

29 August 2018

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

Organisation no. 994 817 477

BACKGROUND

The Company is the DigiPlex Group of Companies' second fully operational data centre in Oslo. It was founded in 2009 and is based in the Rosenholm Business Centre Campus.

The current data halls, rebuilt by the Company with new mechanical and electrical infrastructures, provide 1,500 m² of white technical space, fitted out according to customers' current and future requirements with state-of-the-art security, functionality and sustainability.

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 the Norwegian Generally Accepted Accounting Principles [NGAAP].

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 NGAAP, 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 existing customer base. The Company has in this period expanded the data centre with an additional 680 m2 of white space to meet increased customer demand. Construction work will be completed in Q3 2018.

For the first half ended 30 June 2018, the Company's operating revenues totalled NOK 23.9 million, which is NOK 1.0 million higher than the same period last year. Operating expenses totalled NOK 14.1 million, as compared to NOK 12.8 million for the same period last year, and comprised of NOK 13.3 million of operational, management and accounting support costs, and NOK 0.8 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the first half year of 2018 was NOK 9.8 million, compared to NOK 10.1 million for the first half of 2017.

A charge of NOK 5.9 million was made to reflect depreciation of the plant and equipment. A slight increase from the NOK 5.7 million reported for first half year of 2017.

Operating profit for the first half year ended 30 June 2018 was NOK 3.9 million, compared to NOK 4.4 million for the same period of last year.

The Company incurred net finance costs of NOK 3.4 million, a decrease of NOK 0.1 million compared to the same period last year.

In light of the above, the profit before income taxes for the first half year of 2018 came in at NOK 0.5 million, a decrease of NOK 0.4 million compared to the same period in 2017, mainly as a result of higher operating expenses.

Cash generated from operating activities was NOK 3.3 million for the first half of 2018, compared to NOK 9.7 million for the same period last year. The reduction in cash flow from operating activities was mainly related to timing effects from VAT on the ongoing construction.

Income Statement**(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
Operating income and operating expenses	Notes					
Revenue from services		11 288	10 526	23 370	22 718	44 971
Revenue from goods sold		273	64	523	177	866
Total revenue		11 562	10 590	23 893	22 895	45 836
Cost of goods sold		29	9	44	27	333
Employee benefits expense		304	552	779	1 343	3 179
Other operating expenses		6 455	5 123	13 309	11 435	23 364
EBITDA		4 773	4 906	9 761	10 090	18 960
Depreciation and amortisation	2	2 969	2 851	5 861	5 676	11 349
Operating profit		1 804	2 056	3 900	4 413	7 611
Finance income		1	15	30	33	33
Finance cost		1 779	1 732	3 431	3 541	6 979
Finance - net		-1 778	-1 717	-3 401	-3 509	-6 945
Profit/(loss) before income tax		26	339	499	905	666
Income tax expense/(benefit)		6	81	115	217	827
Profit/(loss) for the period		20	258	384	688	-160

Statement of financial position
(All amounts in NOK thousand)

(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
Non-current assets				
Deferred tax asset		4 705	4 820	5 430
Land, building and outfitting	2	227 445	213 677	217 636
Furniture and fixtures	2	32	41	51
Total non-current assets		232 182	218 538	223 117
Current assets				
Inventories		571	571	437
Trade and other receivables		9 080	6 056	5 179
Bank deposits	3	11 367	27 666	23 246
Total current assets		21 018	34 293	28 862
Total assets		253 200	252 832	251 978

		As at 30 June	As at 31 December	As at 30 June
		2018	2017	2017
Equity and liabilities	Notes	Un-audited	Audited	Un-audited
Equity				
Share capital		2 950	2 950	2 950
Other equity		-16 571	-16 955	-16 107
Total equity		-13 621	-14 005	-13 157
Non-current liabilities				
Borrowings		236 777	243 027	249 277
Total non-current liabilities		236 777	243 027	249 277
Current liabilities				
Trade and other payables		29 220	20 854	12 887
Deposits from customers		682	682	682
Public tax liabilities		141	2 274	2 288
Total current liabilities		30 043	23 810	15 857
Total equity and liabilities		253 200	252 832	251 978

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
Profit/(loss) before income tax		26	339	499	905	666
Adjustments for:						
Depreciation and amortisation charges		2 969	2 851	5 861	5 676	11 349
Changes in working capital						
Trade and other receivables		6 082	298	-3 023	5 383	4 506
Trade and other payables		-1 260	679	-17	-2 300	-598
Inventories		0	0	0	0	-134
Net cash flow from operating activities		7 818	4 167	3 320	9 664	15 788
Cash flows from investing activities						
Investment in property, plant and equipment	2	-18 264	-327	-19 621	-788	-2 491
Net cash flow from investing activities		-18 264	-327	-19 621	-788	-2 491
Cash flows from financing activities						
Loan from related party		0	0	0	0	0
Net cash flow from financing activities		0	0	0	0	0
Net (decrease)/increase in cash and cash equivalents		-10 446	3 840	-16 300	8 876	13 297
Cash and cash equivalents at beginning of the period		21 812	19 406	27 666	14 369	14 369
Cash and cash equivalents at end of the period	3	11 367	23 246	11 367	23 246	27 666

DigiPlex Rosenholm AS

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

DigiPlex Rosenholm AS is a Norwegian private limited liability company incorporated on 24 November 2009 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 994 817 477 and its registered business address is Selma Ellefsens vei 1, 0581 Oslo, Norway.

DigiPlex Rosenholm AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Rosenholmveien 25 outside Oslo, Norway, for its customers' 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 the Accounting Act and Norwegian Generally Accepted Accounting Principles (NGAAP) for small enterprises. 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.

The accounting principles applied in the audited 2017 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 Tangible assets

	Plant and equipment	Furniture and fixtures	Total
Tangible assets			
Accumulated cost as at 01.01.2018	278 667	110	278 777
Additions	19 621	-	19 621
Disposals	-	-	-
Accumulated cost as at 30.06.2018	298 287	110	298 397
Accumulated depreciation	70 842	78	70 920
Net book value as at 30.06.2018	227 445	32	227 477
Depreciation for the period	5 853	8	5 861
Expected useful life	7-25 years	3-5 years	
Depreciation plan	Straight line	Straight line	

Note 3 Bank deposits

Bank deposits	30 June 2018	31 Dec 2017
Short term cash deposits, cash equivalents	7 377	27 574
Restricted cash	3 991	92
Bank deposits	11 367	27 666

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

As at 30 June 2018, the Company had bank accounts with a total restricted amount of NOK 3,990,895. NOK 3,913,500 are to be applied towards settlement of development projects with the project contractor. The remaining balance of NOK 77,395 are restricted funds related to employees' tax deductions.