

NOR5KE VIKING I AS Q4 2021 FINANCIAL REPORT

Disclaimer

The information included in this Report may contain certain forward-looking statements that address activities, events or development that the Company expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors, including, but not limited to, economic and market conditions in the geographic areas and markets in which the Company is or will be operating, counterparty risk, interest rates, access to financing, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors, we refer to the Investor Presentation dated 25 October 2021 in connection with the NOK 150 million senior secured bond issue on 3 November 2021. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward-looking statements. Inaccuracies or mistakes may occur in the information given below about the current status of the Company or its business. Any reliance on the information below is at the risk of the reader, and the Company disclaims any liability in this respect.



About NOR5ke Viking I AS

NOR5ke Viking I AS (the “Company”) is a fully owned subsidiary of NOR5ke Fibre AS, a digital infrastructure company founded in 2017 and based in Oslo, Norway. The Company was established 20 October 2021 as a legal entity to build, own and operate “NOR5ke Viking”, an 810 km subsea cable along the western coast of Norway between Bergen and Trondheim. The cable contains 192 dark fibers for lease, significantly increasing regional connectivity to important national and international fiber/data transportation hubs. Dark fiber is the name of the physical fiber cable infrastructure that lays the foundation for international data traffic and our digital economy. Some 99% of the worlds data and internet traffic is transported in subsea cables.

Construction update

- On 26 November 2021 we reached an important milestone as we signed the agreement with Norddeutsche Seekabelwerke GmbH (a part of Prysmian Group) for the production and delivery of the NOR5ke Viking subsea cable containing 192 fibers.
- The NOR5ke Viking subsea cable will be constructed in two batches/lengths with committed deliveries early July and end August 2022, i.e. 2 months earlier than planned. The early deliveries allow for subsea installation during the summer / early autumn period, thus reducing the risk for weather induced delays.
- Furthermore, we were able to agree on a price reduction of approximately NOK 7 million versus the initial budget and full payment in NOK, thus improving the cost buffer and eliminating any related currency risk. The early cable deliveries contribute strongly to reducing the risk of delays to customer onboarding, scheduled for 15 December 2022.
- With the cable production and delivery dates determined, the focus is on the next milestones; negotiating and signing contracts with the best suited subsea installation company and contractor to build the landing sites.
- Subsea installation: RFQ sent out to five reputable companies specializing in subsea cable installation with experience from such work along the Norwegian coast. Based on the current market environment with higher energy prices and revised cost estimates for crossing subsea oil and gas pipeline infrastructure, we are prepared to allocate an additional NOK 3.5 million to the subsea installation budget. The company selection and contract signing will most likely be made during Q1 2022, and we do not expect any further cost increases other than the NOK 3.5 million.
- Construction of landing sites: RFQ sent out to six reputable construction companies with extensive experience along the coast of western Norway including building cable landing sites. The company selection and contract signing is expected to be finalised towards the end of Q1 2022.
- The project is progressing according to schedule and there are currently no known sources of delays. Of the NOK 185 million initial amount on the construction accounts, approximately NOK 24.6 million has been paid for the first instalment of the fiber cable production and installation cost. As a consequence, the remaining amount on the construction accounts is approximately NOK 160.9 million which is approximately 15% higher than the remaining project budget.

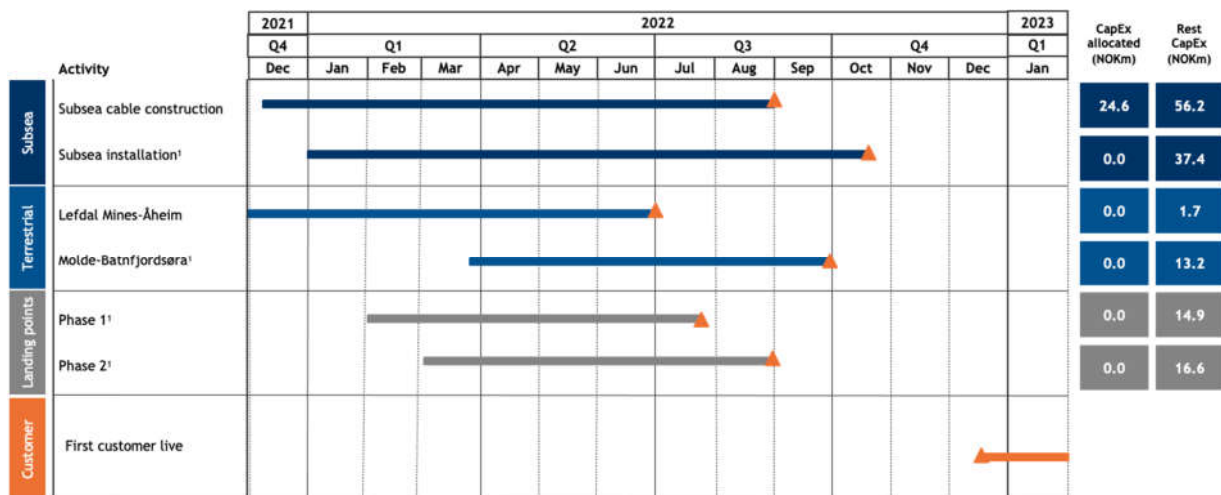


FIGURE 1: ILLUSTRATION OF NOR5KE VIKING PROJECT TIMELINE

Business update

- The first customer contract for 20 years + 20 years lease of dark fiber pairs was signed in October 2021.
- We're in progressed and constructive dialogues with a number of prospective customers having communicated specific dark fiber needs along the entire or parts of the NOR5ke Viking cable route. These prospects are all Norwegian companies including telecoms, power companies and public sector companies. Based on formalities regarding especially Norwegian public sector companies' internal budgeting processes and procurement regulations, we envisage finalising contract signing during Q4 2022-Q2 2023.
- The mismatch in electricity prices both within Norway and internationally has reached historic levels, further strengthening the rationale for constructing NOR5ke Viking. The cable will connect regions in Norway, with some of the highest electricity production outputs and lowest green electricity prices, to national and international fiber- and data/internet hubs. These regions will be attainable and relevant for establishing new data centres that refine the locally produced electricity.
- The subsea cable NOR5ke Viking got a special mention in The Norwegian Communications Authority (NKOM) new report *'Robust transmission networks for Norway towards 2030'* (in Norwegian). The cable will significantly improve the diversity and robustness in Norway's transmission networks.

Financial update

- During the fourth quarter the Company and its parent company N0r5ke Fibre AS raised the necessary capital to initiate the build and operationalisation of the N0r5ke Viking subsea cable. The formal registration of the share issue by the Company to the parent N0r5ke Fibre AS, was somewhat delayed due to further COVID-19 related restrictions imposed in December 2021 by the Norwegian authorities. Thus, the NOK 64.4M net proceeds from the share issue by the Company was allocated to the construction accounts during the first days of January 2022.
- The Company's cash holdings of approximately NOK 210 million was distributed according to the bond terms across the construction accounts, debt service account and earnings account once the net proceeds from the equity issue was received in January 2022.
- In addition to the Company's liquidity buffer, the Guarantor N0r5ke Fibre AS holds further cash of approximately NOK 5.2 million.
- The loss for the quarter of NOK 7.4m relates mainly to the issuance and legal fees for the bond and equity issuance.
- With a buffer of approximately 15% to the remaining construction budget at the time of this report, the Company is in a good financial position with a healthy buffer of cash to complete the N0r5ke Viking construction on time and on budget.

Statement by the board of directors and executive management

The Board of Directors and the Executive Management have today reviewed and approved the interim report for the period 1 October to 31 December 2021 of N0r5ke Viking I AS. We believe, to the best of our knowledge, that the financial statements presented in this report, gives a fair representation of the Company's financial position of assets and liabilities and the profits earned for this quarter. Furthermore, in our opinion, the report gives a fair representation of the Company's activities as well as a fair description of the material risks and uncertainties which the Company is currently facing.

Oslo, 17.02.2022

Executive Management

Stig Salater, CEO N0r5ke Fibre AS



Board of Directors

Anders Vik, Chairman of the Board



Unaudited quarterly financial statements for Q4 2021

Balance sheet **31.12.2021**
Numbers in NOK 1,000
Assets
Fixed assets
Tangible fixed assets

 Land, buildings and other real property 24,956
Sum tangible fixed assets **24,956**
Sum fixed assets **24,956**
Current assets
Receivables

 Other receivables 73

 Subscribed capital 65,000
Sum receivables **65,073**
Bank deposits, cash etc.

 Bank deposits, cash etc. 144,784
Sum Bank deposits, cash etc. **144,784**
Sum current assets **209,857**
Sum assets **234,814**
Equities and liabilities
Equity
Paid-in capital

 Subscribed capital 30

 Share premium reserve -531

 Other paid-in capital 64,970
Sum paid-in capital **64,469**
Retained earnings

 Undistributed profit/loss 2021 -7,447
Sum retained earnings **-7,447**
Sum equity **57,023**
Liabilities
Other long-term liabilities

 Bond loans 150,000
Sum other long-term liabilities **150,000**
Current liabilities

 Accounts payable 24,305

 Public duties payable -177

 Other current liabilities 3,663
Sum current liabilities **27,791**
Sum liabilities **177,791**
Sum equities and liabilities **234,814**

Profit and loss statement	31.12.2021
<i>Numbers in NOK 1,000</i>	
Other operating expenses	102
Sum operating expenses	102
Operating profit/loss	-102
Other financial income	38
Other financial expenses	7,382
Net financial income/expenses	-7,344
Ordinary profit/loss before tax	-7,447
Ordinary profit/loss	-7,447
Undistributed profit/loss	-7,447

Cash flow statement	31.12.2021
<i>Numbers in NOK 1,000</i>	
Profit/(loss) before taxation	-7,447
Depreciation and amortisation	-
Changes in accounts receivables	-
Changes in accounts payables	24,305
Changes in other current receivables/liabilities	-61,587
Cash flow from operating activities	-44,729
CapEx	-24,957
Cash flow from investing activities	-24,957
Proceeds from new shares issue	64,469
Proceeds from long-term debt	150,000
Repayment of debt	-
Dividends	-
Cash flow from financing activities	214,469
Net change in cash and cash equivalents	144,784
Cash and cash equivalents at start of the period	-
Cash and cash equivalents at end of the period	144,784

General accounting principles

The financial statements have been prepared in accordance with the provisions of the Norwegian Accounting Act and associated regulations, as well as generally accepted accounting practice. In preparing these interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.