

1 March 2018

**DigiPlex Fet AS (the Company)
Management Commentary
For the year ended 31 December 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;
- Condensed interim H1 2017 financial statements dated 29 August 2017; and
- Condensed interim Q3 2017 financial statements dated 29 November 2017.

All of the above have been prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for the year ended 31 December 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 YEAR ENDED 31 DECEMBER 2017

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

For the year ended 31 December 2017, the Company's operating revenues totalled NOK 129.4 million, which reflects an increase of NOK 50.7 million compared to the operating revenue of NOK 78.7 million reported last year. The majority of the increase, approximately NOK 42.4 million, relates to an increase in added value services.

Operating expenses totalled NOK 68.7 million, which comprised of NOK 66.1 million of cost of goods sold, operational and management support costs; and NOK 2.6 million of personnel costs. The increase in operating expenses of NOK 34.7 million compared to last year is largely due to the costs of providing the added value services, as described above, of approximately NOK 40.6 million offset by a net decrease of NOK 5.9 million in other operating expenses.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for 2017 was NOK 60.7 million, which is 36% higher than the EBITDA reported last year.

A charge of NOK 34.3 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 25.9 million, compared to NOK 34.6 million and NOK 28.5 million respectively last year.

In light of the above, the profit before income tax for the financial year 2017 came in at NOK 0.5 million, compared to a loss before income tax of NOK 18.4 million for 2016.

Cash generated from operations was NOK 40.4 million, compared to NOK 55.7 million last year.

Borrowings totalled NOK 497.0 million as at 31 December 2017, which reflects the Bond Issue completed in June 2014, and remains largely unchanged from year end 2016 where borrowings totalled NOK 495.0 million. Shareholder loans were reduced by NOK 32 million during the year, ending at NOK 237.1 million as of 31 December 2017.

As at 31 December 2017, cash and cash equivalents stood at NOK 11.7 million compared to NOK 39.5 million at the end of 2016.

Income statement

(amounts in NOK)

	Notes	Quarter ended 31 December		Year ended 31 December	
		2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Audited
Operating income and operating expenses					
Revenue from services		20 685 784	19 721 116	83 082 230	74 731 860
Revenue from goods sold		3 456 473	2 404 079	46 337 708	3 959 454
Total revenue		24 142 257	22 125 195	129 419 938	78 691 314
Cost of goods sold		3 732 620	1 319 088	43 198 583	2 593 683
Employee benefits expense		758 847	632 914	2 610 036	2 000 203
Other expenses		5 323 828	8 704 413	22 927 409	29 401 144
EBITDA		14 326 962	11 468 780	60 683 910	44 696 284
Depreciation and amortisation	3	8 583 830	4 473 267	34 343 779	34 591 666
Operating income/(loss)		5 743 132	6 995 513	26 340 131	10 104 618
Finance income		90 113	132 465	436 419	427 432
Finance costs		6 398 571	7 800 996	26 322 906	28 902 151
Finance - net		-6 308 458	-7 668 531	-25 886 487	-28 474 719
Profit/(loss) before income tax		-565 326	-673 018	453 644	-18 370 101
Income tax expense/(benefit)		-135 678	-168 255	108 875	-4 289 900
Profit/(loss) for the period		-429 648	-504 763	344 769	-14 080 201
Profit/(loss) for the period attributable to the shareholders		-429 648	-504 763	344 769	-14 080 201
Statement of comprehensive income/(loss)					
Profit/(loss) for the period		-429 648	-504 763	344 769	-14 080 201
Other comprehensive income		0	0	0	0
Total comprehensive income/(loss) for the period		-429 648	-504 763	344 769	-14 080 201
Total comprehensive income/(loss) attributable to shareholders		-429 648	-504 763	344 769	-14 080 201

Statement of financial position

(amounts in NOK)

Assets	Notes	As at	As at
		31 December 2017 Un-audited	31 December 2016 Audited
Non-current assets			
Deferred tax asset		7 147 805	7 256 681
Property, plant & equipment	3	677 300 085	709 035 347
Other non-current assets		3 700 716	3 918 599
Total non-current assets		688 148 606	720 210 627
Current assets			
Inventories		1 645 944	1 235 960
Trade and other receivables		33 357 432	29 587 543
Bank deposits	2	11 667 795	39 503 025
Total current assets		46 671 171	70 326 528
Total assets		734 819 777	790 537 155
Equity and liabilities			
Equity			
Share capital		30 000	30 000
Retained earnings		-22 581 190	-22 925 961
Total equity		-22 551 190	-22 895 961
Non-current liabilities			
Bond loan		497 005 411	494 950 413
Total non-current liabilities		497 005 411	494 950 413
Current liabilities			
Trade and other payables		23 297 752	49 414 899
Shareholder loan		237 067 804	269 067 804
Total current liabilities		260 365 556	318 482 703
Total equity and liabilities		734 819 777	790 537 155

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	344 769	344 769
Other comprehensive income/(loss)		0	0	0
Total comprehensive income/(loss)		0	344 769	344 769
Total transactions with shareholders recognised directly in equity		0	0	0
As at 31 December 2017 (Un-audited)		30 000	-22 581 192	-22 551 190

Statement of cash flow
(amounts in NOK)

	Notes	Quarter ended 31 December		Year ended 31 December	
		2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Audited
Profit/(loss) before income tax		-565 326	-673 018	453 644	-18 370 101
Adjustments for:					
Depreciation and amortisation charges	3	8 583 830	4 473 267	34 343 779	34 591 666
Adjustment for financial activities		6 308 458	7 668 531	25 886 487	28 474 719
Changes in working capital					
Trade and other receivables		3 415 201	-4 618 294	-3 769 889	-8 441 426
Trade and other payables		-11 750 410	1 016 244	-16 280 553	19 444 032
Change in other assets		54 422	112 519	217 883	47 595
Net cash flow from operating activities		5 636 191	7 979 249	40 441 367	55 746 485
Cash flows from investing activities					
Investment in property, plant and equipment	3	-842 980	-20 778 500	-10 390 110	-98 438 530
Net cash flow from investing activities		-842 980	-20 778 500	-10 390 110	-98 438 530
Cash flows from financing activities					
Proceeds from/(Repayment of) shareholder loan		0	0	-32 000 000	59 985 334
Interest paid		-6 308 458	-6 640 970	-25 886 487	-26 289 039
Net cash flow from financing activities		-6 308 458	-6 640 970	-57 886 487	33 696 295
Net (decrease)/increase in cash and cash equivalents		-1 515 247	-19 440 221	-27 835 230	-8 995 750
Cash and cash equivalents at beginning of the period		13 183 042	58 943 246	39 503 025	48 498 775
Cash and cash equivalents at end of period	2	11 667 795	39 503 025	11 667 795	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, 29 August 2017 for H1 2017 and 29 November 2017 for Q3 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**

	31 Dec 2017	31 Dec 2016
Short term cash deposits	11 599 491	29 983 189
Restricted cash	68 304	9 519 836
Bank deposits	11 667 795	39 503 025

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

As at 31 December 2017, the Company had bank accounts with restricted amount of NOK 68,304, which are 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
Net book amount	38 520 577	670 144 832	193 290	176 648	709 035 347
Period ended 31 December 2017					
Opening net book amount	38 520 577	670 144 832	193 290	176 648	709 035 347
Additions	0	2 572 618	35 899	2 608 517	2 608 517
Depreciation charge	0	34 195 171	132 399	16 209	34 343 779
Net book amount	38 520 577	638 522 279	96 790	160 439	677 300 085
As at 31 December 2017					
Accumulated cost	38 520 577	720 554 766	383 199	251 570	759 710 112
Accumulated depreciation	0	82 032 487	286 409	91 131	82 410 027
Net book amount	38 520 577	638 522 279	96 790	160 439	677 300 085
Depreciation for current year	0	34 195 171	132 399	16 209	34 343 779
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.