

1 March 2019

DigiPlex Norway AS (the Company)
Management Commentary
For the year ended 31 December 2018

Organisation no. 981 663 322

BACKGROUND

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

The Company provides 4,900 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 18 years over which period it has attracted an impressive portfolio of customers, a significant proportion of which 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 following financial statements:

- 2017 audited financial statements dated 30 April 2018;
- Condensed interim Q1 2018 financial statements dated 30 May 2018;
- Condensed interim H1 2018 financial statements dated 29 August 2018; and
- Condensed interim Q3 2018 financial statements dated 29 November 2018

all of which have been prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed financial statements are the condensed interim results for Q4 2018 and the year ended 31 December 2018. These statements, which have been prepared in accordance with IFRS, are not a full set of accounts, and have not been audited.

UPDATE FOR THE YEAR ENDED 31 DECEMBER 2018

The Company continued to provide IT housing solutions to its existing customer base during the year and it also expanded the white space in the data centre by an additional 700 m² in order to meet customer demand. Construction work was completed in Q4 2018.

For the year ended 31 December 2018, the Company's operating revenues totalled NOK 179.3 million, compared to NOK 148.4 million reported last year. Operating expenses totalled NOK 98.8 million, compared to NOK 77.9 million last year, and comprised of NOK 19.1 million of costs of goods sold, NOK 44.7 million of operational, management and accounting support costs, and NOK 35.0 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for 2018 was NOK 80.5 million, a 14 % increase from last year.

A charge of NOK 46.7 million was made to reflect depreciation of the plant and equipment, and the Company incurred net finance costs of circa NOK 21.7 million compared to NOK 42.7 million and NOK 21.9 million respectively last year.

Considering the above, the profit before income tax for the year came in at NOK 12.1 million, compared to a profit before income tax of NOK 5.9 million for 2017.

Cash generated from operations was NOK 79.4 million, compared to NOK 69.0 million last year.

Long term borrowings were re-classified to current liabilities in July 2018. This reflects the Bond Issue of NOK 575.0 million maturing on 17 July 2019 of which the first instalment of NOK 25 million was paid in July 2018. The second instalment of NOK 25 million was paid in January 2019. The Company is in the process of reviewing its re-financing options which is expected to be completed ahead of the maturity date. As of 31 December 2018, total borrowings stood at NOK 548.4 million compared to NOK 570.3 million last year.

At year end 2018, cash and cash equivalents stood at NOK 29.7 million compared to NOK 28.7 million last year.

DigiPlex Norway AS

Income Statement

(All amounts in NOK thousand)

	Notes	Quarter ended 31 December		Year ended 31 December	
		2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Audited
Operating income and operating expenses					
Revenue from services		40 907	35 361	157 964	134 845
Revenue from goods sold		5 168	4 804	21 300	13 559
Total revenue		46 075	40 165	179 265	148 404
Cost of goods sold		4 823	4 517	19 097	12 661
Employee benefits expense		11 073	10 893	35 021	33 138
Other operating expenses		12 003	8 006	44 655	32 069
EBITDA		18 177	16 749	80 492	70 536
Depreciation and amortisation	2	11 729	11 400	46 676	42 681
Operating profit		6 448	5 349	33 816	27 854
Finance income		1 947	2 437	9 240	9 747
Finance cost		7 596	8 391	30 930	31 671
Finance - net		-5 649	-5 954	-21 690	-21 924
Profit/(loss) before income tax		799	-605	12 126	5 931
Income tax expense/(benefit)		184	548	2 789	2 116
Profit/(loss) for the period		615	-1 153	9 337	3 815
Profit/(loss) for the period attributable to the shareholders		615	-1 153	9 337	3 815
Statement of comprehensive income/(loss)					
Profit/(loss) for the period		615	-1 153	9 337	3 815
Other comprehensive income		0	0	0	0
Total comprehensive income/(loss) for the period		615	-1 153	9 337	3 815
Total comprehensive income/(loss) attributable to shareholders		615	-1 153	9 337	3 815

Statement of financial position
(All amounts in NOK thousand)

	Notes	As at 31 December	As at 31 December
		2018 Un-audited	2017 Audited
Assets			
Non-current assets			
Deferred tax asset		39 567	42 356
Land, building and outfitting	2	412 449	388 130
Furniture and fixtures	2	2 575	1 898
Loans to related parties		20 000	197 500
Total non-current assets		474 591	629 884
Current assets			
Loans to related parties		137 500	0
Inventories		683	616
Trade and other receivables		66 691	55 660
Bank deposits	3	29 698	28 661
Total current assets		234 572	84 937
Total assets		709 163	714 821
Equity and liabilities			
Equity			
Share capital		33 300	33 300
Share premium reserve		22 610	22 610
Other equity		29 978	20 641
Total equity		85 888	76 551
Non-current liabilities			
Borrowings		0	545 316
Total non-current liabilities		0	545 316
Current liabilities			
Trade and other payables		60 601	53 795
Borrowings		548 439	25 000
Deposits from customers		8 603	8 913
Public tax liabilities		5 632	5 245
Total current liabilities		623 275	92 953
Total equity and liabilities		709 163	714 821

Statement of changes in equity
(All amounts in NOK thousand)

	Share capital	Share premium reserve	Other equity	Total equity
As at 1 January 2018	33 300	22 610	20 641	76 551
Profit/(loss) for the period	0	0	9 337	9 337
Other comprehensive income/(loss)	0	0	0	0
Total comprehensive income/(loss)	0	0	9 337	9 337
Total transactions with shareholders recognised directly in equity	0	0	0	0
As at 31 December 2018	33 300	22 610	29 978	85 888

Statement of cash flow
(All amounts in NOK thousand)

	Quarter ended 31 December		Year ended 31 December	
	2018 Un-audited	2017 Un-audited	2018 Un-audited	2017 Audited
Profit/(loss) before income tax	799	-605	12 126	5 931
Adjustments for:				
Depreciation and amortisation charges	11 729	11 400	46 676	42 681
Adjustment for financial activities	5 649	5 954	21 690	21 924
Changes in working capital				
Trade and other receivables	-8 776	-28 524	-11 031	-9 879
Trade and other payables	4 675	7 898	10 005	8 488
Inventories	-90	-157	-66	-169
Net cash flow from operating activities	13 986	-4 034	79 400	68 977
Cash flows from investing activities				
Investment in property, plant and equipment	-10 890	-21 498	-71 672	-37 535
Repayment/(issue) of loans from/to related parties	0	0	40 000	-20 000
Interest received from related parties	1 836	2 399	8 972	9 487
Net cash flow from investing activities	-9 053	-19 100	-22 700	-48 049
Cash flows from financing activities				
Repayment of bond loan	0	0	-25 000	0
Interests paid	-7 485	-8 353	-30 662	-31 411
Net cash flow from financing activities	-7 485	-8 353	-55 662	-31 411
Net (decrease)/increase in cash and cash equivalents	-2 552	-31 486	1 038	-10 482
Cash and cash equivalents at beginning of the period	32 250	60 147	28 661	39 143
Cash and cash equivalents at end of the period	3	29 698	29 698	28 661

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 Q4 2018 and the year ended 31 December 2018 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 2017, dated 30 April 2018, the condensed interim Q1 2018 financial statements dated 30 May 2018, the condensed interim H1 2018 financial statements dated 29 August 2018, and the condensed interim Q3 2018 financial statements dated 29 November 2018, all of which have been prepared in accordance with International Financial Reporting Standards ('IFRS').

The accounting principles applied in the audited 2017 annual financial statements, IFRS, have also been applied to these statements. Additionally, the following new standards have been implemented as of 1 January 2018, neither of which have had a material impact on the Company's financial statements:

IFRS 9, 'Financial instruments'

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. The new classification, measurement and derecognition rules do not affect the accounting of the Company's financial assets and financial liabilities.

IFRS 15, 'Revenue from contracts with customers'

IFRS 15 replaces IAS 18 and is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits a modified retrospective approach for the adoption. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application.

The following standard which is mandatory from 1 January 2019, has been reviewed with regards to its effect on the Company's financial statements:

IFRS 16, 'Leases'

IFRS 16 will affect primarily the accounting by lessees and may require the recognition of leases on the balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The income statement will also be affected whereby an operating lease expense will be replaced with interest and depreciation, thereby changing the EBITDA. The accounting by lessors will not change significantly. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The new standard is not expected to have a significant effect on the financial statements of the Company.

DigiPlex Norway AS

Note 2 - Property, plant and equipment

<i>(All amounts in NOK thousand)</i>	Land	Building	Plant and equipment	Furniture and fixtures	Total
As at 31 December 2017					
Accumulated cost	7 431	80 135	713 998	5 581	807 145
Accumulated depreciation	0	51 820	361 613	3 684	417 117
Net book amount	7 431	28 314	352 385	1 898	390 028
Year to date ended 31 December 2018					
Opening net book amount	7 431	28 314	352 385	1 898	390 028
Additions	0	0	69 246	2 427	71 673
Depreciation charge	0	3 205	41 722	1 749	46 676
Net book amount	7 431	25 109	379 909	2 576	415 024
As at 31 December 2018					
Accumulated cost	7 431	80 135	783 244	8 008	878 817
Accumulated depreciation	0	55 026	403 335	5 433	463 793
Net book amount	7 431	25 109	379 909	2 576	415 024
Depreciation for the period	0	3 205	41 722	1 749	46 676
Estimated useful life	N/A	15-25 years	10-25 years	3-6 years	

Note 3 - Bank deposits

<i>(All amounts in NOK thousand)</i>	31 Dec 2018	31 Dec 2017
Short term cash deposits	25 535	27 434
Restricted cash	4 163	1 226
Bank deposits	29 698	28 661

Bank deposits consist of short term cash deposits and cash equivalents held at financial institutions. As at 31 December 2018, the Company had bank accounts with a total restricted amount of NOK 4,163 thousand; of which NOK 1,734 thousand were related to employees' tax deductions, NOK 1,284 thousand to office rent and NOK 1,146 thousand to the settlement with a contractor related to development projects.

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.