

AINMT Scandinavia Holdings AS

**Quarterly Report
January – December 2016**

FOURTH QUARTER 2016 SUMMARY

- Service revenue of NOK 273,159 thousand; 43% y-o-y growth
- EBITDA* of NOK -89,637 thousand
- Book equity of NOK 596,094 thousand

<i>Amounts in NOK'000</i>	Oct – Dec 2016	Oct – Dec 2015	Jan - Dec 2016	Jan – Dec 2015
Service revenue	273,159	190,883	878,839	730,255
EBITDA *	-89,637	-15,697	-248,081	51,657
CAPEX **	167,216	245,624	487,035	577,874
Total assets	2,858,351	2,840,601	2,858,351	2,840,601
Operating margin %	nm	nm	nm	nm
Equity/assets ratio %	21%	28%	21%	28%

* 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 non-current assets as reported in the statement of cash flows.

CEO's statement

The main highlights for the fourth quarter were sustained high sales figures for our Norwegian operation and further strengthening of AINMT Scandinavia Holdings AS's balance sheet.

Customer acquisition in Norway continues to be a key focus. Encouragingly, ice.net's sales of consumer mobile phone subscriptions in the fourth quarter have been retained at the solid level we saw throughout both the second and third quarter. Churn is down again to industry leading level following the migration process in the second and third quarter. All in all, we are very satisfied with the net growth in consumer mobile phone subscriptions in Norway.

Ahead of schedule, ice.net started to generate smartphone on-net data traffic in the fourth quarter, including in Drammen, Larvik, Oslo and Fredrikstad. Base stations covering approximately 40 percent of the population have now been prepared for on-net traffic. Going forward, customers will gradually be transferred from Telia's to ice.net's 4G-only network.

In the B2B segment, churn in the fourth quarter was above industry average following the migration process from Telia's to ice.net's network. Churn has improved but is still not satisfactory. However, we are looking ahead towards introducing new products and services in the B2B segment.

Our intent is to continue on the growth path in Norway – both in terms of customer acquisition and network infrastructure build-out. To facilitate this, AINMT Holdings AB granted in December a subordinated shareholder loan to AINMT Scandinavia Holdings AS of NOK 400 million with an initial disbursement of NOK 200 million and the second NOK 200 million disbursed in 2017. This will strengthen our ability to grab a larger share of the Norwegian mobile phone market.

Significant events during the fourth quarter

- On 28 December, following a fully subscribed NOK 800 million private placement and subsequent share issue in AINMT AS and AINMT Holdings AB, AINMT Holdings AB granted a subordinated shareholder loan to AINMT Scandinavia Holdings AS. The purpose is to fund further growth ambitions in Norway - both in terms of customer acquisition and network infrastructure build-out. The shareholder loan has a cap of NOK 400 million with an initial disbursement of NOK 200 million, and runs with 10 percent interest. The loan is subordinated to AINMT Scandinavia Holdings AS' high yield bond (ISIN: NO0010705601).

Significant events after the end of the period

- On 3 February 2017, ice.net in Norway announced that it in March would launch data roll-over for all mobile phone consumer customers. On 23 February, the offer was extended to B2B customers as well, effective from April. Ice.net was the first operator in Norway to introduce the roll over concept, which effectively allows customers to transfer any leftover data from their current bundle (up to a certain cap) to the following month.
- The remaining NOK 200 million of the NOK 400 shareholder loan granted in December 2016 was disbursed in 2017.

Personnel and organization

At the end of the period, the number of employees amounted to 153 versus 138 for the equivalent period the previous year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 259 (213) people.

Investments

The Group's acquisition of intangible assets during the fourth quarter amounted to NOK 55,927 (647) thousands. The corresponding numbers for the first full year was NOK 145,210 (62,024) thousands,

Investments in tangible assets during the fourth quarter amounted to NOK 107,593 (247,633) thousands and the corresponding numbers for the full year was NOK 338,130 (510,556) thousands.

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.

Net financial investments for the quarter amounted to NOK 99 (-) thousands.

EBITDA

Non-recurring and other non-operational items identified during the fourth quarter amounts to NOK 11,121 (108,637) thousands and the total full year amounts to NOK 67,170 (159,121) thousands. Non-recurring items are mainly related to extraordinary costs related to the network technology upgrade and Smartphone migration. The NOK 94.6 million net positive effect from the acquisition of Network Norway in the first quarter 2015 is not included in the EBITDA.

Please also refer to the section on Alternative Performance Measures on page 9.

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

During the quarter AINMT Scandinavia Holdings AS entered into a subordinated loan agreement with its parent, AINMT Holdings AB. Please see above for details. For other items, see further details under the section on critical accounting estimates and judgements in the annual report of 2015.

Outlook 2017

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.

28 February 2017

The Board of Directors of AINMT Scandinavia Holdings AS

CONDENSED FINANCIAL REPORTS

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (CONDENSED)

<i>Amounts in NOK'000</i>	Oct – Dec 2016	Oct – Dec 2015	Jan - Dec 2016	Jan – Dec 2015
Service revenue	273,159	190,883	878,839	730,255
Other operating revenue	17,274	8,586	98,742	100,743
Total operating revenue	290,433	199,469	977,581	830,998
Acquisition of Network Norway		-	-	94,600
Operating expenses	-248,589	-180,944	-648,562	-492,246
Other expenses	-98,482	-103,925	-484,536	-306,336
Employee benefit expenses	-44,121	-38,934	-159,642	-139,879
Depreciation & amortization	-79,463	-76,335	-253,452	-368,054
Total operating expenses	-470,654	-400,138	-1,546,284	-1,211,916
Operating result	-180,221	-200,669	-568,703	-380,918
Financial items	-60,441	-83,635	-67,910	-249,561
Share of net profit from joint ventures	157	-	157	-
Result before tax	-240,505	-284,304	-636,456	-630,479
Income taxes	236	32,956	791	33,490
Net result for the period	-240,270	-251,348	-635,665	-596,989
<i>Items that may be subsequently reclassified to profit or loss:</i>				
Translation differences on foreign operations	1,515	3,109	-6,092	2,391
<i>Items that will not be reclassified to profit or loss</i>	-	-	-	-
Other comprehensive income	1,515	3,109	-6,092	2,391
Total comprehensive income for the period	-238,755	-248,239	-641,757	-594,598
<i>Net result for the period attributable to:</i>				
Equity holders of the parent company	-240,171	-250,781	-634,537	-594,860
Non-controlling interests	-99	-567	-1,128	-2,129
Net result for the period	-240,270	-251,348	-635,665	-596,989
<i>Total comprehensive income attributable to:</i>				
Equity holders of the parent company	-238,397	-248,076	-640,773	-594,269
Non-controlling interests	-358	-164	-983	-330
Total comprehensive income for the period	-238,755	-248,239	-641,757	-594,598

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONDENSED)

<i>Amounts in NOK'000</i>	31 Dec 2016	31 Dec 2015
ASSETS		
Intangible assets	914,428	888,176
Tangible assets	1,292,292	1,040,281
Financial assets	17,917	14,027
Deferred tax assets	2,533	1,729
Total non-current assets	2,227,170	1,944,214
Inventory	38,310	46,075
Trade receivables	88,303	97,635
Other receivables	62,753	37,342
Prepaid expenses and accrued income	79,739	75,268
Cash and cash equivalents	362,075	640,067
Total current assets	631,180	896,387
TOTAL ASSETS	2,858,351	2,840,601
EQUITY AND LIABILITIES		
Total Equity	596,094	781,384
Deferred tax liabilities	-	-
Borrowings	1,668,846	1,589,768
Total non-current liabilities	1,668,846	1,589,768
Trade payables	212,835	59,513
Other liabilities	12,922	12,960
Accrued expenses and deferred income	367,653	396,976
Total current liabilities	593,410	469,449
TOTAL EQUITY AND LIABILITIES	2,858,351	2,840,601

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONDENSED)

<i>Amounts in NOK'000</i>	Jan - Dec 2016			Jan - Dec 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	-634,537	-1,128	-635,665	-594,860	-2,129	-596,989
Other comprehensive income	-6,236	145	-6,092	2,534	34	2,568
Capital contribution from share-based payments	6,663	-	6,663	6,066	-	6,066
Change in non-controlling interests	-898	703	-195	-1,941	1,765	-177
Share capital increase	450,000	-	450,000	422,500	-	422,500
Closing balance	595,604	490	596,094	780,613	771	781,384

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONDENSED)

<i>Amounts in NOK'000</i>	Oct - Dec 2016	Oct - Dec 2015	Jan - Dec 2016	Jan - Dec 2015
Cash flows from operating activities	-78,348	16,284	-272,747	-101,117
Cash flows from investing activities	-163,421	-245,624	-487,197	-577,874
Cash flows from financing activities	200,000	419,828	493,578	278,664
Net increase/decrease in cash and cash equivalents	-41,769	190,487	-266,366	-400,328
Cash and cash equivalents, opening balance	402,222	439,026	640,067	1,027,542
Exchange rate differences in cash & cash equivalents	1,621	10,554	-11,626	12,853
Cash and cash equivalents, closing balance	362,075	640,067	362,075	640,067

CONSOLIDATED KEY RATIOS

<i>Amounts in NOK'000</i>	Oct – Dec 2016	Oct – Dec 2015	Jan - Dec 2016	Jan – Dec 2015
Return on equity				
Return on equity %	nm	nm	nm	nm
Profit				
EBITDA	-89,637	-15,697	-248,081	51,657
Operating result	-180,221	-200,669	-568,703	-380,918
Operating margin in %	nm	nm	nm	nm
Net profit margin in %	nm	nm	nm	nm
Key ratios - increase				
Service revenue growth in %	43%	20%	20%	35%
Service revenue growth in absolute numbers	82,275	31,328	148,584	189,118
Key ratios – financial position				
Cash liquidity %	106%	191%	106%	191%
Total assets	2,858,351	2,840,601	2,858,351	2,840,601
Equity/assets ratio %	21%	28%	21%	28%
Equity	596,094	781,384	596,094	781,384
Gross interest bearing debts	1,667,008	1,619,600	1,667,008	1,619,600
Net debt	1,304,932	979,533	1,304,932	979,533

Definitions of Key Ratios

EBITDA	AINMT defines EBITDA as operating income after adjustment of 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 principles 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 - Dec 2016	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	699,127	772,020	-296,645	461,171	1,822,260
Sweden	159,222	181,678	50,874	19,347	346,454
Denmark	20,489	23,883	-975	6,518	38,006
Other	-	-	-1,333	-	-
Total	878,838	977,581	-248,081	487,035	2,206,721

Jan - Dec 2015	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	550,974	625,783	31,943	455,122	1,448,831
Sweden	160,426	184,529	21,078	101,147	430,723
Denmark	18,855	20,686	-590	16,322	48,904
Other	-	-	-774	-	-
Total	730,255	830,998	51,657	572,580	1,928,458

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

Alternative Performance Measures – EBITDA

EBITDA is a financial parameter that the AINMT group considers to be relevant to an investor who wants to understand the generation of earnings before investment in fixed assets. AINMT defines EBITDA as operating profit after adjustment of 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. See also definitions on page 7.

EBITDA reconciliation

<i>Amounts in NOK'000</i>	Oct – Dec 2016	Oct – Dec 2015	Jan - Dec 2016	Jan – Dec 2015
Operating result	-180,221	-200,669	-568,703	-380,918
Depreciation & amortization	79,463	76,335	253,452	368,054
Items related to network technical upgrade	6,302	102,302	47,635	142,934
Redundancy and other non-recurring costs	702	4,748	6,028	10,122
IFRS 2 costs	4,118	1,587	13,507	6,066
Acquisition of Network Norway	-	-	-	-94,600
EBITDA	-89,637	-15,697	-248,081	51,657

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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 December 2016;

- the total book equity, converted to SEK, amounts to SEK 627 million
- 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 200%
- the total cash, converted to SEK, amounts to SEK 381 million

	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-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015	Jan-Dec 2016	Jan-Dec 2015
STATEMENTS OF INCOME										
Service revenue	-	-	262,051	291,051	431,887	260,620	170,819	177,447	16,431	15,729
Other operating revenue	55	-	126,305	53,564	93,328	60,359	40,164	48,620	3,629	1,528
Operating expenses	-2,406	-774	-373,813	-356,095	-670,514	-367,033	-176,166	-249,207	-18,344	-22,840
Depr & amort	-	-	-31,950	-122,582	-207,387	-71,333	-57,380	-119,879	-7,580	-10,381
Operating result	-2,352	-774	-17,408	-134,061	-352,686	-117,386	-22,563	-143,019	-5,865	-15,964
Financial items	91,972	-161,386	-10,715	-19,330	-84,212	-29,451	-58,350	-32,960	-6,211	-5,958
Income taxes	-	-	-	-	-	-	-	-	-	-
Result for the period	89,620	-161,386	-28,123	-153,391	-436,898	-146,838	-80,913	-175,979	-12,076	-21,922
EBITDA *	-1,333	-774	4,280	72,477	-300,925	-40,144	51,887	21,581	-782	-492
STATEMENTS OF FINANCIAL POSITION										
ASSETS										
Intangible assets	-	-	11,207	8,659	771,293	789,151	58,538	66,550	11,414	13,781
Tangible assets	-	-	83,667	82,233	871,247	406,058	268,407	305,787	18,784	23,494
Financial assets	3,726,412	2,845,644	110,813	110,851	247,320	156,236	2,707	1,090	1,004	912
Non-current assets	3,726,412	2,845,644	205,687	201,743	1,889,859	1,351,445	329,651	373,426	31,202	38,187
Trade receivables	183	1,285	267,978	79,948	58,336	59,352	101,462	94,368	13,382	10,088
Other receivables	183,106	84,897	108,236	162,579	293,249	170,206	110,292	68,836	110	1,206
Cash and cash equivalents	36,210	402,382	41,227	21,403	161,539	56,743	94,193	104,509	27,412	37,815
Current assets	219,498	488,564	417,441	263,929	513,123	286,300	305,947	267,714	40,903	49,110
TOTAL ASSETS	3,945,911	3,334,208	623,129	465,672	2,402,983	1,637,745	635,599	641,140	72,106	87,297
Equity	2,181,151	1,641,530	17,692	5,816	284,129	522,525	30,901	36,301	4,674	6,750
Provisions	-	-	-	-	11,016	-	-	-	-	-
Borrowings	1,669,769	1,594,660	232,537	232,537	1,304,048	714,173	431,451	422,167	53,661	54,012
Non-current liabilities	1,669,769	1,594,660	232,537	232,537	1,315,064	714,173	431,451	422,167	53,661	54,012
Trade payables	148	7,332	87,332	53,941	431,250	100,973	42,917	34,726	3,557	11,356
Other current liabilities	94,842	90,685	285,567	173,379	372,539	300,375	130,329	147,946	10,214	15,179
Current liabilities	94,990	98,017	372,899	227,320	803,789	401,347	173,246	182,673	13,771	26,535
Total liabilities	1,764,760	1,692,677	605,436	459,857	2,118,853	1,115,521	604,698	604,840	67,432	80,547
TOTAL EQUITY AND LIABILITIES	3,945,911	3,334,208	623,129	465,672	2,402,983	1,637,745	635,599	641,140	72,106	87,297
STATEMENTS OF CASH-FLOWS										
Operating activities	3,637	-29 739	-46,452	-39,291	236,734	31,019	11,761	-60,007	-5,085	9,457
Investing activities	-865,000	-561,914	-13,723	-31,868	445,196	-478,820	-22,077	-105,961	-5,318	-13,713
Financing activities	495,191	285 510	80,000	26,907	785,000	422,763	-	124,440	-	15,155
Cash from mergers	-	-	-	-	1,726	-	-	-	-	-
Change in cash	-366 172	-306,143	19,825	-44,253	103,070	-25,038	-10,316	-41,528	-10,403	10,899

* See definitions on page 7

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