

# **AINMT Scandinavia Holdings AS**

**Quarterly Report  
January – March 2015**

## FIRST QUARTER 2015 SUMMARY

- Service revenue of kNOK 177,337; 43% y-o-y growth
- EBITDA\* of kNOK 48,977; 187% y-o-y growth
- Book equity of NOK 961 million

<i>Amounts in NOK'000</i>	<b>Jan - Mar 2015</b>	<b>Jan - Mar 2014</b>
Service revenue	177,337	124,033
EBITDA *	48,977	17,050
CAPEX **	128,152	725,795
Total assets	2,569,722	2,618,961
Operating margin %	nm	nm
Equity/assets ratio %	37%	42%

\* 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 assets and property, plant and equipment as reported in the statement of cash flows. In 2014 the Jan-Mar CAPEX includes the acquired licenses in Norway obtained via the contribution of Ice Communications Norge AS.

### CEO's statement

The first quarter of 2015 represents a major milestone in AINMT's history. On 5 February 2015, the Norwegian Competition Authority approved TeliaSonera's acquisition of Tele2's Norwegian operation. Consequently, the acquisition of Network Norway and a national roaming agreement with TeliaSonera – came into effect to help strengthen AINMT's Norwegian operation's competitive position in Norway.

As a result, from 1 March 2015 we started operating as a smartphone player in Norway. The successful migration of Network Norway's customer base from Telenor to TeliaSonera's network was also completed during March 2015.

Subsequent to the quarter, and as another consequence of the above-mentioned Norwegian Competition Authority-approval, Ice Communication Norge AS' agreement to acquire most of Tele2's mobile network infrastructure, including the Oslo underground system and Oslo Airport, came into effect on 1 April 2015. In a relatively short space of time, Ice has developed from being a pure-play provider of mobile broadband services to becoming Norway's third largest mobile network operator

The network upgrade throughout Scandinavia is progressing well and we have started communicating with all our customers, the feedback received is positive. We anticipate this to be finalised by October 2015.

Our first quarter results have been positively impacted by the lease of spectrum to Mobile Norway and also the impact of adding Network Norway's customer base and operation for the month of March. We expect the group's revenues to continue to increase on a quarterly basis given the increased sales activities we will undertake in the coming months.

## Significant events during the first quarter

On 5 February 2015, the Norwegian Competition Authority approved TeliaSonera's acquisition of Tele2's Norwegian operation. As a result of the approval, AINMT's Norwegian operation (ice.net) and TeliaSonera announced an agreement that was effective from 1<sup>st</sup> March 2015 covering the following:

- ice.net acquires Network Norway's business-to-business customer base and the Network Norway brand
- ice.net acquires Officer AS, Norway's fastest growing retailer of mobile communication solutions, with dealerships throughout Norway
- ice.net retains an option to acquire the 2100 MHz spectrum, subject to government approval
- ice.net entered into a six-year national roaming agreement (NRA) with TeliaSonera.
- A co-location agreement giving ice.net access to TeliaSonera's sites at beneficial rates and conditions

## Significant events after the end of the period

- On 1 April 2015, Ice Communication Norge AS' acquired most of Tele2's mobile network infrastructure, including the Oslo underground system and at Oslo Airport

## Personnel and organization

At the end of the period, the number of employees amounted to 136 versus 82 for the equivalent period the previous year. Including external resources, such as dedicated people with contract suppliers and subcontractors, the Group employed 158 (99) people.

## Investments

The Group's acquisition of intangible assets during the first quarter amounted to NOK 36,100 (715,589) thousands and the major item being the acquisition of the business-to-business customer base from Network Norway.

Investments in tangible assets amounted to NOK 79,252 (10,206) thousands and are mostly related to implementing the new network and capacity expansions, both on existing and new sites as well as on backbone systems.

Financial investments for the quarter consist of deposits amounting to NOK 12,800 thousands.

## EBITDA

Non-recurring items identified during the first quarter amounts to NOK 7,838 (4,193) thousands. Non-recurring items are mainly related to inventory revaluations and restructuring measurements.

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 2014 for a detailed walk-through of the risks identified.

## Related party transactions

No related party transactions to report for the first quarter of 2015. Please see further details under the section Critical accounting estimates and judgements in the annual report of 2014.

## Outlook 2015

The company is planning to file for listing the bond on the Oslo Exchange Market (Oslo Børs) in 2015.

## 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.

29 May 2015

The Board of Directors of AINMT Scandinavia Holdings AS

## CONDENSED FINANCIAL REPORTS

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

<i>Amounts in NOK'000</i>	<b>Jan - Mar 2015</b>	<b>Jan - Mar 2014</b>
<b>Service revenue</b>	<b>177,337</b>	<b>124,033</b>
Other operating revenue	18,485	12,669
<b>Total operating revenue</b>	<b>195,822</b>	<b>136,702</b>
Acquisition of Network Norway	94,600	-
Operating expenses	-79,198	-60,357
Other expenses	-40,592	-39,922
Employee benefit expenses	-34,893	-23,566
Depreciation and amortization of tangible and intangible assets	-82,160	-28,289
<b>Total operating expenses</b>	<b>-142,243</b>	<b>-152,134</b>
<b>Operating profit</b>	<b>53,579</b>	<b>-15,432</b>
Financial items	-38,711	1,239
<b>Profit/loss before tax</b>	<b>14,868</b>	<b>-14,193</b>
Income taxes	-479	2,761
<b>Profit/loss for the period</b>	<b>14,389</b>	<b>-11,432</b>
<b>Items that may be subsequently reclassified to profit or loss:</b>		
Currency translation differences	-1,910	739
<b>Items that will not be reclassified to profit or loss</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income</b>	<b>-1,910</b>	<b>739</b>
<b>Total comprehensive income for the period</b>	<b>12,479</b>	<b>-10,694</b>
<i>Profit attributable to:</i>		
Equity holders of the parent	14,879	-11,095
Non-controlling interests	-490	-337
<b>Profit/loss for the period</b>	<b>14,389</b>	<b>-11,432</b>
<i>Total comprehensive income attributable to:</i>		
Equity holders of the parent	13,013	-10,363
Non-controlling interests	-533	-331
<b>Total comprehensive income for the period</b>	<b>12,479</b>	<b>-10,694</b>

## CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

<i>Amounts in NOK'000</i>	<b>31 Mar 2015</b>	<b>31 Mar 2014</b>
<b>ASSETS</b>		
Intangible assets	962,507	795,510
Tangible Assets	672,858	698,152
Financial Assets	21,441	7,851
Deferred tax assets	-	5,683
<b>Total non-current assets</b>	<b>1,656,806</b>	<b>1,506,926</b>
Goods for resale and advance payments to suppliers	44,184	36,706
Trade receivables	42,079	21,122
Other receivables	10,315	12,870
Prepaid expenses and accrued revenue	87,229	23,448
Cash and cash equivalents	729,109	1,017,916
<b>Total current assets</b>	<b>912,916</b>	<b>1,112,035</b>
<b>TOTAL ASSETS</b>	<b>2,569,722</b>	<b>2,618,961</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Total Equity</b>	<b>961,373</b>	<b>1,107,254</b>
Deferred tax liabilities	33,141	-
Borrowings, Bond issue	1,420,210	1,347,274
<b>Total non-current liabilities</b>	<b>1,420,210</b>	<b>1,347,274</b>
Trade payables	38,686	43,371
Other liabilities	15,708	27,936
Accrued expenses and deferred revenue	100,604	93,126
<b>Total current liabilities</b>	<b>154,997</b>	<b>164,433</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,569,722</b>	<b>2,618,961</b>

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

<i>Amounts in NOK'000</i>	Jan - Mar 2015			Jan - Mar 2014		
	Owners of the parent	Non-controlling interests	Total equity	Owners of the parent	Non-controlling interests	Total equity
<b>Opening balance</b>	<b>946,316</b>	<b>1,100</b>	<b>947,416</b>	<b>343,057</b>	<b>298</b>	<b>343,355</b>
Net result for the period	14,879	-490	<b>17,389</b>	-11,095	-337	<b>-11,432</b>
Other comprehensive income	-1,867	-44	<b>-1,910</b>	733	6	<b>739</b>
New share issue			-	30	-	<b>30</b>
Capital contribution from share-based payments	1,478		<b>1,478</b>			-
Restructuring under common control			-	*774,564	-	<b>*774,564</b>
<b>Closing balance</b>	<b>960,806</b>	<b>567</b>	<b>961,373</b>	<b>1,107,288</b>	<b>-33</b>	<b>1,107,254</b>

\* Refers to the contribution of 100% of the shares of Ice Communication Norge AS plus internal loans to the other three companies contributed to AINMT Scandinavia Holdings AS.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>Amounts in NOK'000</i>	Jan - Mar 2015	Jan - Mar 2014
Cash flows from operating activities	-166,452	9,745
Cash flows from investing activities	-128,152	-725,795
Cash flows from financing activities	-1,077	1,702,720
<b>Net decrease/increase in cash and cash equivalents</b>	<b>-295,682</b>	<b>986,670</b>
<b>Cash and cash equivalents, opening balance</b>	<b>1,027,542</b>	<b>35,115</b>
Exchange gains/losses on cash	-2,751	-3,869
<b>Cash and cash equivalents, closing balance</b>	<b>729,109</b>	<b>1,017,916</b>

## CONSOLIDATED KEY RATIOS

<i>Amounts in NOK'000</i>	<b>Jan – Mar 2015</b>	<b>Jan – Mar 2014</b>
<b>Return on equity</b>		
Return on equity %	nm	nm
<b>Profit</b>		
Operating profit	53,579	-15,432
Operating margin in %	27%	nm
Net profit margin in %	8%	nm
<b>Key ratios - increase</b>		
Service revenue growth in % compared to the same period previous year	43%	13%
Service revenue growth in absolute numbers (compared to the same period previous year)	53,303	14,265
<b>Key ratios – financial position</b>		
Cash liquidity %	589%	676%
Equity/assets ratio %	37%	42%
Equity	961,373	1,107,254
Gross interest bearing debts	1,454,600	1,395,979
Net debt	725,491	378,063

### 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 profit margin in %	Profit after financial items divided by total operating revenue
Operating profit	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



## 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 2015

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, 2015, have had any material impact on the financial statements of the Group.

### Share-based payments

The parent company of the AINMT Scandinavia Holdings AS group, AINMT Holdings AB, has issued equity-settled, share-based compensation plans, under which the group receives services from employees as consideration for equity instruments (options) in it. The fair value of the employee services received in exchange for the grant of the options is reflected also in this group, recognised as an expense over the vesting period. The total amount to be expensed is determined by reference to the fair value of the options granted.

At the end of each reporting period, the group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

The grant by the AINMT Holdings AB of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts. The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

## Segment information by geographical area

Amounts in NOK'000

Jan - Mar 2015	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	132,659	143,166	46,778	109,188	1,280,257
Sweden	40,251	47,824	2,790	16,690	324,253
Denmark	4,427	4,832	-591	2,442	30,756
<b>Total</b>	<b>177,337</b>	<b>195,822</b>	<b>48,977</b>	<b>128,320</b>	<b>1,635,267</b>

  

Jan - Mar 2014	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	77,232	84,407	21,910	713,237	1,092,664
Sweden	42,758	47,864	-3,393	2,413	366,460
Denmark	4,042	4,431	-1,467	10,145	34,152
<b>Total</b>	<b>124,033</b>	<b>136,702</b>	<b>17,050</b>	<b>725,795</b>	<b>1,493,662</b>

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

## Acquisition of Network Norway

On 5 February 2015, the Norwegian Competition Authority approved TeliaSonera's acquisition of Tele2's Norwegian operation. As a result of the approval, AINMT's Norwegian operation (ice.net) and TeliaSonera announced an agreement that was effective from 1<sup>st</sup> March 2015 covering the following:

- ice.net acquires Network Norway's business-to-business customer base and the Network Norway brand
- ice.net acquires Officer AS, Norway's fastest growing retailer of mobile communication solutions, with dealerships throughout Norway
- ice.net retains an option to acquire the 2100 MHz spectrum, subject to government approval
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- A co-location agreement giving ice.net access to TeliaSonera's sites at beneficial rates and conditions

The Purchase Price Allocation analysis resulted in the following items;

Amounts in NOK'000

### Purchase consideration at 1 March 2015

Cash payment	50,000
Sellers' credit	50,000
<b>Total purchase consideration</b>	<b>100,000</b>

### Carrying amount of identifiable assets acquired and liabilities assumed

Customer relations	210,700
Frequency license option	5,000
Shares in Officer AS	5,700
Network equipment and inventory	8,200
Deferred tax liability	-35,000
<b>Total identifiable assets</b>	<b>194,600</b>
Net positive effect from the acquisition	94,600

## CONTACT DETAILS

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All financial information is posted on [www.ainmt.com](http://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 2015;

- the total book equity, converted to SEK, amounts to MSEK 1,042
- 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 192%
- the total cash, converted to SEK, amounts to MSEK 779

	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 2015	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2014	Jan-Mar 2015	Nov 2013- Mar 2014	Jan-Mar 2015	Jan-Mar 2014	Jan-Mar 2015	Jan-Mar 2014
<b>STATEMENTS OF INCOME</b>										
Service revenue		-	<b>73,066</b>	<b>77,232</b>	<b>60,206</b>	-	<b>45,269</b>	<b>45,341</b>	<b>3,775</b>	<b>3,612</b>
Other operating revenue	239	-	7,195	5,424	3,021	-	10,610	9,809	346	347
Operating expenses	-223	-	-60,367	-55,958	-34,789	-5,618	-58,206	-62,232	-4,111	-5,804
Amort. & Depr.	-	-	-39,454	-8,940	-8,878	-8,825	-35,832	-14,287	-2,780	-1,303
<b>Operating profit</b>	<b>16</b>	-	<b>-19,560</b>	<b>17,758</b>	<b>19,560</b>	<b>-14,444</b>	<b>-38,159</b>	<b>-21,369</b>	<b>-2 770</b>	<b>-3,148</b>
Financial items	-18,009	-1,651	-4,022	-276	-1,934	12,957	-13,889	-4,231	-1 545	40
Taxes	-	-	-	-	-35,000	-	-	-	-	-
<b>Profit/loss for period</b>	<b>-17,994</b>	<b>-1,651</b>	<b>-23,582</b>	<b>17,492</b>	<b>-17,373</b>	<b>-1,486</b>	<b>-52,048</b>	<b>-25,601</b>	<b>-4 315</b>	<b>-3,108</b>
<b>EBITDA*</b>	-	-	<b>18,339</b>	<b>29,178</b>	<b>28,439</b>	<b>-7,268</b>	<b>2,996</b>	<b>-3,535</b>	<b>-305</b>	<b>-1,364</b>
<b>STATEMENTS OF FINANCIAL POSITION EoP</b>										
<b>ASSETS</b>										
Intangible assets	-	-	6,977	11,345	878,776	697,204	55,162	65,668	15 614	18,136
Tangible assets	-	-	149,473	203,869	72,683	-	247,963	285,159	9 909	11,805
Financial assets	2,259,679	2,012,473	118,838	106,382	209,504	203,600	40,252	43,473	815	817
<b>Non-recurrent assets</b>	<b>2,259,679</b>	<b>2,012,473</b>	<b>275,288</b>	<b>321,596</b>	<b>1,160,963</b>	<b>900,804</b>	<b>343,376</b>	<b>394,301</b>	<b>26 338</b>	<b>30,757</b>
Accounts receivables	705	-	48,939	11,711	14,478	-	67,984	17,547	1 574	1,723
Other receivables	58,223	-	87,635	38,716	87,530	-	77,600	34,305	3 975	2,350
Cash and banks	508,331	802,000	26,499	15,924	67,358	49	90,969	186,294	32 300	25,130
<b>Current assets</b>	<b>567,259</b>	<b>802,000</b>	<b>163,073</b>	<b>66,351</b>	<b>169,366</b>	<b>49</b>	<b>236,553</b>	<b>238,146</b>	<b>37 849</b>	<b>29,203</b>
<b>TOTAL ASSETS</b>	<b>2,826,938</b>	<b>2,814,472</b>	<b>438,361</b>	<b>387,947</b>	<b>1,330,329</b>	<b>900,853</b>	<b>579,929</b>	<b>632,447</b>	<b>64 186</b>	<b>59,960</b>
Restricted equity	3,000	3,000	23,647	23,647	3,000	3,000	30,172	30,172	102 292	102,292
Non-restricted equity	1,359,422	1,449,782	71,978	74,530	648,689	688,637	1,059	59,776	-97 936	-103,357
<b>Equity</b>	<b>1,362,422</b>	<b>1,452,782</b>	<b>95,625</b>	<b>98,177</b>	<b>651,689</b>	<b>691,637</b>	<b>31,231</b>	<b>89,938</b>	<b>4 357</b>	<b>-1,065</b>
Provisions	-	-	-	-	164,600	-	39,162	42,504	-	-
Borrowings	1,419,285	1,343,016	205,103	208,006	363,977	203,600	434,343	436,553	53 560	53,381
<b>Non-recurrent liabilities</b>	<b>1,419,285</b>	<b>1,343,016</b>	<b>205,103</b>	<b>208,006</b>	<b>528,577</b>	<b>203,600</b>	<b>473,505</b>	<b>479,057</b>	<b>53 560</b>	<b>53,381</b>
Accounts payables	7,159	7,386	11,678	18,023	10,377	-2	20,174	16,772	483	2,227
Other current liabilities	38,072	11,289	125,955	63,741	139,686	5,618	55,018	46,679	5 786	5,417
<b>Current liabilities</b>	<b>45,230</b>	<b>18,675</b>	<b>137,634</b>	<b>81,764</b>	<b>150 063</b>	<b>5,617</b>	<b>75,192</b>	<b>63,451</b>	<b>6 270</b>	<b>7,644</b>
<b>Total Liabilities</b>	<b>1,464,516</b>	<b>1,361,691</b>	<b>342,736</b>	<b>289,770</b>	<b>678 640</b>	<b>209,216</b>	<b>548,698</b>	<b>542,508</b>	<b>59 830</b>	<b>61,025</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,826,938</b>	<b>2,814,472</b>	<b>438,361</b>	<b>387,947</b>	<b>1,330,329</b>	<b>900,853</b>	<b>579,929</b>	<b>632,447</b>	<b>64 186</b>	<b>59,960</b>
<b>STATEMENTS OF CASH-FLOWS</b>										
Operating activities	-51,802	18,674	-19,343	73,334	-30,339	17	***-77,557	4,924	7,466	-1,592
Investing activities	-148,392	-2,056,958	-19,285	-107,585	-94,083	** -896,691	-17,921	-12,838	-2,083	-10,305
Financing activities	-	2,840,283	-528	34,055	110,000	896,724	***40,410	175,104	-	36,201
<b>Change in cash</b>	<b>-200,194</b>	<b>802,000</b>	<b>-39,156</b>	<b>-196</b>	<b>-14,423</b>	<b>49</b>	<b>-55,068</b>	<b>167,190</b>	<b>5,383</b>	<b>24,303</b>

\* See definitions, page 7

\*\* Includes the purchase of the licenses in Norway in December 2013

\*\*\* Offset of internal balances to equity reported gross

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, are in all aspects immaterial. As at 31 March 2015 their book equity amounted to NOK 5,590 thousands and NOK 0 respectively. Total turnover for the full year of 2014 for Officer AS was NOK 6,964 thousands.