

29 November 2017

DigiPlex Fet AS (the Company)
Management Commentary
For the nine months ended 30 September 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 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 following financial statements:

- 2016 audited financial statements dated 28 April 2017;
- Condensed interim Q1 2017 financial statements dated 30 May 2017; and
- Condensed interim H1 2017 financial statements dated 29 August 2017,

all of which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for the nine months ended 30 September 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 NINE MONTHS ENDED 30 SEPTEMBER 2017

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

For the nine months ended 30 September 2017, the Company's operating revenues totalled NOK 105.3 million, which reflects an increase of NOK 48.7 million compared to the operating revenue of NOK 56.6 million reported in the same period last year. The majority of the increase, approximately NOK 41 million, relates to an increase in added value services.

Operating expenses totalled NOK 58.9 million, which comprised of NOK 57.1 million of cost of goods sold, operational and management support costs; and NOK 1.8 million of personnel costs. The increase in operating expenses of NOK 35.6 million compared to the same period last year is largely due to the costs of providing the added value services, as described above, of approximately NOK 37.5 million offset by a net decrease of NOK 1.9 million in other operating expenses.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the first nine months of 2017 was NOK 46.4 million, which is 40% higher than the EBITDA reported in the same period last year.

A charge of NOK 25.8 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 19.6 million, compared to NOK 30.1 million and NOK 20.8 million respectively in the same period last year.

In light of the above, the profit before income tax for the first nine months of the financial year 2017 came in at NOK 1.0 million, compared to a loss before income tax of NOK 17.7 million in the same period last year.

Cash generated from operations was NOK 34.8 million, compared to NOK 47.8 million in the same period last year.

Borrowings totalled NOK 496.5 million as at 30 September 2017, which reflects the Bond Issue completed in June 2014, and remains largely unchanged from year end 2016. Shareholder loans were reduced by NOK 32 million during the third quarter of 2017, ending at NOK 237.1 million as of 30 September 2017.

As at 30 September 2017, cash and cash equivalents stood at NOK 13.2 million compared to NOK 39.5 million at the end of 2016.

Income statement

(amounts in NOK)

	Notes	Quarter ended 30 September		Nine months ended 30 September		Year ended 31
		2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Un-Audited	2016 Audited
Operating income and operating expenses						
Revenue from services		20 685 785	19 791 020	62 396 446	55 010 744	74 731 860
Revenue from goods sold		18 439 046	1 033 811	42 881 235	1 555 375	3 959 454
Total revenue		39 124 831	20 824 831	105 277 681	56 566 119	78 691 314
Cost of goods sold		16 928 816	844 941	39 465 963	1 274 595	2 593 683
Employee benefits expense		844 768	521 552	1 851 189	1 367 289	2 000 203
Other expenses		5 925 236	7 212 339	17 603 581	20 696 731	29 401 144
EBITDA		15 426 011	12 245 999	46 356 948	33 227 504	44 696 284
Depreciation and amortisation	3	8 887 018	10 578 804	25 759 949	30 118 399	34 591 666
Operating income/(loss)		6 538 993	1 667 195	20 596 999	3 109 105	10 104 618
Finance income		129 070	123 327	346 306	294 967	427 432
Finance costs		6 545 418	6 748 477	19 924 335	21 101 155	28 902 151
Finance - net		-6 416 348	-6 625 150	-19 578 029	-20 806 188	-28 474 719
Profit/(loss) before income tax		122 645	-4 957 955	1 018 970	-17 697 083	-18 370 101
Income tax expense/(benefit)		29 435	-1 239 489	244 553	-4 424 271	-4 289 900
Profit/(loss) for the period		93 210	-3 718 466	774 417	-13 272 812	-14 080 201
Profit/(loss) for the period attributable to the shareholders		93 210	-3 718 466	774 417	-13 272 812	-14 080 201
Statement of comprehensive income/(loss)						
Profit/(loss) for the period		93 210	-3 718 466	774 417	-13 272 812	-14 080 201
Other comprehensive income		0	0	0	0	0
Total comprehensive income/(loss) for the period		93 210	-3 718 466	774 417	-13 272 812	-14 080 201
Total comprehensive income/(loss) attributable to shareholders		93 210	-3 718 466	774 417	-13 272 812	-14 080 201

Statement of financial position

(amounts in NOK)

Assets	Notes	As at	As at	As at
		30 September 2017 Un-audited	31 December 2016 Audited	30 September 2016 Un-audited
Non-current assets				
Deferred tax asset		7 012 126	7 256 681	7 391 050
Property, plant & equipment	3	687 642 775	709 035 347	684 732 292
Other non-current assets		3 755 138	3 918 599	4 201 018
Total non-current assets		698 410 039	720 210 627	696 324 360
Current assets				
Inventories		1 235 960	1 235 960	1 066 060
Trade and other receivables		36 772 633	29 587 543	24 969 250
Bank deposits	2	13 183 042	39 503 025	58 943 245
Total current assets		51 191 635	70 326 528	84 978 555
Total assets		749 601 674	790 537 155	781 302 915
Equity and liabilities				
Equity and liabilities	Notes	As at	As at	As at
		30 September 2017 Un-audited	31 December 2016 Audited	30 September 2016 Un-audited
Equity				
Share capital		30 000	30 000	30 000
Retained earnings		-22 151 543	-22 925 961	-22 118 572
Total equity		-22 121 543	-22 895 961	-22 088 572
Non-current liabilities				
Bond loan		496 491 661	494 950 413	494 436 664
Total non-current liabilities		496 491 661	494 950 413	494 436 664
Current liabilities				
Trade and other payables		38 163 752	49 414 899	39 887 019
Shareholder loan		237 067 804	269 067 804	269 067 804
Total current liabilities		275 231 556	318 482 703	308 954 823
Total equity and liabilities		749 601 674	790 537 155	781 302 915

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	774 417	774 417
Other comprehensive income/(loss)		0	0	0
Total comprehensive income/(loss)		0	774 417	774 417
Total transactions with shareholders recognised directly in equity		0	0	0
As at 30 September 2017 (Un-audited)		30 000	-22 151 544	-22 121 543

Statement of cash flow
 (amounts in NOK)

	Notes	Quarter ended 30 September		Nine months ended 30 September		Year ended 31
		2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Un-audited	2016 Audited
Loss before income tax		122 645	-4 957 955	1 018 970	-17 697 083	-18 370 101
Adjustments for:						
Depreciation and amortisation charges	3	8 887 018	10 578 804	25 759 949	30 118 399	34 591 666
Adjustment for financial activities		6 416 348	6 625 150	19 578 029	20 806 188	28 474 719
Changes in working capital			0			
Trade and other receivables		-12 019 951	-7 222 444	-7 185 090	-3 823 132	-8 441 426
Trade and other payables		606 332	7 277 153	-4 530 143	18 427 788	19 444 032
Change in other assets		54 422	57 287	163 461	-64 924	47 595
Net cash flow from operating activities		4 066 814	12 357 995	34 805 176	47 767 236	55 746 485
Cash flows from investing activities						
Investment in property, plant and equipment	3	-1 087 727	-3 908 932	-9 547 130	-77 660 030	-98 438 530
Net cash flow from investing activities		-1 087 727	-3 908 932	-9 547 130	-77 660 030	-98 438 530
Cash flows from financing activities						
Repayment of shareholder loan		-32 000 000	-14 666	-32 000 000	59 985 334	59 985 334
Interest paid		-6 416 348	-6 326 180	-19 578 029	-19 648 069	-26 289 039
Net cash flow from financing activities		-38 416 348	-6 340 846	-51 578 029	40 337 265	33 696 295
Net (decrease)/increase in cash and cash equivalents		-35 437 261	2 108 217	-26 319 983	10 444 471	-8 995 750
Cash and cash equivalents at beginning of the period		48 620 303	56 835 029	39 503 025	48 498 775	48 498 775
Cash and cash equivalents at end of period	2	13 183 042	58 943 246	13 183 042	58 943 246	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 and the condensed interim financial statements dated 30 May 2017 for Q1 2017, and 29 August 2017 for Q2 2017.

The accounting principles applied in the audited 2016 annual financial statements, International Financial Reporting Standards ('IFRS'), 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	30 Sep 2017	31 Dec 2016
Short term cash deposits	13 141 863	29 983 189
Restricted cash	41 179	9 519 836
Bank deposits	13 183 042	39 503 025

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

As at 30 September 2017, the Company had bank accounts with restricted amount of NOK 41,179, which are related to employees' tax deductions. Other restricted funds for the settlement of development projects with the project contractor have been released since year-end 2016.

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
Net book amount	38 520 577	670 144 832	193 290	176 648	709 035 347
Period ended 30 Sep 2017					
Opening net book amount	38 520 577	670 144 832	193 290	176 648	709 035 347
Additions	0	4 367 377			4 367 377
Depreciation charge	0	25 637 988	84 225	37 736	25 759 949
Net book amount	38 520 577	648 874 221	109 065	138 912	687 642 775
As at 30 Sep 2017					
Accumulated cost	38 520 577	722 349 525	347 300	251 570	761 468 972
Accumulated depreciation	0	73 475 304	238 235	112 658	73 826 197
Net book amount	38 520 577	648 874 221	109 065	138 912	687 642 775
Depreciation for current year	0	25 637 988	84 225	37 736	25 759 949
Estimated useful life		7-50 years	5 years	3 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.