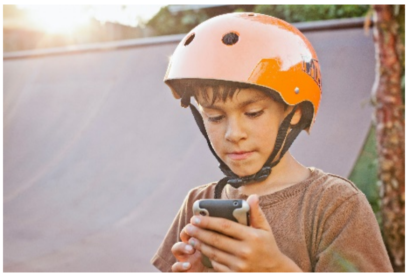
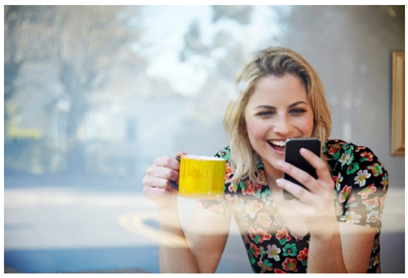
ice group









Q3 2021

Interim report

January-September 2021

CEO summary

Ice Group delivered record high operating revenues in the third quarter of 2021, of NOK 593 million compared to NOK 535 million in the same quarter last year, representing 11% growth year-over-year. Operating margins are increasing in line with previous guidance. For the third quarter, adjusted EBITDA was NOK 90 million, implying a 15% margin, in line with guidance.

We continue to grow our customer base and added 14,000 new subscribers in the third quarter, bringing the total smartphone subscriber base to 677,000. We are maintaining our market leading win rate in the B2C segment, and even though some Covid-19 restrictions were lifted this summer and retail stores were open during the quarter, the total market portability was significantly lower than last year, impacting our growth rate negatively.

On 15 November 2021 "NiceMobil" was launched. This is to our knowledge the first fully digital only mobile concept in the world. All customer interactions are digital and the concept is app based with eSIM only and credit card payment to make user experiance easier for the customers. The fully digital concept of NiceMobil allows for very competitive price points and this concept is expected to allow us to boost the subscriber growth rate and optimize value creation.

Our efforts to increase customer satisfaction and further improve customer offerings are paying off, reducing smartphone churn further to 23% in the third quarter, down from 26% in the same quarter last year. This is also reflected in EPSI's annual survey (Mobile Study 2021) of customer satisfaction among Norwegian mobile customers. The survey shows that Ice has increased customer satisfaction the most in the industry, with an increase of a total of 4.6 points since last year. Efforts to reduce churn reduction and improve net subscriber growth by improving customer experience are focus areas for the company.

ARPU improved slightly to NOK 235 in the third quarter compared to the corresponding quarter last year (NOK 233). This summer we launched a Family package which includes iceTrygg insurance for ID theft, online abuse and safe e-commerce. In the third quarter this product was also made available to non-family subscribers for a fee of NOK 69 per month. These are the first steps into value added services for Ice, and products like these are intended to improve customer loyalty, sales and ARPU going forward.

Today, on 18 November 2021, we switched on our commercial 5G offering. The first 5G base stations are located in Oslo, and in the short term the Company plans to have 5G in the 4-5 largest cities in Norway. Longer term the plan is to reach 75% population coverage on 5G. In September, Ice was awarded 80MHz of valuable frequency blocks in the 3,600 MHz band in the national frequency auction in Norway. The frequencies will be highly valuable for the build-out of 5G and for securing the third nationwide mobile network in Norway in the coming years.

In the third quarter we added 62 new smartphone base stations, bringing the total to 3,133. This run-rate is in line with our guidance of adding between 300 and 500 base stations in 2021, year to data we have added 246 new smartphone base stations. Voice on-net was 71% in the third quarter, up from 57% in the same quarter last year, while data on-net increased to 89% in the third quarter from 83% in the same quarter last year. The summer holiday travel activity impacts on-net negatively and the underlying on-net development continue to improve.

As we stated in the Q2 presentation we have been reviewing our business plan and capital structure. We now have a new business plan involving accelerated subscriber growth with two distinct market concepts and accelerated 5G roll out. We have also looked at the capital structure and financing need in light of the new business plan and have started a process and engaged financial and legal advisors. The main elements of this process is to restructure the balance sheet to facilitate the growth aspects in the business plan and increase our financial flexibility.

In sum, our operational and financial parameters continue to point in the right direction, and with the launch of NiceMobil we expect the growth to accelerate further. We have now delivered 26 consecutive quarters of smartphone subscription growth and remain confident that we will continue to win market share and improve margins strongly going forward.

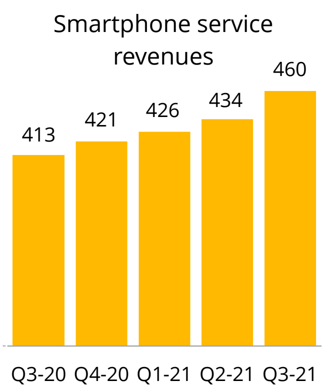
EIVIND HELGAKER
CEO

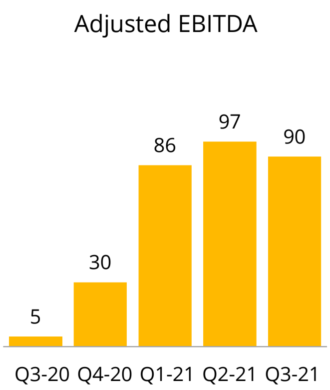
Third quarter highlights

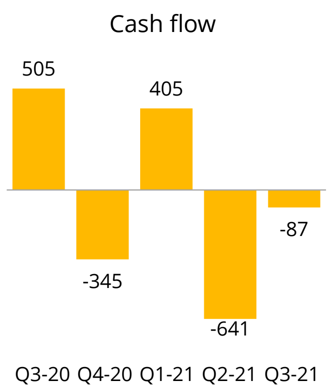
- **677k smartphone subscriptions at the end of the third quarter**
- **Total service revenues of NOK 543 million (494), representing a y-o-y growth of 10%**
- **Smartphone service revenues grew by 11% y-o-y to NOK 460 million (413)**
- **Adjusted EBITDA of NOK 90 million (5)**
- **Net result NOK -255 million (-223)**
- **Churn (annualised) reduced to 23 %, a 3 %-point reduction y-o-y**
- **Launch of iceTrygg available to all customers**
- **Awarded 80 MHz in the 3,600 MHz band**

Key figures

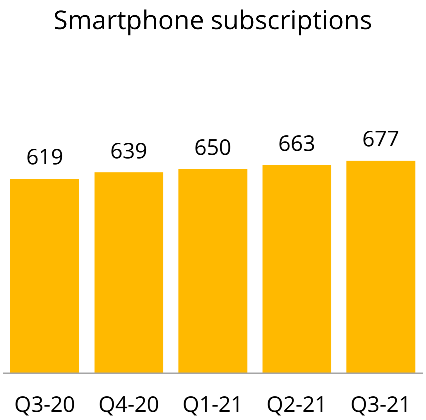
	Third Quarter		Jan-Sep		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Total service revenues	543	494	1,566	1,410	1,910
Smartphone service revenues	460	413	1,320	1,173	1,593
NRA cost	-60	-119	-151	-343	-441
NRA cost as share of smartphone service revenues	13%	29%	11%	29%	28%
EBITDA adjusted	90	5	272	10	41
EBITDA adjusted – margin	15%	1%	16%	1%	2%
Net result for the period	-255	-223	-712	-824	-974
CAPEX excluding contracts with customers	117	162	369	470	666
Cash flow for the period	-87	505	-323	-66	-411
No. of smartphone subscriptions, thousand	677	619	677	619	639
No. of mobile broadband subscriptions, thousand (Norway)	70	82	70	82	78
Smartphone ARPU (Average Revenue Per User – in NOK)	235	233	229	227	228
Smartphone churn (annualised)	23%	26%	21%	26%	25%
Smartphone base stations in service	3,133	2,696	3,133	2,696	2,887
Average data on-net share	89%	83%	90%	83%	84%
Average Voice on-net share	71%	57%	70%	46%	50%

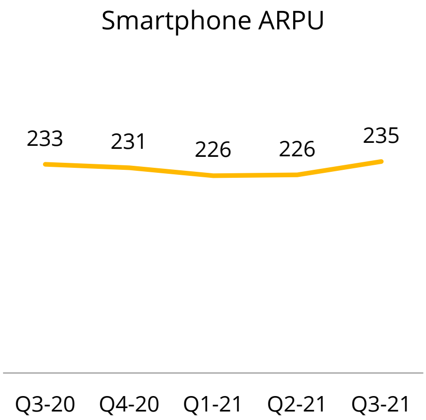


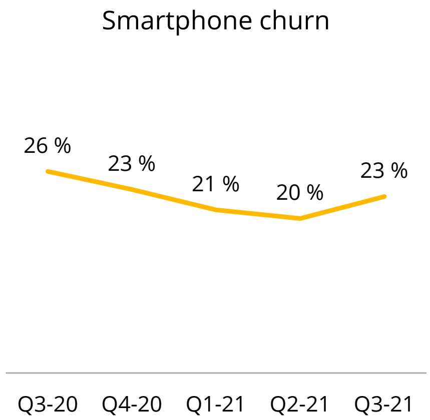




Operational development



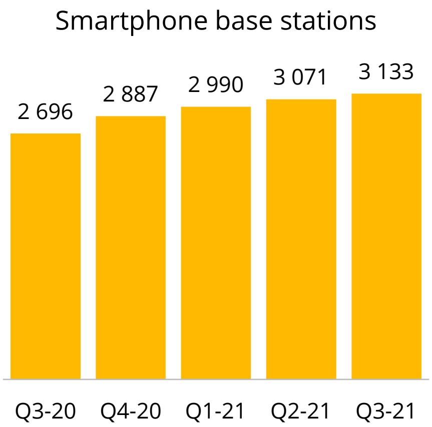


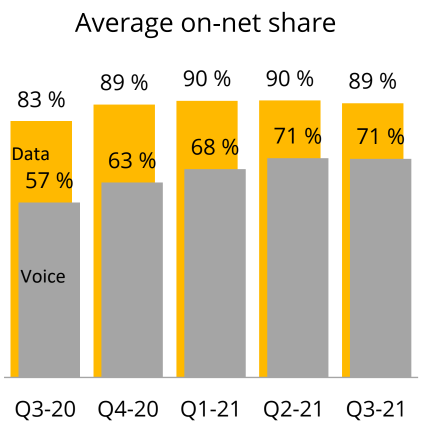


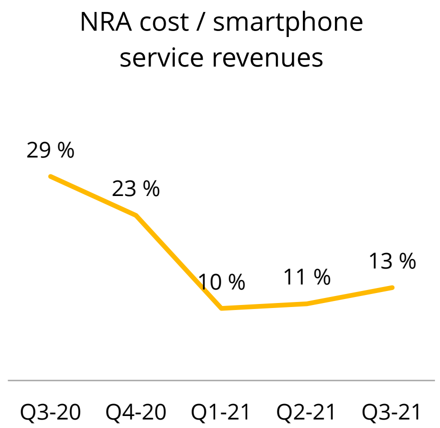
Total smartphone subscribers at the end of the third quarter 2021 was 677,000, an increase of 14,000 during the quarter. The market leading win rate in the B2C segment was maintained in the quarter. Some Covid-19 restrictions were lifted this summer and retail stores were open during the quarter, but the total market potability was still significantly lower than last year, impacting our growth rate negatively.

Smartphone ARPU for the third quarter of 2021 was NOK 235, up from NOK 233 in the corresponding quarter last year and an increase of NOK 9 from the previous quarter.

Smartphone churn ended at 23% for the third quarter of 2021. This is down from 26% in the third quarter of 2020. Reducing churn further remain high on the Group's agenda.







Total number of smartphone base stations at the end of the third quarter 2021 was 3,133, an increase of 62 during the quarter. This is on track with the Group's guidance of adding between 300 and 500 base stations in 2021.

Voice on-net was 71% in the third quarter, stable from the previous quarter, while **data on-net** declined to 89% from 90% in the previous quarter. Note that summer holiday travel activity impacts on-net negatively and that the underlying on-net development is still positive.

National roaming costs as share of smartphone service revenues was 13% in the third quarter of 2021, a significant reduction from 29% in the same quarter last year, reflecting the lower cost level of the new NRA agreement that came into effect on 1 January 2021.

Financial review

The comments below are related to Ice Group's development in 2021 compared to 2020.

Turnover, expenses and profit

The service revenue for the first nine months of 2021 amounted to NOK 1,566 million (1,410) of which the third quarter reported NOK 543 million (494), a y-o-y growth of 11% for the first nine months and 10% for the quarter.

The cost for the National Roaming ("NRA") for the first nine months amounted to NOK 151 million compared with NOK 343 million, NOK 60 million (119) for the quarter, a y-o-y decrease of 49% due to the new NRA-agreement that came into effect from 1 January 2021.

The operating expenses for the first nine months amounted to NOK 474 million compared with NOK 412 million, NOK 169 million compared with NOK 150 million for the quarter. The operating result for the first nine months improved to NOK -170 million compared with NOK -385 million, NOK -61 million compared with NOK -131 million for the quarter.

The net financial items for the first nine months ended at NOK -544 million compared with NOK -438 million, NOK -195 million compared with NOK -92 million for the quarter, positively affected by net currency gains in the third quarter of 2020.

Non-recurring and non-operational expenses identified during the first nine months of 2021 amounted to net NOK 9 million (23), presenting an EBITDA adjusted y-o-y improvement from NOK 10 million to NOK 272 million for the first nine months and a 15%-points margin improvement from 1% to 16% of revenues. For the quarter, non-recurring and non-operational expenses amounted to NOK 4 million (7), giving an EBITDA adjusted of NOK 90 million (5). Non-recurring items are mainly related to share-based compensation expenses.

Capitalised expenditure (CAPEX)

The Group's acquisition of non-current assets during the first nine months of 2021 amounted to NOK 369 million (470), NOK 117 million (162) 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 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 163 million (198) for the first nine months of 2021, NOK 61 million (74) for the quarter.

Cash flows

Cash flow from *operating activities* for the first nine months of 2021 was NOK 400 million (109), NOK 161 million (63) for the quarter. The increase is due to higher cash flows from working capital and increase in EBITDA.

The period's cash flow from *investing activities* was NOK -419 million (-468), NOK -167 million (-162) for the quarter.

Cash flow from *financing activities* was NOK -303 million (294) for the first nine months of 2021, NOK -81 million (603) for the quarter. Financing activities in 2021 holds the net proceeds from the NOK 1,400 million bond issue in March 2021 and the bond repayment of NOK 1,400 million. The Group paid NOK 145 million (165) in interest on borrowings in the first nine months, NOK 41 million (44) in the quarter. NOK -125 million (-176) relates to lease liability payments for the first nine months, NOK -42 million (-42) in the quarter.

Financial position

The total assets of the Group were NOK 6,113 million (6,771) at the end of the period, of which total non-current assets were NOK 5,335 million (5,393). Total equity ended at -2,438 million (-1,658). The Group's cash position at the end of the period was NOK 455 million (1,123). The Group's borrowings were NOK 5,254 million (5,120) at the end of the period, of which NOK 520 million (0) is current borrowings.

Covid-19 impact

Covid-19 continued to negatively affect international roaming revenues. However, the Group did see a good improvement from the same quarter last year.

The financial markets have normalised after the initial lows allowing Ice Group to refinance its secured bond at favourable terms in the first quarter of 2021. However, the uncertainty surrounding Covid-19 implies a continuing risk going forward. This risk and potential mitigating measures is reflected in the Group's guidance and outlook.

Personnel and organisation

At the end of the period, the number of employees in the group amounted to 261 (254 FTEs) versus 235 for the equivalent period the previous year, an increase of 26 employees for the year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 393 (383) people.

Related party transactions

No transactions with related parties during the period.

Risks and uncertainties

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

The COVID-19 pandemic outbreak shows that disease outbreaks can put significant restrictions on the prerequisites for continuing operations of assets, including movement of people and their ability to get to their place of work. Such restrictions 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. This will increase our population coverage and share of on-net data and voice.

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

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

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

		Third Quarter		Jan - Sep		Full year
NOK millions	*Note*	**2021**	**2020**	**2021**	**2020**	**2020**
Service revenue	*4, 5*	543	494	1,566	1,410	1,910
Other operating revenue	*5*	50	40	140	113	184
Total operating revenue	*4, 5*	**593**	**535**	**1,706**	**1,523**	**2,094**
National roaming expenses		-60	-119	-151	-343	-441
Operating expenses		-169	-150	-474	-412	-576
Sales and administrative expenses		-201	-199	-619	-603	-816
Employee benefit expenses		-77	-70	-199	-177	-245
Depreciation, amortisation, impairment losses	7	-147	-129	-433	-372	-528
Total operating expenses		**-654**	**-666**	**-1,876**	**-1,907**	**-2,606**
Operating result		**-61**	**-131**	**-170**	**-385**	**-512**
Financial items – net	*6*	-195	-92	-544	-438	-464
Result before tax		**-256**	**-223**	**-713**	**-823**	**-976**
Income taxes		0	-0	1	-1	2
Net result for the period		**-255**	**-223**	**-712**	**-824**	**-974**
Items that may be subsequently reclassified to profit loss:						
Translation differences on foreign operations		8	-9	46	-105	-97
Other comprehensive income		**8**	**-9**	**46**	**-105**	**-97**
Total comprehensive income for the period		**-247**	**-232**	**-666**	**-928**	**-1,071**
Net result for the period attributable to:						
Equity holders of the Parent Company		-255	-223	-712	-824	-974
Net result for the period		**-255**	**-223**	**-712**	**-824**	**-974**
Total comprehensive income attributable to:						
Equity holders of the Parent Company		-247	-232	-666	-928	-1,071
Total comprehensive income for the period		**-247**	**-232**	**-666**	**-928**	**-1,071**
Earnings per share (NOK)						
Basic earnings per share		-1.26	-1,11	-3.53	-4,08	-4.83
Diluted earnings per share		-1.26	-1,11	-3.53	-4.08	-4.83

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NOK millions	*Note*	**30 Sep 2021**	**30 Sep 2020**	**31 Dec 2020**
ASSETS				
Intangible assets	*7*	1,915	1,975	1,984
Tangible assets	*7*	3,038	3,040	2,916
Other non-current assets		382	378	408
Total non-current assets		**5,335**	**5,393**	**5,307**
Inventory		8	8	6
Trade receivables		194	143	178
Other receivables		1	23	14
Other current assets		50	-	-
Prepaid expenses and accrued income		71	80	90
Cash and cash equivalents		455	1,123	779
Total current assets		**778**	**1,378**	**1,068**
TOTAL ASSETS		**6,113**	**6,771**	**6,375**
EQUITY AND LIABILITIES				
Equity attributable to the Parent Company shareholders	*2*	-2,438	-1,658	-1,793
TOTAL EQUITY		**-2,438**	**-1,658**	**-1,793**
Non-current borrowings	*3*	4,734	5,120	3,604
Non-current lease liabilities	*7*	2,193	2230	2,073
Other non-current liabilities		4	2	2
Total non-current liabilities		**6,931**	**7,352**	**5,679**
Trade payables		280	324	283
Current borrowings	*3*	520	-	1,400
Current lease liabilities	*7*	179	67	176
Other liabilities		47	25	24
Accrued expenses and deferred income		594	661	606
Total current liabilities		**1,620**	**1,076**	**2,489**
TOTAL LIABILITIES		**8,551**	**8,428**	**8,168**
TOTAL EQUITY AND LIABILITIES		**6,113**	**6,771**	**6,375**

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 2020	**182**	**11,412**	**-34**	**-12,449**	**-889**
Net result for the period	-	-	-	-824	-824
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	-105	-	-105
Total comprehensive income for the period	-	-	**-105**	**-824**	**-928**
Capital contribution from share-based payments	-	-	-	13	13
New share issue		3			3
Convertible bond issue	-	144	-	-	144
Total transactions with owners, recognised directly in equity	**-**	**147**	**-**	**13**	**160**
Closing balance 30 September 2020	**182**	**11,559**	**-139**	**-13,260**	**-1,658**
Net result for the period	-	-	-	-151	-151
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	8	-	8
Total comprehensive income for the period	-	-	**8**	**-151**	**-143**
Capital contribution from share-based payments	-	-	-	4	4
Convertible bond issue	-	-	-	4	4
Total transactions with owners, recognised directly in equity	**-**	**-**	**-**	**8**	**8**
Closing balance 31 December 2020	**182**	**11,559**	**-131**	**-13,403**	**-1,793**
Net result for the period	-	-	-	-712	-712
Other comprehensive income for the period					
Translation differences on foreign operations	-	-	46	-	46
Total comprehensive income for the period	-	-	**46**	**-712**	**-666**
Capital contribution from share-based payments	-	-	-	11	11
Unregistered new share issue	-	2	-	-	2
Convertible bond	-	-	-	8	8
Total transactions with owners, recognised directly in equity	**-**	**2**	**-**	**19**	**21**
Closing balance 30 September 2021	**182**	**11,561**	**-85**	**-14.096**	**-2,438**

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Third Quarter		Jan - Sep		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Result before tax	-256	-223	-713	-823	-976
Payments related to lease interest	36	36	104	113	143
Paid interest expense	41	44	145	165	202
Depreciation & amortisation of non-current assets	100	86	294	241	354
Depreciation & amortisation of right-of-use assets	47	42	140	131	173
Depreciation & amortisation of contracts with customers	60	69	190	200	257
Net interest expense	85	48	209	115	190
Adjustments for other non-cash items	32	-33	79	52	-63
Change in inventory	3	3	-1	1	3
Change in current receivables	2	-18	18	6	51
Change in current liabilities	72	82	99	105	9
Change in contracts with customers	-61	-74	-163	-198	-282
Cash flows from operating activities	**161**	**63**	**400**	**109**	**61**
Investments in intangible assets	-17	-19	-50	-54	-125
Investments in tangible assets	-100	-143	-319	-416	-540
Net cash flows from other financial assets	-50	-0	-50	2	2
Cash flows from investing activities	**-167**	**-162**	**-419**	**-468**	**-664**
Financing from equity holders	2	144	2	147	147
Borrowings	-	545	1,365	545	545
Repayments	-	0	-1,400	-57	-57
Payments related to lease liabilities	-42	-42	-125	-176	-239
Interest paid, borrowings	-41	-44	-145	-165	-203
Cash flows from financing activities	**-81**	**603**	**-303**	**294**	**193**
Cash flow for the period	**-87**	**505**	**-323**	**-66**	**-411**
Cash and cash equivalents Beginning of Period	542	618	779	1,183	1,183
Exchange rate difference in cash and cash equivalents	-0	1	-1	7	7
Cash and cash equivalents End of Period	**455**	**1,123**	**455**	**1,123**	**779**

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 "ICEGR". 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 2020, 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 2020.

Note 2 – Equity and going concern

As of 30 September 2021, the consolidated equity is negative by NOK 2,438 million. The Group is in need of new capital in order to satisfy its obligation, which it intends to secure by raising new equity and/or refinancing its senior unsecured bond maturing in April 2022 at least at its full nominal value prior to maturity.

Ice Group has a rather complicated capital structure, and it's a priority to both simplify the structure and improve the terms. Combined with the new business plan involving accelerated subscriber growth with two concepts and accelerated 5G roll out, the company is now looking at optimizing the capital structure by repaying the Goldentree PIK notes and converting additional debt on holding level to equity. The new business plan requires an additional equity capital of NOK 1 billion.

In conjunction with the updated business plan the Company has retained DNB Markets and Pareto Securities AS (the "Managers") as financial advisors with the objective to secure the mentioned equity capital needs of the Company. This may include issue of new equity and other capital instruments in combination with repayment of PIK debt and conversion of PIK and CB debt to equity. As part of this, the Managers have initiated discussions with potential strategic and financial investors. The timing, structure and size of any capital transaction will be subject to, inter alia, prevailing market conditions and an approval by relevant corporate bodies, and no assurance can be given that the Group will carry out any such capital transaction.

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

Note 3 – Borrowings

NOK millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Senior unsecured bonds	1,411	1,400	1,406
Senior secured callable bonds	1,369	1,391	1,392
Convertible bonds	614	545	543
Goldentree loan (USD)	1,296	1,238	1,111
Rasmussengruppen loan (SEK)	546	527	535
Long-term payable with Access Industries (USD)	18	18	17
Total borrowings	**5,254**	**5,120**	**5,004**

Currency in millions	Currency	30 Sep 2021	30 Sep 2020	31 Dec 2020
Goldentree loan	USD	151	134	135
Rasmussengruppen loan	SEK	546	502	513
Long-term payable with Access Industries	USD	2	2	2

Please refer to note 22 in the 2020 Annual Report of Ice Group ASA for more information on borrowings.

In Q1 2021, Ice Group, through Ice Group Scandinavia Holdings AS, issued a new senior secured bond (ISIN NO0010939788) of NOK 1,400 million with maturity in March 2025. The new senior secured bond is issued at an interest rate of 3 months NIBOR, plus a margin of 4.0% per annum. The bond was listed at Oslo Stock Exchange on 4 August 2021. In March 2021, NOK 703 million of the net proceeds from the offering was used to redeem a portion of the Group's existing NOK 1,400 million senior secured bond (ISIN NO0010807092). In April 2021, the outstanding amount of NOK 697 million was redeemed.

The senior secured bond of NOK 1,400 million is reclassified from non-current liability to current liability in the annual 2020 comparable figures in the balance sheet due to a classification error in the annual report 2020 and the Q1 report of 2021. This reclassification has no effects on any results or KPIs.

The senior unsecured bond maturing in April 2022 is expected to be refinanced prior to maturity.

Note 4 - Segment information

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 business activities. Growth is measured from service revenues and profitability is measured from EBITDA adjusted performance, both by business activity.

2021 Third quarter *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	460	83	50	593	98	178
Other	0	0	0	0	-8	-
Total	**460**	**83**	**50**	**593**	**90**	**178**

2020 Third quarter *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	413	80	42	535	13	236
Other	0	1	-1	0	-9	0
Total	**413**	**82**	**40**	**535**	**5**	**236**

2021 Jan - Sep *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	1,320	246	140	1,706	302	532
Other	0	0	0	-0	-30	-
Total	**1,320**	**246**	**140**	**1,706**	**272**	**532**

2020 Jan - Sep *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	1,173	233	114	1,520	32	668
Other	0	4	-1	3	-22	0
Total	**1,173**	**237**	**113**	**1,523**	**10**	**668**

2020 Full year *NOK millions*	**Smartphone service revenue**	**MBB service revenue**	**Other operating revenue**	**Total revenue**	**EBITDA adjusted**	**CAPEX**
Norway	1,593	312	186	2,091	77	948
Other	0	4	-1	3	-36	-1
Total	**1,593**	**317**	**184**	**2,094**	**41**	**948**

The 'Other' segment consists of reporting figures from the Group's non-operating companies. Furthermore, the reporting figures from Denmark, which was sold in May 2020, are included in the 'other' segment due to it being an immaterial part of Ice Group's financial information, not of continuing significance to Group Executive Management for assessing performance and allocation of resources and not satisfying the criteria of operating segments in accordance with IFRS 8.

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

Note 5 – Disaggregation of revenue

In the following table, revenue is disaggregated by major revenue streams divided into the reportable segments as disclosed in note 4. For further information on the categories, please refer to note 5 and 6 in the 2020 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:

2021 Third quarter	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	543	-	50	-0	**593**
Timing of revenue recognition:					
At a point in time	123	-	50	-0	**173**
Over time	420	-	-	-	**420**

2020 Third quarter	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	494	-0	40	0	**535**
Timing of revenue recognition:					
At a point in time	112	-0	40	0	**152**
Over time	383	-0	0	-	**383**

2021 Jan – Sep	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	1,566	-	140	-0	**1,706**
Timing of revenue recognition:					
At a point in time	340	-	140	-0	**480**
Over time	1,226	-	-	-	**1,226**

2020 Jan – Sep	**Service revenue**		**Other revenue**		
NOK millions	Norway	Other	Norway	Other	**Total**
Revenue from external customers	1,405	4	114	-1	**1,523**
Timing of revenue recognition:					
At a point in time	300	0	114	-1	**413**
Over time	1,105	4	1	-	**1,110**

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**

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	**30 Sep 2021**	**30 Sep 2020**	**31 Dec 2020**
Trade receivables	194	143	178
Contract assets included in Prepaid expenses and accrued income	36	39	40
Contract liabilities included in Accrued expenses and deferred income	43	41	41

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.

	Third Quarter		Jan - Sep		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Revenue from contract liabilities	1	4	35	32	42

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	**30 Sep 2021**	**30 Sep 2020**	**31 Dec 2020**
Costs to fulfil a contract at the beginning of the period	387	362	362
Costs capitalised during the period	163	198	282
Amortisation during the period	-190	-200	-257
Costs to fulfil a contract at the end of the period	**359**	**359**	**387**

Note 6 – Financial items

	Third Quarter		**Jan - Sep**		**Full year**
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Interest income	0	0	1	1	1
Currency gains, net	-	41	-	-	97
Financial income	**0**	**42**	**1**	**1**	**98**
Interest expense	-116	-97	-361	-296	-416
Interest expenses related to leases	-39	-36	-118	-113	-143
Currency losses, net	-40	-	-66	-28	-
Other financial expenses	0	-0	0	-3	-3
Financial expenses	**-195**	**-133**	**-544**	**-439**	**-562**
Net financial items	**-195**	**-92**	**-544**	**-438**	**-464**

Paid interest expense for the first nine months of 2021 was NOK 145 million (165), NOK 41 million (44) for the quarter.

Note 7 – Leases

Please refer to note 14 in the 2020 Annual Report of Ice Group ASA for more information on leases.

The note provides information for leases where the Group is a lessee. The rights-of-use assets stated below have been recognised in the balance sheet as tangible and intangible fixed assets.

Items recognised in the balance sheet

NOK millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Right-of-use assets			
Licenses	1,531	1,588	1,565
Property	61	61	59
Technical equipment	1,011	1,062	977
Equipment and tools	0	0	0
Other tangible assets	0	1	1
Total	**2,604**	**2,713**	**2,602**
Lease liabilities			
Current	179	67	176
Non-current	2,193	2,230	2,073
Total	**2,373**	**2,297**	**2,249**

Items recognised in the statement of comprehensive income

	Third Quarter		Jan - Sep		Full year
NOK millions	2021	2020	2021	2020	2020
Depreciation charge of right-of-use asset					
Licenses	-23	-23	-70	-68	-91
Property	-3	-2	-7	-7	-9
Technical equipment	-21	-17	-62	-56	-73
Equipment and tools	-0	-0	-0	-0	-0
Other tangible assets	-0	-0	-0	-0	-1
Total	**-47**	**-42**	**-140**	**-131**	**-173**
Interest expense (included in financial expenses)	-39	-36	-118	-113	-143

Total cash outflow related to leases in the first nine months of 2021 amounted to NOK 125 million (176), NOK 42 million (42) for the quarter.

The spectrum charges which was due to be paid in February 2021 is deferred until 1 February 2025. However, parts of the payment have nevertheless been included in the statement of cash flows in the Q1 report and the YTD numbers of the Q2 report of 2021. NOK 56 million has therefore been reclassified from Payments related to lease liabilities to Payments related to lease interest (NOK 11 million) and Change in current liabilities (NOK 45 million), having a positive effect on Cash flows from financing activities and a negative effect on Cash flows from operating activities in the Q1 report and the YTD numbers in the Q2 report. Furthermore, as the amount was recorded as a payment and therefore also as a reduction in lease liabilities, NOK 56 million has been reclassified from Accrued expenses and deferred income to Non-current lease liabilities in the Q1 and Q2 balance sheets. The reclassifications have no effects on any results or KPIs.

The Group has a spectrum charge of NOK 303 million which is due in 2025. This is due to the postponement of 90% of the auction proceeds from the Group's 700MHz and 2,100 MHz frequencies from 2019. The Group has reclassified the deferred payment from Other non-current liabilities to Non-current lease liabilities in the quarterly reports of 2021 as well as the 2020 comparable figures. The reclassifications have no effects on any results or KPIs.

Ice Group ASAs subsidiary has been awarded 80 MHz in the 3,600 MHz band in the frequency auction organised by the Norwegian Communication Authority ("Nkom"). The frequencies are valid from 1 January 2022 until 31 December 2041. The 80 MHz was awarded for NOK 554 million, a sum that may be paid down over 20 years. The frequencies are not recognized in the balance sheet as the frequencies are not available at the reporting date, not giving a right-of-use asset, and the payment terms for the liabilities are not agreed at the reporting date.

Note 8 – 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.

On 12 April 2021, GoldenTree submitted a pleading to the court in the dispute. In the pleading, GoldenTree admits that it received information about the disputed historic financing transactions when they took place – despite not raising any objections until August 2020 – which AINMT Holdings AB already had invoked as a key defense against the claim. In the same pleading, GoldenTree agreed to refer the dispute to mediation. In the pleading GoldenTree has further expanded its claim to include 6 additional alleged breaches (connected to Ice Group Scandinavia Holdings AS' refinancing of its NOK 1,400 million senior secured bond), based on the same legal arguments as for the original claim. The formal court-led mediation meetings were conducted in June.

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 9 – 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.

	Third Quarter		**Jan - Sep**		**Full year**
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Operating result	**-61**	**-131**	**-170**	**-385**	**-512**
Depreciation & amortisation	147	129	433	372	528
EBITDA	**86**	**-3**	**263**	**-13**	**16**
Network upgrades & migrations	0	1	1	6	6
Other non-recurring items incl. redundancy costs	-0	2	-0	5	3
Share-based compensation expense	3	5	7	13	16
EBITDA adjusted	**90**	**5**	**272**	**10**	**41**

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.

	Third Quarter		Jan - Sep		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Investments in intangible assets	17	19	50	54	125
Investments in tangible assets	100	143	319	416	540
Change contracts with customers	61	74	163	198	282
CAPEX	**178**	**236**	**532**	**668**	**948**
Change in contracts with customers	-61	-74	-163	-198	-282
CAPEX excluding contracts with customers	**117**	**162**	**369**	**470**	**666**
CAPEX	**178**	**236**	**532**	**668**	**948**
Licences and spectrum	-	-	-	-2	-2
CAPEX excluding licences and spectrum	**178**	**236**	**532**	**666**	**946**
Change in contracts with customers	-61	-74	-163	-198	-282
CAPEX excluding licences, spectrum and contracts with customers	**117**	**162**	**369**	**468**	**664**

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	**30 Sep 2021**	**30 Sep 2020**	**31 Dec 2020**
Total borrowings	5,254	5,120	5,004
Adjusted for:			
Capitalised loan costs	73	66	60
Equity component on convertible bond	144	144	144
Long-term payable with Access Industries	-18	-19	-17
Gross Interest-bearing Debt	**5,454**	**5,311**	**5,192**
Cash and cash equivalents	-455	-1,123	-779
Net Interest-bearing Debt	**4,999**	**4,188**	**4,413**

The Group issued a new senior secured bond in first quarter of 2021 of NOK 1,400 million of which the proceeds were used to redeem the existing NOK 1,400 million (ISIN NO0010807092) senior secured bond. Accrued interests have been capitalised.

CONSOLIDATED KEY RATIOS

	Third Quarter		Jan - Sep		Full year
NOK millions	**2021**	**2020**	**2021**	**2020**	**2020**
Profit					
EBITDA adjusted	90	5	272	10	41
Operating result	-61	-131	-170	-385	-512
Key ratios – increase					
Service revenue growth in %	10%	10%	11%	16%	13%
Service revenue growth in absolute numbers	49	45	156	191	223
Key ratios - financial position					
Cash liquidity %	48%	128%	48%	128%	43%
Total assets	6,113	6,771	6,113	6,771	6,375
Equity	-2,438	-1,658	-2,438	-1,658	-1,793
Gross interest-bearing debt	5,454	5,311	5,454	5,311	5,192
Net interest-bearing debt	4,999	4,188	4,999	4,188	4,413

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 and equity components
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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