



Q3  
2019

DigiPlex Norway Holding 2 AS  
Interim Report  
January - September 2019

FUTURE  
READY  
IT-HOUSING

## Background

DigiPlex Norway Holding 2 AS and its subsidiaries DigiPlex Norway AS, DigiPlex Rosenholm AS and DigiPlex Fet AS, together 'the Group', designs, builds and operates sustainable and secure data centres. DigiPlex is carrier-neutral and offers connectivity to all major cloud and network service providers. DigiPlex offers best-in-class services with the highest possible availability and is trusted by public and private customers alike – including security sensitive organisations such as government and financial institutions with mission-critical applications. DigiPlex's three data centres are powered by electricity produced from 100% sustainable sources.

DigiPlex Norway Holding 2 AS was founded in April 2019 and through a contribution in kind by its parent company, DigiPlex Norway Holding 1 AS, acquired 100% of the shares of the three operative subsidiaries DigiPlex Norway AS (DNAS), DigiPlex Fet AS (DFAS) and DigiPlex Rosenholm AS (DRAS), all state-of-the-art Norwegian data centres, located in the greater Oslo area.

The purpose of the new Group structure was to refinance the Group with a new bond loan that was issued on 30 April 2019. The consolidated financial statements are presented based on predecessor accounting of the subsidiaries.

DNAS is situated at Ulven in Oslo's Økern district and was founded in 2000, making it the most established data centre in the Group. The company provides 4,900 m<sup>2</sup> of white technical space, fitted out according to customers' current and future requirements with state-of-the-art security, functionality and sustainability. It has now been fully operational for more than 18 years over which period it has attracted an impressive portfolio of customers with a high customer renewal rate allowing DNAS to maintain a consistent and reliable operating revenue stream.

DFAS 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 EVERY 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 9.8 megawatts of power. The high security facility benefits from DFAS' industry leading Air-to-Air cooling technology delivering a power usage efficiency which provides a sustainable performance with minimum environmental footprint.

DRAS was founded in 2009 and is based in the Rosenholm Business Centre Campus. The data halls, providing 1,900m<sup>2</sup> of technical space, were re-built with new mechanical and electrical infrastructures and fitted out according to customers' current and future requirements with state-of-the-art security, functionality and sustainability.

## Financial update for the nine months ended 30 September 2019

DigiPlex has been a success since its inception in 2000, and has proven financial track record, with 21% revenue CAGR in the 2014-2018 period and current EBITDA margins close to 55%.

For the nine months ended 30 September 2019, the group's operating revenues totalled NOK 274.0 million, compared to pro-forma NOK 224.3 million reported for the same period of last year, an increase of 49.7 million, mainly related to organic growth. Operating expenses totalled NOK 127.0 million, compared to pro-forma NOK 96.4 million for the same period of last year, and comprised of NOK 21.2 million of cost of goods sold, NOK 63.7 million of operational, management and accounting support costs, and NOK 42.1 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the nine months ended 30 September 2019 was NOK 147.0 million, compared to pro-forma NOK 128.0 million for the same period of last year.

A charge of NOK 81.6 million was made to reflect depreciation of plant and equipment, and the group incurred net finance costs of NOK 66.0 million compared to pro-forma NOK 42.7 million for the same period of 2018. The increase is mainly due to that the settled shareholder loans were non-interest bearing, subordinated loans. In addition, the new bond loan was interest bearing from the settlement date of 30 April 2019, while most of the refinanced bonds were not settled until due date on 11 June 2019 and 17 July 2019.

Considering the above, the first nine months of 2019 came in at a loss before tax of NOK 0.5 million, compared to a pro-forma profit before income tax of NOK 12.3 million for the same period of 2018.

Cash generated from operations was NOK 118.3 million for the nine months ended 30 September 2019.

Total book equity for the group as of 30 September 2019 was NOK 48.2 million based on continuity accounting. However, the book equity of the parent company, DigiPlex Norway Holding 2 AS, based on the fair value of the subsidiaries, was NOK 2,115.8 million at 30 September 2019.

## **Future Outlook**

Nordic cloud adoption is rapidly outpacing the rest of the market driving strong hyperscale demand for local infrastructure. DigiPlex is the only Pan-Nordic provider of reliable, sustainable and cost-efficient data centres, and the largest operator in Norway.

International customers are increasingly attracted to Norway because of its cool climate, low cost 100% renewable energy and proximity to large European markets. DigiPlex has been building on these natural advantages for nearly two decades by securing premium land and bringing in the engineering and deployment capability to meet the specific requirements of these global businesses. DigiPlex thus sees a stable and growing demand for its services.

## Consolidated statement of comprehensive income

Amounts in NOK '000.	Note	Actual Q3 2019 Unaudited	Pro-forma Q3 2018 Unaudited	Actual 9M 2019 Unaudited	Pro-forma 9M 2018 Unaudited	Pro-forma 2018 Unaudited
Revenue from services		90,182	70,523	250,158	206,490	276,513
Revenue from goods sold		9,404	4,955	23,869	17,833	26,387
<b>Total revenue</b>	<b>4</b>	<b>99,586</b>	<b>75,478</b>	<b>274,027</b>	<b>224,323</b>	<b>302,900</b>
Cost of goods sold		- 10,574	- 4,260	- 21,194	- 14,197	- 17,613
Employee benefits expense		- 18,936	- 10,041	- 42,137	- 26,090	- 38,730
Other operating expenses		- 17,915	- 19,624	- 63,661	- 56,071	- 76,426
<b>EBITDA</b>		<b>52,160</b>	<b>41,553</b>	<b>147,035</b>	<b>127,965</b>	<b>170,132</b>
Depreciation and amortisation	5	- 27,415	- 24,510	- 81,554	- 72,931	- 97,893
<b>Operating profit</b>		<b>24,745</b>	<b>17,044</b>	<b>65,481</b>	<b>55,034</b>	<b>72,239</b>
Finance income		3,061	591	6,012	2,364	2,803
Finance costs		- 24,258	- 15,383	- 71,972	- 45,052	- 60,734
<b>Net financial gains/(losses)</b>		<b>- 21,197</b>	<b>- 14,793</b>	<b>- 65,960</b>	<b>- 42,688</b>	<b>- 57,931</b>
<b>Profit/(loss) before tax</b>		<b>3,548</b>	<b>2,251</b>	<b>- 479</b>	<b>12,345</b>	<b>14,308</b>
Income tax expense/(benefit)		- 776	- 517	105	- 2,841	- 5,424
<b>Profit/(loss) for the period</b>		<b>2,772</b>	<b>1,734</b>	<b>- 374</b>	<b>9,504</b>	<b>8,884</b>
Profit/(loss) for the year attributable to the shareholders		2,772	1,734	- 374	9,504	8,884
<b>Other comprehensive income:</b>						
Items that may be reclassified to profit or loss		0	0	0	0	0
Items that will not be reclassified to profit or loss		0	0	0	0	0
<b>Other comprehensive income, net of tax</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total comprehensive income/(loss) for the period</b>		<b>2,772</b>	<b>1,734</b>	<b>- 374</b>	<b>9,504</b>	<b>8,884</b>
<b>Total comprehensive income/(loss) attributable to shareholders</b>		<b>2,772</b>	<b>1,734</b>	<b>- 374</b>	<b>9,504</b>	<b>8,884</b>

## Consolidated statement of financial position

Amounts in NOK '000.	Note	Actual 30.09.2019 Unaudited	Pro-forma 30.09.2018 Unaudited	Pro-forma 31.12.2018 Unaudited
<b>ASSETS</b>				
<b>Non-current assets</b>				
Deferred tax asset		48,704	51,187	48,603
Land, building and outfitting	5	1,444,988	1,364,493	1,458,513
Furniture and fixtures	5	5,270	4,549	5,426
Loans to related parties		277,130	20,000	20,000
Other non-current assets		42	3,991	4,132
<b>Total non-current assets</b>		<b>1,776,134</b>	<b>1,444,220</b>	<b>1,536,674</b>
<b>Current assets</b>				
Other receivables related parties		0		2,147
Inventories		7,395	2,615	3,106
Trade and other receivables		122,657	71,793	124,370
Bank deposits	6	139,303	67,991	119,435
<b>Total current assets</b>		<b>269,355</b>	<b>142,399</b>	<b>249,059</b>
<b>TOTAL ASSETS</b>		<b>2,045,489</b>	<b>1,586,618</b>	<b>1,785,733</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
<b>Paid-in equity</b>				
Share capital		150	150	150
Share premium reserve		39,578	39,578	39,578
<b>Total paid-in equity</b>		<b>39,728</b>	<b>39,728</b>	<b>39,728</b>
<b>Earned equity</b>				
Other equity		8,510	9,504	8,884
<b>Total earned equity</b>		<b>8,510</b>	<b>9,504</b>	<b>8,884</b>
<b>Total equity</b>		<b>48,238</b>	<b>49,232</b>	<b>48,612</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Borrowings		1,778,491	322,595	452,096
Long term lease obligation		42,754	48,165	47,109
Other long term liabilities		682	682	682
<b>Total non-current liabilities</b>		<b>1,821,928</b>	<b>371,442</b>	<b>499,887</b>
<b>Current liabilities</b>				
Borrowings		0	1,045,981	1,047,499
Deposits from customers		8,603	8,962	8,603
Trade and other payables		152,241	107,969	172,959
Public tax liabilities		14,479	3,033	8,174
<b>Total current liabilities</b>		<b>175,323</b>	<b>1,165,945</b>	<b>1,237,234</b>
<b>Total liabilities</b>		<b>1,997,251</b>	<b>1,537,386</b>	<b>1,737,121</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,045,489</b>	<b>1,586,618</b>	<b>1,785,733</b>

## Consolidated statement of changes in equity

Amounts in NOK '000.	Note	Share capital	Share premium reserve	Other equity	Total equity
<b>Balance at 1 January 2018</b> (pro-forma, unaudited)		<b>150</b>	<b>39,578</b>	<b>0</b>	<b>39,728</b>
Profit for the period		0	0	8,884	8,884
Other comprehensive income		0	0	0	0
<b>Balance at 31 December 2018</b> (pro-forma, unaudited)		<b>150</b>	<b>39,578</b>	<b>8,884</b>	<b>48,612</b>
<b>Balance at 1 January 2019</b> (pro-forma, unaudited)		<b>150</b>	<b>39,578</b>	<b>8,884</b>	<b>48,612</b>
Loss for the period		0		- 374	- 374
Other comprehensive income		0	0	0	0
<b>Balance at 30 September 2019</b> (unaudited)		<b>150</b>	<b>39,578</b>	<b>8,510</b>	<b>48,238</b>

## Consolidated statement of cash flow

Amounts in NOK '000.	Note	Actual Q3 2019 Unaudited	Pro-forma Q3 2018 Unaudited	Actual 9M 2019 Unaudited	Pro-forma 9M 2018 Unaudited	Pro-forma 2018 Audited
<b>Cash flows from operating activities</b>						
Profit before income tax		3,548	2,253	- 479	12,343	14,312
Adjusted for:						
Depreciations	5	27,415	24,510	81,554	72,931	97,893
Financial activities		21,197	14,792	65,960	42,687	57,931
Changes in inventories		- 3,963	170	- 4,289	218	- 273
Change in trade and other receivables		- 23,690	- 2,892	1,101	14,766	- 40,100
Change in trade and other payables		21,522	14,177	- 25,518	9,945	79,712
<b>Net cash from operating activities</b>		<b>46,029</b>	<b>53,010</b>	<b>118,329</b>	<b>152,891</b>	<b>209,475</b>
<b>Cash flows from investing activities</b>						
Purchase of property, plant and equipment	5	- 24,982	- 60,592	- 67,873	- 108,406	- 228,265
Issue of loan to related party		0		- 250,280		0
Repayment of loan from related party		0	40,000	0	40,000	40,000
<b>Net cash from investing activities</b>		<b>- 24,982</b>	<b>- 20,592</b>	<b>- 318,153</b>	<b>- 68,406</b>	<b>- 188,265</b>
<b>Cash flows from financing activities</b>						
Net issue of bond loan / shareholder loan		- 750	0	1,777,500	0	88,132
Repayment of bond loan / shareholder loan		1	- 22,311	- 1,502,095	- 41,832	0
Interests paid		- 13,450	- 14,792	- 55,712	- 42,687	- 57,931
<b>Net cash from financing activities</b>		<b>- 14,199</b>	<b>- 37,103</b>	<b>219,693</b>	<b>- 84,519</b>	<b>30,201</b>
<b>Net change in cash and cash equivalents</b>		<b>6,847</b>	<b>- 4,685</b>	<b>19,868</b>	<b>- 34</b>	<b>51,410</b>
Carried forward cash and cash equivalents		132,456	72,676	119,435	68,025	68,025
<b>Cash and cash equivalents on closing date</b>	6	<b>139,303</b>	<b>67,991</b>	<b>139,303</b>	<b>67,991</b>	<b>119,435</b>
Of which restricted cash and cash equivalents		25,612	2,683	25,612	2,683	6,017

## Selected notes to the Interim Financial Statement

### Note 1 - Company Information

DigiPlex Norway Holding 2 AS ("the Company") is a Norwegian private limited liability company incorporated on 5 March 2019 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 922393257. Its registered business address is Ulvenveien 82E, 0581 Oslo, Norway.

DigiPlex Norway Holding 2 AS is the parent company for three wholly owned subsidiaries, DigiPlex Norway AS (DNAS), DigiPlex Fet AS (DFAS) and DigiPlex Rosenholm AS (DRAS) (together, "the Group"), all of which provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space for their customer's information and communication technology equipment.

The ownership of the three subsidiaries was transferred from the parent company, DigiPlex Norway Holding 1 AS, by a contribution in kind on the 24 April 2019. As the parent company has no other activity than financing of the Group's activities and owning the shares in the subsidiaries, predecessor accounting has been applied when showing the Group activity. The Group business going forward will be based on the subsidiaries as a combination of entities under common control using book values for the individual entities.

### Note 2 - Basis of preparation and accounting policies

#### Basis of preparation

The interim financial statements for the period ending 30 September 2019 are prepared in accordance with IAS 34. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's financial statement for the half year ended 30 June 2019. The interim financial statements are unaudited.

#### Accounting principles

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's financial statement for the half year ended 30 June 2019. All amounts in the notes are in NOK '000, except where otherwise indicated.

### Note 3 - Business combinations under common control and pro-forma accounts

The group accounts have been prepared using predecessor values as the group is founded as a business combination under common control. IFRS 3 do not cover such business combinations as the combination lacks substance from an accounting perspective.

As the accounts are prepared using predecessor accounting, the comparative figures for periods prior to the foundation of DNH2 and the Group formation have been prepared on a pro-forma basis using the accounting principles described above.

The Group has applied IFRS 9, 'Financial instruments' and IFRS 15, 'Revenue from contracts with customers' when preparing comparative figures (pro-forma). The new standards have not had any material effects, and any implementation effects would only had bearing on the pro-forma accounts. Refer to note 2.2, 2.14 and 3 for further information.

### Note 4 - Segment information

DigiPlex Norway Holding 2 AS is a diversified group which derives its revenues and profits from the operation of three separate data centres. The group's Senior Leadership Team, consisting of the chief executive officer, chief strategy officer, chief service delivery officer, chief technology officer, chief development officer, chief operation officer, chief financial officer and chief HR & compliance officer, considers the business from both a product and a geographic perspective. The data centres are considered as reporting segments as they are monitored separately.

The table below shows the segment information provided to the Senior Leadership Team for the reportable segments for the first 9 months of 2019:

Amounts in NOK '000.	DNAS	DRAS	DFAS	Other	Total
<b>9M 2019</b>					
Total segment revenue	158,332	40,492	97,752	0	296,576
Inter-segment revenue	20,649	1,375	525	0	22,549
<b>Revenue from external customers</b>	<b>137,683</b>	<b>39,116</b>	<b>97,227</b>	<b>0</b>	<b>274,027</b>
<b>EBITDA</b>	<b>68,270</b>	<b>22,065</b>	<b>56,739</b>	<b>- 40</b>	<b>147,035</b>



**9M 2018**

Total segment revenue	133,185	36,852	67,542	0	237,579
Inter-segment revenue	13,256	0	0	0	13,256
<b>Revenue from external customers</b>	<b>119,929</b>	<b>36,852</b>	<b>67,542</b>	<b>0</b>	<b>224,323</b>
<b>EBITDA</b>	<b>63,958</b>	<b>19,021</b>	<b>44,986</b>	<b>0</b>	<b>127,965</b>

**Note 5 - Property, plant and equipment**

Amounts in NOK '000.	Land	Plant and equipment	Furniture and fixtures	Total
<b>As at 31 December 2018</b>				
Accumulated cost	48,967	2,061,907	11,492	2,122,365
Accumulated depreciation	0	- 652,361	- 6,066	- 658,427
<b>Net book value</b>	<b>48,967</b>	<b>1,409,546</b>	<b>5,426</b>	<b>1,463,939</b>
<b>Nine months ended 30 September</b>				
Opening net book value	48,967	1,409,546	5,426	1,463,939
Additions	0	66,797	1,077	67,873
Depreciation charge	0	- 80,321	- 1,233	- 81,554
<b>Closing net book value</b>	<b>48,967</b>	<b>1,396,022</b>	<b>5,270</b>	<b>1,450,258</b>
<b>As at 30 September 2019</b>				
Accumulated cost	48,967	2,128,704	12,568	2,190,239
Accumulated depreciation	0	- 732,682	- 7,298	- 739,980
<b>Net book value</b>	<b>48,967</b>	<b>1,396,022</b>	<b>5,270</b>	<b>1,450,258</b>
Depreciation plan	None	Straight line	Straight line	
Expected useful life		10 - 50 years	3 - 6 years	

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts.

**Note 6 - Bank deposits**

Amounts in NOK '000.	30.09.2019	30.09.2018	31.12.2018
Short term cash deposits	113,691	65,308	113,418
Restricted cash	25,612	2,683	6,017
<b>Bank deposits</b>	<b>139,303</b>	<b>67,991</b>	<b>119,435</b>

## Alternative performance measures

DigiPlex Norway Holding 2 AS' 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:

### **CAGR**

The annual growth rate over a period of years, calculated on the basis that each year's growth is compounded.

### **EBITDA**

Earnings before interest, tax, depreciation and amortisation.