

29 August 2017

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

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 m² 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 2016 audited financial statements dated 28 April 2017, and the condensed interim Q1 2017 financial statements dated 30 May 2017, both of which are 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 2017. 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 2017

During the first half of 2017, the Company continued to provide IT housing solutions to its sole customer, EVRY.

For the half year ended 30 June 2017, the Company's operating revenues totalled NOK 66.2 million, which reflects an increase of NOK 30.4 million compared to the operating revenue of NOK 35.7 million reported in the same period last year. The majority of the increase, approximately NOK 23.9 million, relates to an increase in added value services, whilst the remaining NOK 6.5 million is due to receiving a full half year's revenue.

Operating expenses totalled NOK 35.2 million, which comprised of NOK 34.2 million of cost of goods sold, operational and management support costs; and NOK 1.0 million of personnel costs. The increase in operating expenses of NOK 20.5 million compared to the same period last year is largely due to the costs of providing the added value services, as described above, of approximately NOK 22.0 million offset by a net decrease of NOK 1.6 million in other operating expenses.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the half year was NOK 30.9 million, which is 47% higher than the EBITDA reported in the same period last year.

A charge of NOK 16.9 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 13.2 million, compared to NOK 19.5 million and NOK 14.2 million respectively in the same period last year.

In light of the above, the profit before income tax for the half year came in at NOK 0.9 million, compared to a loss before income tax of NOK 12.7 million in the same period last year.

Cash generated from operations was NOK 30.7 million, compared to NOK 35.4 million in the same period last year.

Borrowings totalled NOK 495.7 million as at 30 June 2017, which reflects the Bond Issue completed in June 2014, which remains largely unchanged from last year end. There were no movements in shareholder loans in the first half of 2017 with the balance remaining at NOK 269.1 million.

As at 30 June 2017, cash and cash equivalents stood at NOK 48.6 million compared to NOK 39.5 million at the end of 2016.

Income statement

(amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended 31
		2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Un-Audited	December 2016 Audited
Operating income and operating expenses						
Revenue from services		21,002,566	19,516,719	41,710,661	35,219,724	74,731,860
Revenue from goods sold		7,462,964	389,190	24,442,189	521,564	3,959,454
Total revenue		28,465,530	19,905,909	66,152,850	35,741,288	78,691,314
Cost of goods sold		7,604,369	423,204	22,537,147	429,654	2,593,683
Employee benefits expense		412,978	358,526	1,006,421	845,737	2,000,203
Other expenses		5,573,955	6,572,132	11,678,345	13,484,392	29,401,144
EBITDA		14,874,228	12,552,047	30,930,937	20,981,505	44,696,284
Depreciation and amortisation	3	8,435,664	10,755,282	16,872,931	19,539,595	34,591,666
Operating income/(loss)		6,438,564	1,796,765	14,058,006	1,441,910	10,104,618
				0		
Finance income		119,344	140,891	217,236	171,640	427,432
Finance costs		6,653,882	8,069,024	13,378,917	14,352,678	28,902,151
Finance - net		-6,534,538	-7,928,133	-13,161,681	-14,181,038	-28,474,719
Profit/(loss) before income tax		-95,974	-6,131,368	896,325	-12,739,128	-18,370,101
Income tax expense/(benefit)		-23,034	-1,532,842	215,118	-3,184,782	-4,289,900
Profit/(loss) for the period		-72,940	-4,598,526	681,207	-9,554,346	-14,080,201
Profit/(loss) for the period attributable to the shareholders		-72,940	-4,598,526	681,207	-9,554,346	-14,080,201
Statement of comprehensive income/(loss)						
Profit/(loss) for the period		-72,940	-4,598,526	681,207	-9,554,346	-14,080,201
Other comprehensive income		0	0	0	0	0
Total comprehensive income/(loss) for the period		-72,940	-4,598,526	681,207	-9,554,346	-14,080,201
Total comprehensive income/(loss) attributable to shareholders		-72,940	-4,598,526	681,207	-9,554,346	-14,080,201

Statement of financial position

(amounts in NOK)

Assets	Notes	As at	As at	As at
		30 June	31 December	30 June
		2017	2016	2016
		Un-audited	Audited	Un-audited
Non-current assets				
Deferred tax asset		7,041,561	7,256,681	6,151,561
Property, plant & equipment	3	685,256,536	709,035,347	689,728,894
Other non-current assets		3,809,560	3,918,599	4,258,305
Total non-current assets		696,107,657	720,210,627	700,138,760
Current assets				
Inventories		1,235,960	1,235,960	1,066,060
Trade and other receivables		24,752,682	29,587,543	17,746,806
Bank deposits	2	48,620,303	39,503,025	56,835,029
Total current assets		74,608,945	70,326,528	75,647,895
Total assets		770,716,602	790,537,155	775,786,655
Equity and liabilities				
Equity and liabilities	Notes	As at	As at	As at
		30 June	31 December	30 June
		2017	2016	2016
		Un-audited	Audited	Un-audited
Equity				
Share capital		30,000	30,000	30,000
Retained earnings		-22,244,753	-22,925,961	-18,400,106
Total equity		-22,214,753	-22,895,961	-18,370,106
Non-current liabilities				
Bond loan		495,681,386	494,950,413	493,922,916
Total non-current liabilities		495,681,386	494,950,413	493,922,916
Current liabilities				
Trade and other payables		28,182,165	49,414,899	31,151,375
Shareholder loan		269,067,804	269,067,804	269,082,470
Total current liabilities		297,249,969	318,482,703	300,233,845
Total equity and liabilities		770,716,602	790,537,155	775,786,655

Statement of changes in equity
(amounts in NOK)

	Notes	Share capital	Retained earnings/ (Accumulated loss)	Total equity
As at 1 January 2016		30,000	-8,845,760	-8,815,760
Profit/(loss) for the period		0	-14,080,201	-14,080,201
Other comprehensive income/(loss)		0	0	0
Total comprehensive income/(loss)		0	-14,080,201	-14,080,201
Total transactions with shareholders recognised directly in equity		0	0	0
As at 31 December 2016		30,000	-22,925,961	-22,895,961
As at 1 January 2017		30,000	-22,925,961	-22,895,961
Profit/(loss) for the period		0	681,207	681,207
Other comprehensive income/(loss)		0	0	0
Total comprehensive income/(loss)		0	681,207	681,207
Total transactions with shareholders recognised directly in equity		0	0	0
As at 30 June 2017 (Un-audited)		30,000	-22,244,753	-22,214,753

Statement of cash flow
 (amounts in NOK)

	Notes	Quarter ended 30 June		Half year ended 30 June		Year ended 31
		2017 Un-audited	2016 Un-audited	2017 Un-audited	2016 Un-audited	December 2016 Audited
Profit/(loss) before income tax		-95,974	-6,131,368	896,325	-12,739,128	-18,370,101
Adjustments for:						
Depreciation and amortisation charges	3	8,435,664	10,755,282	16,872,931	19,539,595	34,591,666
Adjustment for financial activities		6,534,538	7,928,133	13,161,681	14,181,038	28,474,719
Changes in working capital			0			
Trade and other receivables		6,670,416	10,099,190	4,834,861	3,399,312	-8,441,426
Trade and other payables		3,327,991	6,116,977	-5,136,475	11,150,635	19,444,032
Change in other assets		54,423	-158,492	109,039	-122,211	47,595
Net cash flow from operating activities		24,927,058	28,609,722	30,738,362	35,409,241	55,746,485
Cash flows from investing activities						
Investment in property, plant and equipment		-2,616,855	-58,367,872	-8,459,403	-73,751,098	-98,438,530
Net cash flow from investing activities		-2,616,855	-58,367,872	-8,459,403	-73,751,098	-98,438,530
Cash flows from financing activities						
Proceeds from borrowings (shareholder loan)		0	60,000,000	0	60,000,000	59,985,334
Interest paid		-6,534,538	-7,068,984	-13,161,681	-13,321,889	-26,289,039
Net cash flow from financing activities		-6,534,538	52,931,016	-13,161,681	46,678,111	33,696,295
Net (decrease)/increase in cash and cash equivalents		15,775,665	23,172,866	9,117,278	8,336,254	-8,995,750
Cash and cash equivalents at beginning of the period		32,844,638	33,662,164	39,503,025	48,498,775	48,498,775
Cash and cash equivalents at end of period	2	48,620,303	56,835,029	48,620,303	56,835,029	39,503,025

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 Fettsund, near Oslo, Norway, for its customer's information and communication technology equipment.

These condensed interim financial statements 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 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, International Financial Reporting Standards ('IFRS'), have also been applied to these statements. For further information regarding the accounting principles applied, please refer to the abovementioned reports.

Note 2 - Bank deposits**Bank deposits**

	30 Jun 2017	31 Dec 2016
Short term cash deposits	48,549,222	29,983,189
Restricted cash	71,081	9,519,836
Bank deposits	48,620,303	39,503,025

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

As at 30 June 2017, the Company had bank accounts with restricted amount of NOK 71,081, which are related to employees' tax deductions. Other restricted funds for the settlement of development projects with the project contractor have been released as of 30 June 2017.

Note 3 - Property, plant and equipment

	Land	Building	Plant and equipment	Furniture and fixtures	Total
As at 31 December 2016					
Accumulated cost	38,520,577	717,982,148	347,300	251,570	757,101,595
Accumulated depreciation	0	47,837,316	154,010	74,922	48,066,248
Accumulated impairment	0	0	0	0	0
Net book amount	38,520,577	670,144,832	193,290	176,648	709,035,347
Period ended 30 June 2017					
Opening net book amount	38,520,577	670,144,832	193,290	176,648	709,035,347
Additions	0	-6,905,880			-6,905,880
Depreciation charge	0	16,791,623	56,151	25,157	16,872,931
Net book amount	38,520,577	646,447,329	137,139	151,491	685,256,536
As at 30 June 2017					
Accumulated cost	38,520,577	711,076,268	347,300	251,570	750,195,715
Accumulated depreciation	0	64,628,939	210,161	100,079	64,939,179
Accumulated impairment	0	0	0	0	0
Net book amount	38,520,577	646,447,329	137,139	151,491	685,256,536
Depreciation for current year					
Estimated useful life	0	16,791,623	56,151	25,157	16,872,931
		7-50 years	5 years	3 years	

Definitions

DigiPlex Fet 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:

EBITDA is earnings before interest, tax, depreciation and amortisation.