

AINMT Scandinavia Holdings AS

**Quarterly Report
January – March 2016**

FIRST QUARTER 2016 SUMMARY

- Service revenue of NOK 180,587 thousands; 29% y-o-y growth adjusted for revenues from leasing the 900 MHz band to Tele2 in Q1 2015
- EBITDA* of NOK -11,092 thousands
- Book equity of NOK 685 million

<i>Amounts in NOK'000</i>	Jan - Mar 2016	Jan - Mar 2015
Service revenue	180,587	177,337
EBITDA *	-11,092	48,977
CAPEX **	-106,590	-128,152
Total assets	2,706,470	2,569,722
Operating margin %	nm	27%
Equity/assets ratio %	25%	37%

* AINMT defines EBITDA as operating profit after adjustment of operating expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included. For details, see below.

** CAPEX is defined as investments in intangible, tangible and financial assets as reported in the statement of cash flows.

CEO's statement

As mentioned in the Q4 2015 report, the sales rate following last year's launch of our consumer smartphone proposition suggests that Norwegian consumers find ice.net's product attractive and competitive. This impression has recently been bolstered by two leading Norwegian consumer technology websites which both have labelled ice.net's mobile phone subscriptions as "best value for money".

The strong sales momentum has continued throughout the first quarter and into the second quarter. In April and May alone, ice.net's gross subscriber sales totalled more than 50,000. This confirms that the strategy of operating as an open and honest provider, with no hidden fees or costs, resonates well with Norwegian consumers.

As communicated in the Q4 2015 report, we experienced churn within the Network Norway B2B portfolio in 2015 and this continues to affect year-on-year revenues growth negatively for the group. The positive development within B2B has continued and we are now experiencing more normalised churn levels. Later this year, the Network Norway year-on-year benchmarks will become more benign as the strongest churn was experienced in Q2 and Q3 2015 – the period affected by the migration from Telenor's network. Furthermore, with the strong sales momentum within B2C, the revenue growth trend in Norway is expected to improve further during the course of the year.

The fine-tuning of our 4G mobile broadband networks is ongoing throughout our Scandinavian markets, leading to better quality of service. In January, ice.net met the Norwegian government's 800 MHz frequency coverage requirement of 40% of the population – two years ahead of the deadline. However, the pace of the network roll-out will be maintained and we will increase our footprint significantly by the end of the year.

The board remains very supportive of the continued investment in customer acquisition and network roll-out in Norway.

The management is very satisfied with the improvement of results in Sweden, with profitability at a level that has not been seen before. Net1 in Sweden is also experiencing increased interest in wholesale partnerships and B2B data connections and services following our network upgrade to 4G.

Significant events during the first quarter

- Fine-tuning and optimization of the new 4G mobile broadband networks was finalised during the first quarter 2016.
- Officer AS and Drammen Tele AS were merged into Ice Communication Norge AS.

Significant events after the end of the period

- Phil Hewinson, Facebook's head of third-party mobile app monetization in Europe, Middle East and Africa, joins the board of directors of AINMT Scandinavia Holdings AS's parent company, AINMT Holdings AB.

Personnel and organization

At the end of the period, the number of employees amounted to 151 versus 136 for the equivalent period the previous year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 249 (158) people.

Investments

The Group's acquisition of intangible assets during the first quarter amounted to NOK 3,034 (36,100) thousands. Investments in tangible assets amounted to NOK 102,436 (79,252). The investments are mainly related to the network smartphone migration project in Norway, both on existing and new sites as well as on backbone systems.

Financial investments for the quarter amounted to NOK 1,120 (12,800) thousands (deposits).

EBITDA

Non-recurring items identified during the first quarter amounts to NOK 10,948 (7,838) thousands. Non-recurring items are mainly related to extraordinary costs related to the network technology upgrade.

For the 2015 numbers, the NOK 94.6 million net positive effect from the acquisition of Network Norway is not included in the EBITDA.

Risks and factors of uncertainty

AINMT Scandinavia's operations 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.

A material part of the Group's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in Norwegian Kroner to an increasing extent. Please refer to the annual report of 2015 for a detailed walk-through of the risks identified.

Related party transactions

No related party transactions to report for the first quarter of 2016. Please see further details under the section Critical accounting estimates and judgements in the annual report of 2015.

Outlook 2016

The company expects to increase its mobile phone market share in Norway.

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.

31 May 2016

The Board of Directors of AINMT Scandinavia Holdings AS

CONDENSED FINANCIAL REPORTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONDENSED)

<i>Amounts in NOK'000</i>	Jan - Mar 2016	Jan - Mar 2015
Service revenue	180,587	177,337
Other operating revenue	9,944	18,485
Total operating revenue	190,531	195,822
Acquisition of Network Norway	-	94,600
Operating expenses	-72,916	-79,198
Other expenses	-101,546	-40,592
Employee benefit expenses	-38,108	-34,893
Depreciation, amortization and impairment losses	-59,571	-82,160
Total operating expenses	-272,141	-142,243
Operating result	-81,610	53,579
Financial items	-14,819	-38,711
Result before tax	-96,429	14,868
Income taxes	-41	-479
Result for the period	-96,470	14,389
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Translation differences on foreign operations	-1,356	-1,910
<i>Items that will not be reclassified to profit or loss</i>	-	-
Other comprehensive income	-1,356	-1,910
Total comprehensive income for the period	-97,826	12,479
<i>Profit attributable to:</i>		
Equity holders of the parent company	-96,002	14,879
Non-controlling interests	-468	-490
Profit/loss for the period	-96,470	14,389
<i>Total comprehensive income attributable to:</i>		
Equity holders of the parent company	-97,351	13,013
Non-controlling interests	-475	-533
Total comprehensive income for the period	-97,826	12,479

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONDENSED)

<i>Amounts in NOK'000</i>	31 Mar 2016	31 Mar 2015
ASSETS		
Intangible assets	859,504	962,507
Tangible Assets	1,100,844	672,858
Financial Assets	15,104	21,441
Deferred tax assets	1,692	-
Total non-current assets	1,977,144	1,656,806
Inventory	43,788	44,184
Trade receivables	87,574	42,079
Other receivables	59,034	10,315
Prepaid expenses and accrued revenue	110,050	87,229
Cash and cash equivalents	428,878	729,109
Total current assets	729,324	912,916
TOTAL ASSETS	2,706,468	2,569,722
EQUITY AND LIABILITIES		
Total Equity	685,197	961,373
Deferred tax liabilities	-	33,141
Borrowings	1,552,379	1,420,210
Total non-current liabilities	1,552,379	1,420,210
Trade payables	83,895	38,686
Other liabilities	26,208	15,708
Accrued expenses and deferred revenue	358,789	100,604
Total current liabilities	468,892	154,997
TOTAL EQUITY AND LIABILITIES	2,706,468	2,569,722

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONDENSED)

<i>Amounts in NOK'000</i>	Jan - Mar 2016			Jan - Mar 2015		
	Shareholders in the parent company	Non- controlling interests	Total equity	Shareholders in the parent company	Non- controlling interests	Total equity
Opening balance	780,613	771	781,384	946,316	1,100	947,416
Net result for the period			-96,470	14,879	-490	17,389
Other comprehensive income	-1,349	-7	-1,356	-1,867	-44	-1,910
Capital contribution from share-based payments	1,640	-	1,640	1,478	-	1,478
Closing balance	684,902	296	685,198	960,806	567	961,373

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

<i>Amounts in NOK'000</i>	Jan - Mar 2016	Jan - Mar 2015
Cash flows from operating activities	-25,489	-93,516
Cash flows from investing activities	-106,590	-128,152
Cash flows from financing activities	-76,064	-74,014
Net decrease/increase in cash and cash equivalents	-208,143	-295,682
Cash and cash equivalents, opening balance	640,067	1,027,542
Exchange gains/losses on cash	-3,047	-2,751
Cash and cash equivalents, closing balance	428,878	729,109

CONSOLIDATED KEY RATIOS

<i>Amounts in NOK'000</i>	Jan – Mar 2016	Jan – Mar 2015
Return on equity		
Return on equity %	nm	nm
Profit		
EBITDA	-11,092	48,977
Operating result	-81,610	53,579
Operating margin in %	-43%	27%
Net profit margin in %	-51%	8%
Key ratios - increase		
Service revenue growth in %	2%	43%
Service revenue growth in absolute numbers	3,251	53,303
Key ratios – financial position		
Cash liquidity %	156%	589%
Total assets	2,706,468	2,569,722
Equity/assets ratio %	25%	37%
Equity	685,197	961,373
Gross interest bearing debts	1,580,300	1,454,600
Net debt	1,151,422	725,491

Definitions of Key Ratios

EBITDA	AINMT defines EBITDA as operating income after adjustment of operating expenses for depreciation, amortization and impairment losses, foreign exchange differences recognized in income pertaining to revaluation of items in the balance sheet and non-recurring items. Any effects from business combinations are not included in EBITDA.
Cash liquidity in %	Current assets divided by current liabilities
Equity/assets ratio %	Equity divided by total capital
Net result margin in %	Profit after financial items divided by total operating revenue
Operating result	Profit before financial items and tax
Operating margin in %	Operating profit divided by total operating revenue
Return on Assets in %	Profit/loss before tax divided by total assets
Return on Equity in %	Profit/loss before tax divided by equity
Net 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

NOTES TO THE FINANCIAL REPORTS

Basis of preparation

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The accounting policies are the same as those applied in the latest annual report unless otherwise stated below.

The report has not been subject to review by the auditors of AINMT Scandinavia Holdings AS.

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.

New and changed accounting standards in 2016

None of the standards and statements that have been published by the IASB and are effective for annual periods beginning on or after January 1, 2016, have had any material impact on the financial statements of the Group.

Segment information by geographical area

Amounts in NOK'000

Jan - Mar 2016	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	133,021	136,707	-25,589	96,726	1,505,185
Sweden	42,811	48,534	15,424	6,574	409,247
Denmark	4,755	5,290	-926	2,170	45,916
Total	180,587	190,531	-11,092	105,470	1,960,348
Jan - Mar 2015	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	132,659	143,166	46,778	96,527	1,280,257
Sweden	40,251	47,824	2,790	16,583	324,253
Denmark	4,427	4,832	-591	2,442	30,756
Total	177,337	195,822	48,977	115,352	1,635,267

Revenue from intercompany transactions is not included in the segments information.
Investments and non-current assets excludes financial assets and deferred tax assets.

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All financial information is posted on www.ainmt.com immediately after publication.

OTHER REPORTING RELATED TO THE 9.75 PER CENT SENIOR SECURED CALLABLE BOND ISSUE 2014/2019

Financial Covenants and unconsolidated financial statements of the legal entities of the Group

We hereby confirm that as at 31 March 2016;

- the total book equity, converted to SEK, amounts to MSEK 672
- the ratio of total assets book value to the bonds carrying amount, both adjusted for the amount blocked on the company's debt service account, calculates to 177%
- the total cash, converted to SEK, amounts to MSEK 420

	AINMT Scandinavia Holdings AS NOK'000		Ice Norge AS NOK'000		Ice Communication Norge AS NOK'000		Netett Sverige AB SEK'000		Ice Danmark ApS DKK'000	
	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015	Jan-Mar 2016	Jan-Mar 2015
STATEMENTS OF INCOME										
Service revenue	-	-	65,779	73,066	68,501	60,206	43,730	45,269	3,737	3,775
Other operating revenue	45	239	7,572	7,195	-2,062	3,021	6,941	10,610	421	346
Operating expenses	-369	-223	-84,467	-60,367	-81,268	-34,789	-40,699	-58,206	-4,875	-4,111
Depr & amort	-	-	-5,289	-39,454	-28,276	-8,878	-14,546	-35,832	-1,881	-2,780
Operating result	-324	16	-16,406	-19,560	-43,105	19,560	-4,574	-38,159	-2,599	-2,770
Financial items	16,788	-18,009	-3,832	-4,022	-10,949	-1,934	-14,167	-13,889	-1,719	-1,545
Taxes	-	-	-	-	-	-35,000	-	-	-	-
Result for period	16,464	-17,994	-20,238	-23,582	-54,055	-17,373	-18,741	-52,048	-4,318	-4,315
EBITDA*	-324	-	-10,282	18,339	-14,533	28,439	14,656	2,996	-492	-305
STATEMENTS OF FINANCIAL POSITIONS										
ASSETS										
Intangible assets	-	-	8,494	6,977	767,302	878,776	63,244	55,162	13,174	15,614
Tangible assets	-	-	86,614	149,473	482,570	72,683	299,144	247,963	22,257	9,909
Financial assets	2,947,631	2,259,679	110,851	118,838	180,098	209,504	2,707	40,252	912	815
Non-current assets	2,947,631	2,259,679	205,960	275,288	1,429,970	1,160,963	365,094	343,376	36,343	26,338
Trade receivables	1,330	705	113,136	48,939	62,578	14,478	86,484	67,984	10,225	1,574
Other receivables	92,119	58,223	150,541	87,635	217,548	87,530	96,793	77,600	699	3,975
Cash and cash equivalents	235,266	508,331	17,810	26,499	50,631	67,358	79,162	90,969	35,138	32,300
Current assets	328,715	567,259	281,487	163,073	330,757	169,366	262,439	236,553	46,061	37,849
TOTAL ASSETS	3,276,346	2,826,938	487,446	438,361	1,760,727	1,330,329	627,533	579,929	82,404	64,186
Equity										
Equity	1,657,995	1,362,422	5,578	95,625	467,173	651,689	37,559	31,231	2,432	4,357
Provisions	-	-	-	-	17,820	164,600	-	39,162	-	-
Borrowings	1,558,794	1,419,285	232,537	205,103	785,375	363,977	424,271	434,343	53,918	53,560
Non-current liabilities	1,558,794	1,419,285	232,537	205,103	803,195	528,577	424,271	473,505	53,918	53,560
Trade payables	7,273	7,159	50,107	11,678	172,463	10,377	30,169	20,174	10,999	483
Other current liabilities	52,284	38,072	199,225	125,955	317,895	139,686	135,533	55,018	15,055	5,786
Current liabilities	59,558	45,230	249,331	137,634	490,359	150,063	165,703	75,192	26,054	6,270
Total Liabilities	1,618,351	1,464,516	481,868	342,736	1,293,554	678,640	589,974	548,698	79,972	59,830
TOTAL EQUITY AND LIABILITIES	3,276,346	2,826,938	487,446	438,361	1,760,727	1,330,329	627,533	579,929	82,404	64,186
STATEMENTS OF CASH-FLOWS										
Operating activities	18,338	-17,257	-38,877	-19,343	13,622	-30,339	-16,779	-36,557	-971	7,466
Investing activities	-110,000	-110,000	-4,715	-19,285	-91,460	-94,083	-7,979	-17,921	-1,706	-2,083
Financing activities	-75,454	-72,936	40,000	-528	70,000	110,000	-590	-590	-	-
Cash from mergers	-	-	-	-	1,726	-	-	-	-	-
Change in cash	-167,116	-200,194	-3,593	-39,156	-6,112	-14,423	-25,348	-55,068	-2,678	5,383

* See definitions, page 7

The balance sheet of AINMT Scandinavia Holdings AS above is presented in accordance with local GAAP and therefore deviates from the consolidated balance sheet on page 5 which is presented in accordance with IFRS.

The entities that came along with the acquisition of Network Norway, Officer AS and its dormant subsidiary Drammen Tele AS, were merged into Ice Communication Norge AS per 1 January 2016.