TRADING UPDATE

DIGITAL 9 INFRASTRUCTURE PLC

Released 07:00:08 11 January 2023

RNS Number : 3290M
Digital 9 Infrastructure PLC
11 January 2023

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION AS DEFINED UNDER THE MARKET ABUSE REGULATION (EU) NO. 596/2014, AS IT FORMS PART OF DOMESTIC LAW IN THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

11 January 2023

DIGITAL 9 INFRASTRUCTURE PLC
("D9", the "Company" or, together with its subsidiaries, the "Group")

TRADING UPDATE

Following the Company Update on 1 December 2022, the Board of Directors of Digital 9 Infrastructure plc, a leading investor in the infrastructure of the internet, and the Company's Investment Manager, Triple Point Investment Management LLP ("**Triple Point**"), today provide a Trading Update to the period ended 30 September 2022.

This Trading Update provides information regarding:

1. Investee Company Performance
2. Portfolio Valuation Methodology
3. Balance Sheet and Liquidity Position
4. Dividend Cover
5. Investment Approach and Investment Manager
6. Outlook

The Company intends to issue its audited annual results for the year ended 31 December 2022 in March 2023. Therefore, the figures disclosed in this Trading Update reflect the valuations of the portfolio at 30 June 2022 being the date of latest published net asset value plus subsequent acquisitions (at cost) and a fully drawn Revolving Credit Facility ("**RCF**") (together making up the "**Pro-forma Adjusted Gross Asset Value**").

The Company's Net Asset Value at 31 December 2022 will be published with the 2022 Annual Report in March 2023.

The Company intends to host a Capital Markets Day for shareholders and analysts shortly following the release of the Company's annual results.

Key Highlights

- The Group's diversified portfolio of eight high-quality data centre, subsea fibre, and wireless network assets (together, the "**Investee Companies**") has performed strongly during the period.
- The Company had a Pro-forma Adjusted Gross Asset Value of £1.3 billion at 30 September 2022. For the 12-months to 30 September 2022, consolidated Investee Company Revenue of c.£418 million achieved Company and management expectations and consolidated Investee Company EBITDA of c.£221 million exceeded expectations by c.10%.
- The Investee Companies recently updated their 5-year business plans to 2027 as part of a customary annual re-forecasting exercise[1]. The Company and the Investment Manager note the significant increase in customer demand

for the Investee Companies' services - particularly for the Group's data centre platform and following the commercial integration of Ficolo Oy and Volta Data Centres with Verne Global.

- The Company and the Investment Manager believe the portfolio provides a compelling opportunity for capital growth via reinvestment of Investee Companies' respective operating cash flow and the funding of incremental growth capital expenditure to increase data capacity and fibre connectivity, strengthen portfolio returns and continue to enhance shareholder value.
- Given the significant growth opportunities, the Company continues to focus on the operational performance and optimisation of each of the assets acquired to date.
- To help pursue Investee Companies' growth ambitions, which are driven by accelerated customer demand, the Company has identified a significantly increased growth capital expenditure pipeline of c.£264 million for the year ending 31 December 2023 and c.£639 million in respect of the subsequent four years ending 31 December 2027. At 31 December 2022, the Group had committed to fund c.£46 million of this pipeline in Aqua Comms, EMIC-1 and Volta.
- The Company and the Investment Manager are evaluating complementary sources of growth capital to support the significantly increased growth capital expenditure pipeline. The Company will consider the most suitable use of any additional capital at the time, taking account of efficient management of its costs (including reducing RCF interest payments through the repayment of the RCF) as well as the financing of accretive portfolio growth opportunities.
- The Company is targeting an aggregate dividend of 6.0 pence per ordinary share in the capital of the Company ("**Ordinary Share**") for the year ended 31 December 2022[2].
- At 1 January 2023, the Group had c.£74 million of cash available and £43.8 million remaining undrawn of the £375 million RCF, excluding the accordion tranche of up to £125 million. RCF's annual interest rate margin reduced from 3.75% to 3.5% from 9 December 2022 to reflect the diversified nature of the Group's portfolio.
- On 19 December 2022, the Company successfully became a constituent of the FTSE 250 Index, potentially unlocking further diversification of the share register with access to blue chip UK and international investors and enhanced liquidity in its shares.

Phil Jordan, Chair, Digital 9 Infrastructure plc, commented:

"Since IPO, the Company has selectively acquired high-quality businesses with an established market presence in data centres, subsea fibre, and wireless networks. These form a diversified and integrated portfolio now well-placed to grow organically.

The business performance and our latest forecasts demonstrate the strength of our portfolio's revenues and profitability. The majority of D9's portfolio comprises capital intensive businesses, underpinned by an exponential demand for data, and the growth opportunities for each can be supported by a visible pipeline of investment which is already part-funded by the Group. Through our active asset management approach, we expect these investments to deliver both income and capital growth which will underpin our 10% total return target and 6 pence per share dividend per annum target[3].

We will continue to engage openly with our shareholders and look forward to presenting our results for the year ended 31 December 2022 in due course."

Arnaud Jaguin, Investment Director at Triple Point, commented:

"In pursuing future growth, we expect the portfolio will achieve higher returns due to the arbitrage between making investment in our existing asset base compared to making new acquisitions.

Our Investee Companies have identified significant growth opportunities, reflected in their recent forecasting and growth capital planning. As we aim to strike the right balance between growth, financial leverage and total return, we will remain disciplined in our capital management approach. As such we are evaluating complementary sources of growth capital and considering the most suitable use of any additional capital.

Our best-in-class growth platforms align to the UN SDG9 and allow us to drive breadth and depth of customer relationships, lead the way in promoting carrier-neutral connectivity globally, and democratise access to critical digital infrastructure, with an emphasis on de-carbonisation."

Meeting for analysts and audio recording of the Trading Update available

The Company will be hosting a live webcast presentation for analysts at 9.45am GMT today, which will be available at: https://secure.emincote.com/client/digital9/tradingupdate2023.

The presentation will also be accessible on-demand later in the day via the Company website: www.d9infrastructure.com.

FOR FURTHER INFORMATION ON THE COMPANY, PLEASE CONTACT:

Triple Point Investment Management LLP (Investment Manager)	**+44 (0)20 7201 8989**
Ben Beaton / Arnaud Jaguin	
J.P. Morgan Cazenove (Corporate Broker)	**+44 (0)207 742 4000**
William Simmonds / Jérémie Birnbaum (Corporate Finance)	
James Bouverat / Liam MacDonald-Raggett (Sales)	
Akur Capital (Financial Adviser)	**+44 (0)207 493 3631**
Tom Frost / Anthony Richardson / Siobhan Sergeant	
FTI Consulting (Communications Adviser)	
Ed Berry	**+44 (0)7703 330 199**
Gina Magnin	**+44 (0)7815 585 751**
Maxime Lopes	**+44 (0)7890 896 777**
	dgi9@fticonsulting.com

LEI: 213800OQLX64UNS38U92

COMPANY AND INVESTMENT MANAGER COMMENTARY

1. Investee Company Performance

Since its initial public offering ("**IPO**") in March 2021, the Company has acquired eight high-quality portfolio assets in three of the Company's four target sub-sectors: data centres, subsea fibre and wireless networks. Following the acquisitions, the Company has focused on driving portfolio synergies across the platforms, particularly in data centres and subsea fibre.

During 2022, the Verne Global brand has demonstrated its unique value as a market consolidator through the streamlining of the brand and commercial integration with Volta Data Centres (now known as "**Verne London**"), and Ficolo Oy (now known as "**Verne Global Finland**").

1.1. Asset Breakdown

The below table uses the previously disclosed valuations for Verne Global, Aqua Comms DAC ("**Aqua Comms**"), Host Ireland, Verne London, Europe Middle-East India Connect 1 ("**EMIC-1**") and Sea Edge UK1 ("**SeaEdge**") at 30 June 2022 and on a pro-forma basis including the subsequent acquisitions of Verne Global Finland, Arqiva Group ("**Arqiva**") and seed investment into Giggle Broadband ("**Giggle**") to show the asset allocation at 31 December 2022.

Arqiva is included at a cost of £300 million and does not include the Vendor Loan Note ("**VLN**") as, under the Company's definition of Adjusted Gross Asset Value ("**GAV**"), non-recourse loans are excluded. For reference, the VLN represents a non-recourse loan to the Company of £163 million. Verne Global Finland and Giggle are also included at cost. Net working capital includes cash and current assets across the Group (excluding the Investee Companies) at 30 September 2022.

Platform	**% of pro-forma Adjusted Gross Asset Value**[4]	**% equity ownership by Company**
Arqiva	24%	48.02%[5]
Verne Global	24%	100%
Aqua Comms	17%	100%
Verne Global Finland	9%	100%
Host Ireland	4%	100%
Verne London	4%	100%
EMIC-1	1%	100%
SeaEdge UK1	1%	100%
Giggle	<1%	100%
Net working capital	10%	N/A
Remaining undrawn RCF	6%	N/A
Total	**100%**	

Note: Pro-forma Adjusted Gross Asset Value of £1.3 billion at 31 December 2022 (based on asset valuations at 30 June 2022) including the acquisitions of Verne Global Finland and Arqiva, and seed investment into Giggle, at cost. The Company's Investment Policy includes, inter alia, a current restriction that that the Company will not invest more than 25% of Adjusted Gross Asset Value in any single asset or Investee Company, measured at the time of any investment into such asset or Investee Company.

1.2. Portfolio Operating Highlights

The Investee Companies' aggregate revenues, for the 12-months to 30 September 2022 have achieved Company and management expectations and the portfolio's aggregate EBITDA has exceeded expectations by 10%. More details on underlying business performance follows in this section.

	Period ended 30 September 2022	**Period ended 30 September 2021**
Consolidated Investee Company Revenue	c.£418 million	c.£415 million
Consolidated Investee Company EBITDA	c.£221 million	c.£210 million
Consolidated Investee Company Operating Cash Flow[6]	c.£55 million	c.£92 million
Consolidated Investee Company run rate EBITDA	c.£224 million	c.£212 million

Note: With the exception of Arqiva, all revenue and EBITDA figures included in the above table are for the full, actual 12-month period to 30 September 2022 and are not pro-rated for the period of ownership. Arqiva's figures are for the 12-month period to 30 June 2022 and are adjusted for the Company's economic ownership of 51.76%. All other Investee Companies are 100% owned.

	Period ended 30 September 2022
Weighted Average Remaining Contract Term	7.3 years
% Investee Company revenue with inflation protection	
- RPI/CPI/PPI linked with no cap	52%
- Fixed uplift of 2% to 5% (2.6% weighted average)	12%
- CPI/RPI/PPI linked with cap of 2% to 3%	2%
Total	**66%**

In December 2022, the Group's Investee Companies completed their customary annual re-forecasting exercise to update their 5-year business plans, except for Arqiva which reports on a June-to-June annual cycle. Arqiva's latest business plan was signed off by the Arqiva board in May 2022, with plans for an updated plan to be finalised by the end of April 2023.

Due to strong customer demand, the Investee Companies in aggregate have significantly increased their growth capital expenditure pipeline with a total of c.£264 million now expected for the year ending 31 December 2023. The Company expects that pursuing its capital expenditure pipeline will achieve enhanced returns from the benefits associated with investing in the existing asset base compared to paying market valuations for new acquisitions.

The Company has to date committed to fund c.£46 million of this pipeline, to be financed from a combination of existing cash and further drawdowns on the Group's remaining RCF balance. In the case of Arqiva and Host Ireland, all future capital expenditure is forecast to be funded by cash from their respective balance sheets.

The longer-term growth capital expenditure pipeline identified by the Investee Companies between 2024 and 2027 amounts to c.£639 million. The Company and the Investment Manager are reviewing appropriate potential funding options to support the capital requirements of the strong and well positioned businesses within the portfolio. Further detail can be found in section 3.2.

Sector	Platform	Growth capital expenditure pipeline (2023)	Growth capital expenditure pipeline (2024-27)
Data Centres	Verne Global	c.£95 million	c.£296 million
	Verne London	c.£12 million	c.£10 million
	Verne Global Finland	c.£51 million	c.£49 million
	SeaEdge UK-1*	£Nil	£Nil
Subsea Fibre	Aqua Comms	c.£20 million	c.£40 million
	EMIC-1	c.£27 million	c.£13 million
Wireless networks	Arqiva**	c.£37 million	c.£133 million
	Host Ireland	c.£1 million	c.£6 million
Terrestrial Fibre	Giggle	c.£22 million	c.£91 million
Total		**c.£264 million**	**c.£639 million**

* SeaEdge receives rental income under a fully repairing and insuring lease in place with their tenant that covers any future capital expenditure.

** Proportional capital expenditure based on the Group's 51.76% economic interest in Arqiva.

1.2.1. Verne Global

Verne Global is a leading data centre platform based in Iceland. It provides highly scalable data centre capacity to its enterprise customers in a geographically optimal environment, powered by 100% baseload renewable energy. Energy is sourced exclusively from local, stable and predictable hydroelectric and geothermal power generation which is secured with a 10-year fixed-price supply contract, enabling customers to reduce their carbon footprint significantly. Verne Global's year-round, free-air cooling capabilities make it one of the most energy-efficient data centres in the world and reaffirms the Company's ambition to decarbonise digital infrastructure in line with UN SDG9.

Verne Global has experienced sustained high, double-digit growth momentum since its acquisition by the Group in 2021. Compared to the same 12-month period in 2021, revenue has increased by 34% and EBITDA increased by 59% due to growth in enterprise colocation for the 12-month period to 30 September 2022.

At 30 September 2022, Verne Global had 98.8% of recurring revenue benefiting from fixed annual uplifts ranging from 2% to 5% offering strong revenue inflation protection generated from c.40 leading global High-Performance Computing, supercomputing and enterprise customers. This delivers long-term, inflation-protected income in a variety of sectors including automotive, artificial intelligence and financial services.

Verne Global has no gearing in place.

In light of increased global temperatures, increasing ESG reporting requirements, along with the recent power pricing and availability crisis in Northern Europe, enterprises are focused on sustainable data centre solutions, which benefit from low-cost, long-term, renewable power, and that bring stability, availability and scalability to support their rapidly increasing high performance compute needs.

As a result, Verne Global is experiencing accelerated customer demand for its facilities from both new and existing customers and has booked and sold all of its remaining capacity. Due to this level of demand, Verne Global has identified a substantially increased growth capital expenditure pipeline in its latest 5-year business plan, with capital expenditure pipeline in 2023 increasing to $115 million (£95 million). Furthermore, its capital expenditure pipeline for the five years to 31 December 2027 increased from $208 million (£172 million) in its 2021 plan to c. $472 million (£391 million).

This capital expenditure will fund the expansion of capacity from an existing 40 Mega Watts ("**MW**") in operation or development to a total of 94MW out of a potential of more than 100MW on the site. At 31 December 2022, the Group had funded c.$60 million, (c.£49.5 million), of capital expenditure in Verne Global since its acquisition for £231 million in September 2021. The Group has not currently committed to any further capital expenditure for 2023 onwards.

The Company's Investment Policy includes a restriction that the Company will not invest more than 25% of Adjusted Gross Asset Value in any single asset or Investee Company (measured at the time of any investment into such asset or Investee Company) and therefore the Group cannot currently materially increase its exposure to Verne Global.

The Company and the Investment Manager continue to believe in Nordic data centres as a significant differentiator for the Company's investment proposition, giving exposure to the fastest growing market for low-carbon, low-cost data centre services.

1.2.2. Verne London (previously Volta Data Centres)

Verne London is a premier 6MW data centre facility located in central London, providing over 40 carrier-neutral networks. This makes Verne London one of the most connected central London data centres, offering ultra-low latency and high-performance connectivity to a diversified enterprise customer base.

In September 2022, the Company streamlined the operations and branding of Verne London, bringing it under full operational and management control of the Verne Global team so as to create a complementary platform of a latency-sensitive data location which is essential for enterprise customers in London, together with the high-intensity compute offering which requires significantly higher power inputs which is ideally located in Iceland. The Company and the Investment Manager believe there remains considerable opportunity to educate enterprises about the economic and environmental benefits of shifting energy-intensive, latency-insensitive data workloads to the Nordics to realise the benefits of 100% renewable powered data capacity and reduced costs. The complementary nature of the Group's data centre asset locations also enables the Group to drive convergence across the portfolio's campuses.

Compared to the same 12-month period in 2021, Verne London's revenue increased by 17% and EBITDA decreased to negative £1.0 million for the 12-month period to 30 September 2022. The decrease in EBITDA was caused by a significant increase in UK power prices due to the ongoing war in Ukraine. Unlike Verne Global, Verne London's power costs are not immediately passed onto the customer, but instead pricing is reviewed annually based on a power price index, resulting in a lag between when power prices increase, and when contracts can be adjusted accordingly. A decrease in EBITDA had been anticipated and priced into the acquisition of Verne London by the Company, but actual performance during the year represents an improvement compared to initial forecasts. The outperformance was driven both by the team's responsiveness and ability to navigate the volatile power market experienced in the UK, and by adjusting customer contracts accordingly either to reflect recent power prices or to pass through power costs to customers. Following the revised long term business plan, Verne London is expected to generate positive EBITDA in 2023. Verne London has recently completed negotiations on a 2.1MW contract with an established financial services customer and are currently carrying out the construction works.

Verne London has 115 customers with 97% of recurring revenue providing fixed annual revenue escalation of 3.5%, although retail customer contracts where the power price is paid by Verne London can be escalated in accordance with the appropriate power price index (instead of a defined percentage escalation or typical inflation index such as CPI). This protects Verne London from volatility in the power markets.

Verne London has no gearing in place.

As part of the annual 5-year business plan, Verne London has identified a growth capital expenditure pipeline of c.£22 million for the 5-year period to 31 December 2027, including £12 million in 2023. This includes funding for the expansion of both the first and second floors at the existing premises, which was anticipated at acquisition and will increase capacity from an existing 2.5MW to 6MW, at which point the facility will be fully built out. At 31 December 2022, the Group had funded £8 million of this expansion in Verne London since its acquisition for £45 million in April 2022 and is committed to a further £8 million.

1.2.3. Verne Global Finland (Previously Ficolo Oy)

Verne Global Finland is a leading Finnish data centre with existing buildings capable of providing up to 23MW of capacity of which 7.4MW is currently developed. Verne Global Finland also supplies heat distribution networks locally with excess heat generated from operations.

Compared to the same 12-month period in 2021, revenue increased by 9% and EBITDA increased by 51% due to new customer wins, for the 12-month period to 30 September 2022. The Company is pleased with this performance particularly given market instability and Finland's proximity to Russia which did result in delays to customer decisions; growth during 2022 would have been higher without these factors.

Verne Global Finland has 31% of recurring revenue having an element of inflation protection generated from over 130 large enterprise customers at 30 September 2022. Customer contracts are linked to CPI and capped at 2 - 3% per annum.

Verne Global Finland has no gearing in place.

As part of the 5-year business plan, Verne Global Finland identified a growth capital expenditure pipeline of £100 million for the 5-year period to 31 December 2027, including £51 million for 2023. This is to realise the potential to expand existing resilient fit out capacity of 7.4MW to 17MW; the Group has not yet committed to underwrite any of this expenditure. At 31 December 2022, the Group had funded £5.1 million in growth capital expenditure in Verne Global Finland, since its acquisition for c.£114 million in July 2022.

In order to capitalise on the benefits of a multi-campus, consolidated data centre offering, the rebranding to Verne Global Finland is expected to support the growth and consolidation of the Group's Nordic data centre platform. The Company and the Investment Manager believe further synergies can be derived through offering the combined Verne data centres' customers with a choice of Nordic data centre locations through a common platform and therefore drive greater convergence value across the portfolio.

1.2.4. Aqua Comms

Aqua Comms is a leading carrier-neutral owner and operator of subsea fibre, providing essential connectivity through 20,000km of transatlantic, North Sea and Atlantic, and Irish sea routes. Aqua Comms serves hyperscalers and global carriers who have an exponential data demand.

Compared to the same 12-month period in 2021, revenue increased by 6% and EBITDA decreased by 7.5% due to a shunt fault repair on AEC-1, plus smaller impacts due to restarting travel post covid and investment in growth to scale up the business. Aqua Comms expects customer demand to remain strong in the foreseeable future while capacity demand continues to grow at very high rates.

Aqua Comms has 29% of recurring revenue with inflation protection generated from large global tech customers at 30 September 2022. Customer contracts are linked to both CPI and RPI and approximately half are uncapped, and half capped to between 2-3%.

Aqua Comms has no gearing in place.

As part of the recent 5-year business plan, Aqua Comms identified a growth capital expenditure pipeline of £60 million for the period to 2027, including £20 million in 2023. This is to fund increasing capacity and redundancy through new transatlantic subsea cables, including AEC-3, along with system investment to drive scalability in operations. At 31 December 2022, the Group had funded c.£6 million of growth capital expenditure in Aqua Comms since its acquisition for c.£170 million in April 2021 and has committed to a further c.£13 million.

In December 2022, Aqua Comms announced the appointment of Jim Fagan as CEO effective from 1 May 2023, following Nigel Bayliff standing down from the role. Jim's appointment follows a competitive recruitment and selection process, and the Investment Manager continues to support the leadership transition period closely. Jim brings 25 years' leading industry experience in Asia-Pacific, North America and EMEA, including executive roles with Global Cloud Xchange, Rackspace, and Pacnet (later acquired by Telstra).

In September 2022, Aqua Comms completed the acquisition of Openbyte Infrastructure Private Limited ("**Openbyte**"). Openbyte is an India-based licenced telecom consultancy company focused on providing neutral, open access landing solutions for submarine cables. The acquisition complements Aqua Comms investment in EMIC-1 and is key to supporting Aqua Comms' global connectivity expansion plans, providing a carrier-neutral platform in India for Aqua Comms services.

Aqua Comms remains one of the Company's cornerstone investment platforms since IPO and the Investment Manager is very confident of the ability to create accretive organic growth as well as seeking out potential additional pipeline acquisitions in subsea fibre.

1.2.5. Europe Middle-East India Connect 1

EMIC-1 is a carrier-neutral network platform comprising subsea and terrestrial fibre assets which is expected to connect Europe, the Middle East and India by 2024. In partnership with a consortium of investors, including Meta, the Group will fund the development of the new 10,000km intercontinental fibre system, which will be managed by Aqua Comms following completion. It is the Company's only asset which is fully under construction, notwithstanding the Group's seed capital investment into Giggle for which further information can be found in section 1.2.9.

To fund the construction of EMIC-1, the Group committed to underwrite £50 million over a three-year period, potentially rising to over £60 million dependent on additional capacity and connectivity requirements. At 30 September 2022, the Group had committed £46 million for equipment orders and milestone payments. The remaining funding for the project construction programme is expected to be provided throughout 2023 and 2024.

As identified at IPO, the Company and the Investment Manager believe EMIC-1 demonstrates the convergence value of the Group's subsea fibre platform. Once EMIC-1's cable becomes ready for sale it is expected to become part of Aqua Comms' subsea fibre platform. EMIC-1 will be Aqua Comms' first subsea cable in the Asian market through its network in India, extending its reach for global content providers and independent telecoms service providers.

1.2.6. SeaEdge UK1

SeaEdge is a data centre asset and landing station for several subsea fibre systems located on the UK's largest purpose-built data centre campuses in Newcastle. The Group owns the underlying real estate and leases the asset to a high-quality data centre operator on a 25-year term occupational lease, expiring in 2046 with 100% of contracts linked to RPI capped at 3%. Total capacity at the facility is 11MW.

The Group acquired SeaEdge for £15 million in December 2021.

SeaEdge has no gearing in place and has a fully repairing and insuring lease in place with their tenant that covers any future capital expenditure.

1.2.7. Arqiva Group

Arqiva is an established wireless 'national champion' providing essential licensed data, network and communications services to UK homes, businesses, and critical utility networks. Arqiva is the sole operator of digital terrestrial television and radio infrastructure in the UK, serving c.98.5% of the UK's population.

In the 12-month period to 30 June 2022, Arqiva's revenue decreased by 3.6% and EBITDA increased by 1.9%, ahead of EBITDA budgeted in D9's acquisition model.

The revenue decrease was anticipated at the time of investment and reflects (i) the planned wind down of discontinued operations following the sale of its telecoms infrastructure to Cellnex in July 2020, (ii) the completion of Arqiva's 700MHz clearance programme, (iii) the planned end of Arqiva's Transition Service Agreement ("**TSA**") revenues established for an interim period following the sale of Arqiva's telecoms business in 2020, and (iv) expected lower renewal pricing following the end of legacy contracts on the main Digital Terrestrial Television multiplexes, UK Direct-to-Home and managed broadcast service products. The increase in EBITDA margin was driven by cost savings including satellite capacity savings and headcount reductions.

Following the sale of Arqiva's telecoms business to Cellnex, the residual proceeds enabled the September 2022 deleveraging of Arqiva's capital structure through the refinancing of £625m of junior notes with cash and a £450m term loan. For further information please refer to section 3.3.

Arqiva is the only Investee Company to use long-term debt instruments in its capital structure (further information available in section 3.3). Arqiva plans to work with the Company and its other shareholders over the coming months to complete a new long-term forecast by the end of April 2023. Arqiva is expected to self-fund any of its future capital expenditure requirements either via existing cash resources or by utilising existing borrowing facilities.

Arqiva's revenue is underpinned by long-term contracts with blue-chip customers including the BBC, ITV, Channel 4, Sky, Discovery and Thames Water. Revenue contracts benefit from inflation protection, with an estimated 65-70% of forecast recurring revenue for the financial year ending 30 June 2023 linked to the consumer price index ("**CPI**") or the retail price index ("**RPI**"). Arqiva's operational cash flow will generally benefit from an inflationary environment, however inflation-linked swaps currently in place (until April 2027), offset the positive inflationary effect on operational cash flow. Therefore, while Arqiva will benefit from an inflationary environment in the longer term, the overall effect in the short-to-medium term is negative. Further details can be found in section 3.3. The Company is working closely with Arqiva to consider the optimisation of its capital structure.

As part of its May 2022 business plan, Arqiva identified a growth capital expenditure pipeline of c.£170 million for the 5-year period to 31 December 2027 (on a proportional basis per the Company's 51.76% economic interest in Arqiva). All capital expenditure is expected to be funded from Arqiva's balance sheet.

The Company and the Investment Manager believe Arqiva is a mature network business with strong, contracted, inflation-linked revenues. There is also a compelling opportunity for capital growth to be realised through active ownership of Arqiva's Internet of Things ("**IoT**") connectivity platform, which helps deliver smarter and more efficient management of essential water and energy utility networks.

1.2.8. Host Ireland

Host Ireland is a leading enterprise broadband provider that owns and operates the highest capacity licensed Fixed Wireless Access ("**FWA**") network in Greater Dublin, connecting c.1,600 enterprise customers with high-quality wireless access across c.50 base stations.

Host Ireland continued its growth in high-quality wireless connectivity operations in 2022, with unique customer connections growing from c.2,650 in December 2021 to c.2,750 in September 2022. The company has a diverse client base including larger multinationals, government bodies, global technology companies, small professional service firms, retail and hospitality companies.

Compared to the same 12-month period in 2021, revenue has increased by 7% with EBITDA increasing by 2% for the 12-month period to 30 September 2022. Host Ireland has 45% recurring revenue inflation protection with price growth linked to CPI on an uncapped basis at 30 September 2022. Host Ireland has no gearing in place.

As part of its 5-year business plan, Host Ireland has identified a growth capital expenditure pipeline of c. €8 million (c. £7 million) for the period to 2027, including €1.3 million (£1.1 million) in 2023. At 31 December 2022, the Group had not funded any growth capital expenditure in Host Ireland since its acquisition for £51 million in April 2022.

The Company and the Investment Manager believe Host Ireland continues to provide an attractive entry point to Ireland's extensive FWA network and represents a growth platform for further geographical expansion throughout Ireland and internationally.

1.2.9. Giggle Broadband

In July 2022 the Group invested £1 million seed capital into Giggle, a development opportunity that provides affordable broadband to social housing through a revolutionary Fibre to the Home ("**FTTH**") network across the city of Glasgow. Giggle represents a truly affordable broadband solution for social housing, allowing families on social benefits to access top quality broadband without having to enter into annual contracts, contributing positively towards breaking the digital divide.

Due to its attractive proposition, Giggle has attracted a best-in-class senior executive team led by experienced executive Dave Axam and supported by a CFO, CTIO and CCO each with extensive experience in building FTTH networks. Dave has a proven track record in delivering strategic transformation projects and has previously held roles at BT and most recently as COO of LightSpeed Broadband, a fibre altnet.

Giggle has identified a growth capital expenditure pipeline of c.£112 million for the 5-year period to 31 December 2027, including c.£21 million in 2023. Following the Group's further investment of £2 million in the project in December 2022, no further capital expenditure has been committed by the Group.

2. Portfolio Valuation Methodology

The Investment Manager has an internal team that is responsible for carrying out the fair valuation of financial assets for financial reporting purposes. This valuation is presented to the Investment Manager's Valuation Committee before the Board for its approval and adoption. These valuations are audited by the Company's auditors at 31 December each year, and reviewed by the auditors at 30 June annually. The Directors satisfy themselves as to the methodology used, the discount rates and key assumptions applied, in addition to the valuations being audited by the external auditors. All investments are held at fair value in accordance with the IPEV (International Private Equity and Venture Capital) valuation guidelines where appropriate to comply with IFRS 13 and IFRS 9.

For the 2022 Interim Results valuation at 30 June 2022, the Company adopted a Free cash flow to Equity ("**FCFE**") valuation methodology, applying the cost of equity as the discount rate to the relevant equity cash flows, rather than a blended Weighted Average Cost of Capital including the cost of debt. This is considered by the Company to be the most appropriate methodology and is consistent with other investment companies.

The valuation is carried out on a six-monthly basis at 30 June and 31 December each year and is reported on to shareholders in the annual report and financial statements. The Company's Net Asset Value at 31 December 2022 will be published in the 2022 Annual Report expected to be released in March 2023. The valuations will be prepared using the methodology described above.

The Company owns 100% of its subsidiary Digital 9 Holdco Limited ("**D9 Holdco**"). The Company meets the definition of an investment entity as described by IFRS 10, as such the Company's investment in D9 Holdco is valued at fair value. D9 Holdco's cash, working capital balances and fair value of investments are included in calculating fair value of D9 Holdco. The Company acquires underlying investments in special purpose vehicles through its investment in D9 Holdco.

The Investment Manager uses its judgement in arriving at the appropriate discount rate using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessment. This is based on its knowledge of the market, considering intelligence gained from its bidding activities, discussions with financial advisers in the appropriate subsectors and publicly available information on relevant transactions. The bottom-up analysis of the discount rate and the appropriate beta is based on comparable listed companies.

At 30 June 2022, the weighted average cost of equity across the portfolio considered by the Investment Manager was 13.7%; the applied discount rates ranged from 12% to 15.2%.

3. Balance Sheet and Liquidity Position

3.1. Cash Balance

At 1 January 2023, the Group had c.£74 million of cash available and also has £43.8 million remaining undrawn of the £375 million RCF, excluding the accordion tranche of up to £125 million.

3.2. Growth Capital Expenditure Pipeline

Due to accelerated customer demand, the Investee Companies, in aggregate, have a significantly increased growth capital expenditure pipeline of c.£264 million for the year ending 31 December 2023. Notably, Verne Global identified a substantially increased growth capital expenditure pipeline in its latest 5-year business plan, with capital expenditure pipeline in 2023 increasing to $115 million (£95 million). The Group has not currently committed to any further capital expenditure for 2023 onwards. The Company Investment Policy includes a restriction that the Company will not invest more than 25% of Adjusted Gross Asset Value in any single asset or Investee Company (measured at the time of any investment into such asset or Investee Company) and therefore the Group cannot currently materially increase its exposure to Verne Global.

The Company has to date committed to fund c.£46 million of the total pipeline (summarised in section 1 of this Trading Update) which will be funded by a combination of cash and the available RCF (c.£5 million is expected to fall due in 2024 as EMIC-1 approaches ready for sale).

For the period between 2024 and 2027 the Investee Companies, in aggregate, have a growth capital expenditure pipeline of c.£639 million.

The sub-sectors in which the Company invests are typically growth sectors where extensive capital expenditure can be deployed to, for example, increase data capacity and fibre connectivity. Through the 'power of the platform', accretive incremental growth capital expenditure can drive enhanced portfolio returns and strong opportunities for valuation uplifts.

The Board and the Investment Manager recognise the importance of balancing the possibility of raising additional equity in the current capital markets, with a prudent approach to short and long-term borrowings within the Company's capital structure - to sustainably finance growth capital expenditure.

The Company and the Investment Manager are evaluating complementary sources of growth capital to support the Investee Companies' significantly increased growth capital expenditure pipeline. This includes, inter alia, a potential syndication of a minority stake in existing Investee Companies to a strategic capital partner and/or appropriate debt financing at Investee Company level. Such complementary sources of growth capital will only be considered where the Board and the Investment Manager believe that this would be the most appropriate way to create shareholder value.

The Company will consider the most suitable use of any additional capital at the time, taking account of efficient management of its costs (including reducing RCF interest payments through the repayment of the RCF) as well as the financing of accretive portfolio growth opportunities.

3.3. Arqiva Capital Structure and Financing

Arqiva generates predictable earnings, supported by strong market positions, diverse revenue streams, long-life assets and long-term inflation-linked contracts. Arqiva has in place a long-term junior and senior debt programme. Given the variable-rate debt on its balance sheet, Arqiva uses interest rate swaps and inflation-linked swaps to hedge and manage its exposure to interest rates.

The Group completed the acquisition of a 48.02% equity stake in Arqiva on 18 October 2022 for approximately £463 million, following the granting of regulatory approval. £300 million of the acquisition was funded by a drawdown on the Group's RCF and £163 million through a non-recourse VLN issued by the vendor, which is listed on the International Stock Exchange ("**TISE**")[7].

3.3.1 *VLN*

The VLN is due to mature in 2029 and has the following stepped interest rate profile:

- 6% per annum up to and including 30 June 2025;
- 7% per annum from 1 July 2025 up to 30 June 2026;
- 8% per annum from 1 July 2026 up to 30 June 2027; and
- 9% per annum from 1 July 2027 to maturity.

Interest payments on the VLN are due annually in arrears on 30 June. Interest can be rolled up but accrued interest must be paid in full before distributions can be made to the Group. After the fourth anniversary of the VLN, the Group can only receive distributions if the entirety of the VLN principal and any rolled up interest has been repaid in full. The VLN becomes repayable in full if the Group's equity position in Arqiva is reduced by more than 50%. The Company expects Arqiva's future cashflows to cover D9's VLN interest payments. The Investment Manager expects that the VLN will be refinanced prior to its fourth anniversary in October 2026, as was anticipated at acquisition.

3.3.2 Debt

At 30 September 2022 the Arqiva Group's debt finance comprised:

	< 1 year £m	**1-2 years £m**	**2-5 years £m**	**>5 years £m**	**Total £m**
Facilities drawn	22.2	-	-	-	22.2
Finance lease obligations*	-	-	-	-	78.7
Senior term debt	-	262.0	-	-	262.0
Senior bonds and notes	50.3	45.2	178.6	433.2	707.4
Junior Term Loan	-	-	-	450.2	450.2
Total	**72.5**	**307.2**	**178.6**	**883.4**	**1520.5**
Shareholder loan notes	-	-	-	5,161.9	5,161.9

* The ageing for the lease obligations was unavailable at the time of this announcement.

During the financial year ending 30 June 2022, S&P upgraded the Arqiva Group's senior debt rating to BBB+ from BBB reflecting the revised business plan as well as the significant deleveraging from the residual proceeds of the sale of Arqiva's telecoms business; it continues to be rated BBB by Fitch.

In August 2022, Arqiva secured a 5.5-year £450 million term loan facility at an interest rate of c.10.3% per annum. Proceeds of the loan, together with cash held on the balance sheet, were used on 30 September 2022 to redeem the £625 million 6.75% coupon junior notes, which were due in September 2023. Alongside the term facility, the Arqiva Group also entered into a £50 million working capital facility providing additional liquidity support, which was subsequently increased to £70 million in December 2022.

The Arqiva Group uses interest rate swaps (including inflation-linked interest rate swaps) to hedge interest rate exposures. Inflation-linked swaps convert existing interest costs to RPI-linked costs, which fluctuate in line with the RPI index, as do a significant portion of Arqiva's revenues. The notional amounts of these swaps accrete with RPI, and these accretion amounts require cash settlement annually. These swaps are entered into on terms (including maturity) that mirror the debt instrument that they hedge, and act as an effective hedge against rising interest rates.

Arqiva's cash flows are sensitive to inflation: an increase in inflation generally results in (i) incremental EBITDA growth due to inflation-linked customer contracts and (ii) accretion payments on the inflation-linked swaps. In the short term, inflation has a net negative cash impact on Arqiva: for the financial year ending 30 June 2023, a 1% increase in inflation costs the business an additional c.£10 million, owing mainly to the accretion payments. However, each year of inflation will drive incremental revenue growth flowing into all years thereafter. The inflation-linked swaps are due to expire in 2027, after which point Arqiva will benefit from the incremental revenue growth from the inflationary period without the added cost of the accretion payments.

As a result of the current macro-economic environment, inflation is currently higher than at the point the Group agreed to acquire its stake in Arqiva in June 2022; it is expected that this will have a negative impact on short-term cash flows due to the inflation-linked swaps. The key upside of a short-term, high-inflationary period is the incremental revenue increase received across the years that follow. Inflation in 2022 and 2023 is therefore expected to have a material positive impact on cash flows from 2027 onwards once the inflation-linked swaps expire. Arqiva is expected to self-fund any of its future capital expenditure requirements either via existing cash resources or by utilising existing borrowing facilities.

Arqiva Group publishes quarterly updates to credit investors via its website and issues covenant reporting and guidance to note holders. Further information can be found at: https://www.arqiva.com/about/financial-reporting/credit-investors/.

3.4. Leverage and RCF Margin Reduction

The Company, through its main subsidiary D9 Holdco, has in place an RCF of £375 million, with an uncommitted accordion tranche of up to £125 million. Other than the debt acquired as a result of the Arqiva transaction, there is currently no other leverage in any Investee Company. The Company is committed to the prudent use of the RCF, which can be used for acquisitions, letter of credits and to help fund the growth capital expenditure pipeline of Investee Companies.

At 31 December 2022, £331.2 million were drawn under the Group's RCF which includes also one letter of credit which the Company has issued for one of its Investee Companies in May 2022. This drawn position follows the completion of the acquisition of Arqiva with the amount of £300 million, the funding of Investee Company capital expenditure commitments with the amount of £30 million and one letter of credit with the amount of £1.2 million.

The margin payable under the terms of the RCF is subject to the diversification of the portfolio and the Group meeting certain financial covenant thresholds and can range between 3.25% and 3.75% per annum over Sterling Overnight Index Average ("**SONIA**"). The threshold to reach the first margin ratchet is for the Company having reached eight standalone investee companies ("**Approved Investments**"). On 9 December 2022, the RCF's starting margin has decreased from 3.75% to 3.5% with the acquisition of Arqiva as the Company had reached the threshold of eight Approved Investments. The Margin will reduce further to 3.25% should the D9 Holdco loan-to-value ("**LTV**") test fall below 20%. More information on this test is set out below.

The RCF is a 3-year facility, maturing in March 2025. The RCF's financial covenants include both LTV and interest coverage ratios, a summary of which is provided below. D9 Holdco must also maintain a 9-month interest reserve in a restricted bank account of D9 Holdco, to cover future interest payments. A commitment fee of 40% of the applicable margin is payable quarterly on the remaining undrawn facility amount.

Covenant	Limit	Description
Holdco LTV test	35%	Ratio (expressed as a percentage) of the total Financial Indebtedness of each Group Company excluding Investee Companies.
Global LTV test	65%	Ratio (expressed as a percentage) of the total Financial Indebtedness of the Group including any wholly owned Subsidiaries and any Non-Wholly Owned Holdings of the Group.

The Holdco LTV excludes any intra-Group and uncommitted accordion tranche but includes any negative marked to market derivative transactions. This metric excludes Investee Company leverage. The Holdco LTV is a covenant for RCF purposes only and is not an investment restriction within the Company's Investment Policy. At 31 December 2022, D9 Holdco's LTV was 26.9% following the drawing of the RCF for the acquisition of an equity stake in Arqiva and for growth capital expenditure for the wider portfolio.

The Global LTV excludes any intra-Group and uncommitted accordion tranche but includes any negative marked to market derivative transactions. Arqiva is the only Investee Company with leverage. The Global LTV is a covenant for RCF purposes only and is not an investment restriction within the Company's Investment Policy. The Company's Global LTV is currently 50% following the drawing of the RCF for the acquisition of an equity stake in Arqiva and for growth capital expenditure for the wider portfolio, of which 36% is attributable to Arqiva which is non-recourse to the Company. The leverage assumed in the Global LTV calculation includes, (i) drawn amounts under the RCF, (ii) VLN (iii) Arqiva Group debt. The Company is working closely with Arqiva to consider the optimisation of its capital structure.

The Company's aggregate level of borrowings is expected to be no more than a maximum of 50% of Adjusted Gross Asset Value[4]. Intra-group debt between the Company and its subsidiaries, and the debt of Investee Companies, are not included in this borrowing policy. At 31 December 2022, the Group's leverage position was as follows:

	Leverage as a percentage of pro-forma Adjusted GAV
Drawn RCF (£331.2m)	26.0%
Total RCF (excluding accordion) (£375m)	29.4%
RCF and VLN (£375m and £163m)	42.2%

With the exception of the Group's shareholding in Arqiva, the Group's portfolio investments do not include gearing. In line with the Company's Investment Policy, the Board expects to consider the appropriateness of long-term gearing applied at the Investee Company level in order to enhance returns and liquidity at a prudent level, appropriate for the particular Investee Company and the dynamics of the sub-sector.

4. Dividend Cover

4.1.1 Actual Operating Cash Flow Cover

On 14 September 2022, for the interim results ending 30 June 2022, the Company reported that its existing assets were generating an operating cash flow dividend cover of 0.53x. This figure excluded the acquisitions of Arqiva and Verne Global Finland, which completed in July and October 2022, respectively.

To arrive at this figure, the Company took actual operating cash flow for the Investee Companies for the six months to June 2022 and deducted the operating expenditure of the Company and D9 Holdco. This was then divided by the dividends paid in the period to arrive at the dividend cover figure.

4.1.2 Pro-forma Illustrative Portfolio Cash Flow Cover

In the Company's interim results presentation for the same period, the Company also disclosed a pro-forma illustrative portfolio cash flow per share including the acquisition of Arqiva and Verne Global Finland. The Investee Company operating cash flow figures used to present Investee Company operating cash flow dividend cover used a combination of run rate EBITDA less interest figures and the last 12-months EBITDA less interest figures. A full breakdown is shown below.

Including the Arqiva and Verne Global Finland acquisitions on a pro-forma basis, this had the impact of increasing the operating cash flow cover to c.1.9x the Company's target 6.0 pence per share dividend.

The run rate EBITDA applied to the data centre platform assets assumes that all current sold contract capacity has fully ramped up to maximum capacity. For the avoidance of doubt, the run rate EBITDA figures used assumed no future capacity has been added.

Platform	Operating Cash Flow Methodology

Arqiva	Annual Report June 21 (EBITDA less interest paid)
Verne Global	Run rate EBITDA less interest at 30 June 22
Aqua Comms	Last 12-months EBITDA
Verne Global Finland	Run rate EBITDA at 30 June 22
Host Ireland	Last 12-months EBITDA less interest to 30 June 22
Verne London	Run rate EBITDA at 31 March 22
SeaEdge UK1	Fixed Rental income figure

The Company is targeting an aggregate dividend of 6.0 pence per Ordinary Share for the year ended 31 December 2022[2].

5. Investment Approach and Investment Manager

5.1. Investment Approach

The Company is a digital infrastructure specialist focusing solely on investing and managing the critical infrastructure for the connected world, including assets in four sub-sectors: data centres, subsea fibre, terrestrial fibre and wireless networks. Its strategy is underpinned by a deep sector expertise within its investment team, Investee Companies' management, a panel of operating partners (see operating partner biographies in section 5.4), and wider ecosystem.

Underpinning the investment approach is D9's collective digital expertise and extensive industry network, which has seen the team successfully source and execute nine transactions in 18-months, many of which were proprietary and exclusive. This has afforded the Company attractive valuation multiples in a competitive primary and secondary market.

The Company's investment thesis focuses on the 'platform first' approach. The Group invests in quality assets supported by high-calibre management teams, who can be further leveraged to drive accretive investment, either organically or through M&A. After acquiring Verne Global in September 2021, the Group acquired two further data centre assets (Verne London and Verne Global Finland), which have both been integrated commercially into the Group's data centre platform and rebranded under the Verne Global brand. The attractiveness of the platform approach is demonstrated by the Group's ability to generate c.$1 million of incremental EBITDA in its Nordic data centre platform by investing an average of c.$6.5 million in capital expenditure for every MW constructed. This reflects an EBITDA multiple of c.6.5x, significantly below comparable transactions that are trading at c.20x.

Through the Investment Manager's deep sector expertise, the Company implements an active asset management and optimisation approach. This entails very close collaboration between the investment team and Investee Companies' management teams (see Investee Company CEO biographies in section 5.3 below). The Company's operating partners help shape and drive the Company's investment strategy, contributing additional operational expertise to drive asset management and, where relevant, provide transactional support through the Investee Companies' boards. In addition, this collaboration across platforms focuses the Company's approach on driving portfolio convergence and synergies between the Group's assets by leveraging its relationships with the biggest purchasers across the digital infrastructure value chain, including global carriers and big tech.

5.2. Investment Manager

Triple Point is an experienced institutional investment manager with over £3 billion in assets under management. Triple Point's digital infrastructure investment team comprises 6 sector experts who have industry experience operating, investing in, and managing companies within D9's four target sub-sectors. In addition, the Investment Manager has a wider team supporting the Company of 14 professionals with experience across finance, debt capital markets, risk, sustainability and legal. D9's investment team also includes a panel of 4 highly experienced operating partners that are well placed to support the Investment Manager with additional industry expertise and provide in-depth analysis of the sector.

The Company benefits from Triple Point's expertise, led by Ben Beaton and Arnaud Jaguin.

Ben Beaton, Co-Managing Partner and Fund Manager

Ben was instrumental in establishing D9 and in the development and operations of Triple Point's digital infrastructure team. Ben joined Triple Point in 2007 and was appointed Head of Investment in 2014. He became Co-Managing Partner of Triple Point in 2016 and has led the sourcing and negotiating of a broad range of investments for the Investment Manager.

Arnaud Jaguin, Investment Director

Arnaud joined Triple Point in January 2021 and has over 15 years' experience in telecoms and digital infrastructure. He began his career in telecoms M&A advisory at UBS Investment Bank, advising on £50 billion of transactions. At Level3 Communications, CenturyLink, and RETN, he was responsible for corporate development, corporate strategy, marketing, and sales operations. Arnaud is the Company's board representative on Arqiva, Aqua Comms, Verne Global and Giggle.

5.3. Investee Company CEOs

Dominic Ward, CEO of Verne Global and Verne London Data Centres, and Chair of Verne Global Finland

- Dominic joined Verne Global's management team in 2015. Prior to that he ran direct investments at the Wellcome Trust, one of Verne's previous shareholders. He began his career at Jones Lang LaSalle Corporate Finance and later co-founded Lepe Partners, a technology investment and advisory firm.

Seppo Ihalainen, CEO of Verne Global Finland

- Seppo is CEO and co-founder of Verne Global Finland Ltd. Seppo has built Verne Global Finland into an internationally acclaimed data centre partner. He has more than 20 years' experience in the ICT-sector. He worked as Head of Technology at TDC Finland and has wide international experience working for UNDP and Seven Networks.

Jim Fagan, CEO of Aqua Comms from 1 May 2023

- Jim is a technology executive with 25 years of experience in telecom and IT spanning private and public companies across the US, Asia Pacific and EMEA. Jim had been with GCX since 2020, and he has also worked at Pacnet from 2012 to 2015 as president of managed services. Jim also went on to work for Telstra after it acquired Pacnet.

Shuja Khan, CEO of Arqiva

- Shuja joined Arqiva in January 2020 as Chief Commercial Officer where he played an integral part in establishing the new strategic direction for the business. Shuja has 20 years' leadership experience in the technology, media, and communications sector. Prior to joining Arqiva he was Chief Commercial Officer for Cable & Wireless and has also held a number of leadership positions at both Virgin Media and Liberty Global Europe.

David Russell, CEO of Host Ireland

- David is Chief Executive for Host Ireland, joining as Head of Sales in 2016 before becoming Chief Executive in 2018. He led the sale of Host Ireland to Digital 9 in 2022. Previously, David held positions in The Dixons Group and started a bonded logistics company in his native Northern Ireland.

5.4. Operating Partner Panel

Alan Harper

- D9 positions held: Chairman of Aqua Comms
- Background: Alan spent 12 years at Vodafone Plc, as Group Strategy Director, he led c.$200bn of acquisitions. Alan co-founded and was CEO at Eaton Towers, a leading tower company, which was acquired by American Tower for c.$1.9bn in 2019.

Ed McCormack

- D9 positions held: Non-Executive Director of Aqua Comms
- Background: Ed spent 8 years at FLAG Telecom, as COO and Executive Director, he led the development of c.52,000km global portfolio of subsea fibre. He is a senior adviser to Ciena, a telecoms equipment supplier with a market capitalisation of over $8bn.

Steve Andrews

- D9 positions held: Chairman of Verne Global, Board Observer to Verne Global Finland and Verne London and Non-Executive Director for Host Ireland
- Background: Steve was an Executive at BT plc for 25 years, including as President of the Global Carrier business where he was responsible for managing BT's Network Operations across 125 countries, MD Fixed and Wireless/Mobile Products, and was a member of BT Group Capital Investment Committee. Previously he was Chairman of PE backed Azzurri Communications until its successful exit in 2016.

Simon Beresford-Wylie

- D9 positions held: Operating Partner
- Background: Simon was the CEO of Arqiva and led the sale of Arqiva's telecoms division for c.$2bn, as well as the Indoor Networks portfolio sale to Wireless Infrastructure Group (WIG), a 3i Infrastructure company. Simon was previously VP at Network's Business Unit of Samsung Electronics and founding CEO of Nokia Siemens Networks.

6. Outlook

As disclosed on 1 December 2022, Triple Point initiated a formal recruitment and selection process for senior asset management and industry professionals who complement the existing skillset of the team and Investee Company management. The Board and Triple Point are encouraged by the high-quality candidates in the process and look forward to updating shareholders on its outcome as soon as practicable.

Following the inclusion of the Company's shares in the Official List of the FCA and the transfer of trading to the Premium Segment of the Main Market of the London Stock Exchange, announced in August 2022, the Company was pleased to note that D9 became a constituent of the FTSE250 index effective from the start of trading on Monday, 19 December 2022. The Company believes that these events are important milestones for the Company with the benefits of: an increased profile as an investor; further diversification of the share register, with access to blue chip UK and international investors; and enhanced liquidity in its shares, in particular, from inclusion in the FTSE250 and greater retail investor participation. In turn, as markets normalise, we expect this to provide further access to Digital Infrastructure investment opportunities, providing further portfolio diversification and economies of scale.

The Group has substantially committed all available capital raised since IPO. The Investee Companies benefit from high-quality management teams with a comprehensive understanding of their relevant sector and have the potential to be platforms for significant future growth through providing attractive and compelling opportunities to deploy additional capital. This has resulted in a period of consolidation and focus on the operational performance and optimisation of each of the assets acquired to date.

The Company and the Investment Manager are evaluating complementary sources of growth capital to support this significantly increased growth capital expenditure pipeline and pursue these compelling growth opportunities. In conjunction, the Company will continue to execute its accretive convergence strategy by driving the breadth and depth of customer relationships across global tech and telecom operators. Through this investment approach, we aim to build a global platform that promotes scalability, flexibility, reliability, and neutrality across the digital infrastructure value chain.

Despite the challenging macro-environment, digital infrastructure remains a resilient asset class. Global data traffic continued to grow c.30% in 2022[8], fuelling demand for new digital infrastructure assets.

Subsea connectivity has seen $2.5 billion of announced investment in 2022 and a further $4.5 billion in 2023. Despite some highly publicised rescoping, demand for data centre services has continued to see substantial growth, with enterprise customers displaying a growing interest in sustainable solutions, such as that provided by Verne Global. The Investment Manager expects those trends to remain unchanged in 2023.

After a strong 2021, the negative economic sentiment and rising interest rate environment have softened sector valuations. However, trading valuations have demonstrated resilience in recent months and remain at healthy levels, especially for data centres and macro towers. Despite a slowdown in transactions in the sector, due to adverse market conditions, digital infrastructure remains an attractive asset class that requires c.£400 billion of annual invested capital and the sector continues to grow as demand and dependency on it continues to increase.

ENDS.

NOTES TO EDITORS

Digital 9 Infrastructure plc (DGI9) is an investment trust listed on the London Stock Exchange with ticker DGI9. The Company invests in the infrastructure of the internet that underpins the world's digital economy: digital infrastructure.

The Investment Manager is Triple Point Investment Management LLP ("**Triple Point**") which is authorised and regulated by the Financial Conduct Authority, with extensive experience in infrastructure, real estate and private credit, while keeping ESG principles central to its business mission. Triple Point's Digital Infrastructure team has over $300 billion in digital infrastructure transaction experience and in-depth relationships across global tech and global telecoms companies.

The number 9 in Digital 9 Infrastructure comes from the UN Sustainable Development Goal 9, which focuses the fund on investments that increase connectivity globally and improve the sustainability of digital infrastructure. The assets DGI9 invests in typically comprise scalable platforms and technologies including (but not limited to) subsea fibre, data centres, terrestrial fibre and wireless networks.

From its IPO in March 2021 and subsequent capital raises, DGI9 has raised total equity of £905 million and a revolving credit facility of £375 million, invested into the following data centres, subsea fibre, terrestrial fibre and wireless networks:

- **Aqua Comms**, a leading owner and operator of 20,000km of the most modern subsea fibre systems - the backbone of the internet - with a customer base comprising global tech and global telecommunications carriers (April 2021);
- **Verne Global**, the leading Icelandic data centre platform, with 40MW of high intensity computing solutions in operation or development, powered by 100% baseload renewable power (September 2021);
- **EMIC-1**, a partnership with Meta on a 10,000km fibre system from Europe to India (July 2021);
- **SeaEdge UK1**, a data centre and landing station for the North Sea Connect subsea cable, part of the North Atlantic Loop subsea network, improving connectivity between the UK, Ireland, Scandinavia and North America (December 2021);
- **Host Ireland**, a leading enterprise broadband provider that owns and operates Fixed Wireless Access networks (April 2022);
- **Verne London**, a premier data centre based in central London, providing 6MW retail co-location services (April 2022);
- **Verne Global Finland**, a leading Finnish data centre and cloud infrastructure platform, with c.23MW of data centre capacity, powered by 100% renewable power and distributing surplus heat to district heating networks (July 2022).
- **Giggle,** a revolutionary Fibre to the Home network providing affordable broadband to social housing in Glasgow (July 2022); and
- **Arqiva**, the only UK national terrestrial television and radio broadcasting network in the United Kingdom - providing data, network and communications services, as well as a national IoT connectivity platform (October 2022).

The Company's Ordinary Shares were admitted to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange on 31 March 2021. It was admitted to the premium listing segment of the Official List of the Financial Conduct Authority and migrated to trading on the premium segment of the Main Market on 30 August 2022.

For more information on the Investment Manager please visit www.triplepoint.co.uk. For more information, please visit www.d9infrastructure.com.

[1] The Investee Companies customary annual re-forecasting exercise excluded Arqiva Group which reports using a June-to-June annual cycle. Arqiva Group's business plan was signed off by the Arqiva Group board in May 2022.

[2] The target dividend is a target only and not a forecast. There can be no assurance that the target will be met and it should not be taken as an indication of the Company's expected or actual future results.

[3] The total return and the dividend are targets only and not a forecast. There can be no assurance that the targets will be met and it should not be taken as an indication of the Company's expected or actual future results.

[4] Adjusted Gross Asset Value means the aggregate value of the total assets of the Company as determined with the accounting principles adopted by the Company from time to time as adjusted to include any third-party debt funding drawn by, or available to, any Group company (which, for the avoidance of doubt, excludes Investee Companies.) These adjustments are made: (a) to replicate the gross assets of the Group as if its accounts were prepared on a consolidated basis; and (b) in respect of the inclusion of undrawn debt available to the Group, to account for debt that could be drawn down without having to draw the debt (and, hence, incur interest costs) ahead of, or if not required for, completion of a transaction.

[5] The Group owns a 48.02% equity stake in Arqiva, with a 51.76% economic interest.

[6] Operating cash flow is operating cash flow from the Investee Companies less maintenance capital expenditure and interest expenses of the Investee Companies, if applicable. The reduction in OCF for the 12-months to September 2022 against the 12-months to September 2021, is largely due to an increase in accretion payments at Arqiva. The 12-months to September 2021 also included increased IRU sales at Aqua Comms.

[7] https://tisegroup.com/market/securities/14809

[8] https://blog.telegeography.com/internet-traffic-and-capacity-remain-brisk

END

TSTSFMSFFEDSEDF