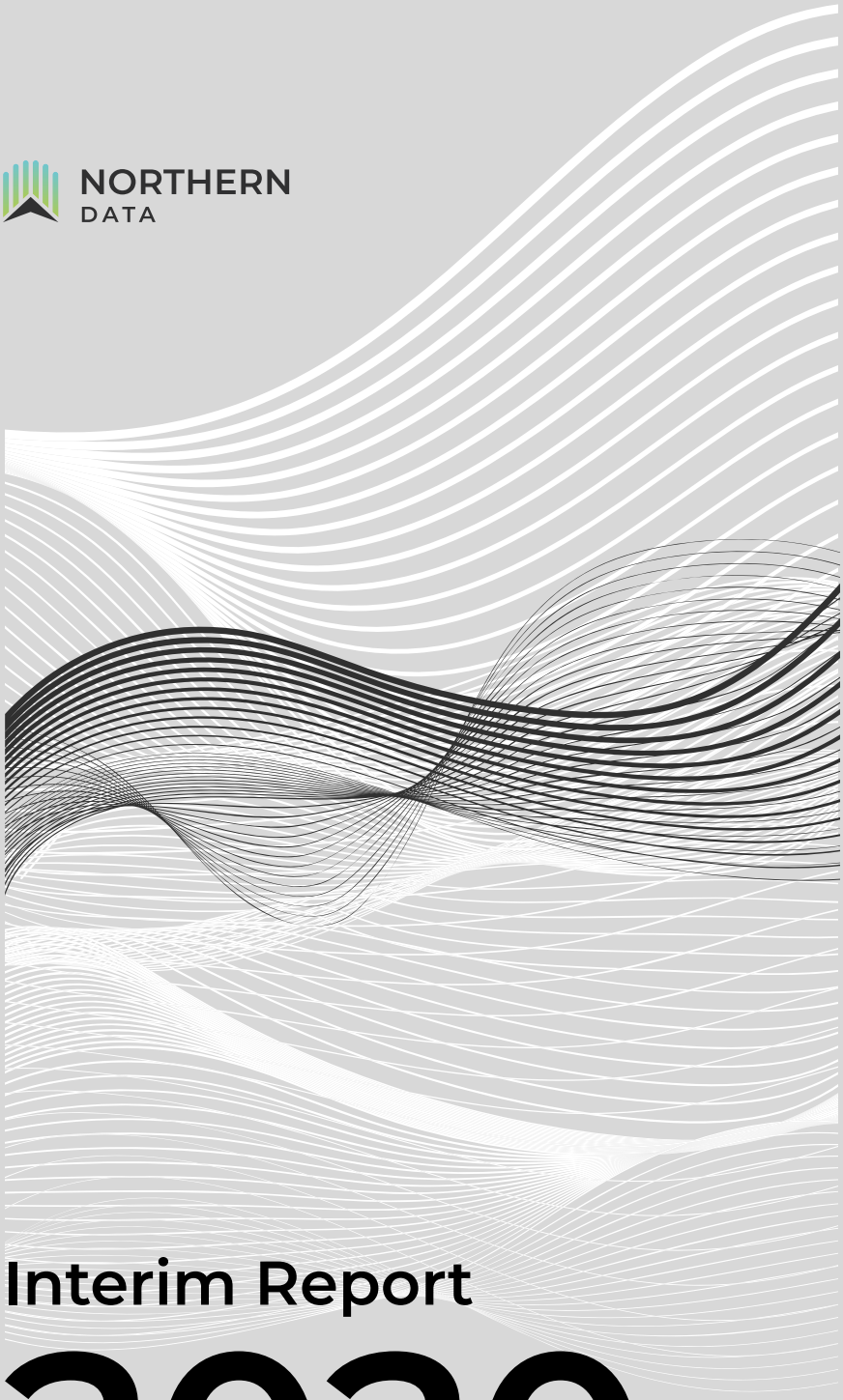
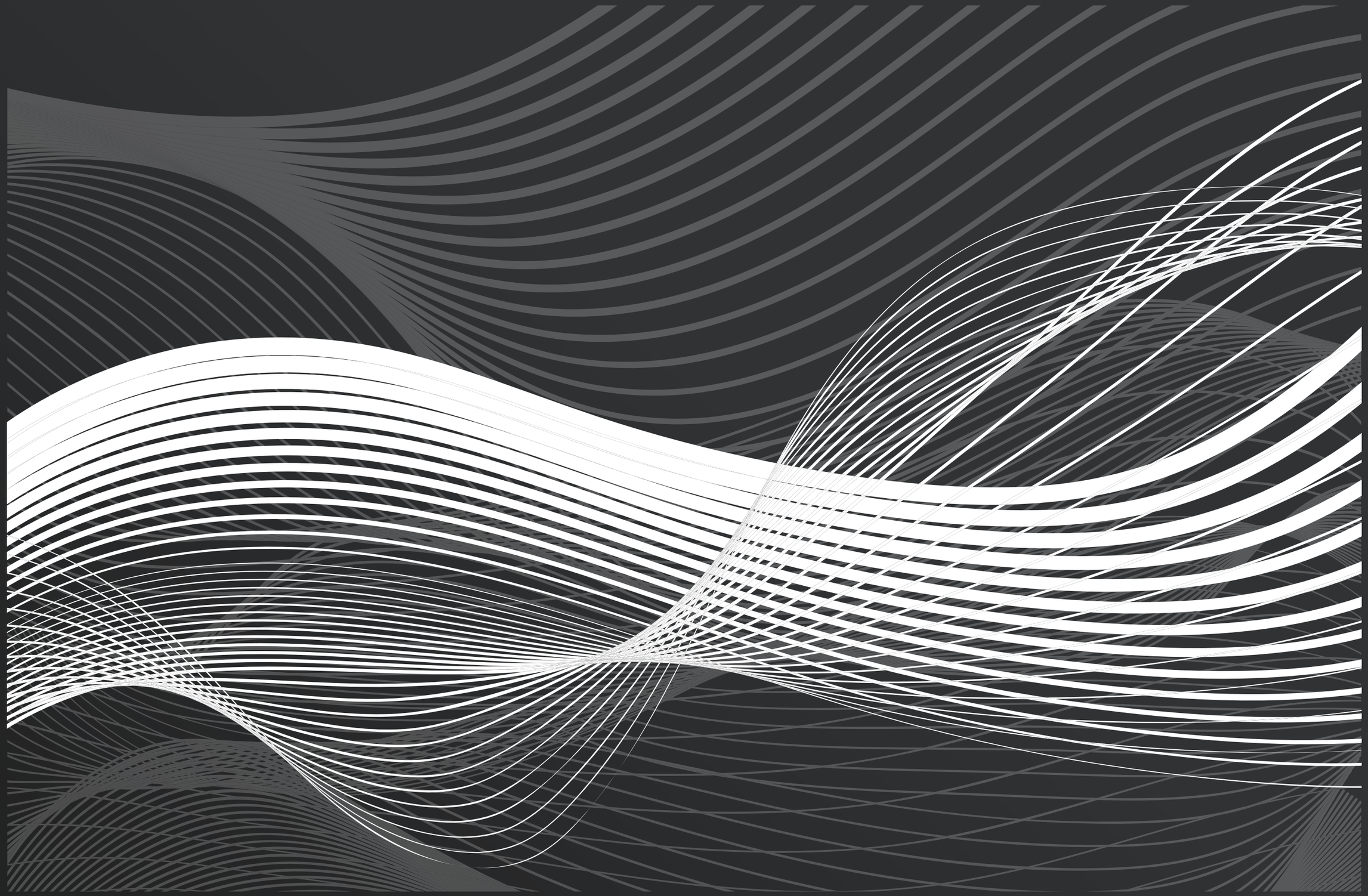
NORTHERN DATA



Interim Report 2020



Balance sheet total

EUR 240,888,340
AS OF 30. JUNE 2020

EUR 11,896,864
AS OF 31. DECEMBER 2019

Employees

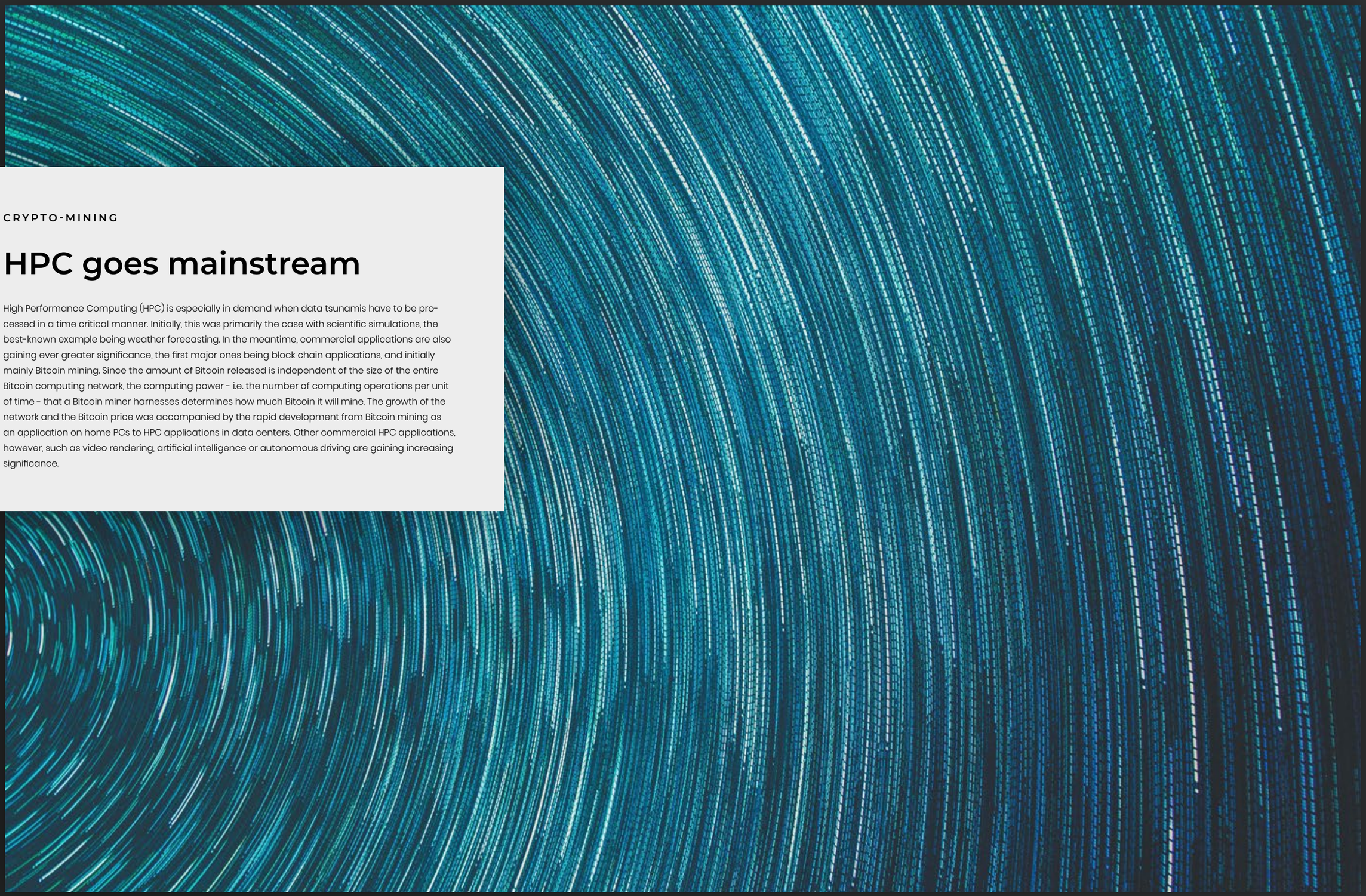
120
AS OF 30. JUNE 2020

8
AS OF 31. DECEMBER 2019

Equity

EUR 97,742,513
AS OF 30. JUNE 2020

EUR -8,121,235
AS OF 31. DECEMBER 2019



CRYPTO-MINING

HPC goes mainstream

High Performance Computing (HPC) is especially in demand when data tsunamis have to be processed in a time critical manner. Initially, this was primarily the case with scientific simulations, the best-known example being weather forecasting. In the meantime, commercial applications are also gaining ever greater significance, the first major ones being block chain applications, and initially mainly Bitcoin mining. Since the amount of Bitcoin released is independent of the size of the entire Bitcoin computing network, the computing power - i.e. the number of computing operations per unit of time - that a Bitcoin miner harnesses determines how much Bitcoin it will mine. The growth of the network and the Bitcoin price was accompanied by the rapid development from Bitcoin mining as an application on home PCs to HPC applications in data centers. Other commercial HPC applications, however, such as video rendering, artificial intelligence or autonomous driving are gaining increasing significance.

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NORTHERN DATA AG

HPC needs experts

Whether crypto currencies are being mined, animation films edited or an autonomously driving car is to detect an obstacle: All this is only possible thanks to the massive computing power of HPC. This special performance also calls for special input: HPC consumes many times over the energy required by conventional IT processes. Blue chip customers Northern Data has not only developed a proprietary heat management system for its HPC data centers, in which each individual computer and processor is continuously monitored by its own artificial intelligence. By expediently guiding the cold and warm air flows and controlling the computers with pinpoint accuracy, the active cooling of the data centers can be largely dispensed with. This enables Northern Data to achieve the highest energy efficiency levels, while well over 90 percent of the energy supplied is utilized for computing processes. No matter what HPC application is called for: Northern Data has the expertise to implement them on a large scale in a time and cost-efficient manner.

1. Letter to shareholders

Dear Shareholders,

i am very pleased to present this half-yearly report providing you with an overview of the developments of our company in the first half of 2020, as well as an outlook on the second half of the year.

The year 2020 is the first financial year of the new company, which is operating under the new name Northern Data AG following the merger of the predecessor company Northern Bitcoin AG with the American company Whinstone US, Inc. The takeover was formally completed in the middle of the reporting period, in March 2020, so that Whinstone US is now a wholly owned subsidiary of Northern Data AG. The strategic goal of the merger is to combine the technology and customer side expertise of both companies and to leverage this for the development of high-growth High Performance Computing (HPC) platforms. We have made the decision to discontinue the Bitcoin mining operations formerly operated by Northern Bitcoin.

In parallel with the formation of the new company, the greatest attention was paid to customer acquisition on the basis of the new strategic orientation, as well as to the rapid and cost-effective establishment and expansion of data center capacities required to meet customer demands. In the first half of the year, we were already able to convince numerous customers of our business and conclude contracts accordingly. In the coming months, the focus will continue to be on acquiring additional customers by way of attractive HPC applications as well as on expanding and providing booked capacity quickly and cost-effectively. Together with our customers, we had already committed substantial investments to our data center infrastructure and hardware by June 30, thereby laying the foundation for initial revenues, which mark the beginning of the commercialization phase of the approach we have developed geared to developing and providing HPC on a large scale in a cost-efficient manner.

In this respect, the turnover in the first half of the year is not a suitable indicator for the development of the company; far more, a look at the balance sheet total, which has risen massively to EUR241 million, gives an indication of the company's high potential, which must be developed in the coming months. The strong balance sheet reflects the investments made on the basis of the customer contracts in the first half of the year; it precedes commercialization and is the basis for the customer contracts concluded that will take effect in terms of sales and earnings in the second half of the year.

Our core competence is High Performance Computing (HPC), in which data is processed quickly and computing operations are performed with high intensity, resulting in a great deal more heat being generated than with conventional servers. One of our core competencies is to build and operate data center capacities that meet the extreme requirements of HPC in terms of power consumption and cooling needs in a highly efficient and therefore also in a highly cost-efficient manner. It is irrelevant for us which applications we are running in our data centers – whether Bitcoin mining, calculations for artificial intelligence, rendering and others – or which TIER standard will be is necessary for it: We always offer our customers the best and most cost-efficient complete solution for their specific applications.

Our service sets in at a very early, already with the selection of the hardware. As far as high-performance solutions in the GPU area are concerned, we select the best components for our customers for the respective applications and configure the hardware that the customers purchase from us. We then install the hardware – and this is our next key strength – in an extremely short span of time, standardized and turnkey – in our data centers specializing in HPC. This is where proprietary software-based artificial intelligence enters the picture, resulting in a high degree of automation in handling the hardware. The time between hardware delivery, configuration, documentation and commissioning is only a fraction, less than a tenth of the time that would have to be expended without this software.

Last but not least, we command an extremely efficient heat management system for ongoing operations, which is not only based on the special hardware configuration in the computer center but also on our proprietary artificial intelligence, which also allows us to control every chip and every processor with pinpoint precision and to respond quickly and effectively in critical situations. This enables us, unlike other pure data center providers, to implement end-to-end management of the data center, server hardware and the applications. As a result, only a minimum of the energy consumed in our data centers is required for cooling, enabling us to regularly achieve energy efficiency (PUE) values of 1.1 and below. This means that well over 90 percent of the energy flows directly into computing power, representing a leading position in international comparison.

This is due to the fact that we focus very cost efficiently on the respective HPC application for our customers and only offer those services and conditions that are absolutely necessary for its successful implementation.

In concrete terms, the first half of the year was dominated by the construction of our own large-scale computer center in the USA, for which the foundation stone had only been laid in November 2019. Following extensive testing, certification and the necessary official approvals, we were able to begin commissioning the hardware of our first large-scale customers at the end of the first half of the year. Their capacity has been ramped up since the end of the first half of the year. At the same time, the computer center is being successively expanded for additional customers. They are all active in block chain activities and Bitcoin mining respectively. Based on the experience of designing, building and stably operating data centers with extreme energy density, we were able to develop the advanced data centers for our GPU-based products, a special infrastructure for High Performance Computing. Further contracts entailing large volumes are in the process of being initiated or have already been specified by letter of intent and must now be concluded.

While the expansion and commissioning at the Texas location is progressing incrementally, we will start building our large distributed computing cluster at locations in Scandinavia and Canada this year. The principle of „distributed computing" enables many computers to work on the same task simultaneously. Unlike Bitcoin mining, which is based on so-called ASICS chips, distributed computing

clusters are based on graphics processors, so-called GPUs, and enable applications outside the block chain. In the first half of 2021, we will be implementing HPC applications for customers in areas such as artificial intelligence, deep learning and rendering.

While in ASICS chips for Bitcoin mining the high power consumption correlates with the computing power and the achievable revenues, in GPU applications the so-called Tera-Flops (floating operations per second) are the measure for the computing power and the achievable revenues. Thanks to the high energy efficiency, power consumption in GPU applications is taking a back seat.

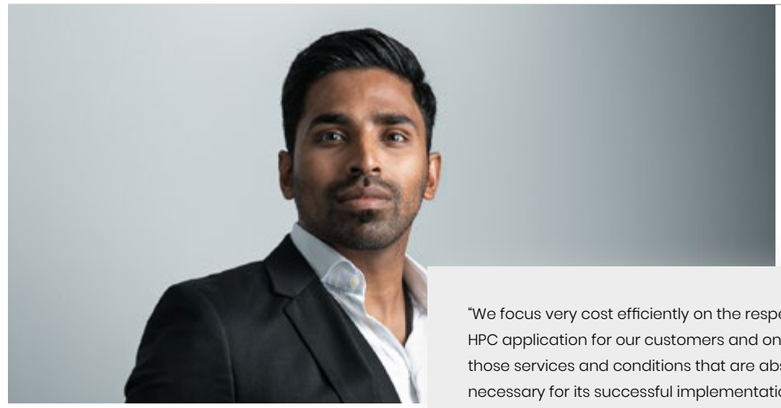
We are working intensively with Gigabyte and AMD on concepts for such a cluster. Both companies are outstanding players in the fields of hardware and semiconductor technology respectively. Gigabyte adapts the servers to our technical requirements according to our specifications, while at the same time relying on the superior processor technology from AMD. The construction of our computer network was kicked off this year and will reach FP64 computing power of about 404 petaflops in the first half of 2021. The fastest supercomputer in the world, the Japanese „Fukagu" from Fujitsu, has a computing power 415.3 petaflops FP64.

Dear shareholders, as you can see, while we laid the foundations in the first half of the year, we will will continue to achieve substantial further growth in the second half of the year. And this will also include the strategic acquisition of additional companies and the expansion of our Group structure. The take-over of the Canadian data center specialist Kelvin Emtech Group is currently in its final stages. The KE Group, headquartered in Montreal, Canada, is a specialist in the design, construction and operation of data centers. It is the second subsidiary of Northern Data AG after Whinstone US Inc. With this acquisition, we are taking a major step in our expansion in Canada, a region where we perceive high growth potential for our business due to favorable conditions.

Allow me to comment on the figures: with the complete conversion of our accounting from HGB to IFRS, for the first time for the first half-year, we have elevated the company to international standards, also in terms of reporting, and have also established the structures for international growth. We achieved this in parallel to our operative business – outstanding performance on the part of our team of which I am especially proud.

The conversion also resulted in numerous conversion effects in the figures. The treatment of the convertible bond issued in the previous year by the predecessor company Northern Bitcoin, whose valuation had a negative effect on earnings of EUR -32 million as of June 30, 2020 is particularly visible. The positive development of our share price had an impact on the valuation of our convertible bond liability as of June 30, 2020. Due to the fact that IFRS provides for a valuation at market value, which reflects the positive development of the share price, the value as of 30 June 2020 has increased significantly. We recognized this non-cash effect as an expense of EUR -32 million in the non-EBITDA financial result. The resulting charges against equity will be compensated at the time of the conversion process.

Please consider this technical effect when reading the half-year figures. With the experience gained from switching over to IFRS, we also expect changeover effects in the second half of the year. A key core element in this context are long-term customer contracts, the effects of which on sales and



"We focus very cost efficiently on the respective HPC application for our customers and only offer those services and conditions that are absolutely necessary for its successful implementation."

AROOSH THILLAINATHAN
CEO

earnings are much more complex to present in IFRS, but which also offer the advantage of far greater transparency in terms of sales and earnings. The scope and amount of the effects are not yet known today, but we will be reporting on possible changes in the figures as soon as possible. Against this backdrop, our focus in the second half of the year will be on rapidly ramping up installed capacity, concluding further customer contracts, developing additional international data center locations and securing the necessary supply chains. We are maintaining our forecast.

I would like to take this opportunity to thank you for your trust and for accompanying us on the exciting course we have taken and intend to continue to chart successfully. The challenges we are currently facing as a company growing rapidly in all areas, however, can only be mastered if we are able to rely on qualified and committed employees. On behalf of the entire Executive Board, I would therefore also like to thank our teams for their commitment.

Cordially,

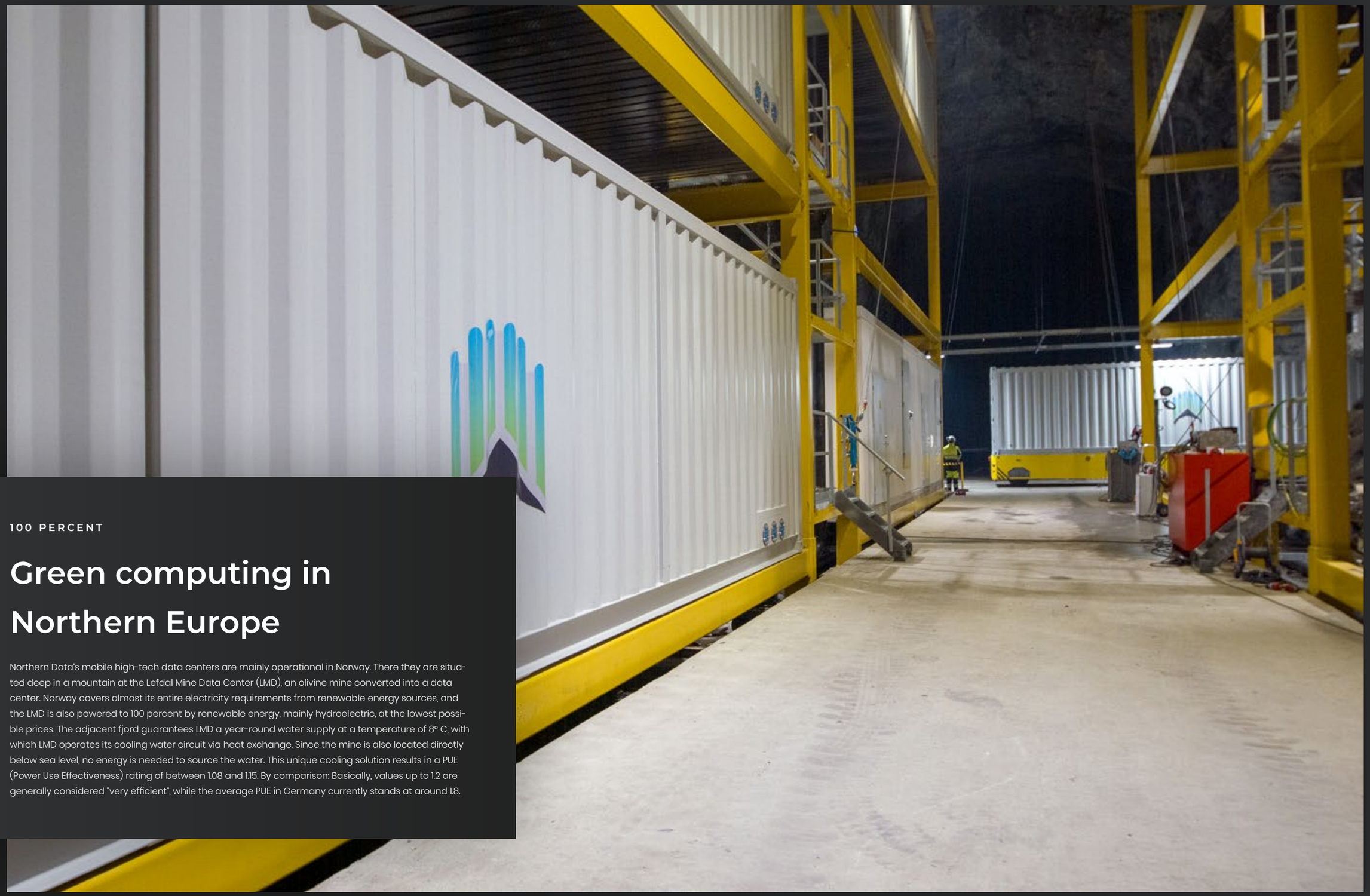
Aroosh Thillainathan

Frankfurt, September 2020

ENERGY EFFICIENCY CLASS A+++

Our data centers

Anyone buying a new washing machine or refrigerator today first looks at energy efficiency class as an important assessment factor. In the data center, the energy efficiency class is called Power Usage Effectiveness (PUE) and the highest priority is accorded to the economic efficiency of its operation. This is an indication of the high energy efficiency of the data centers, as this value is otherwise rarely below 1.3. Superior efficiency is also what Northern Data brings to its customers' hardware, installing it 15 to 20 times faster with its own artificial intelligence solution than without it, and reliably monitoring and operating the installations. This enables Northern Data to achieve maximum time and cost efficiency in the operation of both its fixed and mobile data centers.



100 PERCENT

Green computing in Northern Europe

Northern Data's mobile high-tech data centers are mainly operational in Norway. There they are situated deep in a mountain at the Lefdal Mine Data Center (LMD), an olivine mine converted into a data center. Norway covers almost its entire electricity requirements from renewable energy sources, and the LMD is also powered to 100 percent by renewable energy, mainly hydroelectric, at the lowest possible prices. The adjacent fjord guarantees LMD a year-round water supply at a temperature of 8° C, with which LMD operates its cooling water circuit via heat exchange. Since the mine is also located directly below sea level, no energy is needed to source the water. This unique cooling solution results in a PUE (Power Use Effectiveness) rating of between 1.08 and 1.15. By comparison: Basically, values up to 1.2 are generally considered "very efficient", while the average PUE in Germany currently stands at around 1.8.

2. Interim Management Report

2.1. Business development

The first half of 2020 was marked by the new orientation of Northern Data AG as a provider of HPC solutions based on its proprietary, specialized data center infrastructure, harnessing both large stationary data centers and mobile high-tech data centers. To this end, the merger between Northern Data and Whinstone US, Inc (Whinstone US in the following) was completed in the first half of the year. Whinstone US is now a wholly owned subsidiary of Northern Data AG. This present half-yearly report is therefore the first to publish figures based on this newly launched business of Northern Data AG.

The Northern Data Group (Northern Data, or the Group, in the following) develops solutions for customers intending to run specific applications in the field of High Performance Computing (HPC) on a large scale in Northern Data's computer centers. Such HPC applications are characterized by the fact that they are high-density computing operations that consume a great deal more energy than conventional IT applications and generate a lot of waste heat. Therefore, the infrastructure is crucial for efficient and smooth operation.

Northern Data provides individual, tailor-made solutions and comprehensive service for its customers. The service offerings range from consulting for the respective, specific application scenarios, through to the specification, purchase and installation of hardware in our own data centers and its configuration, and on to ongoing operation and maintenance. The operation of the hardware can take place at different locations worldwide, whereby the capacities are very readily scalable. The first HPC applications that are currently being supported are mainly blockchain and Bitcoin mining applications. In further steps, HPC solutions based on graphics processing units (GPU) will also be built for areas such as rendering or artificial intelligence (AI).

The Group has developed proprietary techniques as well as software and hardware tools that also contribute to which, on the one hand, help to make the power use effectiveness (PUE) of its data centers particularly efficient in terms of waste heat management. On the other hand, the Group is capable of achieving extremely short time to market periods with the hardware. Drawing on specific software-based proprietary artificial intelligence solutions, large numbers of hardware units can also be installed and commissioned in the shortest periods of time.

Thanks to its own data center infrastructure, combined with the specific know-how of Northern Data, customer HPC hardware, mostly internationally active large-scale corporations, can be rapidly installed, and seamlessly maintained and operated at comparatively low personnel expenses. In addition, customers generally have the option of scaling their capacities virtually at will.

In Rockdale, Texas, on an area of 40 hectares, equivalent to 57 soccer fields, Northern Data is now building – to the best of its knowledge – the world's largest data center specifically for HPC applications. The computer center was commissioned the half-year under review, kicking off the ramp-up of performance. In the second half of the year, capacities will be continuously ramped up and expanded.

Our first customers are publicly listed companies amongst others based in Japan that rely on Northern Data's HPC infrastructure primarily for their Bitcoin mining applications. Their hardware was put into operation at the end of the first half of the year and ramped up during the second half of 2020. The Group also announced its first US customer during the first half of the year.

The revenues generated from this customer business, however, will only be ramped up in the second half of the year and will reach a steady state in 2021. This also applies to a large extent to the first two customers, as their capacity was still being ramped up in the first half of the year following the start of hardware installation and the test phase of the computer center.

Not least in response to the Coronavirus / COVID 19 pandemic, Northern Data AG also registered a massive increase in demand for computing capacity in the first half of the year. As a result, the company is compelled to expand capacities at an accelerated rate and to advance the development of additional locations.

Parallel to the HPC business, the Group is growing through strategic takeovers. These additions also serve to strengthen the company's regional position. Northern Data is making a step-by-step transition to a corporate group structure. In this context, the acquisition of the Canadian data center specialist Kelvin Emtech Group (KE Group) represents an important step forward. After Whinstone US, the KE Group is already the second wholly owned subsidiary of Northern Data. Headquartered in Montreal (Quebec, Canada), KE Group is a specialist with over 25 years of expertise and know-how and extensive intellectual property in the design, construction and operation of data centers and enjoys long-standing relationships with key business partners. The acquisition, to be concluded on schedule in the second half-year, was made in order to significantly advance Northern Data's existing expansion strategy in Canada and throughout North America.

The number of employees was increased in line with the growth. As of June 30, 2020, the headcount totaled around 120 employees, the majority of whom are active in Rockdale, Texas. Due to the expansion, new employees are currently being recruited for the parent company headquarter in Frankfurt.

The merger with Whinstone US has resulted in personnel changes on the Management Board of Northern Data AG. As of January 1, 2020, Mr. Aroosh Thillainathan, founder and manager of Whinstone US to date, has been active as CEO of the parent company.

A COO (Chief Operating Officer) position was added to the Management Board. Mr. Stefan Sickenberger was appointed to the Management Board as COO on August 1, 2020.

With effect from September 7, 2020, Dr. Mathias Dähn was appointed member of the Management Board and Chief Financial Officer (CFO). Mr. Mathis Schultz resigned from the Executive Board at the same time.

2.2. General economic and sector specific conditions

According to the International Monetary Fund (IMF), the global economy in the first half of 2020 was more strongly marked by declines in growth due to the COVID 19 pandemic than had been expected in April. The reticence of companies to invest due to declining demand and uncertain earnings prospects lent momentum to the recessionary trends in the second quarter of 2020. The economic downturn reached its lowest point in April. Following the lifting of the lockdowns from March to May, economic activity showed the first green shoots of recovery towards the end of the reporting period. The IMF expects a medium-term recovery and anticipates a decline in global growth of -4.9 percent for 2020 as a whole. This is 1.9 percentage points less than was forecast in April 2020. In the past 2019 financial year, the global economy expanded by 2.9 percent.

According to the German Federal Statistical Office (Destatis), economic growth in Germany in the first half of 2020 collapsed by 11.7 percent year-on-year in the wake of the COVID 19 pandemic. While trade, investment and consumption plunged massively, government spending increased. According to the Kiel Institute for the World Economy (IfW), the economy in Germany is only gradually picking up again after bottoming out in April, as the reluctance to invest remains in place. In view the loosening of infection control measures at home and abroad we are expecting increase in activity in the second half of 2020. With a look to 2020 as a whole, the IfW nevertheless expects GDP to contract by 6.7 percentage points to -6.8 per cent, which is 6.7 percentage points more than the spring forecast.

The Northern Data Group business area, High Performance Computing (HPC), is a decisive factor in accelerating innovation, product design and complex business processes. The evolution of HPC solutions from costly endeavors of individual companies to a technology that is virtually infinitely scalable, driving the application of High Performance Computing forward.

According to the market research company Intersect360 Research, the global HPC market put in 8.2 percent year-on-year growth to USD 39 billion in 2019. Although the ten-year growth phase is expected to slacken in 2020 with a COVID-related decline of 3.7 percent, the outlook for the coming years remains positive. In March of the current year, Intersect360 Research was still anticipating a decline of up to 12 percent. Consequently, the decline is fortunately only due to postponements of investments and not to cancellations. The HPC market is expected to trend upwards again in 2021 and grow by an average of 7.1 percent per year to USD 55 billion by the end of 2024.

Growth of the HPC market is driven by the burgeoning volume of data and the ever-rising need for fast and efficient data processing on the part of customers, in addition to improved scalability of the HPC solutions offered. At the same time, data volumes are trending upwards along with the increasing commercial use of computationally intensive applications, such as block chain calculations, or communication between connected smart devices in the Internet of Things (IoT). High Performance Computing serves the requirements of real-time calculations with its extensive storage, processing and communication capacities. These capabilities include artificial intelligence (AI) with machine learning, big-data analyses and the resulting deep learning, i.e. the imitation of the way the human brain works, harnessing neural networks and large amounts of data to make one's own individual forecasts or decisions. Moreover, the demand for HPC computing power is also on the rise due to other digital applications such as video streaming or online gaming.

For example, companies rely on innovative HPC solutions to manage operational risks and monitor regulatory compliance requirements, as well as detecting attacks on their systems and preventing fraud. HPC applications are also at work in research areas such as biology, chemistry and medicine. In particular, the COVID 19 pandemic is creating tremendous demand in medicine for HPC computing power in the simulation of huge volumes of COVID 19 data and the biological and chemical processes involved in the development of vaccines and effective treatments. HPC requirements in the data-intensive calculations of structural analyses and hydrodynamics as well as computer-based construction and design are driving the demand for HPC solutions in the aerospace industry.

The rewriting of the Bitcoin blockchain, i.e. Bitcoin mining as Northern Data customers engage in, is currently ranking as one of the largest commercial applications of High Performance Computing. The Bitcoin algorithm adapts the difficulty and the resulting computational power required to calculate a Bitcoin block to the computing capacities available in the network.

The increasing correlation with the gold price and the advancing use of wallets for storage and management reflect the growing importance of Bitcoin as the first and most important digital asset. While the total number of bitcoins in circulation increased by 3.4 percent to 17.8 million by the end of June 2020 compared to the same date last year, the number of wallet users was up by 26.4 percent to 50.7 million in the reporting period compared to the same period last year, according to the crypto company „Blockchain".

Compared to the year-end price in 2019, Bitcoin recorded gains of 27 percent to 8,141.80 euros in the first half of 2020. After the end of the reporting period, the value of Bitcoin continued to trend upwards to rise to over EUR 10,000.00 at the beginning of August.

2.3. Development of the net assets/financial and earnings position

Following the merger, Northern Data is preparing its consolidated interim financial statements for the period ended June 30, 2020 for the first time in accordance with IFRS, as applicable in the EU. The date of first-time consolidation of Whinstone US was set at March 9, 2020. As a result of the first-time consolidation of Whinstone US and effects from the changeover of the business model, the comparability of the net assets, financial and earnings position of operations of the reporting period with the corresponding prior-year periods is limited.

2.3.1. ASSETS POSITION

Due to the first-time consolidation of Whinstone US, almost all asset and liability items as well as total assets increased significantly compared with the previous year's reporting date and are therefore only comparable with the previous year to a limited extent.

On the assets side, a total of TEUR 211,153 (previous year: TEUR 8,400) non-current assets are stated. These mainly include the goodwill resulting from the initial consolidation of Whinstone US (TEUR 39,718) and the customer base (TEUR 104,563). In addition, rights of use from leasing agreements (TEUR 13,177 thousand; previous year TEUR 3,371) and tangible assets (TEUR 43,968; previous year: TEUR 5,017) are reported. The investments in property, plant and equipment committed in the period under review relate primarily to the data center in Texas.

The current assets amount to TEUR 29,735 (previous year: TEUR 3,497) and mainly include cash and cash equivalents (TEUR 24,481; previous year: TEUR 3,248).

On the liabilities side, consolidated equity in the amount of TEUR 97,743 (previous year: TEUR -8,121) is indicated as well as current and non-current liabilities totaling TEUR 143,146 (previous year: TEUR 20,018) are reported.

Following the capital increase measures carried out in the reporting period, positive equity is reported in the balance sheet as of the balance sheet date of the interim financial statements. For details, please refer to our comments on the financial position.

Liabilities of EUR 91.747 million (previous year: EUR 16.597 million) exist on: current and non-current financial liabilities. These primarily include liabilities of TEUR 35,962 to a new customer in connection with the financing of the computer center in Texas, a loan liability to an associated company (TEUR 2,895; previous year: TEUR 4,050) as well as convertible bonds (TEUR 52,003; previous year: TEUR 10,437). Liabilities also include leasing liabilities (totaling TEUR 12,465, previous year: TEUR 3,406) and trade payables (TEUR 2,828; previous year: TEUR 980) are reported.

Deferred tax liabilities from the disclosure of hidden reserves as part of the first-time consolidation of Whinstone US amounted to TEUR 19,676 as of the balance sheet date.

2.3.2. FINANCIAL POSITION

The following capital procurement and financing measures were carried out in the reporting period.

As part of the merger with Whinstone US, a capital increase in kind was carried out at Northern Data. In the previous year, a resolution was passed by the Management Board to increase the Company's share capital by EUR 3,720,750.00 by issuing 3,720,750 no-par value bearer shares, each with a notional value of EUR 1.00 of the share capital, using the approved capital (approved capital 2019/I). The shareholders' legal subscription rights are hereby excluded. The shareholders of Whinstone US were admitted to subscribe in return for the contribution of their respective shares in Whinstone US. The capital increase was conducted in the first quarter of 2020 to full amount of EUR 3,720,750.00 against contributions in kind

The contributions in kind were implemented by transfering the entire Whinstone business shares to the Company and entering the transaction in the commercial register on March 9, 2020.

After the capital increase through contributions in kind, the company's share capital amounted to EUR 11,162,250.00. The difference between the fair value (stock market price) at the time of the transaction and the nominal value of the shares issued (a total of EUR 116,087,400.00) was transferred to the capital reserves.

In April 2020, a capital increase against cash contribution of EUR 685,000.00 to EUR 11,847,250.00 was implemented in April 2020, making partial use of the authorized capital resolved by the Annual General Meeting on December 30, 2019 and entered in the Commercial Register on March 16, 2020. The gross proceeds from the company's capital increase amounted to approximately EUR 30.1 million. The amount in excess of the nominal value of the shares issued was transferred to the capital reserve. In July 2020, a further increase in share capital against cash contribution of EUR 431,225.00 to EUR 12,278,475.00 was carried out.

In addition, the Company issued a convertible bond with a total nominal value of EUR 20,000,000.00 in March 2020 on the basis of the authorization by the Annual General Meeting on August 30, 2019 and the resolutions of the Management Board on November 15, 2019 and the Supervisory Board on November 15, 2019. Conversion rights were granted for a total of up to 2,500,000 new shares at a conversion price of EUR 8.00 per share. The convertible bond was fully subscribed by June 30, 2020.

Cash and cash equivalents amounted to TEUR 24,481 as of the balance sheet date. TEUR 3,248).

The negative cash flow from operating activities (TEUR -10,585; previous year: TEUR -1,135) results in particular from the payment of a deposit by Whinstone US Inc. to an electricity supplier (TEUR -6,698) and is basically influenced by the change in the business model.

The cash flow from investing activities (EUR -18.284 million; previous year: The investments in property, plant and equipment committed in the period under review relate primarily to the computer center in Texas.

The positive cash flow from financing activities (EUR 46.016 million; previous year: TEUR -1,514) is mainly due to the cash capital increase (TEUR 30,140) and payments received from the subscription of the convertible bond (TEUR 9,550).

2.3.1. EARNINGS POSITION

Revenues of TEUR 1,474 in the reporting period derive from HPC services provided by Whinstone US in the course of contractual relationships with the newly acquired customers. The revenues of the parent company of TEUR 1,490 reported in the same period of the previous year were generated from the sale of crypto currencies as well as the development of software for the safekeeping of crypto currencies even before the business model was changed.

In the previous year (TEUR 207), the change in inventories was related to the stocks of crypto currencies reported by the parent company. The cost of materials in the comparative period (TEUR 2,488) included mining-specific costs and costs of associated trading transactions. Following the change in the business model, these costs relating to Northern Data AG are reported under other operating expenses.

The increase in personnel expenses by EUR 1.025 million to EUR 1.489 million (previous year: TEUR 463) is mainly due to the addition of Whinstone US. Other operating expenses in the reporting period (TEUR 4,655) include expenses of Whinstone US in the amount of TEUR 539. Otherwise, the increase in other operating expenses compared with the previous year is due in particular to the above-mentioned change in the reporting of mining-specific costs as well as due to an increase in consultancy costs.

The increase in write-downs and impairments (TEUR 4,506) results on the one hand from the ongoing write-downs of Whinstone US including the write-down of the disclosed hidden reserves of TEUR 1,280, and on the other hand an additional impairment loss of TEUR 431 was recognized in the reporting period at the parent company as a result of the change in the business model.

The financial expenses of TEUR 33,047 include in particular the expenses from the valuation of the convertible bonds as of the balance sheet date and interest expenses in connection with the leases recognized in the balance sheet.

The positive tax effect on earnings is attributable to the rollover of deferred taxes, including primarily the pro rata release of deferred tax liabilities in connection with the rollover of the disclosed hidden reserves of Whinstone US, as well as due to the recording of deferred taxes on tax loss carryforwards (TEUR 365).

Overall, a consolidated result of TEUR -41,409 is reported for the period under review.

2.4. Research and development

To a large extent, Northern Data's excellent market position is based on its own research and development, which has produced both its own artificial intelligence (AI) for commissioning, controlling and maintaining hardware and its in-house developed thermal management. Both are the basis for the efficient operation of Northern Data's data centers.

The in-house developed proprietary AI enables Northern Data to bring hardware online up to 15 to 20 times faster than the competition, also in large and very large unit volume, from the time of delivery. Deploying the AI solution, the company accesses each of the HPC computers and can thus control and monitor the hardware in parallel during operation. The company's own AI concept is based on proprietary software as well as an own portable hardware tool.

The special arrangement of the hardware in the data center represents a further asset in the R&D area, and is part of the company's proprietary waste heat management. The specifically controlled conduction of the warm exhaust air, in connection with the precise control of the hardware, is decisive for the optimal air conditioning of the data center. Very good values for Power Use Effectiveness (PUE) are achieved in both mobile and stationary data centers, with values of 1.1 and below. PUE is the quotient of the energy that flows into the complete data center and the energy that flows from it into the actual computing power. The closer the PUE value is to 1, the more efficient the data center's energy consumption will be. Northern Data achieves peak values in a global comparison. Worldwide, PUE for data center worldwide averages around 1.6 to 1.8.

The company is constantly striving to further optimize its technology at all levels. Together with partners, it develops its proprietary own software programs and hardware tools in order to offer its own customers efficient solutions and services for their problems. It was only this July that such a development cooperation with Gigabyte Technologies was reported, whereby Northern Data tests specific processors (GPUs, CPUs etc.) and selects them for customers based on a specific architecture of software and hardware. Gigabyte combines this with a dedicated server architecture.

2.5. Opportunities and risks of future development

The opportunities and risks for the first half of the year are basically the same as those described in the 2019 Annual Report.

Opportunities

The company's opportunities lie primarily in the know-how lead that the company has built up, but also in the large-scale resources for its business that it has secured, particularly in Texas, and in the expanding market in which the company operates.

The know-how lead is based on years of experience in Bitcoin mining as the first commercial application of High Performance Computing. The company has developed its own management solution for the high waste heat volumes that occur mainly in HPC data centers. The company is capable of keeping the hardware at operating temperature without requiring any relevant additional energy input for cooling. This is of crucial importance for their optimal operation. As a result, Northern Data is one of the few companies capable of operating a data center under warm climatic conditions, such as Texas, while achieving very high energy efficiency even in the HPC sector.

The know-how advantage is also supported by an in-house developed artificial intelligence (AI) solution, which enables the company to configure and implement its customers' HPC hardware in a fraction of the time that would be necessary without AI. When operating several tens or hundreds of thousands of computers simultaneously, this advantage delivers considerable speed and cost benefits for customers. With the help of our own AI, which is based on proprietary software, the hardware is also automatically controlled and monitored very precisely. This leads to a minimization of hardware failures while at the same time keeping personnel requirements low. AI also plays a role in the optimization of heat management. This enables the company to bring not only Bitcoin mining but any HPC application online quickly and to operate applications in a time and cost efficient manner.

Moreover, against the background of a growing global demand for computing capacity, the company also secured at an early stage its own capacities through the construction and operation of its own large-scale computer center specifically for HPC in Texas. In its first expansion stage, the center will have a capacity of one gigawatt, while expansion up to 3.6 gigawatts is possible. This represents a multiple of the capacity of conventional data centers. In Texas, Northern Data now has access to large volumes of energy at the lowest world market prices. In addition, a rising share of this power is from climate-neutral sources, and an area of 40 hectares offers sufficient space to accommodate any conceivable customer requirements. This gives the company the opportunity to acquire primarily large-scale customers, while at the same time offering them the best possible scaling options. Northern Data has secured long-term contracts for energy prices.

The company is also operating has mobile high-tech data centers. Augmenting the Texas location, these centers are extremely flexible and can be deployed anywhere in the world, especially where renewable energies are economically available.

In order to drive our expansion in Canada and throughout North America forward, Northern Data has acquired the Canadian data center specialist Kelvin Emtech Group. The KE Group is a specialist with over 25 years of expertise, extensive know-how and comprehensive intellectual property in the design, construction and operation of innovative data centers and has long-standing relationships with key business partners.

All these unique achievements enable the company to offer a wide range of HPC solutions that are highly scalable and time and cost efficient, thereby making the company extremely competitive. At the same time, the company assumes that the development and growth of the HPC market will be even further accelerated due to the pandemic caused by COVID-19 and the associated side effects. Moreover, the company's financial situation is very sound, as it also receives upfront payments from its customers for the performance delivered.

Consequently, the management of Northern Data is of the opinion that all factors are given that will enable the company to grow rapidly and further expand its market leading position. What is more, the company is also benefiting from its multiple contacts to the finance markets and investors.

2.5.1. RISKS

The core business of the company is operating a worldwide HPC infrastructure. The potential risks in the HPC and data center sector may therefore also impact on Northern Data. In terms of the Northern Data business model company management perceives the following risks:

The secure power supply around the clock at favorable costs is essential for the business of Northern Data. The development of prices on the global energy markets and their possible volatility is therefore of relevance to the company. On the other hand, every circumstance that could lead to an interruption in the power supply of the data centers has a direct impact on the computing performance. This could be the case if the energy suppliers experience technical failures that have a negative impact on power generation and transmission. In this context, administrative decisions, such as stricter environmental requirements in connection with energy supply, could also incur a negative impact. Direct damage to data centers, for example due to severe weather conditions, may also cause failures.

A further risk also exists in the cooperation with customers on whom the company depends for the execution and maintenance of its business. Northern Data operates their hardware in its data centers. In every customer transaction, there is a risk that customers may not be able to meet their payment obligations. The risk increases with the turnover that is achieved with the respective customer. Northern Data believes this risk is manageable due to the good financial performance of its customers.

Moreover, the company might fail to anticipate market developments, technology trends or new scientific findings in a timely manner. This could result in a negative development of the competitive position. New technology developments of competitors could result in the weakening or the loss of the company's technology lead.

Northern Data is dependent on customers using the very expensive hardware they own. As soon as the customers' applications are not worthwhile from their point of view, there is a risk of loss of sales, unless minimum purchase obligations exist. Consequently, Northern Data AG's success with regard to customers in this sector depends to a lesser extent on the price development of crypto currencies such as Bitcoin.

In the event that the company would fail to generate sufficient own earnings, it would be dependent on obtaining additional equity financing and/or external financing to cover its financial requirements. If it would not succeed in covering such further financial requirements at economically viable conditions, this could incur considerably negative consequences for the company's assets, finance

and earnings position. Within the context of issuing convertible bonds, new loan agreements and capital increases the company, with its shares in over the counter trading on the Munich Stock Market Exchange are also subject to the evaluation of the capital markets. Consequently, the business model, via the share price development, may be restricted in obtaining financing. Consequently, the business model, via the share price development, may be restricted in obtaining financing. At present, it is not definitely ascertainable, as to whether conformity has been maintained in terms of the relevant EU regulations. The company, however, is of the opinion that the situation is not critical and that it is highly likely and provable that the predessor company has fulfilled its duties in line with provisions and regulations. Consequently, in terms of the balance sheet no provisions have been formed in this context.

The business activities of Northern Data are based on know-how that has been developed by a few key experts in the company. The loss of staff holding these key positions may incur negative effects In the event that such employees leave the company, the organization has therefore lost such professionals, or is not able to hire suitable experts and managers on fixed terms, this may endanger the company's business activities. Due to its overseas activities the company is also exposed to potential political risks and legal uncertainties in these countries.

The impact of the Corona crisis is global and constitutes a potential risk, in particular because the unique nature of the crisis makes it difficult to predict the possible impact of the crisis on Northern Data's business. To a greater or lesser extent, this affects customers, business partners, suppliers as well as the company's own management and employees. It goes without saying that this risk is minimized in personal dealings through the appropriate safety precautions as well as avoidance and evasion measures. In particular, any restrictions and delays in the international movement of goods and people due to the crisis may pose a risk to Northern Data's highly international business. Nevertheless, at the beginning of the second half of 2020, we believe that Northern Data is ideally positioned to deliver a strong performance for the year as a whole, even if the general conditions are difficult to predict due to the Corona crisis. This has already led to deviations in the schedule for the installation and commissioning of the first hardware in our data center in Texas. Nevertheless, the quality of our services and our ability to implement them quickly puts us in a position to successfully manage any scenario in this regard.

Due to the fact that subsequent to the merger with Whinstone US, the Group's revenues and operating expenses are partly recorded in US dollars, this gives rise to currency risks due to exchange rate fluctuations.

2.6. Forecast report

With its specialization in High Performance Computing, the company is a first mover in offering large scale HPC solutions. The HPC infrastructure provided for this purpose is supported by the world's largest HPC data center, currently under construction in Texas, and by high-tech mobile data centers that can be easily installed anywhere in the world and offer conveniently scalable performance. The basis for the operation of its HPC infrastructure is the company's expertise in both the installation and handling of HPC hardware in large unit volumes and the energy-efficient management of waste heat in its data centers.

In addition, the company is pursuing a strategy of diversification through acquisitions that will also accelerate growth. In April, the forthcoming acquisition of the Canadian Kelvin Emtech Group (KE Group), headquartered in Montreal (Quebec, Canada) with offices in Toronto, was therefore announced. The KE Group is a specialist drawing on over 25 years of expertise and extensive intellectual property in the design, construction and operation of data centers. The acquisition is intended to accelerate Northern Data's expansion, particularly in Canada and throughout North America.

The company is further developing the Texas location while acquiring new customers at the same time. In this way, their special requirements can already be factored in during the build out phase. Moreover, mature financing models enable customers to participate in the construction and expansion costs of the computing center. This enables Northern Data to further minimize its own financial risk. In the current business year, the combined business activities of Northern Data and Whinstone US will become relevant for the first time, as Whinstone US has been consolidated in the meantime thanks to the successful merger. Based on the current expectations as well as the contracts already concluded, company management anticipates that the business areas of Infrastructure as a Service (IaaS), Platform as a Service (PaaS) and the sale of HPC units for major customers will generate a powerful increase in sales. Consequently, management is expecting significant improvements in earnings. Based on the contracts already concluded with major customers and on current expectations, the Management Board expects consolidated revenue of EUR 120 million to EUR 140 million in the course of the 2020 financial year. Accordingly, the Management Board is forecasting EBITDA of between EUR 45 million and EUR 60 million.

3. Interim report

3.1. Abbreviated consolidated income statement

	6/30/2020	6/30/2019
Sales	**1,474,129**	**1,490,474**
Inventory changes	-1	207,180
Other operating income	316,678	4,372
Total operating revenue	1,790,806	1,702,026
Cost of materials	-146,098	-2,488,328
Personnel expenses	-1,489,276	-463,881
Other operating expenses	-4,654,821	-538,960
Operating earnings before depreciation and amortization – EBITDA	**-4,499,389**	**-1,789,143**
Amortization and impairment losses	-4,506,009	-1,874,253
Operating earnings – EBIT	**-9,005,398**	**-3,663,396**
Financial income	13	0
Financial expenses	-33,046,971	-186,166
Financial result	**-33,046,958**	**-186,166**
Earnings before income taxes	**-42,052,356**	**-3,849,562**
Income taxes	643,767	-934
Earnings after tax	-41,408,589	-3,850,496
of which attributable to Northern Data shareholders	-41,408,589	-3,850,496
Earnings per share	**-3.50**	**-0.52**

The above abbreviated consolidated statement of comprehensive income must be read in conjunction with the Notes below.

INTERIM REPORT
ABBREVIATED CONSOLIDATED BALANCE SHEET

3.2. Abbreviated consolidated balance sheet

ASSETS	6/30/2020	12/31/2019
Non-current assets	**211,153,103**	**8,399,891**
Goodwill	39,717,522	0
Other intangible assets	104,567,739	7,850
Property, plant and equipment	43,967,905	5,017,085
Usage rights from lease agreements	13,176,758	3,371,456
Shares in other companies	3,500	3,500
Other assets	9,359,999	0
Deferred tax assets	359,680	0
Current assets	**29,735,237**	**3,496,973**
Inventories	57,570	57,571
Trade receivables	1,453,136	50
Contract assets	2,475,638	0
Other assets	1,268,335	191,658
Cash and cash equivalents	24,480,558	3,247,694
Total assets	**240,888,340**	**11,896,864**

LIABILITIES		
Equity	**97,742,513**	**-8,121,235**
Subscribed share capital	11,847,250	7,441,500
Capital reserve	144,773,885	582,256
Translation differences	-1,325,041	0
Net accumulated loss	-57,553,581	-16,144,991
Non-current liabilities	**115,253,956**	**15,568,764**
Financial liabilities	79,417,891	15,102,872
Lease liabilities	8,924,787	437,356
Contract liabilities	3,348,812	0
Other provisions	1,160,853	24,518
Deferred tax liabilities	22,401,613	4,018
Current liabilities	**27,891,871**	**4,449,335**
Financial liabilities	12,329,564	0
Lease liabilities	3,540,503	2,968,258
Trade payables	2,828,116	979,941
Contract liabilities	7,086,087	0
Other provisions	52,000	25,000
Other liabilities	2,055,601	476,136
Total liabilities	**240,888,340**	**11,896,864**

The above abbreviated consolidated balance sheet must be read in conjunction with the Notes below.

3.3. Consolidated statement of changes in equity

	Subscribed capital	Capital reserve	Translation difference	Net accumulated loss	Total
Status as at 1/1/2019	7,441,500	582,256	0	-7,164,409	859,347
Interim result	0	0	0	-3,850,496	-3,850,496
Status as at 6/30/2019	7,441,500	582,256	0	-11,014,905	-2,991,149

	Subscribed capital	Capital reserve	Translation difference	Net accumulated loss	Total
Status as at 1/1/2020	7,441,500	582,256	0	-16,144,990	-8,121,236
Capital increases	4,405,750	145,542,400	0	0	149,948,150
Deduction of direct transaction costs	0	-1,350,771	0	0	-1,350,771
Foreign currency translation	0	0	-1,325,041	0	-1,325,041
Interim result	0	0	0	-41,408,589	-41,408,589
Balance as at 6/30/2020	11,847,250	144,773,885	-1,325,041	-57,553,581	97,742,513

3.4. Consolidated cash flow statement

kEUR	6/30/2020	6/30/2019
Net income	**-41,409**	**-3,850**
Depreciation of items of fixed assets	4,506	1,874
Increase / decrease in provisions	17	5
Increase / decrease in inventories, trade receivables and other assets not allocable to investment or financing activities	-10,622	-249
Increase / decrease in trade payables and other liabilities not allocable to investment or financing activities	3,876	900
Financial expenses / income	33,047	186
Cash flow from normal operations	**-10,585**	**-1,135**
Capital expenditure on property, plant and equipment	-18,284	-38
Cash flow from investing activities	**-18,284**	**-37**
Contributions from additions to equity by shareholders of the parent company (cash capital increase)	30,140	0
Capital expenditures	-1,351	0
Proceeds from issuing bonds and taking up (finance) loans	22,139	0
Repayments of bonds and (finance) loans and liabilities from lease agreements	-2,274	-1,514
Repayments of financial liabilities towards shareholders of the parent company	-1,720	0
Interest paid	-459	0
Cash flow from financing activities	**46,016**	**-1,514**
Change in cash and cash and cash equivalents from cash relevant transactions	**17,147**	**-2,686**
Change in cash and cash and cash equivalents from foreign currency transactions	1,012	0
Change in cash and cash and cash equivalents from a change in the consolidation group	3,074	0
Cash and cash equivalents at the start of period	3,248	2,999
Cash and cash equivalents at the end of period	**24,481**	**313**

4. About Northern Data AG

NORTHERN DATA AG ON THE CAPITAL MARKET

In the first half of 2020, international stock markets were mainly shaped and determined by the global spread of the COVID 19 pandemic. Across the globe lockdowns geared to containing the Coronavirus led to a dramatic decline in the world economy. In the first quarter of 2020 in particular, the capital markets recorded significant losses, exceeding the volatility of the global financial crisis in 2008. With government rescue program, measures by central banks and easing of containment measures to revive the economy, the stock markets also began to show signs of recovery from the second quarter of 2020 onwards.

On January 2, 2020, the German share index DAX started the stock market year at 10,478 points. On February 17, 2020, the DAX reached its highest level in the reporting period at 13,783 points. In the further course of the year, the DAX fell to its lowest point in the reporting period at 8,441 points on March 18, 2020. The DAX closed the first half of 2020 at 12,310 points, down 7.1 percent.

OVERVIEW - SHARE PRICE DEVELOPMENT 1. HALF-YEAR 2020

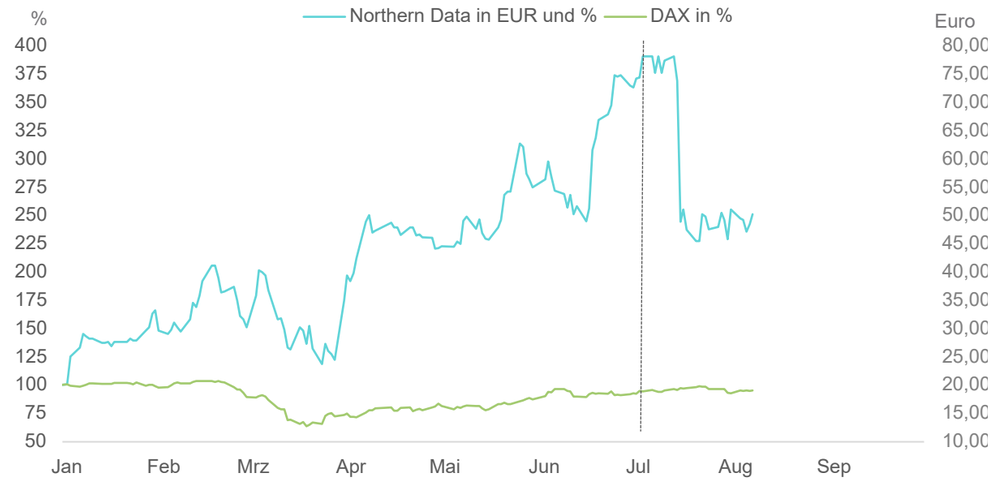
Opening price	January 2, 2020	EUR 20.40
Lowest closing price	January 2, 2020	EUR 20.40
Highest closing price	June 24, 2020	EUR 75.60
Half-year closing price	Tuesday, June 30, 2020	EUR 73.40
Price development (Xetra prices)	DE000A0SMU87/ A0SMU8	263.4 percent

Status as of June 30, 2020

SHARE PRICE DEVELOPMENT 2020

Following the development and testing phase of recent years, Northern Data has moved on to scaling the business up with world-class customers and partners in the first half of 2020. In the first half of 2020, the Northern Data share price more than tripled compared with the closing price on 30 December 2019, rising by over 263 percent. In the same period, the German share index DAX merely reduced its loss triggered by the COVID 19 pandemic to around 7.1 percent.

The Northern Data share was off to the year on January 2, 2020 at a price of EUR 20.40, which also marked the low for the first half-year. In the further course of the year, the Northern Data AG share rose to a high of EUR 75.60 on June, 24 2020. At the end of the first half of the year on 30 June 2020, Northern Data AG's market capitalization stood at EUR 869.6m at a closing price of EUR 73.40 and 11,847,250 shares.
On 30 June 2019, the market capitalization amounted to EUR 126.5m at a closing price of EUR 17.00 and 7,441,500 shares (all figures based on Xetra prices).



DEVELOPMENT OF THE NORTHERN DATA SHARE IN 2020 IN COMPARISON

The average daily trading volume of 42,189 Northern Data shares on all German stock exchanges in 2020 reflects the extraordinary price development. In the first half of 2019, 17,672 shares were traded daily.

SHARE PRICE DEVELOPMENT IN THE SECOND QUARTER HALF-YEAR 2020

After the end of the reporting period, false or deliberately misleading claims circulating in social media triggered a temporary sharp plunge in the price of Northern Data shares. By contrast, as the two largest customers had meanwhile commenced their operational activities, management was able to confirm the forecast and underscore that the company is fully on track to achieve the targets set for 2020 and beyond. Company management categorically rejected all allegations and addressed the anonymous allegations in detailed statements.

Northern Data shares were off to the second half of the 2020 stock market year on July 1, 2020 at a price of EUR 75.20 and climbed to a high of EUR 79.00 by July 13. Due to the defamation campaign mentioned above, the Northern Data AG share plummeted to a low of EUR 46.00 on July 20, 2020. In the further course of the year the quotations of the Northern Data share stabilised.

The average trading volume of Northern Data shares on all German stock exchanges reflects the capital market's growing interest in the Company's development.

While 62,021 shares were traded in the same period in 2019, the average daily trading volume in the period July to September 25, 2020 stood at 798 shares.

OVERVIEW RESEARCH COVERAGE

Research	Date	Target price	Recommendation
Baader Bank	June 17, 2020	EUR 184.00	Buy
Hauck & Aufhäuser	September 14, 2020	EUR 120.00	Buy
SMC Research	June 18, 2020	EUR 100.00	Buy

RESEARCH COVERAGE

Northern Data shares have been analyzed and evaluated by the renowned investment banks Baader Bank Aktiengesellschaft and Hauck & Aufhäuser Privatbankiers AG as well as the specialist for German mid-caps SMC Research since the 2020 financial year. In all studies, the analysts recommend Northern Data shares as a Buy, with a price target of up to EUR 184.00. This corresponds to a potential of around 150 percent of the closing price on June 30, 2020.

The analysts welcome the appointment of Stefan Sickenberger as COO to the Management Board of Northern Data AG to drive the HPC activities and expansion in Canada and Scandinavia forward. The studies also underline the accelerated diversification of the customer base over and beyond block chain applications through the development partnership with the Taiwan-based processor and server manufacturer Gigabyte Technologies.

SHARE INFORMATION

Commencement of listing	01. April 2015
Stock Exchange	Xetra, Frankfurt, Munich, Berlin, Düsseldorf, Tradegate
Market segment	Open market
Transparency level	m:access
Symbol	NB2
ISIN/WKN	DE000A0SMU87/ A0SMU8
Index Membership	MSCI Germany Index
Type of shares	Bearer shares without nominal value
Total number of shares	11,847,250
Amount of share capital	EUR 11,847,250,00
Designated Sponsors	mwb fairtrade Wertpapierhandelsbank AG, Baader Bank

Status as of June 30, 2020

INVESTOR RELATIONS

In the first half of 2020 as well, Northern Data AG continued to communicate continuously with institutional and private investors and analysts over and beyond its statutory and stock market obligations, not only explaining current business developments but also other events of significance for the development of the company's share price. The company also presented itself in May 2020 at the Baader Helvea Virtual Roadshow.

In the current 2020 financial year, the company will continue to step up communication with capital market participants and present the Northern Data AG share as an attractive investment to a wide range of investors.

CAPITAL MEASURES

In the first half of 2020, the Management Board of Northern Data AG, with the approval of the Supervisory Board, resolved various capital increases to bolster the balance sheet, increase liquidity and accelerate the growth of existing business activities. In addition to the resulting increase in the free float of shares, development partners underlined the promising orientation of Northern Data AG with their commitment as strategic shareholders.

CAPITAL INCREASE IN KIND

With the contribution of Whinstone US in the context of a capital increase against contribution in kind from the authorized capital, under exclusion of subscription rights, 3,720,750 shares were issued to Northern Bitcoin AG, thereby increasing the Company's share capital from EUR 7,441,500.00 to EUR 11,162,250.00 in February 2020.

CASH CAPITAL INCREASE

In April 2020, the management of Northern Data AG decided to increase the share capital from authorized capital by up to 5 per cent by issuing up to 558,112 shares in a cash capital increase, excluding subscription rights. As investor interest exceeded the offer, the upsizing option was exercised, thereby placing a total of 685,000 new shares at a price of EUR 44 per share, which corresponds to 6.1 percent of the previous share capital. This brings the share capital to EUR 11,847,250. The gross proceeds amounted to around EUR 30.1 million.

In June 2020 this was followed by the resolution to increase share capital by a further 3.64 percent in cash by issuing 431,225 shares to EUR 12,278,475. The shares were issued at EUR 50 per share, making partial use of the existing authorized capital and excluding subscription rights. The gross issue proceeds amounted to approximately EUR 21.6 million. All shares were subscribed by the strategic investor Block.One.

CONVERTIBLE BOND

After the reporting period ended, the Management Board and Supervisory Board decided to settle in cash convertible bonds issued with a total volume of EUR 20 million with bonds of a nominal value of up to EUR 1,681,000 and to deliver shares in the remainder. Taking the cash capital increase into account that was resolved on June 17, 2020 but not yet registered, the share capital increased to 14,492,725 shares.

THE SHARE OF NORTHERN DATA AG

In addition to Xetra, Germany's most important stock exchange, and the m:access segment for small and medium-sized enterprises at the Munich Stock Exchange, Northern Data AG shares are also traded at the company's headquarters, at the stock exchange in Frankfurt am Main, on the Berlin and Düsseldorf stock exchanges and via the Tradegate Exchange.

As designated sponsors, mwb fairtrade Wertpapierhandelsbank AG as well as Baader Bank AG provide binding bid and offer prices, thereby ensuring that Northern Data shares can be traded appropriately. Further information is available to interested investors in the Investor Relations section of the homepage at https://www.northerndata.de.

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INFORMATION ON THE COMPANY AND BASIS OF PREPARATION

Northern Data AG (hereafter the "Company") is a publicly listed stock corporation with its registered headquarters in Frankfurt, Germany. Its business address is: Thurn-und-Taxis-Platz 6, 60313 Frankfurt am Main. Northern Data AG is registered at the Municipal Court of Frankfurt am Main (HRB 106 465).

The shares of Northern Data AG have been traded on the open market of Frankfurt's stock exchange and on m:access since April 1, 2015.

As the parent company, Northern Data AG, together with its direct and indirect subsidiaries, forms the Northern Data Group (hereafter also referred to as "Northern Data" or "Group").

Due to the first-time consolidation of Whinstone US Inc., Rockdale, USA, and effects from a change in the business model, comparability of figures in the reporting period with the corresponding figures from the comparative period in the preceding year is limited.

5.1. Basis of preparation

The present interim report as at June 30, 2020 has been prepared on the basis of the International Accounting Standard (IAS) 34 "Interim Financial Reporting", International Financial Reporting Standards (IFRS) 1 "First-time Adoption of International Financial Reporting Standards" and in compliance with Sec. 115 of the German Securities Trading Act (WpHG). Due to the fact that the previous financial statements were prepared in accordance with German Commercial Code rules, first-time conversion has led to changes in the accounting and measurement methods and estimation techniques. A detailed description of the effects and associated variances is provided in Section 4. All IAS or IFRS standards with binding effect until June 30, 2020 as well as interpretations of the International Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC) as applicable within the EU, have been applied.

The financial statements of consolidated companies are based on uniform accounting and measurement methods under IFRS, as applicable within the EU. The fiscal year for all consolidated companies in the Group corresponds to the calendar year.

Companies acquired in the fiscal year are included in the interim statements from the time when control is acquired in accordance with IFRS 10.

The interim financial statements have been generally prepared on the basis of historical costs, with the exception of financial assets and liabilities (including derivative financial instruments) which are recognized through profit or loss or equity. A distinction is made in the balance sheet between current and non-current assets and liabilities. The income statement was prepared by the cost summary method. The interim financial statements are presented in the reporting currency of the euro. Unless otherwise defined, all figures are shown in thousands of euros. The tables and figures presented may contain rounding differences.

5.2. Accounting principles

Consolidated group

Subsidiaries are companies directly or indirectly controlled by Northern Data AG. Control is exercised if Northern Data AG is exposed to fluctuating returns from its investment in the company, or it owns rights to such returns and has the ability to influence such returns by means of its control over the company.

Following the principles of full consolidation, all subsidiaries at home and abroad over which Northern Data AG exercises direct or indirect control and which are not of subordinate significance, are included in Northern Data AG's interim financial statements.

As at the reporting date of 6/30/2020, only the subsidiary Whinstone US Inc., Rockdale, USA, had been consolidated. The companies Northern eCloud ehf. DRÖG, Reykjavík, Iceland and Whinstone Security LLC, Rockdale, Texas USA were not included in the consolidation group for reasons of materiality.

Consolidation methods

Subsidiaries are fully consolidated in accordance with the purchase method from the time when control is acquired and deconsolidated from the time when control is lost.

Capital consolidation is effected by setting off the carrying amount of the investment against the subsidiaries' proportional equity. Initial consolidation is performed by the purchase method in accordance with IFRS 3 by setting off the acquisition cost against the fair value of the identifiable assets acquired as well as any liabilities and contingent liabilities assumed at the time of acquisition. If the cost of acquiring the investment exceeds the re-measured, proportional equity acquired, goodwill is created.

Intercompany transactions are eliminated. Receivables and payables between consolidated companies are netted. Intercompany profits and losses are eliminated and intercompany income set off against the corresponding expenses.

Foreign currency translation

The financial statements of subsidiaries from countries outside the Eurozone are translated in accordance with the functional currency concept. The functional currency for subsidiaries is based on the primary environment in which they operate. In the Group, the functional currency of all companies corresponds to the currency of the particular country. The reporting currency for the interim financial statements is the euro (EUR).

Transactions in a foreign currency are translated using the relevant exchange rate on the date of the transaction. In subsequent periods, monetary assets and liabilities are measured at the closing rate and any translation differences recognized in profit or loss. Non-monetary items measured at historical cost in a foreign currency are translated at the exchange rate on the date of the transaction. In addition, non-monetary items measured at fair value in a foreign currency must be translated at the rate applicable on the day on which the fair value was measured.

The financial statements of foreign subsidiaries whose functional currency is not the euro are translated to the group currency of the euro using the modified closing rate method. Here, items in the income statement are translated at the average rate for the year for simplicity's sake. Equity is translated at historical rates, assets and liabilities at the closing rate on the reporting date. All differences resulting from the translation of foreign currency statements are recognized in equity in the item "Translation differences".

The exchange rates on which currency translation is based are shown as follows:

	6/30/2020
Closing rate USD	0.8930
Average rate USD	0.9074

5.3. Discretionary decisions and estimating uncertainties

Discretionary judgments are doubly relevant in the preparation of the interim financial statements: Firstly, it is necessary to interpret uncertain terms and rules. Secondly, management has to make (forward-looking) assumptions and estimates which may affect the financial position, cash flows and results of operations.

Discretionary decisions with regard to the interpretation of rules were taken particularly in terms of the timing of future cash flows when measuring and reporting loans. Discretionary decisions were also taken as part of the acquisition of Whinstone US Inc., made in return for the issue of equity instruments of Northern Data AG, in order to assess that in this case no reverse acquisition applied.

Significant (forward-looking) assumptions and estimates are made for purchase price allocations, as well as testing for any possible impairment losses in assets, the collection of receivables and the recognition and measurement of provisions. Actual results at a later date may differ from these estimates.

5.4. Accounting and measurement principles

The main accounting and measurement principles are shown below.

5.4.1. BUSINESS COMBINATIONS

Business combinations are reported by the purchase method at the time when control is transferred. The assets, liabilities and contingent liabilities of the acquired company identified in accordance with the rules of IFRS 3 are measured at fair value at the time of acquisition and compared with the cost of the consideration transferred. Goodwill is determined by any surplus in the acquisition cost over the value of the assets and liabilities to be recognized.

Goodwill is tested for impairment at least once a year as well as on any sign of a potential impairment loss. Any impairment loss is recognized in profit or loss. The impairment review is conducted in accordance with IAS 36.

Incidental acquisition costs associated with the purchase are recognized in profit or loss with the exception of transaction costs in connection with the issue of new shares.

5.4.2. FINANCIAL INSTRUMENTS

IFRS 9 contains a classification and measurement system for financial assets which reflects the business model in which the assets are held, as well as the characteristics of their cash flow.

The following categories of financial instruments are possible under IFRS 9:

5.4.1. CLASSIFICATION

a. Assets

- Financial assets at amortized cost [FAAC];
- Financial assets measured at fair value through other comprehensive income [FVOCI] with cumulative gains and losses reclassified to the P&L when the asset is derecognized (with reclassification);
- Financial assets, derivatives and equity instruments measured at fair value through profit or loss [FVTPL];
- Equity instruments measured at fair value through equity with gains and losses remaining in other comprehensive income [OCI] (with no reclassification).

b. Liabilities

- Financial liabilities measured at amortized cost [FLAC];
- Financial liabilities measured at fair value through profit or loss [FVTPL] if they are classified as held for trading, if they are derivatives or if the liability is designated as at fair value through profit or loss at the time of acquisition.

5.4.2. INITIAL RECOGNITION

An arm's length purchase or sale of financial assets must be recognized or derecognized either on the trade date or settlement date. The method chosen must be applied systematically to all purchases and sales of financial assets classified in the same way under IFRS 9. The Company applies the method of accounting for such transactions on the trade date.

Under IFRS 9, financial assets and liabilities are basically recognized initially at fair value regardless of which valuation class a financial instrument is assigned to. Transaction costs must also be included in the valuation when financial instruments are subsequently measured at amortized cost.

Trade receivables are recognized at the transaction price. In the case of non-current receivables and other non-current financial assets, the fair value is calculated as the present value of future cash flows discounted at the market interest rate at the time of acquisition. Subsequent measurement is determined by the classification. In accordance with their usual classification as amortized cost, receivables and other financial assets are measured at amortized cost by the effective interest method.

If the business model for managing financial assets changes, all the financial assets affected are reclassified. In the reclassification of financial assets, a prospective adjustment is made from the time of reclassification. Previously recognized gains, losses (including impairment expenses or income) or interest are not adjusted.

5.4.3. SUBSEQUENT MEASUREMENT

The subsequent measurement of financial instruments remains dependent on the classification. The measurement is made i) at amortized cost, ii) at fair value through profit or loss or iii) at fair value through other comprehensive income. The effective interest method is used for instruments measured at amortized cost. Compound financial instruments are measured at fair value through profit or loss.

i) Financial assets and liabilities measured at amortized cost.

ii) Financial instruments measured at fair value through profit or loss.

iii) Financial instruments measured at fair value in equity.

The individual categories in the Northern Data Group can be specified as follows:

Category: Financial assets / liabilities measured at amortized cost:

Financial assets are assigned to this category if the following criteria are met:

i) Financial instruments are held within a business model consisting in holding them in the portfolio and collecting the contractual cash flows associated with them.

ii) The terms of the contract must lead at fixed points in time to cash flows comprising solely payments of principal and interest on the outstanding nominal amount.

Category: Financial instruments measured at fair value through profit or loss

If one of these a.m. criteria is not met or the fair value option is exercised, the measurement is generally made at fair value through profit or loss or equity

Impairment losses

In compliance with IFRS 9, impairment losses are recognized based on expected credit losses. The basic principle of impairment loss under IFRS 9 permits sub-classification into three different levels which differ in terms of the period under review, the loan loss provision and the recognition of interest. The impairment losses must also be recognized in the income statement. As a general rule, financial instruments are assigned to the first level. Financial assets already impaired at the time of acquisition form an explicit exception to this rule.

Level 1: Impairment losses for financial instruments for which the default risk on the reporting date has not increased significantly since the initial recognition, must be reported in profit or loss at the level of the expected 12-month credit loss. Interest is recognized on the basis of the gross carrying amount.

Level 2: If the default risk has increased significantly by the reporting date, a loan loss provision must be formed at the level of the lifetime expected credit loss. The lifetime expected credit loss is a probability-weighted estimate of credit losses. Interest is recognized in line with Level 1.

Level 3: If there are objective indications for an impairment loss, financial instruments must be classified in Level 3. The loan loss provision must also be calculated at the level of the lifetime expected credit loss. However, the interest to be recognized in subsequent periods must be adjusted to ensure that the amount of interest is based in future on the net carrying amount.

Impairment losses on trade receivables as well as receivables from leases are generally determined and recognized on the basis of the lifetime expected credit loss.

The standard provides for the losses expected over the entire residual term to be recognized from the date when the receivables are registered. Credit losses expected over the term are the losses expected as a result of all possible default events during the expected life of the financial instrument. This requires exercising considerable discretionary judgment over the extent to which the expected credit losses may be affected by changes in economic factors. This assessment is made on the basis of weighted probabilities. Due to the stable political environment and the short-term nature of the receivables, future information did not feature prominently in the evaluation.

IFRS 9 permits the application of a simplified impairment model which requires a loan loss provision at the level of the expected losses over the residual term for all financial assets, regardless of the credit quality. In the case of short-term receivables, the expected loss over the next twelve months in any case corresponds to the expected loss over the residual term. The simplified model is also used for long-term receivables with maturities of over a year. Default rates are determined for various maturity bands based on historical bad debt over the last three years, and then applied to any outstanding receivables in those bands.

A financial asset or group of financial assets is impaired and a corresponding impairment loss recognized if there are objective indications of impairment as a result of one or more events after the date of the asset's initial recognition.

The quality rating of a financial asset is impaired if one or more events have occurred with a detrimental impact on the expected future cash flows of this financial asset. Indicators of an impaired quality rating for a financial asset include observable data on the following events:

- issuer or borrower experiencing significant financial difficulties;
- breach of contract such as default or overdue amounts;
- concessions which the lender(s) extend to the borrower for financial or legal reasons in connection with the borrower's financial difficulties but which they would otherwise not consider;
- it becomes likely that the borrower will declare bankruptcy or some other administration proceedings;
- disappearance of any active market for this financial asset as a result of financial difficulties; or
- financial asset purchased or issued at a high discount reflecting the credit losses incurred.

This assessment will continue to be made on each reporting date.

5.4.4. EMBEDDED DERIVATIVES

Hybrid contracts (debt derivatives) must be designated at fair value in their entirety to ensure that they are not separated under IFRS 9.4.3.3 (c). They are not broken down, therefore, into a bond component and derivative component. The measurement technique chosen must ensure that the transaction price always equates to the fair value at the time of acquisition. The measurement model is calibrated to ensure that the measurement result on the date of acquisition corresponds to the transaction price. If there is no observable market price available, any differences between the transaction price, initial and subsequent fair value measurements are not recognized in profit or loss (Level 3 of the fair value hierarchy) but accrued accordingly at the time of acquisition. They are reversed through profit or loss as part of a subsequent measurement as happens when a factor changes (including time factor) which market participants would take into consideration when determining prices (IFRS 9.B5.1.2A(b)). The accrued amount is not part of the fair value of the financial instrument. If the designation is performed as FVTPL, the transaction costs must be expensed in full.

5.4.3. NETTING AND DERECOGNITION

Financial assets and liabilities are only netted and the net amount shown in the balance sheet if there is a legal right to do so and the intention is to settle on a net basis or to settle the liability and sell the relevant asset simultaneously.

Financial assets are derecognized if rights to payments from the financial assets have expired or were transferred and the Group has essentially transferred all risks and opportunities associated with their ownership. As at the reporting date, the Northern Data Group has no financial assets which have been transferred but not fully derecognized. Financial liabilities are derecognized as soon as they have been repaid or the obligations specified in the contract have been met, lifted or have expired.

5.4.4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise bank balances and cash on hand. They are measured at face value which equates to the current market value due to their short-term maturity.

5.4.5. INTANGIBLE ASSETS (EXCL. GOODWILL)

Intangible assets (excl. goodwill) are recognized at amortized cost, net of scheduled, straight-line amortization (except for assets with an indefinite economic useful life) and impairment expenses.

Internally generated, intangible assets are capitalized provided the conditions in IAS 38.57 are cumulatively met. The following criteria are relevant for this process:

- The intangible asset can be completed from a technical perspective to the extent that it can be used or sold.
- The Group intends to complete the intangible asset and to use it or sell it.
- The Group is capable of using or selling the intangible asset.
- The way in which the intangible asset is expected to generate future economic benefits; the Group can, among other things, demonstrate the existence of a market for products of the intangible asset or for the intangible asset itself, or, if it is to be used internally, the benefit of the intangible asset.

- The Group has adequate technical, financial and other resources to ensure that the development can be completed and the intangible asset can be used or sold.
- The Group is capable of reliably measuring the expenses attributable to the intangible asset during its development.

If some criteria remain unfulfilled, the asset must be expensed.

The economic useful life, residual carrying amount and amortization method for intangible assets are reviewed at least on each reporting date. Probable useful lives are as follows:

Asset	Useful life
Customer relationships	7-15 years
Other concessions, rights and licenses	3-10 years

If expectations differ from previous estimates, the relevant changes are recorded as changes of estimates in accordance with IAS 8.

Intangible assets with an indefinite useful life are not subject to scheduled amortization. Instead, they are tested for impairment at the level of the smallest cash-generating unit at least once a year and whenever there are any indications of impairment. The procedure corresponds to that used for goodwill. If the reason for a previous impairment of intangible assets of indefinite useful life no longer applies, the impairment loss is reversed.

Customer relationships were identified as part of the acquisition of Whinstone US Inc. Reference is made to Section 5. "Business combinations".

Gains or losses from the disposal of intangible assets are determined as the difference between the proceeds of the sale and the carrying amounts of the intangible assets and recognized in profit or loss under "Other operating income" in the event of a gain or "Other operating expenses" in the event of a loss.

5.4.6. GOODWILL

Goodwill arises from the acquisition of subsidiaries and represents the difference between the purchase price and fair values of the identifiable assets, liabilities and contingent liabilities assumed.

Goodwill is not subject to scheduled amortization but tested for impairment at least once a year as well as on any sign of potential impairment. The goodwill is tested for impairment by comparing the carrying amount of the cash-generating unit or units with the recoverable amount. The recoverable amount corresponds to the higher of the asset's fair value less cost of disposal and its value in use. As a general rule, the Group determines the fair value less cost of disposal.

If the carrying amount exceeds the recoverable amount, impairment applies and the asset must be written down to the recoverable amount. In the event that the fair value less cost of disposal is higher than the carrying amount, it is not necessary to calculate the value in use; in that case, the asset is not

impaired. A suitable measurement procedure is used to determine the fair value less cost of disposal. This is based on discounted cash flow measurement models or other available indicators of fair value. Later reversal of an impairment loss recognized for goodwill in past fiscal years or interim reporting periods is not permitted. Goodwill is recognized in the functional currency and translated at the closing rate.

5.4.7. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is measured at amortized cost net of scheduled, straight-line depreciation and any impairment losses. Acquisition costs comprise costs directly attributable to the purchase as well as borrowing costs provided the criteria for recognizing them have been met. Any retrospective production or procurement costs are recognized in the carrying amount of the fixed asset at the time they are incurred if the recognition criteria are met:

- It is likely that a future economic benefit will accrue to the company in connection with the fixed asset, and if
- the production and procurement costs for the fixed assets can be reliably measured.

Repair and maintenance costs are expensed as and when they are incurred. Land and buildings are recognized separately. Land has an indefinite useful life and is not depreciated. Buildings have a limited useful life and are depreciated over their economic useful life. The depreciation methods represent the expected economic course of consumption of the fixed asset's future economic benefit. The Bitmain servers are depreciated over a useful life of seven years and the expected economic useful life of office and business equipment comprises three to six years.

The depreciation amount for the fixed asset is determined after deducting the estimated residual value. The estimated residual values and the economic useful lives are examined on every reporting date and adjusted if necessary. Property, plant and equipment is tested for impairment if events or changed circumstances give rise to the suspicion that impairment may have occurred. In that case, the impairment review is conducted in accordance with IAS 36. An impairment loss is applied in the amount by which the estimated residual value exceeds the recoverable amount. The residual useful life may be adjusted accordingly.

If the reasons for a previously recognized impairment loss no longer apply, the impairment losses are reversed for these assets through profit or loss although the reversal must not exceed the carrying amount which would have resulted if no impairment loss had been recognized in earlier periods.

Gains or losses from the disposal of property, plant and equipment are determined as the difference between the proceeds of the sale and the carrying amounts of the fixed assets and recognized in profit or loss under "Other operating income" in the event of a gain or "Other operating expenses" in the event of a loss.

5.4.8. PROVISIONS

Provisions are formed if the Group has a present obligation arising from a past event and this obligation is likely to lead to an outflow of resources embodying economic benefit at an amount that can be reliably estimated. The level of the provision corresponds to the best possible estimate of the repayment amount of the present obligation as at the reporting date although any expected reimbursements from third parties must not be netted against this estimate but carried as a separate asset if their realization is virtually certain. If the interest effect is material, the provision is discounted at a risk-adjusted, pre-tax market interest rate with matching maturities. Later accrual of interest must be shown as a finance expense.

Provisions for site restoration obligations are formed on the basis of contractual obligations which provide for the restoration of the relevant assets and which Northern Data cannot escape. The provision amount corresponds to the Group's best possible estimate of the repayment amount as at the reporting date. It is discounted to take account of the significant interest effect.

5.4.9. CONTINGENT LIABILITIES AND CONTRACTUAL OBLIGATIONS NOT ACCOUNTED FOR

Contingent liabilities and contractual obligations not accounted for based on present obligations are not recognized as liabilities in the interim financial statements until they are likely to be invoked.

However, contingent liabilities are recognized in the context of a business combination in line with IFRS 3 if their fair value can be reliably determined.

5.4.10. EQUITY

Transaction costs incurred in connection with issuing equity instruments are treated as a deduction from equity, taking the tax effects into account. The proceeds received after deducting directly attributable transaction costs are allocated to share capital (nominal value) and the capital reserve.

5.4.11. INCOME TAXES

Income taxes comprise both current and deferred taxes.

Current income taxes are calculated on the basis of the statutory regulations in force or adopted on the reporting date in the country in which the particular company operates and generates its taxable income.

Deferred taxes are recognized for temporary differences between valuations in the IFRS balance sheets of Group companies and their tax balance sheets, as well as for tax loss carry-forwards. No deferred taxes are recognized if they result from the initial recognition of an asset or liability as part of a transaction not constituting a business combination, and if neither IFRS earnings (before income taxes) nor the tax result is affected. Equally, no deferred taxes are recognized on the initial recognition of goodwill under IFRS. The tax regulations in force or adopted as at the reporting date are used to measure the deferred taxes on the assumption that they will be in force at the time when the deferred

tax asset is reversed or realized.

Deferred tax refund claims are only recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be used. Deferred tax claims not previously recognized are reassessed on every reporting date and recognized to the extent that it is probable that taxable earnings will in future permit these deferred tax claims to be realized.

Income taxes are reported in the income statement with the exception of those relating to items recognized in other comprehensive income or directly in equity. Income taxes relating to such items are also recognized in other comprehensive income or directly in equity.

5.4.12. LEASES

On conclusion of the contract, Northern Data assesses whether it constitutes a lease under IFRS 16 "Leases" or whether the contract contains any such lease arrangement. IFRS 16 defines a lease as a contract which assigns the right to control the use of an identified asset for a specified period of time in return for the payment of a fee. A lease agreement grants the right to control the use of an identified asset if the lessee is entitled essentially to derive the entire economic benefit from using the identified asset for the entire period of use (e.g. through an exclusive right to use the asset for this period) and to decide on use of the identified asset during the period of use.

The lessee must recognize its rights and obligations from all lease relationships in the balance sheet as rights of use and lease liabilities. The lease liability must be measured at the time of provision at the present value of future lease payments. This includes fixed payments less any lease incentives to be received, variable lease payments linked to an index or (interest) rate, amounts which Northern Data is likely to have to pay as part of residual value guarantees, the exercise price for a purchase option if it is reasonably certain that Northern Data will exercise this option, and penalties for termination of the lease agreement if it is clear from the contractual term that the lessee will make use of the termination option. The lease payments are discounted at the interest rate on which the lease agreement is based. If this interest rate cannot be readily determined, Northern Data will use the incremental borrowing interest rate. Northern Data generally applies an incremental borrowing interest rate for discounting purposes which is adjusted to fit the country-specific risk, the contract currency risk and the contractual term. The right of use is measured at cost. The cost of the right of use comprises the initial measurement of the lease liability plus lease payments made on or before provision plus initial, direct costs and any site restoration obligations and less any lease incentives received.

The Group exercises its option not to apply the recognition and measurement rules under IFRS 16 for leases in which the underlying asset is of low value. Use is also made of the exemption to classify leases with a term of less than 12 months as current leases. Both lease payments for low value assets and current leases are recognized as expenses. The Company makes no use of its option under IFRS 16.15 to account for lease and non-lease components uniformly under IFRS 16.

Lease payments are divided into principal and interest payments after the provision date. The lease liability is subsequently measured by increasing the carrying amount by the interest costs of the lease liability using the effective interest rate and reducing the carrying amount by the lease payments made. The carrying amount of the lease liability is remeasured if the lease agreement is reassessed or amended (including an amended assessment as to whether it is reasonably certain that an extension or termination option will be exercised). Subsequently, the right of use is measured at cost less cumulative amortization and impairment expenses and adjusted for certain re-measurements of the lease liability. As a general rule, the right of use is amortized by the straight line method over the shorter of the lease term or the useful life of the leased asset.

Asset	Useful life
Usage rights containers Norway	1-2.5 years
Usage rights containers USA	1-10 years
Data centers	10 years
Offices	2-5 years
Living space	1-2 years

The expenses for leases represent amortization expenses for right-of-use assets and interest expenses for lease liabilities.

As the lessor, Northern Data classifies its leases as operating leases or finance leases.

With finance leases, all the main risks and opportunities associated with legal ownership are transferred from the lessor to the lessee. Finance leases are initially recognized as lease receivables in the balance sheet at the net investment on the date of provision. This means the sum of outstanding lease payments and non-guaranteed residual value of existing leases, discounted at the interest rate on which the lease is based. From the date of provision, lease payments are divided into payments of interest and principal with the result that interest on receivables is calculated by period. Initial direct

costs associated with concluding the contract are taken into account when calculating the net investment.

Leases where not all opportunities and risks associated with ownership are essentially transferred from Northern Data to the lessee, are classified as operating leases. Initial direct costs incurred during the process of negotiating and concluding an operating lease are added to the carrying amount of the leased asset and amortized together with the asset to the residual value over the term of the lease. Contingent lease payments are recognized as income in the period in which they are generated. Items from operating leases are usually shown as property, plant and equipment in the balance sheet depending on the type of asset. After the original lease agreement has expired, there is an option to extend or conclude a follow-on agreement. This leads to a reassessment of the lease. In cases where the criteria for an operating lease are met, the leased object is shown as an item of property, plant and equipment at the start of the extension phase.

5.4.13. PRINCIPLES OF REVENUE RECOGNITION

Revenue is recognized under IFRS 15 when contractual obligations have been met or control has been transferred to the customer. Sales are reported at the amount of consideration agreed with the customer less sales taxes, deductions and credit notes. The Group's underlying estimates are based on historical values taking account of the nature of the customer, the transaction and any special features of the agreement.

A contractual liability is recognized when the client makes payment or such payment falls due before Northern Data transfers the corresponding goods or services to the customer and Northern Data has an unconditional claim to a certain consideration before the transfer of a good or service to the customer. Contractual liabilities are recognized as revenue as soon as Northern Data meets its contractual obligations or control of the relevant goods or services passes to the customer.

Northern Data's billing is based on long-term customer contracts for the provision/consumption of electricity, construction of infrastructure, operation of data centers, maintenance/management of computing capacity. The electricity provided is billed according to consumption, and all other services by degree of completion or at a flat rate.

5.4.14. FINANCE INCOME AND EXPENSES

Finance income and expenses comprise interest income and expenses. Foreign exchange gains and losses are included in other operating income and expenses. Finance income and expenses are recognized using the effective interest method. The effective interest rate is the internal rate of return determined on the basis of the nominal interest rate. This item also includes changes in the value of finance instruments measured at fair value.

5.4.15. EARNINGS PER SHARE

Earnings per share are calculated as the consolidated net profit after tax available to shareholders of the parent company, divided by the weighted average number of ordinary shares outstanding in the reporting period.

5.4.16. GOVERNMENT GRANTS

Government grants are only recorded in the balance sheet in accordance with IAS 20 if it is reasonably certain that the conditions attached to them will be met and the grants released. As a general rule, these grants are recognized as income in the periods in which the corresponding expenses are incurred. In the case of investments in property, plant and equipment or intangible assets, the government grants extended for this purpose reduce the cost of the asset. The grant is thereby recognized through profit or loss by means of reduced depreciation amounts over the useful life of the asset.

5.5. Published IFRS standards not yet adopted or applied by the EU

In the second quarter of 2020, the International Accounting Standards Board published an amendment to IFRS 16 ("Rent Concessions relating to the COVID-19 Pandemic"), the intention of which is to give lessees practical relief in accounting for rent concessions as a result of the COVID-19 pandemic. This amendment is not yet to be applied in the European Union at present. Northern Data does not expect these changes to incur any effect on its reporting.

5.6. Effects of COVID-19

Although the global pandemic is having a major impact on market conditions, market confidence and consumer behavior, Northern Data remains upbeat due to the sphere of activity on which it is presently focusing (High Performance Computing, "HPC"). The Company perceives opportunities in a sustained increase in demand for computing power due to video conferencing tools and similar digital applications as a result of permanent changes in work behaviors, particularly the growing spread of home offices during and also after the COVID-19 pandemic.

In addition, there are opportunities arising from an increasing demand from pharmaceutical groups and research institutions for HPC systems in order to carry out complex computations and simulations in the fields of bioinformatics and epidemiology, particularly in the development of novel drugs. The Northern Data Management Board expects this trend to continue also after the end of the COVID-19 pandemic.

Equally, the present situation also poses risks to Northern Data. Due to the pandemic, there have already been delays in setting up data centers in Rockdale, USA, in the reporting period. There will be further risks in the future, too, due to the uncertain outlook, caused essentially by the further course of the pandemic and possible measures to combat it.

Whinstone US Inc. received a low-interest loan in the amount of kEUR 276 as part of the Paycheck Protection Program (PPP) – a loan program launched by the United States of America to combat the economic consequences of the Coronavirus. As the company meets the requirements for the loan, it is thought to be highly probable that the loan will be written off by the US government. The amount was therefore reclassified to the income statement in the reporting period in conformity with IAS 20.

5.7. Significant changes in the 1st half of the year

- The merger with Whinstone US Inc. whose infrastructure capacity forms the basis for software solutions, was completed in February. (02/2020)
- Northern Data and SBI Crypto, Tokyo, collaborate on strategic projects in the field of applied blockchain technology. (02/2020)
- AI corporation Innoplexus opts for Northern Data HPC solutions in order to develop therapeutics against Covid-19 more rapidly with the help of Artificial Intelligence, and signs a partnership. (04/2020)
- In April 2020, a cash capital increase, excluding shareholders' subscription rights, was carried out from EUR 11,162,250 to EUR 11,847,250 by issuing 685,000 new, no-par bearer shares against cash contributions, corresponding to 5% of the previous share capital. (04/2020)

6. First-time application of IFRS

This consolidated half-year report as at June 30, 2020 is the first to be prepared in compliance with IFRS accounting standards. For periods up to and including December 31, 2019, Northern Data AG prepared interim reports and its annual financial statements in accordance with the German Commercial Code (HGB).

6.1. Statement of changes in equity

The following reconciliation account shows the effects of the transition to IFRS on the equity of Northern Data AG.

In kEUR	12/31/2019	6/30/2019	1/1/2019
Total equity under HGB	-9,479	-4,308	-719
Leases	-44	-31	-
Inventories	-5	-139	-
Transaction costs due to equity procurement	-	-	-
Site restoration obligations	-10	-5	-
Convertible bond	9	0	0
Financial liabilities	1,408	1,491	1,578
Total value of equity under IFRS	-8,121	-2,992	859

6.2. Reconciliation of results

The following reconciliation account shows the effects of the transition to IFRS on the results of Northern Data AG.

In kEUR	12/31/2019	6/30/2019
Result as per HGB	-8,760	-3,589
Leases	-44	-31
Inventories	-5	-139
Site restoration obligations	-10	-5
Convertible bond	9	0
Financial liabilities	-171	-86
Result as per IFRS	-8,981	-3,850

6.3. Effects of the conversion on selected items

6.3.1. LEASES

Under IFRS 16, the lessee must recognize its rights and obligations from all leases in the balance sheet as rights of use and lease liabilities. The only exception are leases in which the underlying asset is of low value and leases with a term of less than 12 months. This resulted in significant effects as part of the first-time application of IFRS. Use was made of the option to measure rights of use and associated lease liabilities at the time of the transition to IFRS. The adjustments affect the statement of comprehensive income.

6.3.2. INVENTORIES

Following on from the first-time adoption of IFRS, the valuation of inventories as at 6/30/2019 and 12/31/2019 fell due to different consumption sequence procedures between HGB and IFRS. The adjustment affects the statement of comprehensive income.

6.3.3. EQUITY

The costs associated with the procurement of equity must be deducted directly from equity (IAS 32). The associated adjustments affect equity as well as the statement of comprehensive income.

6.3.4. SITE RESTORATION OBLIGATIONS

As a consequence of the first-time application of IFRS 16, it became mandatory to recognize contractually agreed site restoration obligations as liabilities. As part of the initial measurement at the time of transition to IFRS, a provision was formed for the specified obligation in accordance with the relevant standards, and the valuation of the underlying rights of use adjusted.

6.3.5. FINANCIAL LIABILITIES

The conversion effects resulting from financial liabilities are explained in Section 7.6 in associated disclosures. The adjustment affects the statement of comprehensive income.

6.3.6. DEFERRED TAXES

The adjustments made as part of the first-time application of IFRS lead to temporary differences. Deferred taxes on these differences were recognized either in reserves or in the statement of comprehensive income in line with the underlying transaction.

6.3.7. CASH FLOW STATEMENT

The cash flow statement did not lead to any significant conversion effects.

7. Business combinations

On March 9, 2020, Northern Data AG acquired 100% of the shares in Whinstone US Inc., Rockdale, USA, thereby acquiring control over the company. The acquisition was conducted by issuing 3,720,750 treasury shares equating to a value of kEUR 119,808 on the basis of the share price on the date of acquisition.

This merger creates a global technology company whose infrastructure capacity forms the basis for different software solutions extending beyond bitcoin and blockchain applications. The new company is based on mobile and fixed data centers for the field of High Performance Computing (HPC) and software solutions based on them.

The following overview constitutes a summary of the consideration transferred in the course of the acquisition as well as the value of the assets identified at the time of the acquisition and the liabilities assumed:

in kEUR	3/9/2020
Consideration	
Shares issued	119,808
Total consideration	119,808
Fair value of identified assets acquired and liabilities assumed at the time of acquisition	
Customer relationships	107,454
Property, plant and equipment	33,391
Other assets	4,029
Cash and cash equivalents	3,074
Trade payables	-333
Contractual liabilities, accruals and deferrals	-6,620
Financial liabilities	-37,598
Other liabilities	-284
Deferred taxes from PPA	-23,021
Total identified net assets	80,090
Goodwill	39,718
Total	119,808

The goodwill is due the strong market position of Whinstone US Inc. and its innovative, high-tech market environment in the field of High Performance Computing (HPC) as well as synergy effects expected from the acquisition.

Between the time of acquisition and June 30, 2020, the acquired company contributed sales of kEUR 1,474 and earnings of kEUR -2,225 to the Group's results. If the acquisition had taken place on January 1, 2020, the Group would have reported consolidated sales of kEUR 1,481 in its income statement and consolidated pre-tax earnings of kEUR -4,000.

8. Information on the income statement

8.1. Sales

In the reporting period, Northern Data began to provide HPC services to its customers, generating sales in this context of kEUR 1,474 from HPC services. The sales in the previous year (kEUR 1,490) essentially originate from the sale of crypto currencies.

8.2. Other operating expenses

Other operating expenses in the reporting period amount to kEUR 4,655 (prior year: kEUR 539) and are essentially made up of legal and consulting costs as well as mining-specific costs. Besides changes to the consolidation group, the rise over the previous year is mainly due to the current conversion of the parent company's business model and the associated change in the reporting of external services which were previously reported in purchased goods and services.

8.3. Income taxes

The nominal, applicable tax rate for Northern Data AG is 31.9%. Due to the negative pre-tax earnings generated by the parent company and its subsidiaries from January 1 to June 30, 2020 and the expectation of negative pre-tax earnings for the whole of 2020, no effective taxes are expected in the fiscal year 2020.

The positive tax effect on earnings shown in the abbreviated consolidated income statement is due to the rollover of deferred taxes. Deferred taxes are recognized for temporary differences between valuations in the IFRS balance sheets of Group companies and their tax balance sheets as well as for the probable use of tax loss carry-forwards. To measure the deferred taxes, tax rates were used on the assumption that they will apply at the time when such deferred assets are reversed or realized.

Deferred tax income results essentially from the following effects in the reporting period:

The pro-rated reversal of deferred tax liabilities in connection with the updating of the disclosed hidden reserves of Whinstone US Inc. resulted in deferred tax income of kEUR 274 using the individual company tax rate of 21.0%. The probable use of the Company's tax loss carry-forwards amounting to kEUR 365 also led to deferred tax income. In compliance with IAS 12.74, this amount was offset in the consolidated balance sheet against the deferred tax liabilities resulting from the disclosure of hidden reserves as part of initial consolidation.

9. Information on the balance sheet

9.1. Goodwill and other intangible assets

In kEUR	Goodwill	Customer base	Paid concessions, rights	similar rights and assets	Total
Acquisition and production costs					
Status as at 1/1/2019	-	-	18	12	30
Status as at 12/31/2019	-	-	18	12	30
Additions to consolidation group	39,718	107,454	-	-	147,172
Disposals	-	-	-	-12	-12
Translation differences	-	-1,631	-	-	-1,631
Status as at 6/30/2020	**39,718**	**105,823**	**18**	**-**	**145,559**
Accumulated depreciation/amortization and impairment losses					
Status as at 1/1/2019	**-**	**-**	**4**	**12**	**16**
Additions (scheduled depreciation/amortization)	-	-	6	-	6
Status as at 12/31/2019	-	-	10	12	22
Additions (scheduled depreciation/amortization)	-	1,280	3	-	1,283
Disposals	-	-		-12	-12
Translation differences	-	-20	-	-	-20
Status as at 6/30/2020	-	1,260	13	-	1,273
Carrying amounts					
Status from 01/01/2019 - 12/31/2019	-	-	8	-	8
Status from 1/1/2020 - 6/30/2020	39,718	104,563	5	-	144,286

Intangible assets are predominantly made up of goodwill and the customer base added in the wake of the takeover of Whinstone US Inc. Details on the acquisition of Whinstone US Inc. can be taken from Note 5 "Business combinations".

9.2. Property, plant and equipment

In kEUR	Servers & accessories	Factory equipment	Assets of minor value	Other factory and office equipment	Prepayments and construction in progress	Total
Acquisition and production costs						
Status as at 1/1/2019	5,432	12	12	5	-	5,461
Additions	1,102	5	1	-	-	1,108
Status as at 12/31/2019	**6,534**	**17**	**13**	**5**	**-**	**6,569**
Additions to consolidation group	328	1,705	-	203	20,259	22,495
Additions	-	328	7	81	17,869	18,284
Translation differences	-5	-31	-	-4	-587	-627
Status as at 6/30/2020	**6,857**	**2,019**	**20**	**285**	**37,541**	**46,722**
Accumulated depreciation/amortization and impairment losses						
Status as at 1/1/2019	**606**	**2**	**11**	**3**	**-**	**622**
Additions (scheduled depreciation/amortization)	922	4	2	-	-	928
Status as at 12/31/2019	**1,528**	**6**	**13**	**3**	**-**	**1,550**
Additions (scheduled depreciation/amortization)	576	154	5	40	-	775
Additions (impairment losses)	431	-	-	-	-	431
Translation differences	-	-2	-	-	-	-2
Status as at 6/30/2020	**2,535**	**158**	**18**	**43**	**-**	**2,754**
Carrying amounts						
Status from 01/01/2019 - 12/31/2019	**5,006**	**11**	**-**	**2**	**-**	**5,019**
Status from 1/1/2020 - 6/30/2020	4,322	1,861	2	242	37,541	43,968

Due to the current conversion of Northern Data Ag's business model, the impairment test carried out as at June 30, 2020 in accordance with IAS 36 revealed an impairment requirement of kEUR 431 for existing servers. The resulting difference between the carrying amount and the recoverable amount was recognized in profit or loss.

9.3. Rights of use from lease agreements and lease liabilities

Existing leases are essentially related to the renting of offices and other factory and office equipment.

In kEUR	Rights of use from lease agreements	Total
Acquisition and production costs		
Status as at 1/1/2019	6,331	6,331
Status as at 12/31/2019	6,331	6,331
Additions to consolidation group	11,966	11,966
Additions	29	29
Translation differences	-182	-182
Status as at 6/30/2020	**18,144**	**18,144**
Accumulated depreciation/amortization and impairment losses		
Status as at 1/1/2019	**0.00**	**0.00**
Additions (scheduled depreciation/ amortization)	2,959	2,959
Status as at 12/31/2019	**2,959**	**2,959**
Additions (scheduled depreciation/ amortization)	2,017	2,017
Translation differences	-9	-9
Status as at 6/30/2020	**4,967**	**4,967**
Carrying amounts		
Status from 01/01/2019 - 12/31/2019	**3,372**	**3,372**
Status from 1/1/2020 - 6/30/2020	**13,177**	**13,177**

9.4. Other assets

The following assets are reported in the consolidated balance sheet under other assets:

kEUR	6/30/2020	12/31/2019
Financial assets – non-current		
Security deposits	9,360	0
Total	**9,360**	**0**
Total Other assets - non-current	**9,360**	**0**
Financial assets – current		
Security deposits	6	8
Accrued income and prepayments	768	0
Loans to staff	293	0
Total	**1,067**	**8**
Other current assets	201	184
Total Other assets - current	**1,268**	**192**

Security deposits and prepayments relate principally to agreements made by Whinstone US Inc. with electricity suppliers and from long-term rental contracts.

9.5. Equity

As of the reporting date, the subscribed capital stands at EUR 11,847,250 (previous year: EUR 7,441,500) and is divided into 11,847,250 shares with a face value of EUR 1 per share.

A non-cash capital increase was carried out at Northern Data as part of the merger with Whinstone US Inc. Using the authorized capital, the Management Board had resolved in the previous year to increase the Company's share capital by EUR 3,720,750.00 against an in-kind capital contribution by issuing 3,720,750 bearer shares with a notional value of EUR 1.00 each (authorized capital 2019/I). Shareholders were not granted subscription rights in the process. The shareholders of Whinstone US Inc. were permitted to subscribe in return for contributing their respective holdings in Whinstone US Inc. The capital increase was completed in the first quarter of 2020 at the full amount of EUR 3,720,750.00 in return for in-kind capital contributions. The contributions in kind were effected by transferring all shares in Whinstone to the Company with registration in the Commercial Register on March 9, 2020. After the non-cash capital increase, the Company's share capital amounted to EUR 11,162,250.00. The difference between the fair value (share price) at the time of the transaction and the fair value of the shares issued (in total kEUR 116,087) was transferred to the capital reserves.

Making partial use of the Authorized Capital 2020/I adopted by the Annual General Meeting of Shareholders on December 30, 2019 and entered in the Commercial Register on March 16, 2020, the share capital was increased by EUR 685,000.00 to EUR 11,847,250.00 against a cash capital contribution..
The gross proceeds from the Company's capital increase amounted to around EUR 30.1 million. The amount by which the face value of the shares issued was exceeded (in total kEUR 29,455) was transferred to capital reserves.

The transaction costs incurred as part of the capital procurement measures were deducted directly from capital reserves.

The translation differences result from translating the interim financial statements of Whinstone US Inc. and from consolidation measures.

9.6. Financial liabilities

Contractual maturities In kEUR	< 1 year	1-5 years	>5 years	12/31/2019
Trade payables	980	-	-	980
Loan liabilities	-	4,665	-	4,665
Lease liabilities	2,968	437	-	3,406
Total non-derivatives	**3,948**	**5,103**		**9,051**
Convertible bond	-	-	10,437	10,437
Total derivatives	**-**	**-**	**10,437**	**10,437**
Contractual maturities: in kEUR	< 1 year	1-5 years	>5 years	6/30/2020
Trade payables	2,828	-	-	2,828
Loan liabilities	12,330	27,414	-	39,744
Lease liabilities	3,541	4,240	4,685	12,466
Total non-derivatives	**18,699**	**31,654**	**4,685**	**55,038**
Convertible bond	-	-	52,003	52,003
Total derivatives	**-**	**-**	**52,003**	**52,003**

There are no further significant credit requirements. The interest rate on the loans is in line with market conditions.

Convertible bond

The convertible bond is measured at fair value through profit or loss. The convertible bond is a structured product measured and classified at fair value in its entirety. The bond component was measured using the net present value method and the derivative component using the Cox, Ross and Rubinstein option pricing model. Besides market data such as interest rates and the share price, the historical volatility of the stock was also used for the measurement. The rise in value of the derivative component results essentially from the rise in the Company's share price. The rise in the Company's share price leads to a higher fair value for the convertible bond which is associated with a corresponding loss reported in the income statement.

In kEUR	Nominal value	Maturity	Interest rate	6/30/2020 Fair Value	12/31/2019 Fair Value
Convertible bond of Northern Data AG	EUR 20 million	11/15/2024	5%	52,003	10,437

Day One losses occurred in the initial measurement of the convertible bond. The timing of the deferral of Day One losses which is based in particular on the term of the conversion right requires their full recognition due to creditors exercising their conversion rights. The development or distribution of Day One losses was therefore as follows:

In kEUR	Development of Day One loss
Addition of Day One loss during fiscal 2019	704
Deferral of Day One loss for fiscal 2019	101
Balance as at 12/31/2019	604
Addition of Day One loss 1 1H 2020	1,963
Deferral of Day One loss for fiscal 2020	1,905
Balance as at 6/30/2020	58

9.7. Contract assets and contract liabilities

Contract assets represent receivables from a customer in connection with the construction of the data center in Texas (kEUR 2,476; previous year: kEUR 0). The contract liabilities include deferred sales (kEUR 10,434; previous year: kEUR 0).

9.8. Other liabilities

Other liabilities predominantly contain liabilities for vendor invoices not yet available (kEUR 1,769; previous year: kEUR 0).

10. Earnings per share

As at the reporting date of June 30, 2020, earnings per share amount to EUR -3.50 (previous year: EUR -0.52). The number of shares in the first half of the year currently stands at 11,847,250 (previous year: 7,441,500). Earnings attributable to the shareholders of the parent company amount to kEUR 41,409 (previous year: kEUR -3. 850).

11. Measurement of financial instruments at fair value

Carrying amounts and fair values

The following table shows the reconciliation between balance sheet items and IFRS 9 categories, broken down by category and fair values by class.

In accordance with IFRS 13, financial assets and liabilities measured at fair value are to be grouped in the three levels of the fair value hierarchy. The individual levels in the fair value hierarchy are defined as follows:

Level 1: Use of unadjusted, quoted prices from active markets for identical assets or liabilities to which the company has access on the measurement date.

Level 2: Exclusive use of directly or indirectly observable, significant input factors not assignable to Level 1.

Level 3: Use of at least one non-observable, significant input factor.

IFRS 9 differentiates between the following categories:

Measurement categories under IFRS 9	Abbreviation
Financial Assets Measured at Amortized Cost	FAAC
Financial Liabilities Measured at Amortized Cost	FLAC
Financial Assets Measured at Fair Value through Profit or Loss	FVTPL
Financial Assets Measured at Fair Value through OCI	FAFVOCI

Cash and cash equivalents, trade receivables as well as other current financial assets and liabilities essentially have short residual terms. Their carrying amounts on the reporting date are therefore close to the fair value. The carrying amount of current financial liabilities represents an approximation of the fair value on the reporting date.

Non-current assets are measured at amortized cost and as no transaction costs have been incurred for taking up existing loans, they are reduced via contractually agreed payments of interest and principal with the result that the effective interest method is not applied.

In kEUR	Measurement category under IFRS 9	Carrying amount as of 6/30/2020	Amortized cost	Fair value through OCI	Fair value through P/L	Fair value 6/30/2020	Level within fair value hierarchy
Assets/liabilities							
Cash and cash equivalents	FAAC	24481	24,481			24,481	
Trade receivables	FAAC	1,453	1,453			372	
Shares in other companies	FVOCI	4		4		4	2
Trade payables	FLAC	2,828	2,828			2,828	
Lease liabilities	n/a	12,466	12,466			12,466	
Loans	FAAC	39,744	39,744			39,744	1
Convertible bond							
Bond	FVTPL	52,003				52,003	2
Option							3

The fair value of the derivative component of the convertible bond allocated to Level 3 of the fair value hierarchy, is determined by means of measurement methods using non-observable data (historical volatility). The higher the share price, the higher the volatility of the stock and the value of the derivative component rises accordingly although it is limited by the cap implemented in the derivative component. Due to the rise in the share price, the cap leads to a cash settlement of EUR 21 / unit.

12. Contingent liabilities

The Company, together with its consultants and the regulatory authorities, is currently examining whether certain mandatory publications in 2017 on the part of the predecessor company were sent out on time. It is not yet conclusively clear whether the relevant EU directive was complied with. However, the Company regards the situation as not critical and also believes that it is overwhelmingly likely and provable that the predecessor company met its obligations in accordance with the regulations. No provisions were therefore made in the balance sheet in this regard.

13. Transactions with related parties

13.1. Related parties

Related parties or companies as defined by IAS 24 comprise natural persons or companies that may be influenced by Northern Data, that may be able to influence Northern Data or that are subject to the influence of another party related to Northern Data.

Management Board

During the first half of 2020, the Management Board of Northern Data comprised the following persons:

Aroosh Thillainathan, Chief Executive Officer, Frankfurt am Main.

Mathis Schultz, Chief Financial Officer, Frankfurt am Main.

Members of the Management Board were responsible for the following positions within the Group:

Aroosh Thillainathan, Chief Executive Officer, Whinstone US. Inc., Rockdale Texas

Compensation for managers in key positions in the reporting period amounted to kEUR 180 (previous year: kEUR 90). The compensation comprised exclusively short-term benefits.

Supervisory Board

Name Function	Profession	Member since	Appointed until	Further positions in 2020 (during time in office)
Eerik Budarz	Economist	4/17/2019	2023	
Marc Schönberger	Solicitor	4/17/2019	2023	Supervisory Board of Pantaflix AG Supervisory Board Crypterion AG
Dr. Bernd Hartmann	CEO	7/25/2014	2023	Shareholder and CEO of Roskos & Meier OHG

Directors' dealings

In accordance with Art. 19 (1) of the Market Abuse Regulation (Regulation (EU) No. 596/2014), members of the Management and Supervisory Boards as well as certain of their dependents must publish all sales and purchases of Northern Data shares and other related rights immediately if a threshold of EUR 5,000 is exceeded within any calendar year.

The following table shows a list of transactions published in the first half of 2020:

Person subject to notification	Notification dated	Date of transaction	Type of transaction	Price	Aggregated volume In kEUR
Aroosh Thillainathan	3/9/2020	3/9/2020	Acquisition of shares subscribed on February 17, 2020 in accordance with notification under Art. 19 MAR dated February 19, 2020 with a nominal amount of EUR 1.00 as part of a non-cash capital increase in return for contribution of shares in Whinstone US Inc.	EUR 1.00	744

14. Other financial obligations

As at the reporting date, there are other financial obligations totaling kEUR 458 (previous year: kEUR 807). As at the reporting date, all other financial obligations have a residual term of up to one year. For financial obligations arising from lease agreements and lease liabilities, reference is made to Note "7.3 Rights of use from lease agreements and lease liabilities".

15. Events after the reporting date

The convertible bond was measured at fair value through profit or loss in the reporting period. The resulting effects not shown through profit or loss were recognized in financial expenses below the Northern Data Group's EBITDA line. The investors exercised their conversion right totaling kEUR 19,395 at the first opportunity to exercise it at the end of May 2020, and the Management Board resolved after the reporting date on July 2, 2020, by way of exercising its option, to fulfill kEUR 4,413 in cash and kEUR 46,499 in shares. Exercising the conversion right consequently leads to an increase in equity of kEUR 46,499 thus compensating for the negative effect on earnings in equity.

A further share capital increase against cash capital contributions of EUR 431,225.00 was carried out in July 2020. After the capital increase, the Company's share capital amounted to EUR 12,278,475.00.

There were some personnel changes on Northern Data's Management Board in August and September 2020. The Management Board was extended to include the position of Chief Operating Officer (COO). Stefan Sickenberger was appointed to the Board as COO on August 1, 2020. Dr. Mathias Dähn was appointed to the Board in the position of Chief Financial Officer effective September 7, 2020. Mathis Schultz stepped down from the Board at the same time.

The Management Board and – to the extent that members of the Management Board are affected – the Supervisory Board had previously set up a share option program 2020 for current and future employees and members of the Company's Management Board as well as for members of managing bodies and employees of affiliated companies at present or in the future. In August 2020, the share option program 2020 was thereupon adopted by the Management Board giving employees of the Company as well as members of managing bodies and employees of affiliated companies subscription rights to shares of the Company on the basis of this share option program.

The Company is not aware of any further events or developments specific to the Group after the reporting date that might have led to any material change in the presentation or measurement of individual assets or liabilities as at June 30, 2020.

Contact

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Disclaimer

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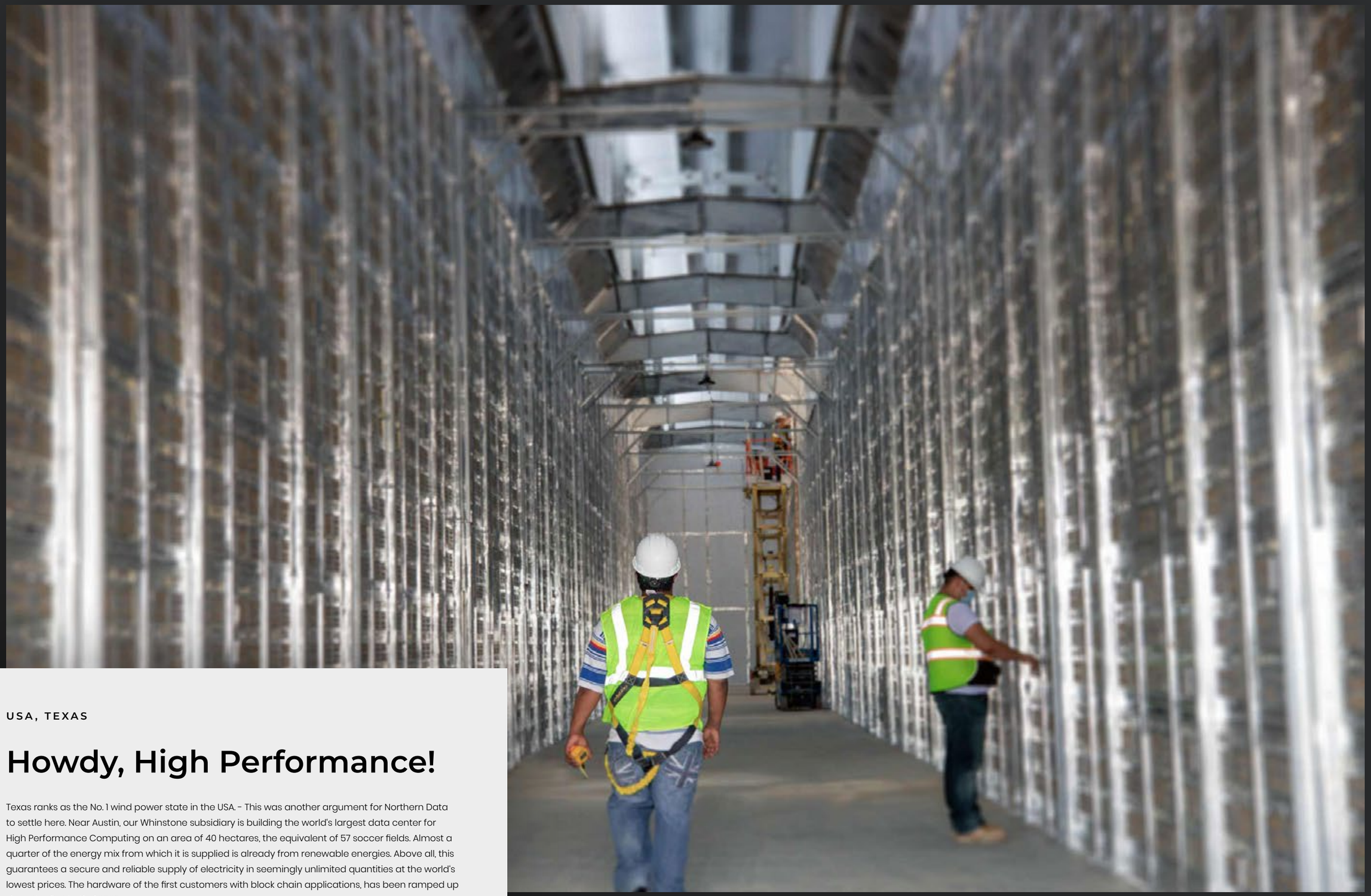
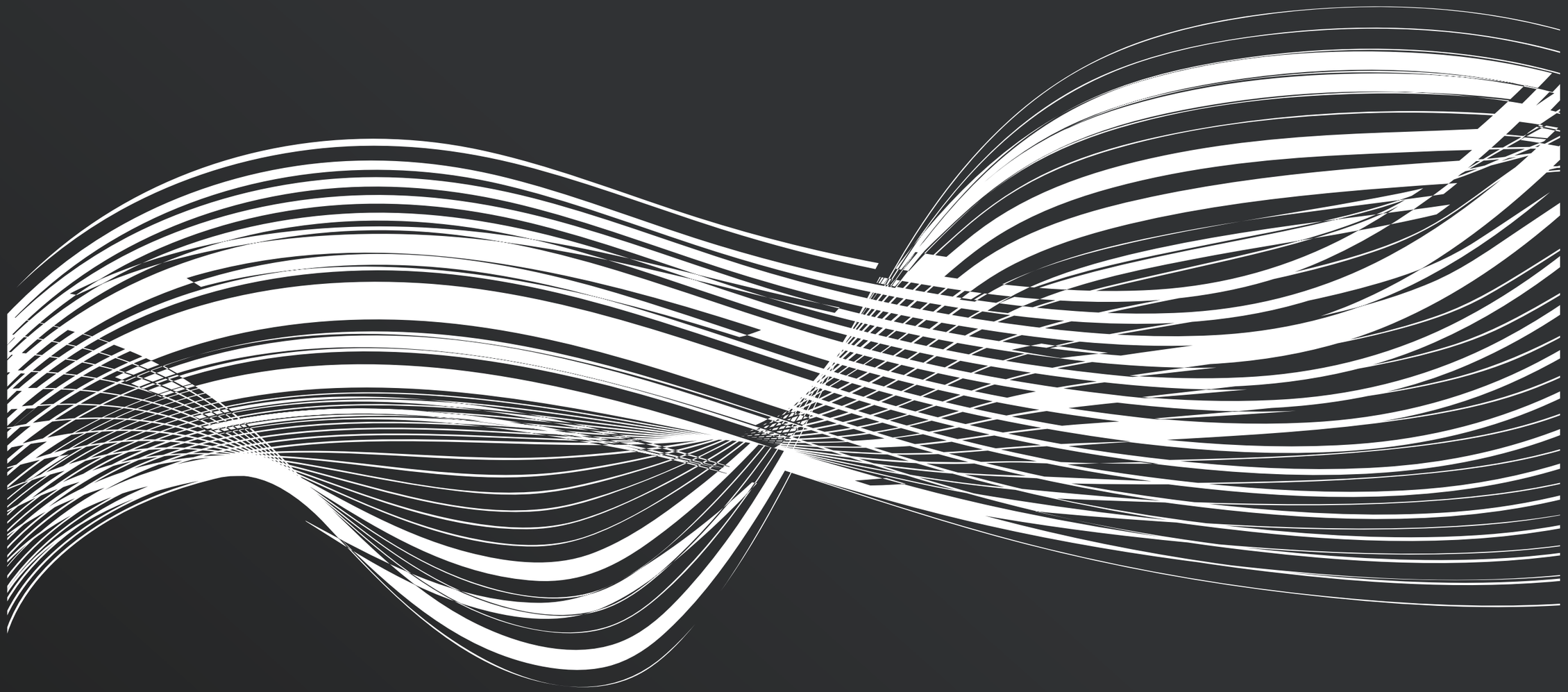
This is a translation of the German "Halbjahresbericht 2020" of Northern Data AG. Sole authoritative and universally valid version is the German language document.



USA, TEXAS

Howdy, High Performance!

Texas ranks as the No. 1 wind power state in the USA. - This was another argument for Northern Data to settle here. Near Austin, our Whinstone subsidiary is building the world's largest data center for High Performance Computing on an area of 40 hectares, the equivalent of 57 soccer fields. Almost a quarter of the energy mix from which it is supplied is already from renewable energies. Above all, this guarantees a secure and reliable supply of electricity in seemingly unlimited quantities at the world's lowest prices. The hardware of the first customers with block chain applications, has been ramped up since the first half of 2020.



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