

29 May 2019

DigiPlex Rosenholm AS (the Company)
Management Commentary
For the quarter ended 31 March 2019

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 data halls, providing 1,900m² of technical space, were re-built by the Company 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.

This report should be read in conjunction with the Company's 2018 audited financial statements dated 30 April 2019, which have been prepared in accordance with the Norwegian Generally Accepted Accounting Principles [NGAAP].

The enclosed financial statements are the condensed interim results for the quarter ended 31 March 2019. These statements have been prepared in accordance with NGAAP, are not a full set of accounts, and have not been audited.

UPDATE FOR THE QUARTER ENDED 31 MARCH 2019

The Company continued to provide IT housing solutions to its existing customer base during the first quarter of this year.

For the quarter ended 31 March 2019, the Company's operating revenues totalled NOK 14.0 million, which is NOK 1.7 million higher compared to the same quarter last year. Operating expenses totalled NOK 7.3 million, which remain unchanged compared to the same period of last year, and comprised of NOK 6.8 million of operational, management and accounting support costs, and NOK 0.5 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the quarter ended 31 March 2019 was NOK 6.6 million, compared to NOK 5.0 million for the same quarter last year.

A charge of NOK 3.1 million was made to reflect depreciation of the plant and equipment. A slight increase from the NOK 2.9 million reported for the first quarter of 2018.

Operating profit for the first quarter of 2019 was NOK 3.5 million, compared to NOK 2.1 million for the same period of 2018.

The Company incurred net finance costs for the quarter of NOK 1.7 million, compared to NOK 1.6 million for the same period last year.

In light of the above, the profit before income tax for the quarter ended 31 March 2019 came in at NOK 1.9 million, an increase of NOK 1.4 million compared to the first quarter of 2018, mainly as a result of higher operating revenues.

Cash generated from operating activities was NOK 11.0 million for the quarter ended 31 March 2019, compared to a net outflow of NOK 4.2 million for the same period of 2018.

The Company will be receiving shareholder loans from its new parent company, DigiPlex Norway Holding 2 AS (DNH2) in June 2019 following DNH2's successful NOK 1,800 million senior secured bond issue on 30 April 2019. The loans will be used to repay the related party loans totalling NOK 131.3 million as at 31 March 2019 (NOK 137.5 million as at 31 December 2018) as well as to repay the existing shareholder loans of NOK 105.5 million (no change from the outstanding balance as at 31 December 2018) to its previous owner, DigiPlex Rosenholm LLC.

At 31 March 2019 cash and cash equivalents stood at NOK 13.7 million compared to NOK 9.5 million at the beginning of the year.

Income Statement
(All amounts in NOK thousand)

	Notes	Quarter ended 31 March		Year-to-date ended 31 March		Year ended 31 December
		2019 Un-audited	2018 Un-audited	2019 Un-audited	2018 Un-audited	2018 Audited
Operating income and operating expenses						
Revenue from services		13 679	12 082	13 679	12 082	49 559
Revenue from goods sold		276	249	276	249	1 202
Total revenue		13 955	12 331	13 955	12 331	50 761
Cost of goods sold		34	15	34	15	290
Employee benefits expense		539	475	539	475	1 794
Other operating expenses		6 764	6 854	6 764	6 854	26 139
EBITDA		6 618	4 988	6 618	4 988	22 537
Depreciation and amortisation	2	3 074	2 892	3 074	2 892	12 103
Operating profit		3 544	2 096	3 544	2 096	10 434
Finance income		0	29	0	29	49
Finance cost		1 660	1 652	1 660	1 652	6 964
Finance - net		-1 660	-1 623	-1 660	-1 623	-6 915
Profit/(loss) before income tax		1 884	472	1 884	472	3 519
Income tax expense/(benefit)		414	113	414	113	1 382
Profit/(loss) for the period		1 470	359	1 470	359	2 137

Statement of financial position
(All amounts in NOK thousand)

		As at 31 March	As at 31 December	As at 31 March
		2019	2018	2018
Assets	Notes	Un-audited	Audited	Un-audited
Non-current assets				
Deferred tax asset		3 025	3 439	4 707
Land, building and outfitting	2	222 228	225 189	212 147
Furniture and fixtures	2	164	172	36
Other non-current assets		428	460	332
Total non-current assets		225 846	229 260	217 222
Current assets				
Inventories		478	478	571
Trade and other receivable		8 789	11 482	14 830
Bank deposits	3	13 688	9 496	21 812
Total current assets		22 955	21 456	37 213
Total assets		248 801	250 716	254 435

		As at 31 March	As at 31 December	As at 31 March
		2019	2018	2018
Equity and liabilities	Notes	Un-audited	Audited	Un-audited
Equity				
Share capital		2 950	2 950	2 950
Other equity		-13 348	-14 817	-16 595
Total equity		-10 398	-11 867	-13 645
Non-current liabilities				
Loans from related parties		0	0	131 250
Shareholder loan		105 527	105 527	105 527
Total non-current liabilities		105 527	105 527	236 777
Current liabilities				
Trade and other payables		19 597	16 461	16 563
Loans from related parties		131 250	137 500	12 500
Deposits from customers		682	682	682
Public tax liabilities		2 142	2 412	1 558
Total current liabilities		153 672	157 056	31 303
Total equity and liabilities		248 801	250 716	254 435

Statement of cash flow
(All amounts in NOK thousand)

	Quarter ended 31 March		Year-to-date ended 31 March		Year ended 31 December
	2019 Un-audited	2018 Un-audited	2019 Un-audited	2018 Un-audited	2018 Audited
Profit/(loss) before income tax	1 884	472	1 884	472	3 519
Adjustments for:					
Depreciation and amortisation charges	3 074	2 892	3 074	2 892	12 103
Changes in working capital					
Trade and other receivables	3 153	-8 773	3 153	-8 773	-5 886
Trade and other payables	2 866	1 244	2 866	1 244	1 997
Inventories	0	0	0	0	93
Net cash flow from operating activities	10 977	-4 165	10 977	-4 165	11 826
Cash flows from investing activities					
Investment in property, plant and equipment	-106	-1 357	-106	-1 357	-23 746
Investment in other non current assets	-428	-332	-428	-332	0
Net cash flow from investing activities	-534	-1 689	-534	-1 689	-23 746
Cash flows from financing activities					
Repayment of related party loan	-6 250	0	-6 250	0	-6 250
Net cash flow from financing activities	-6 250	0	-6 250	0	-6 250
Net (decrease)/increase in cash and cash equivalents	4 193	-5 854	4 193	-5 854	-18 171
Cash and cash equivalents at beginning of the period	9 496	27 666	9 496	27 666	27 666
Cash and cash equivalents at end of the period	13 688	21 812	13 688	21 812	9 496

DigiPlex Rosenholm AS

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 Q1 2019 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 (NGAAP) for small enterprises. They should be read in conjunction with the audited annual financial statements for the year ended 31 December 2018, issued on 30 April 2019.

The accounting principles applied in the audited 2018 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 and fixtures	Total
Accumulated cost as at 01.01.2019	302 245	278	302 523
Additions	99	5	104
Disposals	-	-	-
Accumulated cost as at 31.03.2019	302 344	283	302 627
Accumulated depreciation	80 117	119	80 236
Net book value as at 31.03.2019	222 228	164	222 392
Depreciation for the period	3 061	13	3 074
Expected useful life	7-25 years	3-6 years	
Depreciation plan	Straight line	Straight line	

Note 3 Bank deposits

Bank deposits	31 Mar 2019	31 Dec 2018
Short term cash deposits, cash equivalents	11 884	7 709
Restricted cash	1 804	1 786
Bank deposits	13 688	9 496

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

As at 31 March 2019, total restricted bank deposits amount to NOK 1,804 thousand, of which NOK 1,727 thousand are held in escrow awaiting completion of a construction contract. The remaining balance of NOK 77 thousand are restricted funds related to employees' tax deductions.