DigiPlex Norway Holding 2 AS
Management commentary
For the half year ended 30 June 2019

Organisation no. 922 393 257

We are pleased to present the first consolidated interim report for DigiPlex Norway Holding 2 AS and its subsidiaries DigiPlex Norway AS, DigiPlex Rosenholm AS and DigiPlex Fet AS, together 'the Group'.

BACKGROUND

The Group designs, builds and operates sustainable and secure data centres. DigiPlex is carrier-neutral and offers connectivity to all major cloud and network service providers. DigiPlex offers best-in-class services with the highest possible availability and is trusted by public and private customers alike – including security sensitive organisations such as government and financial institutions with mission-critical applications. DigiPlex's three data centres are powered by electricity produced from 100% sustainable sources.

DigiPlex Norway Holding 2 AS was founded in April 2019 and through a contribution in kind by its parent company, DigiPlex Norway Holding 1 AS, acquired 100% of the shares of the three operative subsidiaries DigiPlex Norway AS (DNAS), DigiPlex Fet AS (DFAS) and DigiPlex Rosenholm AS (DRAS), all state-of-the-art Norwegian data centres, located in the greater Oslo area.

The purpose of the new Group structure was to refinance the Group with a new bond loan that was issued on 30 April 2019. The consolidated financial statements are presented based on predecessor accounting of the subsidiaries.

DNAS is situated at Ulven in Oslo's Økern district and was founded in 2000, making it the most established data centre in the Group. The company provides 4,900 m2 of white technical space, fitted out according to customers' current and future requirements with state-of-the-art security, functionality and sustainability. It has now been fully operational for more than 18 years over which period it has attracted an impressive portfolio of customers with a high customer renewal rate allowing DNAS to maintain a consistent and reliable operating revenue stream.

DFAS was founded in July 2013 when it signed one of the largest data centre deals in Europe for its facility in the municipality of Fetsund, near Oslo. The 20-year contract with EVRY AS (one of the two largest IT services 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 DFAS' industry leading Air-to-Air cooling technology delivering a power usage efficiency which provides a sustainable performance with minimum environmental footprint.

DRAS was founded in 2009 and is based in the Rosenholm Business Centre Campus. The data halls, providing 1,900m2 of technical space, were re-built with new mechanical and electrical infrastructures and fitted out according to customers' current and future requirements with state-of-the-art security, functionality and sustainability.

This report is the first consolidated report for the Group, prepared in accordance with International Financial Reporting Standards (IFRS).

The enclosed interim consolidated financial statements are the condensed interim results for the half year ended 30 June 2019. These statements have been prepared in accordance with IFRS, are not a full set of accounts, and have not been audited.

REFINANCING OF THE GROUP

DFAS held a bond loan of NOK 500 million which fell due on 11 June 2019, while DNAS held a bond loan of NOK 525 million which had a final maturity on 17 July 2019. In addition, DFAS and DRAS held shareholder loans of NOK 361.5 million and NOK 105.5 million respectively.

The new Group structure in Norway has made possible a senior secured bond issue of NOK 1,800 million (tranche 1) with a tap-issue up to NOK 2,250 million (tranche 2) to refinance the Group's outstanding bond issues in DFAS and DNAS and to indirectly further fund DigiPlex's further growth plans through repayment of shareholder loans and a one-time distribution to the owners. The bond issue has 1st priority mortgage in the DFAS and DNAS data centres, rights under the DRAS lease agreement, share pledges and guarantees from DFAS, DNAS and DRAS. The bond issue is maturing in April 2024 with a coupon rate of 365bps plus 3-month NIBOR. Settlement date took place on 30 April 2019.

UPDATE FOR THE HALF YEAR ENDED 30 JUNE 2019

DigiPlex has been a success since its inception in 2001, and has proven financial track record, with 21% revenue CAGR in the 2014-2018 period and current EBITDA margins close to 55%.

For the half year ended 30 June 2019, the Group's operating revenues totalled NOK 174.4 million, compared to pro-forma NOK 148.8 million reported for the first half of last year, an increase of 25.6 million, mainly related to organic growth. Operating expenses totalled NOK 79.6 million, compared to pro-forma NOK 62.4 million for the same period last year, and comprised of NOK 10.6 million of cost of goods sold, NOK 45.7 million of operational, management and accounting support costs, and NOK 23.2 million of personnel costs.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) for the half year ended 30 June 2019 was NOK 94.9 million, compared to pro-forma NOK 86.4 million for the same period of last year.

A charge of NOK 54.1 million was made to reflect depreciation of the plant and equipment, and the Group incurred net finance costs of NOK 44.8 million compared to pro-forma NOK 27.9 million for the first half of 2018. The increase is mainly due to that the settled shareholder loans were non-interest bearing, subordinated loans. In addition, the new bond loan was interest bearing from the settlement date of 30 April 2019, while most of the refinanced bonds were not settled until due date on 11 June 2019 and 17 July 2019.

Considering the above, the first half year of 2019 came in at a loss before tax of NOK 4.0 million, compared to a pro-forma profit before income tax of NOK 10.1 million for the same period of 2018.

Cash generated from operations was NOK 72.3 million for the half year ended 30 June 2019.

Total book equity for the Group as of 30 June 2019 was NOK 45.5 million based on continuity accounting. However, the book equity of the parent company, Digiplex Norway Holding 2 AS, based on the fair value of the subsidiaries, was NOK 2,115.0 million at 30 June 2019.

FUTURE OUTLOOK

Nordic cloud adoption is rapidly outpacing the rest of the market driving strong hyperscale demand for local infrastructure. DigiPlex is the only Pan-Nordic provider of reliable, sustainable and cost-efficient data centres, and the largest operator in Norway.

International customers are increasingly attracted to Norway because of its cool climate, low cost 100% renewable energy and proximity to large European markets. DigiPlex has been building on these natural advantages for nearly two decades by securing premium land and bringing in the engineering and deployment capability to meet the specific requirements of these global businesses. DigiPlex thus sees a stable and growing demand for its services.

Oslo, 20 September 2019

Byrne Murphy	
J Byrne Murphy	Gisle M Eckhoff
Chairman	CEO

FUTURE
READY
IT-HOUSING

DigiPlex Norway Holding 2 AS

Consolidated statement

Income statement

Amounts in NOK '000

Operating income and operating expenses	Notes	Actual Q2 2019 (un-audited)	Pro-forma Q2 2018 (un-audited)	Actual YTD 2019 (un-audited)	Pro-forma YTD 2018 (un-audited)	Pro-forma 31.12.2018 (un-audited)
Revenue from services		81,280	67,255	159,976	135,967	276,513
Revenue from goods sold		11,812	7,914	14,465	12,878	26,387
Total revenue		**93,092**	**75,169**	**174,441**	**148,845**	**302,900**
Cost of goods sold		8,480	6,828	10,620	9,937	17,613
Employee benefits expense		9,493	6,450	23,201	16,049	38,730
Other operating expenses		23,212	17,855	45,746	36,452	76,422
EBITDA		**51,908**	**44,036**	**94,874**	**86,407**	**170,136**
Depreciation and amortisation	5	28,606	24,195	54,139	48,421	97,893
Operating profit		**23,302**	**19,841**	**40,736**	**37,986**	**72,243**
Finance income		2,555	845	2,952	1,773	2,803
Finance costs		32,522	15,209	47,715	29,669	60,734
Finance - net		**-29,967**	**-14,364**	**-44,763**	**-27,896**	**-57,931**
Profit/(loss) before tax		**-6,665**	**5,477**	**-4,028**	**10,090**	**14,312**
Income tax expense/(benefit)		-1,466	1,259	-882	2,324	5,424
Profit/(loss) for the period		**-5,199**	**4,218**	**-3,146**	**7,766**	**8,888**
Profit/(loss) for the year attributable to the shareholders		-5,199	4,218	-3,146	7,766	8,888
Statement of comprehensive income/(loss) OCI						
Items that may be reclassified to profit or loss		0	0	0	0	0
Items that will not be reclassified to		0	0	0	0	0
Total OCI for the year		**-5,199**	**4,218**	**-3,146**	**7,766**	**8,888**
Total OCI attributable to shareholders		**-5,199**	**4,218**	**-3,146**	**7,766**	**8,888**

DigiPlex Norway Holding 2 AS

Consolidated statement

Statement of financial position

Amounts in NOK '000

Assets	**Notes**	**Actual 30.06.2019** (un-audited)	**Pro-forma 30.06.2018** (un-audited)	**Pro-forma 31.12.2018** (un-audited)
Non-current assets				
Deferred tax asset	11	49,485	51,704	48,603
Land, building and outfitting	5	1,447,218	1,331,063	1,458,513
Furniture and fixtures	5	5,473	1,896	5,426
Other non-current assets		3,886	3,592	4,132
Loans to related parties	9	270,280	60,000	20,000
Total non-current assets		**1,776,342**	**1,448,255**	**1,536,674**
Current assets				
Other receivables related parties		1,156	2,557	2,147
Inventories		3,432	2,785	3,106
Trade and other receivables		100,817	66,742	124,370
Bank deposits		132,456	72,676	119,435
Total current assets		**237,861**	**144,760**	**249,058**
Total assets		**2,014,204**	**1,593,016**	**1,785,733**

Equity and liabilities	**Notes**	**Actual 30.06.2019** (un-audited)	**Pro-forma 30.06.2018** (un-audited)	**Pro-forma 31.12.2018** (un-audited)
Paid in equity				
Share capital	7	150	150	150
Share premium reserve		39,578	39,578	39,578
Total paid in equity		**39,728**	**39,728**	**39,728**
Earned equity				
Other equity		5,743	7,769	8,888
Total earned equity		**5,743**	**7,769**	**8,888**
Total equity		**45,470**	**47,497**	**48,616**
Liabilities				
Non-current liabilities				
Borrowings	8	1,778,250	844,473	452,096
Long term lease obligation		44,036	46,722	47,109
Other long term liabilities		682	682	682
Total non-current liabilities		**1,822,968**	**891,877**	**499,887**
Current liabilities				
Borrowings		0	547,857	1,047,499
Deposits from customers		8,603	9,200	8,603
Trade and other payables		124,869	87,178	172,955
Public tax liabilities		12,293	9,408	8,174
Total current liabilities		**145,765**	**653,643**	**1,237,231**
Total equity and liabilities		**2,014,204**	**1,593,016**	**1,785,733**

DigiPlex Norway Holding 2 AS

Consolidated statement

Statement of changes in equity

Amounts in NOK '000

	Note	Share capital	Share premium reserve	Other equity	Total equity
Balance at 1 January 2018 (pro-forma, un-audited)		**150**	**39,578**	**0**	**39,728**
Profit/(loss) for the period		0	0	8,888	8,888
Other comprehensive income		0	0	0	0
Balance at 31 December 2018 (pro-forma, un-audited)	**7**	**150**	**39,578**	**8,888**	**48,616**

	Note	Share capital	Share premium reserve	Other equity	Total equity
Balance at 1 January 2019 (pro-forma, un-audited)		**150**	**39,578**	**8,888**	**48,616**
Profit/(loss) for the period		0	0	-3,146	-3,146
Other comprehensive income		0	0	0	0
Balance at 30 June 2019	**7**	**150**	**39,578**	**5,743**	**45,470**

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

DigiPlex Norway Holding 2 AS

Consolidated statement

Statement of cash flow

Amounts in NOK '000

	Notes	Actual Q2 2019	Pro-forma Q2 2018	Actual YTD 2019	Pro-forma 2018
Cash flows from operating activities					
Profit/(loss) before income tax		-6,665	5,477	-4,028	14,312
Depreciation charges	5	28,606	24,195	54,139	97,893
Adjustment for financial activities		29,967	14,364	44,763	57,931
Changes in inventories		-339	-140	-326	-273
Change in trade and other receivables		-4,958	18,359	24,791	-40,100
Change in trade and other payables		17,976	-6,150	-47,040	79,712
Net cash from operating activities		**64,586**	**56,105**	**72,300**	**209,475**
Cash flows from investing activities					
Purchase of property, plant and equipment	5	-23,141	-32,974	-42,891	-228,265
Issue of loan to related party	8	-250,280	0	-250,280	0
Repayment of loan from related party		0	0	0	40,000
Net cash from investing activities		**-273,421**	**-32,974**	**-293,171**	**-188,265**
Cash flows from financing activities					
Net issue of bond loan / shareholder loan	8	1,778,250	0	1,778,250	88,132
Repayment of bond loan / shareholder loan	8	-1,492,095	-19,774	-1,502,096	0
Interests paid		-28,760	-14,364	-42,262	-57,931
Net cash from financing activities		**257,396**	**-34,138**	**233,892**	**30,201**
Net (decrease)/increase in cash and cash equivalents		48,561	-11,007	13,021	51,410
Cash and cash equivalents at beginning of period		83,895	83,683	119,435	68,025
Cash and cash equivalents at end of year		**132,456**	**72,676**	**132,456**	**119,435**

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 Holding 2 AS ("the Company") is a Norwegian private limited liability company incorporated on 5 March 2019 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 922 393 257, its registered business address is Ulvenveien 82E, 0581 Oslo, Norway.

DigiPlex Norway Holding 2 AS is the parent company for three wholly owned subsidiaries, DigiPlex Norway AS (DNAS), DigiPlex Fet AS (DFAS) and DigiPlex Rosenholm AS (DRAS), (together - the Group), all of which provides highly secure, high-powered, energy-efficient and carrier-neutral data centre space for their customer's information and communication technology equipment.

The ownership of the tree subsidiaries was transferred from the parent company, DigiPlex Norway Holding 1 AS, by a contribution in kind on the 24 April 2019. As the parent company has no other activity than financing of the Group's activities and owning the shares in the subsidiaries, predecessor accounting has been applied when showing the Group activity. The Group business going forward will be based on the subsidiaries as a combination of entities under common contol using book values for the individual entities.

The financial statements are presented in thousand Norwegian Kroner (NOK '000).

2. Summary of significant accounting policies

Basis of preparation

These condensed consolidated interim financial statements for the first half year ended 30 June 2019 do not include all of the information required for a full set of annual financial statements, and have not been audited. They have been prepared in accordance with International Accounting Standard ('IAS') 34, 'Interim Financial Reporting'.

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 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 Group'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 Consolidation

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations.

For business combinations under common control the group has used predecessor accounting se further note 3.1. For comparison purposes the accounts are prepared as if the combination took place 1 January 2019.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

2.2 Revenue recognition

The 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 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 Group.

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 Group 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 Group's activities, as described below. The Group 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 Group 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 Group 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 Group has identified three primary segments; DNAS, DFAS and DRAS, all providing IT housing services, and one geographical segment; greater Oslo area.

2.4 Classification of balance sheet items

Assets intended for long term ownership or use have been classified as fixed assets. Assets relating to the trading cycle have been classified as current assets. Other receivables are classified as current assets if they are to be repaid within one year after the transaction date. Similar criteria apply to liabilities. Instalments payable or receivable within one year on long term liabilities and long term receivables are classified as short term liabilities and current assets.

2.5 Trade receivables

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

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

2.6 Cash and cash equivalents

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

2.7 Borrowings

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

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

2.8 Foreign currencies

<u>Presentation currency</u>

The financial statements of the Group are presented in Norwegian kroner (NOK).

<u>Transactions and balances</u>

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 Group has defined contribution plans in all Group companies. With a defined contribution plan the Group companies pays contributions to an insurance company. After the contribution has been made the Group 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 Group’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.

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 Group 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 Group has a present obligation as a result of a past event, and it is probable that the Group 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

Classification

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

Receivables

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

Receivables include cash and cash equivalents, trade and other receivables recognised in the balance sheet.

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. The Group 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 Group will comply with all attached conditions.

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

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

In 2018 and 2019, one of the Group companies (DNAS) were 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 2019 nor in 2018.

3 Significant accounting estimates and assumptions

The application of accounting standards and policies requires the Group 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 Group 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 Group's financial condition or operating performance. Management have identified the following material estimates:

Deferred tax asset: The Group 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.

3.1 Business combinations under common control and pro-forma accounts

The group accounts have been prepared using predecessor values as the group is founded as a business combination under common control. IFRS 3 do not cover such business combinations as the combination lacks substance from an accounting perspective.

As the accounts are prepared using predessor accounting, the comparative figures for periods prior to the fundation of DNH2 and the Group formation have been prepared on a pro-forma basis using the accounting priciples decribed above

The Group has applied IFRS 9, 'Financial instruments' and IFRS 15, 'Revenue from contracts with customers' when preparing comparative figures (pro-forma). The new standards have not had any material effects, and eventual implementation effects would only had bearing on the pro-forma accounts. Refer to note 2.2, 2.14 and 3 for further information.

3.2 IFRS 16 Leases

New accounting standards are applied in preparation of the pro-forma accounts. This note explains the impact of the adoption of IFRS 16 Leases on the Group’s financial statements and discloses the accounting policies that have been applied from 1 January 2019.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, and has restated comparatives for the pro-forma 2018 reporting period. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the balance sheet on 1 January 2018.

Adjustments recognised on adoption of IFRS 16
On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the Groups cost of capital / borrowing rate under the new bond loan which on 30 April 2019 was 5.27%.

The Group held no leases previously classified as finance leases. For leases previously classified as operational leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application using the measurement principles of IFRS 16. The pro-forma comparative figures for 2018 has been restaded accordingly. This resulted in Right of Use Assets / lease liabilities as disclosed below. The amounts are specified by operating segment and by accounting line:

(Amounts in NOK '000. Value per 1 January)	DNAS 2018	DNAS 2019	DFAS 2018	DFAS 2019	DRAS 2018	DRAS 2019	Group 2018	Group 2019
Operating lease commitments, tenancy	1,973	2,044	-	-	4,661	4,790	6,634	6,834
Operating lease commitments, machines	319	639	-	-	-	-	319	639
Right of use asset, building	5,803	4,136	-	-	46,718	44,518	52,521	48,654
Right of use asset, machines	2,677	2,498	-	-	-	-	2,677	2,498
Long term lease obligation	6,634	4,301	-	-	44,519	42,074	51,153	46,375
Short term lease obligation	1,846	2,332	-	-	2,199	2,444	4,045	4,776

The right-of use assets were measured at the amount equal to the lease liability as at 31 December 2018.

The change in accounting policy affected the following items in the Income statement for 2018 and Q2 / YTD 2019:

(Amounts in NOK '000)	**2018**	**Q2 2019**	**YTD 2019**
Other operating expenses	-6,954	-1,868	-3,736
Depreciation	4,045	1,624	3,248
Finance cost	2,909	674	1,348
Income tax expense		-94	-188
Profit/(loss) for the period		-335	-670

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:
* the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
* reliance on previous assessments on whether leases are onerous
* the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
* the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
* the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

4 Financial risk management and Financial instruments

Financial risk management
The Group’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 Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. The Group does not use derivative financial instruments to hedge any risk exposures.

Risk management is carried out by the Group'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 Group operates domestically and is therefore exposed to a limited foreign exchange risk.

Market risk – cash flow interest rate risk
The Group's interest rate risk arises from a long-term bond loan in the parent company, DNH2. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The interest on the bond loan is adjusted quarterly.

Sensitivity analysis – cash flow interest rate risk
At 30 June 2019, if the Norwegian key policy rate had been 10 basis points higher/lower with all other variables held constant, post-tax profit for any half year would have been approximately NOK 900,000 higher/lower, 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 Group, 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 Group's finance department monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

The Group has completed the re-financing of the bond loans which fell due on 11 June and 17 July 2019.

DigiPlex Norway Holding 2 AS

Consolidated statement

At 30 June 2019	Book value	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Bond loan (1)	1,778,250	47,790	191,160	1,927,440	0
Trade and other payables	145,765	145,765	0	0	0

(1) See note 8.

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.

The bond loan was issued at 30 April 2019. Fair value of the bond loan is correspond to the issuer price. The bond will be listed on the Oslo Stock Exchange on 30 October 2019 at the latest.

Note 5 - Property, plant and equipment

Amounts in NOK '000

	Land	Plant and equipment	Furniture and fixtures	Total
At 1 January 2018				
Accumulated cost	45,951	1,845,868	6,326	1,898,145
Accumulated depreciation	0	560,448	4,130	564,578
Net book amount	**45,951**	**1,285,420**	**2,196**	**1,333,567**
Year ended 31 December 2018				
Opening net book amount	45,951	1,285,420	2,196	1,333,567
Additions	396	222,525	5,343	228,265
Disposals	0	0	0	0
Depreciation charge	0	95,779	2,114	97,893
Net book amount	**46,348**	**1,412,166**	**5,426**	**1,463,939**
At 1 January 2019				
Accumulated cost	46,348	2,068,393	11,670	1,561,832
Accumulated depreciation	0	656,227	6,244	97,893
Additions Q1 2019	0	19,363	386	19,749
Depreciation Q1 2019		25,337	195	25,532
Net book amount per 31 March 2019	**46,348**	**1,406,192**	**5,616**	**1,458,156**
At 1 April 2019				
Opening net book amount	46,348	1,406,192	5,616	1,458,156
Additions Q2 2019	0	22,839	302	23,141
Disposals Q2 2019	0	0	0	0
Depreciation charge	0	28,161	445	28,457
Net book amount per 30 June 2019	**46,348**	**1,400,871**	**5,473**	**1,452,691**
Expected useful life		10-50 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.
2018 and Q1 2019 figures shown for pro-forma purposes, ref. note 3.

Note 6 - Segment and revenue information

DigiPlex Norway Holding 2 AS is a diversified group which derives its revenues and profits from the oeration of three separate data centres. The group's senior leadership team, consisting of the chief executive officer, chief strategy officer, chief service delivery officer, chief technology officer, chief development officer, chief operation officer, chief financial officer and chief HR & compliance officer, considers the business from both a product and a geographic perspective. The data centres are considered as reporting segments as they are monitored separately.

Segment information provided to the senior leadership team. The table below shows the segment information provided to the senior leadership team for the reportable segments for the half-year ended 30 June 2019:

Amounts in NOK '000

	DNAS	DFAS	DRAS	Total
YTD June 2019				
Total segment revenue	101,819	61,879	27,732	191,430
Inter-segment revenue	16,990	0	0	16,990
Revenue from external customers	**84,830**	**61,879**	**27,732**	**174,441**
Reported EBITDA	44,018	36,451	14,405	94,874
Adjustments	0	0	0	0
Adjusted EBITDA	**44,018**	**36,451**	**14,405**	**94,874**
YTD June 2018 (pro-forma)				
Total sement revenue	89,517	44,823	23,892	158,232
Inter-segment revenue	9,387	0	0	9,387
Revenue from external customers	**80,130**	**44,823**	**23,892**	**148,845**
Reported EBITDA	43,467	29,863	9,760	83,090
IFRS 16 adjustment DNAS / DRAS *	987	0	2,331	3,317
Adjusted EBITDA	**44,454**	**29,863**	**12,091**	**86,407**
At 30 June 2019				
Property, plant and equipment	406,649	775,452	222,614	1,404,715
IFRS 16 adjustment DRAS			42,503	42,503
Other segment assets	156,457	111,670	26,727	294,855
Segment liabilities	474,330	912,451	260,383	1,647,165
IFRS 16 adjustment DRAS			42,297	42,297
At 31 December 2018				
Property, plant and equipment	412,449	772,220	225,189	1,409,858
IFRS 16 adjustment DNAS / DRAS *	6,635		44,519	51,154
Other segment assets	295,461	142,157	25,527	463,145
Segment liabilities	623,275	938,563	356,926	1,918,764
IFRS 16 adjustment DNAS / DRAS *	6,635		44,519	51,154

See note 1 for details related to the impact from the change in accounting policy on the current period segment disclosures. The senior leadership team uses adjusted EBITDA as a measure to assess the performance of the segments. The segment overview excludes the effects of unrealised gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central finance function, which manages the cash position of the Group.

* DRAS company accounts 2018 are reported according to NGAAP. IFRS 16 adjustments are made for IFRS reporting purposes in the Group accounts. IFRS 16 was implemented per 01.01.2019. In the pro-forma figures for 2018 adjustments have been made to reflect the new standard in DNAS. In DFAS no adjustments were made.

Note 7 - Share capital and shareholder information

Amounts in NOK '000

	Number of shares	Ordinary shares	Share par value	Share capital
As 1 January 2019	0	0	0	0
Foundation	300	300	100	30
Share capital from contribution in kind	0	0	400	120
At 24 April 2019	**300**	**300**	**500**	**150**

All shares have equal rights and are fully paid.

Shareholders	Shares	Percentage ownership
DigiPlex Norway Holding 1 AS	300	100.0%
Total		**100.0%**

Note 8 - Bond loan / Shareholder Loans

Amounts in NOK '000

DigiPlex Norway Holding 2 AS (the “Issuer”) has issued a senior secured bond of NOK 1,800 million to refinance the Group’s outstanding bond issues in DigiPlex Fet AS (“DFAS”) and DigiPlex Norway AS (“DNAS”) and to indirectly further fund DigiPlex's further growth plans in the Pan-Nordic region through repayment of shareholder loans. These investments are likely to take place in companies within DigiPlex other than the DNH2 Group.

Refinanced debt:

Bond loans (net value)	**Value 31.12.18**	**Value 31.03.19**
DigiPlex Norway AS	550,000	525,000
DigiPlex Fet AS	500,000	500,000
Transaction cost to be amortized	-2,501	-1,206
Short term bond loans	1,047,499	1,023,794

Shareholder loans	**Lender**	**Value 31.12.18**	**Value 31.03.19**
DigiPlex Fet AS	DigiPlex Fet LLC	346,568	361,568
DigiPlex Rosenholm AS	DigiPlex Rosenholm LLC	105,528	105,527
Shareholder loans		452,096	467,095

The new lending facility was drawn up by DigiPlex Holding 2 AS at 30 April 2019. The borrowing limit is 2,250,000,000,- of which 1,800,000,000,- was drawn up in tranche 1. The bond shall be repaid in full on final maturity date 30 April 2024. Interest payent quarterly. Reference rate is NIBOR 3 months + 3,65%.

As security for the loan DigiPlex Norway AS , DigiPlex Fet AS and DigiPlex Rosenholm AS all has issued jointly and several, unconditional and irrevocable Norwegian law guarantee and indemnity.

	Value 30.06.19
DigiPlex Norway Holding 2 AS FRN senior secured bonds 2019/2024	1,800,000
Transaction cost	-22,500
Amortized transaction cost	750
Net value	1,778,250

Note 9 - Loans to related parties / Related party transactions

Amounts in NOK '000

	30.06.2019
DigiPlex Norway Holding 1 AS	250,280
DigiPlex Norway Acquisition LLC	20,000
Sum	270,280

Intercompany revenue vs DigiPlex companies	**Q2 2019**	**YTD 2019**
DigiPlex Copenhagen 1 Aps	725	1,450
DigiPlex Fet 2 AS	698	1,090
DigiPlex London 1 Limited	292	760
DigiPlex Stockholm 1 AB	550	2,906
DigiPlex Stockholm 2 AB	-125	60
Total	**2,140**	**6,266**

Note 10 - Events after the balance sheet date

No events have occurred after the balance sheet date that should have been disclosed in the financial statements or are of significance in assessing the Group's position.

Note 11 - Deferred tax asset

Amounts in NOK '000	**Temporary differences**
Non-current assets	19,134
Current assets	0
Other differences	1,108
Capitalised transaction cost	3,273
Adjustments due to interest limitation rules	-1,375
Tax loss carry forward	-243,063
Basis for deferred tax asset in the balance sheet	**-220,922**
Calculated deferred tax asset with 22 % 31.12.2018	-48,603
Income tax expense/(benefit) YTD 30.06.2019	-882
Calculated deferred tax asset 30.06.2019	**-49,485**

DigiPlex Norway Holding 2 AS

Company statement

Income statement

Amounts in NOK '000

Operating income and operating expenses	Notes	Actual YTD 2019 (un-audited)
Revenue from services		0
Revenue from goods sold		0
Total revenue		**0**
Cost of goods sold		0
Employee benefits expense		0
Other operating expenses		0
EBITDA		**0**
Depreciation and amortisation	5	0
Operating profit		**0**
Finance income		8,439
Finance costs		16,574
Finance - net		**-8,136**
Profit/(loss) before tax		**-8,136**
Income tax expense/(benefit)		-1,790
Profit/(loss) for the period		**-6,346**
Profit/(loss) for the year attri. to the shareh.		-6,346
Statement of comprehensive income/(loss) OCI		
Items that may be reclassified to profit or loss		0
Items that will not be reclassified to profit or loss		0
Total OCI for the year		**-6,346**
Total OCI attributable to shareholders		**-6,346**

DigiPlex Norway Holding 2 AS

Company statement

Statement of financial position

Amounts in NOK '000

Assets	Notes	Actual 30.06.2019 (un-audited)	Opening balance 24.04.2019 (un-audited)
Non-current assets			
Deferred tax asset		1,790	0
Shares in subsidiaries	1	2,121,300	2,121,300
Loans to related parties	2	1,752,027	0
Total non-current assets		**3,875,117**	**2,121,300**
Current assets			
Other receivables related parties		8,439	0
Trade and other receivables		281	0
Bank deposits		25,128	30
Total current assets		**33,848**	**30**
Total assets		**3,908,966**	**2,121,330**

Equity and liabilities	Notes	Actual 30.06.2019 (un-audited)	Opening balance 24.04.2019 (un-audited)
Paid in equity			
Share capital	4	150	150
Share premium reserve		2,121,180	2,121,180
Total paid in equity		**2,121,330**	**2,121,330**
Earned equity			
Other equity		-6,346	0
Total earned equity		**-6,346**	**0**
Total equity		**2,114,984**	**2,121,330**
Liabilities			
Non-current liabilities			
Borrowings	3	1,778,250	0
Total non-current liabilities		**1,778,250**	**0**
Current liabilities			
Trade and other payables		15,730	0
Total current liabilities		**15,731**	**0**
Total equity and liabilities		**3,908,966**	**2,121,330**

Oslo, 20 September 2019

Byrne Murphy
James Byrne Murphy
Chairman of the board

Gisle Michael Eckhoff
Member of the board / CEO

DigiPlex Norway Holding 2 AS

Company statement

Statement of changes in equity

Amounts in NOK '000

	Note	Share capital	Share premium reserve	Other equity	Total equity
As 1 January 2019		**0**	**0**	**0**	**0**
Foundation		30	0	0	30
Share capital from contribution in kind		120	2,121,180	0	2,121,300
At 24 April 2019		**150**	**2,121,180**	**0**	**2,121,330**
Profit/(loss) for the period		0	0	-6,346	-6,346
Balance at 30 June 2019	**4**	**150**	**2,121,180**	**-6,346**	**2,114,984**

Statement of cash flow

Amounts in NOK '000

	Notes	Q2 2019
Cash flows from operating activities		
Profit/(loss) before income tax		-8,136
Depreciation charges		0
Adjustment for financial activities		8,136
Changes in inventories		0
Change in trade and other receivables		-8,720
Change in trade and other payables		15,730
Net cash from operating activities		**7,011**
Cash flows from investing activities		
Purchase of property, plant and equipment		0
Issue of loan to related party	2	-1,752,027
Net cash from investing activities		**-1,752,027**
Cash flows from financing activities		
Share capital paid in	4	30
Transaction cost related to the issuing of the bond	3	-22,500
Net issue of bond loan / shareholder loan	3	1,800,000
Interests paid		-7,386
Net cash from financing activities		**1,770,144**
Net (decrease)/increase in cash and cash equivalents		25,128
Cash and cash equivalents at beginning of period		0
Cash and cash equivalents at end of the period		**25,128**

Significant accounting policies

Basis of preparation of half-year report

This condensed consolidated interim financial report for the half-year reporting period ended 30 June 2019 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

The interim report does not include all the notes of the type normally included in an annual financial report. 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 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.

Financial instruments

Classification

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

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

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default an expected loss rates. The group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Impairment of tangible assets

On an annual basis, or if an indication of impaired value have occured, the companies 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.

Shares in subsidiaries and loans to related parties

Shares in subsidiaries and loans provided to subsidiaries are evaluated at the lower of cost or fair value. Any impairment losses and reversal of impairment losses are classified as net gains (loss and impairment) on financial assets in the income statement.

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.

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 companie’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.

Note 1 - Shares in subsidiaries

Amounts in NOK '000

Name of company	Location	Percentage ownership	Book value
DigiPlex Fet AS	Fetsund, Lørenskog	100%	516,183
DigiPlex Norway AS	Oslo	100%	1,209,141
DigiPlex Rosenholm AS	Kolbotn, Oslo	100%	395,976
Total			**2,121,300**

Note 2 - Loans to related parties

Amounts in NOK '000

	30.06.2019
DigiPlex Norway AS	398,375
DigiPlex Fet AS	865,052
DigiPlex Rosenholm AS	238,319
DigiPlex Norway Holding 1 AS	250,280
Sum	1,752,027

Note 3 - Bond loan

The lending facility was drawn up by DigiPlex Holding 2 AS at 30 April 2019. The borrowing limit is 2,250,000,000,- of which 1,800,000,000,- was drawn up in tranche 1. The bond shall be repaid in full on final maturity date 30 April 2024. Interest payent quarterly. Reference rate is NIBOR 3 months + 3,65%.
As security for the loan DigiPlex Norway AS , DigiPlex Fet AS and DigiPlex Rosenholm AS all has issued jointly and several, unconditional and irrevocable Norwegian law guarantee and indemnity.

Amounts in NOK '000	**30.06.2019**
DigiPlex Norway Holding 2 AS FRN senior secured bonds 2019/2024	1,800,000
Transaction cost	-22,500
Amortized transaction cost	750
Net value	1,778,250

Note 4 - Share capital and shareholder information

Amounts in NOK '000

	Number of shares	**Ordinary shares**	**Share par value**	**Share capital**
As 1 January 2019	0	0	0	0
Fundation	300	300	100	30
Share capital contribution in kind			400	120
At 24 April 2019	**300**	**300**	**500**	**150**

All shares have equal rights and are fully paid.

Shareholders	**Shares**	**Percentage ownership**
DigiPlex Norway Holding 1 AS	300	100.0%
Total		**100.0%**

Note 5 - Financial instruments and risk management

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 (Group'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. 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 30 June 2019, if the Norwegian key policy rate had been 10 basis points higher/lower with all other variables held constant, post-tax profit for any half year would have been approximately NOK 900,000 higher/lower, 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.

At 30 June 2019	Book value	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Loans to related parties (1)	1,752,027	48,706	194,825	1,881,911	0
Trade and other receivables	8,720	8,720	0	0	0
At 30 June 2019					
Bond loan (2)	1,778,250	47,790	191,160	1,927,440	0
Trade and other payables	15,730	15,730	0	0	0

(1) See note 2.
(2) See note 3

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. For loans to related parties fair value is assumed to be face value due to the fact that the refinancing of the group as a whole was executed on 30 April 2019. The company has also taken into account that the borrowers has a history meeting its financial obligations for a long period of time and the payment structure of the bond.

The bond loan was issued at 30 April 2019. Fair value of the bond loan is correspond to the issuer price. The bond will be listed on the Oslo Stock Exchange on 30 October 2019 at the latest.

The fair value hierarchy
The Company has not recognised any items at fair value as of 30 June 2019.

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

Financial instruments

At 30 June 2019	Financial assets at amortised cost	Other items	Total
Assets			
Trade receivables (non interest bearing)	281	0	281
Other receivables (non interest bearing)	8,439	0	8,439
Cash and cash equivalents	25,128	0	25,128
Shares in subsidiaries		2,121,300	2,121,300
Loans to related parties	1,752,027	0	1,752,027
Total financial assets	**1,785,875**	**2,121,300**	**3,907,175**

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

At 30 June 2019	Other financial liabilities at amortised cost	Other items	Total
Liabilities			
Bond loan	1,778,250	0	1,778,250
Other current liabilities (non interest bearing)	15,730	0	15,730
Total financial liabilities	**1,793,980**	**0**	**1,793,980**

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.

RESPONSIBILITY STATEMENT

We confirm, to the best of our knowledge, that the financial statements for the half year ended 30 June 2019 have been prepared in accordance with IFRS as adopted by the EU, and give a true and fair view of the Group's assets, liabilities, financial position and results of operation, and that the Management Commentary gives a true and fair review of the development and performance of the business and the position of the Group.

Oslo, 20 September 2019

Byrne Murphy	
J Byrne Murphy	Gisle M. Eckhoff
Chairman	CEO

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