# DigiPlex Norway AS (the Company)
# Board of Directors' report
# For the year ended 31 December 2017

**Registration no. 981 663 322**

We are pleased to present the 2017 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 2017 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.

## 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 bond loan agreement provides that the quantum of any dividends or loan repayments to the parent is limited to NOK 20 million per year, and is subject to minimum liquidity requirements, on a combined basis with DigiPlex Rosenholm AS. An amount of NOK 20 million was distributed via a loan to the shareholder in 2017.

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 148.4 million (2016: NOK 143.3 million), an increase of 3.5%.

Operating expenses (excluding depreciation) totalled NOK 77.9 million (2016: NOK 77.7 million), which comprised of NOK 12.7 million in cost of goods sold, NOK 33.1 million of employee costs and NOK 32.1 million of other operating costs.

EBITDA totalled NOK 70.5 million (2016: NOK 65.6 million), an increase of 7.5%. The EBITDA margin for 2017 was 47.5% (2016: 45.8%).

Depreciation of property, plant and equipment totalled NOK 42.7 million (2016: NOK 42.0 million).

In light of the above, the operating profit for 2017 come in at NOK 27.9 million (2016: NOK 23.6 million). The increase compared to 2016 was mainly due to inflationary uplifts in revenues and a reduction in operating expenses.

Net finance costs were NOK 21.9 million (2016: NOK 23.2 million).

The profit before income tax was NOK 5.9 million (2016: NOK 0.4 million). The tax charge came in at NOK 2.1 million (2016: NOK 2.0 million), due to the effect of the announced reduction of applicable corporate tax rate from 24% to 23%, resulting in a profit for the year of NOK 3.8 million (2016: loss of NOK 1.6 million).

Total assets were NOK 714.8 million (2016: NOK 702.5 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 2018.

## CAPITAL AND FINANCING

Net cash outflow for the year was NOK 10.5 million (2016: outflow of NOK 7.5 million). Cash inflow from operating activities amounted to NOK 69.0 million (2016: NOK 68.4 million). Cash outflow to investing activities amounted to NOK 48.0 million (2016: NOK 47.9 million), whereof loans to related companies account for NOK 20.0 million (2016: NOK 40 million). Cash outflow from financing activities amounted to NOK 31.4 million (2016: NOK 28.0 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, financial items and change in trade and other payables. The Company's investments are financed primarily via cash generated from operating activities.

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. The Company may redeem these bonds in part or in full, in accordance with the terms of the Bond Agreement.

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

As noted above, a loan advance to the Company's parent was made in 2017 in the amount of NOK 20 million. This loan was made within the parameters of 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 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 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 loan is adjusted quarterly. The Company also holds loans to related companies. These loans issued at variable rates in accordance with the long-term bond loan.

### *Interest Rate Sensitivity Analysis*

At 31 December 2017, 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 2017, the Company employed 28 full time staff, made up of 8 females and 20 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 2017. The Company also maintains a log of sick leave days taken. The absence percentage due to sick leave for 2017 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 3.8 million (2016: net loss of NOK 1.6 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 2018, the primary goal is to convert the office space on the third floor of the data centre into technical space; alongside its 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 2018**

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 balance sheet as at 31 December 2017, income statement, 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 present fairly, in all material respects, the financial position of the Company as at 31 December 2017, 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 the Board of Directors' report, but does not include 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 International Standards on Auditing (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 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 governance 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 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 2018

**PricewaterhouseCoopers AS**

Stig Lund
State Authorised Public Accountant

## Income statement
*Amounts in NOK*

| Operating income and operating expenses | Notes | 2017 | 2016 |
|---|---|---|---|
| Revenue from services | 18 | 134 845 397 | 129 260 596 |
| Revenue from goods sold | 18 | 13 558 903 | 14 060 629 |
| **Total revenue** | | **148 404 300** | **143 321 225** |
| Cost of goods sold | | 12 661 264 | 13 181 623 |
| Employee benefits expense | 7 | 33 138 359 | 26 697 793 |
| Other operating expenses | 7, 18 | 32 069 035 | 37 845 180 |
| **EBITDA** | | **70 535 642** | **65 596 629** |
| Depreciation and amortisation | 5 | 42 681 317 | 42 039 261 |
| **Operating profit** | | **27 854 325** | **23 557 368** |
| Finance income | 11, 18 | 9 746 893 | 8 390 859 |
| Finance costs | 11 | 31 670 660 | 31 555 774 |
| **Finance - net** | | **-21 923 767** | **-23 164 915** |
| **Profit/(loss) before tax** | | **5 930 558** | **392 453** |
| Income tax expense/(benefit) | 13 | 2 115 615 | 1 990 571 |
| **Profit/(loss) for the year** | | **3 814 943** | **-1 598 118** |
| Profit/(loss) for the year attributable to the shareholders | | 3 814 943 | -1 598 118 |
| **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** | | **3 814 943** | **-1 598 118** |
| **Total comprehensive income/(loss) attributable to shareholders** | | **3 814 943** | **-1 598 118** |

## Statement of financial position

*Amounts in NOK*

| Assets | Notes | 2017 | 2016 |
|---|---|---|---|
| **Non-current assets** | | | |
| Deferred tax asset | 13 | 42 356 264 | 44 471 879 |
| Land, building and outfitting | 5 | 388 129 912 | 393 928 060 |
| Furniture and fixtures | 5 | 1 897 700 | 1 245 445 |
| Loans to related parties | 18 | 197 500 000 | 183 750 000 |
| **Total non-current assets** | | **629 883 876** | **623 395 384** |
| **Current assets** | | | |
| Inventories | | 616 353 | 447 702 |
| Trade and other receivables | 6 | 55 660 143 | 39 531 607 |
| Bank deposits | 8 | 28 660 515 | 39 142 926 |
| **Total current assets** | | **84 937 011** | **79 122 235** |
| **Total assets** | | **714 820 888** | **702 517 619** |

| Equity and liabilities | Notes | 2017 | 2016 |
|---|---|---|---|
| **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 | | 20 641 402 | 16 826 459 |
| **Total earned equity** | | **20 641 402** | **16 826 459** |
| **Total equity** | | **76 551 366** | **72 736 423** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 12 | 545 316 250 | 566 688 250 |
| **Total non-current liabilities** | | **545 316 250** | **566 688 250** |
| **Current liabilities** | | | |
| Deposits from customers | 19 | 8 913 320 | 8 818 819 |
| Trade and other payables | 9 | 78 794 924 | 47 907 151 |
| Public tax liabilities | 10 | 5 245 028 | 6 366 978 |
| **Total current liabilities** | | **92 953 272** | **63 092 948** |
| **Total equity and liabilities** | | **714 820 888** | **702 517 619** |

**Oslo, 30 April 2018**

**James Byrne Murphy**
Chairman of the board

**Gisle Michael Eckhoff**
Member of the board / general manager

## Statement of changes in equity

*Amounts in NOK*

| | | Share capital | Share premium reserve | Retained earnings | Total Equity |
|---|---|---|---|---|---|
| **Balance at 1 January 2016** | **16** | 33 300 000 | 22 609 964 | 18 424 577 | 74 334 541 |
| Profit/(loss) for the period | | 0 | 0 | -1 598 118 | -1 598 118 |
| Other comprehensive income | | 0 | 0 | 0 | 0 |
| **Total comprehensive income for the period** | | **33 300 000** | **22 609 964** | **16 826 459** | **72 736 423** |
| **Transactions with owners in their capacity as owners:** | | | | | |
| Dividends paid | | 0 | 0 | 0 | 0 |
| **Balance at 31 December 2016** | **16** | **33 300 000** | **22 609 964** | **16 826 459** | **72 736 423** |

| | | 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** |

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

## Statement of cash flow

*Amounts in NOK*

| | Notes | As at 31 December 2017 | 2016 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit/(loss) before income tax | | 5 930 558 | 392 453 |
| Depreciation charges | 5 | 42 681 317 | 42 039 261 |
| Adjustment for financial activities | | 21 923 767 | 25 191 504 |
| Changes in inventories | | -168 651 | 71 178 |
| Change in trade and other receivables | 6 | -9 878 536 | 127 180 |
| Change in trade and other payables | 9 | 8 488 325 | 609 799 |
| **Net cash from operating activities** | | **68 976 780** | **68 431 375** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment | 5 | -37 535 424 | -13 819 124 |
| Issue of long term loan to related parties | 18 | -20 000 000 | -40 000 000 |
| Interests received from related parties | 11, 18 | 9 486 872 | 5 952 618 |
| **Net cash from investing activities** | | **-48 048 552** | **-47 866 506** |
| **Cash flows from financing activities** | | | |
| Interest paid | 11 | -31 410 639 | -28 030 858 |
| **Net cash from financing activities** | | **-31 410 639** | **-28 030 858** |
| **Net (decrease)/increase in cash and cash equivalents** | | -10 482 411 | -7 465 989 |
| Cash and cash equivalents at beginning of year | 8 | 39 142 926 | 46 608 915 |
| **Cash and cash equivalents at end of year** | **8** | **28 660 515** | **39 142 926** |

*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 Selma Ellefsens vei 1, 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 2017 were authorised for issue by the Board of Directors on 30 April 2018. The financial statements will be approved by the shareholders meeting on 30 April 2018. 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 the following standards and amendments for the first time in their annual reporting period commencing 1 January 2017:
- Accounting for acquisitions of interests in joint operations – Amendments to IFRS 11
- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.
The Company also elected to adopt the following amendments early:
- Disclosure Initiative: Amendments to IAS 7.

This amendment requires disclosure of changes in liabilities arising from financing activities.

The following new standards have been reviewed with regards to their effect on the Company's financial statements:

IFRS 9, 'Financial instruments'
IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces the parts of IAS 39 that relate 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. In July 2014, the IASB made further changes to the classification and measurement rules and also introduced a new impairment model. These latest amendments now complete the new financial instruments standard. Following the changes approved by the IASB in July 2014, the Company no longer expects any impact from the new classification, measurement and derecognition rules on the Company's financial assets and financial liabilities. The standard is mandatory from 01.01.2018 and has been endorsed by the EU.

IFRS 15, 'Revenue from contracts with customers'
The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers 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. Under this approach entities will recognise transitional adjustments in retained earnings on the date of initial application (e.g. 1 January 2017), i.e. without restating the comparative period. They will only need to apply the new rules to contracts that are not completed as of the date of initial application. The standard is mandatory from 01.01.2018 and has been endorsed by the EU.

<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 financing 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, additionally, operating expense will be replaced with interest and depreciation, so EBITDA will change.
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.

The new standard which is mandatory from 01.01.2019 is not expected to have a significant effect on the financial statements of the Company.

**2.2 Revenue recognition**

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**

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 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 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). Cash and cash equivalents comprise cash on hand and demand deposits.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. A financial asset is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, the probability 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.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the income statement.

### 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 2017, 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 2017 nor in 2016.

## 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 2017, 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.

| As 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 | 55 660 143 | 55 660 143 | 0 | 0 | 0 |

| As 31 December 2017 | | | | | |
|---|---|---|---|---|---|
| Bond loan | 545 316 250 | 26 759 063 | 589 515 875 | 0 | 0 |
| Deposits from customers* (see note 19) | 8 913 320 | 8 913 320 | 0 | 0 | 0 |
| Trade and other payables | 84 039 952 | 84 039 952 | 0 | 0 | 0 |

| As 31 December 2016 | Book value | Less than 1 year | Between 1 and 3 years | Between 3 and 5 years | Over 5 years |
|---|---|---|---|---|---|
| Trade and other receivables | 39 531 607 | 39 531 607 | 0 | 0 | 0 |

| As 31 December 2016 | | | | | |
|---|---|---|---|---|---|
| Bond loan | 566 688 250 | 28 500 000 | 619 000 000 | 0 | 0 |
| Deposits from customers* (see note 19) | 8 818 819 | 8 818 819 | 0 | 0 | 0 |
| Trade and other payables | 54 274 129 | 54 274 129 | 0 | 0 | 0 |

The Company holds restricted cash to meet the cash outflow from certain transactions, see note 8 for details.

* Deposits from customers are payable on demand. There is no contractual obligation related to the customer contract.

**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 583 million using the observations from the Norwegian Securities Dealers Association as 31.12.2017 (NOK 578 million at 31.12.2016). 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 2017 or 31 December 2016. There has not been any transfers between the levels of the fair value hierarchy during 2017 and 2016.

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

**Financial instruments**

| As 31 December 2017 | Loans and receivables | Other items | Total |
|---|---|---|---|
| **Assets** | | | |
| Trade receivables (non interest bearing) | 32 316 813 | 0 | 32 316 813 |
| Other receivables (non interest bearing) | 6 250 000 | 17 093 330 | 23 343 330 |
| Cash and cash equivalents | 28 660 515 | 0 | 28 660 515 |
| Loans to related parties | 197 500 000 | 0 | 197 500 000 |
| **Total financial assets** | **264 727 328** | **17 093 330** | **281 820 658** |

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

| As 31 December 2016 | Loans and receivables | Other items | Total |
|---|---|---|---|
| **Assets** | | | |
| Trade receivables (non interest bearing) | 31 103 662 | 0 | 31 103 662 |
| Other receivables (non interest bearing) | 0 | 8 427 945 | 8 427 945 |
| Cash and cash equivalents | 39 142 926 | 0 | 39 142 926 |
| Loans to related parties | 183 750 000 | 0 | 183 750 000 |
| **Total financial assets** | **253 996 588** | **8 427 945** | **262 424 533** |

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

| As 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** |

| As 31 December 2016 | Other financial liabilities at amortised cost | Other items | Total |
|---|---|---|---|
| **Liabilities** | | | |
| Bond loan | 566 688 250 | 0 | 566 688 250 |
| Prepayments from customers | 0 | 23 947 944 | 23 947 944 |
| Deposits from customers | 8 818 819 | 0 | 8 818 819 |
| Trade payables (non interest bearing) | 8 852 482 | 0 | 8 852 482 |
| Other current liabilities (non interest bearing) | 15 106 726 | 0 | 15 106 726 |
| Accrued public taxes (non interest bearing) | 0 | 6 366 978 | 6 366 978 |
| **Total financial liabilities** | **599 466 277** | **30 314 922** | **629 781 199** |

**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.

## Note 5 - Property, plant and equipment

| | Land | Building | Outfitting | Furniture and fixtures | Total |
|---|---|---|---|---|---|
| **At 1 January 2016** | | | | | |
| Accumulated cost | 7 430 578 | 80 134 520 | 664 891 370 | 3 333 627 | 755 790 095 |
| Accumulated depreciation | 0 | 45 409 468 | 284 475 276 | 2 511 709 | 332 396 453 |
| Accumulated impairment | 0 | 0 | 0 | 0 | 0 |
| **Net book amount** | **7 430 578** | **34 725 052** | **380 416 094** | **821 918** | **423 393 642** |
| **Year ended 31 December 2016** | | | | | |
| Opening net book amount | 7 430 578 | 34 725 052 | 380 416 094 | 821 918 | 423 393 642 |
| Additions | 0 | 0 | 13 022 119 | 797 005 | 13 819 124 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Depreciation charge | 0 | 3 205 381 | 38 460 404 | 373 476 | 42 039 261 |
| **Net book amount** | **7 430 578** | **31 519 671** | **354 977 809** | **1 245 447** | **395 173 505** |
| **At 31 December 2016** | | | | | |
| 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 |
| Accumulated impairment | 0 | 0 | 0 | 0 | 0 |
| **Net book amount** | **7 430 578** | **31 519 671** | **354 977 809** | **1 245 447** | **395 173 505** |
| **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 |
| Accumulated impairment | 0 | 0 | 0 | 0 | 0 |
| **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 | | | 36 084 620 | 1 450 804 | 37 535 424 |
| Depreciation charge | | 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 | | 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** |

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

| | Land | Building | Outfitting | Furniture and fixtures |
|---|---|---|---|---|
| Expected useful life | | 15 - 25 years | 10-25 years | 3-5 years |
| Depreciation plan | None | Straight line | Straight line | Straight line |

## Note 6 - Trade and other receivables

| | 2017 | 2016 |
|---|---|---|
| Trade receivables | 28 036 760 | 17 796 108 |
| Trade receivables related parties | 4 280 053 | 13 307 554 |
| **Trade receivables - net** | **32 316 813** | **31 103 662** |
| Prepayments | 7 661 631 | 2 540 043 |
| Other receivables related parties | 6 250 000 | 2 500 |
| Accrued income not invoiced | 9 431 699 | 5 885 402 |
| **Total receivables** | **55 660 143** | **39 531 607** |

## Note 7 - Payroll and auditor remuneration

| Personnel expenses | 2017 | 2016 |
|---|---|---|
| Salaries | 26 970 911 | 21 540 802 |
| Payroll tax | 3 881 412 | 3 041 467 |
| Defined contribution plan | 1 326 566 | 1 128 763 |
| Other benefits | 959 470 | 986 761 |
| **Total personnel expenses** | **33 138 359** | **26 697 793** |
| Number of employees | 28 | 26 |
| Average number of full-time employees | 28 | 26 |

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 19 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 | 2 085 924 | 1 024 007 | 67 416 | 7 427 | 3 184 774 |

| Auditor remuneration (all amounts are excluding VAT) | 2017 | 2016 |
|---|---|---|
| Statutory audit | 228 574 | 217 000 |
| Other assurance services | 0 | 337 870 |
| Other assistance | 59 200 | 241 050 |
| **Total auditor remuneration (excluding VAT)** | **287 774** | **795 920** |

## Note 8 - Cash and cash equivalents

| Cash and other cash equivalents | 2017 | 2016 |
|---|---|---|
| Short term cash deposits, cash equivalents | 27 434 061 | 38 012 035 |
| Restricted cash regarding employee tax deductions | 1 226 454 | 1 130 891 |
| **Cash and cash equivalents** | **28 660 515** | **39 142 926** |

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

## Note 9 - Trade and other payables

| Trade payables and other current liabilities | 2017 | 2016 |
|---|---|---|
| Trade payables | 8 085 560 | 8 076 354 |
| Trade payables related parties | 349 587 | 776 128 |
| Accrued salaries to employees | 5 971 072 | 4 325 710 |
| Other accrued expenses | 13 329 901 | 10 781 016 |
| Current bond debt | 25 000 000 | 0 |
| Prepayments from customers | 26 058 804 | 23 947 944 |
| **Total trade and other payables** | **78 794 924** | **47 907 151** |

## Note 10 - Public tax liabilities

| Public tax liabilities | 2017 | 2016 |
|---|---|---|
| Withheld tax for employees | 1 225 029 | 1 129 962 |
| VAT settlement | 3 041 664 | 4 378 329 |
| Accrued and unpaid employees social contribution | 978 335 | 858 687 |
| **Total public tax liabilities** | **5 245 028** | **6 366 978** |

## Note 11 - Financial income and expenses

| Financial income | 2017 | 2016 |
|---|---|---|
| Interest income on short term bank deposits | 204 314 | 287 707 |
| Interest income from related parties | 9 486 872 | 7 968 190 |
| Other interest and financial income | 55 707 | 134 962 |
| **Total financial income** | **9 746 893** | **8 390 859** |

| Financial expenses | 2017 | 2016 |
|---|---|---|
| Interest expenses | 31 323 957 | 31 377 519 |
| Other financial expenses | 346 703 | 178 255 |
| **Total financial expenses** | **31 670 660** | **31 555 774** |
| **Net financial (expenses)/income** | **-21 923 767** | **-23 164 915** |

## Note 12 - Borrowings

| Borrowings | 2017 | 2016 |
|---|---|---|
| Bond loan long term | 575 000 000 | 575 000 000 |
| **Total** | **575 000 000** | **575 000 000** |
| Capitalised transaction cost | -4 683 750 | -8 311 750 |
| Reclassified to current liabilities | -25 000 000 | 0 |
| **Book value at amortised cost** | **545 316 250** | **566 688 250** |
| Accrued interest | 5 571 750 | 5 809 896 |

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 is due on 17 July 2018 and the second instalment is due on 18 January 2019. The remaining balance of NOK 525 million shall be repaid at the maturity date 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:

| | 2016 | Changes from financial flows | Changes from foreign exchange rates | Changes in fair value | Other changes* | 2017 |
|---|---|---|---|---|---|---|
| External debt | 566 688 250 | | | | -21 372 000 | 545 316 250 |

*net of capitalised transaction cost and reclassification to current liabilities

## Note 13 - Tax

| | 2017 | 2016 |
|---|---|---|
| Change in deferred tax | 274 039 | 137 577 |
| Effect of change in tax rate to deferred tax positions | 1 841 576 | 1 852 994 |
| **Income tax expense** | **2 115 615** | **1 990 571** |
| | | |
| **Basis for tax payable** | | |
| Result before tax | 5 930 558 | 392 453 |
| Permanent differences | -4 788 730 | 157 853 |
| Change in deferred tax | 15 962 729 | 12 501 869 |
| Change in tax losses carry forward | -17 104 557 | -13 052 175 |
| **Basis for tax payable** | **0** | **0** |
| | | |
| **Temporary differences** | | |
| Non-current assets | -115 430 745 | -103 485 883 |
| Provision for losses | -389 867 | 0 |
| Capitalised transaction cost | 4 683 750 | 8 311 750 |
| Tax loss carry forward | -73 020 806 | -90 125 363 |
| **Basis for deferred tax asset in the balance sheet** | **-184 157 668** | **-185 299 496** |
| **Calculated deferred tax liability with 23 % (2016: 24%)** | **-42 356 264** | **-44 471 879** |
| | | |
| **Net deferred tax positions** | | |
| Non-current assets | -26 549 071 | -24 836 612 |
| Goods | -89 669 | 0 |
| Capitalised transaction costs | 1 077 263 | 1 994 820 |
| Tax loss carry forward | -16 794 785 | -21 630 087 |
| **Net at 31 December** | **-42 356 264** | **-44 471 879** |
| | | |
| **Calculation of effective tax rate** | | |
| | | |
| **Profit before income tax** | **5 930 558** | **392 453** |
| Tax calculated using effective tax rate 24% (2016: 25%) | 1 423 334 | 98 113 |
| Effect of permanent differences 24% (2016: 25%) | -1 149 295 | 39 464 |
| Effect of change in tax rate to 23% for deferred tax positions (2016: 24%) | 1 841 576 | 1 852 994 |
| **Income tax expense** | **2 115 615** | **1 990 571** |
| **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. In 2017, tax losses carried forward were utilised with a total of NOK 16 794 785.

With effect from 1 January 2018, the corporate tax rate has changed from 24% to 23%. 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 2017.

## Note 15 - Dividends

No dividends were paid during 2017 or 2016.

## 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 2016 | 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 2016 | 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** |

All shares have equal rights and are fully paid.

| **Shareholders** | **Shares** | **Percentage ownership** |
|---|---|---|
| DigiPlex Norway Acquisitions L.L.C., Washington D.C, USA | 33 000 | 100,0 % |

Chairman of the Board, Mr James Byrne Murphy, directly and indirectly controls 15% of DigiPlex Norway AS through Chesapeake Partners LLC.

## Note 17 - Events after the balance sheet date

There have been no events after the balance sheet date.

## Note 18 - Related party disclosures

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

| | 2017 | 2016 |
|---|---|---|
| Purchase of services | | |
| Management services | 3 584 267 | 4 471 470 |
| Support services | 3 254 123 | 2 870 307 |
| **Total** | **6 838 390** | **7 341 777** |

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

| | 2017 | 2016 |
|---|---|---|
| Sale of services | | |
| Support services | 7 338 034 | 12 886 332 |
| Interest charged | 9 486 872 | 7 968 190 |
| **Total** | **16 824 906** | **20 854 522** |

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:**

| | 2017 | 2016 |
|---|---|---|
| **As 1 January** | 183 750 000 | 143 750 000 |
| Loans advanced | 20 000 000 | 40 000 000 |
| Reclassified to current | -6 250 000 | 0 |
| **As 31 December** | **197 500 000** | **183 750 000** |
| | | |
| **Interest charged** | **9 486 872** | **7 968 190** |

**Long term loans from related parties:**

| | 2017 | 2016 |
|---|---|---|
| **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 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 |
| 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 according to IAS 39 no amortisation has been made.

## Definitions

DigiPlex Norway 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 2017 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 2018**

J Byrne Murphy
**Chairman**

Gisle M. Eckhoff
**CEO**