

30 May 2017

DigiPlex Fet AS (the Company)
Management Commentary
For the quarter ended 31 March 2017

Organisation no. 912 189 287

BACKGROUND

The Company was founded in July 2013 when it signed one of the largest data centre deals in Europe for its facility at Heiaveien 9 in the municipality of Fetsund, near Oslo.

The 20-year contract with EVRY AS (one of the two largest IT services companies in the Nordics) secures revenue for its 4,200 m² of IT space, served by 8.4 megawatts of power. The high security facility benefits from the Company's industry leading Air-to-Air cooling technology delivering a power usage efficiency which provides a sustainable performance with minimum environmental footprint.

This report should be read in conjunction with the Company's 2016 audited financial statements dated 28 April 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for the quarter ended 31 March 2017. These statements have been prepared in accordance with IFRS, are not a full set of accounts, and have not been audited.

UPDATE FOR THE QUARTER ENDED 31 MARCH 2017

During the first quarter of 2017, the Company continued to provide IT housing solutions to its sole customer, EVRY.

The Company also assisted EVRY to undertake a second phase of additional construction and project management work. This construction work commenced in the first quarter of 2017, and is expected to be finalised in the second quarter of 2017.

For the quarter ended 31 March 2017, the Company's operating revenues totalled NOK 37.7 million, which is almost two and a half times higher than the operating revenue of NOK 15.8 million reported in the same quarter last year. Whilst part of the increase was due to receiving a full quarter's revenue; the majority of the increase, approximately NOK 16.8 million, relates to the added value services provided for the construction project mentioned above.

Operating expenses totalled NOK 21.6 million, which comprised of NOK 21.0 million of cost of goods sold, operational and management support costs; and NOK 0.6 million of personnel costs. The increase in operating expenses of NOK 14.2 million compared to the same quarter last year is due to the costs of providing the added value services, as described above, of approximately NOK 14.9 million offset by a net decrease of NOK 0.7 million in other operating expenses.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the quarter was NOK 16.1 million, almost doubling the EBITDA reported in the same quarter last year.

A charge of NOK 8.4 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 6.6 million, compared to NOK 8.8 million and NOK 6.3 million respectively in the same quarter last year.

In light of the above, the profit before income tax for the quarter came in at NOK 1.0 million, compared to a loss before income tax of NOK 6.6 million in the same quarter last year.

Cash generated from operations was NOK 5.8 million, compared to NOK 6.8 million in the same quarter last year.

Borrowings totalled NOK 495.5 million as at 31 March 2017, which reflects the Bond Issue completed in June 2014, which largely remains unchanged from the same quarter last year. There were no movements in shareholder loans in the first quarter of 2017 with the balance remaining at NOK 269.1 million.

As at 31 March 2017, cash and cash equivalents stood at NOK 32.8 million compared to NOK 33.7 million at the end of the first quarter in 2016.

Income statement

(amounts in NOK)

	Notes	Quarter ended 31 March		Year to date ended 31 March		Year ended 31
		2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Un-Audited	December 2016 Audited
Operating income and operating expenses						
Revenue from services		20,708,095	15,703,005	20,708,095	15,703,005	74,731,860
Revenue from goods sold		16,979,225	132,374	16,979,225	132,374	3,959,454
Total revenue		37,687,320	15,835,379	37,687,320	15,835,379	78,691,314
Cost of goods sold		14,932,778	6,450	14,932,778	6,450	2,593,683
Employee benefits expense		593,443	487,211	593,443	487,211	2,000,203
Other expenses		6,104,390	6,912,260	6,104,390	6,912,260	29,401,144
EBITDA		16,056,709	8,429,458	16,056,709	8,429,458	44,696,284
Depreciation and amortisation	3	8,437,267	8,784,313	8,437,267	8,784,313	34,591,666
Operating income/(loss)		7,619,442	-354,855	7,619,442	-354,855	10,104,618
				0		
Finance income		97,892	30,749	97,892	30,749	427,432
Finance costs		6,725,035	6,283,654	6,725,035	6,283,654	28,902,151
Finance - net		-6,627,143	-6,252,905	-6,627,143	-6,252,905	-28,474,719
Profit/(loss) before income tax		992,299	-6,607,760	992,299	-6,607,760	-18,370,101
Income tax expense/(benefit)		238,152	-1,651,940	238,152	-1,651,940	-4,289,900
Profit/(loss) for the period		754,147	-4,955,820	754,147	-4,955,820	-14,080,201
Profit/(loss) for the period attributable to the shareholders		754,147	-4,955,820	754,147	-4,955,820	-14,080,201
Statement of comprehensive income/(loss)						
Profit/(loss) for the period		754,147	-4,955,820	754,147	-4,955,820	-14,080,201
Other comprehensive income		0	0	0	0	0
Total comprehensive income/(loss) for the period		754,147	-4,955,820	754,147	-4,955,820	-14,080,201
Total comprehensive income/(loss) attributable to shareholders		754,147	-4,955,820	754,147	-4,955,820	-14,080,201

Statement of financial position
 (amounts in NOK)

Assets	Notes	As at	As at	As at
		31 March	31 December	31 March
		2017	2016	2016
		Un-audited	Audited	Un-audited
Non-current assets				
Deferred tax asset		7,018,529	7,256,681	4,618,719
Property, plant & equipment	3	691,608,643	709,035,347	701,699,743
Other non-current assets		3,863,983	3,918,599	4,099,813
Total non-current assets		702,491,155	720,210,627	710,418,275
Current assets				
Inventories		1,235,960	1,235,960	1,066,060
Trade and other receivables		31,423,098	29,587,543	27,845,995
Bank deposits	2	32,844,638	39,503,025	33,662,162
Total current assets		65,503,696	70,326,528	62,574,217
Total assets		767,994,851	790,537,155	772,992,492
Equity and liabilities				
Equity and liabilities	Notes	As at	As at	As at
		31 March	31 December	31 March
		2017	2016	2016
		Un-audited	Audited	Un-audited
Equity				
Share capital		30,000	30,000	30,000
Retained earnings		-22,171,814	-22,925,961	-13,801,580
Total equity		-22,141,814	-22,895,961	-13,771,580
Non-current liabilities				
Bond loan		495,464,162	494,950,413	492,934,168
Total non-current liabilities		495,464,162	494,950,413	492,934,168
Current liabilities				
Trade and other payables		25,604,699	49,414,899	84,747,434
Shareholder loan		269,067,804	269,067,804	209,082,470
Total current liabilities		294,672,503	318,482,703	293,829,904
Total equity and liabilities		767,994,851	790,537,155	772,992,492

Statement of changes in equity
(amounts in NOK)

	Notes	Share capital	Retained earnings/ (Accumulated loss)	Total equity
As at 1 January 2016		30,000	-8,845,760	-8,815,760
Profit/(loss) for the period		0	-14,080,201	-14,080,201
Other comprehensive income/(loss)		0	0	0
Total comprehensive income/(loss)		0	-14,080,201	-14,080,201
Total transactions with shareholders recognised directly in equity		0	0	0
As at 31 December 2016		30,000	-22,925,961	-22,895,961
As at 1 January 2017		30,000	-22,925,961	-22,895,961
Profit/(loss) for the period		0	754,147	754,147
Other comprehensive income/(loss)		0	0	0
Total comprehensive income/(loss)		0	754,147	754,147
Total transactions with shareholders recognised directly in equity		0	0	0
As at 31 March 2017 (Un-audited)		30,000	-22,171,814	-22,141,814

Statement of cash flow
 (amounts in NOK)

	Notes	Quarter ended 31 March		Year ended 31 March		Year ended 31
		2017	2016	2017	2016	December
		Un-audited	Un-audited	Un-audited	Un-audited	2016
						Audited
Loss before income tax		992,299	-6,607,760	992,299	-6,607,760	-18,370,101
Adjustments for:						
Depreciation and amortisation charges	3	8,437,267	8,784,313	8,437,267	8,784,313	34,591,666
Adjustment for financial activities		6,627,143	6,252,905	6,627,143	6,252,905	28,474,719
Changes in working capital			0			
Trade and other receivables		-1,835,555	-6,699,878	-1,835,555	-6,699,878	-8,441,426
Trade and other payables		-8,464,466	5,033,655	-8,464,466	5,033,655	19,444,032
Change in other assets		54,616	36,281	54,616	36,281	47,595
Net cash flow from operating activities		5,811,304	6,799,516	5,811,304	6,799,516	55,746,485
Cash flows from investing activities						
Investment in property, plant and equipment	3	-5,842,548	-15,383,226	-5,842,548	-15,383,226	-98,438,530
Net cash flow from investing activities		-5,842,548	-15,383,226	-5,842,548	-15,383,226	-98,438,530
Cash flows from financing activities						
Proceeds from borrowings (shareholder loan)		0	0	0	0	59,985,334
Interest paid		-6,627,143	-6,252,905	-6,627,143	-6,252,905	-26,289,039
Net cash flow from financing activities		-6,627,143	-6,252,905	-6,627,143	-6,252,905	33,696,295
Net (decrease)/increase in cash and cash equivalents		-6,658,387	-14,836,615	-6,658,387	-14,836,615	-8,995,750
Cash and cash equivalents at beginning of the period		39,503,025	48,498,775	39,503,025	48,498,775	48,498,775
Cash and cash equivalents at end of period	2	32,844,638	33,662,161	32,844,638	33,662,161	39,503,025

Note 1 - Statement of compliance, basis of preparation and significant accounting policies

DigiPlex Fet AS (the Company) is a Norwegian private limited liability company incorporated on 3 July 2013 and regulated by the Norwegian Private Limited Liability Companies Act and supplementing Norwegian laws and regulations. The Company is registered in the Norwegian Companies Registry with company registration number 912 189 287 and its registered business address is Selma Ellefsens vei 1, 0581 Oslo, Norway.

The Company is a reliable provider of highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Heiaveien 9 in the municipality of Fetsund, near Oslo, Norway, for its customer's information and communication technology equipment.

These condensed interim financial statements do not include all of the information required for a full set of annual financial statements and they have not been audited.

They have been prepared in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'. They should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016, issued on 28 April 2017.

The accounting principles applied in the audited 2016 annual financial statements have also been applied to these statements. For further information regarding the accounting principles applied, please refer to the abovementioned reports.

Note 2 - Bank deposits**Bank deposits**

	31 Mar 2017	31 Dec 2016
Short term cash deposits	28,081,566	29,983,189
Restricted cash	4,763,072	9,519,836
Bank deposits	32,844,638	39,503,025

Cash and cash equivalents consist of short term cash deposits and cash equivalents held at financial institutions.

As at 31 March 2017, the Company had bank accounts with restricted amount of NOK 4,763,072. NOK 4,714,035 is to be applied towards the settlement of development projects with the project contractor. The remaining balance of NOK 49,037 are restricted funds related to employees' tax deductions.

Note 3 - Property, plant and equipment

	Land	Building	Plant and equipment	Furniture and fixtures	Total
As at 31 December 2016					
Accumulated cost	38,520,577	717,982,148	347,300	251,570	757,101,595
Accumulated depreciation	0	47,837,316	154,010	74,922	48,066,248
Accumulated impairment	0	0	0	0	0
Net book amount	38,520,577	670,144,832	193,290	176,648	709,035,347
Quarter ended 31 March 2017					
Opening net book amount	38,520,577	670,144,832	193,290	176,648	709,035,347
Additions	0	-8,989,437			-8,989,437
Depreciation charge	0	8,396,612	28,077	12,578	8,437,267
Net book amount	38,520,577	652,758,783	165,213	164,070	691,608,643
As at 31 March 2017					
Accumulated cost	38,520,577	708,992,711	347,300	251,570	748,112,158
Accumulated depreciation	0	56,233,928	182,087	87,500	56,503,515
Accumulated impairment	0	0	0	0	0
Net book amount	38,520,577	652,758,783	165,213	164,070	691,608,643
Depreciation for current year					
Estimated useful life	0	8,396,612	28,077	12,578	8,437,267
		7-50 years	5 years	3 years	

With effect from 2016, the estimated useful life of the building has been increased from 25 to 50 years.

Definitions

DigiPlex Fet AS's financial information is prepared in accordance with International Financial Reporting Standards ('IFRS'). Additionally, some alternative performance measures have been provided, these are defined as follows:

EBITDA is earnings before interest, tax, depreciation and amortisation.