Q3 Interim report

Ice Group Scandinavia Holdings AS

JANUARY - SEPTEMBER 2018

THIRD QUARTER 2018 SUMMARY

- Service revenue of NOK 405,012 thousand; 21% y-o-y growth
- EBITDA [2] of NOK -64,332 thousand
- Book equity of NOK 653,949 thousand

	Third Quarter		Jan - Sep	
NOK thousands	**2018**	2017	**2018**	2017
Service revenue[1]	405,012	334,125	1,149,012	909,801
EBITDA[2]	-64,332	-99,730	-266,609	-271,203
CAPEX[3]	-110,897	-160,878	-490,860	-666,533
Total assets	3,465,503	3,257,695	3,465,503	3,257,695
Operating margin %	nm	nm	nm	nm
Equity/assets ratio %	19%	32%	19%	32%

1) *Service revenue and operating expenses for 2017 have been restated due to commission revenue reclassification. No effect on EBITDA and net profit. See page 8 for more information.*
2) *Ice Scandinavia defines EBITDA as operating income after adjustment of expenses for depreciation, amortization, impairment, network upgrades, share based compensation expense, non-recurring and other non-operational items. Any effects from business combinations are not included in EBITDA. For details, see Definitions of Key Ratios.*
3) *CAPEX is defined as investments in non-current assets as reported in the statement of cash flows (including investments in contract assets).*

CEO's statement

Our service revenues in the third quarter 2018 increased by 21% for the Ice Scandinavia and 30% for Norway compared with the third quarter last year. EBITDA in the third quarter improved by 35% for Ice Scandinavia and 35% for Norway, reflecting higher on-net traffic and thereby lower NRA-costs and temporarily lower SAC in the third quarter this year.

In the quarter, the legal restructuring of Ice Scandinavia's parent companies was successfully completed. A combined legal restructuring and demerger of its non-Scandinavian businesses has enabled an improved and more transparent ownership structure for Ice Group and a business strategy with sole focus on Scandinavia. We believe this strategy will significantly strengthen our ability to become an even stronger challenger to the Norwegian mobile network operator duopoly. Eivind Helgaker was appointed CEO of Ice Group on 23 August 2018.

As an effect of the smartphone network build-out in Norway reaching 83% in the third quarter, the average smartphone data on-net traffic share increased to 59% in the third quarter 2018, up from 24% in the same quarter last year and up from 55% in the second quarter 2018. The average data on-net share for September 2018 alone reached 63%. The improved data on-net levels allow a larger commercial flexibility with regards to product offerings and enhanced competitiveness within all customer segments.

Both the smartphone ARPU and the blended ARPU (smartphone and mobile broadband) increased in the third quarter 2018 versus both the corresponding quarter last year and the second quarter 2018, as a consequence of continued increase in data traffic usage. During the quarter, Ice Scandinavia has launched new, customer-centric market initiatives that have been well received and are expected to further drive ARPU.

Churn showed a significant reduction in the third quarter 2018 versus the corresponding quarter last year, but increased somewhat from the second quarter 2018, primarily due to a strategic decision to reduce investments in the retail sales channel during the third quarter in order to strengthen sales through the company's own channels.

According to official Nkom statistics, ice in Norway had 7.4% share of the mobile telephony market (based on number of subscriptions) as of 30 June 2018. Subscriber growth has continued in the third quarter.

Going forward, a key priority is to activate additional plans to further improve Ice Scandinavia's competitive position in Scandinavia and continue the accretive network build-out in Norway. The customer centric strategy has proven to be successful and Ice Scandinavia will continue building on this strategy in seeking to gain further market share in Norway.

INTERIM REPORT

Significant events during the period

- On 21 August 2018, the new board of Ice Group AS was elected, effectively becoming the new operating board of directors of Ice Group.
- On 23 August 2018, Ice Group AS – which is now the top parent company of Ice Scandinavia - announced that all conditions for the de-merger of the group's non-Scandinavian assets had been successfully met and was then formally registered in the Norwegian Register of Business Enterprises on 4 September 2018.
- On 23 August 2018, the managing director of Ice in Norway, Eivind Helgaker, was appointed CEO also of Ice Group AS. Helgaker will also continue in his role as managing director of Ice Group's Norwegian operation, which represents the large majority of Ice Group's business.
- On 19 September 2018 the restructuring of the parent companies of Ice Scandinavia was formally completed and the share capital increase relating to the issue of shares was registered in the Norwegian Register of Business Enterprises. All shareholders in AINMT Holding AB accepted to swap their shares in AINMT Holdings AB with shares in Ice Group AS (the "flip-up"). Following the transaction. Ice Group AS holds 99.8 % of the issued shares in AINMT Holdings AB. The remaining 5 shareholders in AINMT Holdings AB, that in aggregate own 0.2 % of the issued shares in the company, have entered into an agreement to swap their shares in AINMT Holdings AB with shares in Ice Group AS at a later point in time.
- On 26 September 2018, Ice Group completed the sale of its 30 percent ownership share in in Nextel Holdings S.à r.l. to AI Media Holdings (NMT) LLC.

Significant events after the end of the period

- The board of directors of the Company was changed on 15 October 2018. JD Fouchard and Johan Michelsen left the board, and new board members appointed were Henning Karlsrud (chairman), Eivind Helgaker and Anders Koch.

Personnel and organization

At the end of the period, the number of employees amounted to 199 versus 186 for the equivalent period the previous year. Including external resources, such as dedicated people with contract suppliers and subcontractors, Ice Scandinavia employed 289 (277) people.

Investments

Ice Scandinavia's acquisition of non-current assets during the third quarter amounted to NOK -110,816 (-160,855) thousand. The investments are mainly related to the smartphone network build-out project in Norway, both on existing and new sites as well as on backbone systems and radio access network expansion, and costs to obtain and fulfil customer contracts.

As from 1 January 2018, pursuant to the adoption of IFRS 15, Ice Scandinavia capitalizes costs to obtain and to fulfil customer contracts, which means that these items are now recognized as investment expenditures instead of as operating expenditures as they were previously. As the change of accounting principle is applied retrospectively, the impact on the third quarter of 2017 investments was NOK -73,490 thousand while this quarter's investment in new customers amounted to NOK -34,523 thousand. These are included in the acquisition of non-current assets amounts above.

Net financial investments for the quarter amounted to NOK -81 (-22) thousands.

EBITDA

Non-recurring and other non-operational items identified during the third quarter amounted to NOK 15,246 (6,827) thousands. Non-recurring items are mainly related to extraordinary costs related to the network technology upgrade and build-out. Please also see the Alternative Performance Measures reconciliation on page 11.

The implementation of the IFRS 15 reporting standard from 1 January 2018 has changed how and when certain revenue and cost items are recognized, which has an impact on Ice Scandinavia's EBITDA. The effect from the new standard on Ice Scandinavia's EBITDA compared to previously applied principles for the third quarter 2017 amounted to NOK 39,462 thousand. More information is presented under the New and changed accounting standards in 2018 section on page 9.

Reclassification of commission revenue

Since the purchase of Network Norway business customers in March 2015, commission revenue and related expenses have been recorded on a gross basis within service revenue and operating expenses, in line with the accounting in Network Norway prior to being acquired by ice. Ice Scandinavia has decided to change the accounting principle and instead recognise the commission revenue net of expenses. The accumulated revenue impact for the third quarter 2017 amounted to NOK -9,404 thousand, while the revenue impact for the first nine months amounted to NOK -25,365 thousand. Operating Result and EBITDA are not affected. All comparative numbers have been updated to reflect the change, for further details see page 8.

Risks and factors of uncertainty

Ice 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 Ice Scandinavia's revenues and profits is derived from operations outside Norway. Currency fluctuations may influence the reported figures in NOK. Please refer to the annual report of 2017 for a detailed description of the risks identified.

Related party transactions

No related party transactions to report for the third quarter of 2018. For other items, see further details under the section on critical accounting estimates and judgements in the annual report of 2017.

Outlook 2018

Ice Scandinavia expects to increase its mobile phone (smartphone) 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.

15 November 2018

The Board of Directors of Ice Group Scandinavia Holdings AS

CONDENSED FINANCIAL REPORTS

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Third Quarter		Jan - Sep		Full year
NOK thousands	**2018**	2017 [2)]	**2018**	2017 [2)]	2017 [2)]
Service revenue [1)]	405,012	334,125	1,149,012	909,801	1,265,677
Other operating revenue	35,839	21,354	89,600	47,406	80,290
Total operating revenue	**440,851**	**355,479**	**1,238,611**	**957,206**	**1,345,967**
National roaming expenses	-108,555	-103,362	-333,092	-270,356	-394,743
Operating expenses [1)]	-187,390	-139,718	-504,354	-415,626	-569,926
Other expenses	-161,219	-170,075	-532,450	-437,704	-624,423
Employee benefit expenses	-63,264	-48,880	-160,267	-143,005	-193,778
Depreciation, amortization and impairment losses	-80,611	-75,663	-240,258	-223,634	-310,816
Total operating expenses	**-601,040**	**-537,699**	**-1,770,422**	**-1,490,325**	**-2,093,687**
Operating result	**-160,189**	**-182,220**	**-531,810**	**-533,119**	**-747,719**
Financial items - net	**-33,786**	**-13,567**	**-131,238**	**-229,644**	**-260,470**
Share of net profit from joint ventures	75	8	12	-63	-28
Result before tax	**-193,901**	**-195,778**	**-663,036**	**-762,825**	**-1,008,218**
Income taxes	-543	-565	-3,119	-4,368	-6,448
Net result for the period	**-194,445**	**-196,343**	**-666,154**	**-767,193**	**-1,014,666**
Items that may be subsequently reclassified to profit loss:					
Translation differences on foreign operations	742	-986	-4,039	2,005	3,696
Change in market value of derivative instruments	-	-2,711	-	-2,711	-
Tax effect on derivative instruments	-	651	-	651	-
Other comprehensive income	**742**	**-3,046**	**-4,039**	**-55**	**3,696**
Total comprehensive income for the period	**-193,703**	**-199,389**	**-670,193**	**-767,250**	**-1,010,969**
Net result for the period attributable to:					
Equity holders of the Parent Company	-194,445	-196,159	-666,154	-766,392	-1,013,698
Non-controlling interests	-	-184	-	-802	-968
Net result for the period	**-194,445**	**-196,343**	**-666,154**	**-767,193**	**-1,014,666**
Total comprehensive income attributable to:					
Parent Company shareholders	-193,703	-199,212	-670,712	-766,455	-1,010,002
Non-controlling interests	-	-177	519	-794	-971
Total comprehensive income for the period	**-193,703**	**-199,389**	**-670,193**	**-767,250**	**-1,010,969**

1) Service revenue and operating expenses for 2017 have been restated due to commission revenue reclassification. No effect on EBITDA and net profit. See page 8 for more information.

2) Restated for comparability, see Note 1.

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

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

NOK thousands	**30 Sep 2018**	30 Sep 2017 [3]	31 Dec 2017 [3]
ASSETS			
Intangible assets [1]	1,189,737	1,214,193	1,196,003
Tangible assets [2]	1,495,564	1,391,037	1,404,369
Financial assets	22,123	14,900	15,016
Deferred tax assets	528	913	327
Total non-current assets	**2,707,952**	**2,621,043**	**2,615,715**
Inventory	30,440	30,735	26,621
Trade receivables	78,385	67,251	71,201
Other receivables	1,636	87,500	18,863
Prepaid expenses and accrued income	91,712	86,086	158,910
Cash and cash equivalents	555,378	365,080	722,198
Total current assets	**757,550**	**636,652**	**997,793**
TOTAL ASSETS	**3,465,503**	**3,257,695**	**3,613,507**
EQUITY AND LIABILITIES			
Equity attributable to the Parent Company shareholders	653,949	1,056,977	814,262
Equity attributable to non-controlling interests	-	163	98
TOTAL EQUITY	**653,949**	**1,057,140**	**814,360**
Borrowings	2,222,766	1,645,379	2,213,580
Provisions for deferred tax	7,592	2,102	4,254
Derivatives	-	2,711	-
Other long-term provisions	1,331	-	-
Total non-current liabilities	**2,231,688**	**1,650,192**	**2,217,834**
Trade payables	236,101	183,573	282,313
Other liabilities	32,365	86,179	18,623
Other current provisions	1,331	-	-
Accrued expenses and deferred income	310,069	280,611	280,378
Total current liabilities	**579,866**	**550,363**	**581,314**
TOTAL LIABILITIES	**2,811,554**	**2,200,555**	**2,799,148**
TOTAL EQUITY AND LIABILITIES	**3,465,503**	**3,257,695**	**3,613,507**

[1] *Includes capitalized costs related to obtaining customer contracts.*

[2] *Includes capitalized costs related to fulfiling customer contracts.*

[3] *Restated for comparability, see Note 1.*

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

Oslo, 15 November 2018

Henning Karlsrud Eivind Helgaker Anders Koch

Henning Karlsrud

Chairman of the board

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

NOK thousands	**30 Sep 2018**			30 Sep 2017		
Attributable to	Parent Company Shareholders	Non-controlling interests	**Total equity**	Parent Company Shareholders	Non-controlling interests	**Total equity**
Opening balance	**523,100**	**98**	**523,198**	**595,604**	**490**	**596,094**
Change in accounting principles [1]	291,162	-	291,162	193,735	-	193,735
Adjusted opening balance	**814,261**	**98**	**814,360**	**789,339**	**490**	**789,829**
Net result for the period	-666,154	-	-666,154	-766,392	-802	-767,193
Other comprehensive income	-4,558	519	-4,039	-63	8	-55
Capital contribution from share-based payments	10,923	-	10,923	4,085	-	4,085
Change in non-controlling interests	-523	-617	-1,139	8	467	475
Share capital increase	500,000	-	500,000	1,030,000	-	1,030,000
Closing balance [2]	**653,949**	**-**	**653,949**	**1,056,977**	**163**	**1,057,140**

[1] Opening balance adjustments due to new revenue recognition standard IFRS 15.

[2] As per 30 June 2018 the Company holds 100% ownership of Ice Danmark ApS.

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

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Third Quarter		Jan - Sep	
NOK thousands	**2018**	2017	**2018**	2017
Operating result	-160,189	-184,779	-531,810	-533,119
Depreciation & amortization of non-current assets	80,611	75,663	240,258	223,634
Depreciation & amortization of costs to obtain/fulfil contracts	45,982	32,521	126,559	85,182
Adjustments for non-cash items	821	-38,865	21,108	-89,247
Interest received, operational	368	273	913	593
Interest paid, operational	-230	-229	-564	-454
Cash flows before changes in working capital	**-32,638**	**-115,415**	**-143,536**	**-313,410**
Change in inventory	-6,619	13,524	-6,139	8,211
Change in current receivables	121,782	30,863	75,618	-6,973
Change in current liabilities	-61,963	71,022	-4,380	198,401
Investments in contract assets	-34,523	-73,490	-152,987	-165,465
Cash flows from changes in working capital	**18,676**	**41,919**	**-87,887**	**34,174**
Cash flows from operating activities	**-13,961**	**-73,495**	**-231,423**	**-279,236**
Investments in intangible assets	-17,216	-49,093	-87,173	-150,371
Investments in tangible assets	-59,077	-38,273	-250,666	-350,328
Net cash flows from other financial assets	-81	-22	-33	3,169
Cash flows from investing activities	**-76,374**	**-87,388**	**-337,873**	**-497,531**
Financing from shareholders	-	-	500,000	830,000
Borrowings	-	-	-	1,544,715
Repayments	-	-1,223	-	-1,429,817
Interest paid, borrowings	-33,548	-82,274	-95,562	-167,415
Cash flows from financing activities	**-33,548**	**-83,497**	**404,437**	**777,483**
Cash flow for the year	**-123,884**	**-244,380**	**-164,859**	**716**
Cash and cash equivalents at the beginning of the period	678,620	608,592	722,198	362,075
Exchange rate difference in cash and cash equivalents	641	868	-1,962	2,288
CASH AND CASH EQUIV. AT THE END OF THE PERIOD	**555,378**	**365,080**	**555,378**	**365,080**

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

NOTES TO THE FINANCIAL REPORTS

Note 1 – Basis of preparation

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

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. The condensed consolidated interim financial information should be read in conjunction with Ice Group Scandinavia Holding's Financial Statements 2017 that are a part of Ice Group Scandinavia Holdings AS Annual Report 2017.

Change of accounting principle 2017

Reclassification of commission revenue
With the purchase of Network Norway business customers in March 2015, commission revenue and related expenses were recorded gross within service revenue and operating expenses, in line with the accounting method applied by Network Norway prior to being acquired by Ice Scandinavia. This revenue then grew over the following two years, and Management decided by end of 2017 to change the accounting principle to recognise the commission revenue net of the related expenses. The net revenue impact for the third quarter 2017 amounted to NOK -9,404 thousand, while the revenue impact for the first nine months amounted to NOK -25,365 thousand. The accumulated net revenue impact of this reclassification for the full year 2017 amounted to NOK -39,232 thousand. The effect of the reclassification on operating expenses for the third quarter 2017 amounted to NOK 9,404 and NOK 25,365 thousand for the first nine months. The accumulated effect of the reclassification on operating expenses for the year 2017 was a reduction in reported expenses of NOK 39,232 thousand. Consequently, the Operating Result, Net Result or EBITDA were not affected by this change in accounting principle. All comparative 2017 numbers have been updated to reflect the change.

Note 2 – New and changed accounting standards in 2018

IFRS 15 Revenue from contracts with customers

IFRS 15 Revenue from contracts with customers is effective from 1 January 2018, and subsequently Ice Scandinavia has changed the accounting principle for revenues from contracts with customers from that date. The new standard is applied by Ice Scandinavia using the full retrospective method.

The revenue recognition model that Ice Scandinavia 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 Scandinavia 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 are 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 Scandinavia 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 Scandinavia expects to provide services to the customer.

IFRS 15 adds a numbers of additional disclosure requirements to both the interim reports and annual report, compared with the previous standard.

The effects on the financial statements are presented below.

No other of the standards and statements that have been published by the IASB, and that are effective for annual periods beginning on or after 1 January 2018, have had any material impact on the financial statements of the company.

IFRS 15 effects on Condensed consolidated statements of financial position

NOK thousands	Reported 30 Sep 2017	Change IFRS 15	Restated 30 Sep 2017	Reported 31 Dec 2017	Change IFRS 15	Restated 31 Dec 2017
Assets						
Costs to obtain a contract[1)]	-	232,976	232,976	-	247,876	247,876
Costs to fulfil a contract[2)]	-	44,978	44,978	-	45,264	45,264
Other non-current assets	2,343,089	-	2,343,089	2,322,576	-	2,322,576
Total non-current assets	**2,343,089**	**277,954**	**2,621,043**	**2,322,576**	**293,139**	**2,615,715**
Contract assets	-	1,217	1,217	-	-	-
Other current liabilities	635,435	-	635,435	-	-	-
Total current assets	**635,435**	**1,217**	**636,652**	**997,793**	**-**	**997,793**
Total assets	**2,978,524**	**279,171**	**3,257,695**	**3,320,368**	**293,139**	**3,613,507**
Equity						
Equity attributable to Parent Company shareholders	782,167	274,816	1,056,977	523,100	291,162	814,262
Equity attributable to non-controlling interest	157	-	354	98	-	98
Total equity[3)]	**782,323**	**274,816**	**1,057,140**	**523,198**	**291,162**	**814,360**
Contract liabilities[4)]	-	4,249	4,249	-	1,978	1,978
Other liabilities	2,196,201	106	2,196,307	2,797,170	-	2,797,170
Total liabilities	**2,196,201**	**4,355**	**2,200,555**	**2,797,170**	**1,978**	**2,799,148**
Total equity and liabilities[3)]	**2,978,524**	**279,171**	**3,257,695**	**3,320,368**	**293,139**	**3,613,507**

1) Classified as intangible fixed assets in the statement of financial position.

2) Classified as tangible fixed assets in the statement of financial position.

3) Since there is no material effect on revenue and the Company is not in tax position there is no tax-effect. Changes in the temporary tax differences will occur.

4) Unsatisfied performance obligations.

IFRS 15 and reclassification of commission revenue effects on condensed consolidated statements of comprehensive income

NOK thousands	Reported Q3 2017	Change	Restated Q3 2017	Reported 30 Sep 2017	Change	Restated 30 Sep 2017
Service revenue	326,324	7,801	334,125	889,311	20,490	909,801
Service revenue, reclass commission revenue	9,404	-9,404	-	25,365	-25,365	-
Other revenue	30,661	-9,307	21,354	67,463	-20,057	47,406
Total revenue	**366,389**	**-10,910**	**355,479**	**982,139**	**-24,932**	**957,206**
Operating expenses	-243,795	715	-243,080	-686,734	752	-685,982
Operating expenses, reclass commission revenue	-9,404	9,404	-	-25,365	25,365	-
Other expenses	-210,329	40,254	-170,075	-517,235	79,531	-437,704
Employee benefit expenses	-48,880	-	-48,880	-143,005	-	-143,005
Depreciation, amortization and impairment losses	-75,663	-	-75,663	-223,634	-	-223,634
Operating result	**-221,682**	**39,462**	**-182,220**	**-613,834**	**80,715**	**-533,119**
Net result for the year[1)]	-235,805	39,462	-196,343	-847,909	80,715	-767,193
Other comprehensive income	-2,928	-118	-3,046	-421	366	-55
Total comprehensive income	**-238,737**	**38,348**	**-199,389**	**-848,330**	**81,080**	**-767,250**
Alternative Performance Measures						
EBITDA	**-139,192**	**39,462**	**-99,730**	**-351,919**	**80,715**	**-271,203**

1) Since there is no material effect on revenue and the Company is not in tax position there is no tax-effect. Changes in the temporary tax differences will occur.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

IFRS 16 changes the accounting treatment of leases by lessees. The standard will become effective from the year beginning on 1 January 2019. The new standard removes the classification of leases as operating leases or finance leases as is required by IAS 17 and, instead introduces a single accounting model. When the new standard is implemented, Ice Scandinavia's long-term operating leases will be recognised as non-current assets and financial liabilities in the consolidated statement of financial position. Instead of operating lease expenses, Ice Scandinavia will recognise depreciation and interest expenses in the consolidated income statement. The impact of IFRS 16 is expected to be material given the number of site leases and the annual spectrum licenses to which the Group is party.
The key line items that will be affected by the implementation of IFRS 16 are:

- Operating expenses will decrease due to the reclassification of operational leases as depreciation and interest expenses.
- EBITDA will improve by the same amount as the decrease in operating expenses.
- Depreciation and amortisation will increase due to depreciation of capitalised lease contracts.
- Financial expenses will increase, due to interest expenses on lease liabilities.
- Total non-current assets as well as total non-current liabilities will increase due to the capitalisation of lease contracts.

Ice Scandinavia expects to apply the following principles and decisions in relation to the implementation of IFRS 16:

- Fixed non-lease components included in the contracts will not be separated and therefore will be included as liability and capitalised as an asset. Where this is part of a lease contract for base station locations, this primarily relates to expenses related to power consumption.
- Lease contracts for base station locations will be defined to have a lease period lasting until the expiry date of the frequencies held in Scandinavia. Although a majority of these lease contracts have exit options, either through active termination of running contracts or not calling on options to prolong the agreement; Management believes Ice Scandinavia has economic incentives to exercise the options to prolong the lease terms. Management believes the most relevant end date of the contracts is when the majority of the frequencies expire.
- With the exception of the aforementioned contracts for base station locations, lease contracts of 12 months or less will not be capitalised. Furthermore, lease contracts with low value (primarily relating to office equipment) will not be capitalised.
- Intangible assets (primarily spectrum licences and the associated annual spectrum fees) will be included as lease agreements and capitalised.
- Ice Scandinavia expects to apply the full retrospective approach to provide a meaningful comparison with the year ended 31 December 2018 when the principle is implemented from 1 January 2019.

Ice Scandinavia is assessing the total consolidated effect of IFRS 16 for Ice Scandinavia, which is not expected to impact cash flows. Ice Scandinavia is currently undertaking a detailed calculation and review of all lease agreements in scope of the standard. The main types of lease contracts to which Ice Scandinavia is party are site leases and the lease of frequencies. Ice Scandinavia's IFRS 16 implementation plan is underway, and Ice Scandinavia has used qualified IFRS 16 experts during the process while implementing a tool for calculating and managing the IFRS 16 effects across the Group. As part of this implementation plan, contracts relating to the Swedish and Danish operations have already been reviewed, and Ice Scandinavia has calculated an estimated preliminary effect on these operations based on this review. Ice Scandinavia expects to finish the ongoing review of all the contracts relating to Norwegian operations and to reach a calculation of the consolidated effects of IFRS 16 by 1 January 2019.

Note 3 – Segment information by geographical area

NOK thousands

Jan - Sep 2018	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway	1,035,315	1,097,983	-273,952	-445,293	2,370,606
Sweden	100,395	126,266	13,917	-43,663	290,194
Denmark	13,301	14,362	-3,705	-1,903	24,500
Other	-	-	-2,870	-	-
Total	**1,149,012**	**1,238,611**	**-266,609**	**-490,860**	**2,685,301**

Jan - Sep 2017	Service revenue	Total revenue	EBITDA	Investments	Non-current assets EoP
Norway [1)]	767,935	795,659	-287,070	-596,233	2,250,662
Sweden	127,732	145,381	20,833	-63,852	322,440
Denmark	14,134	16,166	-2,078	-2,973	32,128
Other	-	-	-2,888	-	-
Total	**909,801**	**957,206**	**-271,203**	**-663,059**	**2,605,230**

1) Service revenue and operating expenses for 2017 have been restated due to commission revenue reclassification. No effect on EBITDA and net profit. See page 8 for more information.

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

Note 4 – Alternative Performance Measures

EBITDA is a financial parameter that the Ice Scandinavia considers to be relevant to an investor who wants to understand the generation of earnings before investment in fixed assets. Ice Scandinavia defines EBITDA as operating profit after adjustment of expenses for depreciation, amortization, impairment, network upgrades, share based compensation expense, non-recurring and other non-operational items. Any effects from business combinations are not included. See also definitions on page 11.

EBITDA reconciliation

	Third Quarter		Jan - Sep	
NOK thousands	**2018**	2017	**2018**	2017
Operating result	**-160,189**	**-182,220**	**-531,810**	**-533,119**
Depreciation & amortization	80,611	75,663	240,258	223,634
Network upgrades & migrations	1,885	4,470	9,258	32,620
Redundancy & other items	61	995	117	1,576
Share-based compensation expense	13,300	1,362	15,569	4,085
EBITDA	**-64,332**	**-99,730**	**-266,609**	**-271,203**

Note 5 – Consolidated key ratios

	Third Quarter		Jan - Sep	
NOK thousands	**2018**	2017	**2018**	2017
Return on equity				
Return on equity %	nm	nm	nm	nm
Profit				
EBITDA	-64,332	-99,730	-266,609	-271,203
Operating result	-160,189	-182,220	-531,810	-350,899
Operating margin %	nm	nm	nm	nm
Net profit margin %	nm	nm	nm	nm
Key ratios - increase				
Service revenue growth in % [1)]	21%	42%	26%	51%
Service revenue growth in absolute numbers [1)]	70,887	99,247	239,211	305,298
Key ratios - financial position				
Cash liquidity %	130%	116%	130%	116%
Total assets	3,465,503	3,257,695	3,465,503	3,257,695
Equity/assets ratio %	19%	32%	19%	32%
Equity	653,949	1,057,140	653,949	1,057,140
Gross interest bearing debt	2,263,050	1,663,049	2,263,050	1,663,049
Net interest bearing debt	1,707,724	1,298,021	1,707,724	1,298,021

[1)] *Service revenue and operating expenses for 2017 have been restated due to commission revenue reclassification. No effect on EBITDA and net profit. See page 8 for more information.*

Definitions of Key Ratios

EBITDA	Ice Scandinavia defines EBITDA as operating income after adjustment of expenses for depreciation, amortization, impairment, network upgrades, share based compensation expense, non-recurring and other non-operational 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 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

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