Cash flows from operating activities	**-48**	**-107**	**61**	**-287**
Net cash flow from divestment of subsidiary	-	-	-	166
Investments in intangible assets	-72	-56	-125	-243
Investments in tangible assets	-124	-74	-540	-389
Net cash flows from other financial assets	0	1	2	5
Cash flows from investing activities	**-196**	**-130**	**-664**	**-461**
Financing from equity holders	-	-	147	1,468
Borrowings	-	599	545	599
Repayments	-	0	-57	-72
Payments related to lease liabilities	-62	-47	-239	-202
Interest paid, borrowings	-39	-36	-203	-137
Cash flows from financing activities	**-101**	**516**	**193**	**1,656**
Cash flow for the period	**-345**	**279**	**-411**	**907**
Cash and cash equivalents Beginning of Period	1,123	902	1,183	275
Exchange rate difference in cash and cash equivalents	0	1	7	0
Cash and cash equivalents End of Period	**779**	**1,183**	**779**	**1,183**

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

NOTES TO THE FINANCIAL REPORT

General information

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

Note 1 – Accounting principles

Basis of preparation

This interim report has been prepared in accordance with IAS 34, *Interim Financial Reporting*. The report does not contain all the information and disclosures required in an annual financial report and should be read in conjunction with the Group's annual report for 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 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 31 December 2020, the consolidated equity is negative by NOK 1,793 million.

With the deferment of spectrum charges from 2021/2022 until 2025, new national roaming agreement effective from January 2021 and the issued convertible bond in August 2020, 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

NOK millions	31 Dec 2020	31 Dec 2019
Senior unsecured bonds	1,406	1,393
Senior secured callable bonds	1,392	1,386
Convertible bonds	543	-
Goldentree loan (USD)	1,111	1,032
Rasmussengruppen loan (SEK)	535	446
TeliaSonera seller's credit	-	56
Long-term payable with Access Industries (USD)	17	18
Total borrowings	**5,004**	**4,331**

Currency in millions	Currency	31 Dec 2020	31 Dec 2019
Goldentree loan	USD	139	125
Rasmussengruppen loan	SEK	513	472
Long-term payable with Access Industries	USD	2	2

Please refer to note 24 in the 2019 Annual Report of Ice Group ASA for more information on borrowings.

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

In Q3 2020, Ice Group, through Ice Group ASA, issued a five-year convertible bond of NOK 689 million, of which NOK 545 million is increased borrowing and NOK 144 million in equity component. Interest is payable with 8% per annum, or 10% PIK (payment in kind). The conversion price is initially set to NOK 19.5089 per share, and subject to adjustments under given circumstances described in the bond terms.

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	Fourth Quarter				Full year			
	Service revenue	Total revenue	EBITDA	CAPEX	Service revenue	Total revenue	EBITDA	CAPEX
Norway	500	572	45	280	1,906	2,091	77	948
Other [2]	0	-0	-15	0	4	3	-36	-1
Total	**500**	**572**	**30**	**280**	**1,910**	**2,094**	**41**	**948**

2019	Fourth Quarter				Full year			
	Service revenue	Total revenue	EBITDA	CAPEX	Service revenue	Total revenue	EBITDA	CAPEX
Norway	465	494	-22	221	1,654	1,771	-146	896
Sweden [1]	0	0	0	0	19	21	5	0
Other [2]	3	3	-12	0	14	67	-24	1
Total	**468**	**498**	**-34**	**221**	**1,687**	**1,859**	**-165**	**897**

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

2) *Denmark is reclassified and included in other segment due to it being an immaterial part of Ice Groups financial information, not of continuing significance to Group Executive Management for assessing performance and allocation of resources and not satisfying the criteria of operating segments in accordance with IFRS 8.*

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

Note 5 – Disaggregation of revenue

In the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as disclosed in note 4. For further information on the categories, please refer to note 7 and 8 in the 2019 Annual Report of Ice Group ASA.

Disaggregation of revenue from contracts with customers

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

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

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

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

Assets and liabilities related to contracts with customers

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

NOK millions	**31 Dec 2020**	**31 Dec 2019**
Trade receivables	178	143
Contract assets included in Prepaid expenses and accrued income	40	50
Contract liabilities included in Accrued expenses and deferred income	41	42

Revenue recognised in relations to contract liabilities

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

	Fourth Quarter		Full year	
NOK millions	**2020**	**2019**	**2020**	**2019**
Revenue from contract liabilities	0	0	32	44

Assets recognised from costs to fulfil a contract

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

NOK millions	**31 Dec 2020**	**31 Dec 2019**
Costs to fulfil a contract at the beginning of the period	362	304
Costs capitalised during the period	282	265
Amortisation during the period	-257	-206
Costs to fulfil a contract at the end of the period	**387**	**362**

Note 6 – Financial items

	Fourth Quarter		Full year	
NOK millions	**2020**	**2019**	**2020**	**2019**
Interest income	0	2	1	3
Currency gains, net	124	56	97	-
Other financial income	-	0	-	6
Financial income	**125**	**57**	**98**	**9**
Interest expense	-120	-100	-416	-344
Interest expenses related to leases	-31	-28	-143	-112
Currency losses, net	-	-	-	-16
Net loss sale of associated companies	-	-	-	-13
Other financial expenses	0	-4	-3	-10
Financial expenses	**-151**	**-132**	**-562**	**-497**
Net financial items	**-26**	**-75**	**-464**	**-488**

Note 7 – Legal disputes

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

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

Note 8 – Events after the closing of the period

No significant events to report.

ALTERNATIVE PERFORMANCE MEASURES AND DEFINITIONS

Alternative Performance Measures

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

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

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

EBITDA adjusted

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

	Fourth Quarter		Full year	
NOK millions	**2020**	**2019**	**2020**	**2019**
Operating result	**-127**	**-172**	**-512**	**-655**
Depreciation & amortisation	156	129	528	468
EBITDA	**28**	**-43**	**16**	**-186**
Network upgrades & migrations	1	3	6	10
Other non-recurring items incl. redundancy costs	-2	3	3	45
Sale of trademark	-	-	-	-46
Share-based compensation expense	4	3	16	12
EBITDA adjusted	**30**	**-34**	**41**	**-165**

CAPEX

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

	Fourth Quarter		Full year	
NOK millions	**2020**	**2019**	**2020**	**2019**
Investments in intangible assets	72	56	125	243
Investments in tangible assets	124	74	540	389
Change contracts with customers	84	90	282	265
CAPEX	**280**	**221**	**948**	**897**
Change in contracts with customers	-84	-90	-282	-265
CAPEX excluding contracts with customers	**196**	**130**	**666**	**631**
CAPEX	**280**	**221**	**948**	**897**
Licences and spectrum	-	0	-2	-342
CAPEX excluding licences and spectrum	**280**	**220**	**946**	**554**
Change in contracts with customers	-84	-90	-282	-265
CAPEX excluding licences, spectrum and contracts with customers	**196**	**130**	**664**	**289**

NIBD

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

NOK millions	**31 Dec 2020**	**31 Dec 2019**
Total borrowings	5,004	4,331
Adjusted for:		
Capitalised loan costs	60	77
Long-term payable with Access Industries	-17	-18
Gross Interest-bearing Debt	**5,047**	**4,390**
Cash and cash equivalents	-779	-1,183
Net Interest-bearing Debt	**4,268**	**3,208**

The Group issued a convertible bond in the third quarter of NOK 689 million, of which NOK 545 million is increased borrowings and NOK 144 million in equity component. Accrued interests have been capitalised.

CONSOLIDATED KEY RATIOS

	Fourth Quarter		Full year	
NOK millions	**2020**	**2019**	**2020**	**2019**
Profit				
EBITDA adjusted	30	-34	41	-165
Operating result	-127	-172	-512	-655
Key ratios – increase				
Service revenue growth in %	7%	20%	13%	10%
Service revenue growth in absolute numbers	33	78	223	147
Key ratios - financial position				
Cash liquidity %	98%	162%	98%	162%
Total assets	6,375	6,216	6,375	6,216
Equity	-1,793	-889	-1,793	-889
Gross interest-bearing debt	5,047	4,390	5,047	4,390
Net interest-bearing debt	4,268	3,208	4,268	3,208

DEFINITIONS

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

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