

# Q2 2018 Financial report



## NextGenTel Holding ASA – 2<sup>nd</sup> quarter 2018

### Key figures

(Figures in NOK million)	Q2 2018	Q2 2017
Revenues	354.8	266.6
Gross profit	235.9	122.0
Gross margin	66.5%	45.8%
EBITDA	162.3	38.0

Figures for 2017 have been restated to reflect the implementation of IFRS 15.

### Group financials Q2 2018 (Q2 2017 figures in brackets)

Revenues in Q2 were NOK 354.8 million (266.6), positively affected by profit from sale of all the shares in Kvantel AS with NOK 132.7 million and final proceeds from sale of consumer mobile portfolio of NOK 7 million. Gross profit was NOK 235.9 million and gross profit margin was 66.5% (122.0 and 45.8%). EBITDA was NOK 162.3 million and EBITDA margin was 45.7 % (38.0 and 14.3%).

Operating profit was NOK 135.0 million (0.1).

Earnings per share was NOK 5.20 in Q2 2018 and equity ratio was 46.2 % at 30 June 2018.

Cash and cash equivalents were NOK 158.9 million at 30 June 2018.

### Capital expenditures

Capital expenditures in Q2 2018 were NOK 12.3 million (29.2). Capex/sales ratio (excluding gain from sale and Kvantel) was 4.1% in Q2 (7.6%). For details, see notes 6 and 7 to the financial statements.

### Financial debt

Total interest-bearing debt was NOK 39.2 million at 30 June 2018 (278.2), all related to financial lease. Net cash was NOK 119.8 million as of 30 June 2018 (-258.8). Tax claim of NOK 28 million have been paid in full in July. The claim is still disputed.

### Related party transactions

There have been no transactions by related parties that have had a material effect on the Group's financial position or results in the period.

### Customer base development

The total customer base in Norway was 192,800 at the end of Q2 2018, a decrease from 200,500 at the end of Q1 2018.

The consumer segment had a decrease of 6,100 (including 2,800 mobile customers). Number of consumer fiber customers increased with 2,000. The business segment had a decrease of 1,500 customers from the end of Q1.

The total number of subscribers on high-speed Internet access is 48,400.

The customer base in the international markets declined by 2,400 customers in Q2, mainly driven by reduction of white label customers in the Netherlands. The total number of customers in the international markets was 67,700 at the end of Q2 2018.

### Sale of all the shares in Kvantel AS

On 27 April 2018, Fiber Norge (wholly owned by NextGenTel Holding ASA) entered into an agreement to sell all the shares in Kvantel AS to Broadnet AS. The agreed enterprise value was NOK 250 million and the transaction was completed at 29 June 2018. Final purchase price will be set during Q3 2018.

### Sale of consumer mobile customer portfolio

As a result of the agreement to sell all consumer mobile subscribers to Telia, NextGenTel recorded a revenue of NOK 75 million in Q1 2018. The main part of the customers migrated in Q1 18, while the remaining subscribers migrated in Q2 18. After deduction of transaction costs, an additional profit of NOK 7 million related to this transaction was recorded in Q2 18. The sale was fully completed in Q2 18.

### Strategy

A strategy process has been initiated to set the new direction for future growth. Main elements will be to grow within high-speed internet and utilize our national network coverage. Improvement program has also been initiated with both short term effects and significant cost reductions towards 2020.

### Shareholder information

The total number of registered shares outstanding at the end of Q2 2018 was 23,283,180 out of which 274,201 shares were owned by NextGenTel Holding ASA.

The total number of shareholders was 602 and 20.6% of the shares were registered abroad. For information about the top 20 shareholders, please refer to <http://nextgentelholding.com/Investor-relations/Share-information/Top-20-shareholders>

Total outstanding options at the end of Q2 2018 were 561,000 of which 259,000 have a dilutive effect with a weighted average strike price of NOK 6.00.

Oslo, 23 August 2018

Board of Directors  
NextGenTel Holding ASA

Anette Juel Knudtzon  
(sign.)

Lars B. Thoresen  
Chairman of the Board  
(sign.)

Willy Dahl  
(sign.)

Kari Mette Toverud  
(sign.)

Vidar Skogedal  
Employee repr.  
(sign.)

Geir Jensen  
Employee repr.  
(sign.)

Eirik Lunde  
CEO  
(sign.)

## Condensed consolidated interim income statement (unaudited)

(Figures in NOK 1000 except earnings per share)

	Note	Q2 2018	Restated Q2 2017	Jan-Jun 2018	Restated Jan-Jun 2017	Restated Jan-Dec 2017
Operational revenue	5	215,057	266,550	456,579	537,694	-
Gain from sale of operations	5	139,711	-	219,461	-	-
<b>Total revenues</b>		<b>354,768</b>	<b>266,550</b>	<b>676,040</b>	<b>537,694</b>	<b>1,047,614</b>
Cost of connection and traffic charges	5	-118,889	-144,515	-254,703	-292,918	-577,545
Salaries and personnel costs		-35,251	-49,740	-77,260	-100,343	-188,435
Other costs	11	-38,322	-34,251	-76,352	-66,303	-141,493
Depreciation and amortization	6, 7	-27,257	-37,918	-55,461	-76,194	-155,680
<b>Operating profit</b>		<b>135,048</b>	<b>127</b>	<b>212,263</b>	<b>1,936</b>	<b>-15,539</b>
Finance	8	-3,231	-3,139	-4,852	-6,439	-12,489
<b>Net profit before income tax</b>		<b>131,818</b>	<b>-3,012</b>	<b>207,411</b>	<b>-4,503</b>	<b>-28,028</b>
Income tax		-3,504	759	-20,372	1,665	-23,352
<b>Net profit from continued operations</b>		<b>128,314</b>	<b>-2,254</b>	<b>187,039</b>	<b>-2,838</b>	<b>-51,380</b>
Net profit from discontinued operations	10	-8,722	-3,432	-13,967	-4,946	-11,750
<b>Net profit</b>		<b>119,592</b>	<b>-5,686</b>	<b>173,072</b>	<b>-7,784</b>	<b>-63,130</b>
<b>Attributable to:</b>						
Equity holders of the parent company		119,592	-5,686	173,072	-7,784	-63,130
<b>Total comprehensive income</b>		<b>Q2 2018</b>	<b>Restated Q2 2017</b>	<b>Jan-Jun 2018</b>	<b>Restated Jan-Jun 2017</b>	<b>Restated Jan-Dec 2017</b>
Net profit		119,592	-5,686	173,072	-7,784	-63,130
Translation differences		-646	2,190	-1,461	-1,088	3,238
<b>Other income and expenses (after tax)</b>		<b>-646</b>	<b>2,190</b>	<b>-1,461</b>	<b>-1,088</b>	<b>3,238</b>
<b>Total comprehensive income</b>		<b>118,946</b>	<b>-3,496</b>	<b>171,611</b>	<b>-8,872</b>	<b>-59,892</b>
<b>Total comprehensive in attributable to:</b>						
Equity holders of the parent company		118,946	-3,496	171,611	-8,872	-59,892
<b>Earnings per share</b>						
Earnings per share		5.20	-0.25	7.52	-0.34	-2.74
Diluted earnings per share		5.16	-0.25	7.46	-0.34	-2.72

## Condensed consolidated interim balance sheet (unaudited)

(Figures in NOK 1000)

	Note	30.06.2018	Restated 30.06.2017	Restated 31.12.2017
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	6	92,219	178,572	151,652
Intangible assets	7	90,283	167,463	141,266
Goodwill	7	67,099	132,672	132,672
Deferred tax assets		18,982	23,412	22,035
Other non-current assets	11	43,748	48,439	46,074
<b>Total non-current assets</b>		<b>312,332</b>	<b>550,558</b>	<b>493,699</b>
<b>Current assets</b>				
Trade and other receivables		179,974	207,618	201,569
Cash and cash equivalents		158,944	19,423	17,821
<b>Total current assets</b>		<b>338,918</b>	<b>227,041</b>	<b>219,391</b>
<b>Total assets</b>		<b>651,249</b>	<b>777,599</b>	<b>713,090</b>
<b>EQUITY</b>				
Share capital reduced for treasury shares		2,300	2,300	2,301
Premium paid-in capital		121,325	121,325	121,325
Other reserves		-1,863	-1,822	-403
Retained earnings		179,306	60,830	6,233
<b>Total equity</b>		<b>301,068</b>	<b>182,633</b>	<b>129,455</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Long-term interest-bearing debt	9	14,091	184,640	25,416
Deferred tax liabilities		13,726	27,180	19,911
<b>Total non-current liabilities</b>		<b>27,817</b>	<b>211,820</b>	<b>45,327</b>
<b>Current liabilities</b>				
Trade and other payables		196,071	202,573	225,229
Current income tax liabilities		46,743	16,583	31,792
Short-term interest-bearing debt	9	25,082	93,539	216,401
Deferred income/revenue		54,468	70,452	64,885
<b>Total current liabilities</b>		<b>322,364</b>	<b>383,147</b>	<b>538,307</b>
<b>Total liabilities</b>		<b>350,182</b>	<b>583,342</b>	<b>583,634</b>
<b>Total equity and liabilities</b>		<b>651,249</b>	<b>777,599</b>	<b>713,090</b>

Oslo, 23 August 2018  
Board of Directors  
NextGenTel Holding ASA

Anette Juel Knudtzon  
(sign.)

Lars B. Thoresen  
Chairman of the Board  
(sign.)

Willy Dahl  
(sign.)

Kari Mette Toverud  
(sign.)

Vidar Skogedal  
Employee repr.  
(sign.)

Geir Jensen  
Employee repr.  
(sign.)

Eirik Lunde  
CEO

## Condensed consolidated interim statement of changes in equity (unaudited)

(Figures in NOK 1000)

	Treasury shares	Premium paid-in capital	Other reserves	Retained earnings	Total	
<b>Equity as at 31 December 2016</b>	2,328	-30	121,325	-3,641	38,703	158,684
Changes in accounting principles (note 3 and 11)				40,817	40,817	
<b>Equity as at 1 January 2017</b>	2,328	-30	121,325	-3,641	79,520	199,501
<b>Comprehensive income for the period</b>						
Profit for the period				-63,130	-63,130	
<b>Other income and expenses</b>						
Translation differences				3,238	3,238	
<b>Total comprehensive income for the period</b>	-	-	-	3,238	-63,130	-59,892
<b>Contributions by and distributions to owners of the Company</b>						
Dividends to owners				-11,504	-11,504	
Share-based payment transactions				755	755	
Share options exercised		3		592	595	
<b>Total contributions by and distributions to owners of the Company</b>	-	3	-	-	-10,157	-10,154
<b>Equity as at 31 December 2017</b>	2,328	-27	121,325	-403	6,233	129,455
<b>Comprehensive income for the period</b>						
Profit for the period				173,072	173,072	
<b>Other income and expenses</b>						
Translation differences				-1,461	-1,461	
<b>Total comprehensive income for the period</b>	-	-	-	-1,461	173,072	171,611
<b>Contributions by and distributions to owners of the Company</b>						
Dividends to owners				-	-	
Share-based payment transactions				-	-	
Share options exercised				-	-	
<b>Total contributions by and distributions to owners of the Company</b>	-	-	-	-	-	-
<b>Equity as at 30 June 2018</b>	2,328	-27	121,325	-1,863	179,305	301,068

## Condensed consolidated interim statement of cash flows (unaudited)

(Figures in NOK 1000)

Cash flows from operations	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Profit/loss for the period before tax from total operations 1)	119,996	-7,529	189,272	-11,011	-43,488
Taxes paid	-106	-2,084	-5,063	-5,201	-18,696
Net profit/loss from sale of fixed assets	-139,711	-	-219,461	-	-275
Depreciation and amortization	40,729	44,567	76,244	89,195	182,747
Net change in working capital and other	15,406	-13,742	9,009	-10,307	9,260
<b>Net cash flows from operations</b>	<b>36,314</b>	<b>21,212</b>	<b>50,000</b>	<b>62,676</b>	<b>129,548</b>
<b>Cash flows from investment activities</b>					
Investments in fixed assets	-8,104	-16,572	-14,790	-29,268	-53,444
Investments in intangible assets	-4,393	-12,601	-9,362	-21,600	-36,106
Proceeds from sale of operations	233,915	-	313,665	-	-
<b>Net cash flows used in investment activities</b>	<b>221,418</b>	<b>-29,173</b>	<b>289,514</b>	<b>-50,868</b>	<b>-89,550</b>
<b>Cash flows from financing activities</b>					
Repayment of debt	-71,520	-	-175,000	-35,000	-70,000
Change in bank overdraft facility	-34,212	-	-13,931	-	17,374
Payment of financial lease obligations	-7,857	-6,821	-9,064	-13,720	-27,032
Payment of dividend	-	-	-	-11,505	-11,504
Equity changes	-	-	-	600	1,363
<b>Net cash flows used in financing activities</b>	<b>-113,589</b>	<b>-6,821</b>	<b>-197,995</b>	<b>-59,625</b>	<b>-89,799</b>
<b>Change in cash and cash equivalents</b>	<b>144,143</b>	<b>506</b>	<b>141,518</b>	<b>-47,817</b>	<b>-49,801</b>
Cash and cash equivalents and credit facilities utilised as at beginning of period	14,958	18,003	17,821	66,593	66,593
Effect of exchange rate fluctuations on cash and cash equivalents	-157	914	-395	647	1,029
<b>Cash and cash equivalents as at end of period</b>	<b>158,944</b>	<b>19,423</b>	<b>158,944</b>	<b>19,423</b>	<b>17,821</b>
<b>1) Profit before tax from total operations consists of:</b>					
Profit before tax from continuing operations:	119,996	-7,529	189,272	-11,011	-43,488
Profit before tax from discontinuing operations:	131,818	-3,012	207,411	-4,503	-28,028
	-11,821	-4,516	-18,139	-6,508	-15,460
<b>Cash flow from discontinuing operations</b>					
Net cash flow from operating activities	5,361	-811	6,133	-367	-17,672
Net cash flow from investing activities	4,667	-2,569	1,663	-6,962	-21,203
Net cash flow from financing activities	10,341	-798	9,525	-1,722	-2,338

## NextGenTel Holding ASA

### Notes to the condensed consolidated interim financial statements (unaudited)

#### **Note 1: Reporting entity**

NextGenTel Holding ASA (the “Company”) is a company domiciled in Oslo, Norway. These June 2018 condensed consolidated interim financial statements of NextGenTel Holding ASA and its subsidiaries (together “the Group”) are for the six months ended 30 June 2018.

The consolidated financial statements of the Group as at and for the year ended 31 December 2017 are available at [www.nextgentelholding.com/investor\\_relations](http://www.nextgentelholding.com/investor_relations).

#### **Note 2: Statement of compliance**

These condensed consolidated interim financial statements of NextGenTel Holding ASA Group have been prepared in accordance with rules and regulations from Oslo Stock Exchange and International Financial Reporting Standard (IFRS) IAS 34, Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2017. The interim financial statements are unaudited.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 August 2018.

#### **Note 3: Significant accounting policies**

These condensed consolidated interim financial statements have been prepared under the same accounting principles as those set out in the consolidated financial statements of the Group as at and for the year ended 31 December 2017, except for the implementation of IFRS 15. The Company has adopted IFRS 15 Revenue from contracts with customers for reporting periods beginning on and after 1 January 2018. IFRS 15 has replaced IAS 18 Revenue, IAS 11 Construction contracts, and related interpretations. The standard has been implemented in accordance with the fully retrospective transitional approach, which means that the effect of implementing the new standard is recorded as a change in shareholders equity as of 1 January 2017, and the comparable periods for 2017 in the income statement have been restated accordingly. See Note 11 for further information.

For information about the standards effective from 1 January 2018, see Note 2 Basis of preparation in the Group's Annual Report 2018.

#### **Note 4: Estimates**

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2017.

## Note 5: Segment information

The group has defined and presented operating segments based on information that is provided to the Board of Directors and CEO, which collectively represent the group's highest decision-making body. The operating segments are redefined in 2018, and based on the new structure with separate entities for the consumer and business segment in Norway. Norway Consumer consists of NextGenTel and Norway Business consists of Proximo. Foreign subsidiaries are presented as one segment. Other consists mainly of group functions and eliminations. Kvantel is classified as discontinued operations and not included in segment information below, see note 10 for further information on discontinued operations.

### Operational segments

(Figures in NOK 1000)

<u>Profit and loss by segment</u>	Q2 2018				
	Norway consumer	Norway Business	Outside of Norway	Other	Group
Operational revenue	151,871	64,217	10,304	-11,336	215,057
Gain from sale of operations*	7,043	132,668	-	-	139,711
<b>Total revenues</b>	<b>158,914</b>	<b>196,886</b>	<b>10,304</b>	<b>-11,336</b>	<b>354,768</b>
Costs of sales	-88,937	-34,208	-4,195	8,452	-118,889
Gross profit/loss	69,977	162,678	6,109	-2,885	235,879
Gross margin	44%	83%	59%		66%
Operating expenses	-47,860	-23,885	-2,615	787	-73,573
<b>EBITDA</b>	<b>22,117</b>	<b>138,793</b>	<b>3,494</b>	<b>-2,098</b>	<b>162,306</b>

<u>Profit and loss by segment</u>	Q2 2017				
	Norway consumer	Norway Business	Outside of Norway	Other	Group
<b>Total revenues</b>	<b>197,778</b>	<b>71,254</b>	<b>12,378</b>	<b>-14,860</b>	<b>266,550</b>
Costs of sales	-114,610	-39,236	-5,440	14,771	-144,515
Gross profit/loss	83,167	32,018	6,938	-88	122,035
Gross margin	42%	45%	56%		46%
Operating expenses	-54,206	-23,913	-2,853	-3,019	-83,991
<b>EBITDA</b>	<b>28,962</b>	<b>8,105</b>	<b>4,085</b>	<b>-3,107</b>	<b>38,044</b>

**Operational segments**
*(Figures in NOK 1000)*
**Jan-Jun 2018**
Profit and loss by segment

	Norway consumer	Norway Business	Outside of Norway	Other	Group
Operational revenue	329,207	131,411	20,881	-24,920	456,579
Gain from sale of operations*	86,793	132,668	-	-	219,461
<b>Total revenues</b>	<b>416,000</b>	<b>264,079</b>	<b>20,881</b>	<b>-24,920</b>	<b>676,040</b>
Costs of sales	-198,789	-73,386	-8,620	26,092	-254,703
Gross profit/loss	217,211	190,693	12,261	1,172	421,337
Gross margin	66%	145%	59%		62%
Operating expenses	-98,459	-48,948	-5,522	-684	-153,612
<b>EBITDA</b>	<b>118,753</b>	<b>141,746</b>	<b>6,739</b>	<b>488</b>	<b>267,725</b>

**Jan-Jun 2017**
Profit and loss by segment

	Norway consumer	Norway Business	Outside of Norway	Other	Group
<b>Total revenues</b>	<b>399,459</b>	<b>142,046</b>	<b>24,329</b>	<b>-28,140</b>	<b>537,694</b>
Costs of sales	-234,005	-75,933	-10,874	27,894	-292,918
Gross profit/loss	165,453	66,113	13,455	-246	244,776
Gross margin	41%	47%	55%	1%	46%
Operating expenses	-114,521	-41,870	-7,091	-3,165	-166,646
<b>EBITDA</b>	<b>50,933</b>	<b>24,244</b>	<b>6,364</b>	<b>-3,410</b>	<b>78,130</b>

## Note 6: Property, plant and equipment

(Figures in NOK 1000)

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
<b>Equipment</b>					
Book value beg. of period	139,065	186,625	151,652	194,690	194,690
Additions	7,946	16,627	14,912	33,093	59,022
Disposal	-32,967	-	-32,967	-	-
Depreciation continuing operations	-18,066	-21,463	-33,770	-43,393	-87,716
Depreciation discontinuing operations	-3,759	-3,217	-7,608	-5,818	-14,344
<b>Property, plant and equipment</b>	<b>92,219</b>	<b>178,572</b>	<b>92,219</b>	<b>178,572</b>	<b>151,652</b>

## Note 7: Intangible assets and goodwill

(Figures in NOK 1000)

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
<b>Intangible assets</b>					
Book value beg. of period	130,274	174,750	141,266	185,847	185,847
Additions	4,393	12,600	9,362	21,600	36,106
Disposal	-31,596	-	-31,596	-	-
Amortization continuing operations	-9,191	-16,455	-21,691	-32,801	-67,964
Amortization discontinuing operations	-3,596	-3,432	-7,058	-7,183	-12,723
<b>Book value end of period</b>	<b>90,283</b>	<b>167,463</b>	<b>90,283</b>	<b>167,463</b>	<b>141,266</b>
<b>Goodwill</b>					
Book value beg. of period	132,672	132,672	132,672	132,672	132,672
Disposal	-65,573	-	-65,573	-	-
<b>Book value end of period</b>	<b>67,099</b>	<b>132,672</b>	<b>67,099</b>	<b>132,672</b>	<b>132,672</b>
<b>Intangible assets and goodwill</b>	<b>157,382</b>	<b>300,135</b>	<b>157,382</b>	<b>300,135</b>	<b>273,938</b>

Amortization of intangible assets includes amortization of excess values related to the acquisition of NextGenTel and Kvantel.

## Note 8: Finance

(Figures in NOK 1000)

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
Interest income	329	225	362	466	2,130
Interest expense	-3,271	-2,634	-5,645	-5,610	-10,622
Foreign currency gain/(loss)	293	-476	757	-712	-3,280
Other financial income/(expenses)	-582	-254	-326	-583	-717
<b>Net finance</b>	<b>-3,231</b>	<b>-3,139</b>	<b>-4,852</b>	<b>-6,439</b>	<b>-12,489</b>

## Note 9: Interest-bearing debt

(Figures in NOK 1000)

	30.06.2018	30.06.2017	31.12.2017
Term loan bank	-	140,000	-
Long term financial lease	14,091	44,640	25,416
<b>Total long-term debt</b>	<b>14,091</b>	<b>184,640</b>	<b>25,416</b>
Term loan bank	-	70,000	175,000
Short term financial lease	25,082	23,539	41,401
<b>Total short-term debt</b>	<b>25,082</b>	<b>93,539</b>	<b>216,401</b>
<b>Total interest-bearing debt</b>	<b>39,173</b>	<b>278,179</b>	<b>241,817</b>
Cash	158,944	19,423	17,821
<b>Net interest-bearing debt</b>	<b>-119,771</b>	<b>258,756</b>	<b>223,996</b>

## Note 10: Discontinued operations

On 27 April 2018 NextGenTel Holding AS entered into an agreement to sell Kvantel AS to Broadnet AS for NOK 250 million. According to the agreement, both datacom and telephony services will be transferred to Broadnet AS, the platform producing the voice services for NextGenTel AS was not a part of the transaction. Closing of the transaction was 29 June 2018. In accordance with IFRS 5, the results of Kvantel AS are classified as discontinued operations for the second quarter of 2018 and 2017, the first half year ended 30 June 2017 and 2018, and the year ended 31 December 2017 are as follows:

(Figures in NOK 1000)

	Q2 2018	Q2 2017	Jan-Jun 2018	Jan-Jun 2017	Jan-Dec 2017
<b>Total revenues</b>	<b>56,385</b>	<b>50,677</b>	<b>112,754</b>	<b>97,873</b>	<b>221,534</b>
Cost of connection and traffic charges	-39,446	-33,044	-78,444	-59,825	-145,559
Salaries and personnel costs	-9,523	-8,383	-19,857	-17,080	-36,784
Other costs	-5,765	-6,872	-11,670	-14,148	-26,941
Depreciation and amortization	-7,355	-6,649	-14,666	-13,001	-27,067
Impairment	-6,117	-	-6,117	-	-
<b>Operating profit</b>	<b>-11,821</b>	<b>-4,271</b>	<b>-18,000</b>	<b>-6,181</b>	<b>-14,817</b>
Finance	-	-245	-140	-327	-643
<b>Profit before income tax</b>	<b>-11,821</b>	<b>-4,516</b>	<b>-18,139</b>	<b>-6,508</b>	<b>-15,460</b>
Income tax	3,099	1,084	4,172	1,562	3,710
<b>Profit</b>	<b>-8,722</b>	<b>-3,432</b>	<b>-13,967</b>	<b>-4,946</b>	<b>-11,750</b>

## Note 11: Impact of IFRS 15 Revenues from contracts with customers

The new accounting standard, IFRS 15 Revenues from contracts with customers, has been implemented in accordance with the fully retrospective transitional approach with effect from 1 January 2017. The effect of implementing IFRS 15 is recorded as a change in shareholders equity as of 1 January 2017, and the comparable periods for 2017 in the balance sheet and income statement have been updated accordingly. The group have completed the assessment of implementation, and the only contracts that have a material effects on the previous reported figures are the incremental costs for obtaining a customer contract. Often, when acquiring a new customer (or group of customers), the company has paid a provision to a third-party in order to obtain the contract with the customer, expecting to be fully reimbursed during sales to the new customer. Until and including 2017, these expenses have been recognized as costs in the income statement when incurred. After implementation of IFRS 15, these costs will have to be capitalized as other non-current assets and amortized over the period in which the contract is expected to provide the company with revenue. The company has assessed the expected useful life of such contracts and at an average we have applied a three-year amortization schedule for the amortized costs. Amortisation of the capitalised cost of obtaining a customer is recognised as other costs in the profit and loss statement. The tables below shows the impact arising from implementation of IFRS 15 on the accounts in the balance sheet and income statement.

(Figures in NOK 1000)

	As reported	Impact IFRS 15	Restated	Impact IFRS 5*	Total*
<b>Impact on assets and equity 1 January 2017</b>					
Other non-current assets (contract costs)	0	53,707	53,707	-	53,707
Deferred tax liabilities	21,360	12,890	34,250	-	34,250
Equity	94,280	40,817	135,097	-	135,097
<b>Impact on assets and equity 30 June 2017</b>					
Other non-current assets (contract costs)	0	48,439	48,439	-	48,439
Deferred tax liabilities	15,555	11,625	27,180	-	27,180
Equity	145,818	36,814	182,632	-	182,633
<b>Impact on assets and equity 31 December 2017</b>					
Other non-current assets (contract costs)	392	45,683	46,074	-	46,074
Deferred tax liabilities	9,404	10,507	19,911	-	19,911
Equity	94,280	35,176	129,456	-	129,456
<b>Impact on profit and loss Q2 2017</b>					
Other costs	38,437	2,686	41,123	-6,872	34,251
<b>Impact on profit and loss Jan-Jun 2017</b>					
Other costs	75,183	5,268	80,451	-14,148	66,303
<b>Impact on profit and loss Jan-Dec 2017</b>					
Other costs	160,410	8,024	168,434	-26,941	141,493

\* Adjusted for IFRS 5 effects of sale of Kvantel AS as discontinued operations as presented in note 10 to reconcile the changes in the balance sheet and the income statement for the second quarter of 2017, the half year ended 30 June 2017 and the year ended 31 December 2017 against previous reported figures.

## Alternative performance measures (APMs)

(Figures in NOK 1000)

Alternative performance measures are performance measures not within the applicable financial reporting framework (IFRS). Financial APMs are intended to enhance comparability of financial performance over time and are frequently used by analysts and investors. APMs may also be used internally as basis for performance related remuneration.

The Group uses the following APMs:

**EBITDA:** Operating profit + depreciation, amortization and impairments

**Net interest-bearing debt:** Total interest-bearing debt - cash and cash equivalents

**Equity ratio:** Total equity/total equity and liabilities

		<b>Restated</b>	<b>Restated</b>
<b>EBITDA</b>	<b>Q2 2018</b>	<b>Q2 2017</b>	<b>Jan-Dec 2017</b>
Operating profit	135,048	127	-15,539
Depreciation and amortization	27,257	37,918	155,680
<b>EBITDA</b>	<b>162,306</b>	<b>38,044</b>	<b>140,141</b>
	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>31.12.2017</b>
<b>Net interest-bearing debt</b>			
Long-term interest bearing debt	14,091	184,640	25,416
Short-term interest bearing debt	25,082	93,539	216,401
Cash and cash equivalents	-158,944	-19,423	-17,821
<b>Net interest-bearing debt</b>	<b>-119,771</b>	<b>258,756</b>	<b>223,996</b>
	<b>30.06.2018</b>	<b>30.06.2017</b>	<b>31.12.2017</b>
<b>Equity ratio</b>			
Total equity	301,068	182,633	129,455
Total equity and liabilities	651,249	777,599	713,090
<b>Equity ratio</b>	<b>46.2%</b>	<b>23.5%</b>	<b>18.2%</b>

## Company Facts

**NextGenTel Holding ASA**  
**Harbitzalleen 2A**  
**P.O. Box 54 Skøyen**  
**0212 Oslo**

Telephone: +47 2167 3500  
Homepage: [www.nextgentelholding.com](http://www.nextgentelholding.com)

Company reg. number: 985 968 098  
Founded: 12 August 2003

## Investor Relations

Gaute Wigenstad Krekling, Chief Financial Officer  
Telephone: +47 986 86 973  
Email address: [gaute.wigenstad.krekling@nextgentel.com](mailto:gaute.wigenstad.krekling@nextgentel.com)  
Web: <http://www.nextgentelholding.com>

## Financial Calendar

1<sup>st</sup> quarter 2018: 26 April at 09:00  
2<sup>nd</sup> quarter 2018: 24 August at 09:00  
3<sup>rd</sup> quarter 2018: 25 October at 09:00