

NOR SKE

VIKING



Q3 2024 FINANCIAL REPORT

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 via subsea cables.

CEO Comments on 3rd Quarter 2024

The Company has signed a dark fiber lease agreement with a new customer, and additional colocation leases have also been secured. The Company continues to engage in constructive discussions with both national and international prospective customers who are looking to lease dark fiber in order to enhance their fiber infrastructure in Norway. The Company remains a qualified bidder in two public tenders and one RFQ from a major international company, all of which require the deployment of dark fiber in the short and medium term. These projects involve both the existing fiber network and the planned expansion of the parent company’s dark fiber network. Based on recent meetings with public entities, the Company expect the outcomes of the tenders and the selection of dark fiber providers to be announced by end Q4.

Going forward, our main emphasis continues to be on securing additional dark fiber leases and colocation contracts, all the while maintaining the rigorous standards, we've set for network operations and maintenance.

Stig Salater, CEO

Business update

- The Company signed a new 2 year + 20 year dark fiber lease contract plus ILA colocation contract for all sites with an international telecom carrier. The total contract value is approximately NOK 30.0 million.
- The Company signed a new long-term colocation agreement for rack space and power access at one of our ILA shelters.
- The Company is in concrete dialogues with existing and new customers regarding dark fiber lease in N0r5ke Viking and expect these to result in signed IRUs during H2 2024.
- The second public tender for dark fiber between Bergen and Trondheim is now active and the Company is among the shortlisted. The public tender has been signalled in the Company's earlier reports. The winning party is expected to be selected during Q4 2024.
- N0r5ke Fibre AS, the parent company, is taking part in a RFQ initiated by a large international company need of deploying dark fiber in the short and medium term on parts of the planned expanded dark fiber network.
- The revenues by end of the quarter were NOK 3.8 million (+45.4% from the same period previous year) of which NOK 2.0 million are attributed O&M fees, rack space rental and sale of power in ILA shelters/rooms.
- N0r5ke Fibre AS ("N0r5ke Fibre"), the parent company of N0r5ke Viking I AS, sees increasing demand and need for redundant long-haul fiber networks in Norway to accommodate the growth in international data traffic. Thus, N0r5ke Fibre is further progressing on executable development plans and has received necessary permits for further subsea- and terrestrial fiber network build-out between Bergen and Oslo and between Oslo and Trondheim. The demand growth story is supported by Green Mountain Data Centers' recent opening a purpose-built data center of up to 150 MW for an international social media company at Hamar, only 1.5 hours north of Oslo, and announcement of a potential new large data center with a design capacity of up to 500 MW at Kalberg, south of Stavanger. In addition, Google are building their new data center with an initial capacity of 240MW close to Skien, some 130 Km south of Oslo and in proximity to N0r5ke Fibre's planned fiber expansion. N0r5ke Fibre has mandated Arctic Securities AS to assist in evaluating financing opportunities for this expansion, which could include a refinancing of the Company's outstanding bond. The macroeconomic environment continue to improve with overall lower inflation leading central banks to cut interest rates. The Company experience that lower interest rates and expectations of further cuts have reignited investment interest among investors, positively impacting capital markets sentiment.

Financial update

- The Company has per 30 September 2024 a cash holding of approximately NOK 7.2 million.
- The unaudited pre-tax loss end of the quarter was NOK 22.4 million.

Subsequent events

- October 2024: An existing customer signed a colocation agreement for rack space and power access in four of our ILA shelters.
- November 2024: The Company signed a dark fiber lease contract with a local energy company, where the lease for the first 2 months is paid on a monthly basis after which an IRU payment is paid for the remaining 20-year lease. The total contract value is approximately NOK 1.8 million. In addition, the customer signed an ILA colocation contract for one of our ILA sites.
- November 2024: NOR5ke Fibre signed an agreement with a Norwegian public entity to build and operate a new dark fiber link in the county of Trøndelag. The new link will be operational Q1 2025 and significantly improve fiber diversity between northern and southern Norway.

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 July to 30 September 2024 of NOR5ke Viking I AS. We believe, to the best of our knowledge, that the financial statements presented in this report, give 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, 07.11.2024

Executive Management

Stig Salater, CEO NOR5ke Fibre AS



Board of Directors

Anders Vik, Chairman of the Board



Unaudited quarterly financial statements

Balance sheet	30.09.2024	31.12.2023
<i>Numbers in NOK 1,000</i>		
Assets		
<i>Fixed assets</i>		
	<i>Note</i>	
Tangible fixed assets		
Property plant, and equipment (PP&E)	177'049	178'601
Sum tangible fixed assets	177'049	178'601
Sum fixed assets	177'049	178'601
<i>Current assets</i>		
Receivables		
Other debtors	646	364
Accounts receivable	581	1'991
Sum receivables	1'227	2'355
Bank deposits, cash etc.		
Bank deposits, cash etc.	7'167	42'425
Sum Bank deposits, cash etc.	7'167	42'425
Sum current assets	8'394	209'857
Sum assets	185'443	223'381
Equities and liabilities		
<i>Equity</i>		
Paid-in capital		
Share Capital	5	801
Other paid-in capital	30'001	30'001
Sum paid-in capital	30'802	30'803
Retained Earnings	-22'447	
Sum equity	8'355	30'803
<i>Liabilities</i>		
Other long-term liabilities		
Bond loans	4	130'000
Sum other long-term liabilities	4	130'000
Current liabilities		
Accounts payable	-421	226
Public duties payable	-408	-
Other short-term liabilities	47'916	43'053
Sum current liabilities	47'087	43'279
Sum liabilities	177'087	192'578
Sum equities and liabilities	185'443	223'381

Income statement		30.09.2024	31.12.2023
<i>Numbers in NOK 1,000</i>	<i>Note</i>		
Operating income		3'782	4'193
Other operating income		-	-
Total operating income		3'782	4'193
Cost of goods sold		2'032	2'799
Salaries	1	-	-
Depreciation of fixed assets and intangible assets	2	2'763	7'243
Other operating expenses		5'878	1'024
Sum operating expenses	3	10'674	11'065
Result of operations		-6'892	-6'872
Other interest income		127	341
Other financial income		-	-
Other interest charge	4	15'681	18'226
Other financial expense		-	2'557
Net financial income/expenses		-15'555	-20'442
Ordinary profit/loss before tax		-22'447	-27'314
Tax		-	-
Ordinary profit/loss		-22'447	-27'314
Undistributed profit/loss		-22'447	-27'314

Cash flow statement		30.09.2024	31.12.2023
<i>Numbers in NOK 1,000</i>	<i>Note</i>		
Profit/(loss) before taxation		-22'447	-27'314
Depreciation and amortisation		2'763	7'243
Changes in accounts receivables		1'410	-1'991
Changes in accounts payables		-646	-6'771
Items classified as investment- or finance activities		-	-2'102
Changes in other current receivables/liabilities		4'873	46'982
Cash flow from operating activities		-14'047	16'047
Proceeds from the sale of property plant, and equipment (PP&E)		-	24
Purchase of PP&E (CapEx)		1'211	20'448
Cash flow from investing activities		-1'211	-20'424
Proceeds from new shares issue		-	12'114
Repayment of short-term debt		-	624
Repayment of debt		-20'000	-
Dividends		-	-
Cash flow from financing activities		-20'000	11'491
Net change in cash and cash equivalents		-35'258	7'114
Cash and cash equivalents at start of the period		42'425	35'311
Cash and cash equivalents at end of the period		7'167	42'425

Notes to the financial statements

Accounting principles

The financial statements have been prepared in accordance with the provisions of the 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.

Operating income

The Company lease out dark fiber capacities and colocation in telco shelters to customers on its fiber network between Bergen and Trondheim.

Tax

The tax expense in the profit and loss account consists of both tax payable for the accounting period and changes in deferred tax. Deferred tax is calculated as 22 percent of temporary differences between accounting profit and taxable profit considering the tax effect of former operating losses. Temporary differences, both positive and negative, are offset within the same period. Deferred tax assets are recorded in the balance sheet when it is more likely than not that the tax assets will be utilised.

Principle rule for recording and categorising assets and debts

Assets intended for long-term ownership or usage are categorised as fixed assets.

Fixed assets are valued at acquisition cost and depreciated linearly over the economic lifetime. Fixed assets under construction are classified as fixed assets, depreciation will not start prior to deployment. If the actual value of the fixed assets is lower than the booked value and the decrease in value is not expected to be temporary, devaluation to the actual value is carried out.

Long term liabilities are recognized at nominal value.

Other assets are categorised as current assets. Debts to be paid back within a year are also categorised as current assets. Similar criteria are used to categorise short-term and long-term debts. Current assets are recorded at the lowest of historical cost and net realisable value.

Other long-term and short-term debts are recognised at nominal value.

Note 1 – Personnel compensation and number of employees

The company has no employees.

Note 2 – Tangible fixed assets

	Tangible assets (Subsea cable and terrestrial fiber infrastructure)
Acquisition cost 31.12.2023	178 600 963
Acquisition cost 31.12.2023	178 600 963
Net change per 30.09.2024	1 551 970
Allocated to balance sheet 31.09.2024	177 048 993

Economic life of up to 50 years.

Note 3 – Specification re. operating expenses

	30.09.2024	31.12.2023
Cost of goods sold	2 031 929	2 798 743
Depreciation	2 763 309	7 242 640
Other operating expenses	5 878 349	1 024 088
Sum other expenses	10 673 587	11 065 471

Cost of goods sold relates to payments for 3rd party companies performing Operation and Maintenance, general management, administration of the company, sales and marketing efforts towards current and new customers, in addition to marketing and attendance at industry events. Other operating expenses include 3rd party legal, paying agent and financial manager efforts. To reflect the depreciation rule for dark fiber networks used by similar Norwegian network owners, a 50-year depreciation rule has been implemented.

Note 4 - Bond

Debt maturing less than 5 years after financial yearend

The bond terms for the bond loan have been renegotiated in April 2024, resulting in an extension of the maturity date, PIK interest rate of 15% p.a. and a NOK 20 million down payment. The new maturity date for payment is May 5, 2025.

The terms of the bond are set out in the Bond Terms and are public, as part of the listing on the Nordic Alternative Bond Market. The Company comply with the terms and conditions set out in the Bond terms.

Note 5 – Share capital and share ownership

Per 30.09.2024

Share capital	# shares	Notional	Total
Ordinary shares	80 114 400	0.01	801 144
Sum	80 114 400		801 144

Owner	# shares	Ownership	Voting
N0r5ke Fibre AS	80 114 400	100%	100%

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.

