

DigiPlex Rosenholm AS (the Company) Board of Directors' report For the year ended 31 December 2018

Registration no. 994 817 477

We are pleased to present the 2018 annual financial report for the Company.

BACKGROUND

DigiPlex Rosenholm AS forms part of the privately-owned DigiPlex Group of Companies, which specialises in building and operating data centres in the Nordic region. Founded in 2002, the Group is one of the longest standing data centre builders and operators in Europe, with companies registered in Denmark, Finland, Norway, Sweden and the United Kingdom. The Group provides safe, secure and future ready IT housing for our customers' mission critical systems. This is not a one-size-fits-all service but one that is tailored to suit each customer's individual needs.

The Company operates from a facility in Rosenholm, Oslo, Norway. The initial data halls were re-built by the Company with new mechanical and electrical infrastructures and fitted out according to customers' current and future requirements with state-of-the-art security, functionality and sustainability. It has a large range of clients from various sectors including the government, telecommunications and corporates.

BUSINESS ACTIVITIES

Throughout 2018 the Company has continued investing in and operating from the facility at Rosenholm in Oslo providing a secure IT Housing service for its clients. The Company expanded the data centre with an additional 500 m² of white space to meet increased customer demand, thereby increasing the initial data halls of 1,400 m² white space to 1,900 m². Construction work was completed in Q3 2018.

GOING CONCERN

Notwithstanding that the Company's equity is in a negative position (NOK 11.9 million), the Board confirms that there are sufficient funds available to the Company from its operating revenues and its existing funding arrangement to operate as a going concern.

The Board have evaluated the Company's value adjusted equity. The valuation of the data centre operations was based on external advice, and the Board conclude that the market value of the Company's equity is positive.

The Company has loans from DigiPlex Norway AS (DNAS), in the amount of NOK 137.5 million, for which it provides a guarantee to DNAS as required under the bond loan agreement. There is a shareholder loan of NOK 105.5 million, and the agreement does not contain restrictive

covenants. Although the loan is stated to be payable on demand, there are contractual restrictions under the bond agreement that restrict repayment thereof.

As at the date of this report, the Board do not have any reason to believe that either the related party, DNAS or its shareholders do not support the going concern of the Company.

Consequently, the Board is of the opinion that the financial statements give a true and fair view of the activities of the Company.

In accordance with the Norwegian Accounting Act section 3-3, the Board confirms that the conditions for continued operations as a going concern are present for the Company and that the annual financial statements have been prepared under this presumption.

INCOME STATEMENT AND STATEMENT OF FINANCIAL POSITION

The Directors have noted continued improvement in market conditions and decided to expand the data centre with an additional area of approximately 500 m² in 2018. The Company has increased its EBITDA (earnings before interest, tax, depreciation and amortisation) by NOK 3.6 million from 2017 to 2018. The operating profit for the year amounts to NOK 10.4 million (2017: NOK 7.6 million).

The Company reports revenues of NOK 50.8 million (2017: NOK 45.8 million). The increase was mainly driven by increased IT Housing revenues of 4.7% and by increased cost of power which resulted in higher electricity related revenue.

EBITDA for 2018 was in the amount of NOK 22.5 million (2017: NOK 19.0 million) which represents an EBITDA margin of 44.4% (2017: 41.4%). This is the result of strict control of operating expenses such as site operation and maintenance costs.

Total equity as of 31 December 2018 is negative NOK 11.9 million (2017: negative NOK 14.0 million). The Company's financials are as expected. Due to the signing of several new contracts and effective cost control, the Company's outlook is positive.

CAPITAL AND FINANCING

Net cash outflow for the year was NOK 18.2 million (2017: inflow of NOK 13.3 million). Cash inflow from operating activities amounted to NOK 11.8 million (2017: NOK 15.8 million). Cash outflow to investing activities amounted to NOK 23.7 million (2017: NOK 2.5 million). The cash outflow related to financing activities was NOK 6.3 million (2017: no cash outflow related to financing activities). A detailed cash flow statement is included in the financial statements.

The difference between operating results and cash flow from operating activities, mainly relates to depreciation and change in trade receivable. The Company's investments are financed primarily via its operating cash flow.

Loans from a related party totalling NOK 137.5 million were re-classified from long term borrowings to current liabilities in July 2018. A repayment of NOK 6.3 million was made in December 2018 with a further repayment of NOK 6.3 million in January 2019, leaving an amount of NOK 131.3 million to be repaid in July 2019.

The Company is making interest payments to DNAS in accordance with the loan agreement drawn up on similar terms to the Bond Agreement where DNAS is the Issuer.

No interest is due on the shareholder loans. As noted above under the 'Going Concern' section of the report, at balance sheet date shareholder loans of NOK 105.5 million were outstanding.

Taking the impending bond maturation dates into account, the Company together with DNAS and another related party, DigiPlex Fet AS (DFAS) considered a combined bond refinancing by recapitalising the three Norwegian assets. As such, a restructuring of the entities was necessary to enable this new bond issuance. The three entities were therefore contributed in kind by their respective owners to a newly established Norwegian holding company, DigiPlex Norway Holding 2 AS (DNH2) on 24 April 2019.

DNH2 successfully closed on a NOK1.8 billion senior secured bond issue which was substantially over-subscribed and is the second largest NOK denominated high yield bond issuance since 2014. Settlement date has been scheduled to take place on 30 April 2019. Part of the proceeds from this bond issue will be used to replace the Company's related party loan with DNAS of NOK 131.3 million and its existing shareholder loan of NOK 105.5 million.

The Board is therefore confident that with the proceeds from the bond issue to meet its long-term capital requirements together with the cash flow generated from its operations, the Company's funding requirements are satisfactorily met.

RISKS

The Company's activities expose it to a variety of financial risks namely; market risk (including foreign exchange risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company does not use derivative financial instruments to hedge any risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investment of excess liquidity.

Market risk

The Company operates nationally and is therefore exposed to a limited foreign exchange risk. However, its interest rate risk arises from the related party loan where the interest rate is based on a floating rate (see note 2). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The interest on the loan is adjusted quarterly. The Company also holds borrowings issued by the shareholder. The shareholder loan is not interest bearing.

Interest Rate Sensitivity Analysis

At 31 December 2018, if the Norwegian key policy rate had been 10 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been NOK 144k higher/lower, mainly as a result of higher/lower interest expense on Bond borrowings.

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures to customers, including outstanding receivables and committed transactions. Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Credit risk related to bank insolvency is closely monitored.

Liquidity risk

The Company's finance department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The Board is not aware of any additional financial risk factors facing the Company other than those outlined in this report.

HEALTH, SAFETY AND WORK ENVIRONMENT

As of 31 December 2018, the Company employed 2 full time staff of which there were 1 male and 1 female. None of these employees were in a leading management positions. The Company gives equal opportunities to its employees regardless of gender and will continue this policy in the future. The Company aims to conduct its operations with zero injuries through effective risk management. The Company considers the working environment as positive and there have been no serious work incidents or accidents resulting in personal injury or damages to material or equipment during the course of 2018. The Company also maintains a log of sick leave days taken and the absence percentage due to sick leave for 2018 was 0.1%.

All employees are part of a pension scheme.

EXTERNAL ENVIRONMENT

Within our environmental impact it is energy use and consequently carbon emissions that determine the biggest part of our environmental agenda. The Company is committed to operating sustainably with continuous improvements in environmental performance.

The initial target for the DigiPlex group of entities in this area was to purchase all our electricity from certified, renewable sources. We first achieved this in July 2004. We have maintained this achievement ever since.

Our aim is to be the most environmentally friendly data centre provider in Europe and we have put this into action with our fiercely competitively low PUE achievements to date. We particularly welcome the opportunity to work with our customers and help them to achieve their own environmental performance improvement goals. With the above processes and initiative in place, the Board is very proud of the small environmental footprint that it leaves behind.

CORPORATE SOCIAL RESPONSIBILITY

The Company's policy is designed and implemented in a way to help tackle the challenges we face in today's society. The DigiPlex policy ensures that we responsibly and fairly recruit and manage DigiPlex employees on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background. We strive on our ability to provide our customers an unprecedented level of support and flexibility in all aspects of providing a Data Centre service and do so in a manner that ensures our business's future and the prosperity of all stakeholders involved.

The Company is committed to maintaining an open working environment in which employees and contractors are able to report instances of unethical, unlawful or undesirable conduct without fear of intimidation or reprisal. In order to maintain a current and effective responsibility strategy we promote transparency in the actions of all stakeholders and act on all relevant concerns highlighted for attention.

We take the responsibility of fairness and equality beyond our own walls and ensure that external parties with whom we engage in business are also focused on their responsibility to the wider community. The Company's tendering process clarifies whether the supplier has established its own policy and guidelines for corporate social responsibility, and whether it has been involved in incidents related to corruption, child labour or breaches of human rights or the rights of employees to unionise.

Information on such matters is obtained from the suppliers themselves or from other investigations. Possible conditions uncovered will be significant in qualifying the supplier for participation in the tendering process.

YEAR-END APPROPRIATIONS

The net profit for the year of NOK 2.1 million (2017: net loss for the year of NOK 0.2 million) is transferred to retained earnings.

RESEARCH AND DEVELOPMENT

The Company is continually undertaking confidential research and development with the view of improving its processes, customer service, costs and its environmental footprint.

OUTLOOK

In 2019 the primary goal is to continue to renew existing customers and to provide tailor-made solutions including having the potential to expand its current available technical space, as required, to meet its customers' requirements in terms of providing highly reliable IT Housing.

The Board is not aware of any additional risk factors facing the Company other than those outlined in this report.

Oslo, 30 April 2019

A handwritten signature in blue ink, appearing to read "Byrne Murphy".

J Byrne Murphy
Chairman

A handwritten signature in blue ink, appearing to read "Gisle M Eckhoff".

Gisle M Eckhoff
CEO



To the General Meeting of Digiplex Rosenholm AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digiplex Rosenholm AS, which comprise the balance sheet as at 31 December 2018, the profit and loss statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are prepared in accordance with law and regulations and give a true and fair view of the financial position of the Company as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company as required by laws and regulations, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally

accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to <https://revisorforeningen.no/revisjonsberetninger>

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements, the going concern assumption and the proposed allocation of the result is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 30 April 2019

PricewaterhouseCoopers AS



Stig Lund
State Authorised Public Accountant

DigiPlex Rosenholm AS

Profit and Loss Statement

OPERATING REVENUE AND EXPENSES		2018	2017
OPERATING REVENUE			
Sales revenue		50 760 649	45 836 472
Total revenue		50 760 649	45 836 472
Cost of goods sold		290 239	332 998
Salaries	6	1 794 218	3 178 843
Other operating expenses		26 139 144	23 364 597
EBITDA		22 537 047	18 960 034
Depreciation of fixed assets	1	12 102 845	11 348 847
OPERATING PROFIT		10 434 202	7 611 187
Interest income		8 916	4 915
Other financial income		40 417	28 408
Interest expense	2, 8	6 939 946	6 909 581
Other financial expense		24 458	68 797
PROFIT / (LOSS) BEFORE TAXES		3 519 131	666 132
Taxes	5	1 381 836	826 573
ORDINARY PROFIT / (LOSS)		2 137 294	(160 441)
NET PROFIT / (LOSS) FOR THE YEAR		2 137 294	(160 441)
TRANSFERS AND ALLOCATIONS			
Allocated to uncovered loss/other equity	4	2 137 294	(160 441)
TOTAL TRANSFERS AND ALLOCATIONS		2 137 294	(160 441)

Annual Report DigiPlex Rosenholm AS

Reg.no: 994817477

DigiPlex Rosenholm AS

Balance Sheet as at 31 December

ASSETS		2018	2017
Intangible assets			
Deferred tax asset	5	3 438 538	4 820 374
Total intangible assets		3 438 538	4 820 374
Tangible assets			
Property, plant and equipment	1	225 189 259	213 676 601
Furniture, fittings and office equipment	1	171 864	41 164
Total tangible assets		225 361 123	213 717 765
Financial fixed assets			
Other long-term receivables		460 392	0
Total fixed assets		229 260 053	218 538 139
Current assets			
Inventory		477 827	570 732
Trade receivables		11 171 646	5 212 744
Other current assets		310 534	843 625
Bank deposits	3	9 495 837	27 666 398
Total current assets		21 455 843	34 293 499
TOTAL ASSETS		250 715 896	252 831 638

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DigiPlex Rosenholm AS

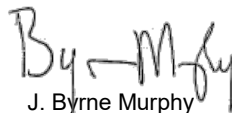
Balance Sheet as at 31 December


EQUITY AND LIABILITIES		2018	2017
Equity			
Paid in equity			
Share capital	4	2 950 000	2 950 000
Total paid in equity		2 950 000	2 950 000
Earned equity			
Other equity	4	(14 817 352)	(16 954 647)
Total earned equity		(14 817 352)	(16 954 647)
Total equity		(11 867 352)	(14 004 647)
Liabilities			
Long term liabilities			
Loans from related parties	2, 8	-	137 500 000
Shareholder loans	2	105 527 148	105 527 148
Other long term liabilities	2	682 422	682 422
Total long term liabilities		106 209 570	243 709 570
Short term liabilities			
Trade liabilities		674 709	2 018 806
Public tax liabilities		2 412 314	2 273 532
Loans from related parties	2, 8	137 500 000	6 250 000
Other short term liabilities		15 786 656	12 584 377
Total short term liabilities		156 373 679	23 126 715
Total liabilities		262 583 248	266 836 285
TOTAL EQUITY AND LIABILITIES		250 715 896	252 831 638

Annual Report DigiPlex Rosenholm AS

Reg.no: 994817477

Oslo 30 April 2019
The Board of DigiPlex Rosenholm AS


J. Byrne Murphy
Chairman of the Board


Gisle M. Eckhoff
CEO

DigiPlex Rosenholm AS

Cash Flow Statement

	2018	2017
Profit / (loss) before taxes	3 519 131	666 132
Depreciations	12 102 845	11 348 847
Change in inventory	92 905	(133 995)
Change in trade receivables	(5 886 202)	4 456 415
Change in trade liabilities	1 996 963	(548 900)
Cash flow from operating activities	11 825 642	15 788 499
Investments in fixed assets	(23 746 203)	(2 491 494)
Cash flow used in investing activities	(23 746 203)	(2 491 494)
Repayment of related party loan	(6 250 000)	-
Cash flow used in financing activities	(6 250 000)	-
Net change in cash	(18 170 561)	13 297 005
Cash as at 1 January	27 666 398	14 369 393
Cash as at 31 December	9 495 837	27 666 398

Annual Report DigiPlex Rosenholm AS

Reg.no: 994817477

Accounting principles

The annual accounts have been prepared in compliance with the Accounting Act and Norwegian Generally Accepted Accounting Principles for small enterprises (NGAAP).

Sales Revenues

IT housing service revenues are recognised and expensed over the life time for each contract. Sales costs incurred in relation to new customers contracts are deferred and expensed over the contract.

Classification and valuation of balance sheet items

Assets intended for long-term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Receivables are classified as current assets if they are recoverable within one year after the transaction date. Similar criteria apply to liabilities.

Current assets are valued at the lower of purchase cost and net realisable value. Short term liabilities are reflected in the balance sheet at nominal value on the establishment date.

Tangible assets

Tangible assets are reflected in the balance sheet and depreciated to residual value over the asset's expected useful life on a straight-line basis. If changes in the depreciation plan occur the effect is distributed over the remaining depreciation period. Direct maintenance of an asset is expensed under operating expenses as and when it is incurred. Additions or improvements are added to the asset's cost price and depreciated together with the asset. The split between maintenance and additions/improvements is calculated in proportion to the asset's condition at the acquisition date.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the income statement for the period.

Debtors

Trade debtors and other debtors are reflected in the balance sheet at nominal value less provisions for doubtful debts. Provisions for doubtful debts are calculated on the basis of individual assessments. In addition, for the remainder of accounts receivables outstanding balances, a general provision is carried out based on expected loss.

Foreign currencies

Monetary items in foreign currencies are translated at the exchange rate on the balance sheet date.

Tax

The tax charge in the income statement includes both payable taxes for the period and changes in deferred tax. Deferred tax is calculated at 23% on the basis of the temporary differences which exist between accounting and tax values, and any carry forward losses for tax purposes at the year-end. Tax enhancing or tax reducing temporary differences, which are reversed or may be reversed in the same period, have been eliminated. Deferred tax and tax benefits which may be shown in the balance sheet are presented on a net basis. The Company elected to capitalise the deferred tax advantage.

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. Cash available includes petty cash, deposits on bank accounts and other short term placements which can be transformed to cash within a short time.

Note 1 Fixed assets

Fixed assets	Plant and equipment	Furniture and fittings	Total
Acquisition cost as at 1 January 2018	278 666 825	109 945	278 776 770
Additions	23 577 783	168 422	23 746 205
Acquisition cost as at 31 December 2018	302 244 608	278 367	302 522 975
Accumulated depreciation as at 31 December 2018	77 055 348	106 502	77 161 850
Net book value as at 31 December 2018	225 189 259	171 865	225 361 125
Depreciation for the year	12 065 124	37 721	12 102 845
Expected useful life	7-25 years	3-6 years	
Depreciation plan	Straight line	Straight line	

Note 2 Borrowings

Debt to financial institutions:	2018	2017
Term Loan	0	0
Total	0	0
Deposits from clients	2018	2017
Deposits	682 422	682 422
Total	682 422	682 422
Long term debt	2018	2017
DigiPlex Rosenholm L.L.C., parent company	105 527 148	105 527 148
DigiPlex Norway AS, related party, non current part	0	137 500 000
Total long term debt	105 527 148	243 027 148
Current debt	2018	2017
DigiPlex Norway AS, related party, current part	137 500 000	6 250 000
Total current debt	137 500 000	6 250 000
Total debt	243 027 148	249 277 148

DigiPlex Rosenholm L.L.C. did not apply interest to the loan in 2018 and 2017.

Interest expenses related to the loan from DigiPlex Norway AS (DNAS) amount to NOK 6,800,562 (2017: NOK 6,866,072). The Company provided a first priority charge over its debtor ledger to the bondholders of the DNAS bond issue, as detailed below. This serves as collateral for funds raised from the DNAS bond issue of NOK 575,000,000, of which NOK 143,750,000 has been advanced to the Company by DNAS, in accordance with the Bond Agreement. In July 2018, the entire loan was classified from long term borrowings to current liabilities. As of 31 December 2018, the related party loan is at 137,500,000 after one repayment of NOK 6,250,000 during the second half of 2018.

FRN DigiPlex Norway AS Senior Secured Callable Bond Issue 2015/2019

ISIN NO: 001 0741747

Issue date 17/07/2015

Bond trustee: Nordic Trustee ASA

Amount 575,000,000 NOK

Duration 4 years

Note 3 Bank deposits

Bank deposits	2018	2017
Short term cash equivalents	7 709 353	27 574 135
Restricted cash/employee tax deductions	1 786 484	92 263
Total bank deposits	9 495 837	27 666 398

As of 31 December 2018, total restricted bank deposits amount to NOK 1,786,484 (2017: NOK 92,263), of which NOK 1,727,380 are held in escrow awaiting completion of a construction contract. The remaining balance of NOK 59,104 are restricted funds related to employees' tax deductions.

Note 4 Shareholders' equity, share capital and shareholder information

Equity change for the year	Share capital	Uncovered loss	Total
Equity as at 1 January 2018	2 950 000	(16 954 647)	(14 004 647)
Profit / loss for the year	0	2 137 294	2 137 295
Shareholders equity as at 31 December 2018	2 950 000	-14 817 353	-11 867 353

The share capital of NOK 2,950,000 consists of 2,950,000 shares of NOK 1 each. All shares have equal rights.

Shareholders as at 31 December 2018	Shares	Total	Ownership
DigiPlex Rosenholm L.L.C., New Castle County, Delaware 19801, USA	2 950 000	2 950 000	100 %

Note 5 Taxes

Calculation of deferred tax and change in deferred tax	Change	2018	2017
Temporary differences			
Fixed assets	1 057 422	48 580 838	47 523 416
Other differences	460 392	460 392	-
Net temporary differences	1 517 814	49 041 230	47 523 416
Adjustments due to interest limitation rules	-	(1 374 533)	(1 374 533)
Carry forward losses	3 810 617	(63 296 415)	(67 107 032)
Basis for deferred tax in the balance sheet	5 328 431	(15 629 718)	(20 958 149)

Deferred tax and change in deferred taxes

22% (23%) deferred tax benefit	(1 381 836)	(3 438 538)	(4 820 374)
Deferred tax/tax benefit in the balance sheet	(1 381 836)	(3 438 538)	(4 820 374)

Payable taxes**Basis for payable taxes**

Result before tax charges	3 519 131	666 132
Permanent differences	1 809 300	1 904 667
Basis for payable taxes	5 328 431	2 570 799
Change in temporary differences	(1 517 814)	(2 193 779)
Taxable income	3 810 617	377 020
Basis for payable taxes (in the tax charge)	3 810 617	377 020

Tax charge in the profit and loss

Change in deferred tax using effective tax rate 23 %	1 225 539	616 992
Effect of change in tax rate to 22% for deferred tax positions	156 297	209 581
Income tax expense	1 381 836	826 573
Tax payable	0	0
Effective tax rate	0 %	0 %

With effect from 1 January 2019 the corporate tax rate reduced from 23% to 22%. Temporary differences and tax carried forward have been re-calculated with the new tax rate on 31 December 2018.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the calculation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The Company's carry forward tax loss as at 31 December 2018 amounts to NOK 63,296,415 (2017: NOK 67,107,032) and represents a significant value. The Company has decided to capitalise 22% of the tax loss in 2018 showing a deferred tax advantage in the balance sheet amounting to NOK 3 438 538 (2017: NOK 4,820,374). This decision was made on the basis that the Company prepared a long term business plan. This plan forecasts a profitable position over the coming years (based on existing/potential customer contracts) and as such the Company intends to utilise the deferred tax advantage over the next ten years.

Note 6 Payroll expenses, number of employees, remunerations, loans to employees, etc.

Average number of full-time employees in 2018 was 2 (2.6 in 2017).

Payroll expenses	2018	2017
Salaries	1 399 628	2 629 665
Payroll tax	268 726	426 907
Other personnel costs	125 865	122 271
Total	1 794 218	3 178 843

Obligatory pension fund

The Company has established a pension fund which is applicable for all employees. The yearly pension cost for 2018 amounts to NOK 108,806 (2017: NOK 125,430). The Company fulfills the regulations regarding obligatory pension fund.

Key management personnel are defined as directors of the board and the CEO. The CEO is employed by a related party, and the fee for his services as CEO for 2018 was NOK 377,716 (2017: NOK 270,339) which is included in Other expenses. The directors of the board did not receive any remuneration during 2018.

Neither the CEO, nor the chairman of the board or any other individual related parties have received loans during 2018.

Audit remuneration for 2018 amounted to NOK 125,500, excluding VAT (2017: NOK 128,220).

Note 7 Guarantees, pledges

The parent company has provided a bank guarantee towards the landlord of the Rosenholm site in the amount of NOK 1,656,000. The rental agreement expires in 2025, and the Company has a right to extend the rental for 5+5+5+5 years. As at 31 December 2018, the undiscounted and unadjusted financial obligations from the rental contract with the landlord is circa NOK 31.3 million.

Note 8 - Related party disclosures

The Company is controlled by Stupar Holdings Corporation and Naragansett Partners LLC through DigiPlex Rosenholm LLC. The following transactions were carried out with related parties:

Purchase of services	2018	2017
Management services	2 756 642	3 185 092
Support services	7 890 472	7 291 065
Total	10 647 115	10 476 157

Trade payables from purchase of related party services in the amount of NOK 207,322 (2017: NOK 944,696) are included in Trade liabilities.

Loans from related parties:	2018	2017
As at 1 January	143 750 000	143 750 000
Loans repaid	(6 250 000)	0
Reclassified to current liabilities	(137 500 000)	(6 250 000)
As at 31 December	137 500 000	143 750 000
Interest charged	6 800 562	6 866 072

As of July 2018 all loans from related parties have been reclassified from long term to current.

Accrued interest costs at 31.12.2018 related to loans from related companies amount to NOK 1,404,936.

Note 9 - Events after balance sheet date

Taking the impending bond maturation dates into account, the Company together with DigiPlex Norway AS (DNAS) and another related party, DigiPlex Fet AS (DFAS) considered a combined bond refinancing by recapitalising the three Norwegian assets. As such, a restructuring of the entities was necessary to enable this new bond issuance. The three entities were therefore contributed in kind by their respective owners to a newly established Norwegian holding company, DigiPlex Norway Holding 2 AS (DNH2) on 24 April 2019.

DNH2 successfully closed on a NOK1.8 billion senior secured bond issue with settlement date scheduled to take place on 30 April 2019. Part of the proceeds from this bond issue will be used to replace the Company's related party loan with DNAS of NOK 131.3 million and its existing shareholder loan of NOK 105.5 million.