



Q1 Interim Report

JANUARY - MARCH 2020

DigiPlex Norway Holding 2 AS

Financial update

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 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 consolidated financial statements are presented based on predecessor accounting of the subsidiaries.

DigiPlex continues its strong growth path, revenue growth was 24% in Q1 2020 compared to the same quarter of last year.

For the period ending 31 March 2020, the Group's operating revenues totalled NOK 100.7 million, compared to NOK 81.3 million reported for the same period of last year, an increase of 19.4 million, mainly related to organic growth. Operating expenses totalled NOK 48.9 million, compared to NOK 38.4 million for the same period of last year, and comprised of NOK 7.2 million of cost of goods sold, NOK 25.4 million of operational, management and accounting support costs, and NOK 16.4 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the period ending 31 March 2020 was NOK 51.7 million, an increase of 20,4% from NOK 43,0 million for the same period last year.

A charge of NOK 28.2 million was made to reflect depreciation of plant and equipment, and the group incurred net finance costs of NOK 66.6 million compared to NOK 14.8 million for the same period of 2019. The increase is mainly due to a NOK 43.3 million reduction in market value of an interest derivative.

Considering the above, Q1 2020 came in at a loss before tax of NOK 43.1 million, compared to a profit before tax of NOK 2.6 million for Q1 2019.

Cash generated from operations was NOK 50.4 million for the three months ending 31 March 2020.

Total book equity for the group as of 31 March 2020 was NOK 6.6 million based on predecessor accounting. However, the book equity of the parent company, DigiPlex Norway Holding 2 AS, based on the fair value of the subsidiaries, was NOK 2 073.7 million at 31 March 2020.

Future outlook

In 2020, the primary goal is continued focus on providing highly reliable IT housing services to our customers; ensuring renewals when due and providing tailor-made solutions to meet new customers' requirements.



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.

The situation around COVID-19 has in 2020 led to major challenges for the entire society. DigiPlex is closely monitoring the spread of COVID-19 and recommendations from local public health authorities in all the countries of operation. The Board and Management are strongly committed to continue serving the customers while ensuring the safety of employees, customers, contractors and suppliers. During these challenging times a robust digital infrastructure is crucial, and in this period of social distancing, DigiPlex's responsibility and stable operations are critical.

The Group continues to follow the information and recommendations from local authorities in Norway, and have implemented segregation of staff and increased security.

As the Group's data centres form part of services that are critical for society, and its customers are mainly larger public and private corporations, no loss of revenue or of accounts receivable have been registered. The Group's liquidity situation is strong, and the data centres have been able to continue the 100% delivery to customers, as such the Board does not expect any significant negative effects for the financial results for 2020. In summary, the Board is confident that the Group will exit this period stronger than before.

Consolidated statement of comprehensive income

Amounts in NOK '000.	Note	Q1 2020 Unaudited	Q1 2019 Unaudited	2019 Audited
Revenue from services		90 614	78 696	337 384
Revenue from goods sold		10 040	2 653	42 802
Total revenue	4	100 653	81 349	380 186
Cost of goods sold		- 7 167	- 2 140	- 38 913
Employee benefits expense		- 16 368	- 13 708	- 56 703
Other operating expenses		- 25 379	- 22 535	- 90 902
EBITDA		51 739	42 967	193 668
Depreciation and amortisation	5	- 28 187	- 25 533	- 109 737
Operating profit		23 553	17 434	83 932
Finance income		- 162	396	16 726
Finance costs	7	- 66 468	- 15 193	- 99 729
Net financial gains/(losses)		- 66 630	- 14 797	- 83 003
Profit/(loss) before tax		- 43 077	2 637	929
Income tax expense/(benefit)		111	- 580	47
Profit/(loss) for the period		- 42 966	2 057	976
Profit/(loss) for the year attributable to the shareholders		- 42 966	2 057	976

Amounts in NOK '000.	Note	Q1 2020 Unaudited	Q1 2019 Unaudited	2019 Audited
Other comprehensive income:				
Items that may be reclassified to profit or loss		0	0	0
Items that will not be reclassified to profit or loss		0	0	0
Other comprehensive income net of tax		0	0	0
Total comprehensive income/(loss) for the period		- 42 966	2 057	976
Total comprehensive income/(loss) attributable to shareholders		- 42 966	2 057	976

Consolidated statement of financial position

Amounts in NOK '000.	Note	31.03.20 Unaudited	31.12.19 Audited	Amounts in NOK '000.	Note	31.03.20 Unaudited	31.12.19 Audited
ASSETS				EQUITY AND LIABILITIES			
Non-current assets				Equity			
Deferred tax asset		48 756	48 646	Paid-in equity			
Property, plant and equipment	5	1 413 900	1 449 369	Share capital		150	150
Loans to related parties		289 570	285 834	Share premium reserve		39 578	39 578
Interest derivatives	7	0	5 894	Total paid-in equity		39 728	39 728
Other non-current assets		88	13 020	Earned equity			
Total non-current assets		1 752 314	1 802 763	Other equity		- 33 106	9 860
Current assets				Total earned equity		- 33 106	9 860
Other receivables related parties		0	0	Total equity		6 622	49 588
Inventories		4 205	3 953	Liabilities			
Trade and other receivables		130 705	103 332	Non-current liabilities			
Bank deposits	6	125 189	110 646	Borrowings		1 778 407	1 777 133
Total current assets		260 099	217 931	Long term lease obligation		57 627	58 168
TOTAL ASSETS		2 012 413	2 020 693	Other long term liabilities	7	37 362	682
				Total non-current liabilities		1 873 395	1 835 984
				Current liabilities			
				Borrowings		16 350	16 532
				Deposits from customers		8 285	8 252
				Trade and other payables		102 111	103 224
				Public tax liabilities		5 651	7 113
				Total current liabilities		132 396	135 121
				Total liabilities		2 005 791	1 971 106
				TOTAL EQUITY AND LIABILITIES		2 012 413	2 020 693

Consolidated statement of changes in equity

Amounts in NOK '000.	Note	Share capital	Share premium reserve	Other equity	Total equity
Balance at 1 January 2020 (audited)		150	39 578	9 860	49 588
Profit for the period		0		- 42 966	- 42 966
Other comprehensive income		0	0	0	0
Balance at 31 March 2020 (unaudited)		150	39 578	- 33 106	6 622
Balance at 1 January 2019 (audited)		150	39 578	8 884	48 612
Loss for the period		0	0	976	976
Other comprehensive income		0	0	0	0
Balance at 31 December 2019 (audited)		150	39 578	9 860	49 588

Consolidated statement of cash flow

Amounts in NOK '000.	Note	Q1 2020 Unaudited	Q1 2019 Unaudited	2019 Audited
Cash flows from operating activities				
Profit before income tax		- 43 077	2 637	929
Adjusted for:				
Depreciation	5	28 187	25 533	109 737
Financial activities		66 630	14 797	83 003
Changes in inventories		- 251	13	- 847
Change in trade and other receivables		1 759	29 749	- 15 167
Change in trade and other payables		- 2 884	- 63 401	14 304
Net cash from operating activities		50 363	93 278	191 957
Cash flows from investing activities				
Purchase of property, plant and equipment	5	- 7 366	- 19 750	- 140 128
Issue of loan to related party		- 4 000	0	- 250 280
Repayment of loan from related party		0	0	1 638
Net cash from investing activities		- 11 366	- 19 750	- 388 770

Amounts in NOK '000.	Note	Q1 2020 Unaudited	Q1 2019 Unaudited	2019 Audited
Cash flows from financing activities				
Net issue of bond loan / shareholder loan		0	0	1 777 500
Repayment of bond loan / shareholder loan		0	- 10 321	- 1 502 095
Repayment of other loans				- 4 778
Interests paid		- 25 300	- 14 797	- 82 604
Net cash from financing activities		- 25 300	- 25 118	188 023
Net change in cash and cash equivalents		13 697	- 35 540	- 8 789
Carried forward cash and cash equivalents		110 646	119 435	119 435
Cash and cash equivalents on closing date	6	123 099	83 895	110 646
Of which restricted cash and cash equivalents		4 547	28 719	3 021

Selected notes to the Interim Financial Statement

NOTE 1 – GENERAL 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 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.

NOTE 2 – BASIS OF PREPARATION AND ACCOUNTING POLICIES

Basis of preparation

The interim financial statements for the period ending 31 March 2020 are prepared in accordance with IAS 34. The interim 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 year ending 31 December 2019. The interim financial statements are unaudited.

Accounting principles

The accounting policies adopted in the preparation of the interim consolidated financial statements are consistent with those followed in the preparation of the Group’s financial statement for the year ending 31 December 2019. All amounts in the notes are in NOK ‘000, except where otherwise indicated.

NOTE 3 – BUSINESS COMBINATIONS UNDER COMMON CONTROL

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 using the accounting principles described above.

NOTE 4 – SEGMENTS AND REVENUE INFORMATION

The group derives its revenues and profits from the operation of three separate data centres. The data centres are considered as reporting segments as they are monitored separately. The chief operating decision maker, consisting of the Chairman of the Board and Chief Executive Officer, considers the business from both a product and a geographic perspective.

The table shows the segment information provided to the chief operating decision maker for the reportable segments for the 3 months ended 31 March 2020.

The Group uses EBITDA as a measure to assess the performance of the segments. The segment overview excludes the effects of unrealised gains/losses on financial instruments. Interest income and expenditure

are not allocated to segments, as this type of activity is driven by the central finance function, which manages the cash position of the Group.

The majority of the Group's revenue derives from non-cancelable long term contracts. The Group also have some short term contracts that can be terminated.

Amounts in NOK '000.	DNAS	DFAS	DRAS	Group items and eliminations	Consolidated
3M 2020					
Revenue from external customers	52 087	13 506	33 509	0	99 102
Inter-segment revenue	9 016	0	0	- 9 016	0
Total segment revenue	61 103	13 506	33 509	- 9 016	99 102
EBITDA	23 984	6 154	20 590	1 011	51 739
3M 2019					
Revenue from external customers	40 313	13 585	27 450	0	81 349
Inter-segment revenue	7 268	370	175	- 7 813	0
Total segment revenue	47 581	13 955	27 625	- 7 813	81 349
EBITDA	20 580	6 618	14 571	1 198	42 967

NOTE 5 – PROPERTY, PLANT AND EQUIPMENT

Amounts in NOK '000.	Land	Plant and equipment	Furniture and fixtures	Right of use assets	Total
As at 31 December 2019					
Accumulated cost	48 548	2 090 476	10 355	72 199	2 221 577
Accumulated depreciation	0	-754 474	- 7 193	- 10 541	- 772 208
Net book value	48 548	1 336 003	3 161	61 658	1 449 369
Three months ending 31 March 2020					
Opening net book value	48 548	1 336 003	3 161	61 658	1 449 369
Additions	-14 649	7 052	314	0	- 7 283
Depreciation charge	0	-26 038	- 304	- 1 844	- 28 187
Closing net book value	33 899	1 317 016	3 171	59 813	1 413 900
As at 31 March 2020					
Accumulated cost	33 899	2 097 528	10 668	72 199	2 214 294
Accumulated depreciation	0	- 780 512	- 7 498	- 12 385	- 800 395
Net book value	33 899	1 317 016	3 171	59 813	1 413 900
Depreciation plan	None	Straight line	Straight line	Straight line	
Expected useful life		10 - 50 years	3 - 6 years	3 - 17 years	

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

NOTE 6 – CASH AND CASH EQUIVALENTS

Amounts in NOK '000.	31.03.2020	31.12.2019
Short term cash deposits and cash equivalents	120 643	107 625
Restricted bank deposits	4 547	3 021
Cash and cash equivalents	125 189	110 646

NOTE 7 – DERIVATIVES AND HEDGING

In 2019, the Group entered into a forward interest rate agreement to hedge 50% of the floating interest rate exposure of the bond loan. The forward interest rate agreement for the bond loan is fixed at 171.5bps.

Amounts in NOK '000.	
Market value as at 31 December 2019	5 894
Change of value Q1 2020 included in Finance costs	- 43 256
Market value as at 31 March 2020	-37 362

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.



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