

29 August 2018

DigiPlex Fet AS (the Company)  
Management Commentary  
For the half year ended 30 June 2018

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 m<sup>2</sup> 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 2017 audited financial statements dated 30 April 2018, and the condensed interim Q1 2018 financial statements dated 30 May 2018, both of which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for the half year ended 30 June 2018. These statements have been prepared in accordance with IFRS, are not a full set of accounts, and have not been audited.

## UPDATE FOR THE HALF YEAR ENDED 30 JUNE 2018

During the first half year of 2018, the Company continued to provide IT housing solutions to its sole customer, EVRY.

For the first half year ended 30 June 2018, the Company's operating revenues totalled NOK 44.8 million compared to an operating revenue of NOK 66.2 million reported in the same period last year. Operating revenues for the first half of 2017 were impacted positively by a higher level of added value services in relation to construction work.

Operating expenses totalled NOK 14.9 million, which comprised of NOK 14.1 million of cost of goods sold, operational and management support costs; and NOK 0.8 million of personnel costs. In comparison to the first half of 2017 the total operating costs have decreased by NOK 20.3 million. The decrease is due to the reduction in activities related to added value services.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the first half of 2018 was NOK 29.9 million, compared to an EBITDA of NOK 30.9 million for the same period of last year.

A charge of NOK 17.4 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 12.7 million, compared to NOK 16.9 million and NOK 13.2 million respectively in the same period of last year.

Considering the above, the loss before income tax for the first half of 2018 came in at a negative NOK 0.2 million, compared to the profit before income tax of NOK 0.9 million reported for the first half of last year.

Cash generated from operating activities was NOK 36.4 million, compared to NOK 30.7 million in the same period last year.

Borrowings of NOK 497.9 million at 30 June 2018, which remained largely unchanged from the year end 2017 total of NOK 497.0 million, were re-classified to other current liabilities. This reflects the Bond Issue, completed in June 2014, maturing on 11 June 2019. The Company is in the process of reviewing its re-financing options which is expected to be completed ahead of the maturity date. The shareholder loan decreased by NOK 20 million from NOK 237.1 million to NOK 217.1 million due to a repayment.

As at 30 June 2018, cash and cash equivalents stood at NOK 14.7 million compared to NOK 11.7 million at the end of 2017.

**Income Statement**

(All amounts in NOK thousand)

	Notes	Quarter ended 30 June		Year-to-date ended 30 June		Year ended 31 December
		2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Un-audited	2017 Audited
<b>Operating income and operating expenses</b>						
Revenue from services		21 475	21 082	42 386	41 709	83 081
Revenue from goods sold		1 016	7 463	2 437	24 523	46 419
<b>Total revenue</b>		<b>22 491</b>	<b>28 545</b>	<b>44 822</b>	<b>66 232</b>	<b>129 499</b>
Cost of goods sold		960	7 604	2 012	22 617	43 252
Employee benefits expense		301	413	803	1 006	2 610
Other operating expenses		6 061	5 653	12 144	11 678	22 953
<b>EBITDA</b>		<b>15 169</b>	<b>14 874</b>	<b>29 863</b>	<b>30 931</b>	<b>60 684</b>
Depreciation and amortisation	2	8 796	8 436	17 398	16 873	34 344
<b>Operating profit</b>		<b>6 373</b>	<b>6 439</b>	<b>12 465</b>	<b>14 058</b>	<b>26 340</b>
Finance income		42	119	193	217	436
Finance cost		6 578	6 654	12 873	13 379	26 323
<b>Finance - net</b>		<b>-6 536</b>	<b>-6 535</b>	<b>-12 680</b>	<b>-13 162</b>	<b>-25 886</b>
<b>Profit/(loss) before income tax</b>		<b>-163</b>	<b>-96</b>	<b>-215</b>	<b>896</b>	<b>454</b>
Income tax expense/(benefit)		-38	-23	-49	215	407
<b>Profit/(loss) for the period</b>		<b>-125</b>	<b>-73</b>	<b>-166</b>	<b>681</b>	<b>47</b>
Profit/(loss) for the period attributable to the shareholders		-125	-73	-166	681	47
<b>Statement of comprehensive income/(loss)</b>						
Profit/(loss) for the period		-125	-73	-166	681	47
Other comprehensive income						
<b>Total comprehensive income/(loss) for the period</b>		<b>-125</b>	<b>-73</b>	<b>-166</b>	<b>681</b>	<b>47</b>
<b>Total comprehensive income/(loss) attributable to shareholders</b>		<b>-125</b>	<b>-73</b>	<b>-166</b>	<b>681</b>	<b>47</b>

**Statement of financial position**  
(All amounts in NOK thousand)

		As at 30 June	As at 31 December	As at 30 June
		2018	2017	2017
Assets	Notes	Un-audited	Audited	Un-audited
<b>Non-current assets</b>				
Deferred tax asset		6 899	6 850	7 042
Land, building and outfitting	2	660 518	677 043	684 968
Furniture and fixtures	2	248	257	289
Other non-current assets		3 592	3 701	3 810
<b>Total non-current assets</b>		<b>671 257</b>	<b>687 851</b>	<b>696 108</b>
<b>Current assets</b>				
Inventories		1 463	1 646	1 236
Trade and other receivables		23 097	33 357	24 753
Bank deposits	3	14 677	11 668	48 620
<b>Total current assets</b>		<b>39 236</b>	<b>46 671</b>	<b>74 609</b>
<b>Total assets</b>		<b>710 493</b>	<b>734 522</b>	<b>770 717</b>
<b>Equity and liabilities</b>				
		As at 30 June	As at 31 December	As at 30 June
		2018	2017	2017
Equity and liabilities	Notes	Un-audited	Audited	Un-audited
<b>Equity</b>				
Share capital		30	30	30
Other equity		-23 045	-22 879	-22 245
<b>Total equity</b>		<b>-23 015</b>	<b>-22 849</b>	<b>-22 215</b>
<b>Non-current liabilities</b>				
Borrowings		0	497 005	495 681
Shareholder loan		217 068	237 068	269 068
<b>Total non-current liabilities</b>		<b>217 068</b>	<b>734 073</b>	<b>764 749</b>
<b>Current liabilities</b>				
Trade and other payables		15 265	20 082	25 695
Other liabilities		497 857	0	0
Public tax liabilities		3 317	3 215	2 487
<b>Total current liabilities</b>		<b>516 440</b>	<b>23 298</b>	<b>28 182</b>
<b>Total equity and liabilities</b>		<b>710 493</b>	<b>734 522</b>	<b>770 717</b>

**Statement of changes in equity**  
(All amounts in NOK thousand)

	Share capital	Share premium reserve	Other equity	Total equity
<b>As at 1 January 2017</b>	<b>30</b>	<b>0</b>	<b>-22 926</b>	<b>-22 896</b>
Profit/(loss) for the period	0	0	47	47
Other comprehensive income/(loss)	0	0	0	0
<b>Total comprehensive income/(loss)</b>	<b>0</b>	<b>0</b>	<b>47</b>	<b>47</b>
<b>Total transactions with shareholders recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 31 December 2017</b>	<b>30</b>	<b>0</b>	<b>-22 879</b>	<b>-22 849</b>
<b>As at 1 January 2018</b>	<b>30</b>	<b>0</b>	<b>-22 879</b>	<b>-22 849</b>
Profit/(loss) for the period	0	0	-166	-166
Other comprehensive income/(loss)	0	0	0	0
<b>Total comprehensive income/(loss)</b>	<b>0</b>	<b>0</b>	<b>-166</b>	<b>-166</b>
<b>Total transactions with shareholders recognised directly in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>As at 30 June 2018</b>	<b>30</b>	<b>0</b>	<b>-23 045</b>	<b>-23 015</b>

**Statement of cash flow**  
(All amounts in NOK thousand)

	Quarter ended 30 June		Year-to-date ended 30 June		Year ended 31 December
	2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Un-audited	2017 Audited
<b>Profit/(loss) before income tax</b>	<b>-163</b>	<b>-96</b>	<b>-215</b>	<b>896</b>	<b>454</b>
Adjustments for:					
Depreciation and amortisation charges	8 796	8 436	17 398	16 873	34 344
Adjustment for financial activities	6 536	6 535	12 680	13 162	25 886
Changes in working capital					
Trade and other receivables	475	6 670	10 261	4 834	-3 770
Trade and other payables	-4 623	3 328	-3 754	-5 136	-16 281
Inventories	19	54	183	109	-192
<b>Net cash flow from operating activities</b>	<b>11 040</b>	<b>24 927</b>	<b>36 553</b>	<b>30 738</b>	<b>40 441</b>
<b>Cash flows from investing activities</b>					
Investment in property, plant and equipment	2	-2 617	-864	-8 459	-10 390
<b>Net cash flow from investing activities</b>	<b>-440</b>	<b>-2 617</b>	<b>-864</b>	<b>-8 459</b>	<b>-10 390</b>
<b>Cash flows from financing activities</b>					
Repayment of shareholder loan	-20 000	0	-20 000	0	-32 000
Interests paid	-6 704	-6 535	-12 680	-13 162	-25 886
<b>Net cash flow from financing activities</b>	<b>-26 704</b>	<b>-6 535</b>	<b>-32 680</b>	<b>-13 162</b>	<b>-57 886</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>-16 104</b>	<b>15 776</b>	<b>3 009</b>	<b>9 117</b>	<b>-27 835</b>
Cash and cash equivalents at beginning of the period	30 781	32 844	11 668	39 503	39 503
<b>Cash and cash equivalents at end of the period</b>	<b>3</b>	<b>14 677</b>	<b>14 677</b>	<b>48 620</b>	<b>11 668</b>

**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 for the half year ended 30 June 2018 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 2017, issued on 30 April 2018, and the condensed interim Q1 2018 financial statements dated 30 May 2018, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The accounting principles applied in the audited 2017 annual financial statements, International Financial Reporting Standards ('IFRS'), have also been applied to these statements.

Additionally, the following new standards have been implemented as of 1 January 2018, neither of which has had an impact on the Company's financial statements:

IFRS 9, 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The new classification, measurement and derecognition rules do not affect the accounting of the Company's financial assets and financial liabilities.

IFRS 15, 'Revenue from contracts with customers'

IFRS 15 replaces IAS 18 and is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The following standard which is mandatory from 1 January 2019, has been reviewed with regards to its effect on the Company's financial statements:

IFRS 16, 'Leases'

IFRS 16 will affect primarily the accounting by lessees and may require the recognition of leases on the balance sheet. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected whereby an operating lease expense will be replaced with interest and depreciation, thereby changing the EBITDA.

The accounting by lessors will not change significantly. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The new standard is not expected to have a significant effect on the financial statements of the Company.

**Note 2 - Land, building and outfitting**

(All amounts in NOK thousand)	Land	Building and outfitting	Furniture and fixtures	Total
<b>Year ended 31 December 2017</b>				
Opening net book amount	38 521	670 145	370	709 035
Additions	0	2 573	36	2 609
Depreciation charge	0	34 195	149	34 344
<b>Net book amount</b>	<b>38 521</b>	<b>638 522</b>	<b>257</b>	<b>677 300</b>
<b>As at 31 December 2017</b>				
Accumulated cost	38 521	720 547	635	759 702
Accumulated depreciation	0	82 025	378	82 402
<b>Net book amount</b>	<b>38 521</b>	<b>638 522</b>	<b>257</b>	<b>677 300</b>
<b>Period ended 30 June 2018</b>				
Opening net book amount	38 521	638 522	257	677 300
Additions	0	795	69	864
Depreciation charge	0	17 320	78	17 398
<b>Net book amount</b>	<b>38 521</b>	<b>621 997</b>	<b>248</b>	<b>660 766</b>
<b>As at 30 June 2018</b>				
Accumulated cost	38 521	721 342	704	760 566
Accumulated depreciation	0	99 345	456	99 800
<b>Net book amount</b>	<b>38 521</b>	<b>621 997</b>	<b>248</b>	<b>660 766</b>
<b>Depreciation for current period</b>				
	<b>0</b>	<b>17 320</b>	<b>78</b>	<b>17 398</b>
Estimated useful life	n/a	7-50 years	3-5 years	

**Note 3 - Bank deposits**

(All amounts in NOK thousand)	30 Jun 2018	31 Dec 2017
Short term cash deposits	14 635	11 599
Restricted cash (employees' tax deductions)	42	68
<b>Bank deposits</b>	<b>14 677</b>	<b>11 668</b>

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

**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.