

30 May 2017

DigiPlex Norway AS (the Company)
Management Commentary
For the quarter ended 31 March 2017

Organisation no. 981 663 322

BACKGROUND

The Company is situated at Ulven in Oslo's Økern district and started operations in 2000, making it the most established data centre in the DigiPlex Group of Companies.

The Company provides 4,200 m² 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 16 years over which period it has attracted an impressive portfolio of customers, of which approximately a third consists of government bodies. It also has a high customer renewal rate allowing the Company to maintain a consistent and reliable operating revenue stream.

This report should be read in conjunction with the Company's 2016 audited financial statements dated 28 April 2017, which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for the quarter ended 31 March 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 QUARTER ENDED 31 MARCH 2017

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

For the quarter ended 31 March 2017, the Company's operating revenues totalled NOK 37.6 million, an 11% increase from the same quarter last year. Operating expenses totalled NOK 20.2 million, a 10% increase from the same quarter last year, which comprised of NOK 12.9 million of operational, management and accounting support costs, and NOK 7.3 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation & Amortisation) for the quarter was NOK 17.4 million, a 12% increase on the same quarter last year.

A charge of NOK 10.6 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 5.3 million compared to NOK 10.3 million and NOK 5.2 million respectively in the same quarter last year.

In light of the above, the profit before income tax for the quarter came in at NOK 1.5 million, compared to a profit before income tax of NOK 0.1 million in the same quarter last year.

Cash generated from operations was NOK 30.7 million, compared to NOK 18.9 million in the same quarter last year.

Borrowings totalled NOK 567.4 million as at 31 March 2017, which reflects the Bond Issue completed in July 2015, which largely remains unchanged from the same quarter last year.

As at 31 March 2017, cash and cash equivalents stood at NOK 42.4 million compared to NOK 39.5 million at end of the first quarter in 2016.

Income statement
(all amounts in NOK)

	Notes	Quarter ended 31 March		Year to date ended 31 March		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		34,610,951	32,102,493	34,610,951	32,102,493	129,260,596
Revenue from goods sold		3,038,258	1,744,127	3,038,258	1,744,127	14,060,629
Total revenue		37,649,209	33,846,620	37,649,209	33,846,620	143,321,225
Cost of goods sold		2,708,844	1,443,327	2,708,844	1,443,327	13,181,623
Employee benefits expense		7,324,769	5,497,250	7,324,769	5,497,250	26,697,793
Other expenses		10,170,904	11,378,297	10,170,904	11,378,297	37,845,180
EBITDA		17,444,692	15,527,746	17,444,692	15,527,746	65,596,629
Depreciation and amortisation	3	10,583,680	10,262,373	10,583,680	10,262,373	42,039,261
Operating profit		6,861,012	5,265,373	6,861,012	5,265,373	23,557,368
Finance income		2,474,403	1,853,263	2,474,403	1,853,263	8,390,859
Finance costs		7,791,757	7,060,992	7,791,757	7,060,992	31,555,774
Finance - net		-5,317,354	-5,207,729	-5,317,354	-5,207,729	-23,164,915
Profit/(loss) before income tax		1,543,658	57,644	1,543,658	57,644	392,453
Income tax expense/(benefit)		370,478	14,411	370,478	14,411	1,990,571
Profit/(loss) for the period		1,173,180	43,233	1,173,180	43,233	-1,598,118
Profit/(loss) for the period attributable to the shareholders		1,173,180	43,233	1,173,180	43,233	-1,598,118
Statement of comprehensive income/(loss)						
Profit/(loss) for the period		1,173,180	43,233	1,173,180	43,233	-1,598,118
Other comprehensive income		0	0	0	0	0
Total comprehensive income/(loss) for the period		1,173,180	43,233	1,173,180	43,233	-1,598,118
Total comprehensive income/(loss) attributable to shareholders		1,173,180	43,233	1,173,180	43,233	-1,598,118

Statement of financial position
 (all amounts in NOK)

Assets	Notes	As at 31	As at 31	As at 31
		March 2017 Un-audited	December 2016 Audited	March 2016 Un-audited
Non-current assets				
Deferred tax asset		44,101,401	44,471,879	46,448,040
Property, plant and equipment	3	385,160,534	393,928,060	413,026,240
Furniture and fixtures	3	1,557,424	1,245,445	919,566
Loans to related parties		203,750,000	183,750,000	163,750,000
Total non-current assets		634,569,359	623,395,384	624,143,846
Current assets				
Inventories		447,702	447,702	588,042
Trade and other receivables		25,059,083	39,531,607	27,257,004
Bank deposits	2	42,365,000	39,142,926	39,522,886
Total current assets		67,871,785	79,122,235	67,367,931
Total assets		702,441,144	702,517,619	691,511,777
Equity and liabilities				
Equity and liabilities	Notes	As at 31	As at 31	As at 31
		March 2017 Un-audited	December 2016 Audited	March 2016 Un-audited
Equity				
Share capital		33,300,000	33,300,000	33,300,000
Share premium reserve		22,609,964	22,609,964	22,609,964
Retained earnings		17,999,639	16,826,459	18,467,809
Total equity		73,909,603	72,736,423	74,377,773
Non-current liabilities				
Bond loan		567,384,625	566,688,250	563,638,448
Total non-current liabilities		567,384,625	566,688,250	563,638,448
Current liabilities				
Trade and other payables		44,035,840	47,907,151	39,083,459
Deposits from customers		8,913,320	8,818,819	8,844,029
Public tax liabilities		8,197,756	6,366,978	5,568,069
Total current liabilities		61,146,916	63,092,948	53,495,556
Total equity and liabilities		702,441,144	702,517,619	691,511,777

Statement of changes in equity
(all amounts in NOK)

	Notes	Share capital	Share premium reserve	Retained earnings	Total equity
As at 1 January 2016		33,300,000	22,609,964	18,424,577	74,334,541
Profit/(loss) for the period		0	0	-1,598,118	-1,598,118
Other comprehensive income/(loss)		0	0	0	0
Total comprehensive income/(loss)		0	0	-1,598,118	-1,598,118
Total transactions with shareholders recognised directly in equity		0	0	0	0
As at 31 December 2016		33,300,000	22,609,964	16,826,459	72,736,423
As at 1 January 2017		33,300,000	22,609,964	16,826,459	72,736,423
Profit/(loss) for the period		0	0	1,173,180	1,173,180
Other comprehensive income/(loss)		0	0	0	0
Total comprehensive income/(loss)		0	0	1,173,180	1,173,180
Total transactions with shareholders recognised directly in equity		0	0	0	0
As at 31 March 2017		33,300,000	22,609,964	17,999,639	73,909,603

Statement of cash flow
 (all amounts in NOK)

	Notes	Quarter ended 31 March		Year to date ended 31 March		Year ended 31
		2017	2016	2017	2016	December
		Un-audited	Un-audited	Un-audited	Un-audited	2016
Profit/(loss) before income tax		1,543,658	57,644	1,543,658	57,644	392,453
Adjustments for:						
Depreciation and amortisation charges	3	10,583,680	10,262,373	10,583,680	10,262,373	42,039,261
Adjustment for financial activities		5,317,354	5,207,729	5,317,354	5,207,729	25,191,504
Changes in working capital			0			
Trade and other receivables		14,472,524	12,401,783	14,472,524	12,401,783	127,180
Trade and other payables		-1,249,655	-8,924,130	-1,249,655	-8,924,130	609,799
Inventories		0	-69,164	0	-69,164	71,178
Net cash flow from operating activities		30,667,561	18,936,235	30,667,561	18,936,235	68,431,375
Cash flows from investing activities						
Investment in property, plant and equipment	3	-2,128,133	-814,536	-2,128,133	-814,536	-13,819,124
Issue of loans to related parties		-20,000,000	-20,000,000	-20,000,000	-20,000,000	-40,000,000
Interest received from related parties		2,421,970	1,749,000	2,421,970	1,749,000	5,952,618
Net cash flow from investing activities		-19,706,163	-19,065,536	-19,706,163	-19,065,536	-47,866,506
Cash flows from financing activities						
Interest paid		-7,739,324	-6,956,729	-7,739,324	-6,956,729	-28,030,858
Net cash flow from financing activities		-7,739,324	-6,956,729	-7,739,324	-6,956,729	-28,030,858
Net (decrease)/increase in cash and cash equivalents		3,222,074	-7,086,030	3,222,074	-7,086,030	-7,465,989
Cash and cash equivalents at beginning of the period		39,142,926	46,608,915	39,142,926	46,608,915	46,608,915
Cash and cash equivalents at end of the period	2	42,365,000	39,522,886	42,365,000	39,522,886	39,142,926

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

DigiPlex Norway AS is a Norwegian private limited liability company incorporated on 1 March 2000 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 981 663 322 and its registered business address is Selma Ellefsens vei 1, 0581 Oslo, Norway.

DigiPlex Norway AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Selma Ellefsens vei 1, in Oslo, Norway, for its customers' information and communication technology equipment.

These condensed interim financial statements for the three months ended 31 March 2017 do not include all of the information required for a full set of annual financial statements, and 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, issued on 28 April 2017, which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

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 - Bank deposits

Bank deposits	31 Mar 2017	31 Dec 2016
Short term cash deposits	41,682,975	38,012,034
Restricted cash	682,025	1,130,892
Bank deposits	42,365,000	39,142,926

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

As at 31 March 2017, the Company had a bank account with a total restricted amount of NOK 682,025 which relates to employee's tax deductions.

Note 3 - Property, plant and equipment

	Land	Building	Plant and equipment	Furniture and fixtures	Total
As at 31 December 2016					
Accumulated cost	7,430,578	80,134,520	677,913,491	4,130,630	769,609,219
Accumulated depreciation	0	48,614,849	322,935,680	2,885,185	374,435,714
Accumulated impairment	0	0	0	0	0
Net book amount	7,430,578	31,519,671	354,977,811	1,245,445	395,173,505
Year to date ended 31 March 2017					
Opening net book amount	7,430,578	31,519,671	354,977,811	1,245,445	395,173,505
Additions	0	0	1,549,276	578,857	2,128,133
Reclassifications	0	0	0	0	0
Depreciation charge	0	801,345	9,515,457	266,878	10,583,680
Net book amount	7,430,578	30,718,326	347,011,630	1,557,424	386,717,958
As at 31 March 2017					
Accumulated cost	7,430,578	80,134,520	679,462,767	4,709,487	771,737,352
Accumulated depreciation	0	49,416,194	332,451,137	3,152,063	385,019,394
Accumulated impairment	0	0	0	0	0
Net book amount	7,430,578	30,718,326	347,011,630	1,557,424	386,717,958
Depreciation for 2017	0	801,345	9,515,457	266,878	10,583,680
Estimated useful life	N/A	15-25 years	10-25 years	3-5 years	

Definitions

DigiPlex Norway AS's 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.