

# Annual Report 2019/2020

**quickbit**

Quickbit is a Swedish fintech company, which was founded in 2016 with the goal that more people and companies should use cryptocurrency on an everyday basis. Our history is in payments and we are driven by our vision that it should be easy and cheap to make quick and secure payments. Since the outset, the operations have developed at a high tempo and today we offer solutions for e-merchants to receive payment in cryptocurrency.

Our just over 40 employees are based in four locations – Stockholm, Gibraltar, Tallinn and Lahore in Pakistan. During the latest financial year, we generated sales of just over SEK 4.6 billion with an operating profit of almost SEK 100 million. Quickbit has been listed on NGM Nordic SME since July 2019.

Read more at <https://quickbit.com>

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# This is Quickbit

Quickbit is a Swedish fintech company, which was founded in 2016 with the goal that more people and companies should use cryptocurrency on an everyday basis. Our history is in payments and we are driven by our vision that it should be easy and cheap to make quick and secure payments. A part of our business is to offer solutions for e-merchants to be paid in cryptocurrency. Another part of our business is to offer user-friendly and secure solutions for people to easily use cryptocurrency on an everyday basis. We are doing all this because we are convinced that the financial services of the future will be based on blockchain technology and cryptocurrency.

## Who are our customers?

Our customers are the people and companies that use cryptocurrency through our services.

## How does our offer look?

We offer an ecosystem of solutions, which make it easier for people and companies to use cryptocurrency on an everyday basis. This means that we offer merchants the possibility of being paid in cryptocurrency – this is what we call our affiliate solution. We will also offer consumers products, in the first stage through our App and our debit card. It is our affiliate solution and our consumer products together that we call an ecosystem of solutions.

Read more on pages 14–15.

## How does Quickbit make money?

Our business model creates solutions where people can pay, and merchants can receive payment, in cryptocurrency. In the future, those who use our services will also be able to execute currency exchange transactions and transfer cryptocurrency to others. Every transaction in this ecosystem, independently of whether it is executed by consumers or merchants, generates revenue and thus profitability for Quickbit. Our profitability is not affected by the market price of the cryptocurrency in which the transaction is executed.

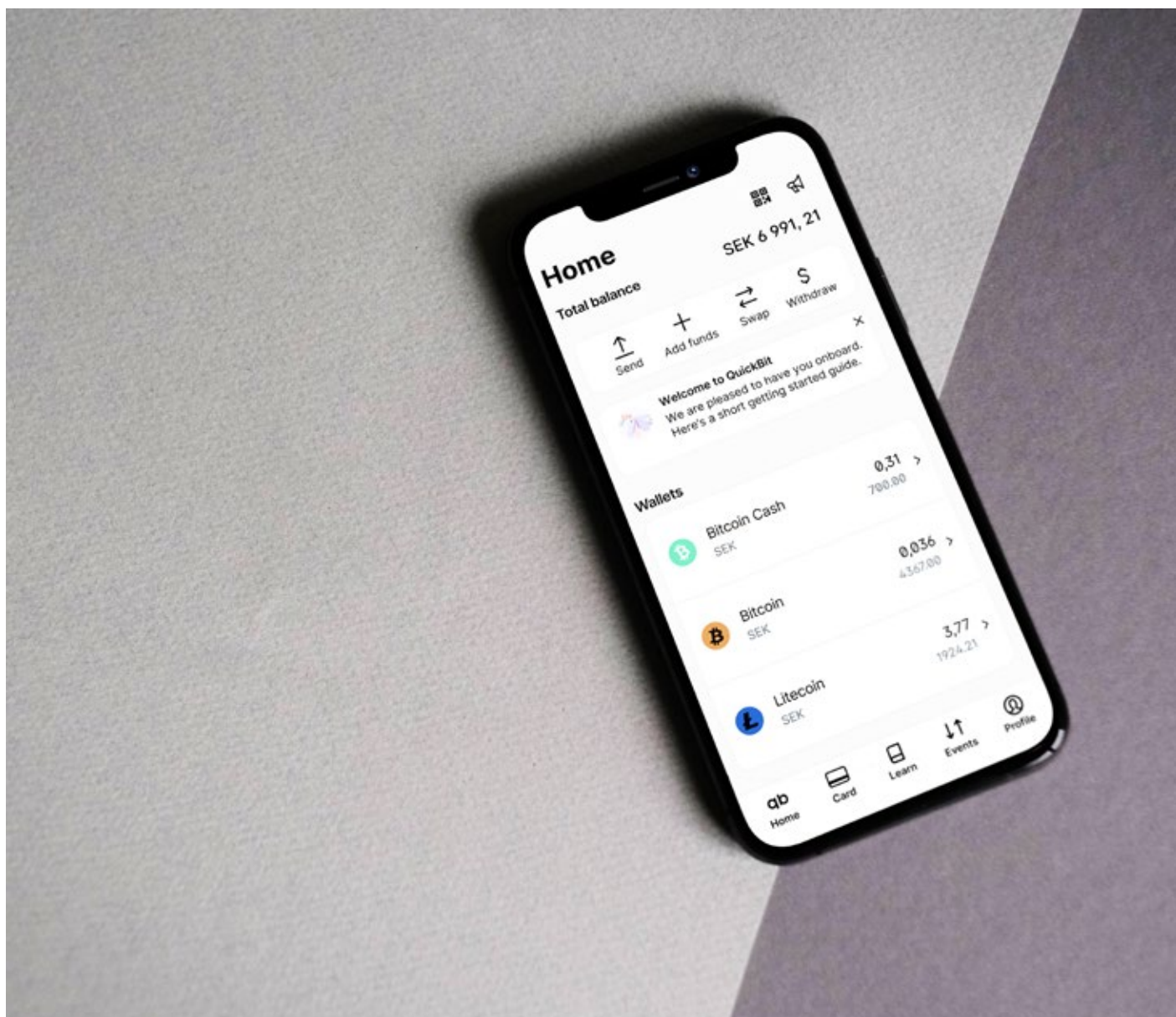
Read more on page 13.

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Quickbit's **vision** is a borderless economy

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Quickbit's **mission** is to facilitate the everyday use of cryptocurrencies for people and companies



# This is how 2019/2020 was

The 2019/2020 financial year was dominated by the Coronavirus pandemic which shutdown entire communities and impacted the global economy negatively. This had a negative impact on Quickbit's third and fourth quarters but in spite of this, Quickbit managed to report sales of SEK 4.6 billion for the full-year with an operating profit of almost SEK 100 million.

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Net sales  
2019/2020  
**SEK 4.61 billion**

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Return  
on equity  
2019/2020 **65%**

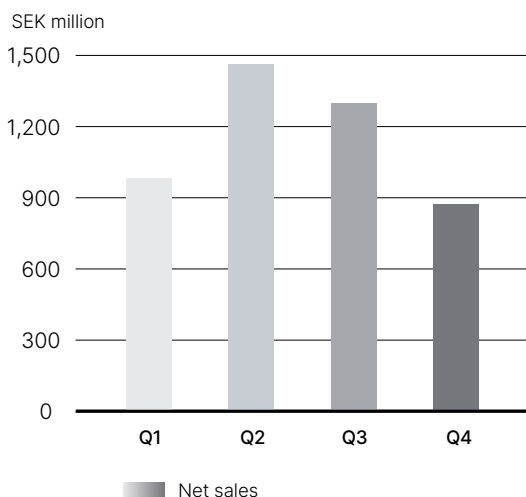
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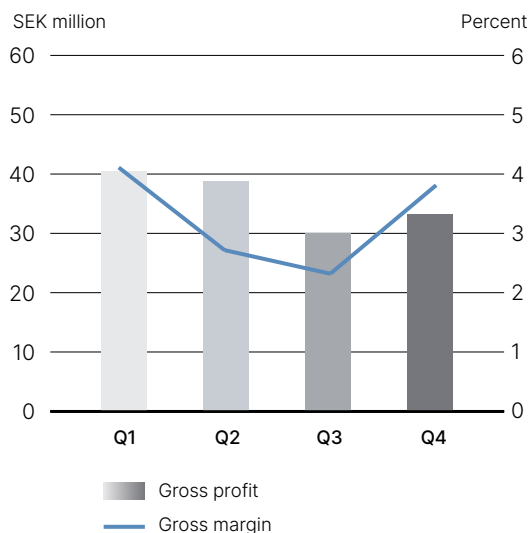
Operating profit  
2019/2020  
**SEK 95.4 million**

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Net sales per quarter 2019/2020



Profitability per quarter 2019/2020



# Important events in the business 2019/2020

The 2019/2020 financial year was characterised by a high level of activity. During the year, a number of important activities were carried out which developed the business at a high pace. The focus during the year was on profitable growth but also on strengthening the organisation and internal work processes.

## Q1

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- Quickbit's share is listed on NGM Nordic SME on 11 July 2019 at a price of SEK 3.2
- Serod Nasrat is appointed as the new CEO of Quickbit

## Q2

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- Quickbit enters into strategic cooperation with both Scrive and Onfido. The collaborations relate to identification and validation of customers and authorisation of transactions

## Q3

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- Quickbit acquires BitRate Invest OÜ
- The company management was strengthened with four functions – Head of Finance, Head of Accounting, Chief Product Officer (CPO) and Chief Technology Officer (CTO)

## Q4

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- Quickbit enters into a strategically important partnership with Bambora. This means that Quickbit's solution is integrated into Bambora's payment platform PaymentIQ. In this way, Bambora's customers within the online casino and i-gaming segments gain access to Quickbit's services for purchase of cryptocurrency
- A new strategic focus is established. The new strategy means that the affiliate solution, which is targeted towards merchants, is complemented with solutions that target consumers directly. This broadens the business model and creates increased opportunities for growth and profitability
- The company management is strengthened with the Chief Compliance Officer function

# Comments by the CEO

To sum up the now ended year 2019/2020 presents a challenge. It was a year in which our operations developed a lot as we took several steps towards becoming a more mature company. But it was also a year that was dominated by the spread of the coronavirus over large parts of the world and this impacted our third quarter, but above all our fourth quarter, negatively. In spite of this, we managed to report an operating profit of almost SEK 100 million for the full-year. We are now continuing the work of adapting Quickbit's operations to ensure that we will be a winner in the future.

Quickbit operates in a sector that most people do not have an in-depth understanding of. However, what is clear, is that knowledge and interest in our sector is continually increasing. Many also agree that the use of cryptocurrency will become an ever increasing part of our future and everyday lives, which imposes significant demands on us as a leading player. These demands not only include educating our existing and potential customers but also our almost 8,000 shareholders and other stakeholders about our operations and our sector. Meanwhile, we are now embarking on a journey to develop a strong consumer brand through the launch of our App and our debit card. In addition to this, the work is continuing on strengthening our employer brand in order to continue attracting talent. These are positive challenges that both I and the entire organisation are taking on with confidence.

## **More balanced transaction flows ensure lower risk**

The end of our financial year was dominated, just like for all people, companies and communities around the world, by the spread of the coronavirus. It impacted Quickbit's sales negatively during the third quarter, but above all during the fourth quarter. The reason was that all transaction flows related to betting on sports events ceased, basically overnight. In spite of this, we managed to maintain our profitability. The measures we rapidly took to moderate the decrease in sales involved changing our transaction flows. We were able to do this so quickly due to the flexibility in our business model and it means that we now have a more balanced mix of

transaction flows and thus lower risk in our operations. Accordingly, this also meant that when sports betting really took off after the summer, we were less exposed to that segment, which means there is a risk that our sales growth in the coming quarters will not be as high as before.

## **New strategy and broader business model ensure profitable growth**

During the past year, Quickbit adopted a new strategic focus which is formulated in four clearly-defined priorities. These priorities will lead us into the future and show where we should focus on in the day-to-day operations. The strategic priorities mean that we, to some extent, will become a different company than what we were at the time of the listing just over one year ago. One effect of the new strategy is that we will supplement our existing affiliate business with transaction flows that come from consumer products when our debit card and our App are launched. Quickbit has made significant investments in creating a technical and regulatory infrastructure in order to be able to launch both of these products. The infrastructure, and the knowledge we have built up, around these products is important for us and something we will take with us when we start the work on the next generation of products – products that will further strengthen our brand and opportunities for continued growth.

The combination of our affiliate business and consumer products creates a scalable business model that can be likened to an ecosystem. In every transaction in this ecosystem, independently of whether it is executed by consumers or merchants, Quickbit generates revenue and thus profitability. Quite simply – we are going from only offering solutions for merchants to also offering solutions for consumers. My strong conviction is that based on our new strategy and business model, we will be able to create greater value in the future for shareholders, customers and employees.



**“I am convinced that the future’s winners are the players that handle their risks best and at the same time can lead innovation and be profitable.”**



### **Key software through the acquisition of BitRate**

During the past year, Quickbit made its first acquisition when BitRate Invest was acquired. The acquisition was primarily made against the background of acquiring the software Cryptopurser in an efficient way. For us, this software is a critical part of our expanded offer for direct payments as it is necessary to create the digital wallets in which our customers’ cryptocurrencies are stored. The alternative to acquiring the software would instead have been to pay a licence fee for each direct payment transaction or develop the software ourselves. The acquisition means that we can now instead focus our development resources on other, higher priority projects. Another positive effect of the acquisition is the lower financial risk that now arises as we own all stages of the transaction flow.

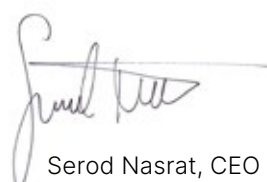
### **Cooperation with Bambora – a key milestone**

During the year, we initiated cooperation with Bambora. In a nutshell, the collaboration means that Quickbit’s solution for purchasing cryptocurrency is integrated into Bambora’s payment platform PaymentIQ, which helps large and well-known European gaming operators to manage, analyse and optimise their payments in real time. Quickbit’s solution gives gaming operators’ customers the opportunity to buy and use cryptocurrency in a simple, fast and secure way. The integration of PaymentIQ also means a strong and scalable growth opportunity through exposure to Bambora’s customers in the online casino and entire i-gaming segment. We are continually investing resources to obtain further effects from the collaboration, which are gradually becoming more and more evident. In connection with this, we have also invested to boost our conversion rate in order to increase the proportion of consumers who complete their purchase in relation to the total number who initiate a purchase. The collaboration with Bambora is an example of an agreement that we will enter into in the future to ensure continued profitability and growth.

### **New accounting standards**

I would also like to take this opportunity to comment on the change in accounting standards that we have implemented. From the first quarter of 2020/2021, we will report our financial statements in accordance with the IFRS accounting standards. This work took almost one year to complete and required a lot of internal resources, but it has been an important investment for us to make. It increases comparability with other listed companies that already apply IFRS and the fact that we now report according to IFRS also means that we are taking a stride towards a listing on a regulated marketplace which is a natural next step for Quickbit as a listed company.

Last year, a transformation process was initiated. This transformation process means that Quickbit is rapidly evolving to become a company with more lines of business and thus increased opportunities to become a market leader in several segments. It is a necessary process to ensure that we become a future winner in an industry that is developing strongly. During the year, we entered into important collaborations, we acquired a company, but we also terminated the cooperation with our previous redemption partner. The coronavirus pandemic forced us to quickly adjust our transaction flows, something we had planned would instead happen gradually over a longer period. In these CEO comments, I have also mentioned some measures that have provided us with a more balanced risk in our operations. I am convinced that the future’s winners are the players that handle their risks best and at the same time can lead innovation and be profitable. This is how we will continue to build Quickbit.



Serod Nasrat, CEO

# Mission, strategy and business model together create value

**Quickbit creates value for its customers, shareholders, employees and other stakeholders based on the company's mission, strategy and business model. It is these three foundations that have made, and will continue to make, Quickbit successful.**

Quickbit's model for value creation consists of three foundations – business model, strategic priorities and mission. Everything we do is based on the fact that we want to achieve our long-term goal – the mission. To concretise this, we have established four strategic priorities. These guide us in what we should focus on

in our day-to-day work to achieve the mission. The business model shows how Quickbit creates growth in sales and profitability, which provides the basis for us to conduct our business in a long-term sustainable manner. Together, the three foundations create value for all our stakeholders.

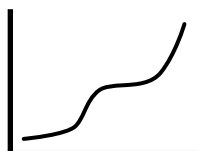


## WHAT

## COMPONENTS

## AIM

### MISSION



Quickbit's mission is to facilitate the everyday use of cryptocurrencies for people and companies

The mission is Quickbit's overriding and long-term goal and describes why we exist.

### STRATEGIC PRIORITIES



1. Create innovative financial services that change everyday life
2. Focus on profitable and sustainable growth
3. Create a market-leading brand
4. Be the sector's most attractive employer

The strategic priorities answer the question of how we should achieve our mission by showing where the focus lies in our day-to-day operations

### BUSINESS MODEL



Ecosystem of solutions:

- Offer to companies – affiliate solution
- Offer to consumers – Quickbit App and Quickbit Card

The business model concretises how the strategic priorities are put into practice and how the practical value creation occurs

# Strategic priorities for the future

During the past year, Quickbit established a new strategic direction, which is formulated in four clearly-defined priorities. These priorities shall lead the company into the future and show where our focus should lie in the day-to-day operations. The strategic priorities are important for a company like Quickbit, which is in a strong growth phase.

## **Quickbit shall create innovative financial services that change everyday life**

Quickbit shall develop solutions that are attractive to both consumers and companies. All merchants, physical as well as online-based, shall be able to receive payment in cryptocurrency with Quickbit's solutions while reducing their costs and risk. Consumers shall be offered simple and secure financial services, based on cryptocurrency, to use on an everyday basis.

## **Quickbit shall create a market-leading brand**

Quickbit shall create a global brand which is market-leading in cryptocurrency payment solutions. Credibility for the brand is built through the products and services offered, which requires continual innovation, attractive marketing and user experiences that feel safe and simple.

## **Quickbit shall focus on profitable and sustainable growth**

Quickbit's business model is scalable and is fundamentally profitable, which means that high growth can occur without requiring larger investments. The investments that will be made, will focus on developing new solutions, which in turn generate increased revenue and profitability. Growth can also occur through acquisitions or partnerships in order to further strengthen the market position and offer.

## **Quickbit shall be the sector's most attractive employer**

Quickbit shall be a leading edge employer that attracts the best people. This will occur by building a strong brand, offering a modern and flexible workplace combined with opportunities for all employees to develop as they want. This is a corporate culture which is inclusive and stimulating, where new thinking and innovation are encouraged.

# A profitable business model

In 2019/2020, Quickbit took a decision to broaden the company's business model to, in addition to the affiliate solution, also launch the Quickbit Card and Quickbit App. The combination of the affiliate solution and the consumer products creates a scalable business model that can be likened to an ecosystem. In every transaction in this ecosystem, independently of whether it is executed by consumers or merchants, Quickbit generates revenue and thus profitability.

## Scalability ensures sustainable growth and profitability

Quickbit has been a leader in developing solutions for a growing need among e-merchants through the company's affiliate solution. This part of the business model has been profitable since the outset and also displayed strong growth during 2019/2020. Quickbit will continue to offer solutions so that all merchants – physical as well as online-based – regardless of sector, can receive payment in cryptocurrency. The affiliate solution thus creates stable profitability also in the future, which can be invested in developing the rest of the business.

The broadening of the business model, which involves launching the Quickbit App and Quickbit Card, will create more revenue streams that are independent of transaction flows from the affiliate solution. It also implies increased opportunities for growth when more people and merchants in additional markets can use Quickbit's solutions. During 2019/2020, Quickbit made extensive investments in both the organisation and work processes in order to create increased efficiency. This has created even greater scalability as both the affiliate solution and the consumer products can grow strongly in the future without costs increasing at the same rate.



# A unique comprehensive offer

Quickbit has its history and basis in the affiliate solution, in other words the offer to e-merchants. In 2019/2020, this business was supplemented with an offer targeted towards consumers with the aim of becoming a leading overall supplier. The combined offer gives Quickbit a unique market position while creating increased growth opportunities and stronger profitability.









## Quickbit Affiliate – solution for merchants

Quickbit's affiliate solution offers e-merchants an incentive to encourage their customers to pay with cryptocurrency instead of paying with traditional currency. This means that customers in turn receive incentives to pay with cryptocurrency, usually in the form of discounts on their purchases.

When a customer, on an e-merchant's website, chooses to pay with cryptocurrency, the customer is linked to Quickbit, which then sells cryptocurrency from its own inventory to the customer. Quickbit does not offer a payment solution for e-merchants but the customer purchases cryptocurrency directly from Quickbit. Upon completed purchase, Quickbit then delivers the cryptocurrency to the customer's digital wallet. The customer can subsequently use the cryptocurrency to pay for the purchase of the service from the e-merchant.

There are a number of clear advantages for e-merchants to offer cryptocurrency to their customers as a payment method, the most important of which are described here.

## Several advantages for e-merchants to use cryptocurrency

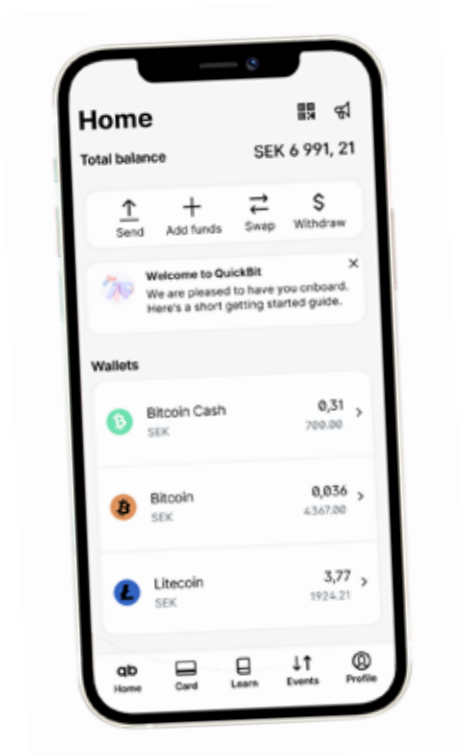
Traditional currency (FIAT)	Cryptocurrency
 Long payment terms	 E-merchants receive payment immediately
 Many chargebacks	 E-merchants avoid chargebacks
 High redemption costs	 No redemption costs
 High fraud risk	 Low fraud risk

## Solutions for consumers that simplify the use of cryptocurrency

Quickbit will launch two solutions for consumers – Quickbit App and Quickbit Card – to introduce more people to cryptocurrencies. The Quickbit App and Quickbit Card offer users a secure, flexible and reliable digital wallet and debit card, which also provides the foundation for new solutions that Quickbit will develop in the future.

### Quickbit App

Through the Quickbit App, people can buy, sell and store cryptocurrency in a simple and secure way. It is also just as easy to send money across country borders without large fees or exchange between traditional currency and cryptocurrency.



### Quickbit Card

Through the Quickbit Card, cardholders are given the opportunity to pay with cryptocurrencies online and in physical stores. Quickbit Card is connected to a digital wallet containing cryptocurrency instead of being connected to a bank account and offers all the advantages that a traditional debit card has. Quickbit Card is also offered as a virtual card and supports contactless payments. In addition, cardholders are offered the opportunity to decide on which currencies to use, which provides advantages, for example, in connection with travel to other countries.



# Cryptocurrency – the payment method of the future

Cryptocurrencies are gradually becoming an ever increasing part of the everyday lives of people and companies. The trend towards more and more companies including digital currencies in their business models is continuing, which increases the value for users. The use of cryptocurrency for speculation still accounts for a relatively large share of the total use, but recent developments indicate that the everyday use of cryptocurrency is increasing sharply, for example payments in connection with e-commerce and transfers.

## Large actors are driving the development

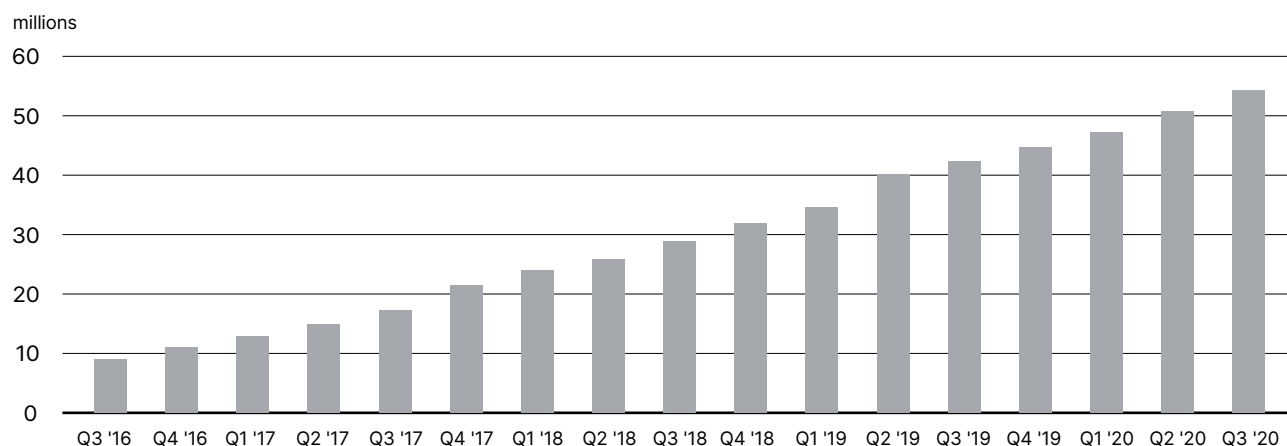
In recent years, a number of players offering financial services that focus on investment or short-term speculation in cryptocurrency have been established. In other words, there is a large range of services for users who buy and sell cryptocurrencies in the hope of making exchange rate gains. However, the trend also shows that more and more internet-based merchants who sell goods and services are now starting to include cryptocurrency as a payment method. More and more global merchants are also initiating projects to evaluate cryptocurrency as a future payment method. Examples of online-based merchants that currently offer cryptocurrency as a payment method are Amazon, Microsoft and the online-based travel agency Travala, while players such as Starbucks are evaluating whether they should offer their customers the possibility to pay with cryptocurrency in the future. PayPal, one of the world's largest payment service providers, recently decided to accept cryptocurrency as a payment option. This is an important step towards an increased normalisation

of cryptocurrency among e-merchants as PayPal can create increased legitimacy of cryptocurrency at large e-merchants, which in turn will drive increased adaptation among consumers.

## A positive spiral

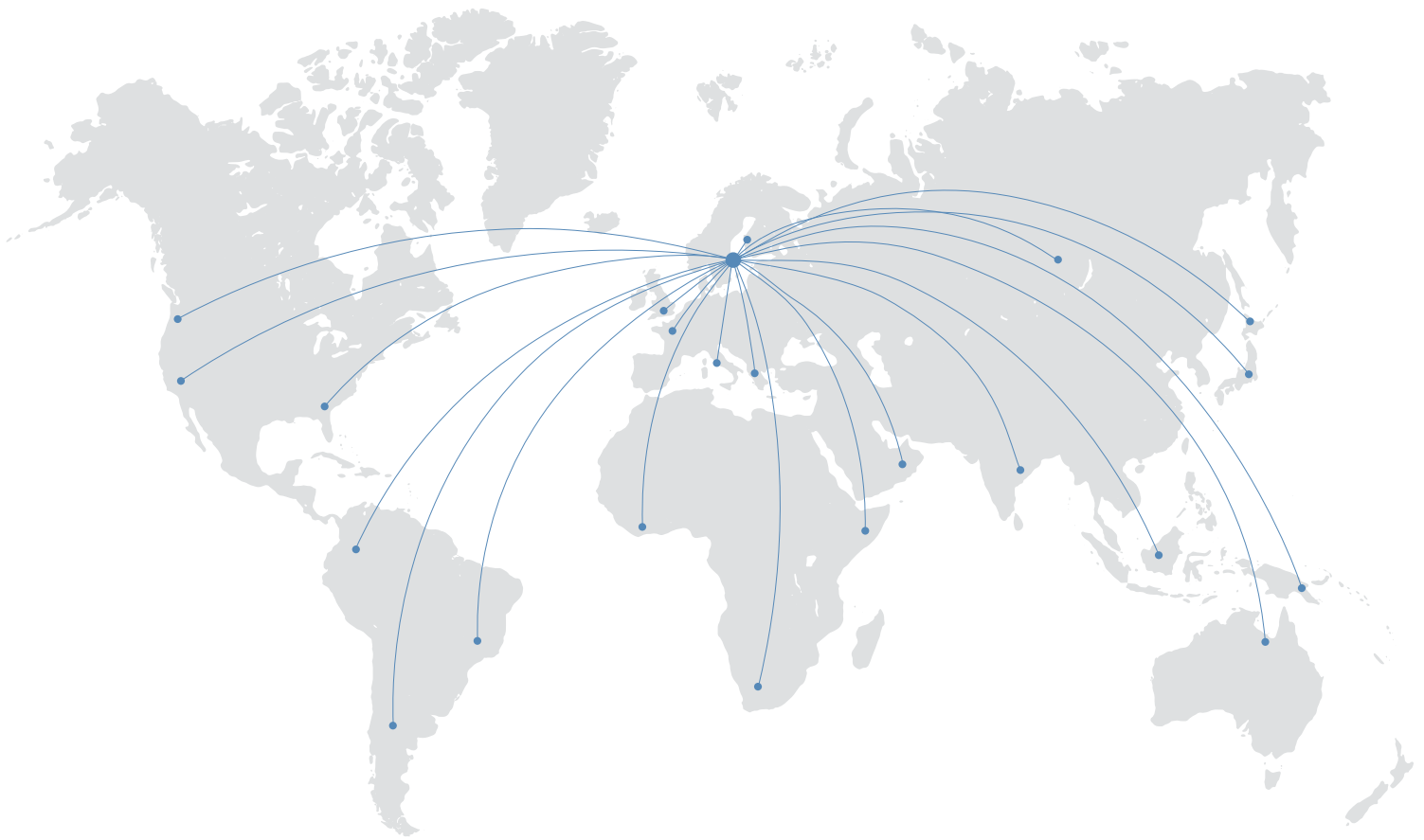
If the starting point is that digital currencies will increase in importance, companies that implement digital currencies in their business model will enjoy a competitive advantage in the future. This in turn will act as a driving force for competitors to follow their example, which together will lead to a gradually increased range of crypto-based services. The greater the range of services, the greater the benefit for the user, and this user benefit in particular is a crucial driver for more consumers to start using crypto-based services. Quite simply – a positive spiral is created by both companies and individuals which in the longer term will lead to an increased everyday use of cryptocurrency. It is against this background that Quickbit is developing solutions for both people and companies.

Development in the number of digital wallets globally, years 2016–2020



Source: <https://www.statista.com/statistics/647374/worldwide-blockchain-wallet-users/>





### **Cryptocurrency – the key to financial inclusion?**

Cryptocurrency has a number of advantages such as a global reach, built-in autonomy, decentralisation, minimal administration, speed and low fees. There is great value in the openness and easy accessibility, where every person with a mobile phone can access financial services with a global reach without needing to depend on a bank or other third party. Today, almost 25 percent of the world's adult population lacks access to financial services. Cryptocurrency has all the characteristics to create increased financial inclusion in a simple and natural way by offering financial services to people who currently lack them. In addition to the great societal benefits that this creates, economic growth will also benefit.

In other words, there is great potential in the prospect that this group will demand financial services in the future based on cryptocurrency. For this to happen, however, the customer benefit needs to be strengthened and further clarified. An increased expansion of the infrastructure around financial services based on cryptocurrencies will strengthen the customer benefit

and user-friendliness in the same way that a clearer and long-term sustainable regulatory environment ensures greater customer protection. All this combined creates an environment where both the number of providers of crypto-based financial services as well as the number of users is increasing, while financial inclusion is growing with significant societal benefits as a result.

### **The myth about illegal transactions**

A common misconception is that digital currencies are primarily used for illegal purposes. However, several studies show that cash continues to be used most in illegal transactions. A report from Chainalysis published in 2020 shows that of the total number of transactions made in cryptocurrency during the years 2017–2019, only between 0.5–1 percent were made for illegal purposes annually, which corresponds to a value of between USD 2 billion and USD 4 billion. This can be compared to cash where it is estimated that transactions corresponding to somewhere between USD 800 billion to USD 2 trillion are made for illegal purposes annually.

# Compliance – a competitive advantage

The trend towards cryptocurrency becoming an ever increasing part of our everyday lives is here to stay. In the past year, cryptocurrency has received increased attention globally and more players are showing interest in the sector while larger players are growing rapidly. In line with this development, focus from legislators around the world has increased and there are clear signs of stricter regulation in the future. Over the past year, Quickbit has placed great focus on ensuring solid processes for compliance, which will be a clear competitive advantage in the future.

## **A global product requires harmonised legislation**

Unlike traditional currency, cryptocurrency has no connection to the state via a central bank. This is one of the main reasons why there has historically been a lack of legislation and regulation for financial services based on cryptocurrency.

To date, it has largely been up to each country to decide itself on the level of regulation, which in turn has led some actors to seek to establish in jurisdictions where the legislation has been unclear or even non-existent. The EU's Fifth Money Laundering Directive, which is now implemented in Swedish law, requires that all actors comply with the Money Laundering Act and register with the respective country's financial supervisory authority. In recent years, a number of countries outside the EU have introduced regulations which, in the same way as the EU's Fifth Money Laundering Directive, have extended anti-money laundering regulations to cover providers of services related to cryptocurrencies. Some examples of countries outside the EU that have introduced stricter regulations are Argentina, Australia, the Cayman Islands, Canada, Japan and the United States.

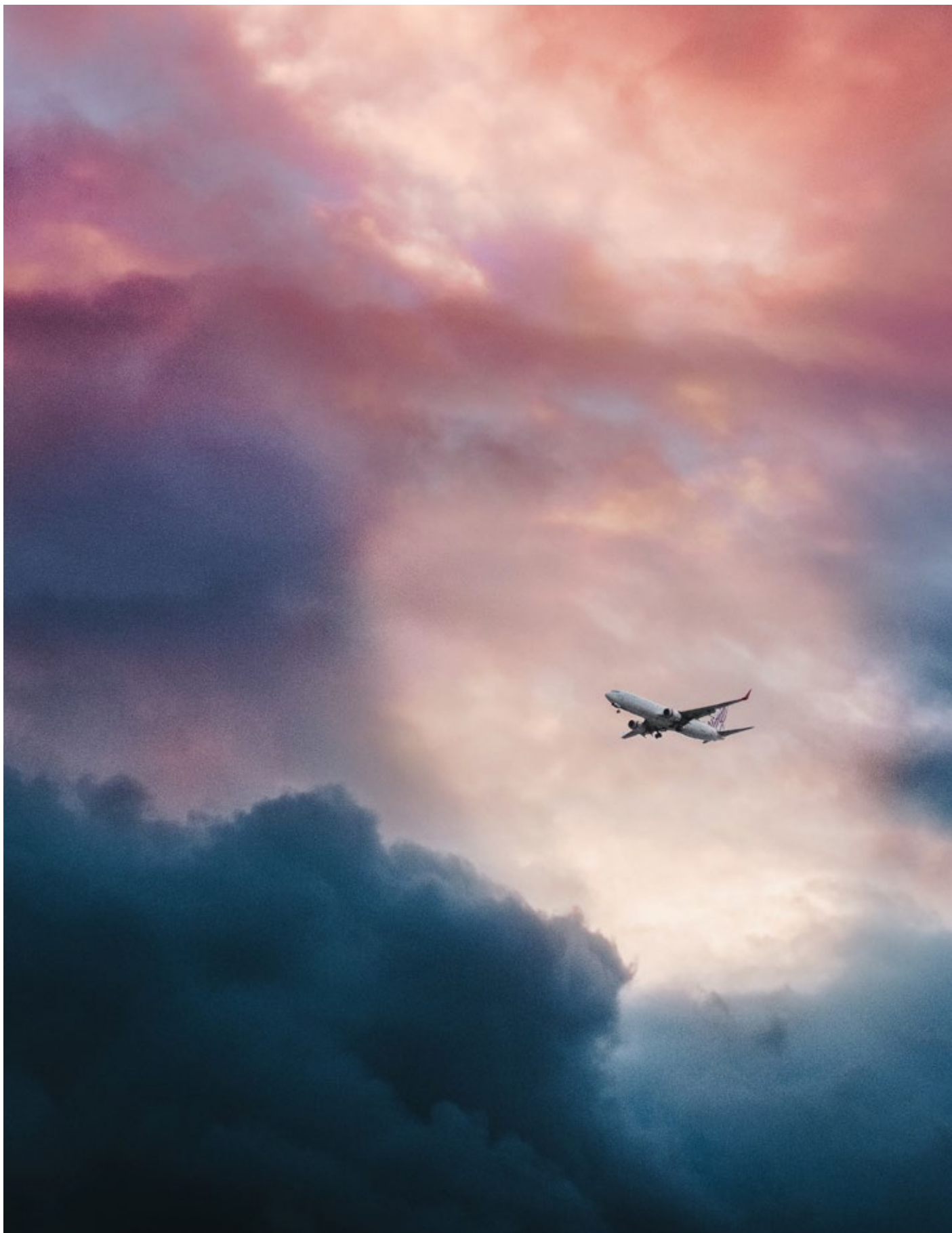
The EU has also initiated a proposal for a regulation focusing on digital developments in the financial field, which, in its current form, opens up the possibility of licencing requirements and even stricter regulation of crypto operations. In the event that such a regulation is introduced, this will impose requirements on providers of crypto-based financial services, which are far more comprehensive than what currently applies. For companies that have compliance and internal control in place, such a shift will have far less impact than for

actors who have chosen to establish themselves in jurisdictions where the legislation is weak or unclear. Quite simply – stricter regulation benefits players who have made large investments in compliance and are thus far ahead in the area.

## **Increased regulation benefits customers**

Quickbit has taken a strategic decision to make major investments in compliance processes in order to ensure that the company is ready to meet increased regulations in the future. The trend in recent years of sharply increased regulations of the financial sector has clearly shown how costly it can be for companies to subsequently have to restructure processes to meet requirements imposed by legislators. Quickbit's compliance function works according to a risk-based approach with an annual overall risk assessment, both in terms of internal and external compliance risks. This risk assessment then forms the basis for the work during the year. Based on the risk assessment, initiatives and resources are then evaluated and prioritised. The compliance function is also a permanent part of Quickbit's management team and thus becomes a natural element in all strategic decisions relating to the company's long-term operations.

At Quickbit, the customers are the most important. In order to ensure that the customer's needs are met, Quickbit has chosen to include the customer protection aspect in all risk assessments. For Quickbit, it is a crucial competitive advantage to meet all requirements imposed by legislators in a certain and efficient manner, while offering all customers a flexible and safe experience. The actors who have progressed furthest in this development will be the winners in the future.



# Quickbit as an employer

**Our corporate culture is important for us because it defines how we act towards each other. We work according to our core values of new thinking, collaboration and competence. For us these are not just words, but something that we live according to every day. This creates a more fun everyday experience for us and better solutions for our customers.**

## **Corporate culture that creates value**

We have built a corporate culture with our core values as building blocks and we use these to deliver both internal and external value. The values that provide the basis for our organisation and way of working have made it possible for us to become a company that has progressed a significant way in our mission to facilitate the everyday use of cryptocurrency.

At Quickbit, collaboration means that we rely on each other's knowledge and are inclusive. We also want to be the new thinkers in a new industry. New thinking means not being afraid to challenge or afraid of failure in order to successfully develop the financial services of the future. Competence is the foundation of a successful organisation. By competence we mean not only expert knowledge in a specific field but that social competence is equally important. We believe that combining collaboration, new thinking and competence is an unbeatable success factor.

## **Gradually stronger employer brand**

Our employees are Quickbit's most important asset and play a key role in ensuring that we shall continue to develop successfully. Therefore, it is absolutely crucial that we recruit the best employees. To be able to do that, at the pace we want, we must become better known as an employer – which we are working on in a hard and focused way every day. We have a considerable recruitment need and we are therefore continually looking for new employees. Quickbit operates in an industry where there is strong competition for the best employees. The experience we have is that when someone has visited us or got a sense of who we are, this fosters a strong interest and curiosity. We have recruited several employees largely on the basis of the fact that they gained an insight into who we are and how we work. Our culture and our way of working are important elements in building a stronger employer brand.

## **Comfort – one of the most important competitive advantages**

For us, it is important that our employees feel good, have fun and feel that they are developing. We also think it is important to have a balance in life, as we believe that then everyone does a better job. In other words, we want our employees to feel good. Quickbit promotes a positive, dynamic and sustainable way of working where all employees exercise a significant impact on their own role but also on the company generally. A healthy corporate culture and employees who enjoy their work are our most important tools for developing and improving performance among all employees. This will also create a platform for everyone to act in the interests of the entire company, help us realise our strategic priorities and achieve our mission, as well as create a more sustainable organisation.

## **Diversity and equality**

For Quickbit, it is important to be an equal employer and we oppose all forms of discrimination. We only accept an environment where everyone can be the best version of themselves and is offered the same opportunities. We stand for diversity and respect that each person is unique regardless of gender, nationality, ethnicity, religion, age, sexual orientation, disability or personality. We believe that teams based on diversity and an inclusive environment together increase commitment, innovation and performance while enriching our business and corporate culture. Quickbit welcomes and encourages all employees who want to reach their highest potential.

## **A number of different nationalities in four offices**

Today, we are almost 50 employees of different nationalities who are spread across four offices. Together we create solutions to facilitate the use of cryptocurrency in people's everyday lives. Our head office is located in Stockholm, where all areas of the business and management are based. In Lahore in Pakistan, we have a lot of technical competence and in Gibraltar as well as Estonia there are compliance, risk and some administrative functions. All our offices are centrally located, which we believe is an advantage for our employees.



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# Report of the Board of Directors 2019/2020

The Board of Directors and CEO of Quickbit eu AB (publ), hereby submit the annual accounts and consolidated financial statements for the financial year, 1 July 2019 until 30 June 2020. The company's registered office is in Stockholm and it has the corporate identity number 559066-2093. The annual accounts are prepared in Swedish kronor (SEK) and all reported amounts are in thousands of kronor (SEK '000) unless otherwise stated.

## Information about the operations

Quickbit offers a solution that makes it easier for people to use cryptocurrency in their everyday lives, by allowing users to quickly, simply and securely buy cryptocurrency, which can then be used when paying for purchases of goods and services online. The solution for e-merchants is offered through a so-called affiliate model. For e-merchants, getting paid in cryptocurrency implies a great advantage, which makes Quickbit's solution attractive. The benefits for e-merchants to steer their customers towards cryptocurrency payments results in a significantly reduced risk of fraud, no redemption fees to banks compared to cards and the payment is available immediately unlike payments made with cards. The company through its affiliate solution has been a leader in developing solutions for a growing need among e-merchants. Quickbit will continue to offer solutions so that all merchants – physical as well as online – regardless of sector, can receive payment in cryptocurrency.

Starting from autumn 2020, solutions will also be offered that are targeted directly to consumers. These solutions include the Quickbit Card and Quickbit App, among others. This will create increased opportunities for growth when more people and merchants in more markets use Quickbit's solutions.

Quickbit makes money on every transaction where the company sells cryptocurrency. Revenue consists partly of a transaction fee that the customer pays, and partly of the difference between what Quickbit buys in cryptocurrency for and what the company later sells it to the customers for. Quickbit's profitability is not affected by the market price of the cryptocurrency that the transaction is executed in.

Quickbit eu AB was founded in 2016 and has been operating since 2018 through its wholly-owned subsidiary, Quickbit Ltd, domiciled in Gibraltar. Quickbit has been listed on the Nordic Growth Market Nordic MTF since July 2019. The head office is situated in Stockholm.

## Significant events during the financial year

- In October, Quickbit signed a letter of intent regarding the issuance of physical and virtual VISA and Mastercard cards. The launch of the cards is an important part of our efforts to reach more users, broaden the business model and create more revenue streams.
- In December, Quickbit entered into strategic collaboration with Scrive on digital identification and transaction authentication.
- Quickbit entered into strategic collaboration with Onfido on digital identification and validation of customer identity.
- The Annual General Meeting (AGM) on 18 December 2019 resolved on the re-election of Sven Hattenhauer, Johan Lund and Anders Lindell as ordinary Board members and the election of Lars Melander and Scott Wilson as new Board members. Sven Hattenhauer was re-elected as Chairman of the Board.
- Quickbit obtained an option, to not later than 31 December 2020, acquire Digital Currency Services B.V. with the trademark happycoins.com.
- In January 2020, Quickbit entered into an agreement on the acquisition of BitRate Invest OÜ. The acquisition was made with the aim of securing control over the entire transaction flow and to create a basis for continued successful product launches. Takeover of the acquired company occurred on 1 April 2020.
- Quickbit signed an agreement on new terms with the company's redemption partners. The new terms took effect retroactively from 1 January 2020. The financial effects of the altered terms of agreement took full effect starting from the third quarter (Jan–Mar) of the current financial year.
- Quickbit strengthened its company management. The new members of the company management are Simon Afeworki (Head of Finance), Minou Britmer (Head of Accounting) and Ejub Bicic (Chief Product Officer and acting Chief Technology Officer). Meanwhile, President Jörgen Eriksson resigned from his position at his own request. All changes became effective on 1 March 2020.
- The uncertain development caused by the Coronavirus pandemic has led to a more difficult to judge risk profile in the company's transaction flows. As a result of this, the Board of Quickbit took a decision to make a provision for possible future losses on credit card transactions. The provision amounted to SEK 10 million and was charged to operating profit in the third quarter.
- Quickbit entered into a strategic agreement with Bambora. The agreement means that Quickbit's solution for customers to purchase cryptocurrency will be integrated into Bambora's payment platform PaymentIQ. The integration of PaymentIQ represents a strong growth opportunity for Quickbit, which gains access to Bambora's customers within online casino and i-gaming.
- The Board of Directors of Quickbit took a decision on a new strategic direction for the future operations. The new strategy primarily means that Quickbit now, in addition to its existing business, will also focus on developing solutions that target consumers directly. This broadens Quickbit's business model and creates increased opportunities for growth and profitability. The ambition is to become a global market leader within cryptocurrency payments.

- Quickbit decided to launch an app, Quickbit App, and a debit card, Quickbit Card, which will simplify the use of cryptocurrency in people's everyday lives. The launches are part of the strategic focus that, in addition to the existing business, which is targeted towards e-merchants, is to also develop solutions targeted towards consumers directly. The launch of the Quickbit App and Quickbit Card will occur starting in Europe during the autumn of 2020.
- On 1 April 2020, Quickbit's cash balance was strengthened by SEK 30.8 million through a payment from the company's redemption partners. This is a result of the improved terms with redemption partners which was communicated on 17 February 2020. The payment was booked during the fourth quarter.
- Quickbit strengthened its company management with Johan Björklund. Johan Björklund has the role of Chief Compliance Officer. Johan Björklund will become a permanent member of Quickbit's company management team starting from 1 June 2020.
- An Extraordinary General Meeting on 23 June 2020 resolved on the new election of Mathias Jonsson van Huuksloot as an ordinary Board member to replace Anders Lindell who made his place on the Board available.

#### **Significant events after the end of the financial year**

- Quickbit has taken the decision to discontinue cooperation with Northern Voucher Systems and its subcontractors, which since Quickbit was founded have been the company's main partners for redemption of card transactions. Going forward, Quickbit will cooperate with other partners for redemption of card transactions, for example the British company Decta Limited. These changes apply starting from 31 August 2020. The financial effects of these changes are mainly that Quickbit from 1 September 2020 no longer needs to make any provisions of liquid assets to the so-called rolling reserve.
- The Board of Directors of Quickbit has taken a decision to change accounting standards from K3 to IFRS. The change enters into effect starting from the first quarter of the split financial year 2020/2021. The reason for the change is that the company must meet the requirements for accounting standards that a listing of the company's share on a regulated marketplace requires and to increase comparability with other listed companies that already apply IFRS. The change of accounting standard mainly impacts the recognition of operating leases in the consolidated balance sheet. The transition to IFRS does not give rise to any material financial effects. Quickbit will not apply any exemptions in connection with the changeover to IFRS.

#### **Net sales and earnings Group**

Net sales totalled SEK 4,614,105,000 (2,353,917,000). Operating profit amounted to SEK 95,218,000 (48,162,000). Profit after tax amounted to SEK 83,591,000 (39,006,000). Other operating income consisted mainly of exchange rate differences during the quarter as well as the company's revenue sharing, which is obtained by Nordic Growth Market NGM Aktiebolag quarterly. Net sales refer to customers' purchases of cryptocurrency through Quickbit's automated system where cryptocurrency is sold from the company's own inventories.

#### **Parent Company**

Net sales totalled SEK 13,663,000 (10,190,000). Operating profit amounted to SEK -21,547,000 (-1,921,000). Profit after tax amounted to SEK -21,561,000 (-11,067,000). Net sales in the Parent Company mainly related to intra-group services. Intra-group services are eliminated on consolidation and are consequently not shown in the consolidated income statement.

#### **Liquidity, cash flow and financial position**

The Group's cash and cash equivalents at the end of the period amounted to SEK 20,936,000 (7,550,000). The Group's cash flow from operating activities was SEK 24,043,000 (8,071,000). Cash flow from investing activities was SEK -26,654,000 (-4,476,000) and from financing activities it was SEK 16,000,000 (3,160,000).

Current liabilities at the end of the period amounted to SEK 32,626,000 (14,231,000). Current receivables at the end of the period amounted to SEK 125,037,000 (43,373,000). The Group has no non-current liabilities

Quickbit has working capital in three forms – cash in bank accounts, inventories of cryptocurrency and the balance sheet item Other receivables. The balance sheet item Other receivables is explained below. Quickbit gets paid by customers using card payments online, mainly Visa and MasterCard. In order to handle transactions between Quickbit and the customers, Quickbit needs agreements with redemption partners who are members in both VISA and MasterCard. Since Quickbit handles a very large number of transactions, these redemption partners require the deposit of collateral in the form of liquid assets. This collateral is called a rolling reserve and is booked as an asset in the item Other receivables in the consolidated balance sheet. The rolling reserve varies in size over time as parts of the collateral are continually paid to the company but new collateral arises as new transactions are executed.

The equity/assets ratio was 85 percent (83).

#### **Investments and depreciation**

The Group's investments amounted to SEK 62,529,000 (4,370,000). This expenditure includes accrued costs for development work and acquisition of subsidiaries. Depreciation and impairment losses during the year amounted to SEK 4,614,000 (3,173,000).

The company's employees mainly consist of developers who are working on developing current and future software. Costs directly attributable to software development are capitalised as an intangible non-current asset in the balance sheet. Costs that are capitalised for software development are amortised over five years.

#### **Development work**

Innovation and a high rate of renewal in Quickbit's customer offering are crucial for continued success. Product development consists of both continuous improvements within the framework of existing solutions and the development of new products. This development work is crucial for the company to be able to deliver continued high growth.



### Intangible non-current assets

The Group's intangible non-current assets largely consist of development work. At the end of the financial year, the carrying amount of capitalised expenditure related to development work and other intangible assets amounted to SEK 71,473,000 (14,242,000).

### Employees

The average number of employees in the Group was 16 persons (4) of whom 2 (1) was a woman. The average number of employees in the parent company was 13 persons (4), of whom 2 (1) was a woman.

### Transactions with related parties

During the financial year, Chairman of the Board Sven Hattenhauer invoiced the company for SEK 50,000 in respect of performed consultancy services.

During the financial year, the related company FTCS intressenter AB invoiced the Quickbit for SEK 450,000 for performed consultancy services.

### Tax

The Group during the financial year had a tax expense of SEK 11,613,000 (8,973,000)

During the fourth quarter of 2018/2019, the company carried out an investigation regarding establishment in accordance with the CFC regulations (Controlled Foreign Company). The CFC rules simplified mean that a partner in a foreign legal entity with low taxable income can be taxed on an ongoing basis for its share of the surpluses arising at the foreign legal entity. Following the completion of the investigation and recommendations from the company's tax lawyers, the requirements were met starting from the first quarter 2019/2020 to tax the parent company's wholly-owned subsidiary Quickbit Ltd, domiciled in Gibraltar, with the applicable corporate tax in Gibraltar. The current corporate tax rate in Gibraltar amounts to ten percent. The tax expense that is reserved quarterly refers only to the profit generated in the subsidiary with the above locally applicable tax rate.

### Risks related to the spread of the Coronavirus

The spread of the Coronavirus has meant sluggish economic activity and increased uncertainty in relation to global growth. Just like a large number of companies in many sectors, Quickbit has been negatively affected by the increased socio-economic uncertainty. Economic indicators showed the clear negative impact on economic growth during the period April-June 2020 due to the pandemic. Certain economic indicators fell to levels not seen since the 1930s and 1940s but a gradual economic recovery has been noted recently, however, from very low levels. The uncertainty relates to whether the future development and the economic recovery are largely due to continued fiscal stimulus measures and that the spread of the virus does not increase again. The negative effects of this increased uncertainty are primarily evident through an increased risk profile in Quickbit's transaction flows. The global Coronavirus pandemic also meant that demand from operators offering online betting on different sporting events essentially ceased during the period April to June 2020.

### Government support related to Covid-19

SEK '000	Received amount	Refers to period
Employer's contributions	212.1	2019/2020

Of the total support, SEK 143,200 was recognised in the income statement in the fourth quarter and has reduced personnel expenses. The remaining part is included in Current liabilities in the balance sheet as of 30 June 2020. The company has not received any government support apart from reduced employer's contributions and no government support was received during the previous financial year.

### Expected future trend

Quickbit still has a very good outlook and a strong ability to grow in line with increasing demand from existing and new customers. Quickbit will continue to deliver according to the established goals and according to a well-functioning strategy. In addition to further developing its core business, Quickbit will continue to focus on developing new solutions and products, which further broaden the offer, thus creating several, independent of each other revenue streams.

Quickbit's point of departure is that cryptocurrencies will become a bigger and bigger part of our future everyday lives. The trend in recent years has clearly shown that everyday use of cryptocurrencies has increased sharply. By facilitating an increased everyday use of cryptocurrencies, Quickbit will reach a significantly larger market and more customers.

Quickbit works continually on creating new solutions and products that facilitate the use of cryptocurrencies in everyday life for existing and future users. During autumn 2020, Quickbit will launch physical and virtual VISA and MasterCard cards, the Quickbit Card and an app, Quickbit App.

### Material risks and uncertainties

In its operations, Quickbit is exposed to certain risks that may affect its performance to a lesser or greater extent. The following describes the risks and uncertainties that are deemed to be important for Quickbit's future development. The risks are not ranked in order of priority and the list should not be considered exhaustive. Additional risks and uncertainties that the Company has not yet identified may also become factors that may affect the Company's operations and future development.

<b>Dependence on key people</b>	The operations depend on the ability to recruit, develop and retain qualified employees. There is a risk that the Company cannot offer all key persons satisfactory conditions compared to the competition from other companies in the industry or related sectors. Should these people resign or otherwise cease to be available for Quickbit, the Company's operations may be affected negatively.
<b>Dependence on partners and redeeming banks</b>	There is a risk for an immediate negative effect on the Company's growth if the cooperation would cease with redeeming banks. In order to minimise the risk exposure to a bank the Company elects to use several different redeeming banks. Quickbit is also strongly dependent on subcontractors in the technology and security areas. Should any of these collaborations cease, there is a risk that the Company can experience increased costs for delivery of its service, with an immediate consequence that Quickbit's margins will decrease.
<b>Ability to manage growth</b>	In line with the growth of the organisation, effective planning and management processes need to be developed. There is a risk of negative consequences for the operations and profitability if the Company fails to manage a rapid growth rate. With a high increase in sales, there are also growth and scalability challenges that follow from this. If Quickbit is not able to meet these challenges then the Company's growth may be limited and its cost base may increase.
<b>Risks related to handling of personal data</b>	Within the framework of Quickbit's operations, including e-commerce, the Company handles customers' personal data. There is a risk that deficiencies in the Company's privacy and data security routines for the processing of personal data can damage the Company's reputation and have a material adverse effect on the Company's operations, earnings and financial position. Furthermore, a new data protection regulation, the General Data Protection Regulation (EU) 2016/679 (GDPR), entered into force on 25 May 2018. If Quickbit's assessment of compliance with GDPR would be incorrect, it could lead to legal proceedings, legal sanctions, penalty fees and damages that could have a material adverse effect on Quickbit's operations, earnings and financial position.
<b>Competition</b>	Quickbit operates in a highly competitive market. There is a risk of increased competition from market players with, in many cases, significantly greater financial resources that can lead to reduced growth opportunities or that the Company's operations will be adversely affected in other ways. There is a risk that the Company over time will be exposed to both competition and pressure on margins.
<b>Currency risk/inventory risk</b>	In order to ensure prompt delivery of cryptocurrencies, the Company has about 9–15 percent of daily sales in internal inventories consisting of cryptocurrencies. Rapid fluctuation in rates of Bitcoin entails a risk for the value of the Company's inventories. In order to minimise this risk exposure, Quickbit has been using Bitcoin Cash and Litecoin since spring 2018 as a store of value and the technical platform has been developed so that cryptocurrencies are automatically bought and sold when needed through established marketplaces in such a way that the trading inventory is always kept to the lowest practicable level.
<b>Regulatory risks</b>	The regulation of cryptocurrency is still at a relatively early stage, and it is estimated that there are and will continue to be differences in regulation between different countries. There is a risk that some countries may impose restrictions or prohibitions on the use and/or holding of cryptocurrency. If regulatory changes occur within the Company's field of activity, these may imply increased costs for the Company, which in turn may adversely affect the Company's margins.

<b>Technical and system-related risks</b>	The Company's operations are dependent on its technical platform. There is a risk for an immediate negative effect on the Company's sales and margins if this platform fails.
<b>Fraud-related risks</b>	E-commerce and currency exchange are continually subject to more or less sophisticated fraud attempts. There is a risk that Quickbit's security and data protection procedures will not be sufficient to counter new or unknown threats. Should Quickbit be subject to a completed fraud, the losses could be extensive, both in terms of direct financial losses, as well as losses in terms of the brand's credibility. The company's systems handle large amounts, both in FIAT and cryptocurrency. These types of systems tend to attract fraudsters who in one way or another illegally seek to appropriate funds. Should Quickbit be subject to fraud, this will imply costs for the Company.
<b>Risks associated with consumers' right to chargeback</b>	Anyone who makes a card purchase has the opportunity to contact their bank and revoke or stop the transaction after the purchase has taken place, stating a complaint or grievance as a reason. There is a risk that some customers will abuse this right on illegitimate grounds. The company has clauses in its agreements with partners which mean that they are charged for any chargebacks that occur. In the event that partners are unable to comply with the agreement, the Company may be affected by unforeseen costs.
<b>Supplier risk</b>	Quickbit acts in close collaboration with its subcontractors. There is a risk that deficiencies in these partnerships could lead to increased costs or lost income, with a negative impact on the Company's earnings and position as a consequence. There is also a risk that the Company's suppliers will choose to terminate their cooperation, which would have a negative impact on the business.
<b>Technical and system-related risks</b>	Quickbit's business is based on a proprietary and complex trading platform including many subsystems. The platform communicates with different external parties. There is a risk that deficiencies in the company's own system, in communication systems or in the external parties' systems can lead to interruptions, incorrect transactions or other conditions that disrupt operations, with temporary or permanent reduced or lost income as possible consequences.

# Multi-year review

<b>Group</b>			
Amounts in SEK '000	2019/2020	2018/2019	2017/2018
Net sales	4,614	2,354	7
Profit/loss after financial items	95	48	-8
Total assets	221	83	16
Equity/assets ratio, %	85.00	82.90	66.00
Return on total assets, %	43.0	57.8	-46.7
Return on equity, %	50.4	69.4	-70.8
<b>Parent Company</b>			
Amounts in SEK '000	jul 2019– jun 2020	jul 2018– jun 2019	jul 2017– jun 2018
Net sales	14	10	6
Profit/loss after financial items	-22	-2	-7
Total assets	103	41	16
Equity/assets ratio, %	36.04	45.30	68.80

See page 74-75 for definitions of key ratios.

## Proposed appropriation of profits

The following earnings are at the disposal of the Annual General Meeting:

Amounts in SEK '000	
Share premium reserve	73,327
Retained earnings	-42,591
Net profit for the year	-21,561
	<b>9,175</b>
The Board proposes that the profits be allocated as follows	
to be carried forward	9,175
	<b>9,175</b>

# Consolidated income statement

Amounts in SEK '000	Note	2019/2020	2018/2019
Net sales	3	4,614,105	2,353,917
Other operating income		9,081	1,651
<b>Total income</b>		<b>4,623,186</b>	<b>2,355,568</b>
<b>Operating expenses</b>			
Purchase of cryptocurrency and other transaction costs		-4,480,723	-2,293,610
Other external expenses	4	-27,439	-7,879
Personnel expenses	5	-13,621	-2,742
Depreciation and amortisation of property, plant and equipment and intangible non-current assets	6, 7, 8	-4,614	-3,176
Other operating expenses		-1,571	
<b>Operating profit</b>		<b>95,218</b>	<b>48,162</b>
<b>Profit/loss from financial items</b>			
Interest expenses and similar profit/loss items		-14	-182
<b>Profit after financial items</b>		<b>95,204</b>	<b>47,979</b>
Tax on net profit/loss for the year	14	-11,613	-8,973
<b>Net profit for the year</b>		<b>83,591</b>	<b>39,006</b>
<b>Earnings per share, (SEK)</b>			
Before dilution		1.29	0.66
After dilution		0.96	0.59

# Consolidated balance sheet

Amounts in SEK '000	Note	30 June 2020	30 June 2019
<b>ASSETS</b>			
Subscribed for but not paid in capital		0	16,000
<b>Non-current assets</b>			
<b>Intangible non-current assets</b>			
Capitalised expenditure for development work and similar work	6	32,075	14,242
Other tangible assets	7	39,397	
		<b>71,473</b>	<b>14,242</b>
<b>Property, plant and equipment</b>			
Equipment and tools	8	932	102
		<b>932</b>	<b>102</b>
<b>Financial assets</b>			
Other non-current receivables	9	2,446	73
		<b>2,446</b>	<b>73</b>
<b>Total non-current assets</b>		<b>74,851</b>	<b>14,417</b>
<b>Current assets</b>			
<b>Inventories etc.</b>			
Inventory of cryptocurrency		584	1,990
<b>Current receivables</b>			
Trade receivables	9	121,666	43,365
Prepaid expenses and accrued income	10	3,371	9
		<b>125,037</b>	<b>43,373</b>
Cash and bank balances		20,936	7,550
<b>Total current assets</b>		<b>146,556</b>	<b>52,914</b>
<b>TOTAL ASSETS</b>		<b>221,407</b>	<b>83,331</b>

# Consolidated balance sheet

Amounts in SEK '000	Note	30 June 2020	30 June 2019
<b>Equity</b>			
Share capital	11	647	597
Other contributed capital		73,520	33,603
Other equity including net profit for the year		114,614	34,900
<b>Total equity</b>		<b>188,781</b>	<b>69,100</b>
<b>Current liabilities</b>			
Trade payables		3,912	1,509
Current tax liabilities	14	20,516	8,973
Other current liabilities		4,852	2,362
Accrued expenses and deferred income	12	3,346	1,387
<b>Total current liabilities</b>		<b>32,626</b>	<b>14,231</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>221,407</b>	<b>83,331</b>

# Consolidated statement of changes in equity

Amounts in SEK '000	Share capital	Other Contributed capital	Other equity and net profit for the year	Total equity
<b>Equity 30 June 2018</b>	<b>583</b>	<b>17,982</b>	<b>-7,898</b>	<b>10,667</b>
New issue	14	3,286	-	<b>3,300</b>
New issue in progress	-	16,000	-	<b>16,000</b>
Expenses related to issue	-	-825	-	<b>-825</b>
Issue of subscription warrants	-	163		<b>163</b>
Change in translation difference relating to existing subsidiaries	-	-	791	<b>791</b>
Net profit/loss for the year	-	-	39,005	<b>39,005</b>
<b>Equity 30 June 2019</b>	<b>597</b>	<b>36,606</b>	<b>31,898</b>	<b>69,101</b>
New issue	50	-50	-	<b>0</b>
New issue in progress	-	36,990		<b>36,990</b>
Expenses related to issue	-	-26		<b>-26</b>
Issue of subscription warrants	-		2,978	<b>2,978</b>
Change in translation difference relating to existing subsidiaries	-	-	-3,853	<b>-3,853</b>
Net profit/loss for the year	-	-	83,591	<b>83,591</b>
<b>Equity 30 June 2020</b>	<b>647</b>	<b>73,520</b>	<b>114,614</b>	<b>188,781</b>



# Consolidated cash flow statement

Amounts in SEK '000	Note	2019/2020	2018/2019
<b>Operating activities</b>			
Profit/loss before financial items		95,218	48,161
Adjustments for items not included in the cash flow:	14	17,590	3,176
Interest paid		-14	-182
		<b>112,795</b>	<b>51,155</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease operating receivables	9	-92,427	-42,161
Increase/decrease operating liabilities	10, 12	3,675	-923
<b>Cash flow from operating activities</b>		<b>24,043</b>	<b>8,071</b>
<b>Investing activities</b>			
Investments in intangible non-current assets	7	-23,274	-4,370
Investments in property, plant and equipment	8	-984	-106
Acquisition of companies		9	0
Investments in financial assets	9	-2,405	0
<b>Cash flow from investing activities</b>		<b>-26,654</b>	<b>-4,476</b>
<b>Financing activities</b>			
Increase/decrease other financial receivables and liabilities		0	3,160
New issue		16,000	0
<b>Cash flow from financing activities</b>		<b>16,000</b>	<b>3,160</b>
<b>Cash flow for the year</b>		<b>13,389</b>	<b>6,755</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>7,550</b>	<b>4</b>
<b>Exchange differences in cash and cash equivalents</b>		<b>-3</b>	<b>791</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>20,936</b>	<b>7,550</b>

# Parent Company income statement

Amounts in SEK '000	Note	2019/2020	2018/2019
Net sales	3	13,663	10,190
Other operating income		1,424	0
<b>Total income</b>		<b>15,087</b>	<b>10,190</b>
<b>Operating expenses</b>			
Purchase of cryptocurrency and other transaction costs		0	-1,534
Other external expenses	4	-20,050	-6,494
Personnel expenses	5	-12,105	-2,700
Depreciation and amortisation of property, plant and equipment and intangible non-current assets	6, 7, 13	-2,908	-1,227
Other operating expenses		-1,571	-154
<b>Operating profit/loss</b>		<b>-21,547</b>	<b>-1,921</b>
<b>Profit/loss from financial items</b>			
Interest expenses and similar profit/loss items		-14	-173
<b>Profit/loss after financial items</b>		<b>-21,561</b>	<b>-2,094</b>
<b>Profit/loss before tax</b>		<b>-21,561</b>	<b>-2,094</b>
Tax on net profit/loss for the year	14	0	-8,973
<b>Net profit/loss for the year</b>		<b>-21,561</b>	<b>-11,067</b>

# Parent Company balance sheet

Amounts in SEK '000	Note	30 June 2020	30 June 2019
<b>ASSETS</b>			
Subscribed for but not paid in capital		0	16,000
<b>Non-current assets</b>			
<b>Intangible non-current assets</b>			
Capitalised expenditure for development work and similar work	6	27,324	6,896
		<b>27,324</b>	<b>6,896</b>
<b>Property, plant and equipment</b>			
Property, plant and equipment	7	898	102
		<b>898</b>	<b>102</b>
<b>Financial assets</b>			
Participations in Group companies	15, 20	49,856	9,650
Other non-current receivables	8	550	73
		<b>50,406</b>	<b>9,723</b>
<b>Total non-current assets</b>		<b>78,628</b>	<b>16,721</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Trade receivables		0	0
Receivables from group companies		422	0
Other receivables	9	2,918	1,058
Prepaid expenses and accrued income	10	3,360	4
		<b>6,700</b>	<b>1,062</b>
Cash and bank balances		20,633	7,500
<b>Total current assets</b>		<b>27,334</b>	<b>8,563</b>
<b>TOTAL ASSETS</b>		<b>105,963</b>	<b>4,284</b>

# Parent Company balance sheet

Amounts in SEK '000	Note	30 June 2020	30 June 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital	11	647	597
New issue in progress		30	50
Reserve for development expenditure		27,221	6,896
		<b>27,898</b>	<b>7,543</b>
<b>Non-restricted equity</b>			
Share premium reserve		73,327	36,473
Retained earnings or loss		-42,591	-14,275
Net profit/loss for the year		-21,561	-11,067
		<b>9,175</b>	<b>11,150</b>
<b>Total equity</b>		<b>37,073</b>	<b>18,693</b>
<b>Current liabilities</b>			
Liabilities to Group companies		48,331	8,483
Trade payables		3,909	1,386
Current tax liabilities	14	9,077	8,973
Other current liabilities		4,764	2,362
Accrued expenses and deferred income	12	2,809	1,387
<b>Total current liabilities</b>		<b>68,890</b>	<b>22,591</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>105,963</b>	<b>41,284</b>

# Parent Company statement of changes in equity

Amounts in SEK '000	Share capital	New issue in progress	Reserve for development expenditure	Share premium reserve	Retained earnings	Total equity
<b>Equity 30 June 2018</b>	<b>583</b>	<b>0</b>	<b>3,910</b>	<b>17,982</b>	<b>-11,189</b>	<b>11,286</b>
New issue	14	-	-	3,286	-	<b>3,300</b>
New issue in progress	-	50	-	15,950	-	<b>16,000</b>
Expenses related to issue	-	-	-	-825	-	<b>-825</b>
Reserve for development expenditure	-	-	2,986	-	-2,986	<b>0</b>
Net profit/loss for the year	-	-	-	-	-11,067	<b>-11,067</b>
<b>Equity 30 June 2019</b>	<b>597</b>	<b>50</b>	<b>6,896</b>	<b>36,393</b>	<b>-25,242</b>	<b>18,694</b>
New issue	50	-50	-	-	-	<b>0</b>
New issue in progress	-	30	-	36,960	-	<b>36,990</b>
Expenses related to warrant programme	-	-	-	-26	-	<b>-26</b>
Expenses related to issue	-	-	-	-	2,978	<b>2,978</b>
Reserve for development expenditure	-	-	20,325	-	-20,325	<b>0</b>
Net profit/loss for the year	-	-	-	-	-21,561	<b>-18,585</b>
<b>Equity 30 June 2020</b>	<b>647</b>	<b>30</b>	<b>27,221</b>	<b>73,327</b>	<b>-64,150</b>	<b>37,073</b>

# Parent Company cash flow statement

Amounts in SEK '000	Note	2019/2020	2018/2019
<b>Operating activities</b>			
Profit/loss before financial items		-21,547	-1,921
Adjustments for items not included in the cash flow:	14	5,885	1,227
Interest paid		-14	-173
		<b>-15,676</b>	<b>-866</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease operating receivables	9	-5,754	1,757
Increase/decrease operating liabilities	10, 12	43,291	7,811
<b>Cash flow from operating activities</b>		<b>21,860</b>	<b>8,701</b>
<b>Investing activities</b>			
Investments in intangible non-current assets	7	-23,184	-4,210
Investments in property, plant and equipment	8	-948	-106
Investments in subsidiaries		-118	-50
Disposal/amortisation of other financial assets	9	-477	0
<b>Cash flow from investing activities</b>		<b>-24,727</b>	<b>-4,365</b>
<b>Financing activities</b>			
Increase/decrease other financial liabilities		0	3,160
New issue		16,000	0
<b>Cash flow from financing activities</b>		<b>16,000</b>	<b>3,160</b>
<b>Cash flow for the year</b>		<b>13,133</b>	<b>7,496</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>7,500</b>	<b>4</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>20,633</b>	<b>7,500</b>

# Notes

## NOTE 1 ACCOUNTING AND VALUATION PRINCIPLES

The annual accounts are prepared in Swedish kronor (SEK) and all reported amounts are in thousands of kronor (SEK '000) unless otherwise stated

### General accounting principles

Quickbit eu AB (publ)'s annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). The accounting principles are unchanged compared to the previous year.

### Valuation principles etc.

Assets, provisions and liabilities have been carried at cost unless otherwise stated below

### Foreign currency

Monetary asset and liability items in foreign currencies are measured at the closing day rate. Transactions in foreign currency are translated using the spot rate on the transaction date.

### Consolidation

The company prepares consolidated accounts. Information regarding group companies is provided in Note 9. Subsidiaries are included in the consolidated financial statements from and including the date on which control is transferred to the Group. They are deconsolidated from and including the date on which that control ceases. The consolidated financial statements are prepared according to the purchase method. The acquisition date is the time when control is obtained. Identifiable assets and liabilities are initially measured at fair value on the acquisition date. The minority's share of the acquired net assets is measured at fair value. Goodwill is the difference between the identifiable net assets acquired on the acquisition date and cost, including the value of the minority interest, and is initially measured at cost. Balances between group companies are eliminated in their entirety. Subsidiaries in other countries prepare their annual accounts in foreign currency. The assets and liabilities of foreign subsidiaries are translated at the exchange rate on the balance sheet date and revenue and expenses are translated at the average exchange rate for the year. The translation differences that arise are recognised in the Group's equity.

### Revenue

Sales of goods are recognised when material risks and rewards are transferred from seller to buyer in accordance with the terms of sale. Sales are recognised after deduction of VAT and discounts. The company management has made the assessment that Quickbit is the principal, which means that revenue from brokerage services and buying and selling of cryptocurrency is recognised gross.

### Reporting of lines of business and geographical markets

The Group's lines of business consist of sales of cryptocurrency and brokerage services. The Parent Company's operations are registered in Sweden and the subsidiary in Gibraltar. As all revenue is generated digitally, customers may be located all over the world.

### Remuneration to employees

Remuneration to employees for salaries, paid vacation, paid absences and pension obligations are recognised as the services are performed by the employees.

### Pension plan contributions

The Group only operates defined contribution pension plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate legal entity. This separate legal entity is responsible for the administration of future pension obligations. The contributions are recognized as personnel expenses in the statement of comprehensive income when they are due for payment. The Group has no legal or constructive obligations to pay further contributions.

### Leasing – lessee

All leases have been classified as finance or operating leases. A finance lease is a lease according to which the risks and benefits associated with owning an asset are essentially transferred from the lessor to the lessee. An operating lease is a lease that is not a finance lease. In the Parent Company, all leasing agreements have been classified as operating leases.

### Finance leases

Rights and obligations under finance lease agreements are recognised as assets and liabilities in the balance sheet. At the first accounting date, the asset and liability are measured at the lower of the asset's fair value and the present value of the minimum lease payments. Expenses that are directly attributable to the entering into and arrangement of the lease are added to the amount recognised as an asset.

After the first accounting date, the minimum lease payments are distributed between interest and amortisation of the liability according to the effective interest method. Variable fees are recognised as expenses in the financial year they are incurred

### Operating leases

Leasing fees under operating leases, including increased first-time rent but excluding expenses for services such as insurance and maintenance, are recognised as expenses on a straight-line basis over the lease term.

### Employee stock option programme

Employee stock option programme refers to qualified employee stock options and are recognised as a personnel expense with a corresponding increase in equity. The total amount to be expensed is based on a graded vesting model.

### Tax

Tax on net profit for the year in the income statement consists of current tax. Current tax is income tax calculated in accordance with the CFC rule, which relates to the current year's fiscal results from the Parent Company's wholly-owned subsidiary, which is located in Gibraltar less the Parent Company's tax loss for the current financial year.

Deferred tax is calculated on the basis of tax rates and tax laws that have been enacted or which were announced on the balance sheet date. Deferred tax assets on all temporary differences arising between the tax bases of assets and liabilities are recognised insofar as it is probable that future taxable surpluses will be available. The value of deferred tax assets is reduced when it is probable that it cannot be used.

### Intangible assets

Intangible assets are recognised in the Group at cost less accumulated depreciation and impairment losses. The capitalisation model is applied for internally created intangible assets. Amortisation occurs on a straight-line basis over the estimated useful life. The amortisation period for internally created intangible assets is five years.

Intangible non-current assets consist of internally created development expenditure related to the company's proprietary platform.

### Property, plant and equipment

Property, plant and equipment is recognised at cost less accumulated depreciation and impairment losses. In addition to the purchase price, the cost also includes expenses that are directly attributable to the acquisition. The depreciation period for property, plant and equipment is five years.

### Financial assets

Financial assets are recognised at acquisition value.

### Impairment testing of financial assets

At each balance sheet date, the company assesses whether there is any indication of a need for impairment in any of the financial assets. An impairment loss is recognised if the decline in value is deemed to be permanent. Impairment is recognised in the income statement item Profit/loss from other securities and receivables which are non-current assets. The need for impairment is tested individually for shares and participations and other individual financial assets which are material.

Examples of indications of an impairment need are negative financial circumstances or unfavourable changes in industry conditions in companies whose shares the company has invested in. Impairment of assets measured at amortised cost is calculated as the difference between the asset's carrying amount and the present value of company management's best estimate of the future cash flows discounted by the asset's initial effective interest rate. For assets with variable interest rates, the current interest rate on the balance sheet date is used as the discount rate.

### Offset of financial receivables and financial liabilities

A financial asset and a financial liability are offset and recognised with a net amount in the balance sheet only when there is a legal set-off right and when a settlement with a net amount is intended to be made or when a simultaneous disposal of the asset and settlement of the debt is intended to take place.

### Inventories

Inventories are measured at fair value and consist of cryptocurrencies. Source of fair value measurement occurs using the closing day rate according to Investing.com.

### Trade receivables and other receivables

Receivables are recognised as current assets with the exception of items with maturities more than 12 months after the end of the reporting date, which are classified as non-current assets. Receivables are carried at the amount which is expected to be paid less individually estimated doubtful receivables. Receivables that are interest-free or that run at an interest rate that deviates from the market interest rate and have a maturity exceeding 12 months are recognised at a discounted present value and the change in time value is recognised as interest income in the income statement.

### Financial instruments

Financial instruments recognised in the balance sheet include trade receivables and other receivables, trade payables. The instruments are recognised in the balance sheet when the company becomes a party to the contractual terms of the instrument. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or has been transferred and the Group has transferred essentially all risks and rewards associated with ownership.

### Loan liabilities and trade payables

Loan liabilities and trade payables are initially recognised at cost less transaction costs. If the recognised amount differs from the amount to be repaid at the maturity date, the difference is accrued as an interest expense over the term of the loan using the instrument's effective interest rate. In this way, the amount recognised and the amount to be repaid correspond on the maturity date.

### Cash flow statement

The cash flow statement was prepared in accordance with the indirect method. The recognised cash flow only includes transactions that involve incoming or outgoing payments. As cash and cash equivalents, the company classifies, besides cash balances, balances available with banks and other credit institutions, as well as short-term liquid investments, which are listed on a marketplace and have a maturity of less than three months from the date of acquisition. Changes in blocked funds are recognised in investing activities.



## Parent company

### Impairment of non-financial assets

When there is an indication that the value of an asset has decreased, the asset is tested for an impairment loss. If the asset has a recoverable amount that is lower than the carrying amount, it is written down to the recoverable amount. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separate identifiable cash flows (cash generating units). For assets, other than goodwill, which have previously been written down, a review is performed on each reporting date for possible reversal.

### Key ratio definitions

Equity/assets ratio Equity and untaxed reserves (less deferred tax) in relation to total assets.

## NOTE 2 ESTIMATES AND ASSESSMENTS

The Board considers that the company's system should have a depreciation period of five years. It is further the Board's opinion that all costs for the system shall be carried forward and the capitalised value will be recoverable in the future.

The Board has made the assessment that Quickbit is the principal, which means that revenue from brokerage services and buying and selling of cryptocurrency is recognised gross.

Inventories are measured at fair value and consist of cryptocurrencies. Source of fair value measurement occurs at the closing day rate according to Investing.com.

## NOTE 3 REVENUE DISTRIBUTION

### Group

SEK '000	2019/2020	2018/2019
<b>Net sales includes revenue from:</b>		
Sales of cryptocurrency and related services	4,614,105	2,353,917
Services	–	–
<b>Total</b>	<b>4,614,105</b>	<b>2,353,917</b>

### Parent Company

SEK '000	2019/2020	2018/2019
<b>Net sales includes revenue from:</b>		
Sales of cryptocurrency and related services	–	–
Intra-group services	13,663	10,190
<b>Total</b>	<b>13,663</b>	<b>10,190</b>

## NOTE 4 FEES REIMBURSEMENTS TO AUDITORS

### Group

Tkr	2019/2020	2018/2019
PwC		
The audit assignment	830	341
Tax	757	281
Other services	1,149	67
<b>Total</b>	<b>2,736</b>	<b>689</b>

### Parent Company

SEK '000	2019/2020	2018/2019
PwC		
The audit assignment	830	341
Audit work apart from the audit assignment	997	281
Other services	898	67
<b>Total</b>	<b>2,725</b>	<b>689</b>

### Comment

Audit assignment refers to the review of the annual accounts and bookkeeping as well as the administration by the Board of Directors and the CEO, other duties the company's auditors are obliged to perform, as well as advice or other assistance prompted by observations in the course of such review or the implementation of such other duties.

## NOTE 5 SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES

	Group		Parent Company	
	Jul 2019– Jun 2020	Jul 2018– Jun 2019	Jul 2019– Jun 2020	Jul 2018– Jun 2019
Average number of employees				
Women	2	1	2	1
Men	14	3	11	3
<b>Total</b>	<b>16</b>	<b>4</b>	<b>13</b>	<b>4</b>
<b>Salaries, remuneration, social security expenses and pension expenses</b>				
Salaries and remuneration to other employees	7,693	2,031	6,216	2,031
Social security expenses	2,325	629	2,261	629
<b>Total</b>	<b>10,018</b>	<b>2,660</b>	<b>8,477</b>	<b>2,660</b>
Pension expenses included in social security expenses (SEK '000)	528	0	528	0
Of the Group's total pension expenses, SEK 167,000 refers to the CEO.				
<b>Board members and senior executives</b>				
Men	5	3	5	3
Women	0	0	0	0
<b>Number of CEOs and other senior executives</b>				
Men	4	2	4	2
Women	1	0	1	0
<b>Total</b>	<b>10</b>	<b>5</b>	<b>10</b>	<b>5</b>

### RENUMERATION OF THE BOARD AND GROUP MANAGEMENT

#### The Board

Board fees to the Chairman of the board and boards members are paid according to decision on the annual general meeting. No board fees are paid to the CEO. In Quickbit eu AB (Publ), it was decided at the annual general meeting on 18 December 2019 to remunerate the board with a total fee of SEK 1,1 million, calculated on an annual basis.

The annual general meeting on 18 December 2019 decided that the Chairman of the Board shall be remunerated with a fee of SEK 300,000 per year and the board members Johan Lund, Scott Wilson, Lars Melander, Anders Lindell (resigned during the year) and Mathias Jonsson van Huksloot (elected during the year) shall be remunerated with SEK 200,000 each.

#### Remuneration and other benefits for the period July 2019–June 2020

SEK '000	Remuneration	Other benefits	Pension obligation
Chairman of the Board	300		
Board members	527		
CEO	1,269	71*	167
Other senior executives**	2,952	0	175
<b>Total</b>	<b>5,048</b>		

\* Refers to company benefit car

\*\*Refers to the following: Jörgen Eriksson, Minou Britmer, Simon Afeworki, Ejub Bicic and Johan Björklund

#### Remuneration and other benefits for the period July 2018–June 2019

SEK '000	Remuneration	Other benefits	Pension obligation
Chairman of the Board	200		
Board members	673		
CEO	1,156		
<b>Total</b>	<b>2,029</b>		

## NOTE 6 CAPITALISED EXPENDITURE FOR DEVELOPMENT WORK

SEK '000	2019/2020	2018/2019
<b>Group</b>		
Opening cost	18,384	14,014
Capitalised expenditure for the year, purchasing	22,449	4,370
Through acquisition of subsidiaries	-	-
<b>Closing accumulated cost</b>	<b>40,833</b>	<b>18,384</b>
Opening amortisation	-4,143	-970
Depreciation for the year	-4,614	-3,173
Translation differences	-	-
<b>Closing accumulated amortisation</b>	<b>-8,757</b>	<b>-4,143</b>
<b>Closing residual value according to plan</b>	<b>32,075</b>	<b>14,241</b>
<b>Parent Company</b>		
Opening cost	8,624	4,414
Capitalised expenditure for the year, purchasing	23,184	4,210
Through acquisition of subsidiaries	-	-
<b>Closing accumulated cost</b>	<b>31,808</b>	<b>8,624</b>
Opening amortisation	-1,728	-504
Depreciation for the year	-2,756	-1,224
Translation differences	-	-
<b>Closing accumulated amortisation</b>	<b>-4,484</b>	<b>-1,728</b>
<b>Closing residual value according to plan</b>	<b>27,324</b>	<b>6,896</b>

## NOTE 7 OTHER INTANGIBLE ASSETS

SEK '000	2019/2020	2018/2019
<b>Group</b>		
Opening acquisition value		
Purchasing	39 397	0
<b>Closing accumulated acquisition value</b>	<b>39 397</b>	<b>0</b>
Opening depreciation	0	0
Depreciation for the year	0	0
Translation differences	-	-
<b>Closing accumulated depreciation</b>	<b>0</b>	<b>0</b>
<b>Closing residual value according to plan</b>	<b>39 397</b>	<b>0</b>

## NOTE 8 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

SEK '000	2019/2020	2018/2019
<b>Group</b>		
Opening acquisition value	106	0
Purchasing	983	106
<b>Closing accumulated cost</b>	<b>1,089</b>	<b>106</b>
Opening depreciation	-4	0
Depreciation for the year	-153	-4
<b>Closing accumulated depreciation</b>	<b>-157</b>	<b>-4</b>
<b>Closing residual value according to plan</b>	<b>932</b>	<b>102</b>
<b>Parent Company</b>		
Opening acquisition value	106	0
Purchasing	948	106
<b>Closing accumulated cost</b>	<b>1,054</b>	<b>106</b>
Opening depreciation	-4	0
Depreciation for the year	-152	-4
<b>Closing accumulated depreciation</b>	<b>-156</b>	<b>-4</b>
<b>Closing residual value according to plan</b>	<b>898</b>	<b>102</b>

## NOTE 9 OTHER NON-CURRENT RECEIVABLES, DEPOSITS

SEK '000	30 June 2020	30 June 2019
<b>Group</b>		
Opening accumulated cost	73	73
Additional receivables	2,446	-
Less receivables, amortisations	-73	-
<b>Closing accumulated cost</b>	<b>2,446</b>	<b>73</b>
<b>Closing carrying amount</b>	<b>2,446</b>	<b>73</b>
<b>Parent Company</b>		
Opening accumulated cost	73	73
Additional receivables	550	-
Less receivables, amortisations	-73	-
<b>Closing accumulated cost</b>	<b>550</b>	<b>73</b>
<b>Closing carrying amount</b>	<b>550</b>	<b>73</b>

## NOTE 10 OTHER RECEIVABLES

SEK '000	2019/2020	2018/2019
<b>Group</b>		
Deposited collateral	110,123	42,306
Other current receivables	11,543	1,059
<b>Total</b>	<b>121,666</b>	<b>43,365</b>
<b>Parent Company</b>		
Deposited collateral	-	-
Other current receivables	2,918	1,059
<b>Total</b>	<b>2,918</b>	<b>1,059</b>

## NOTE 11 PREPAID EXPENSES AND ACCRUED INCOME

SEK '000	30 June 2020	30 June 2019
<b>Group</b>		
Prepaid rent	459	-
Other items	2,912	9
<b>Total</b>	<b>3,371</b>	<b>9</b>
<b>Parent Company</b>		
Prepaid rent	455	-
Other items	2,905	4
<b>Total</b>	<b>3,360</b>	<b>4</b>

## NOTE 12 SHARE CAPITAL

	30 June 2020	30 June 2019
Number of shares	64,716,250	59,716,250
Quota value	SEK 0.01	SEK 0.01

## NOTE 13 ACCRUED EXPENSES AND DEFERRED INCOME

SEK '000	30 June 2020	30 June 2019
<b>Group</b>		
Accrued interest expenses	34	20
Accrued holiday pay	791	186
Accrued social security contributions	248	59
Other items	2,373	1,122
<b>Total</b>	<b>3,446</b>	<b>1,387</b>
<b>Parent Company</b>		
Accrued interest expenses	34	20
Accrued holiday pay	791	186
Accrued social security contributions	248	59
Other items	1,736	1,122
<b>Total</b>	<b>2,809</b>	<b>1,387</b>

## NOTE 14 ADJUSTMENTS FOR NON-CASH ITEMS, ETC.

SEK '000	2019/2020	2018/2019
<b>Group</b>		
Reserve for deposited collateral	12,976	
Depreciation and amortisation	4,614	3,176
<b>Summa justeringar</b>	<b>17,590</b>	<b>3,176</b>
<b>SEK '000</b>	<b>2019/2020</b>	<b>2018/2019</b>
<b>Parent company</b>		
Depreciation and amortisation	2,908	1,227
Other items	2,977	
<b>Total adjustments</b>	<b>5,885</b>	<b>1,227</b>

## NOTE 15 TAX ON NET PROFIT FOR THE YEAR

SEK '000	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Current tax	-11,613	-8,973	-	-8,973
Deferred tax	-	-	-	-
<b>Tax on net profit/loss for the year</b>	<b>-11,613</b>	<b>-8,973</b>	<b>0</b>	<b>-8,973</b>
SEK '000	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Recognised profit/loss before tax	95,204	47,979	-21,561	-2,094
Tax calculated according to current tax rate in Sweden	-20,346	-10,555	4,641	461
Tax effect of non-deductible expenses	-129	-14	-129	-14
Tax effect of loss carryforwards where no tax assets are recognised	-	-	-4 481	-
Tax effect of utilised loss carryforwards	-	1,596	-	1,596
Effect of CFC tax	-	-	-	-10,094
Tax calculated according to current tax rate in Gibraltar 10%	8,604			
<b>Recognised tax expense</b>	<b>-11,613</b>	<b>-8,973</b>	<b>0</b>	<b>-8,973</b>

### Comment

The Group only had a reported profit in Quickbit Ltd, located in Gibraltar, during the present financial year. As the company meets all establishment requirements, the company is taxed in the present year according to the local tax rate

## NOTE 16 PARTICIPATIONS IN GROUP COMPANIES

### Specification of the Parent Company's and the Group's holdings of participations in Group companies

The participating interest in the capital is referred to, which also corresponds to the share of the votes of the total number of shares.

Group	Corp. Id. no	Registered office	Share of equity (%)	
Quickbit Ltd	116667	Gibraltar	100	
Quickbit Option AB	559201-0366	Stockholm	100	
Quickbit OÜ	12848586	Tallinn	100	
Parent Company	Share of equity, (%)	Share of voting rights, %	Number of shares	Book value 30 June 2020
Quickbit Ltd	100	100	2,000	9,600
Quickbit Option AB	100	100	1,000	50
Quickbit OÜ	100	100	0	40,206
<b>Total</b>				<b>49,856</b>

SEK '000	2019/2020	2018/2019
<b>Group</b>		
Opening accumulated cost	-	-
Purchase of participations	-	-
<b>Closing accumulated cost</b>	<b>0</b>	<b>0</b>
<b>Closing carrying amount</b>	<b>0</b>	<b>0</b>

SEK '000	2019/2020	2018/2019
<b>Parent Company</b>		
Opening accumulated cost	9,650	9,600
Purchase of participations	40,206	50
<b>Closing accumulated cost</b>	<b>49,856</b>	<b>9,650</b>
<b>Closing carrying amount</b>	<b>49,856</b>	<b>9,650</b>

## NOTE 17 PROPOSED APPROPRIATION OF PROFITS

The following earnings are at the disposal of the Annual General Meeting:

### SEK '000

Share premium reserve	73,327
Retained earnings	-42,591
Net profit for the year	-21,561
<b>Total</b>	<b>9,175</b>
The Board proposes that the profits be allocated as follows to be carried forward	
	9,175
	<b>9,175</b>

## NOTE 18 PLEDGED ASSETS

SEK '000	30 June 2020	30 June 2019
<b>Group</b>		
Pledged assets	None	None
<b>SEK '000</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Parent Company</b>		
Pledged assets	None	None

## NOTE 19 CONTINGENT LIABILITIES

SEK '000	30 June 2020	30 June 2019
<b>Group</b>		
Contingent liabilities	None	None
<b>SEK '000</b>	<b>30 June 2020</b>	<b>30 June 2019</b>
<b>Parent Company</b>		
Contingent liabilities	None	None

## NOTE 20 SIGNIFICANT EVENTS AFTER END OF THE FINANCIAL YEAR

- Quickbit has taken the decision to discontinue cooperation with Northern Voucher Systems and its subcontractors, which since Quickbit's foundation have been the company's main partners for redemption of card transactions. Going forward, Quickbit will cooperate with other partners for redemption of card transactions, for example the British company Decta Limited. These changes apply starting from 31 August 2020. The financial effects of these changes are mainly that Quickbit as from 1 September 2020 no longer needs to make any provisions of liquid assets to the so-called rolling reserve.
- The Board of Directors of Quickbit has taken a decision to change accounting standards from K3 to IFRS. The change enters into effect starting from the first quarter of the split financial year 2020/2021. The reason for the change is that the company must meet the requirements for accounting standards that a listing of the company's share on a regulated marketplace requires and to increase comparability with other listed companies that already apply IFRS. The change of accounting standard mainly impacts the recognition of operating leases in the consolidated balance sheet. The transition to IFRS does not give rise to any material financial effects. Quickbit will not apply any exemptions in connection with the changeover to IFRS.

## NOTE 21 OPERATING LEASES

SEK '000	2019/2020	2018/2019
<b>Group</b>		
Future minimum leasing fees, which shall be paid in respect of non-cancellable leases:		
Fall due for payment within one year	2,007	156
	<b>2,007</b>	<b>156</b>
Leasing fees expensed during the period	2,097	247

SEK '000	2019/2020	2018/2019
<b>Parent Company</b>		
Future minimum leasing fees, which shall be paid in respect of non-cancellable leases:		
Fall due for payment within one year	1,714	156
	<b>1,714</b>	<b>156</b>
Leasing fees expensed during the period	1,942	220

## NOTE 22 ACQUISITION OF BITRATE INVEST OÜ

On 28 February 2020, Quickbit eu AB acquired all shares in Bitrate Invest OÜ. Through the acquisition, Quickbit gains access to strategic assets that will strengthen the company's position in the market for payment solutions within cryptocurrencies. The main strategic asset is Bitcoin Purser, which is a software and platform, which can be used to create digital wallets (so-called e-wallets). QuickBit also gains access to licences in order to store customers' cryptocurrency (custody) and a licence to execute exchange transactions between traditional currency and cryptocurrency.

The purchase price amounted to SEK 40.1 million in total. The acquired company was taken over on 1 April 2020. The seller of BitRate Invest OÜ was Crypto Purser OÜ, which in turn is wholly-owned by Mathias Jonsson van Huuksloot. On 23 June 2020, Mathias Jonsson van Huuksloot was elected to the Board of Directors of Quickbit eu AB. The purchase price for BitRate Invest OÜ consists of 3 million shares in QuickBit eu AB to be paid to Mathias Jonsson van Huuksloot. Any contingent consideration will also be paid to Crypto Purser OÜ.

The Board and CEO assure that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3), and generally accepted accounting policies.

The annual accounts and consolidated financial statements provide a true and fair view of the parent company's and Group's financial position and results of operations. The Report of the Board of Directors for the parent company and the Group provides a true and fair overview of the performance of the parent company's and the Group's operations, financial position and performance, and describes the material risks and uncertainties facing the parent company and other companies in the Group.

The annual accounts and the consolidated financial statements were approved for issuance by the Board of Directors on 2 November 2020. The consolidated income statement and balance sheet and the Parent Company income statement and balance sheet will be subject to adoption by the Annual General Meeting on 30 November 2020.

Stockholm, 2 November 2020

**Sven Hattenauer**

Chairman of the Board

**Mathias Jonsson van Huuksloot**

Board member

**Johan Lund**

Board member

**Lars Melander**

Board member

**Scott Wilson**

Board member

**Serod Nasrat**

Chief Executive Officer

Our audit report was submitted on 2 November 2020  
PricewaterhouseCoopers AB

**Johan Engstam**

Authorised Public Accountant



# Audit report

To the general meeting of the shareholders of Quickbit eu AB (publ), corporate identity number 559066-2093

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Quickbit eu AB (publ) for the financial year 1 July 2019 to 30 June 2020.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 30 June 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

### Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-22 and 52-63. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accep-

ted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our conclusions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content

of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Quickbit eu AB (publ) for the financial year 1 July 2019 to 30 June 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

### Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

## **Responsibilities of the Board of Director's and the Managing Director**

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

## **Auditor's responsibility**

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Stockholm 2 November 2020

PricewaterhouseCoopers AB

Johan Engstam  
Authorized Public Accountant

# Board of Directors

According to the company's articles of association, the Board of Directors shall consist of a minimum of three and a maximum of ten members, with a maximum of three alternates. Board members and alternates are elected annually at the Annual General Meeting for the period until the end of the next Annual General Meeting. At the end of the 2019/2020 financial year, the Board was composed of five ordinary members.



**Sven Hattenhauer**  
Chairman of the Board

**Born:** 1960

**Member since:** 2018

**Education:** Diploma in market economics DIHM

**Other assignments:** Board member Saray Homes AB

**Number of shares\*:** 105,000 shares privately and via companies



**Mathias Jonsson van Huuksloot**  
Board member

**Born:** 1972

**Member since:** 2020

**Education:** Courses in law and business administration at Folkuniversitetet in Gothenburg.

**Other assignments:** General Partner Aurentum I, CEO Bullet Capital AG and founder and owner J. van Huuksloot Asset Management B.V.

**Number of shares\*:** 10,653,425 shares indirectly via companies

*\* Shareholding as of 30 September 2020.*



**Johan Lund**  
Board member

**Born:** 1976

**Member since:** 2018

**Education:** Finance and Business Law, Stockholm University and Business Law, Tax Law, Lund University.

**Other assignments:** CEO and Board member of FrontOffice Nordic AB, Board member of Intergiro International Stockholm AB, 180 Affärsutveckling AB, AktieBolaget Förvaltab i Stockholm, Stockaboo AB, Konkurs punktse Sverige AB, FrontOffice Ventures AB and CEO of The Great Wild AB

**Number of shares\*:** 1,250,000 shares privately and 5,898,000 shares indirectly via FrontOffice Nordic AB



**Lars Melander**  
Board member

**Born:** 1962

**Member since:** 2019

**Education:** Master's degree in personal leadership, IHM Business School, Management for Financial Managers, the Stockholm School of Economics, Consolidated accounting, Företagsekonomiska Institutet, Courses in business economics and labour law, Stockholm University, Bachelor of Science (Economics), accounting and finance line Stockholm University, accounting & audit.

**Other assignments:** Lars Melander AB, own consulting business focused on the financial sector including assignments as a project manager for conversion work in the areas of rules and regulations, IT and business development. Chairman of the Board since 2017 of the fund company ISEC Services AB.

**Number of shares\*:** 90,000 shares privately



**Scott Wilson**  
Board member

**Born:** 1957

**Member since:** 2019

**Education:** University of Toronto, Toronto Canada Bachelor of Commerce B.Comm, Canada Management Accountants, Toronto Canada CMA accounting designation

**Other assignments:** Chairman of Sepaga EMI limited and own consulting business as a strategic management consultant.

**Number of shares\*:** 0 shares

# Management

Starting from 1 March 2020, Quickbit's company management consists of six functions. At the end of the 2019/2020 financial year, 5 persons were part of the company management team. Ejub Bivic, aside from his ordinary role as Chief Product Officer (CPO), also holds the position of acting Chief Technology Officer (CTO).

The Chief Executive Officer (CEO) is appointed by the Board and leads the operations in accordance with the instructions that the Board has adopted and is responsible for the day-to-day management of the company and Group's operations under the Companies Act. The Board of Directors continually evaluates the CEO's duties and work. The CEO appoints members to the company's management team.



**Serod Nasrat**  
Chief Executive Officer

**Born:** 1986

**Employed since:** 2018

**Education:** State University of New York at Albany, Bachelor of Science (BSc), Business Administration: Finance and Information Technology Management

**Significant assignments outside the company:**  
Board member of Razo Group AB and Razo AB

**Number of shares\*:** 300,000 shares privately



**Simon Afeworki**  
Head of Finance

**Born:** 1985

**Employed since:** 2019

**Education:** State University of New York at Albany, Bachelor of Science (BSc) in Finance and Accounting

**Significant assignments outside the company:** –

**Number of shares\*:** 66,571 shares privately

*\* Shareholding as of 30 September 2020.*



**Minou Britmer**  
Head of Accounting

**Born:** 1990

**Employed since:** 2019

**Education:** Accountant University of Gothenburg, National Training tax school, New Jersey and consolidated accounting Wolters Kluwer.

**Significant assignments outside the company:** –

**Number of shares\*:** 16,112 shares privately



**Ejub Bicic**  
Chief Product Officer (CPO), Acting Chief Technology Officer (CTO)

**Born:** 1990

**Employed since:** 2019

**Education:** Business and managerial economics Stockholm University

**Significant assignments outside the company:** –

**Number of shares\*:** 0 shares



**Johan Björklund**  
Chief Compliance Officer

**Born:** 1990

**Employed since:** 2020

**Education:** Master of Laws from the University of Uppsala

**Significant assignments outside the company:** –

**Number of shares\*:** 0 shares

# The share and owners

Quickbit's share has been listed on Nordic Growth Market Nordic SME since 11 July 2019. The listing price was SEK 3.20 and the final price paid on 30 June 2020 for the share was SEK 9.00, an increase of just over 281 percent since the listing. Starting from 27 November 2019, Quickbit's share has been part of the MSCI World Micro Cap index.

## Shareholders

On 30 September 2020, Quickbit eu AB (publ) had 7,987 (5,619) shareholders, an increase of approximately 42 percent compared to one year previously. On the same date, the ten largest owners accounted for 55.2 percent of the votes and the share capital. Mathias Jonsson van Huuksloot was, via companies, on 30 September 2020, Quickbit's largest owner with a holding representing 15.7 percent of the total votes and share capital in the company.

## Turnover and share performance

During the period from the listing on 11 July 2019 until 30 June 2020, 245,409,823 Quickbit shares were traded on NGM SME, equivalent to around 380 percent of the total number of shares at the end of the period. The total value of all transactions amounted to just over SEK 2,980 million. The highest price paid during the period from the listing until 30 June 2020 was SEK 20.50 on 16 August 2019 and the lowest price paid was SEK 6.20 on 11 July 2019. During the period from the listing on 11 July 2019 until 30 June 2020, Quickbit's share price rose by just over 281 percent.

## Share capital and capital structure

The share capital in Quickbit on 30 June 2020 amounted to SEK 647,162.50. The number of shares on 30 June 2020 amounted to 64,716,250, equivalent to a quota value per share of SEK 0.01.

According to the articles of association, the share capital should be no less than SEK 500,000 and no more than SEK 2,000,000 distributed among no less than 50,000 shares and no more than 200,000,000 shares.

## Subscription warrants

A subscription warrant is a security that gives the holder the future right to buy shares in the company at a pre-determined price. Quickbit has issued a total of 20,859,125 subscription warrants of series 1 with a potential capital contribution of about SEK 66.7 million on full redemption.

The holder of a subscription warrant of series 1 has the right to subscribe for a new share for every subscription warrant at a price of SEK 3.20. Subscription shall take place during the period 1–31 December 2020. If all holders of subscription warrants of series 1 choose to exercise the right to convert these to shares, Quickbit will receive a total SEK 66.7 million.

## The largest shareholders on 30 September 2020

Shareholders	% of shares	Number of shares
Mathias Jonsson van Huuksloot, via companies	15.7%	10,653,425
Avanza Pension	8.6%	5,824,276
Front Ventures AB	7.8%	5,297,450
Intergiro Intl AB	5.3%	3,563,402
Abelco Investment Group AB	5.2%	3,553,321
Nordnet Pensionsförsäkring	4.2%	2,813,450
Per Öberg, via Coeli Wealth Management	3.0%	2,000,000
Ken Lennaård	2.0%	1,350,000
Alexander Hansson Mihas	1.7%	1,174,992
Erik Ahrsjö, privately and via companies	1.7%	1,137,238
<b>The 10 largest owners</b>	<b>55.2%</b>	<b>37,367,554</b>
<b>Other owners</b>	<b>44.8%</b>	<b>30,348,696</b>
<b>TOTAL NUMBER OF SHARES</b>	<b>100.0%</b>	<b>67,716,250</b>

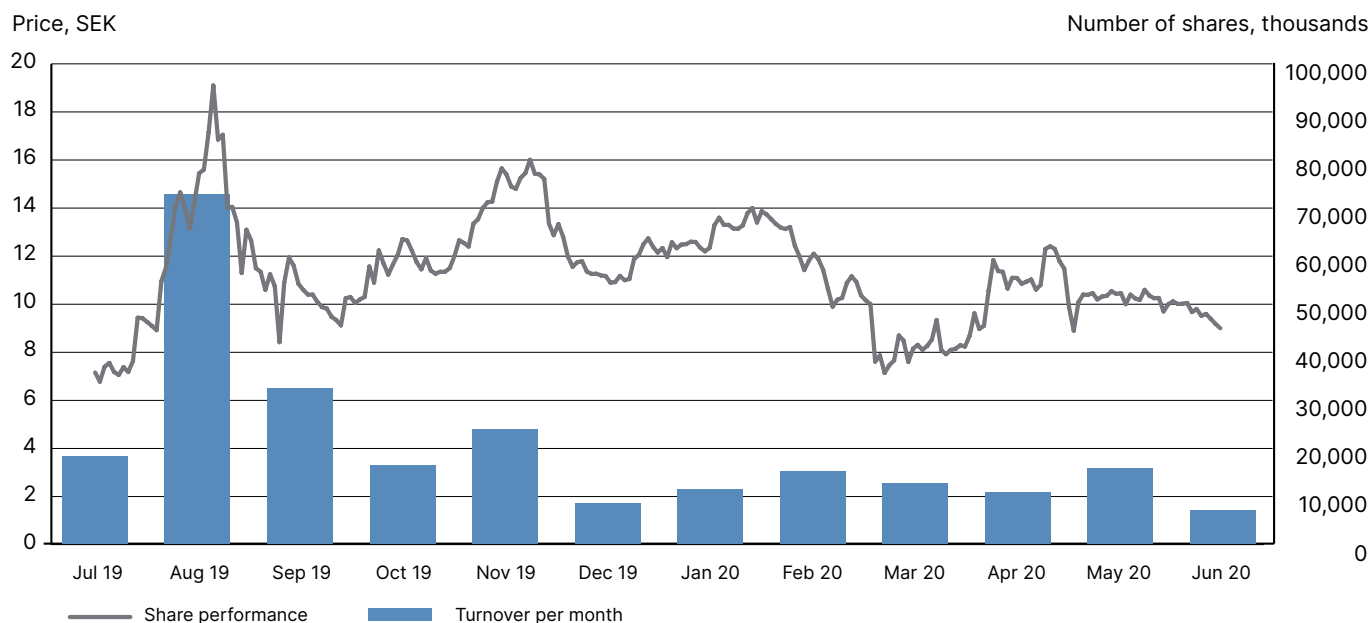


## Owner categories holdings

Holdings, number of shares	Number of owners	Total number of shares	% of shares
1-500	4,179	693,381	1.02
501-1000	1,144	901,154	1.33
1,001-5,000	1,763	4,187,469	6.18
5,001-10,000	423	3,123,566	4.61
10,001-15,000	151	1,881,931	2.78
15,001-20,000	83	1,477,339	2.18
20,001 -	244	55,451,410	81.89
<b>TOTALT</b>	<b>7,987</b>	<b>67,716,250</b>	<b>100</b>

## Share capital development

Date (registration)	Event	Change number of shares	Change share capital	Quota value (SEK/share)	Total number of shares	Share capital (SEK)
13 June 2016	New formation	500,000	500,000	1	500,000	500,000
27 March 2017	Share split 1:10	4,500,000	0	0.1	5,000,000	500,000
3 July 2017	New issue	196,625	19,662.50	0.1	5,196,625	519,662.50
4 Aug 2017	New issue	37,500	3,750	0.1	5,234,125	523,412.50
26 Oct 2017	Share split 1:10	47,107,125	0	0.01	52,341,250	523,412.50
9 Feb 2018	New issue	1,400,000	14,000	0.01	53,741,250	537,412.50
29 March 2018	New issue	600,000	6,000	0.01	54,341,250	543,412.50
12 June 2018	New issue	4,000,000	40,000	0.01	58,341,250	583,412.50
20 March 2019	New issue	1,375,000	13,750	0.01	59,716,250	597,162.50
23 Sep 2019	Directed share issue	5,000,000	50,000	0.01	64,716,250	647,162.50



# Investor relations 2019/2020

During the 2019/2020 financial year, a series of activities were carried out to improve the quality of the communication with the capital market. The aim was to increase transparency and understanding of Quickbit's operations. The activities carried out, include a new Investor Relations website, new more comprehensive financial statements and the establishment of a dedicated Investor Relations function.

## The year's best IPO

The business magazine Affärsvärlden's IPO guide chooses the best IPOs in a number of categories annually. Quickbit won in the category "Best share performance" in the Small company category. The IPO of the year award is given out every year to

the best IPOs, the best advisors and the best share lists. Prize winners are chosen in the categories Share performance and Quality, divided into three size classes: Billion SEK company, Small company and Micro company.



Quickbit won the IPO of the Year 2019 award in the category "Best share performance" in the small company category.

## IR policy and communication

Quickbit's information disclosure to the capital market must take account of a number of laws and regulations, including Swedish and EU-law legislation, Nordic Growth Market's information rules, the Swedish Financial Supervisory Authority's regulations and generally accepted practice. To ensure that this is followed, Quickbit's Board has adopted an investor relations policy (IR policy). The aim of Quickbit's communication with the capital markets is to increase knowledge and understanding of the company and its operations. Well-functioning communication with the capital markets, should over time create the conditions for a correct valuation of Quickbit and reduce the risk premium of the company's share, which generates added value for the company's owners. The goal of Quickbit's IR work is to keep the capital market continually informed about the company's operations and outlook so that the price of the share reflects the company's value and long-term potential.

Quickbit never comments on rumours, the company's share price, our owners' businesses or the valuation of the company.

## Financial statements and Annual General Meeting

Quickbit's interim reports are generally published in good time before 09.00. The company's financial calendar for the upcoming financial year is published in connection with the interim report for the third quarter.

Annual General Meeting 2020	30 November 2020
Interim report for the second quarter (October-December)	10 February 2021
Interim report for the third quarter (January-March)	12 May 2021
Year-end report 2020/2021	11 August 2021

## Forecasts

or profitability will develop. But if earnings should change significantly and unexpectedly, Quickbit should immediately consider announcing the change as soon as it is known and confirmed. In the event that Quickbit chooses to issue forecasts or other forward-looking information, it should be provided in a clear and uniform way. Underlying assumptions shall be described to enable the market to effectively evaluate the basis of the forecasts. The period of time the forecast refers to should also be clear.

## Persons with insider positions

Persons in executive positions at Quickbit and persons or legal entities who are closely associated with them have an obligation to inform Quickbit and the Swedish Financial Supervisory Authority about every transaction related to changes in their holdings of Quickbit shares. This obligation arises when the total value of the change amounts to EUR 5,000 or more during a calendar year according to the European Parliament's and Council's market abuse regulation. Quickbit is obliged, just like all listed companies, to keep a register, logbook, of persons who are employed or have assignments for the company and who have access to insider information concerning Quickbit. This may include insiders, but also other persons who have received insider information. Quickbit keeps a logbook for every financial report or press release where the information can be price-sensitive.

## Silent periods

Quickbit applies a silent period of 30 calendar days before publication of interim reports. During this period, the company's representatives do not usually meet the financial media, analysts or investors. However, during this period, regulatory press releases must still be published according to what is stipulated in the Market Abuse Directive.

During the 2020/2021 financial year, the silent periods occur as follows:

12 October – 10 November	(Q1 2020/2021)
10 January – 9 February	(Q2 2020/2021)
11 April – 11 May	(Q3 2020/2021)
12 July – 10 Aug	(Year-end Report 2020/2021)

## Pinpoint

Quickbit initiated cooperation with Pinpoint Estimates in September 2020. Pinpoint is an open platform for users to make assessments of listed companies and compiles the entire market's expectations regarding, for example, sales and profits ahead of interim reports. Through the cooperation with Pinpoint, Quickbit's shareholders and other interested parties can provide their assessments regarding how sales and earnings per share have developed. These assessments may be provided for every interim period and full year. By contributing their assessments, users may also receive other people's expectations and a weighted average value (consensus estimate) which is produced using Pinpoint's algorithms.

To be able to study the market's expectations ahead of the company's interim reports and how these possibly change after the report in question has been published, provides valuable insights to Quickbit about how the market interprets the communication and how this can possibly be improved or changed. The cooperation with Pinpoint is also about increasing transparency and a part of offering a high quality Investor Relations function and at the same time provide a valuable service to shareholders.

# Common questions

The most common questions that shareholders and other stakeholders have asked to the company during the 2019/2020 financial year are set out below as well as answers to these questions. The questions are not listed in any order of importance.

## ***Can you not change marketplace to Nasdaq so that institutions can invest in your share?***

Questions regarding a possible change of list are a decision for our Board. In the event that the Board takes the decision to apply for a listing of the company's share on another marketplace, then it will be communicated to all shareholders at the same time through a regulatory press release.

Unfortunately, it is a fairly widespread misconception that a number of large funds will automatically invest in Quickbit if the company's share is listed on a regulated marketplace, for instance Nasdaq Stockholm. The institutions that want to invest in Quickbit, can do so anyway, even though the share is listed on NGM SME. The fact that institutions will invest in Quickbit is thus not primarily a question of the marketplace, but how attractive the investment case is as well as a number of other factors. This is always the situation for all companies – regardless of where their share is listed. There are many companies that are listed on for example Nasdaq Stockholm which do not have any institutional owners.

In addition, changing marketplace is by and large just as comprehensive and time-consuming a process as an IPO. For example, new routines and processes for corporate governance and internal control must be introduced, a sustainability report must be prepared and the company must report according to IFRS standards to mention a few things. All of this must be in place before the company can even apply for a listing on a regulated marketplace.

## ***Why do you not communicate more often?***

Quickbit always communicates when there is something to communicate. The company conducts long-term and target-oriented work in order to strengthen Quickbit's brand. This is done in several different channels towards different target groups. An example of this is that the Quickbit Card and Quickbit App will be launched. Another example of long-term brand building work is to strengthen Quickbit's employer brand. In other words, as regards non-price-sensitive information, Quickbit has a greater degree of freedom to choose how this information will be packaged and when it will be communicated.

How the price-sensitive information will be handled is determined by the information rules that Quickbit is obliged to follow through the company's listing on NGM SME. The rules and regulations are available in their entirety on NGM's website.

In brief, these rules state that Quickbit is obliged to publish price-sensitive information when it arises, Quickbit cannot therefore choose the time to publish this information. Publication must occur via a press release so that everyone receives access to the information at the same time.

## ***Can you not send out a press release in order to boost the share price?***

No, Quickbit will not send out a press release for the sole purpose of boosting the company's share price. The rules for

when the company is obliged to send out a regulatory press release are described in the answer to the question above.

It is important to remember that Quickbit's main task is to work in a focused way on developing the operations so that sales and profitability develop positively over time, which is continually communicated via the interim reports. A higher valuation is a result of the fact that the operations are developing positively over time and that Quickbit communicates this in a clear way. Thus, the level of the share price on each date, is something that the company cannot, and will not, exercise control over. That is the task of investors. All individuals and institutions that have the possibility and interest are free to buy and sell shares in Quickbit just as they want to. It is the balance between supply and demand of Quickbit's shares that determines what the price of the share will be on each date.

## ***Will you not repurchase your own shares?***

The rules and regulations Quickbit are subject to as a listed company on NGM Nordic SME state that the company cannot repurchase its own shares.

## ***Will you pay a share dividend?***

A dividend is a question for the Board and the Annual General Meeting. This means that it is the Board that proposes a dividend to the AGM. It is then up to the AGM, in other words all the shareholders present and entitled to vote, to decide on this. In the event that the Board proposes a dividend to the AGM, this will be published in the convening notice.

## ***How will profitability develop in the next quarter?***

Questions relating to sales, profitability and other important information concerning the company's operations (so-called insider information) which is not publicly published, must be published through regulatory press releases. This is to ensure that all shareholders shall receive access to the information at the same time. Quickbit therefore cannot, on any occasion, communicate non-published information to individual shareholders or any other external person.

## ***Will your major owners buy more shares?***

Quickbit cannot comment on what the company's owners have planned, this is nothing to do with Quickbit's business. All questions that relate to the owners' business activity must be addressed to them directly. Our largest owners are represented on the Board and focus on long-term strategically important questions in order to develop the operations in the right direction. All decisions that the owners take regarding their shareholdings are not communicated by them to the company management, and they should not do so either. However, all insiders (including Board members) according to the current rules and regulations for insider reporting, must report all changes in their own shareholdings and those of related parties within three days.

# Quickbit as an investment

Quickbit's share was listed on NGM SME on 11 July 2019. The listing price was SEK 3.20 and the final price paid on 30 June 2020 for the share was SEK 9.00, an increase of just over 281 percent since the listing. Starting from 27 November 2019, the Quickbit share is part of the MSCI World Micro Cap index.

## Six reasons to invest in Quickbit

### 1) *Strong and sustainable growth in sales and profitability*

During the past financial year, sales continued to almost double from about SEK 2.3 billion to just over SEK 4.6 billion at year-end. Meanwhile, during the past year, gross profit also increased by just over SEK 80 million to slightly more than SEK 142 million. Operating profit also doubled and amounted to just over SEK 95 million at year-end.

### 2) *High return on equity*

The key ratio return on equity shows how high a return the shareholders have received on their invested capital, the equity, and thus how profitable the company is for its shareholders. For Quickbit, the return on equity amounted to just over 50 percent during 2019/2020, which is a high level for most companies – irrespective of sector

### 3) *Scalable and profitable business model*

Quickbit has a profitable and scalable business model that allows for a strong increase in net sales and profitability without larger investments in the operations being needed. The business model also allows for geographical expansion without needing to incur larger costs in order to acquire new customers in new markets and in new market segments.

### 4) *Product launches secure leading market position*

Quickbit works in a focused and purposeful way on developing, and launching, new solutions and products with the aim of reaching more users and to give Quickbit access to a significantly larger market. The launch of physical and virtual debit cards (Quickbit Card) and a mobile app (Quickbit App) is a first step in broadening the business model which will further strengthen Quickbit's leading position.

### 5) *Cryptocurrency – the payment method of the future*

Cryptocurrency is advancing strongly. The trend of increased interest and demand is continuing. More and more global companies are choosing to offer cryptocurrency as a payment method, which is driving increased usage. The media's interest in cryptocurrency is increasing and laws and rules are gradually starting to be harmonised. Everything indicates that this development will continue. Quickbit is at the centre of this development

### 6) *Quickbit – only listed crypto company in Sweden*

Today, a total of 900 companies are listed on all regulated and unregulated marketplaces in Sweden. Of all these companies, Quickbit is the only company which is fully exposed to cryptocurrency. An investment in Quickbit is thus the only alternative for investors who want exposure to a Swedish company whose success is based on increased use of cryptocurrencies.

# Definitions and terms

This report contains terms and financial metrics that are used to follow-up, analyse and control the operations and to provide the Group's stakeholders with financial information about the Group's financial position, results and performance. Explanations of terms and definitions of the key ratios used in the annual report are provided below.

## EXPLANATIONS OF TERMS

This report contains terms of a technical nature that are specific to the company and the sector in which the company operates. A list of explanations of the most important and frequently used terms is provided below.

### Affiliate

An operator which, by driving traffic to Quickbit, opens a link to a larger number of e-merchants.

### Affiliate network manager

A legal entity that manages a number of affiliates (introducing networks) that markets Quickbit's services through references, advertisements, telemarketing or other means.

### Blockchain

A distributed database which is stored in many copies – one on each node (computer) in a peer-to-peer network. It is impossible to manipulate the database's change history afterwards.

### The company or Quickbit

Refers to Quickbit eu AB (publ) with the corporate identity number 559066-2093.

### Chargeback

An event that occurs when a customer disputes a charge and asks their card issuer or bank for a refund. Specifically, it is the reversal of a previously outgoing transfer of funds from the consumer's bank account, credit card or debit card.

### FIAT currency

Currency that has been established as a means of payment through state regulation, for example Swedish kronor (SEK).

### Know Your Customer (KYC)

The process for a company to verify the identity of its customers and assess any risks of unlawful intent for the business relationship or transaction. The term is also used to refer to banking regulations and the anti-money laundering regulations governing these operations.

### Cryptocurrencies

Digital currency without central regulatory body, where cryptographic methods are used to guarantee transactions. Cryptocurrencies replace a central regulatory body with a distributed consensus on what transactions have been performed. This consensus is achieved by generating blockchains over a peer-to-peer network.

### NGM SME

The multilateral trading platform for listing and trading in shares and equity-related securities of Nordic Growth Market NGM AB.

### Peer-to-peer network

Computer networks of interconnected nodes (computers) where all nodes can act directly against all others. There is no central server, but each node is as important as any other node.

### Stablecoin

A cryptocurrency which is hedged against an underlying financial asset with a relatively stable value, for example USD. It is commonly occurring that a Stablecoin is equivalent to one USD.

### Currency and quantities

SEK, Swedish kronor  
EUR, euro  
USD, American dollars  
SEK million, million kronor  
SEK billion, billion kronor  
SEK '000, thousand kronor

### Wallet

Digital wallet, e-wallet, for storage of cryptocurrencies.

## DEFINITION OF FINANCIAL KEY RATIOS

This report contains financial key ratios that are used to follow-up, analyse and control the operations and to provide the Group's stakeholders with financial information about the Group's financial position, results and performance. Definitions follow below of the most used key ratios.

### SHARE-RELATED KEY RATIOS

#### Share capital

The total capital the shareholders have contributed to the company in connection with the company's foundation and in the form of any new issues and bonus issues.

#### Quota value

The quota value is the proportion of the share capital that each share represents and is calculated by dividing the limited liability company's share capital by the number of shares. All shares in a limited liability company have the same quota value.

#### Earnings per share, before dilution

Net profit for the year attributable to shareholders divided by a weighted average number of shares during the year.

#### Earnings per share, after dilution

Net profit for the year attributable to shareholders divided by a weighted average number of shares during the year.

## FINANCIAL KEY RATIOS

#### Total assets

The sum total of the assets and the sum total of liabilities and equity in the balance sheet.

#### Gross profit

All revenue less purchase of cryptocurrency and other transaction costs.

#### Net sales

Sales of cryptocurrency.

#### Equity/assets ratio

Total equity in relation to total assets.

## MARGIN METRICS

#### Gross margin

Gross profit in relation to net sales.

#### Operating margin

Operating profit in relation to net sales.

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