

Bulk Infrastructure Group AS **Consolidated second quarter 2023**

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The logo for Bulk Infrastructure Group AS, featuring the word "bulk" in a bold, teal, lowercase sans-serif font. The letter "b" is stylized with a white arrow pointing to the right. A small "TM" trademark symbol is positioned to the right of the word.

bulk™

Bulk Infrastructure Group AS

Board of Directors Report – second quarter 2023

Business description

Bulk Infrastructure Group AS is an industrial investment company primarily investing in real estate developments within warehousing and logistics, data centers and fiber infrastructure.

Bulk Infrastructure Group AS is a leading provider of sustainable digital infrastructure in the Nordics. We are an industrial investor, developer and operator of industrial real estate, data centers and dark fiber networks. We believe in the value creation opportunity of enabling our digital society to be fully sustainable. Hence our vision: Racing to bring sustainable infrastructure to a global audience.

Our three Business Areas

Bulk Industrial Real Estate is a Nordic real estate developer and owner, specializing in industrial buildings, large modern warehouses, cross-dock terminals and logistics parks. We seek to be the preferred partner for our customers, offering prime locations, state-of-the-art facilities and sustainable solutions. The business area was established in 2006 and has demonstrated a significant ability to develop industrial properties for a large and diversified portfolio of customers. As of June 2023, we have completed more than 50 development projects since establishment, summing up to more than 500,000 square meters of high quality, flexible and energy efficient facilities. We also own a considerable portfolio of yielding properties, and a vast plot bank, allowing us to take part in value creation in all phases of real estate development and ownership.

Bulk Data Centers is an industrial developer and operator of data centers and data center services across the Nordics. Bulk has a portfolio of assets, capabilities and partners to serve any data center customer requirement in a fast, secure, cost efficient and sustainable way. We operate scalable facilities, we continue to add new sites to our portfolio, and we have access to strategically located land. We have in-house expertise in data center design, engineering and operations that combined with our industrial real estate development experience and dark fiber network deployments allow us to shape the full value chain of the data processing infrastructure. We can serve customers in dedicated hyperscale facilities or in colocation facilities with dedicated data halls for different capacities, and also customers in need of server racks in a colocation environment.

Bulk Fiber Networks develops, owns, and controls dark fiber infrastructure with the purpose of enabling renewable energy for large scale data processing. Our fiber infrastructure is modern with high capacity including both subsea and terrestrial systems, designed to improve resilience

and diversity. We offer dark fiber, telehousing and cable landing facilities to carriers, large scale data center customers and others that want to produce bandwidth services on top of our infrastructure. Bulk considers itself as an infrastructure provider within fiber, being a partner rather than a competitor to traditional carriers. Bulk has available thousands of km of dark fiber, including both intercontinental, North European and intra-Nordic infrastructure that connects main European markets as well as the US. We continue to explore new subsea and terrestrial fiber routes that could be strategic enablers for the data center growth in the Nordics.

Investment criteria

- **Sustainability:** Target infrastructure opportunities that enable or deliver a fundamentally more sustainable global society
- **Infrastructure:** Invest in infrastructure that is critical for the global, modern society
- **Long term perspective and Scalable:** Ability and willingness to invest with an industrial mindset with patience and focus on scalability from the start
- **Nordic:** Bulk Leverage the Nordic region's favorable business climate, sustainable power sources and political stability

The Company believes its investment criteria will ensure sound investment decisions. The Company has a strong capital reallocation capability that makes it robust to fundamental changes in market dynamics.

The Company's headquarter is in the city of Oslo in Norway.

Q2 2023 in short

- **Industrial Real Estate:** The Group signed two contracts in the second quarter of 2023, of which one was a renewal for an existing tenant, and the other one was with a new tenant. The latter allows the development of a plot in Hanekleiva, which will be acquired by Bulk in the third quarter of 2023. Leman II in Vestby and Lettbutikk in Enebakk received their final BREEAM-NOR certificates. Both projects achieved Very Good.
- **Data Centers:** The Data Centers business unit has seen a strong second quarter, marked by successful contract acquisitions spanning various sectors. As we progress into the latter half of the year, our focus remains on capitalizing on the increase in interest and demand and expanding of our capabilities. The construction of the fourth building at our N01 Campus remains on track to launch in late summer. The building capacity of over 12MW has largely been signed up. The N01 campus has seen significant interest from international companies and cloud providers with AI and High-Performance Computing (HPC) needs. Anticipating sustained growth, we have initiated the design

and construction process for the next building. This reinforces our ability to meet the escalating demand for our services. A significant milestone has been reached with the integration of all three sites into the DE-CIX Internet Exchange network. The partnership with DE-CIX will give local and international customers the option to interconnect and access a range of services in major markets with even lower latency. To sustain our momentum, we remain dedicated to strengthening our data center team by strategic appointments within our leadership, business development, technical, and operational teams.

- Fiber Networks: The last branch of the Havfrue cable system landed successfully in Ireland in the end of 2022 and was ready for service in Q1 2023. A customer exercised an option for the cable system on the Irish branch, and the last part of this transaction is expected to be completed during Q2 2024.
- Bulk Infrastructure Group AS received a capital contribution of NOK 495 million from parent company, Bulk Infrastructure Holding AS, in June 2023.

Report on the second quarter accounts

Total income for the Group was NOK 96.5 million in Q2 compared to NOK 66.8 million last year. The increase is mainly due to finalized projects and increased rental income in Industrial Real Estate, in addition to revenue from sales in Data Centers. NOK 53.4 million of total income is generated from Industrial Real Estate, compared to NOK 32.9 million last year. The Data Centers area generated a total income of NOK 37.9 million in Q2 2023, compared to NOK 29.9 million last year. In the Fiber Networks area, the income for the second quarter 2023 was NOK 5.0 million compared to NOK 2.9 million in 2022. The Group's operating profit was negative NOK 2.0 million in Q2 2023, compared to negative NOK 28.7 million in 2022. The increase in recurring revenue is in line with the business strategy. When adjusting for fair value on investment properties, the operating profit ended at negative NOK 145.0 million for the quarter, compared to NOK 5.9 million last year. The decrease in fair value is due to a continuous increase in yields. The net profit for the second quarter was negative NOK 164.2 million, a decrease from negative NOK 15.0 million last year. The total comprehensive income for the period ended at negative NOK 150.9 million compared to negative NOK 3.1 million in 2022. Other comprehensive income is driven by exchange differences in foreign subsidiaries.

Cash and cash equivalents ended at NOK 389.2 million as of June 2023, up from NOK 224.5 million at year-end 2022. The equity ratio ended at 45.4 % at the end of the period, an increase from 43.9 % at year-end 2022. Mortgage debt increased by NOK 218.0 million during the first half of 2023, mainly due to new construction loans. Current liabilities decreased by NOK 168.9 million during the period. The decrease is mainly due to conversion of construction loans upon finalization of projects.

The Group's financial position is strong.

Financial risk

The Group is exposed to these types of risk:

Liquidity risk - The Group is focusing on having sufficient liquidity to meet all its obligations, including the new investments that are ongoing. The Group intends to maintain a reasonable amount of liquidity to meet unforeseen obligations. The Group continuously monitors the liquidity and has a long-term liquidity forecast in place.

Interest risk - The Group has loans with a number of financial institutions, all with long-term repayment plans. The Group is exposed to changes in NIBOR interest rates and SWAP interest rates. The distribution of fixed and floating interest rates was 13/87 by the end of the period.

Credit risk - The Group's warehouse and distribution properties are characterized by high standards, good locations, long lease agreements and reliable tenants. The Group's tenants normally pay quarterly and in advance. The lease agreements usually require an additional form of collateral or security. Within Data Centers, the portfolio is diversified, limiting the effect of credit risk towards each single customer. There were no material credit losses in the second quarter of 2023.

Currency Exchange risk - The Group is increasingly exposed to both cost and revenue in different currencies due to growth in international assets and customers. Processes and tools to manage these up and down-side risks are being developed in line with increased exposure.

Market risk

The transaction market for commercial properties - The Group is experiencing an uncertainty related to the transaction market for commercial real estate. This is driven by changes in fundamental macroeconomic factors, hereunder interest rates, consumer price index and yield expectations. The Group is currently set up to take advantage of potential investment opportunities and is following the market to identify these.

Rental Market for warehouses and logistic buildings - The Group is exposed to the risk of changes in lease and rental prices in the market. The Group has several long-term lease agreements in place. The weighted average lease term for tenants has decreased from 8.7 years June 30 last year to 7.7 years as of June 30, 2023. The lease agreements provide The Group with fixed and predictable revenues throughout the contract period. Most lease agreements are adjusted annually 100 % in line with the consumer price index. The rate of vacancy in the Group's properties is 1.1 % as of June 30, 2023.

Demand for data center services and Fiber networks - The macro drivers for large scale demand for digital Nordic infrastructure are healthy and suggest strong market growth long term. The timing of such large-scale demand asset by asset is difficult to predict and hence exposes The Group to short term uncertainty on capacity development and utilization. Risk is managed by strong focus on our time to market capability that allows for better matching of

capacity build-out and verified demand as well as discipline in build-up of fixed cost in early stages of new asset operations.

Review and risk management

The board of directors annually reviews the company's most important areas of risk exposure and the internal control arrangement in place for such areas. The review pay attention to any material shortcomings or weaknesses in the company's internal control and how risks are being managed.

In the audited consolidated financial statements for the year ended December 31, 2022, the Board of directors describes the main features of the company's internal control and risk management systems as they are connected to the company's financial reporting. This covers the control environment in the company, risk assessment, control activities and information, communication, and follow-up. The board of directors is obligated to ensure that it is updated on the company's financial situation and shall continually evaluate whether the company's equity and liquidity are adequate in relation to the risk from the company's activities and take immediate action if the company's equity or liquidity at any time is shown to be inadequate. The company's management focus on frequent and relevant reporting of both operational and financial matters to the board of directors, where the purpose is to ensure that the board of directors has sufficient information for decision-making and is able to respond quickly to changing conditions. Board meetings are held frequently, and management reports are provided to the board as a minimum on a quarterly basis. Financial and operational performance is also discussed in separate sessions in the management team on a frequent basis.

Health, safety and environment

The Group implemented an employee engagement platform in 2021. The platform conducts continuous surveys throughout the organization and gathers data of the employee's well-being. With the current data collected, the Group has the possibility to compare to other organizations, analyze and act on employee feedback. The results are monitored by HR and each team manager, and discussed in regular team meetings. There were no major accidents or injuries to the Group's personnel as of June 2023.

Bulk has a vision to build sustainable infrastructure for a global audience. We respect the environment, people, and society as a whole. We pursue opportunities to contribute to global sustainable development at scale. We use our creative power to develop new high quality, reliable and clean solutions.

Our Integrated Management System is used to soundly manage, secure, and continuously improve all work processes that affect Quality, Health, Safety and Environment. The use and follow up of our performance indicators, along with systematic risk management, helps us to

build a stronger company that can handle larger and more complex business affecting larger stakeholder groups.

Future development

Industrial Real Estate - The demand for leasing new and modern industrial properties remains strong and we expect stable demand going forward. The Group has three ongoing development projects, Namron III in Vestby, Bulk Wood in Lindeberg and CTS in Hanekleiva. Namron III and Bulk Wood will be delivered around year end, while CTS will be delivered in August next year. Bulk is also involved in zoning and development of new industrial real estate locations, both alone and in partnerships. The company is in a dispute with the municipality of Kjøge regarding development of a plot acquired in 2020. The outcome of the dispute is uncertain, and no provision has been made as of June 30, 2023.

Data Centers - The Nordic data center market continues to see significant growth and expansion in data center capacity, driven by the rising demand for AI / HPC data processing and storage infrastructure as part of the global digitization trend. To capitalize on the advantages of the Nordic region and secure a substantial market share, Bulk Data Centers is actively expanding its data center capacity in Norway and Denmark. A significant portion of the over 12MW IT capacity intended for deployment by the end of summer has already been secured by customers who have signed up in Q3 and existing customers with growing demands for increased IT capacity. As part of our commitment to support the continuing demand, we have initiated the design and construction for the next data center. To meet future expansions, the final stages of levelling an additional 160,000 square meters for the second phase of N01 Campus is nearing completion. Simultaneously, construction is in progress for three new data halls at our OS-IX facility, totalling 5MW IT capacity. This expansion is positioned to effectively address the demand from regional and international cloud and enterprise companies for our Oslo site. Meanwhile, our DK01 site in Denmark holds a strategic advantage due to its location to Northern Europe, backed by power capabilities and ample land availability. Our prime focus remains on cultivating a strong pipeline for this site. We will continue to take a proactive approach to meet market demand.

Fiber networks - The strong growth in data processing and storage drives the demand for new investments in underlying fiber infrastructure, including both subsea and terrestrial systems. Bulk is well positioned as a leading provider of large capacity transport fiber, both going into the Nordics and within the Nordics. The Havfrue System, connecting the US and the Nordics is fully operational between the US, Norway, Denmark and Ireland, of which the Irish branch was ready for service in Q1 2023. The Havsil System is the shortest route connecting Norway with continental Europe. The capacity of the Havsil System more than doubles the total capacity existing over any other subsea system connecting into Norway, providing almost “unlimited” capacity for the years to come. The Norwegian Inter-City Ring is fully completed and operational. We continue to explore opportunities for new fiber network developments being

strategic enablers for the international data center market. The underlying recurring revenue growth across our fiber networks portfolio is positive.

Subsequent events

There are no material subsequent events after the reporting period.

Oslo, August 24, 2023

The Board of Bulk Infrastructure Group AS

Peder Nærbø
Founder and Executive Chair

Bulk Infrastructure Group AS

Consolidated second quarter 2023

Presentations

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Disclaimer

Responsibility statement

Consolidated statement of profit and loss For the second quarter ended June 30, 2023

(NOK '000)	Notes	Quarter ended		YTD		Year ended
		30.06.2023 Unaudited	30.06.2022 Unaudited	30.06.2023 Unaudited	30.06.2022 Unaudited	31.12.2022 Audited
Rental income	2	61 696	38 930	119 138	78 693	177 073
Revenue property sales	2	-	-	-	-	-8 269
Revenue from sales	2	18 231	18 592	39 312	33 366	71 310
Gain from sale of fiber infrastructure	2	-	-	40 370	-	-
Other revenue	2	16 584	9 273	29 427	16 875	36 015
Total revenue and other income		96 511	66 794	228 247	128 933	276 129
Property-related expenses	2	4 231	4 077	11 036	8 489	21 233
Cost of sales	2	17 408	21 842	33 656	31 003	67 746
Other cost	2,3	76 894	69 557	157 028	139 237	320 386
Total expenses		98 532	95 477	201 721	178 730	409 365
Operating profit before fair value adjustments on investment properties		-2 021	-28 683	26 527	-49 797	-133 237
Fair value adjustments on investment properties	3	-143 028	34 581	-143 028	34 581	-369 200
Operating profit		-145 049	5 898	-116 501	-15 216	-502 437
Share of profit/loss(-) of investments accounted for using the equity method		-9 354	-14 222	-9 978	3 087	-42 990
Remeasurement gain of previous held equity investments		-	-	-	90 056	90 056
Finance income		35 546	36 243	105 022	36 641	102 631
Finance costs		82 785	37 687	152 505	78 187	233 049
Fair value adjustments on derivatives		22 567	9 342	19 911	27 893	27 067
Net financial items		-34 026	-6 324	-37 552	79 491	-56 286
Profit before income tax		-179 074	-426	-154 052	64 275	-558 722
Income tax expense		-14 917	14 536	-18 282	18 127	-116 176
Profit for the period		-164 157	-14 962	-135 770	46 148	-442 546
Other comprehensive income						
<i>Items that may be reclassified to profit and loss</i>						
Exchange differences on translation on foreign operator	2	13 278	11 845	6 324	13 024	18 417
Other comprehensive income for the year, net of tax		13 278	11 845	6 324	13 024	18 417
Total comprehensive income		-150 879	-3 118	-129 447	59 172	-424 129
<i>Attributable to:</i>						
Shareholders in the parent Company		-148 217	3 881	-125 613	66 170	-406 087
Non-controlling interests		-2 662	-6 437	-3 834	-6 999	-18 042
Earnings per share basic and diluted (NOK)	5	-0,45	0,01	-0,38	0,24	-1,33

Consolidated balance sheet

(NOK '000)	Notes	Half-year ended		Year ended
		30.06.2023 Unaudited	30.06.2022 Unaudited	31.12.2022 Audited
Assets				
<i>Intangible fixed assets</i>				
Goodwill	6	2 070	2 070	2 070
Other intangible assets	6	16 111	2 522	13 682
Total intangible assets		18 181	4 592	15 752
 <i>Non-current assets</i>				
Investment property	3	4 665 425	4 802 213	4 628 451
Property, plant & equipment	7	2 738 926	2 179 285	2 338 985
Investment in Associated company	8,9	114 790	185 092	136 767
Derivative financial instruments	4,9	41 937	24 904	23 992
Other receivables	9	22 590	21 820	22 756
Investment in shares	9	1 249	1 249	1 249
Right-of-use assets	10	237 656	213 659	250 790
Total other non-current assets		7 822 573	7 428 221	7 402 989
Total non-current assets		7 840 754	7 432 813	7 418 741
 <i>Current assets</i>				
Inventories		11 035	7 798	8 463
Trade and other receivables	9	199 455	236 518	178 291
Cash and cash equivalents	9	389 165	181 563	224 459
Total current assets		599 655	425 879	411 213
Assets classified as held for sale	7	76 976	-	144 248
Total assets		8 517 385	7 858 693	7 974 203

Consolidated balance sheet

	Notes	Half-year ended		Year ended
		30.06.2023	30.06.2022	31.12.2022
		Unaudited	Unaudited	Audited
Equity and liabilities				
<i>Paid in equity</i>				
Ordinary shares		3 512	2 931	3 264
Share premium		3 413 663	2 256 330	2 918 911
Total paid in equity		3 417 175	2 259 261	2 922 175
<i>Retained earnings</i>				
Retained earnings		402 185	1 006 840	524 045
Total retained earnings		402 185	1 006 840	524 045
Non-controlling interests		46 246	204 368	50 079
Total equity	5	3 865 606	3 470 469	3 496 299
<i>Non-current liabilities</i>				
Bond loan	9	1 466 646	970 923	1 463 902
Borrowings	9	2 069 076	2 001 630	1 694 089
Derivative financial instruments	4,9	2 498	4 423	4 274
Lease liabilities	10	54 701	28 711	60 907
Other long-term liabilities	9	55 173	76 686	61 486
Deferred tax liabilities		194 874	349 681	215 580
Total non-current liabilities		3 842 969	3 432 055	3 500 239
<i>Current liabilities</i>				
Trade payables	9	31 758	110 056	77 532
Short-term portion of borrowings	9	582 769	35 080	739 764
Short-term portion of derivatives	4,9	266	593	455
Short-term portion lease liabilities	10	10 526	8 405	14 580
Non-registered capital increase		-	662 991	-
Other payables	9	183 491	139 044	145 334
Total current liabilities		808 810	956 168	977 665
Total liabilities		4 651 779	4 388 223	4 477 904
Total equity and liabilities		8 517 385	7 858 693	7 974 203

Oslo, August 24, 2023
The Board of Bulk Infrastructure Group AS

Peder Nærbø
Founder and Executive Chair

Consolidated statement of changes in equity

(NOK '000)

	Paid in equity		Exchange differences on translation on foreign operations	Retained earnings	Non-controlling interests	Total equity
	Share capital	Share premium				
01.01.2023	3 264	2 918 911	21 687	502 358	50 079	3 496 299
Profit of the period				-131 937	-3 834	-135 770
Other comprehensive income - currency			6 324			6 324
Capital increase	248	494 752				495 000
Share-based payments				4 473		4 473
Changes in deferred tax estimates				-459		-459
Other changes				-260		-260
30.06.2023	3 512	3 413 663	28 011	374 175	46 246	3 865 606
01.01.2022	2 731	1 856 531	3 270	933 738	211 367	3 007 636
Profit of the period				53 147	-6 999	46 148
Other comprehensive income - currency			13 024			13 024
Capital increase	201	399 799				400 000
Other changes				3 662		3 662
30.06.2022	2 931	2 256 330	16 294	990 546	204 368	3 470 469

Cashflow statement - consolidated

(NOK '000)	Note	Quarter ended		Half-year ended		Year ended
		30.06.2023	30.06.2022	30.06.2023	30.06.2022	31.12.2021
		Unaudited	Unaudited	Unaudited	Unaudited	Audited
Cash flow from operations						
Profit before income taxes		-179 074	-426	-154 052	64 275	-558 722
Adjust for:						
Depreciation	7,8	26 426	18 445	49 252	35 406	77 769
Fair value adj. on investment properties	3	143 028	-34 581	143 028	-34 581	369 200
Share of profit/loss(-) of investments accounted for using the equity method		9 354	14 222	9 978	-3 087	42 990
Remeasurement gain of previous held equity investments		-	-	-	-90 056	-90 056
Finance income		-35 546	-36 243	-105 022	-36 641	-102 631
Finance costs		82 785	37 687	152 505	78 187	233 049
Fair value adj. on derivatives		-22 567	-9 342	-19 911	-27 893	-27 067
Gain from sale of fiber infrastructure		-	-	-40 370	-	-
Cashflow before change in working capital		24 405	-10 238	35 408	-14 391	-55 468
Change in working capital						
Trade and other receivables		-31 183	-78 974	-23 198	-90 296	-32 046
Trade and other payables		-33 586	-20 310	-25 505	56 658	70 111
Net cash flow from operations (A)		-40 365	-109 522	-13 295	-48 028	-17 402
Cash flow from investments						
Purchase and improvements of investments property	3	-51 186	-270 515	-102 626	-590 240	-808 267
Sale of real estate infrastructure	3	-	29 647	-	29 647	29 647
Dividend received		1 050	1 138	1 050	1 138	2 275
Purchase of shares in associated companies		-	-73 671	-	-195 374	-195 374
Purchase of shares in subsidiaries		-	-	-	-	-160 533
Sale of fiber infrastructure		-	-	200 400	-	-
Purchase of fixed assets	7,8	-312 561	-129 499	-500 008	-163 148	-512 517
Purchase or disposal of Right-of-use assets*		3 486	30 304	13 133	2 132	-34 758
Net cash flow from investments (B)		-359 211	-412 596	-388 051	-915 845	-1 679 526
Cash flow from financing						
Finance cost paid including interest paid on derivatives		-76 519	-30 326	-145 373	-64 497	-173 362
Interest received		4 108	326	9 149	725	10 881
Proceeds from Borrowings		33 486	179 175	241 630	530 933	1 435 989
Repayment of borrowings		-13 600	-10 572	-20 894	-14 934	-29 868
Payments of Lease liabilities	10	-1 981	4 451	-5 810	-	-10 518
Change in other long-term liabilities		-1 500	15 114	-6 313	1 301	-5 135
Change in receivable related party		-	2 532	-	2 772	-
Change in payable related party		-	-662 768	-	-662 768	-662 768
Principal paid on lease liabilities	10	-1 004	-2 139	-3 814	-4 516	-7 585
Interest paid on lease liabilities	10	-977	34	-1 996	-1 396	-2 933
Share issue	5	495 000	-	495 000	-	1 062 913
Non-registered share issue		-	662 991	-	662 991	-400 000
Share-based payments		2 237	-	4 473	-	8 947
Net cash flow from financing (C)		439 250	158 819	566 053	450 610	1 226 561
Net change in cash and cash equivalents (A+B+C)		39 675	-363 300	164 706	-513 263	-470 367
Cash and cash equivalents at the beginning of the period		349 490	544 863	224 459	694 826	694 826
Cash and cash equivalents at the end of the period		389 165	181 563	389 165	181 563	224 459
Restricted funds		5 910	6 882	5 910	6 882	4 494

*A lease agreement for HQ was terminated causing a disposal of Right-of-use asset in Q1 2023.

Notes to the consolidated accounts for the second quarter 2023

Note 1 General information

Bulk Infrastructure Group AS is a limited liability company registered in Norway. The head office is in Karenslyst Allé 53, Oslo, Norway. The Company is the subsidiary of the holding company, Bulk Infrastructure Holding AS. The Company is the parent company of Bulk Industrial Real Estate AS, Bulk Data Centers AS and Bulk Fiber Networks AS.

These interim financial statements have been prepared in accordance with IAS 34 - Interim Financial Reporting. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2022 annual report.

The interim financial statements have not been audited.

The accounting policies applied by the Group in these interim consolidated financial statements are consistent with those applied in the audited consolidated financial statements for the year ended December 31, 2022. Please refer to Note 2 - Accounting principles to the Consolidated Financial Statement in the 2022 annual report for information on the Group's accounting policies. The annual report is available on www.bulkinfrastructure.com/.

Notes to the consolidated accounts for the second quarter 2023

Note 2 Segment information

Bulk Infrastructure Group has the following strategic operating segments by 30.06.23 presented in accordance with internal reporting to management

All operating activities are based in Norway, Denmark and the United Kingdom.

Operating profit and loss by segment second quarter 2023 (NOK '000)	Industrial Real Estate Quarter ended		Data Centers Quarter ended		Fiber Networks Quarter ended		Group/other Quarter ended		Eliminated Quarter ended		Total Quarter ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Rental income	51 968	32 954	5 336	4 040	3 817	1 976	575	-39	-	-	61 696	38 930
Revenue from sales	-	-	17 311	17 268	921	1 323	-	-	-	-	18 231	18 592
Gain from sale of fiber infrastructure	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	1 420	-95	15 262	8 612	268	-365	9 125	14 935	-9 492	-13 815	16 584	9 273
- Shared costs tenants	1 506	-95	1 623	2 602	-	-	-	-	-	-	3 129	3 580
- Electricity	-	-	8 675	6 148	-173	-216	-	-	-	-	8 502	5 932
- Business management/other	-	-	4 965	-137	441	-150	9 125	14 935	-9 492	-13 815	5 040	788
Total revenue and other income	53 388	32 859	37 909	29 920	5 006	2 934	9 701	14 896	-9 492	-13 815	96 511	66 794
Property-related expenses	1 631	2 793	2 599	1 285	-	-	-	-	-	-	4 231	4 077
Cost of sales	-	-	13 851	14 299	3 557	7 543	-	-	-	-	17 408	21 842
Other cost	12 764	13 171	48 365	46 026	10 275	9 086	14 982	15 088	-9 492	-13 815	76 894	69 557
Total expenses	14 395	15 964	64 815	61 611	13 832	16 629	14 982	15 088	-9 492	-13 815	98 532	95 477
Operating profit before fair value adjustments on investment properties	38 993	16 895	-26 907	-31 690	-8 826	-13 695	-5 281	-192	-	-	-2 021	-28 683
Fair value adjustments on investment properties	-143 028	34 581	-	-	-	-	-	-	-	-	-143 028	34 581
Operating profit	-104 034	51 476	-26 907	-31 690	-8 826	-13 695	-5 281	-192	-	-	-145 049	5 898
Share of profit/loss(-) of investments accounted for using the equity method	-9 354	-32 524	-	-	-	-	-	18 302	-	-	-9 354	-14 222
Remeasurement gain of previous held equity investments	-	-2 417	-	-	-	-	-	2 417	-	-	-	-
Finance income	12 311	23 028	7 021	6 748	13 641	5 353	70 576	21 928	-68 003	-20 814	35 546	36 242
Finance costs	49 993	20 566	31 935	17 202	11 223	5 620	57 637	15 113	-68 003	-20 814	82 785	37 686
Fair value adjustments on derivatives	20 839	7 300	1 728	2 042	-	-	-	-	-	-	22 567	9 342
Net financial items	-26 197	-25 179	-23 186	-8 412	2 418	-267	12 939	27 534	-	-	-34 026	-6 324
Profit before income tax	-130 231	26 297	-50 093	-40 102	-6 408	-13 963	7 657	27 342	-	-	-179 074	-426
Income tax expense	-16 825	14 578	-491	-41,70	-	-	2 398	-	-	-	-14 917	14 536
Profit for the period	-113 406	11 719	-49 602	-40 061	-6 408	-13 963	5 259	27 342	-	-	-164 157	-14 962
Other comprehensive income	13 054	5 989	779	6 023	-556	-168	-	-	-	-	13 278	11 845
Other comprehensive income for the period, net of tax	13 054	5 989	779	6 023	-556	-168	-	-	-	-	13 278	11 845
Total comprehensive income	-100 352	17 708	-48 823	-34 037	-6 964	-14 131	5 259	27 342	-	-	-150 879	-3 118

Please also see note 1 for further explanation of the segments.

Notes to the consolidated accounts for the second quarter 2023

Note 2 Segment information continues

Operating profit and loss by segment 30.06.23 (NOK '000)	Industrial Real Estate Half-year ended		Data Centers Half-year ended		Fiber Networks Half-year ended		Group/other Half-year ended		Eliminated Half-year ended		Total Half-year ended	
	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022	30.06.2023	30.06.2022
Rental income	100 726	65 234	10 600	9 851	6 661	3 607	1 151	-	-	-	119 138	78 693
Revenue property sales	-	-	-	-	-	-	-	-	-	-	-	-
Revenue from sales	-	-	38 179	31 717	1 133	1 648	-	-	-	-	39 312	33 366
Gain from sale of fiber infrastructure	-	-	-	-	40 370	-	-	-	-	-	40 370	-
Other revenue	5 334	1 169	24 201	14 248	441	-	20 600	28 985	-21 150	-27 527	29 427	16 875
- Shared costs tenants	5 333	1 169	3 584	3 082	-	-	-	-	-	-	8 917	4 251
- Electricity	-	-	15 299	11 166	-	-	-	-	-	-	15 299	11 166
- Business management/other	1	-	5 317	-	441	-	20 600	28 985	-21 150	-27 527	5 210	1 458
Total revenue and other income	106 060	66 403	72 980	55 816	48 606	5 256	21 751	28 985	-21 150	-27 527	228 247	128 933
Property-related expenses	6 372	5 507	4 665	2 982	-	-	-	-	-	-	11 036	8 489
Cost of sales	-	-	26 951	22 492	6 704	8 511	-	-	-	-	33 656	31 003
Other cost	26 788	24 465	99 572	90 591	19 223	18 048	32 596	33 660	-21 150	-27 527	157 028	139 237
Total expenses	33 160	29 972	131 187	116 065	25 927	26 560	32 596	33 660	-21 150	-27 527	201 721	178 730
Operating profit before fair value adjustments on investment properties	72 900	36 431	-58 207	-60 249	22 679	-21 304	-10 845	-4 675	-	-	26 527	-49 797
Fair value adjustments on investment properties	-143 028	34 581	-	-	-	-	-	-	-	-	-143 028	34 581
Operating profit	-70 127	71 012	-58 207	-60 249	22 679	-21 304	-10 845	-4 675	-	-	-116 501	-15 216
Share of profit/loss(-) of investments accounted for using the equity method	-9 978	-15 215	-	-	-	-	-	18 302	-	-	-9 978	3 087
Remeasurement gain of previous held equity investments	-	-	-	87 639	-	-	-	2 417	-	-	-	90 056
Finance income	42 099	23 122	21 828	6 862	37 855	5 529	128 403	40 668	-125 163	-39 541	105 022	36 641
Finance costs	92 356	45 812	58 610	27 393	18 119	13 213	108 583	31 311	-125 163	-39 541	152 505	78 187
Fair value adjustments on derivatives	18 676	21 606	1 235	6 287	-	-	-	-	-	-	19 911	27 893
Net financial items	-41 560	-16 299	-35 547	73 396	19 736	-7 683	19 819	30 076	-	-	-37 552	79 490
Profit before income tax	-111 687	54 713	-93 754	13 147	42 415	-28 987	8 974	25 401	-	-	-154 052	64 275
Income tax expense	-17 301	17 725	-981	401,41	-	-	-	-	-	-	-18 282	18 127
Profit for the period	-94 386	36 988	-92 773	12 746	42 415	-28 987	8 974	25 401	-	-	-135 770	46 148
Other comprehensive income	10 419	9 870	-2 353	3 116	-1 743	37	-	-	-	-	6 324	13 024
Other comprehensive income for the period, net of tax	10 419	9 870	-2 353	3 116	-1 743	37	-	-	-	-	6 324	13 024
Total comprehensive income	-83 967	46 858	-95 126	15 862	40 672	-28 950	8 974	25 401	-	-	-129 447	59 172

Please also see note 1 for further explanation of the segments.

Notes to the consolidated accounts for the second quarter 2023

Note 3 Investment property

INVESTMENT PROPERTY (NOK '000)	Half-year ended		Year ended
	30.06.2023	30.06.2022	31.12.2022
Fair value 1.1	4 628 451	4 184 248	4 184 248
Additions:			
- Capital expenditure	102 626	458 794	676 821
- Acquisition of property	-	131 446	131 446
- Sale of real estate infrastructure	-	-29 647	-29 647
Currency translation on property in foreign subsidiaries	77 375	22 791	34 783
Changes in fair value	-143 028	34 581	-369 200
Fair value at period end	4 665 425	4 802 213	4 628 451

Income and expenses from investment property	30.06.2023	30.06.2022	31.12.2022
Income from rent	100 726	65 234	147 528
Other revenue - shared cost tenants	5 333	1 169	6 147
Expenses related to leased property	6 372	5 507	13 510

Notes to the consolidated accounts for the second quarter 2023

Note 3 Investment property continues

All investment properties are valued using discounted cash flow. Key factors are ongoing revenue and expenses relating to the property, market lease, discount factor and inflation. Macro economic assumptions are used, but each property is also subject to individual appraisal. To determine each discount rate, the property location, attractiveness, quality and the general market conditions for real estate, credit market, solidity of tenants and contracts are considered. The sensitivity when evaluating fair value for investment property is connected to yield, interest rate level, inflation (CPI) and market lease for the properties.

Future leasing payments:

The payments are estimated based on actual location, type and condition of the current building. The estimates are supported by existing leases, as well as recently lease agreements for similar properties in the same area.

Discount rate:

The discount rate is based on existing market rates, adjusted for the estimated uncertainty in terms of size and future cash flows.

Estimated vacancies:

The estimate is firmly set on the basis of the actual market conditions and the expected market conditions at the end of existing leases.

Cost of Ownership:

The cost of ownership expenses are estimated based on the estimated maintenance costs regarding maintaining the building's capacity over its economic lifetime.

Fair value of investment property

Investment property is recognized at fair value based on estimation of value from a certified independent party, Akershus Eiendom AS. The valuation is carried out semi-annually, last performed as of June 30, 2023. Please refer to Note 2 - Accounting principles of the Consolidated Financial Statement in the 2022 annual report for further information.

Disputes

The company is in a dispute with the municipality of Kjøge regarding development of a plot acquired in 2020. The outcome of the dispute is uncertain, and no provision has been made as of June 30, 2023.

Notes to the consolidated accounts for the second quarter 2023

Note 4 Derivative financial instruments

(NOK '000)	Half-year ended		Year ended
	30.06.2023	30.06.2022	31.12.2022
Interest rate swaps	41 937	24 904	23 992
Total assets	41 937	24 903,54	23 992

Interest rate swaps	2 764	5 016	4 729
Total liabilities	2 764	5 016	4 729

	30.06.2023	30.06.2022	31.12.2022
Nominal amount interest rate swaps	-516 960	-424 060	-516 960
Total nominal amount	-516 960	-424 060	-516 960

Notes to the consolidated accounts for the second quarter 2023

Note 5 Paid in equity and shareholders

	Half-year ended		Year ended
	30.06.2023	30.06.2022	31.12.2022
Share capital	3 511 711	2 931 099	3 263 503

Change in paid in equity and share premium:

	Total shares			Share capital (IN NOK)			Share premium (IN NOK)		
	30.06.2023	30.06.2022	31.12.2022	30.06.2023	30.06.2022	31.12.2022	30.06.2023	30.06.2022	31.12.2022
A shares									
Issued stock and paid in capital									
At the beginning of the year	326 350 306	273 052 737	273 052 737	3 263 503	2 730 527	2 730 527	2 918 911 363	1 856 530 919	1 856 530 919
Capital increase	24 820 750	20 057 162	53 297 569	248 208	200 572	532 976	494 752 010	399 799 411	1 062 380 444
At the end of the period	351 171 056	293 109 899	326 350 306	3 511 711	2 931 099	3 263 503	3 413 663 372	2 256 330 330	2 918 911 363

The total number of shares are 351 171 156, each valued at NOK 0,01, and NOK 3 511 711 in total.

The company's shareholders at 30.06.2022

Shareholder	Type of account	Country	Number of shares	Share %
Bulk Infrastructure Holding AS	Ordinary shares	Norway	351 171 056	100,00 %
Total number of shares			351 171 056	

Dividend

No dividend was approved or paid in 2022 as of 30.06.2023.

Average number of shares

Basic and diluted earnings per share are calculated by dividing total comprehensive income attributable to shareholders in the parent Company by the weighted average number of ordinary shares outstanding during the year.

	Half-year ended		Year ended
	30.06.2023	30.06.2022	31.12.2022
Total comprehensive income, net of tax, attributable to shareholders in the parent Company	-125 613 056	66 170 473	-406 086 880
Weighted average number of outstanding shares	330 211 312	289 655 610	304 309 579
Basic and diluted earnings per share	-0,38	0,23	-1,33

Notes to the consolidated accounts for the second quarter 2023

Note 6 Intangible assets

(NOK '000)	Goodwill	Software licenses	Other intangible assets	Total
<i>Cost</i>				
Balance at January 1, 2023	19 018	1 895	14 335	35 248
Additions	-	289	3 410	3 699
Balance at June 30, 2023	19 018	2 184	17 746	38 947
Balance at January 1, 2022	16 948	1 895	1 053	19 896
Additions	2 070	-	13	2 083
Acquisition of OS-IX	-	-	1 267	1 267
Balance at June 30, 2022	19 018	1 895	2 333	23 246
<i>Accumulated amortization and impairment</i>				
Balance at January 1, 2023	16 948	1 709	839	19 496
Amortization charge for the period	-	71	1 199	1 270
Balance at June 30, 2023	16 948	1 781	2 037	20 766
Balance at January 1, 2022	16 948	1 380	123	18 451
Amortization charge for the period	-	165	38	203
Balance at June 30, 2022	16 948	1 545	162	18 654
Net book value				
At January 1, 2023	2 070	186	13 497	15 752
At June 30, 2023	2 070	403	15 708	18 181
At January 1, 2022	-	515	930	1 445
At June 30, 2022	2 070	350	2 172	4 592

Current estimates of useful economic live of intangible assets are as follows:

Goodwill: indefinite

Software licenses: 3-5 years

Software under development: n.a.

Notes to the consolidated accounts for the second quarter 2023

Note 7 Property, plant & Equipment

(NOK '000)	Datacenter buildings	Datacenter technical infrastructure	Datacenter land	Under construction	Other fixed assets	Fiber networks	Total
Accumulated cost							
Balance at January 1, 2023	702 595	886 902	190 547	452 838	29 892	462 612	2 725 385
Additions	-	112 883	-	370 323	1 761	11 342	496 309
Other adjustments - currency	15 387	1 706	-81	1 800	-	10 825	29 637
Reclassification to Assets held for sale*	-	-	-	-	-	-76 976	-76 976
Balance at June 30, 2023	717 981	1 001 492	190 466	824 960	31 653	407 804	3 174 356
Balance at January 1, 2022	213 212	430 859	122 556	67 224	25 727	578 227	1 437 804
Additions	2 121	44 539	796	57 640	4 736	51 232	161 065
Reclassification to Right-of-use assets	-	-	-	-	-	-40 690	-40 690
Acquisition of OS-IX	480 278	389 885	36 395	56 640	-	-	963 198
Exchange differences	5 006	303	249	289	-	2 359	8 207
Balance at June 30, 2022	700 617	865 586	159 996	181 794	30 463	591 128	2 529 584
Accumulated depreciation							
Balance at January 1, 2023	157 307	174 984	4 225	-	21 793	28 090	386 399
Depreciation charge for the period	10 341	25 472	697	-	1 623	9 849	47 981
Other adjustments - currency	414	523	13	-	-	99	1 049
Balance at June 30, 2023	168 062	200 979	4 935	-	23 416	38 038	435 430
Balance at January 1, 2022	17 939	56 191	3 015	-	15 761	16 210	109 114
Depreciation charge for the period	7 767	17 794	363	-	4 203	5 075	35 203
Other adjustments - currency	2 605	2 777	61	-	-	382	5 825
Acquisition of OS-IX	119 433	80 724	0	-	-	-	-
Balance at June 30, 2022	147 744	157 486	3 438	-	19 964	21 667	350 299
Net book value							
At January 1, 2023	545 288	711 918	186 321	452 838	8 098	434 522	2 338 985
At June 30, 2023	549 919	800 513	185 531	824 960	8 236	369 766	2 738 926
At January 1, 2022	195 273	374 668	119 542	67 224	9 966	562 017	1 328 690
At June 30, 2022	552 874	708 100	156 558	181 794	10 499	569 461	2 179 285
Expected useful economic life	50 years	5-35 years	-	-	4-10 years	20-30 years	

Property, plant and equipment is located in Norway, Denmark and the United Kingdom.

*In December 2022 a customer exercised an option to acquire fiber on the Havfrue cable system. The sale is expected to be completed during Q2 2024.

Notes to the consolidated accounts for the second quarter 2023

Note 8 Investments in subsidiaries, joint ventures and associated companies

Bulk Infrastructure Group AS - Group:

Subsidiaries:	Office location	Vote-/ Ownership 30.06
Bulk Industrial Real Estate AS	Oslo	100,0 %
Bulk Eiendom Farex AS	Oslo	100,0 %
Bulk Lindeberg II AS	Oslo	100,0 %
Bulk Lindeberg V AS	Oslo	100,0 %
Bulk Lindeberg VI AS	Oslo	100,0 %
Bulk Gardermoen IV AS	Oslo	100,0 %
Bulk Vinterbro II AS	Oslo	100,0 %
Bulk Eiendom Vestby II AS	Oslo	100,0 %
Bulk Vestby I AS	Oslo	100,0 %
Bulk Marina AS	Oslo	100,0 %
Bulk Berger IV AS	Oslo	100,0 %
Bulk Forus AS	Oslo	100,0 %
Bulk Eiendom Solgaard Skog AS	Oslo	100,0 %
Logibulk I AS	Oslo	100,0 %
Bulk Ormlia AS	Oslo	100,0 %
Hofstad Næring 5 AS	Oslo	100,0 %
Hofstad Næring 10 AS	Oslo	100,0 %
Bulk Industrial Real Estate ApS	Copenhagen, Denmark	100,0 %
Bulk Jernholmen ApS	Copenhagen, Denmark	100,0 %
Logistik Terminal Køge ApS	Copenhagen, Denmark	100,0 %
Bulk Lindeberg VII AS	Oslo	100,0 %
Bulk Lindeberg IX AS	Oslo	100,0 %
Bulk Lindeberg X AS	Oslo	100,0 %
Bulk Vestby Nord AS	Oslo	100,0 %
Bulk Langhus AS	Oslo	100,0 %
Bulk Danebuåsen AS	Oslo	100,0 %
Bulk Enebakk AS	Oslo	100,0 %
Bulk Vestby II AS	Oslo	100,0 %
Bulk Park Enebakk II AS	Oslo	51,0 %
C5 Invest AS	Oslo	51,0 %
AE Bulk Co-Invest AS	Oslo	100,0 %
Bulk Data Centers AS	Oslo	100,0 %
Bulk Data Centers N01 AS	Oslo	100,0 %
N01 Utilities AS	Oslo	100,0 %
N01 Real Estate AS	Oslo	100,0 %
Bulk Data Centers DK01 ApS	Esbjerg, Denmark	100,0 %
Bulk Infrastructure UK Ltd	London, UK	100,0 %
Bulk Data Centers OS-IX AS	Oslo	100,0 %
Bulk Fiber Networks AS	Oslo	100,0 %
Electric City-Link Norway AS	Oslo	100,0 %
Optibulk Skagerak AS	Oslo	100,0 %
Optibulk Havfrue AS	Oslo	100,0 %
Bulk Fiber Networks Denmark ApS	Copenhagen, Denmark	100,0 %
Bulk Fiber Networks UK Ltd	London, UK	100,0 %
Infragreen Communications AS	Oslo	100,0 %
Bulk Fiber Networks Ireland Limited	Dublin, Ireland	100,0 %
Bulk Powered Land AS	Oslo	100,0 %
Norway as a Service AS	Oslo	100,0 %
Bulk Innovation AS	Oslo	100,0 %
Associated companies		
Bulk Park Enebakk AS	Oslo	50,0 %
Berger Terminal Holding II AS	Oslo	25 %

Notes to the consolidated accounts for the second quarter 2023

Note 9 Financial assets and liabilities

(NOK '000)	Half-year ended				Year ended	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
	as at 30.06.2023	as at 30.06.2023	as at 30.06.2022	as at 30.06.2022	as at 31.12.2022	as at 31.12.2022
<i>Financial assets at fair value through profit or loss</i>						
Interest rate swaps	41 937	41 937	24 904	24 904	23 992	23 992
Total financial assets at fair value	41 937	41 937	24 904	24 904	23 992	23 992
<i>Financial assets at amortised cost</i>						
Receivable from related party - non-current	-460	-460	-	-	1 190	1 190
Other receivables - non-current	23 049	23 049	21 384	21 384	21 565	21 565
Investment in shares	1 249	1 249	1 249	1 249	1 249	1 249
Trade and other receivables	199 806	199 806	234 926	234 926	177 850	177 850
Receivable from related party - current	-352	-352	1 592	1 592	441	441
Total financial assets at amortised cost	223 293	223 293	259 151	259 151	202 296	202 296
Cash and cash equivalents	389 165	389 165	181 563	181 563	224 459	224 459
Total financial assets	654 396	654 396	465 617	465 617	450 746	450 746
Total current	588 620	588 620	418 081	418 081	402 750	402 750
Total non-current	65 776	65 776	47 536	47 536	47 997	47 997
<i>Financial liabilities at fair value through profit or loss</i>						
Interest rate swaps	2 764	2 764	5 016	5 016	4 729	4 729
Total financial liabilities at fair value	2 764	2 764	5 016	5 016	4 729	4 729
<i>Financial liabilities at amortised cost</i>						
Bond loan	1 466 646	1 466 646	970 923	970 923	1 463 902	1 463 902
Borrowings	2 069 076	2 069 076	2 001 630	2 001 630	1 694 089	1 694 089
Short-term portion of borrowings	582 769	582 769	35 080	35 080	739 764	739 764
Other long-term liabilities	16 733	16 733	34 935	34 935	20 248	20 248
Trade payables	31 758	31 758	110 056	110 056	77 532	77 532
Other payables	181 468	181 468	136 846	136 846	67 730	67 730
Total current financial liabilities at amortised cost	4 348 450	4 348 450	3 289 470	3 289 470	4 063 266	4 063 266
Total financial liabilities	4 351 214	4 351 214	3 294 486	3 294 486	4 067 995	4 067 995
Total current	796 261	796 261	282 437	282 437	885 481	885 481
Total non-current	3 554 953	3 554 953	3 012 049	3 012 049	3 182 513	3 182 513

For trade receivables, trade payables and other short-term receivables and payables, the carrying amount is a reasonable approximation for fair value due to the short term nature of these assets and liabilities. The borrowings has an interest rate that is considered similar to the terms the Group could achieve as of June 30, 2023 and carrying amount of the borrowings is considered not to be significantly different from the fair value. Fair value of derivatives are based on mark to market reports received from banks.

Notes to the consolidated accounts for the second quarter 2023

Fair value hierarchy

The Group uses financial hierarchy under IFRS 13 for determining and disclosing the fair value of financial instruments by valuation techniques. Below table presents fair value measurement to the Group's assets and liabilities at June 30, 2023.

June 30, 2023 Assets (NOK '000)	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
Interest rate swaps		41 937		41 937
June 30, 2023 Liabilities (NOK '000)	Level 1	Level 2	Level 3	Total
<i>Financial liabilities at fair value through profit or loss</i>				
Interest rate swaps		2 764		2 764
June 30, 2022 Assets (NOK '000)	Level 1	Level 2	Level 3	Total
<i>Financial assets at fair value through profit or loss</i>				
Interest rate swaps		24 904		24 904
June 30, 2022 Liabilities (NOK '000)	Level 1	Level 2	Level 3	Total
<i>Financial liabilities at fair value through profit or loss</i>				
Interest rate swaps		5 016		5 016

The fair value of financial instruments traded in an active market is based on unadjusted quoted market prices for identical assets or liabilities at the balance sheet date and are included in level 1. For Bulk this category is not relevant as of period close.

Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, are level 2 inputs. For Bulk this will typically apply for interest rate swaps, which are over-the-counter derivatives.

Level 3 inputs are unobservable inputs and are applied when relevant observable inputs are not available. The fair values presented in this category are mainly based on internal assumptions. There were no transfers between any of the levels during the reporting

Notes to the consolidated accounts for the second quarter 2023

Note 10 Leases - group as a lessee (IFRS 16 disclosure)

Right of use assets (NOK '000)	Seafiber	Office equipment	Land and buildings	Motor vehicles	Terrestrial fiber	Total
Balance at January 1, 2023	19 766	148	53 654	31	177 191	250 790
Depreciations	789	42	3 305	31	2 618	6 785
Additions	-	-	-	-	98	98
Adjustments	-	-	-6 446	-	-	-6 446
Balance at June 30, 2023	18 977	106	43 902	-	174 671	237 656
Balance at January 1, 2022	20 018	85	18 705	-	136 434	175 242
Depreciations	919	64	2 500	260	1 882	5 625
Additions	1 465	254	-	373	42 573	44 664
Adjustments	-	-85	-527	-11	-	-622
Balance at June 30, 2022	20 564	190	15 678	103	177 124	213 659
Rental period	1-38	2-3	3-10	1-3	20	

Lease liabilities

Maturity analysis - contractual undiscounted cash flows	30.06.2023	30.06.2022
Less than one year	10 526	4 124
Between one and five years	46 179	16 312
More than five years	26 380	23 028
Total undiscounted lease liabilities at 30 June	83 085	43 464
Lease liabilities included in the statement of financial position at 30 June	65 227	30 441

Amount recognised in profit or loss

	30.06.2023
Interest on lease liabilities	1 996

Amount recognised in cash flow statement

Total cash flow from leases	5 810
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Other information

The IRU's for the Terrestrial fiber are paid up-front for a period of 20 years with an option for another 20 years. The option period is not included in the disclosure of the Right-of-use asset. As the fiber is prepaid there are no liability related to the the Right-of-use assets.

The Group does not recognize right-of-use assets and lease liabilities for short-term leases or leases where the underlying assets have low value.

The lease payments for such leases are recognised as costs linearly over the lease periods.

Notes to the consolidated accounts for the second quarter 2023

Note 11 Bond loan

Bulk Infrastructure Group AS 19/24 FRN

Bulk Infrastructure Group AS issued a 5 year NOK 500 million senior unsecured FRN bond 15 October 2019. The Group further performed a tap issue of an additional NOK 500 million on the unsecured bond on 9 September 2020.

Specification

ISIN	NO0010865876
Maturity date	15.10.2024
Amount	NOK 1,000,000,000
Coupon	Nibor 3m + 4,5%
Coupon type	FRN
Coupon frequency	Quarterly
Trustee	Nordic Trustee AS

Financial covenants

Equity ratio > 35%.

Security

Unsecured.

Listing

The Bond is listed as of 15 September, 2020.

Bulk Infrastructure Group AS 22/26 FRN

Bulk Infrastructure Group AS issued a new senior unsecured green bond of NOK 500 million September 9, 2022. An application will be made for the bond to be listed on Oslo Børs. The net proceeds from the bond will be utilized in accordance with the green bond framework.

Specification

ISIN	NO0012701269
Maturity date	September 15, 2026
Amount	NOK 500,000,000
Coupon	Nibor 3m + 6,5%
Coupon type	FRN
Coupon frequency	Quarterly
Trustee	Nordic Trustee AS

Financial covenants

Equity ratio > 35%.

Security

Unsecured.

Listing

The bond is not listed as of June 30, 2023.

Notes to the consolidated accounts for the second quarter 2023

Note 12 Subsequent events after the reporting period

Events after the balance sheet date are events, favourable or unfavourable, that occurs between the balance sheet date and the date that the financial statements are authorised for issue. Such events can be events that provide information regarding conditions that existed at the balance sheet date resulting in adjustments of the financial statement, or events that do not require such adjustments.

There are no material subsequent events after the reporting period.

Disclaimer

The information included in this Report may contain certain forward-looking statements that address activities, events or development that Bulk expects, projects, believes or anticipates will or may occur in the future. These statements are based on various assumptions made by the Company, which are beyond its control and are subject to certain additional risks and uncertainties. The Company is subject to a large number of risk factors, including, but not limited to, economic and market conditions in the geographic areas and markets in which the Company is or will be operating, counterparty risk, interest rates, access to financing, fluctuations in currency exchange rates, and changes in governmental regulations. For a further description of other relevant risk factors, we refer to the annual report for 2022. As a result of these and other risk factors, actual events and actual results may differ materially from those indicated in or implied by such forward -looking statements. Inaccuracies or mistakes may occur in the information given above about current status of the Company or its business. Any reliance on the information above is at the risk of the reader, and Bulk disclaims any liability in this respect.

Responsibility statement by the Board of Directors - Bulk Infrastructure Group AS

The Board of Directors have today treated and approved the second quarter report for Bulk Infrastructure Group AS, the consolidated accounts of the Group, as of June 30, 2023. The consolidated second quarter report has been prepared in accordance with the EU-approved IFRS standards and interpretations, together with the additional disclosure requirements in the Norwegian Accounting Act to be applied as of June 30, 2023.

The second quarter report for the Group is in compliance with the Accounting Act.

To the best of our knowledge, we confirm that;

- the second quarter report 2023 for the Group are prepared in accordance with applicable accounting standards
- the provided information in the financial statements gives a true and fair view of the Group's assets, liabilities, financial position and results of operations as of June 30, 2023
- the Board of Directors report provides the Group and the parent company a fair view of
 - development, performance and position of the Group
 - the most important risks and uncertainties the Group faces

Oslo, August 24, 2023

The board of Bulk Infrastructure Group AS

Peder Nærbø
Founder and Executive Chair