

# NOR SKE

VIKING



## Q2 2023 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 2nd Quarter 2023

After finalising the construction work ahead of our 15 December 2022 target date, we shifted our focus towards operationalising the network and customer onboarding.

Our contractor has finished the fiber splicing and measurement work on the southern part of the network according to our strict criteria and all IRU customers with signed contracts have been onboarded.

During 2022 the Company qualified to participate in a Norwegian public entity’s public tender for dark fiber, the competition has now been finalised and the Company’s offer has been handed in within the set deadlines. The result of the tender and selection of dark fiber providers is expected to be announced during H1 2024.

In terms of operationalisation, we have signed an additional O/M agreement with a qualified and certified supplier of services for terrestrial cable detection, ensuring marking and detection of our fiber network towards 3rd parties to mitigate risk of our fibers being damaged by these 3rd parties’ digging projects.

We are pleased with the overall progress per 30 June 2023.

Stig Salater, CEO

## Business update

- Through IRU customer onboarding, the Company has achieved sales revenues of approximately NOK 1.3 million for the quarter. Note- the lump-sum IRU contract payments of approximately NOK 36 million made to date are subject to accrual accounting over the contract lifetime. In addition, approximately NOK 18.7 million has been invoiced and is booked as “Accounts receivable from customers”.
- The Company is in constructive dialog with further prospect customers for dark fiber lease on parts of N0r5ke Viking and expect to finalise the signing of another IRU contract during Q3 2023.
- In 2022 the Company successfully qualified to take part in two public tenders initiated by large Norwegian public entities with a need to lease dark fiber between Bergen and Trondheim. The RFP process for one of these entities was initiated spring 2023, with deadlines for relevant information to be handed in during Q2 2023. The Company has handed in its detailed dark fiber offer as per the set requirements within the deadlines. The dark fiber allocations are expected to be announced by the public entity during H1 2024.  
The Company expect the RFP for the second public tender to be initiated during H2 2023.
- N0r5ke Fibre AS (“N0r5ke Fibre”), the parent company of N0r5ke Viking I AS, sees increasing demand and need for redundant long-haul fiber in Norway to accommodate the growth in international data traffic. Thus, N0r5ke Fibre is working on progressed plans and permitting for further subsea- and terrestrial fiber network build out between Bergen and Oslo and between Oslo and Trondheim. This is supported by the recent announcement by Green Mountain Data Centers to build 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.

## Financial update

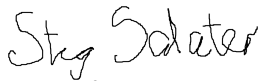
- As agreed with the Company’s auditor and N0r5ke Fibre AS (“N0r5ke Fibre”), the parent company of N0r5ke Viking I AS, NOK 12.1 million of assets have been transferred to the Company’s balance sheet. The transfer has been done through an issue of new N0r5ke Viking I AS shares purchased by N0r5ke Fibre and the purchase of the assets by the Company.
- Approximately NOK 166.0 million has now been paid out against a budget of NOK 166.2 million. As a consequence, the remaining budget is approximately NOK 0.2 million.
- The Company has per 30 June 2023 a cash holding of approximately NOK 26.0 million, and as such a solid buffer.
- The quarterly bond coupon of 11.24% p.a. was paid as scheduled on 3<sup>rd</sup> of May 2023. The debt service account has been closed.
- The interest rate for the next quarterly coupon was set to 11.74% p.a. for payment on the 3<sup>rd</sup> of August 2023.
- In addition to the Company’s liquidity buffer, the Guarantor N0r5ke Fibre AS holds further cash of approximately NOK 5.2 million.

- The pre-tax loss for the quarter is NOK 8.5 million.

### 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 April to 30 June 2023 of NOR5ke 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, 13.07.2023



**Executive Management**

Stig Salater, CEO NOR5ke Fibre AS



**Board of Directors**

Anders Vik, Chairman of the Board

## Unaudited quarterly financial statements

<b>Balance sheet</b>		<b>30.06.2023</b>	<b>31.12.2022</b>
<i>Numbers in NOK 1,000</i>	<i>Note</i>		
<b>Assets</b>			
<i>Fixed assets</i>			
<b>Tangible fixed assets</b>			
Property Plant and Equipment	2	181'045	165'420
<b>Sum tangible fixed assets</b>	<b>2</b>	<b>181'045</b>	<b>165'420</b>
<b>Sum fixed assets</b>		<b>181'045</b>	<b>165'420</b>
<i>Current assets</i>			
<b>Stocks</b>			
Stocks		570	
<b>Sum Stocks</b>		<b>570</b>	
<b>Receivables</b>			
Accounts receivable from customers		18'701	-
Other debtors		199	9'058
Unpaid subscribed capital		12'114	
<b>Sum receivables</b>		<b>31'014</b>	<b>9'058</b>
<b>Bank deposits, cash etc.</b>			
Bank deposits, cash etc.		26'049	35'311
<b>Sum Bank deposits, cash etc.</b>		<b>26'049</b>	<b>35'311</b>
<b>Sum current assets</b>		<b>57'633</b>	<b>44'369</b>
<b>Sum assets</b>		<b>238'678</b>	<b>209'789</b>
<b>Equities and liabilities</b>			
<i>Equity</i>			
<b>Paid-in capital</b>			
Subscribed capital	6	680	680
Other paid-in capital		45'322	45'322
Unregistered share capital increase	6	12'114	
<b>Sum paid-in capital</b>		<b>58'116</b>	<b>46'002</b>
<b>Retained earnings</b>			
Undistributed profit/loss 2023		-8'552	
<b>Sum retained earnings</b>		<b>-8'552</b>	
<b>Sum equity</b>		<b>49'565</b>	<b>46'002</b>
<i>Liabilities</i>			
<b>Other long-term liabilities</b>			
Bond loans	4	147'638	146'773
<b>Sum other long-term liabilities</b>	<b>4</b>	<b>147'638</b>	<b>146'773</b>
<b>Current liabilities</b>			
Accounts payable		-220	6'996
Public duties payable		3'420	
Other short-term liabilities	5	38'274	10'017
<b>Sum current liabilities</b>		<b>41'475</b>	<b>17'013</b>
<b>Sum liabilities</b>		<b>189'113</b>	<b>163'786</b>
<b>Sum equities and liabilities</b>		<b>238'677</b>	<b>209'788</b>

Income statement		30.06.2023	31.12.2022
<i>Numbers in NOK 1,000</i>			
	<i>Note</i>		
Sales revenue		1320	
<b>Total operating income</b>		<b>1'320</b>	
Other operating expenses	<b>1, 3</b>	-455	-584
<b>Sum operating expenses</b>		<b>-455</b>	<b>-584</b>
<b>Result of operations</b>		<b>865</b>	<b>-584</b>
Other financial income		59	1'923
<b>Total financial income</b>		<b>59</b>	<b>1'923</b>
Other interest charge		-8580	-14'878
Other financial expenses		-896	-1'882
<b>Total financial expenses</b>		<b>-9'476</b>	<b>-16'760</b>
<b>Net financial income/expenses</b>		<b>-9'417</b>	<b>-14'837</b>
<b>Ordinary profit/loss before tax</b>		<b>-8'552</b>	<b>-15'420</b>
<b>Ordinary profit/loss</b>		<b>-8'552</b>	<b>-15'420</b>
<b>Undistributed profit/loss</b>		<b>-8'552</b>	<b>-15'420</b>

Cash flow statement		30.06.2023	31.12.2022
<i>Numbers in NOK 1,000</i>			
Profit/(loss) before taxation		-8'552	-15'420
Change in stock of goods		-570	
Changes in accounts receivables		-18'701	
Changes in accounts payables		-6'996	-17'308
Changes in other current receivables/liabilities		29'067	64'115
<b>Cash flow from operating activities</b>		<b>-5'751</b>	<b>31'386</b>
CapEx		-15'625	-140'463
<b>Cash flow from investing activities</b>		<b>-15'625</b>	<b>-140'463</b>
Proceeds from new shares issue		12'114	-396
Proceeds from long-term debt			
Repayment of debt			
Dividends			
<b>Cash flow from financing activities</b>		<b>12'114</b>	<b>-396</b>
Net change in cash and cash equivalents		-9'261	-109'473
Cash and cash equivalents at start of the period		35'311	144'784
<b>Cash and cash equivalents at end of the period</b>		<b>26'049</b>	<b>35'311</b>

## 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 has fixed assets under construction that have not been put into use as of 31.12.2022, thus no income has been reported for 2022. In 2023, the Company is leasing out dark fiber capacities to customers.

### 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**

As agreed with the auditor, NOK 12'114'400 of Tangible fixed assets were transferred from N0r5ke Fibre AS' balance sheet to N0r5ke Viking I AS' balance sheet against cash payment of NOK 12'114'400 to N0r5ke Fibre AS

**Additional information on Tangible fixed assets**

The company has fixed assets under construction and is activating expenditures linked to the subsea cable build-out, except financial expenses that are accounted for as they arise. The subsea cable build out was finalised December 2022 and income from in 2023. Depreciation of the subsea cable will start upon finalization and will be linearly along its expected economic life of 20-25 years. In the case of a sale of tangible assets, the profit/loss will be registered in the income statement for the accounting period corresponding to the actual customer hand-over.

**Note 3 – Specification re. operating expenses**

	30.06.2023	2022
Other operating expenses	-454 691	-583 511
Sum other expenses	-454 691	-583 511

**Note 4 - Bond**

Debt maturing less than 5 years after financial yearend

	30.06.2022	2022
Bond	150 000 000	150 000 000
Transaction costs	-2 361 828	-3 227 194
Sum	147 638 172	146 772 806

The maturity date of the NOK 150 million senior secured bond FRN is 3<sup>rd</sup> May 2024. The interest rate is set quarterly as 3 month NIBOR + 8.00% p.a.

The terms of the bond is set out in the Bond Terms 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.

Bond Interest rate payments are accounted for on a continuous basis.



**Note 5 - Short-term liabilities**

<b>Short term debt</b>	<b>30.06.2023</b>	<b>2022</b>
Upfront IRU payments made by customers	35 458 121	778 833

IRU payments from customers relate to the typical 20 year lease of dark fiber, the revenues are accrued over the lifetime of the contracts.

**Note 6 – Share capital and share ownership**
**Per 31.12.2022**

<b>Share capital</b>	<b># shares</b>	<b>Notional</b>	<b>Total</b>
Ordinary shares	68 000 000	0.01	680 000
<b>Sum</b>	<b>68 000 000</b>		<b>680 000</b>

<b>Owner</b>	<b># shares</b>	<b>Ownership</b>	<b>Voting</b>
N0r5ke Fibre AS	68 000 000	100%	100%

Mid June 2023, N0r5ke Viking I AS increased its share capital from NOK 680'000 to NOK 801'144, through the issuance of 12'114'400 new shares with a par value of NOK 0,01. The share increase is offered only to N0r5ke Fibre AS being N0r5ke Viking I AS' sole shareholder at a price of NOK 12'114'400.

Due to the Norwegian summer holidays, the registration at the registry is expected to materialize by end August 2023.

## 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.

