Annual report 2017

ice group AS

ice group

BOARD OF DIRECTORS' REPORT

ice group AS ("The Company"), previously AINMT AS, is registered on the OTC list in Oslo under the ticker "ICE" (previously "AINMT"). It was founded in 2015 as an investment vehicle for AINMT Holdings AB, a Swedish company and group with registration number 566771-3440 . The Company has business premises in Oslo, Norway.

Operations, investments and financing

Ice group AS is a holdings company and has no operations of its own. The Company's sole purpose is to own and eventually dispose of shares in AINMT Holdings AB. AINMT Holdings AB and its subsidiaries (below together as the "ice group" or "the Group") is an international telecommunications operator and has operations in Norway, Sweden, Denmark, Indonesia, the Philippines and since June 2017 also in Brazil through an investment of 30% of the shares in Nextel Telecomunicações Ltda, a mobile network operator in Brazil. The business concept is to provide telecommunications operator services, including data, voice messaging and wireless broadband services ("mobile broadband"). Please see further below in the section on the ice group operations.

In June 2017, ice group successfully completed a private placement with total gross proceeds of approximately USD 75 million, of which approx. NOK 245 million were invested through ice group AS. The Company issued a total of 2,225,416 new shares and the same amount was consequently directly invested in equal number of new issued shares in AINMT Holdings AB,

In the third quarter 2017 the former AINMT group changed its name and brand to **ice group**. Subsequently, the legal entity AINMT AS has been re-named ice group AS. The ice group name serves a dual purpose; it is the name of the N-OTC-listed entity ice group AS and the common brand for all the legal entities within the group.

As per year-end 2017, the Company's total assets amounted to NOK 2,273,266 thousand of which equity amounted to NOK 1,740,697 thousand implying an equity/assets ratio of approx. 77%.

Equality

The Company is a holdings company and has no employees. The Board consists of two persons, which both are men.

Research and development

The Company is a holdings company and has no research or development projects of its own.

Work environment

The Company has no employees of its own, however it is the ice group's position throughout the ice group that equal treatment of all employees is applied and that different treatment or discrimination based on person's gender, race, colour, national origin, age, religion, sexual orientation or any other characteristic protected by applicable law is unacceptable. Furthermore, the ice group is committed to equal opportunity for all qualified employees and job applicants. All employment decisions (such as hiring, discipline, terminations, promotions and job assignments) are to be based on the company's needs and an employee's performance and potential.

A healthy work environment contributes to a better health, greater engagement and increased job satisfaction. The goal is to create a pleasant work environment that contributes to the motivated and committed employees, which ultimately is important for the Company's continued success. Creating a positive and pleasant environment requires continuous effort and is a natural part of the daily operations.

The ice group has no records of accidents or injuries during the year, and the ice group has not deemed it necessary to take special measures in this area.

External environment

The ice group's business affects the external environment. The Group's base stations are to a large extent co-located with other operators'. Whereby the ice group establishes its own base stations, the aim is to protect the environment to the greatest possible extent.

Regarding our products, we work continuously within the industry to improve the environmental profile; in terms of production and packaging as well as transport, distribution and disposal.

Risk factors

The Company's operations, through its investments, are exposed to certain risks that could have a varying impact on earnings or its financial position. These can be divided into industry, operational and financial risks; including regulatory and competitive risks. The Company has loans in foreign currencies (SEK) which may affect the reported figures.

Future development

The ice group continues to invest in network capacity and to simplify and extend the service offers on all markets while keeping a tight cost structure. New technical solutions are continuously evaluated.

In 2018, a key priority for ice group's Norwegian operation is the network roll-out and optimisation to increase population coverage from 40% in 2017 to approximately 80% mid-year 2018, and thereby further increase the on-net traffic. The plan for the network roll-out is to increase the amount of 4G base stations from 1,200 to almost 2,000. Network clusters will be optimised, and on-net activated as soon as the roll-out is complete in each specific area.

The Norwegian operation will also continue investigating and launching disrupting and customer-centric product offerings such as data rollover and rollover sharing, both of which ice group was the first to introduce in the Norwegian market.

In Sweden, ice group will continue its expansion in the machine-to-machine market, following the successful frequency auction win in February 2018 when the Group's Swedish subsidiary secured the national license of 2 x 5 MHz in the 450 MHz band for a further 25 years period from 2020 to 2045. Further investments will also be made into the growing IoT segment, as the 450 MHz band's unique coverage and indoor penetration characteristics position ice group as a leading IoT challenger through the lifetime of the license.

Ice group's subsidiaries in Indonesia and the Philippines will continue their efforts to build the countries' leading 4G networks utilising the 450 MHz frequency bands.

Related party transactions

In the first quarter of 2017, JD Fouchard, CEO of the ice group, purchased a total of 558,542 shares in AINMT Holdings AB from Access Industries at the share price NOK 108, which were subsequently contributed to ice group AS as payment for new issued shares in the Company. Subsequent to the transaction, JD Fouchard owns 1,478,573 shares in the Company.

The ice group operations

The below summarizes the operations of the ice group. For further details, please refer to the consolidated Annual Reports of AINMT Holdings AB and/or ice group Scandinavia Holdings AS where the ice group's main operations currently are.

Ice group is an international telecommunications company. Its focus is wireless data communication services, the fastest growing business segment within the telecom sector. Its business model, with focus on low frequency bands, allows ice group to offer wireless broadband to large geographical areas while maintaining an effective network infrastructure.

Today, ice group has license coverage to reach 500 million people worldwide. The Group is already well established in Scandinavia and has subsidiaries in Indonesia and the Philippines. Under 2017 the Group also invested in a 30% share in Brazilian mobile network operator Nextel Brazil.

Scandinavia

In Scandinavia, ice group has operations in Norway, Sweden and Denmark, with Norway representing the largest part of the business. In Norway the Group operates through the well-established ice brand, and in Sweden and Denmark through the Net1 brand.

ice is Norway's third largest network operator and provider of wireless data, voice and messaging services, challenging the duopoly of Telenor and Telia. Ice is also Norway's third largest provider of wireless broadband services.

At the beginning of the year, ice had a total market share (B2C and B2B) of 5.1% for voice services, based on number of subscriptions. The customer base increased organically throughout the year, confirming that Norwegian customers find ice's product portfolio attractive and competitive. The customer base was further boosted in the third and fourth quarter, when the B2C customer base from Hello was acquired. By the end of October, more than 40,000 customers had been migrated to ice, in line with the ambitions for the acquisition.

The organic customer growth in Norway has been supported by disruptive and customer-centric initiatives, and a strategy of operating openly and honestly with easy-to-understand subscription packages without any hidden fees.

As an example of disruptive offerings, ice was the first company in Norway to launch data roll-over to all its mobile phone consumer customers – a move that was extremely well received amongst its current customer base. All other Norwegian mobile phone operators have since followed suit. Since then, ice also included data roll-over for its B2B as well as wireless broadband customers, making it the only company in Norway to offer data roll-over to all of its customers. Thereafter, in December, ice was the first operator to introduce data rollover sharing – allowing customers to share excess data with any Norwegian ice customer of their choice. The company aims to continue challenging the major players through launching new and innovative products.

In November, ice was elected "mobile phone operator of the year" at Inside Telecom's annual conference as a recognition of the company's progress in 2016 and 2017.

On the wireless broadband business, ice signed in September an important deal with the Norwegian police which will use ice as a secondary supplier to deliver mobile broadband to the police for a period of up to five years, and in October a contract with NSB Passenger trains to provide mobile broadband services to its 185 trains.

Throughout the year, ice continued building out the 4G voice network. As a result, the Norwegian operation increased its average smartphone on-net traffic from 13% in Q1 to 31% in Q4, representing important cost savings for the group.

Other key priorities during 2017 was to strengthen the financial position and reduce the running financial costs of ice group's Scandinavian operation. In March the SEK 1.5 billion High Yield Bond was refinanced with bank facilities and a NOK 800 million senior unsecured bond issue, and later in September the outstanding bank facilities were refinanced with a NOK 1.4 billion senior secured bond issue, further increasing its financial flexibility.

During 2017, AINMT Holdings AB has also injected a total of NOK 1,030 million into its Scandinavian business, with the purpose of funding further growth ambitions in Norway, both in terms of customer acquisition and network and IT infrastructure build-out.

International

ice group also applies its business model, with focus on low frequency bands, to international markets. The group is actively pursuing international expansion opportunities, aiming to satisfy the pent-up demand for internet access and data consumption in developing countries. Low frequencies have long reach and require fewer base stations to cover large areas. This is a perfect match for rural districts, areas with varied topography and markets with underdeveloped telecommunication infrastructure. Altogether, this allows for high quality wireless data communication at a very low cost per bit.

In July 2017, ice group announced that it had successfully closed all conditions to complete a USD 50 million investment for a 30% stake in Brazilian mobile telecommunications company Nextel Brazil ("Nextel") owned by Nii Holdings, Inc. ("Nii"). Through this transaction, ice group expanded its emerging market footprint by entering one of the world's largest economies with a population of approximately 200 million people. It also gave ice group instant access to 2.9 million 3G/4G subscribers.

ice group also had an option, exercisable by 15 November 2017, to invest an additional USD 150 million to increase its ownership from 30% to 60% in Nextel which was never exercised. The option was later terminated in February 2018 by Nii Holdings and ice group currently remains a 30% stakeholder in Nextel.

In Indonesia, the ice group company PT Sampoerna Telekomunikasi Indonesia ("STI") in November agreed to divest its tower assets to PT Inti Bangun Sejahtera, Tbk ("IBS"), one of Indonesia's largest wireless telecommunications tower companies. In parallel, STI and IBS entered into a long-term master tower lease agreement whereby IBS will support STI with its tower infrastructure needs. STI is in the process of deploying its 4G network throughout Indonesia and believes that IBS is well positioned to support STI in its network roll-out plan. At the end of 2017, IBS's tower portfolio comprised of 3,677 units.

The transaction reflects STI's strategy to streamline its operations by outsourcing non-core functions in order to focus on providing 4G broadband services to its consumer and business customers. As a result of the transaction, STI will receive IDR 414 billion, equivalent to USD 31 million, which will be used to repay its existing debt. STI expects to be debt free following this tower sale.

STI have during 2017 upgraded 30% of the network to LTE (4G), part of the existing customer base has been migrated and commercial sales have started. The upgrade to LTE will be completed during second quarter in 2018.

In the Philippines, a country with a population of approximately 100 million people spread across 7,107 islands, ice group company Broadband Everywhere ("BE") in December secured the exclusive right to use 20 MHz of nationwide spectrum in the 3,500 MHz frequency band and an additional 5 MHz in the 450 MHz band. With this additional award, BE holds the exclusive right to use 15 MHz in the 450 MHz frequency band in the Philippines. BE's existing 4G network can support both frequency bands and the award of additional spectrum will add significant increased capacity. This additional spectrum allows BE to further improve its service and our ability to address the underserved areas of the Philippines as the company continues its network roll-out. BE has in 2017 deployed the initial phase of the network and business system and commercial sales was initiated during the second half of the year.

Events subsequent to year-end

- On 12 January 2018, ice group appointed Henning Karlsrud as its new chief financial officer.
- On 6 February 2018, ice group's Swedish subsidiary Netett Sverige AB (Net1) won the Swedish Post and Telecom Authority's frequency auction for the national license of 2 x 5 MHz in the 450 MHz band. The term of license is from 5 March 2020 up to and including 31 December 2044. Net1 already fulfils the required license conditions. Obtaining this license provides the foundation Net1 needs to continue developing its mobile broadband offering in Sweden and expand into the machine-to-machine market and IoT segment. The amount of SEK 40.2 million, for the license, was paid in March 2018.
- On 28 February 2018, NII Holdings gave notice to terminate the Investment Agreement, effective immediately. Termination of the investment agreement is without penalty to ice group or NII. ice group currently remains a 30% shareholder in Nextel Holdings and intends to continue to meet all of its obligations in the shareholders agreement between Nextel Holdings, NII and ice group.
- On 3 May 2018, ice group's Norwegian operation entered into a new and improved national roaming agreement (NRA) with Telia in Norway. The new NRA is valid for two years, with an additional and conditional right to prolong the NRA for one year. The new agreement offers better conditions than its predecessor and, more importantly, a higher level of flexibility for ice in Norway. The new NRA replaces the three-year agreement the two parties signed in February 2015.
- On 23 May 2018, ice group's Norwegian operation announced that they had reached 500 thousand subscribers, an important milestone and proof of concept and growth ability.

Re-structuring of ice group

On 31 May 2018, ice group announced that it planned to re-structure the group in several steps in order to improve owner structure and strategy focus. The restructuring is conditional on shareholder approvals.

1. ice group has received an offer to sell its shareholding in Nextel Holdings to Access Industries for a cash consideration of USD 70 million. Subject to certain conditions, an additional USD 5 million may be payable in cash.
2. ice group proposes to de-merge its international businesses currently consisting of holdings in Indonesia, the Philippines and Brazil (dormant) from the group. As a result, the future ice group AS (and AINMT Holdings AB) will consist of its operations in Norway, Sweden and Denmark. Should the de-merger be approved, current shareholders of ice group AS will receive one share in the de-merged entity for every share they hold in ice group AS. It is proposed that the de-merged entity will be listed on the N:OTC market.
3. Furthermore, it is proposed that ice group's structure is changed so that ice group AS becomes the 100% parent of the AINMT Holdings AB group. Current shareholders in AINMT Holdings AB will be able to swap their shares for shares in ice group AS, resulting in ice group AS becoming the single holding company at top level for the Scandinavian ice group of companies. Current shareholders of AINMT Holdings AB include Access Industries and employees participating, or who have participated, in the Company's option programmes.

Going concern

The Company has a satisfactory financial position and in accordance with section 3-3a of the Norwegian Accounting Act and IAS1, p. 25-26, the Board confirms that the prerequisites for the going concern assumption exist and that the financial statements have been prepared based on a going concern basis.

Legal disclaimer

Certain statements in this 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.

Proposed distribution of earnings

The Board proposes that the net income for the year of NOK -705,320,803 be carried forward to retained earnings.

The Board of ice group AS

Oslo, 15 June 2018

Johan Michelsen	Trygve Lauvdal	Jörg Mohaupt
Chairman	Board member	Board member

STATEMENT OF COMPREHENSIVE INCOME

NOK thousands	Note	**2017**	**2016**
Operating revenue		-	-
Other expenses	11	-1,848	-1,411
Share of result in associated companies	5, 14	-732,924	-239,440
Operating result		**-734,772**	**-240,850**
Net financial items	3,9	**29,451**	**-159,912**
Result before tax		**-705,321**	**-400,762**
Income taxes	10	-	-
Net result for the year		**-705,321**	**-400,762**
Items that may be subsequently reclassified to profit or loss			
Translation differences from associated companies		-38,002	21,524
Other comprehensive income		**-38,002**	**21,524**
Total comprehensive income		**-743,323**	**-379,238**

STATEMENT OF FINANCIAL POSITION

NOK thousands	Note	**31 Dec 2017**	**31 Dec 2016**
Assets			
Investments in associated companies	5, 14	1,869,746	1,933,922
Loans to associated companies	6	401,228	353,286
Total non-current assets		**2,270,974**	**2,287,208**
Cash and cash equivalents		2,292	3,882
Total current assets		**2,292**	**3,882**
Total assets		**2,273,266**	**2,291,090**
Equity and liabilities			
Share capital		49,334	42,831
Other contributed capital		2,983,590	2,283,343
Retained earnings incl. other comprehensive income	14	-1,292,227	-548,904
Total equity	7, 8	**1,740,697**	**1,777,270**
Derivative	9	156,947	197,793
Convertible debt	9	374,562	315,326
Total long-term liabilities		**531,509**	**513,119**
Trade payables		1,060	701
Total current liabilities		**1,060**	**701**
Total liabilities		**532,569**	**513,820**
Total equity and liabilities		**2,273,266**	**2,291,090**

The Board of ice group AS

Oslo, 15 June 2018

Johan Michelsen
Chairman

Trygve Lauvdal
Board member

Jörg Mohaupt
Board member

STATEMENT OF CHANGES IN EQUITY

Please also see note 7 and 8.

NOK thousands	Share capital	Other contributed capital	Retained earnings incl OCI	Total
Opening balance 1 January 2016	**23,500**	**995,483**	**-169,666**	**849,317**
Net result for the period			-400,762	-400,762
Other comprehensive income for the year			21,524	21,524
Total comprehensive income for the year			**-379,238**	**-379,238**
Share capital increase, payment in kind	1,301	76,760	-	78,061
Share capital increase	18,030	1,211,101	-	1,229,131
Total transactions with owners, recognized directly in equity	**19,331**	**1,287,861**	**-**	**1,307,192**
Closing balance 31 December 2016	**42,831**	**2,283,343**	**-548,904**	**1,777,270**

NOK thousands	Share capital	Other contributed capital	Retained earnings incl OCI	Total
Opening balance 1 January 2017	**42,831**	**2,283,343**	**-548,904**	**1,777,270**
Net result for the period			-705,321	-705,321
Other comprehensive income for the year			-38,002	-38,002
Total comprehensive income for the year			**-743,323**	**-743,323**
Share capital increase, payment in kind	4,277	457,677	-	461,954
Share capital increase	2,225	242,570	-	244,795
Total transactions with owners, recognized directly in equity	**6,503**	**700,247**	**-**	**706,750**
Closing balance 31 December 2017	**49,334**	**2,983,590**	**-1,292,227**	**1,740,697**

STATEMENT OF CASH FLOWS

NOK thousands	Note	**2017**	**2016**
Net result		-705,321	-400,762
Fair value valuation of conversion right (non-cash)	9	-29,552	159,833
Share of profit in associated companies	5	732,924	239,440
Cash flows before changes in working capital		**-1,949**	**-1,489**
Change in current assets		-	-
Change in current liabilities		359	698
Cash flows from changes in working capital		**359**	**698**
Cash flows from operating activities		**-1,591**	**-792**
Investments in associated companies	5	-243,207	-1,229,132
Loans to associated companies		-	-
Cash flows from investing activities		**-243,207**	**-1,229,132**
Shareholders’ contribution	7	243,207	1,229,132
Net borrowings		-	-
Cash flows from financing activities		**243,207**	**1,229,132**
Cash flow for the year		**-1,591**	**-792**
Cash and cash equivalents at the beginning of the period		3,882	4,674
CASH AND CASH EQUIVALENTS AT END OF PERIOD		**2,292**	**3,882**

NOTES TO THE FINANCIAL STATEMENTS

Note 1 – General information

Ice group AS ("The Company"), previously AINMT AS, is registered on the OTC list in Oslo under the ticker "ICE" (previously "AINMT"). It was founded in 2015 as an investment vehicle for AINMT Holdings AB, a Swedish company and group with registration number 566771-3440. The Company has business premises in Oslo, Norway.

Ice group AS is a holdings company and has no operations of its own. The Company's sole purpose is to own and eventually dispose of shares in AINMT Holdings AB. AINMT Holdings AB and its subsidiaries (below together as "the Group" or "ice group") is an international telecommunications operator with focus in wireless data communication services, the fastest growing business segment within the telecom sector. Its business model, with focus on low frequency bands for the wireless broadband business, allows ice group to broadband to large geographical areas while maintaining an effective network infrastructure.

Today, ice group has license coverage to reach 500 million people worldwide. The Group is already well established in Scandinavia and has subsidiaries in Indonesia and the Philippines. Under 2017 the Group also invested in a 30% share in Brazilian mobile network operator Nextel Brazil.

On 31 May 2018, ice group announced that it has accepted an offer to sell the Nextel investment, to improve the owner structure and to split its Scandinavian and International operations into two groups. See further details below in the section Significant events after the year

For further details on the operations, please refer to the consolidated Annual Report of AINMT Holdings AB and/or ice group Scandinavia Holdings AS, formerly AINMT Scandinavia Holdings AS, where the ice group's main operations currently are.

All amounts in this annual report are expressed in in NOK thousands (KNOK) unless otherwise indicated. Amounts in brackets relate to previous year if not otherwise indicated.

This annual report is available at www.icegroup.com.

Note 2 – Summary of important accounting principles

Note 2.1 – Basis of preparation

These separate standalone financial statements have been prepared for the reporting period January 1, 2017 to December 31, 2017 and have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). The principal accounting policies applied in these financial statements are set out below. The financial statements have been prepared under the assumption of going concern.

Ice group AS, formerly AINMT AS, was founded on March 24, 2015, and immediately listed on Oslo OTC.

Note 2.2 – Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the company

When preparing the financial statements at 31 December 2017, a number of standards and interpretations are not yet effective, and which will be applicable to the Company – directly and/or indirectly through the Company's use of the equity method on its investments in associated companies. A preliminary assessment of the effects from the standards that are considered relevant;

IFRS 9 "Financial instruments' addresses the classification, measurement and recognition of financial liabilities and assets. The complete version of IFRS 9 was issued in July 2014 and replaces the guidance in IAS 39 related to the classification and measurement of financial instruments, as from 1

January 1 2018. IFRS 9 requires financial assets to be classified into two different categories; measurement at fair value or at amortized cost. Classification is determined at initial recognition based on the company's business model and the characteristics of the contractual cash flows. For financial liabilities, there are no major changes compared with IAS 39. The main change relates to liabilities that are designated at fair value. For these, the portion of the fair value change that is attributable to own credit risk shall be recognized in other comprehensive income rather than profit unless this causes inconsistency in the accounts (accounting mismatch). The Company has assessed that IFRS 9 won't have a material effect on the Company's financial statements.

IFRS 15, 'Revenue from Contracts with Customers' is effective 1 January 2018, and subsequently ice group has changed the accounting principle for revenues from contracts with customers from that date. The Company is affected by the changes in IFRS 15 indirectly through the Company's share of result in the ice group consolidated numbers. The new standard is applied by ice group using the full retrospective method.

The revenue recognition model that ice group has applied up until 31 December 2017 has, in all material aspects, been in line with IFRS 15, and has only been modified slightly to comply with the requirements in IFRS 15. Ice group has made a detailed analysis of all the performance obligations, and the allocation of consideration amongst them, for each type of customer contract. The main change related to revenue recognition, is that certain equipment sales is not considered to be a distinct performance obligation. Due to this change, the revenue recognition for this equipment will in some cases be deferred over time. The effect of this change is not material.

The main effect of implementing IFRS 15 in ice group is related to capitalization of incremental costs related directly to obtaining and fulfilling a contract, such as sales commissions and certain installation costs. These types of costs will be capitalized and deferred over the period over which ice group expects to provide services to the customer.

The effect of the changes on the Company's net profit for the financial year ending 31 December 2017 will be NOK 37,771 thousands, which will be reported in the financial statements of 2018.

No other IFRS or IFRIC interpretations not yet in force are expected to have a material impact on the Company.

Note 2.3 – Functional and presentation currency

The functional currency of the Company is NOK as this is the currency of the primary economic environment in which the Company operates. All amounts in these financial statements are presented in Thousand Norwegian Kroner (NOK thousands), unless otherwise stated.

Note 2.4 – Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks.

Note 2.5 – Cash flow statement

The cash flow statement has been prepared using the indirect method. The result is adjusted for transactions that do not result in cash payments during the period and for any income or expense items associated with investing or financing cash flows.

Note 2.6 – Financial instruments

Financial instruments are included in many balance sheet items as described below.

Classification

The Company classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit or loss, loans and receivables, and other financial liabilities. The classification depends on the purpose for which the financial instrument was acquired. Management determines the classification of its financial instrument at initial recognition.

Financial instruments at fair value through profit or loss

Financial instruments at fair value through profit or loss are financial assets held for trading. Fair value from contingent considerations has been deemed to zero value for all periods presented in the financial report.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting. These are classified as non-current assets. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Financial liabilities

The Company's borrowings (convertible loan) and trade payables are classified as other financial liabilities.

Recognition and measurement

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss is initially recognized at fair value, and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligations have been completed or otherwise terminated.

Financial liabilities at fair value through profit or loss are subsequent to the acquisition carried at fair value. Loans and receivables and other financial liabilities are subsequent to the acquisition measured at amortized cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within 'Other (losses)/gains – net' in the period in which they arise and is included in net financial items as it relates to financing.

Note 2.7 – Share capital

All shares are classified as equity.

Note 2.8 - Segment information

The Company is a holding company and has no group or external sales and has therefore no segment information to report.

Note 2.9 – Associated companies

AINMT Holdings AB, in which ice group AS owns 39%, is an associated company to ice group AS and is accounted for using the equity method according to IAS 28 Investments in Associates and Joint Ventures. The equity method is a method of accounting whereby the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of the investee's net assets. The investor's profit or loss includes its share of the investee's profit or loss and the investor's other comprehensive income includes its share of the investee's other comprehensive income.

Note 3 – Financial income and expenses

NOK thousands	2017	2016
Interest income	29,498	27,128
Fair value valuation of conversion right[1]	40,846	-139,127
Amortization of initial value of conversion right	-11,294	-20,706
Interest expenses	-29,420	-27,119
Net currency loss	-179	-87
Net financial items	**29,451**	**-159,912**

[1)] The fair value valuation of the conversion right includes a currency fluctuation component from the loan being denoted in SEK.

Note 4 – Transactions with related parties

In the first quarter of 2017, JD Fouchard, CEO of the ice group, purchased a total of 558,542 shares in AINMT Holdings AB from Access Industries at the share price NOK 108, which were subsequently contributed to ice group AS as payment for new issued shares in the Company. Subsequent to the transaction, JD Fouchard owns 1,478,573 shares in the Company. Please also see note 9.

Note 5 – Investments in associated companies

NOK thousands	2017	2016
Opening balance	**1,933,922**	**844,645**
Investments for the period	706,750	1,307,192
Share of result	-732,924	-239,440
Share of other comprehensive income	-38,002	21,524
Closing balance	**1,869,746**	**1,933,922**

Of the investments for the period, NOK 461,954 (78,061) thousands was acquired by way of a share issue. See also note 7.

Company	Registered office	Share	No. of shares	Booked amount in ice group AS
AINMT Holdings AB	Stockholm, Sweden	39%	49,334,039	1,869,746

- Number of voting shares equals the capital shares.
- Participation of all shares (A, B and C shares): 31.63%
- Voting share: 38.09%
- Participation of all economic shares (A and B shares): 38.98%
- The C shares have no value other than the 1/10 voting right (no right to dividends).

Summary of financial information for associated companies	**AINMT Holdings AB**
NOK thousands	**2017**
Country	*Sweden*
Participation	39%
Assets	5,362
Liabilities	4,300
Equity incl. non-controlling interests	1,068
…where of non-controlling interests	*489*

Reconciliation of carrying amounts:	**AINMT Holdings AB**	
NOK thousands	**31 Dec 2017**	**31 Dec 2016**
Opening net assets	**1,758,274**	**1,341,371**
Profit for the period	-1,879,291	-771,720
Other comprehensive income	-94,431	75,377
Transactions with owners	744,400	1,251,942
Currency translation effects	49,076	-138,695
Closing net assets	**578,028**	**1,758,274**
Group's share in %	39%	35%
Group's share in AINMT Holdings AB	225,431	623,484
Goodwill	1,644,315	1,310,438
Carrying amount	**1,869,746**	**1,933,922**

Note 6 – Loans to associated companies

On 30 October 2015, the Company extended a perpetual callable subordinated loan of SEK 340 million to AINMT Holdings AB. The Company has the right, but no obligation, to subscribe new shares in AINMT Holdings AB against the loan (including accrued interest, payment-in-kind (PIK) Amounts and PIK Interest insofar the Company decides it) to be used as offsetting (conversion right). As the loan is subordinated, it is inferior to the Company's other creditors.

Of the at any time outstanding amounts, there shall be paid an interest rate equal to 7.90% per year. From interest payment date in 2024 the interest rate should be increased to 20% per year. Interest shall be calculated from the date of payment, and paid arrears each year. AINMT Holdings AB can choose whether interest is to be paid in cash or added to the principal.

The Company may at any time, yet no later than 30 October 2019, require AINMT Holdings AB to issue shares payable on the loan, including accrued interest until the claim is made, used for offsetting, upon such conversion, AINMT Holdings AB will issue a number of shares equal the part of loan to be converted, at a conversion rate of SEK 79.84. If the lender decides, upon request of conversion, to claim the corresponding portion of accrued interest (including PIK Amount and PIK Interest as defined in the loan agreement) it shall also be converted at the same rate.

The fair value of the loan is valued to SEK 340 million, and 340 (323) million in NOK.

Note 7 – Shareholders' equity

NOK thousands	No of shares	Share capital	Other contributed capital	**Total**
As per 31 December 2015	**23,499,702**	**23,500**	**995,483**	**1,018,983**
Share capital increase	19,331,569	19,331	1,287,861	1,307,192
As per 31 December 2016	**42,831,271**	**42,831**	**2,283,343**	**2,326,174**
Share capital increase	6,502,768	6,503	700,247	706,750
As per 31 December 2017	**49,334,039**	**49,334**	**2,983,590**	**3,032,924**

The shares are registered at Verdipapirsentralen and carry one vote per share. All shares issued are fully paid. Of the share capital increases, NOK 461,954 (78,061) thousand were paid in kind, with an equal number of shares in AINMT Holdings AB. See also note 5.

Note 8 – Shareholder information

The Company is listed on Oslo OTC. As per 31 December 2017 the share holdings were distributed as follows:

Shareholders	**Shares**	**Ownership %**
Rasmussengruppen AS	11,692,105	23,51
Jörg Mohaupt	9,865,833	20,00
Merrill Lynch	4,111,251	8,33
Other investors (with less than 5% share ownership)	23,664,850	48,16
Total shares	**49,334,039**	**100**

Note 9 – Convertible debt

On 30 October 2015, the Company received a secured perpetual callable subordinated convertible loan of SEK 340 million from RASMUSSENGRUPPEN AS (related party, see note 4) with a conversion price of SEK 79.84/share. The lender has the right, but no obligation, to claim issued shares in the Company against the loan (including accrued interest, payment-in-kind (PIK) Amounts and PIK Interest insofar the Company decides it) to be used as offsetting (conversion right). As the loan is subordinated, it is inferior to the Company's other creditors. The lender has a first priority pledge on the loan.

Of it at any time outstanding amounts shall be paid an interest rate equal to 7.90% p.a. From interest payment date in 2024 the interest rate should be increased to 20% p.a. Interest shall be calculated from the date of payment, and paid arrears each year. The Company can choose whether interest is to be paid in cash or added to the principal.

The lender may at any time, yet no later than 30 October 2019, require the Company to issue shares payable on the loan, including accrued interest until the claim is made, used for offsetting, upon such conversion, the Company will issue a number of shares equal the part of loan to be converted, at a conversion rate of SEK 79.84. If the lender decides, upon request of conversion, to claim the corresponding portion of accrued interest (including PIK Amount and PIK Interest as defined in the loan agreement) it shall also be converted at the same rate.

The cost of the conversion right (put option) is valued at fair value. At initial valuation, the conversion rights value was assessed to NOK 58,666 thousand, recognized as a financial liability – derivative - against the convertible loan. The NOK 58,666 thousand is then recognized over profit and loss over the time until exercise date. Amortization recognized in the profit and loss for 2017 amounted to NOK -11,294 (-20,706) thousand. For 2017 the change in fair value amounted to NOK 40,846 (-139,127) thousand. The fair value is assessed at each closing date. The amortization and change in fair value are shown as a net together with other financial items in the statement of comprehensive income. Please see note 3 for details.

As per 31 December 2017 the option was in-the-money with a stock trading price of NOK 100 (SEK 105) at that date, the fair value was calculated to NOK 156,947 (197,793) thousand (SEK 157,120 thousand), using Black&Scholes and assuming risk-free interest of 0.40%, standard deviation of 35% and exercise date of 30 October 2019. The assumed non-paid interest until exercise date is discounted using a discount rate of 10%.

Note 10 – Taxes

NOK thousands	**31 Dec 2017**	**31 Dec 2016**
Distribution of Income tax expense for the year		
Current income taxes	-	-
Change in deferred taxes recognized in the Financial Statements	-	-
Income tax expense	**-**	**-**
Reconciliation of tax expense		
Income before tax	-705,321	-400,762
Permanent differences	703,372	399,287
Change in temporary differences	-	-
Change loss carried forward	-	-
Taxable income	**-1,949**	**-1,475**
Net deferred tax assets		
Unused tax losses	863	433
Net deferred tax assets	863	433
Net deferred tax assets not recognized in the Financial Statements	-863	-433
Net deferred tax assets recognized in the Financial Statements	**-**	**-**
Numerical reconciliation of effective tax rate		
Profit before income tax	-705,321	-400,762
Tax rate	24%	25%
Prima facie tax payable	-169,277	-100,191
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Share of result in associated companies	175,902	59,860
Conversion right – tax exempt gain/loss	-7,093	39,958
Other non-deductible expenses	38	3
Change in deferred tax due to change in tax rate	-38	18
Change in net deferred tax assets not recognized in the Financial Statements	468	351
Income tax expense	**-**	**-**
Effective tax rate	**0%**	**0%**

Deferred tax assets are recognized for tax loss carry forwards to the extent that it is probable that they can be utilized by future taxable profits. The Company did not recognize deferred tax assets amounting to NOK 0,9 (0,4) million related to losses of NOK 3,8 (1,5) million, which can be offset against future taxable profits. The Company's loss carry-forwards does not expire at any given time, except for non-deductible internal interest that have a lifetime of 10 years.

Note 11 – Audit fees and related parties

The company has no employees. No loans/sureties have been granted to the general manager, Board chairman or other related parties. The Board members receive no remuneration from the Company.

Audit fees *NOK thousands*	**2017**	**2016**
Statutory audit	326	83
Assurance services	1,528	138
Other assignments	-	148
Tax advisory fees	-	44
Total	**1,854**	**413**

VAT is not included in the audit fees.

Board members with share ownership	**Shares**
Jörg Mohaupt	9,865,833
Johan Michelsen	1,208,377
Trygve Lauvdal	5,000

Note 12 – Risks and factors of uncertainty

Ice group AS is exposed to certain risks that could have a varying impact on earnings or its financial position. These can be divided into industry, operational and financial risks; whereof for the standalone accounts of ice group AS the main financial risks are listed below;

Foreign exchange risk

There is a currency risk that arises when the Company enters into transactions that are denominated in currencies other than their functional currency. The currency transaction risk is associated with changes in the value of SEK relative to NOK.

There is also a foreign exchange risk connected to the Company's investment in associated companies – AINMT Holdings AB. Exchange rate fluctuations within the subsidiaries of AINMT Holdings AB, which are translated to SEK, affect the Company's share of comprehensive income from associated companies.

Liquidity risk

Liquidity risk is the risk that the company may not have sufficient liquid financial resources to meet its obligations when they fall due, or would have to incur excessive costs to do so. The company monitors and manages its liquidity needs on an ongoing basis.

Transaction currency exposure sensitivity analysis

Given that the Company's convertible debt to RASMUSSENGRUPPEN AS and the loan to AINMT Holdings AB are both denominated in SEK, and amounts are the same, the currency fluctuation risk is deemed to be low.

Note 13 – Events after the reporting period

- On 12 January 2018, ice group appointed Henning Karlsrud as its new chief financial officer.
- On 6 February 2018, ice group's Swedish subsidiary Netett Sverige AB (Net1) won the Swedish Post and Telecom Authority's frequency auction for the national license of 2 x 5 MHz in the 450 MHz band. The term of license is from 5 March 2020 up to and including 31 December 2044. Net1 already fulfils the required license conditions. Obtaining this license provides the foundation Net1 needs to continue developing its mobile broadband offering in Sweden and expand into the machine-to-machine market and IoT segment. The amount of SEK 40.2 million, for the license, was paid in March 2018.
- On 28 February 2018, NII Holdings gave notice to terminate the Investment Agreement, effective immediately. Termination of the investment agreement is without penalty to ice group or NII. ice group currently remains a 30% shareholder in Nextel Holdings.
- On 3 May 2018, ice group's Norwegian operation entered into a new and improved national roaming agreement (NRA) with Telia in Norway. The new NRA is valid for two years, with an additional and conditional right to prolong the NRA for one year. The new agreement offers better conditions than its predecessor and, more importantly, a higher level of flexibility for ice in Norway. The new NRA replaces the three-year agreement the two parties signed in February 2015.
- On 23 May 2018, ice group's Norwegian operation announced that they had reached 500 thousand subscribers, an important milestone and proof of concept and growth ability.

Re-structuring of ice group

On 31 May 2018, ice group announced that it planned to re-structure the group in several steps in order to improve owner structure and strategy focus. The restructuring is conditional on shareholder approvals.

1. ice group has received an offer to sell its shareholding in Nextel Holdings to Access Industries for a cash consideration of USD 70 million. Subject to certain conditions, an additional USD 5 million may be payable in cash.
2. ice group proposes to de-merge its international businesses currently consisting of holdings in Indonesia, the Philippines and Brazil (dormant) from the group. As a result, the future ice group AS (and AINMT Holdings AB) will consist of its operations in Norway, Sweden and Denmark. Should the de-merger be approved, current shareholders of ice group AS will receive one share in the de-merged entity for every share they hold in ice group AS. It is proposed that the de-merged entity will be listed on the N:OTC market.
3. Furthermore, it is proposed that ice group's structure is changed so that ice group AS becomes the 100% parent of the AINMT Holdings AB group. Current shareholders in AINMT Holdings AB will be able to swap their shares for shares in ice group AS, resulting in ice group AS becoming the single holding company at top level for the Scandinavian ice group of companies. Current shareholders of AINMT Holdings AB include Access Industries and employees participating, or who have participated, in the Company's option programmes.

Note 14 – Prior year adjustments

Ice group AS has made adjustments to retained earnings and, result, other comprehensive income and shares from associated companies for the year 2016 and 2015. Due to incorrect interpretations of IAS 28 p 27 ice group AS accounted for the standalone results from AINMT Holdings AB. As an effect of further investigation, the error was detected and has been corrected to include the results from the consolidated statements of AINMT Holdings AB Group for 2016 and 2015. The adjustments to the financial statements of 2016, rows *Share of results in associated companies, Other comprehensive income* and *Investments in associated companies*, amount to a total of NOK -180,065 thousand. Retained earnings as per 31 December 2016 is adjusted with NOK -157,176 thousand.

Note 13 – Events after the reporting period

- On 12 January 2018, ice group appointed Henning Karlsrud as its new chief financial officer.
- On 6 February 2018, ice group's Swedish subsidiary Netett Sverige AB (Net1) won the Swedish Post and Telecom Authority's frequency auction for the national license of 2 x 5 MHz in the 450 MHz band. The term of license is from 5 March 2020 up to and including 31 December 2044. Net1 already fulfils the required license conditions. Obtaining this license provides the foundation Net1 needs to continue developing its mobile broadband offering in Sweden and expand into the machine-to-machine market and IoT segment. The amount of SEK 40.2 million, for the license, was paid in March 2018.
- On 28 February 2018, NII Holdings gave notice to terminate the Investment Agreement, effective immediately. Termination of the investment agreement is without penalty to ice group or NII. ice group currently remains a 30% shareholder in Nextel Holdings.
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3. Furthermore, it is proposed that ice group's structure is changed so that ice group AS becomes the 100% parent of the AINMT Holdings AB group. Current shareholders in AINMT Holdings AB will be able to swap their shares for shares in ice group AS, resulting in ice group AS becoming the single holding company at top level for the Scandinavian ice group of companies. Current shareholders of AINMT Holdings AB include Access Industries and employees participating, or who have participated, in the Company's option programmes.

Note 14 – Prior year adjustments

Due to incorrect interpretations of IAS 28 p 27, the Company previously recognised accounted for the standalone results from AINMT Holdings AB. Following further investigations, the error was detected and the historic accounts have accordingly been corrected to instead recognise the results from the consolidated statements of AINMT Holdings AB group.

In the Statement of Comprehensive Income, the adjustments in 2016 affected the rows *Share of results in associated companies* with NOK -201,590 thousand and *Other comprehensive income* with NOK 21,524 thousand and in the Statement of Financial Position, the rows *Investments in associated companies* and *Retained earnings* were adjusted with NOK -337,241 of which NOK -157,176 is the adjustment per 1 January 2016.

To the General Meeting of ICE Group AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of ICE Group AS which comprise the statement of financial position as at 31 December 2017 and 2016, statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and present fairly, in all material respects, the financial position of the Company as at 31 December 2017 and 2016, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by EU.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the Board of Directors' report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the Board of Directors for the Financial Statements

The Board of Directors (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption, and the proposal for the coverage of the loss is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 15 June 2018
PricewaterhouseCoopers AS

Herman Skibrek
State Authorised Public Accountant