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

Registration no. 912 189 287

We are pleased to present the 2018 annual financial report for the Company, DigiPlex Fet AS.

BACKGROUND

DigiPlex builds and operates data centres. Data centres are vital to the functioning of the modern economy. DigiPlex is one of the longest standing data centre builders and operators in Europe. We started operations in 2002. Our data centres are located in the Nordic Region. We are a privately-owned group of companies. Our companies are registered in Denmark, Finland, Norway, Sweden and the United Kingdom. We provide a safe, secure and fully serviced home for customers' information and communication technology (ICT) equipment and data. Ours is not a one-size-fits-all service. How we deliver the service is tailored to each customer's needs.

The Company was founded in July 2013 when it signed one of the largest data centre deals in Europe for its facility at Heiaveien 9 in the municipality of Fetsund, near Oslo.

The more than 20-year contract with EVRY AS (one of the two largest IT service companies in the Nordics) secures revenue for its 4,200 m2 of IT space, served by 9.8 megawatts of power. The high security facility benefits from DigiPlex's industry leading Air-to-Air cooling technology delivering a power usage efficiency which places it in the top 3 per cent of data centres worldwide and ensuring a sustainable performance with minimum environmental footprint.

BUSINESS ACTIVITIES

The business activities for 2018 were related to the continued delivery of IT Housing services and some additional construction work and services to EVRY. The Company also initiated works to expand the power capacity in one of the data halls, in order to prepare it for an international hyperscale customer to "go-live" in Q1 2019.

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

Notwithstanding that the Company's equity is in a negative position (NOK 24.2 million), the Company had a positive cash flow from operating activities, which funded the investments and the interests charged on the bond loan.

The Board have evaluated the Company's value adjusted equity. In doing so, the valuation of the building and infrastructure was based on external advice, and the Board concluded that the market value of the Company's equity is positive.

The shareholder loan agreement does not contain restrictive covenants. Although the loan is stated to be payable on demand, there are contractual restrictions that restrict repayment thereof. Firstly, the bond loan agreement provides that any repayment of shareholder loan is subject to no event of default having occurred which is continuing, and that the issuer satisfies certain dividend incurrence tests. Secondly, the shareholder loan agreement is subject to a turn-over and subordination agreement entered into by its shareholder, DigiPlex Fet LLC and the bond trustee and pursuant to which the Company has agreed to, inter alia, (i) subordinate its claims under the shareholder loan agreement to any claim the bond trustee has against the issuer and (ii) not accept any payment from the Company which would contravene the above-mentioned clause in the Bond Agreement.

The Company's bond loan of NOK 500 million falls due on 11 June 2019. Taking the impending bond maturation dates into account, the Company together with two related parties, DigiPlex Rosenholm AS (DRAS) and DigiPlex Norway AS (DNAS) 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 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 and an application will be made for the bonds to be listed on the Oslo Stock Exchange. The proceeds from this bond will partly be utilised for repayment of the outstanding bond of NOK 500 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

For the year ended 31 December 2018, operating revenues totalled NOK 91.6 million (2017: NOK 129.5 million). Operating revenues for 2017 were impacted positively by a higher level of added value services in relation to construction work.

Operating expenses (excluding depreciation) totalled NOK 31.4 million (2017: NOK 68.8 million), which comprised of NOK 3.1 million in cost of goods sold, NOK 1.9 million of employee costs and NOK 26.4 million of other operating costs. The decrease in operating expenses was due to the reduction in activities related to added value services.

EBITDA totalled NOK 60.2 million (2017: NOK 60.7 million) with an EBITDA margin of 65.7% (2017: 46.9%).

Depreciation of property, plant and equipment totalled NOK 35.1 million (2017: NOK 34.3 million).

In light of the above, the operating profit for 2018 come in at NOK 25.1 million (2017: NOK 26.3 million).

Net finance costs were NOK 26.4 million compared to NOK 25.9 million in 2017.

The loss before tax was NOK 1.3 million (2017: profit before tax of NOK 0.5 million) which resulted in an income tax expense of NOK 5 thousand (2017: income tax expense of NOK 0.4 million), whereof the effect of the announced reduction of applicable corporate tax rate from 23% to 22% is reflected.

Total assets were NOK 910.2 million (2017: NOK 734.5 million).

CAPITAL AND FINANCING

Net cash inflow for the year was NOK 68.5 million (2017: outflow NOK 27.8 million). Cash inflow from operating activities amounted to NOK 57.9 million (2017: NOK 40.4 million). Cash outflow to investing activities amounted to NOK 72.4 million (2017: NOK 10.4 million) and cash inflow from financing activities amounted to NOK 83.1 million (2017: cash outflow of NOK 57.9 million). 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 financial items. The Company's investments are financed primarily via its bond issue and shareholder loans.

The Company has raised NOK 500 million from issuing bonds. The bonds were issued in June 2014 to primarily finance the construction of the data centre for EVRY, and these bonds were listed on the Oslo Stock Exchange in December 2014. The bonds are due to mature in June 2019, and will be redeemed through the new bond issued by DigiPlex Norway Holding 2 AS, as described in the Going Concern section above.

The Company is making interest payments to the bondholders in accordance with the Bond Agreement which commenced in September 2014.

No interest is due on the shareholder loans and a net advancement of NOK 109.5 million was made in 2018, in accordance with requirements of the bond agreement. As such, at balance sheet date shareholder loans of NOK 346.6 million remained outstanding.

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 good 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 from its 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 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. The Company have only one customer, which is rated at low risk. 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 male full-time staff. These staff members are not in a leading management position. 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 and the absence percentage due to sick leave for 2018 was 4.5 %.

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. At the same time as targeting improvement of our existing centres, we are considering how we can apply emerging green technologies to each major new construction, including but not limited to, adiabatic cooling.

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 loss for the year of NOK 1.3 million (2017: net profit of NOK 0.05 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 meet our customers' requirements; including project managing modifications to the technical space in order to enhance our customers' service offerings to their customers; as part of our added value services.

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 Fet AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Digiplex Fet 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 revenue and operating expenses	Notes	2018	2017
Revenue from services		87 699 433	83 080 643
Revenue from goods sold		3 884 568	46 418 662
Total revenue		**91 584 001**	**129 499 305**
Cost of goods sold		3 078 138	43 252 493
Employee benefits expense	7	1 913 455	2 610 036
Other operating expenses	16	26 439 009	22 952 866
EBITDA		**60 153 400**	**60 683 910**
Depreciation	5	35 069 413	34 343 779
Operating profit		**25 083 987**	**26 340 131**
Finance income	10	314 617	436 422
Finance costs	10	26 731 596	26 322 906
Finance - net		**-26 416 979**	**-25 886 484**
Profit/(loss) before tax		**-1 332 992**	**453 647**
Income tax expense/(benefit)	13	4 689	406 700
Profit/(loss) for the year		**-1 337 681**	**46 947**
Profit/(loss) for the year attributable to the shareholders		-1 337 681	46 947
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		**-1 337 681**	**46 947**
Total comprehensive income/(loss) attributable to shareholders		**-1 337 681**	**46 947**

Statement of financial position

Amounts in NOK

Assets	Notes	2018	2017
Non-current assets			
Deferred tax asset	13	6 845 290	6 849 979
Property, plant and equipment	5	772 400 389	677 300 085
Other non-current assets		4 131 055	3 700 910
Total non-current assets		**783 376 735**	**687 850 974**
Current assets			
Inventories		1 945 379	1 645 944
Trade and other receivables	6	44 662 324	33 357 432
Bank deposits	8	80 211 339	11 667 601
Total current assets		**126 819 042**	**46 670 977**
Total assets		**910 195 776**	**734 521 951**

Equity and liabilities	Notes	2018	2017
Paid in equity			
Share capital	15	30 000	30 000
Total paid in equity		**30 000**	**30 000**
Earned equity			
Other equity	14	-24 216 694	-22 879 014
Total earned equity		**-24 216 694**	**-22 879 014**
Total equity		**-24 186 694**	**-22 849 014**
Liabilities			
Non-current liabilities			
Borrowings	11	0	497 005 411
Shareholder loan	12, 16	346 567 804	237 067 804
Total non-current liabilities		**346 567 804**	**734 073 215**
Current liabilities			
Borrowings	11	499 060 408	0
Trade and other payables	9	88 754 258	23 297 750
Total current liabilities		**587 814 666**	**23 297 750**
Total equity and liabilities		**910 195 776**	**734 521 951**

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

	Notes	Share capital	Share premium reserve	Retained earnings	Total Equity
Balance at 1 January 2017	**15**	**30 000**	**0**	**-22 925 961**	**-22 895 961**
Profit/(loss) for the period		0	0	46 947	46 947
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		**0**	**0**	**46 947**	**46 947**
Transactions with owners in their capacity as owners:					
Dividends paid		0	0	0	0
Balance at 31 December 2017	**15**	**30 000**	**0**	**-22 879 014**	**-22 849 014**
Balance at 1 January 2018	**15**	**30 000**	**0**	**-22 879 014**	**-22 849 014**
Profit/(loss) for the period		0	0	-1 337 681	-1 337 681
Other comprehensive income		0	0	0	0
Total comprehensive income for the period		**0**	**0**	**-1 337 681**	**-1 337 681**
Transactions with owners in their capacity as owners:					
Dividends paid		0	0	0	0
Balance at 31 December 2018	**15**	**30 000**	**0**	**-24 216 694**	**-24 186 694**

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 tax		-1 332 992	453 647
Depreciation charges	5	35 069 413	34 343 779
Adjustment for financial activities		26 416 979	25 886 484
Changes in inventories and non-current assets		-299 435	-192 295
Change in trade and other receivables	6	-7 240 078	-3 769 887
Change in trade and other payables	9	5 247 843	-16 280 558
Net cash from operating activities		**57 861 729**	**40 441 170**
Cash flows from investing activities			
Purchase of property, plant and equipment	5	-72 401 013	-10 390 110
Net cash from investing activities		**-72 401 013**	**-10 390 110**
Cash flows from financing activities			
Drawdown of shareholder loan	12,16	129 500 000	0
Repayment of shareholder loan	12,16	-20 000 000	-32 000 000
Interest paid	10	-26 416 979	-25 886 484
Net cash from financing activities		**83 083 021**	**-57 886 484**
Net increase/(decrease) in cash and cash equivalents		68 543 737	-27 835 424
Cash and cash equivalents at beginning of year	8	11 667 601	39 503 025
Cash and cash equivalents at end of year		**80 211 339**	**11 667 601**

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

Notes to the Financial Statement

1. General information

DigiPlex Fet AS ("the Company") is a Norwegian private limited liability company incorporated on 3 July 2013 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 912 189 287, and its registered business address is Selma Ellefsens vei 1, 0581 Oslo, Norway.

The Company provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space at Heiaveien 9 in the municipality of Fetsund, near Oslo, Norway, for its customer's information and communication technology equipment.

The financial statements of DigiPlex Fet AS have been prepared in accordance with International Financial Reporting Standards ("IFRS") and IFRS Interpretations Committee ("IFRSIC") applicable to companies reporting under IFRS.

The financial statements of the Company 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

These financial statements have been prepared on a historical cost basis, and in accordance with IFRS as adopted by the European Union ("EU"), and interpretations issued by IFRSIC.

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.

'IFRS 16, 'Leases'

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 change significantly. 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 not expected to affect the Company's financial statements in a material way.

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. When invoices are raised in advance for contracted services, the revenue is spread over the period of the service and deferred income is recognised on 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/or 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; Fetsund.

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 either current liabilities or 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

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.

Borrowing cost on qualifying assets are capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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 asset 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 recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the group has transferred substantially all risks and rewards of ownership. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Receivables

Trade receivables are amounts due from customers for 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 on 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). Cash and cash equivalents comprise cash on hand and demand deposits.

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.

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 impairment was made in 2018 or 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 expose 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 bond loan (see note 11). Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The interest on the bond loan is adjusted quarterly. The Company also holds borrowings issued by the shareholder. The shareholder loan is not interest bearing.

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. Notwithstanding that the Company only has one customer, given the customer's dependability of the services provided by the Company, there is a low collection risk. This is demonstrated through the 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 11 June 2019. More information can be found in Note 19 - 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	31 483 438	31 483 438	0	0	0
VAT receivable	10 716 873	10 716 873	0	0	0

At 31 December 2018					
Bond loan	499 060 408	510 377 908	0	0	0
Shareholder loan (1)	346 567 804	346 567 804	0	0	0
Trade and other payables	88 624 003	88 624 003	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	30 902 033	30 902 033	0	0	0

At 31 December 2017					
Bond loan	497 005 411	23 116 667	532 616 677	0	0
Shareholder loan (1)	237 067 804	237 067 804	0	0	0
Trade and other payables	20 063 166	20 063 166	0	0	0

1) The shareholder loan is stated to be payable on demand, however there are contractual restrictions that restrict repayment thereof. See note 11 Borrowings for further details.

Determination of fair value
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 503 million (2017: NOK 506 million) using the observations from the Norwegian Securities Dealers Association as 31.12.2018. The bond was listed on the Oslo Stock Exchange on 11 December 2014.

The fair value hierarchy
The Company has not recognised any items at fair value as at 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	Loans and receivables	Other items	Total
Assets			
Trade receivables (non interest bearing)	30 846 242	3 099 208	33 945 451
Cash and cash equivalents	80 211 339	0	80 211 339
Other receivables	10 716 873	0	10 716 873
Total financial assets	**121 774 454**	**3 099 208**	**124 873 662**

At 31 December 2017	Loans and receivables	Other items	Total
Assets			
Trade receivables (non interest bearing)	30 267 530	3 089 900	33 357 430
Cash and cash equivalents	11 667 601	0	11 667 601
Total financial assets	**41 935 131**	**3 089 900**	**45 025 031**

At 31 December 2018	Other financial liabilities at amortised cost	Other items	Total
Liabilities			
Bond loan	499 060 408	0	499 060 408
Shareholder loan (non interest bearing)	346 567 804	0	346 567 804
Trade payables and other current liabilities (non interest bearing)	88 624 003	130 255	88 754 258
Total financial liabilities	**934 252 216**	**130 255**	**934 382 470**

At 31 December 2017	Other financial liabilities at amortised cost	Other items	Total
Liabilities			
Bond loan	497 005 411	0	497 005 411
Shareholder loan (non interest bearing)	237 067 804	0	237 067 804
Trade payables and other current liabilities (non interest bearing)	23 297 750	126 003	23 423 753
Total financial liabilities	**757 370 965**	**126 003**	**757 496 968**

Capital management

The Company's objectives when managing capital are to safeguard the Company's abitliy 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.

To ensure that the Company complies with covenants, minimum liquidity and loan to value ratio are closely monitored.

Note 5 - Property, plant and equipment

	Property	Plant and equipment	Furniture and fixtures	Total
At 1 January 2017				
Accumulated cost	38 520 577	717 974 184	598 870	757 093 631
Accumulated depreciation	0	47 829 353	228 931	48 058 284
Net book amount	**38 520 577**	**670 144 831**	**369 939**	**709 035 347**
Year ended 31 December 2017				
Opening net book amount	38 520 577	670 144 831	369 939	709 035 347
Additions	0	2 572 618	35 899	2 608 517
Depreciation charge	0	34 195 171	148 608	34 343 779
Net book amount	**38 520 577**	**638 522 278**	**257 230**	**677 300 085**
At 31 December 2017				
Accumulated cost	38 520 577	720 546 802	634 769	759 702 148
Accumulated depreciation	0	82 024 524	377 539	82 402 063
Net book amount	**38 520 577**	**638 522 278**	**257 230**	**677 300 085**
At 1 January 2018				
Accumulated cost	38 520 577	720 546 802	634 769	759 702 148
Accumulated depreciation	0	82 024 524	377 539	82 402 063
Net book amount	**38 520 577**	**638 522 278**	**257 230**	**677 300 085**
Year ended 31 December 2018				
Opening net book amount	38 520 577	638 522 278	257 230	677 300 085
Additions	396 450	129 701 242	72 026	130 169 717
Depreciation charge	0	34 920 532	148 881	35 069 413
Net book amount	**38 917 027**	**733 302 988**	**180 375**	**772 400 389**
At 31 December 2018				
Accumulated cost	38 917 027	850 248 044	706 795	889 871 865
Accumulated depreciation	0	116 945 056	526 420	117 471 476
Net book amount	**38 917 027**	**733 302 988**	**180 375**	**772 400 389**
Expected useful life		7 - 50 years	3-6 years	
Depreciation plan	None	Straight line	Straight line	

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

Note 6 - Trade and other receivables

	2018	2017
Trade receivables	29 805 367	30 267 532
Trade receivables related parties	1 040 875	0
Trade receivables - net	**30 846 242**	**30 267 532**
Prepayments	2 462 013	2 455 399
VAT receivable	10 716 873	0
Accrued income not invoiced	637 196	634 501
Total receivables	**44 662 324**	**33 357 432**

Note 7 - Payroll and auditor remuneration

Personnel expenses	2018	2017
Salaries	1 468 667	1 977 413
Payroll tax	237 236	284 863
Defined contribution plan	90 746	110 363
Other benefits	116 806	237 397
Total personnel expenses	**1 913 455**	**2 610 036**
Number of employees	2	3
Average number of full-time employees	2	2.2

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 managing director for 2018 was NOK 1,133,147 (2017: NOK 540,680). The fee is included in Other operating expenses.

No loans have been granted to the CEO, the Chairman of the Board or other individual related parties.

Auditor remuneration (all amounts are excluding VAT)	2018	2017
Statutory audit	155 000	140 000
Other assurance services	0	20 000
Tax compliance	0	0
Other assistance	13 000	23 000
Total auditor remuneration (excluding VAT)	**168 000**	**183 000**

Note 8 - Cash and cash equivalents

Cash and other cash equivalents	2018	2017
Short term cash deposits, cash equivalents	80 143 894	11 599 297
Restricted cash	67 445	68 304
Cash and cash equivalents	**80 211 339**	**11 667 601**

Cash and cash equivalents consists of short term cash deposits and cash equivalents held at financial institutions.

As at 31 December 2018, the Company had a bank account with restricted amount of NOK 67,445 related to employees' tax deductions (2017: NOK 68,304).

Note 9 - Trade and other payables

Trade payables and other current liabilities	2018	2017
Trade payables	37 656 403	2 696 255
Trade payables related parties	1 899 603	2 003 059
Accrued salaries to employees	227 520	282 072
Social security and other taxes	130 255	126 003
Other accrued expenses	48 840 478	18 190 361
Total trade and other payables	**88 754 258**	**23 297 750**

Amounts are settled on standard commercial trade terms. Generally no interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Accrued expenses are mainly related to accruals for construction work completed, but yet to be invoiced by the contractor.

Note 10 - Financial income and expenses

Financial income	**2018**	**2017**
Interest income on short term bank deposits	274 807	419 706
Other interest and financial income	39 809	16 716
Total financial income	**314 617**	**436 422**

Financial expenses	**2018**	**2017**
Interest expenses	26 446 254	25 722 577
Other financial expenses	285 342	600 329
Total financial expenses	**26 731 596**	**26 322 906**
Net financial (expenses)/income	**-26 416 979**	**-25 886 484**

Note 11 - Borrowings

Borrowings	**2018**	**2017**
Bond loan non-current part	0	500 000 000
Bond loan current part	500 000 000	0
Total	**500 000 000**	**500 000 000**
Capitalised transaction cost	939 592	2 994 589
Book value at amortised cost	**499 060 408**	**497 005 411**
Accrued interest	1 400 000	1 270 000

The bond loan is interest bearing with a coupon rate equal to 3 months NIBOR plus a margin of 4.0%, which was reduced to 3.75 % when the final and full delivery of the data centre and acceptance by the customer took place on 3 March 2016. The maturity date for the bond loan is 11 June 2019. The bond loan has financial covenants related to minimum liquidity and loan to value ratio below 65 per cent. Loan to value ratio is calculated on the basis of fair value.

The shareholder loan agreement does not contain restrictive covenants. Although the loan is stated to be payable on demand, there are contractual restrictions that restrict repayment thereof. Firstly, the bond loan agreement provides that any repayment of shareholder loan is subject to no event of default having occurred and that is continuing and that the issuer satisfies certain dividend incurrence test. Secondly, the shareholder loan agreement is subject to a turn-over and subordination agreement entered into by DigiPlex Fet LLC and the bond trustee and pursuant to which the Company has agreed to, inter alia, (i) subordinate its claims under the shareholder loan agreement to any claim the bond trustee has against the issuer and (ii) not accept any payment from the Issuer which would contravene the above mentioned clause in the bond agreement.

Fair value of the bond loan is calculated to be NOK 503 million using the observations from the Norwegian Securities Dealers Association as at 31 December 2018. The bond was listed on the Oslo Stock Exchange on 11 December 2014.

Total borrowings include secured liabilities of NOK 500 000 000. The bond loan is secured by fixed assets (note 5) and trade receivables (note 6).

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 in fair value**	**Other changes***	**2018**
External debt	497 005 411	0	0	2 054 997	499 060 408
Debt to shareholders	237 067 804	109 500 000	0	0	346 567 804

*capitalised transaction cost

Note 12 - Shareholder loan

Fair value of shareholders loan was equal to book value due to the loan being repayable on demand. No interest was paid during 2018 and 2017.

Note 13 - Tax

	2018	2017
Tax payable	0	0
Change in deferred tax	-306 461	108 876
Effect of change in tax rate to deferred tax positions	311 150	297 825
Income tax expense/(benefit)	**4 689**	**406 701**
Basis for tax payable		
Result before tax	-1 332 992	453 647
Permanent differences	554	0
Change in deferred tax	-10 397 050	-3 430 970
Change in tax losses carry forward	11 729 488	2 977 323
Basis for tax payable	**0**	**0**
Temporary differences		
Non-current assets	98 152 086	86 347 873
Capitalised transaction cost	939 592	2 994 589
Other differences	647 834	0
Tax loss carry forward	-130 854 469	-119 124 981
Basis for deferred tax liability/(asset) in the balance sheet	**-31 114 957**	**-29 782 519**
Calculated deferred tax liability/(asset) with 22 % (2017: 23 %)	**-6 845 290**	**-6 849 979**
Net deferred tax positions		
Non-current assets	21 593 459	19 860 011
Capitalised transaction costs	206 710	688 755
Other differences	142 523	0
Tax loss carry forward	-28 787 983	-27 398 745
Net deferred tax liability/(asset) at 31 December	**-6 845 290**	**-6 849 979**
Calculation of effective tax rate		
Profit/(loss) before income tax	**-1 332 992**	**453 647**
Tax calculated using effective tax rate 23% (2017: 24%)	-306 588	108 875
Effect of permanent differences 23% (2017: 24%)	127	0
Effect of change in tax rate to 22% for deferred tax positions (2017: 23%)	311 150	297 825
Income tax expense	**4 689**	**406 700**
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%. Accordingly, tax loss carry forward has been calculated with the new tax rate.

Note 14 - Dividends

No dividends were paid during 2018 or 2017.

Note 15 - Share capital and shareholder information

	Number of shares	Ordinary shares	Share capital	Share premium	Total paid in capital
As 1 January 2017	30 000	30 000	30 000	0	**30 000**
Share capital	0	0	0	0	**0**
As 31 December 2017	30 000	30 000	30 000	0	**30 000**
Share capital	0	0	0	0	**0**
As 31 December 2018	**30 000**	**30 000**	**30 000**	**0**	**30 000**

All shares have equal rights and are fully paid.

Shareholders	**Shares**	**Percentage ownership**
DigiPlex Fet LLC	30 000	100,0 %

Chairman of the Board, James Byrne Murphy jointly controls DigiPlex Fet AS through Kitebrook Fet LLC.

Note 16 - Related party disclosures

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

	2018	2017
Purchase of services		
Management services	2 772 479	2 013 296
Support services	8 955 353	8 796 886
Total	**11 727 832**	**10 810 182**

The year end balances arising from the purchase of related party services in the amount of NOK 1,899,603 (2017: NOK 2,003,059) are included in Trade and other payables.

Long term loans to/from related parties:

	2018	2017
As 1 January	237 067 804	269 067 804
Loans advanced	129 500 000	0
Loans repaid	-20 000 000	-32 000 000
As 31 December	**346 567 804**	**237 067 804**

Fair value of shareholders loan is equal to book value as the loan is repayable on demand.

The Company has identified the following related parties:

Name of company	**Type of relationship**
DigiPlex Norway AS	Related party
DigiPlex Rosenholm AS	Related party
DigiPlex Fet 2 AS	Related party
DigiPlex London 1 Limited	Related party
DigiPlex Stockholm 1 AB	Related party
DigiPlex Stockholm 2 AB	Related party
DigiPlex Copenhagen 1 Aps	Related party
Kitebrook Partners LLC	Related party
DigiPlex Fet LLC	Owner

Note 17 - Lease

The future minimum payments receivable under non-cancellable operating lease are as follows:

	2018	**2017**
No later than 1 year	54 729 160	63 242 937
Later than 1 year and no later than 5 years	229 263 466	267 739 151
Later than 5 years	902 742 538	1 076 273 265

The contractual arrangement with the customer contains a lease in accordance with IAS 17. The Company is the lessor.

Note 18 - Contingencies and commitments

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

Note 19 - 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 Norway AS (DNAS) 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. 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 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	419 507	416 812
Current contract liabilities	11 258 117	11 096 060

Definitions

DigiPlex Fet AS's 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
Chairman

Gisle M Eckhoff
CEO