

29 August 2017

DigiPlex Rosenholm AS (the Company)
Management Commentary
For the half year ended 30 June 2017

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 2016 audited financial statements dated 28 April 2017, and the condensed interim Q1 2017 financial statements dated 30 May 2017, both 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 2017. 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 2017

During the course of the first half of 2017, the Company continued to provide IT housing solutions to its existing customer base.

For the half year ended 30 June 2017, the Company's operating revenues totalled NOK 22.9 million, compared to NOK 24.5 million for the same period last year. The decrease is due to a reduction of added value services and other revenue. Operating expenses totalled NOK 12.8 million, an 11% decrease from the same period last year, which comprised of NOK 11.5 million of operational, management and accounting support costs, and NOK 1.3 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the first half of 2017 was NOK 10.1 million, which is comparable to the same period last year.

A charge of NOK 5.7 million was made to reflect depreciation of the plant and equipment.

Operating income for the half year was NOK 4.4 million, a 2% increase on the same period last year.

The Company incurred net finance costs of NOK 3.5 million, compared to NOK 2.8 million in the same period last year.

In light of the above, the earnings before taxes for the first half of 2017 came in at NOK 0.9 million, a decrease of NOK 0.7 million compared to the first half of 2016, as a result of higher net finance costs.

Cash generated from operations was NOK 9.7 million in the first half of 2017, compared to NOK 5.8 million in the same period last year due to changes in working capital.

DigiPlex Rosenholm AS
Profit & Loss Statement
(amounts in NOK)

Amounts in NOK)

		Quarter ended 30 June		Half year ended 30 June		Year ended 31 December
		2017	2016	2017	2016	2016
	Notes	Un-audited	Un-audited	Un-audited	Un-audited	Audited
OPERATING REVENUE AND EXPENSES						
Sales revenue		10,589,541	11,863,108	22,895,027	24,502,858	49,056,193
Cost of goods sold		-8,650	-104,909	-27,337	-184,843	-271,001
Personnel expenses		-552,056	-897,698	-1,342,804	-2,547,035	-5,485,212
Other operating expenses		-5,122,777	-5,755,544	-11,435,222	-11,660,614	-23,756,508
EBITDA		4,906,058	5,104,957	10,089,664	10,110,366	19,543,472
Depreciation	2	-2,850,509	-2,936,175	-5,676,277	-5,765,756	-11,187,252
OPERATING PROFIT		2,055,549	2,168,782	4,413,387	4,344,610	8,356,220
Financial income		15,062	212,944	32,583	263,177	323,176
Financial expense		-1,731,987	-1,505,486	-3,541,346	-3,021,438	-6,308,291
EARNINGS/(LOSS) BEFORE TAXES		338,624	876,240	904,624	1,586,349	2,371,105
Taxes		-81,270	-219,060	-217,110	-396,587	-1,092,480
ORDINARY PROFIT/(LOSS)		257,354	657,180	687,514	1,189,762	1,278,625
NET PROFIT/(LOSS) FOR THE PERIOD		257,354	657,180	687,514	1,189,762	1,278,625
TRANSFERS AND ALLOCATIONS						
Transfer to equity gain/(loss)		257,354	657,180	687,514	1,189,762	1,278,625
TOTAL TRANSFERS AND ALLOCATIONS		257,354	657,180	687,514	1,189,762	1,278,625

DigiPlex Rosenholm AS

Balance Sheet

(amounts in NOK)

		As at 30 June 2017 Un-audited	As at 31 December 2016 Audited	As at 30 June 2016 Un-audited
Notes				
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
		5,429,837	5,646,947	6,342,840
		5,429,837	5,646,947	6,342,840
Tangible assets				
		217,635,775	222,550,951	226,348,731
		50,814	24,167	28,085
		217,686,589	222,575,118	226,376,816
TOTAL NON-CURRENT ASSETS				
		223,116,426	228,222,065	232,719,655
CURRENT ASSETS				
		436,737	436,737	416,705
		3,119,512	10,100,958	14,029,787
		2,059,684	460,912	2,803,651
		23,245,713	14,369,393	18,945,746
		28,861,646	25,368,000	36,195,890
TOTAL ASSETS				
		251,978,072	253,590,065	268,915,545
EQUITY AND LIABILITIES				
EQUITY				
Paid in equity				
		2,950,000	2,950,000	2,950,000
		2,950,000	2,950,000	2,950,000
Earned equity				
		-16,106,692	-16,794,206	-16,883,069
		-16,106,692	-16,794,206	-16,883,069
Total equity				
		-13,156,692	-13,844,206	-13,933,069
LIABILITIES				
Long term liabilities				
		249,277,148	249,277,148	259,277,148
		682,422	682,422	682,422
		249,959,570	249,959,570	259,959,570
Short term liabilities				
		1,391,278	1,219,239	5,463,642
		2,269,806	2,419,205	1,702,995
		11,514,110	13,836,258	15,722,407
		15,175,194	17,474,702	22,889,044
TOTAL LIABILITIES				
		265,134,764	267,434,272	282,848,614
TOTAL EQUITY AND LIABILITIES				
		251,978,072	253,590,065	268,915,545

DigiPlex Rosenholm AS

Cash Flow Statement

(amounts in NOK)

	Quarter ended 30 June		Half year ended 30 June		Year ended 31 December
	2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Un-audited	2016 Audited
Profit/(loss) before income tax	338,624	876,240	904,624	1,586,349	2,371,105
<i>Adjustments for:</i>					
Depreciation and amortisation charges	2,850,509	2,936,175	5,676,277	5,765,756	11,187,252
<i>Changes in working capital:</i>					
Trade and other receivables	1,577,499	-9,159,615	6,981,446	-4,192,329	-263,500
Trade and other payables	412,315	3,376,037	-2,299,508	3,376,056	-2,038,286
Inventories	-	-	-	-	-20,032
Change in other assets	-1,012,831	-120,193	-1,598,771	-692,737	1,650,003
Net cash flow from operating activities	4,166,116	-2,091,356	9,664,068	5,843,095	12,886,541
Cash flows from investing activities					
Investments in land, buildings and equipment	-326,593	-1,212,856	-787,748	-2,042,312	-3,662,110
Net cash flow from investing activities	-326,593	-1,212,856	-787,748	-2,042,312	-7,901,040
Cash flows from financing activities					
Loans from related companies	-	-	-	-	20,000,000
Repayment of loan to parent company	-	-	-	-	-30,000,000
Net cash flow from financing activities	-	-	-	-	-10,000,000
Increase/(decrease) in cash during the period	3,839,523	-3,304,212	8,876,320	3,800,783	-775,569
Cash balance at the beginning of the period	19,406,190	22,249,958	14,369,393	15,144,964	15,144,962
Cash balance at the end of the period	23,245,713	18,945,746	23,245,713	18,945,746	14,369,393

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 second quarter ended 30 June 2017 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 for small enterprises. They should be read in conjunction with the audited annual financial statements for the year ended 31 December 2016, dated 28 April 2017, and the condensed interim Q1 2017 financial statement dated 30 May 2017.

The accounting principles applied in the audited 2016 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

Tangible assets	Plant and equipment	Furniture, fittings and office equipment	Total
Accumulated cost as at 1.1.2017	276,209,717	75,559	276,285,276
Additions	753,362	34,386	787,748
Disposals	-	-	-
Accumulated cost as at 30.06.2017	276,963,079	109,945	277,073,024
Accumulated depreciation	59,327,304	59,131	59,386,435
Net book value as at 30.06.2017	217,635,775	50,814	217,686,589
Depreciation for the period	5,668,538	7,739	5,676,277
Expected useful life	7-25 years	3-5 years	
Depreciation plan	Straight line	Straight line	

Note 3 Bank deposits

Bank deposits	30 June 2017	31 Dec 2016
Short term cash deposits, cash equivalents	23,084,910	14,187,327
Restricted cash (employee tax deductions)	160,803	182,066
Bank deposits	23,245,713	14,369,393