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

Registration no. 981 663 322

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

BACKGROUND

DigiPlex Norway 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 at Selma Ellefsens vei 1, 0581 Oslo, Norway. The facility houses 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 Selma Ellefsens vei 1 in Oslo providing a secure IT Housing service for its clients, and it also expanded the white space in the data centre by an additional 700 m2 in order to meet customer demand. Construction work was completed in Q4 2018.

REGULATORY DEVELOPMENTS

As at the date of this report, the Board is not aware of any current, or potential regulatory/political changes that may cause any risk to the operations of the Company.

GOING CONCERN

As at the date of this report, the Board do not have any reason to believe that either the Company's external bond holders or its shareholders do not support the going concern of the Company.

The Company's bond loan of NOK 525 million falls due on 17 July 2019.

Taking the impending bond maturation dates into account, the Company together with two related parties, DigiPlex Rosenholm AS (DRAS) and 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 NOK 1.8 billion senior secured bond issue maturing in April 2024 with a coupon rate of 365bps plus 3-month NIBOR. The bond issue was substantially oversubscribed 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 and an application will be made for the bonds to be listed on the Oslo Stock Exchange.

Part of the proceeds from this bond will be utilised for the repayment of the outstanding bond of NOK 525 million.

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 that market conditions are good, and that the data centre has sufficient flow of new customers and renewal of contracts.

The enclosed financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Operating revenues totalled NOK 179.3 million (2017: NOK 148.4 million), an increase of 20.8%.

Operating expenses (excluding depreciation) totalled NOK 98.8 million (2017: NOK 77.9 million), which comprised of NOK 19.1 million in cost of goods sold, NOK 35.0 million of employee costs and NOK 44.7 million of other operating costs.

EBITDA totalled NOK 80.5 million (2017: NOK 70.5 million), an increase of 14.1 %. The EBITDA margin for 2018 was 44.9% (2017: 47.5%).

Depreciation of property, plant and equipment totalled NOK 46.7 million (2017: NOK 42.7 million).

In light of the above, the operating profit for 2018 come in at NOK 33.8 million (2017: NOK 27.9 million). The increase compared to 2017 was mainly due to increased utilisation of the datacentre and annual inflationary increase in revenues.

Net finance costs were NOK 21.7 million (2017: NOK 21.9 million).

The profit before income tax was NOK 12.1 million (2017: NOK 5.9 million). The tax charge came in at NOK 4.0 million (2017: NOK 2.1 million), due to the effect of the announced reduction of applicable corporate tax rate from 23% to 22%, resulting in a profit for the year of NOK 8.1 million (2017: NOK 3.8 million).

Total assets were NOK 707.9 million (2017: NOK 714.8 million).

The Company continues to explore innovative methods and investing in its technical infrastructure to ensure it keeps its customers future ready.

Notwithstanding the above expectation, the future is not predictable and ultimately no warranties can be made by the Board in relation to the performance of the Company in 2019.

CAPITAL AND FINANCING

Net cash inflow for the year was NOK 1.0 million (2017: outflow of NOK 10.5 million). Cash inflow from operating activities amounted to NOK 79.4 million (2017: NOK 69.0 million). Cash outflow to investing activities amounted to NOK 22.7 million (2017: NOK 48.0 million), whereof repayment of loans from related companies account for NOK 40.0 million (2017: issue of loans to related parties NOK 20.0 million). Cash outflow from financing activities amounted to NOK 55.7 million (2017: NOK 31.4 million). A detailed cash flow statement is included in the financial statements.

The Company has raised NOK 575.0 million from issuing bonds. The bonds were issued in July 2015 to refinance its existing bank and shareholder loans. These bonds were listed on the Oslo Stock Exchange in January 2016. The bonds are due to mature in July 2019 and have been refinanced through a new bond loan as described in the “Going Concern” section above.

The Company is making interest payments to the bondholders in accordance with the Bond Agreement.

The Board is confident that the current financial resources available to the Company are adequate for its existing requirements.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board ensures that the Company has satisfactory internal control functions and appropriate systems for risk management tailored to its operations and in accordance with the Company’s core values, ethical guidelines and social responsibility policy. The Board, at a minimum, on an annual basis conducts a review of the Company’s most important risk areas and its internal control functions.

This position is in compliance with Bond Rules section 2.5 and the Stock Exchange Regulations section 1 (2).

The facility is fully compliant with the International Organisation for Standardisation (ISO) recognised standards for quality, security, safety and environmental management. ISO standards are the most widely accepted globally. The company’s current ISO certifications are;

- ISO 9001: 2015 Quality Management Systems;
- ISO 27001: 2013 Information Security Management System Standard;
- ISO 14001: 2015 Environmental Management System Standard; and
- OHSAS 18001: 2007 Occupational Health and Safety Management.

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 a bond loan (see note 12). 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 loans to related companies. These loans are issued at variable rates in accordance with the bond loan.

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 500,000 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 32 full time staff, made up of 8 females and 24 males. One of those male employees was in a leading management position as the Chief Executive Officer. The Company gives equal opportunities to its employees regardless of gender and will continue this policy in the future.

The Company's ambition is 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. The absence percentage due to sick leave for 2018 was 1.6 %.

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 (Power Usage Effectiveness) 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 businesses 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 8.1 million (2017: NOK 3.8 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 continued focus on providing highly reliable IT housing services to its customers; ensuring renewals when due and providing tailor-made solutions to meet new customers' requirements.

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

Oslo, 30 April 2019

J Byrne Murphy
Chairman

Gisle M Eckhoff
CEO

To the General Meeting of Digiplex Norway AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digiplex Norway AS, which comprise the statement of financial position as at 31 December 2018, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows 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 International Financial Reporting Standards as adopted by EU.

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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report

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 International Financial Reporting Standards as adopted by the EU, 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 and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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.

As part of an audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw pwc

attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Income statement

Amounts in NOK

Operating income and operating expenses	Notes	2018	2017
Revenue from services	18	157 964 101	134 845 397
Revenue from goods sold	18	21 300 444	13 558 903
Total revenue		**179 264 545**	**148 404 300**
Cost of goods sold		19 096 564	12 661 264
Employee benefits expense	7	35 020 927	33 138 359
Other operating expenses	7, 18	44 654 554	32 069 035
EBITDA		**80 492 499**	**70 535 642**
Depreciation and amortisation	5	46 676 197	42 681 317
Operating profit		**33 816 302**	**27 854 325**
Finance income	11, 18	9 239 557	9 746 893
Finance costs	11	30 929 953	31 670 660
Finance - net		**-21 690 396**	**-21 923 767**
Profit/(loss) before tax		**12 125 906**	**5 930 558**
Income tax expense/(benefit)	13	4 041 490	2 115 615
Profit/(loss) for the year		**8 084 417**	**3 814 943**
Profit/(loss) for the year attributable to the shareholders		8 084 417	3 814 943
Statement of comprehensive income/(loss)			
Items that may be reclassified to profit or loss		0	0
Items that will not be reclassified to profit or loss		0	0
Total comprehensive income/(loss) for the year		**8 084 417**	**3 814 943**
Total comprehensive income/(loss) attributable to shareholders		**8 084 417**	**3 814 943**

Statement of financial position

Amounts in NOK

Assets	Notes	2018	2017
Non-current assets			
Deferred tax asset	13	38 314 774	42 356 264
Land, building and outfitting	5	412 448 530	388 129 912
Furniture and fixtures	5	2 575 177	1 897 700
Loans to related parties	18	20 000 000	197 500 000
Total non-current assets		**473 338 482**	**629 883 876**
Current assets			
Loans to related parties	6	137 500 000	6 250 000
Inventories		682 712	616 353
Trade and other receivables	6	66 690 969	49 410 143
Bank deposits	8	29 698 317	28 660 515
Total current assets		**234 571 998**	**84 937 011**
Total assets		**707 910 482**	**714 820 888**

Equity and liabilities	Notes	2018	2017
Paid in equity			
Share capital	16	33 300 000	33 300 000
Share premium reserve	16	22 609 964	22 609 964
Total paid in equity		**55 909 964**	**55 909 964**
Earned equity			
Other equity		28 725 818	20 641 402
Total earned equity		**28 725 818**	**20 641 402**
Total equity		**84 635 782**	**76 551 366**
Liabilities			
Non-current liabilities			
Borrowings	12	0	545 316 250
Total non-current liabilities		**0**	**545 316 250**
Current liabilities			
Borrowings	12	548 438 752	25 000 000
Deposits from customers	19	8 602 920	8 913 320
Trade and other payables	9	60 601 000	53 794 924
Public tax liabilities	10	5 632 027	5 245 028
Total current liabilities		**623 274 699**	**92 953 272**
Total equity and liabilities		**707 910 482**	**714 820 888**

Oslo, 30 April 2019

James Byrne Murphy
Chairman of the board

Gisle Michael Eckhoff
Member of the board / CEO

Statement of changes in equity

Amounts in NOK

		Share capital	Share premium reserve	Retained earnings	Total Equity
Balance at 1 January 2017	**16**	**33 300 000**	**22 609 964**	**16 826 459**	**72 736 423**
Profit/(loss) for the period		0	0	3 814 943	3 814 943
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		**33 300 000**	**22 609 964**	**20 641 402**	**76 551 366**
Transactions with owners in their capacity as owners:					
Dividends paid		0	0	0	0
Balance at 31 December 2017	**16**	**33 300 000**	**22 609 964**	**20 641 402**	**76 551 366**

		Share capital	Share premium reserve	Retained earnings	Total Equity
Balance at 1 January 2018	**16**	**33 300 000**	**22 609 964**	**20 641 402**	**76 551 366**
Profit/(loss) for the period		0	0	8 084 417	8 084 417
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		**33 300 000**	**22 609 964**	**28 725 818**	**84 635 782**
Transactions with owners in their capacity as owners:					
Dividends paid		0	0	0	0
Balance at 31 December 2018	**16**	**33 300 000**	**22 609 964**	**28 725 818**	**84 635 782**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flow

Amounts in NOK

	Notes	2018	2017
Cash flows from operating activities			
Profit/(loss) before income tax		12 125 906	5 930 558
Depreciation charges	5	46 676 197	42 681 317
Adjustment for financial activities		21 690 396	21 923 767
Changes in inventories		-66 359	-168 651
Change in trade and other receivables	6	-11 030 826	-9 878 536
Change in trade and other payables	9	10 005 177	8 488 325
Net cash from operating activities		**79 400 491**	**68 976 780**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-71 672 293	-37 535 424
Issue of loan to related party	18	0	-20 000 000
Repayment of loan from related party	18	40 000 000	0
Interests received from related parties	11, 18	8 971 901	9 486 872
Net cash from investing activities		**-22 700 392**	**-48 048 552**
Cash flows from financing activities			
Repayment of bond loan	12	-25 000 000	0
Interests paid	11	-30 662 297	-31 410 639
Net cash from financing activities		**-55 662 297**	**-31 410 639**
Net (decrease)/increase in cash and cash equivalents		1 037 802	-10 482 412
Cash and cash equivalents at beginning of year	8	28 660 515	39 142 926
Cash and cash equivalents at end of year	**8**	**29 698 317**	**28 660 515**

The above statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Financial Statement

1. General information

Digiplex Norway AS ("the Company") is a Norwegian private limited liability company incorporated on 1 March 2000 and regulated by the Norwegian Private Limited Liability Companies Act and supplementing Norwegian laws and regulations. The Company is registered in the Norwegian Companies Registry with company registration number 981 663 322, its registered business address is Ulvenveien 82E, 0581 Oslo, Norway.

Digiplex Norway AS provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Selma Ellefsens vei 1 in Oslo, Norway, for its customer's information and communication technology equipment.

The Company's financial statements are based upon International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial statements of Digiplex Norway AS for the year ended 31 December 2018 were authorised for issue by the Board of Directors on 30 April 2019. The financial statements will be approved by the shareholders meeting on 30 April 2019. The financial statements are presented in Norwegian Kroner (NOK).

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared on a historical cost basis, and in accordance with IFRS as adopted by the EU, and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been applied consistently, unless otherwise stated. The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the financial statements are disclosed in the notes to these financial statements.

The financial statements have been prepared on a going concern basis.

2.1.1 New and amended standards and interpretations

The Company has applied IFRS 9, 'Financial instruments' and IFRS 15, 'Revenue from contracts with customers' for the first time in their annual reporting period commencing 1 January 2018. The new standards have not had any material effects. Refer to note 2.2 and 2.14 for further information.

The following new standard has been reviewed with regards to its effect on the Company's financial statements. This standard has not yet been implemented.

<u>'IFRS 16, 'Leases'</u>

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on balance sheet. The standard removes the current distinction between operating and finance leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The income statement will be affected as the operating expense will be replaced with interest and depreciation, thereby impacting EBITDA. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

IFRS 16 can be implemented according to either a full retrospective approach or a modified retrospective approach. The Company has selected the modified retrospective approach. This means that comparative figures are not restated and the effect is entered into the balance sheet in the implementation year of 2019. Upon implementation, the right of use of the asset and liability will be the same amount and will not impact on equity.

The new standard, which is mandatory from 1 January 2019, is not expected to have a significant effect on the financial statements of the Company. The transition to IFRS 16 is expected to increase liabilities by approximately NOK 6.6 million on transition date. It is expected to reduce operating expenses by approximately NOK 2.3 million in 2019.

Leases with a duration of less than 12 months as at 1 January 2019 and leases including assets valued at less than NOK 50,000 will not be recognised in the balance sheet, but will be recognised as an operating expense over the lease period.

2.2 Revenue recognition

The new standard for revenue recognition, IFRS 15, entered into force on 1 January 2018. It replaces IAS 18 which covered contracts for goods and services and IAS 11 which covered construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.The standard permits a modified retrospective approach for the adoption. Implementation of the new standard has not had any material effects on the financial statements of the Company.

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sales of services:
The Company provides IT housing services including engineering support, connectivity and other IT services. For sales of services, revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided. Where invoices are raised in advance for contracted services, the revenue is spread over the period of the service and deferred income is recognised in the balance sheet.

Sale of goods:
The Company sells some IT related goods to its existing customers. Sales of goods are recognised when the entity has delivered and installed the products to the customer.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

The Company has identified one segment; IT housing services, and one geographical segment; Oslo.

2.4 Classification 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. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. Instalments payable or receivable within one year on long term liabilities and long term receivables are classified as short term liabilities and current assets.

2.5 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.6 Cash and cash equivalents

Cash and cash equivalents are classified at amortised cost. In the statement of cash flows, cash and cash equivalents includes cash in hand and deposits held at call with banks.

2.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Foreign currencies

Functional and presentation currency

The financial statements of the Company are presented in Norwegian kroner (NOK) which is the functional currency of the Company.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges. All other foreign exchange gains and losses are presented in the income statement within 'Other gains and losses'.

2.9 Employee benefits

The Company has one defined contribution plan. With a defined contribution plan the Company pays contributions to an insurance company. After the contribution has been made the Company has no further commitment to pay. The contribution is recognised as payroll expenses.

2.10 Taxation

Income tax expense represents the current tax calculated on taxable profits for the year, any adjustments in respect of prior periods and the deferred tax charge or credit for the year.

The current tax is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted by the reporting date.

Deferred tax
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 computation 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 carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that have been enacted and that are expected to apply in the year when the liability is settled or the asset realised. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is reflected at nominal value.

2.11 Property, plant and equipment

Fixed 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 or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as described in note 5.

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.

2.12 Impairment of tangible assets

On an annual basis, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). The test is performed on the lowest level of fixed assets at which independent cash flows can be identified (Cash Generating Unit - CGU).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

2.13 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

2.14 Financial instruments

The Company has implemented IFRS 9 Financial Instruments at 1 January 2018.

IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilitites. It replaces the part of IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities and introduces new rules for hedge accounting.

Implementation of the new standard has not had any material effects on the financial statements of the Company.

Classification

The Company has the following classes of financial assets and liabilities: Receivables and financial liabilities at amortised cost.

Regular purchases and sales of financial assets are recognised on the trade-date - the date on which the Company commits to purchase or sell the asset. Investments are initially at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and all risks and rewards of ownership have been transferred. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Receivables

Trade receivables are amounts due from customers or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Receivables where collection is expected in one year or more are treated as non-current assets.

Receivables include cash and cash equivalents, trade and other receivables recognised in the balance sheet (notes 6 and 8).

Evidence of impairment may include indications that the debtor or a group of debtors is experiencing significant financial difficulty, and that it is probable that they will enter bankruptcy or insolvency.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement.

Impairment of financial assets, primarily trade receivables, is based on an expected credit loss model, which replaces the incurred loss model in IAS 39. The Company has taken advantage of the exception defined in the standard for trade receivables which permits provision for expected credit loss to be based on loss over the whole lifecycle of the receivable.

2.15 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 Government grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are deducted from the cost of the asset and are credited to the income statement on a straight line basis over the expected lives of the related assets as part of depreciation.

In 2018, the Company was approved for a SkatteFUNN R&D tax incentive grant, a government program designed to stimulate research and development (R&D) in Norwegian trade and industry, for a project at the Ulven site. SkatteFUNN grants are recognised as a reduction of acquisition cost of assets or cost reduction in the income statement, depending on where the underlying cost has been recognised.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. No impairments were made in 2018 nor in 2017.

3 Significant accounting estimates and assumptions

The application of accounting standards and policies requires the Company to make estimates and assumptions about future events that directly affect its reported financial condition and operating performance. The accounting estimates and assumptions discussed are those that the Company considers to be most critical to its financial statements. An accounting estimate is considered critical if both (a) the nature of estimates or assumptions is material due to the level of subjectivity and judgement involved, and (b) the impact within a reasonable range of outcomes of the estimates and assumptions is material to the Company's financial condition or operating performance. Management have identified the following material estimates:

Deferred tax asset: The Company has a significant deferred tax asset. Deferred tax assets are only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and that taxable profit will be available against which the temporary difference will be utilised. A change in this assumption will have significant effect on the financial statements.

Depreciation: Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful lives. Changes in the estimated useful life will have significant effect on the financial statements.

4 Financial risk management and Financial instruments

Financial risk management
The Company’s activities exposes it to a variety of financial risks: 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 of directors. 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 – foreign exchange risk
The Company operates domestically and is therefore exposed to a limited foreign exchange risk.

Market risk – cash flow interest rate risk
The Company's interest rate risk arises from a long-term bond loan (see note 12). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The interest on the bond loan is adjusted quarterly.

Sensitivity analysis – cash flow interest rate risk
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 approximately NOK 500,000 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 customers, taking into account its financial position, past experience and other factors. Given the customers dependability of the services provided by the Company, there is a low collection risk, demonstrated through immaterial overdue accounts receivable at year end. 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 table on the next page analyses the Company’s non-derivative financial liabilities and assets into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

The Company has completed the re-financing of the bond loan which falls due on 17 July 2019. More information can be found in Note 17 - Events after the balance sheet date.

At 31 December 2018	Book value	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Trade and other receivables	198 090 883	198 090 883	0	0	0

At 31 December 2018					
Bond loan	548 438 752	564 641 000	0	0	0
Deposits from customers (1)	8 602 920	8 602 920	0	0	0
Trade and other payables (2)	60 601 000	60 601 000	0	0	0

At 31 December 2017	Book value	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Trade and other receivables	47 998 512	47 998 512	0	0	0

At 31 December 2017					
Bond loan	545 316 250	26 759 063	589 515 875	0	0
Deposits from customers (1)	8 913 320	8 913 320	0	0	0
Trade and other payables (2)	53 794 924	53 794 924	0	0	0

(1) See note 19.
(2) The Company holds restricted cash to meet the cash outflow from certain transactions, see note 8 for details.

The carrying amount of cash and cash equivalents and bank overdrafts approximates fair value because these instruments have a short-term maturity date. Similarly, the carrying amount of accounts receivable and accounts payable approximates fair value as the impact of discounting is not significant.

Fair value of the bond loan is calculated to be NOK 552 million using the observations from the Norwegian Securities Dealers Association as 31.12.2018 (NOK 583 million at 31.12.2017). The bond was listed on the Oslo Stock Exchange on 29 January 2016.

The fair value hierarchy
The Company has not recognised any items at fair value as of 31 December 2018 or 31 December 2017. There has not been any transfers between the levels of the fair value hierarchy during 2018 and 2017.

Classification of financial assets and liabilities
The Company has the following classification of financial assets and liabilities.

Financial instruments

At 31 December 2018	Financial assets at amortised cost	Other items	Total
Assets			
Trade receivables (non interest bearing)	53 738 468	0	53 738 468
Other receivables (non interest bearing)	0	12 952 502	12 952 502
Cash and cash equivalents	29 698 317	0	29 698 317
Loans to related parties	157 500 000	0	157 500 000
Total financial assets	**240 936 785**	**12 952 502**	**253 889 286**

The maximum exposure to credit risk is equal to the book value.

At 31 December 2017	Financial assets at amortised cost	Other items	Total
Assets			
Trade receivables (non interest bearing)	32 316 813	0	32 316 813
Other receivables (non interest bearing)	0	17 093 330	17 093 330
Cash and cash equivalents	28 660 515	0	28 660 515
Loans to related parties	203 750 000	0	203 750 000
Total financial assets	**264 727 328**	**17 093 330**	**281 820 658**

The maximum exposure to credit risk is equal to the book value.

At 31 December 2018	Other financial liabilities at amortised cost	Other items	Total
Liabilities			
Bond loan	548 438 752	0	548 438 752
Prepayments from customers	0	28 939 202	28 939 202
Deposits from customers	8 602 920	0	8 602 920
Trade payables (non interest bearing)	12 027 724	0	12 027 724
Other current liabilities (non interest bearing)	19 634 074	0	19 634 074
Accrued public taxes (non interest bearing)	0	5 632 027	5 632 027
Total financial liabilities	**588 703 470**	**34 571 229**	**623 274 699**

At 31 December 2017	Other financial liabilities at amortised cost	Other items	Total
Liabilities			
Bond loan	545 316 250	0	545 316 250
Prepayments from customers	0	26 058 804	26 058 804
Deposits from customers	8 913 320	0	8 913 320
Trade payables (non interest bearing)	8 435 147	0	8 435 147
Other current liabilities (non interest bearing)	44 300 973	0	44 300 973
Accrued public taxes (non interest bearing)	0	5 245 028	5 245 028
Total financial liabilities	**606 965 690**	**31 303 832**	**638 269 522**

Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital management.

During 2015, according to the Company's strategy, the Company has refinanced, replacing the interest free shareholder loan and the interest bearing bank loan with an interest bearing bond loan. To ensure that the company complies with covenants, minimum liquidity and loan-to-value ratio is closely monitored. The Company has completed the process of refinancing the bond loan which falls due on 17 July 2019. More information can be found in the "Going Concern" section in the Board of Directors' report and in note 17 - Events after the balance sheet date.

Note 5 - Property, plant and equipment

	Land	Building	Outfitting	Furniture and fixtures	Total
At 1 January 2017					
Accumulated cost	7 430 578	80 134 520	677 913 489	4 130 632	769 609 219
Accumulated depreciation	0	48 614 849	322 935 680	2 885 185	374 435 714
Net book amount	**7 430 578**	**31 519 671**	**354 977 809**	**1 245 447**	**395 173 505**
Year ended 31 December 2017					
Opening net book amount	7 430 578	31 519 671	354 977 809	1 245 447	395 173 505
Additions	0	0	36 084 620	1 450 804	37 535 424
Depreciation charge	0	3 205 381	38 677 385	798 551	42 681 317
Net book amount	**7 430 578**	**28 314 290**	**352 385 044**	**1 897 700**	**390 027 612**
At 31 December 2017					
Accumulated cost	7 430 578	80 134 520	713 998 109	5 581 436	807 144 643
Accumulated depreciation	0	51 820 230	361 613 065	3 683 736	417 117 031
Net book amount	**7 430 578**	**28 314 290**	**352 385 044**	**1 897 700**	**390 027 612**
At 1 January 2018					
Accumulated cost	7 430 578	80 134 520	713 998 109	5 581 436	807 144 643
Accumulated depreciation	0	51 820 230	361 613 065	3 683 736	417 117 031
Net book amount	**7 430 578**	**28 314 290**	**352 385 044**	**1 897 700**	**390 027 612**
Year ended 31 December 2018					
Opening net book amount	7 430 578	28 314 290	352 385 044	1 897 700	390 027 612
Additions	0	0	69 245 964	2 426 329	71 672 293
Depreciation charge	0	3 205 381	41 721 964	1 748 852	46 676 197
Net book amount	**7 430 578**	**25 108 909**	**379 909 044**	**2 575 177**	**415 023 708**
At 31 December 2017					
Accumulated cost	7 430 578	80 134 520	783 244 073	8 007 765	878 816 936
Accumulated depreciation	0	55 025 611	403 335 029	5 432 588	463 793 228
Net book amount	**7 430 578**	**25 108 909**	**379 909 044**	**2 575 177**	**415 023 708**

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts.

Expected useful life		15 - 25 years	10-25 years	3-6 years
Depreciation plan	None	Straight line	Straight line	Straight line

The Company has entered into operating lease agreements with non-cancellable lease periods of 3 years. Future minimum leases payable (to the nearest break-clause) under non-cancellable operating leases where the Company is the lessee:

Leases expiring	**2018**	**2017 ***
within 1 year	2 346 239	0
in 2-3 years	3 269 728	0
over 3 years	958 409	0
Total leases	**6 574 376**	**0**

* No operating leases as of 31 December 2017

Note 6 - Trade and other receivables

	2018	2017
Trade receivables	38 418 809	28 036 760
Trade receivables related parties	15 319 659	4 280 053
Trade receivables - net	**53 738 468**	**32 316 813**
Prepayments	5 328 152	7 661 631
Other receivables related parties	137 500 000	6 250 000
Accrued income not invoiced	7 624 350	9 431 699
Total receivables	**204 190 969**	**55 660 143**

Note 7 - Payroll and auditor remuneration

Personnel expenses	**2018**	**2017**
Salaries	28 365 077	26 970 911
Payroll tax	4 521 540	3 881 412
Defined contribution plan	1 742 529	1 326 566
Other benefits	391 781	959 470
Total personnel expenses	**35 020 927**	**33 138 359**
Number of employees	32	28
Average number of full-time employees	30	28

The Company maintains a pension scheme which is applicable for all employees. The Company fulfils the regulations regarding mandatory pension fund.

Key management personnel are defined as directors of the board and the CEO. The Chairman of the Board charges management fee, see note 18 for details. No loans have been granted to the CEO, the Chairman of the Board or other individual related parties.

Remuneration to key personnel	**Salaries**	**Bonus**	**Pension**	**Other benefits**	**Sum**
Directors of the board	0	0	0	0	0
CEO	2 370 452	1 148 583	91 460	73 190	3 683 685

Auditor remuneration (all amounts are excluding VAT)	**2018**	**2017**
Statutory audit	203 103	228 574
Other assurance services	0	0
Other assistance	0	59 200
Total auditor remuneration (excluding VAT)	**203 103**	**287 774**

Note 8 - Cash and cash equivalents

Cash and other cash equivalents	**2018**	**2017**
Short term cash deposits, cash equivalents	25 534 870	27 434 061
Restricted cash	4 163 447	1 226 454
Cash and cash equivalents	**29 698 317**	**28 660 515**

Cash and cash equivalents consist of short term cash deposits and cash equivalents held at financial institutions.
As at 31 December 2018, the Company had bank accounts with a total restricted amount of NOK 4,163,447; of which NOK 1,733,533 were related to employees' tax deductions, NOK 1,284,338 to office lease deposit and NOK 1,145,576 to the settlement with a contractor related to development projects.

Note 9 - Trade and other payables

Trade payables and other current liabilities	2018	2017
Trade payables	11 057 124	8 085 560
Trade payables related parties	970 600	349 587
Accrued salaries to employees	5 428 836	5 971 072
Other accrued expenses	14 205 237	13 329 901
Prepayments from customers	28 939 202	26 058 804
Total trade and other payables	**60 601 000**	**53 794 924**

Note 10 - Public tax liabilities

Public tax liabilities	2018	2017
Withheld tax for employees	1 731 451	1 225 029
VAT settlement	2 608 282	3 041 664
Accrued and unpaid employees social	1 292 293	978 335
Total public tax liabilities	**5 632 027**	**5 245 028**

Note 11 - Financial income and expenses

Financial income	2018	2017
Interest income on short term bank deposits	174 102	204 314
Interest income from related parties	8 971 901	9 486 872
Other interest and financial income	93 553	55 707
Total financial income	**9 239 557**	**9 746 893**

Financial expenses	2018	2017
Interest expenses	30 627 086	31 323 957
Other financial expenses	302 866	346 703
Total financial expenses	**30 929 953**	**31 670 660**
Net financial (expenses)/income	**-21 690 396**	**-21 923 767**

Note 12 - Borrowings

Borrowings	2018	2017
Bond loan non-current part	0	550 000 000
Bond loan current part	550 000 000	25 000 000
Total	**550 000 000**	**575 000 000**
Capitalised transaction cost	-1 561 248	-4 683 750
Book value at amortised cost	**548 438 752**	**570 316 250**
Accrued interest	5 619 778	5 571 750

The bond loan is interest bearing with a coupon rate equal to 3 months NIBOR plus a margin of 3.75 %. The bond shall be repaid in two instalments of NOK 25 million. The first instalment was paid on 17 July 2018, the second instalment is due on 18 January 2019. The remaining balance of NOK 525 million shall be repaid on the maturity date of 17 July 2019.

The bond loan is secured with a first priority charge on fixed assets and trade receivables for the value of NOK 575 million. Furthermore, Digiplex Rosenholm AS, a related party, provides a guarantee on the bond loan up to the amount that it receives from the Company (please refer to note 18).

Changes in liabilities arising from financial activities

Reconciliation of the opening and closing balances for liabilities arising from financial activitites:

	2017	Changes from financial flows	Changes from foreign exchange	Changes in fair value	Other changes*	2018
External debt	570 316 250	-25 000 000			3 122 502	548 438 752

* amortisation of deferred transaction cost

Note 13 - Tax

	2018	2017
Change in deferred tax	2 299 909	274 039
Effect of change in tax rate to deferred tax positions	1 741 581	1 841 576
Income tax expense	**4 041 490**	**2 115 615**
Basis for tax payable		
Result before tax	12 125 906	5 930 558
Permanent differences	-2 126 302	-4 788 730
Change in deferred tax	14 128 937	15 962 729
Change in tax losses carry forward	-24 128 541	-17 104 557
Basis for tax payable	**0**	**0**
Temporary differences		
Non-current assets	-127 598 982	-115 430 745
Provision for losses	0	-389 867
Capitalised transaction cost	2 333 183	4 683 750
Tax loss carry forward	-48 892 265	-73 020 806
Basis for deferred tax asset in the balance sheet	**-174 158 064**	**-184 157 668**
Calculated deferred tax asset with 22 % (2017: 23%)	**-38 314 774**	**-42 356 264**
Net deferred tax positions		
Non-current assets	-28 071 776	-26 549 071
Goods	0	-89 669
Capitalised transaction costs	513 300	1 077 263
Tax loss carry forward	-10 756 298	-16 794 785
Net at 31 December	**-38 314 774**	**-42 356 264**
Calculation of effective tax rate		
Profit before income tax	**12 125 906**	**5 930 558**
Tax calculated using effective tax rate 23% (2017: 24%)	2 788 958	1 423 334
Effect of permanent differences 23% (2017: 24%)	-489 049	-1 149 295
Effect of change in tax rate to 22% for deferred tax positions (2017: 23%)	1 741 581	1 841 576
Income tax expense	**4 041 490**	**2 115 615**
Tax payable	**0**	**0**
Effective tax rate	**0 %**	**0 %**

Deferred tax asset is recognised. Deferred income tax assets are recognised for tax loss carry forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

With effect from 1 January 2019, the corporate tax rate has changed from 23% to 22%. Tax losses carried forward have been calculated with the new tax rate due to this change.

Note 14 - Contingencies and commitments

The Company does not have any contingent liabilities as at 31 December 2018.

Note 15 - Dividends

No dividends were paid during 2018 or 2017.

Note 16 - Share capital and shareholder information

	Number of shares	Ordinary shares	Share face value	Share capital	Share premium	Total paid in capital
As 1 January 2017	33 300	33 300	1 000	33 300 000	22 609 964	**55 909 964**
Share capital	0	0	0	0	0	**0**
As 31 December 2017	33 300	33 300	1 000	33 300 000	22 609 964	**55 909 964**
Share capital	0	0	0	0	0	**0**
As 31 December 2018	**33 300**	**33 300**	**1 000**	**33 300 000**	**22 609 964**	**55 909 964**

All shares have equal rights and are fully paid.

Shareholders	**Shares**	**Percentage ownership**
DigiPlex Norway Acquisitions L.L.C., Washington D.C, USA	33 300	100,0 %

Chairman of the Board, Mr James Byrne Murphy, jointly controls DigiPlex Norway AS through Chesapeake Partners LLC.

Note 17 - Events after the balance sheet date

Taking the impending bond maturation dates into account, the Company together with two related parties, DigiPlex Rosenholm AS (DRAS) and 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 new established Norwegian holding company, DigiPlex Norway Holding 2 AS (DNH2) on 24 April 2019.

DNH2 successfully closed on a NOK 1.8 billion senior secured bond issue maturing in April 2024 with coupon rate of 365bps plus 3-month NIBOR. Settlement date has been scheduled to take place on 30 April 2019 and an application will be made for the bonds to be listed on the Oslo Stock Exchange.

Note 18 - Related party disclosures

The Company is jointly controlled by Stupar Holdings Corporation and Chesapeake Partners LLC through DigiPlex Norway Acquisitions LLC.
The following transactions were carried out with related parties:

	2018	2017
Purchase of services		
Management services	3 390 488	3 584 267
Support services	4 405 136	3 254 123
Total	**7 795 624**	**6 838 390**

Trade payables related to purchases of services from related parties are included in Trade and other payables (see also note 9).

	2018	2017
Sale of services		
Support services	20 738 505	7 338 034
Interest charged	8 971 901	9 486 872
Total	**29 710 406**	**16 824 906**

Trade receivable from the sale of services to related parties are included in Trade and other receivables (see also note 6).

Long term loans to related parties:

	2018	2017
As 1 January	197 500 000	183 750 000
Loans advanced	-40 000 000	20 000 000
Reclassified to current	-137 500 000	-6 250 000
As 31 December	**20 000 000**	**197 500 000**
Interest charged	**8 971 901**	**9 486 872**

Long term loans from related parties:

	2018	2017
As 1 January	0	0
Loans advanced	0	0
Loans repaid	0	0
As 31 December	**0**	**0**
Interest charged	**0**	**0**

The loans issued in 2017, 2016 and 2015 were to DigiPlex Rosenholm AS and to the parent company, DigiPlex Norway Acquisitions LLC. Both loans are interest bearing. DigiPlex Rosenholm AS is a guarantor for the bond loan issued by DigiPlex Norway AS, for an amount equal to the loan between the two parties.

The Company has identified the following related parties:

Name of company	Type of relationship	Type of services
DigiPlex Fet AS	Related party	Support services
DigiPlex Fet 2 AS	Related party	Support services
DigiPlex Rosenholm AS	Related party	Support services and financing
DigiPlex London 1 Limited	Related party	Support services
DigiPlex Stockholm 1 AB	Related party	Support services
DigiPlex Stockholm 2 AB	Related party	Support services
DigiPlex Copenhagen 1 Aps	Related party	Support services
Kitebrook Partners LLC	Related party	Management services
DigiPlex Norway Acquisitions LLC	Owner	Financing

Note 19 - Deposits from customers

Deposits from customers are held as security for contractually obligated payments in the event of a default .The deposits are non-interest bearing and will be repaid upon termination of contract. The customer contract does not include a time clause, hence no amortisation has been made.

Note 20 - Assets and liabilities related to contracts with customers

The Company has the following assets and liabilities related to contracts with customers:

Current assets and liabilities relating to sales contracts:

	2018	2017
Current contract assets	7 624 350	3 181 699
Current contract liabilities	28 939 202	26 058 804

Definitions

DigiPlex Norway AS' financial information is prepared in accordance with International Financial Reporting Standards ('IFRS'). Additionally, some alternative performance measures have been provided, these are defined as follows:

EBITDA is defined as earnings before interest, tax, depreciation and amortisation.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the year ended 31 December 2018 have been prepared in accordance with IFRS as adopted by the EU, and give a true and fair view of the Company's assets, liabilities, financial position and results of operation, and that the Board of Directors' Report gives a true and fair review of the development and performance of the business and the position of the Company, and includes a description of the principal risks and uncertainties facing the Company.

Oslo, 30 April 2019

J Byrne Murphy	Gisle M. Eckhoff
Chairman	**CEO**