quickbit

Q2

INTERIM REPORT
October–December 2020

SEK 229 MILLION

Net sales Q2 2020/2021

SEK 12.6 MILLION

Gross profit Q2 2020/2021

Invitation to conference call

Quickbit presents the interim report in a conference call at 10.00 a.m. CET on 18 November. Call for registration a few minutes before the conference call starts on one of the following numbers:

Sweden: +46 8 5055 83 54
UK: +44 3333 009 034

To follow the presentation via webcast, use the following link: https://tv.stream-fabriken.com/quickbit-q2-2021

Financial calendar

Interim Report Q2 (October-December)	10 February 2021
Interim Report Q3 (January–March)	12 May 2021
Year-end Report 2020/2021	11 August 2021

This report is published in Swedish and English. In case of any differences between the English version and the Swedish original text, the Swedish version shall apply.

Interim Report Quarter 2, October–December 2020

A YEAR OF TRANSFORMATION COMPLETED

Sales in the second quarter decreased due to the change in transaction flows that began nearly one year ago and owing to the fact that fewer operators were integrated than expected during the quarter. At the start of the third quarter, the change in transaction flows has now been completed. The integration rate of new operators increased at the end of the second quarter, which led to a strong start to the third quarter.

The second quarter, 1 October–31 December 2020 in summary

- Net sales amounted to SEK 229.3 million (1 462.4).
- Operating profit amounted to SEK 0.3 million (29.6).
- Earnings per share before dilution amounted to SEK -0.02 (0.40).

	Second quarter		6 months		Full-year
Amounts in SEK million	Oct-Dec 2020	Oct-Dec 2019	Jul-Dec 2020	Jul-Dec 2019	2019/2020
Net sales	229.3	1,462.4	792.8	2,445.3	4,614.0
Gross profit[1]	12.6	33.6	36.8	73.2	133.4
Equity/assets ratio	86.8%	81.7%	86.8%	81.7%	85.0%
Earnings per share before dilution	-0.02	0.40	0.09	0.85	1.28
Earnings per share after dilution[2]	-0.01	0.29	0.07	0.61	0.93

1 The company has redefined the key ratio Gross profit for all reported periods. In the new definition, Other operating income is no longer included. See definition of alternative performance measures on page 41 of this Interim Report.

2 Conversion of warrants to ordinary shares are not considered if this conversion would increase earnings per share, according to IAS 33.

Comments by the CEO

Just as we announced at the end of January, our sales fell during the second quarter compared with the preceding quarter, something I am absolutely not satisfied with. I want to take this opportunity to explain in a bit more detail the background to the decreased sales in the second quarter and the transformation process that we initiated almost one year ago. Even though the measures have been painful, at the same time I am also completely convinced that what we have done to date is the right approach for us to develop the full potential in our business model.

Almost one year ago, when the Coronavirus pandemic struck and a large part of our demand disappeared in a very short time, we made a strategic decision to review our transaction flows. We made the assessment that the right long-term strategy for Quickbit in this situation was to create better conditions for future growth and higher profitability, even though it means decreased sales in the short term. One of the conclusions we drew from this was that we were too exposed to higher risk transaction flows at that time. These transaction flows were also largely handled by our redemption partners, which resulted in a high level of tied-up capital. To deal with this, a transformation of the business was initiated, which included both operational and financial aspects. The basis for the change was a move from transaction flows, which had a higher risk and lower quality to transactions from markets in Europe, which have a lower risk, higher quality and require no tied-up capital.

The interest from operators in integrating Quickbit's Affiliate solution is currently record high. To convert this interest into actual revenue for Quickbit, an important factor is to be able to integrate as many operators as quickly as possible. The explanation for the lower sales in the second quarter is that it has taken a longer time than expected to integrate operators. We also need to integrate new redemption banks in order to be able to handle a sharply increased transaction volume in the future in a more effective way. As a part of this process, Quickbit entered into an agreement with the redeemer SafeCharge during the second quarter and our goal is to sign agreements with more redeemers.

To sum up, my previous estimate on unchanged sales in the second quarter was based on transaction volumes from new fully integrated operators replacing the lower volumes due to the transformation process. The positive effect that should have been visible in the second quarter has now instead clearly been demonstrated in January, in other words during the start of the third quarter. There is currently nothing to indicate that this trend will not continue. My previous estimate that sales during the third quarter will exceed the level in the first quarter remains.

"Almost one year of transformation, of both the company and its transaction flows, is now completed"

The transformation process has naturally not only included a review of our transaction flows but we have also taken a number of other critical measures during the past year. The most important measures included establishing a new strategy and business model for the company, replacing our previous redemption partner with a new one, increasing the pace and focus of our product development and investing in processes for improved compliance. As I have said, these are just some examples but they are all crucial to implement before we take the next step, a step that is characterised by proactivity and expansion. This phase will require us to strengthen the organisation further and invest in strengthening our brand and launching our upcoming products in several markets to support growth in an even clearer way. These investments are of course facilitated by the capital injection of approximately SEK 66 million that we received in January when the subscription warrants of series TO1 were converted into newly issued shares.

Almost one year of transformation, of both the company and its transaction flows, is now completed. All our transactions starting from the third quarter are of a lower risk, higher quality and do not require tied-up capital. We are continuing to work with product launches in focus and in the next step we want to create revenue synergies among different products and customer segments.

Serod Nasrat, CEO

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 in their everyday lives. We are doing all of 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 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. Our operations and our offer are divided into two parts - one part is aimed at consumers and the other part is aimed at merchants. For merchants, we offer a solution so that they can be paid in cryptocurrency, this is what we call our affiliate solution. We will also offer merchants a service for handling the cryptocurrency they receive in payments from their customers, this is what we call our merchant solution. In the second part of our business, we target consumers, in the first stage, by offering our App and our debit card. It is our affiliate solution, our merchant solution and our consumer products that together constitute our business model and what we call an ecosystem of solutions.

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 that the transaction is executed in.

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

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

Comments on the financial performance

Net sales

Net sales during the second quarter amounted to SEK 229.3 million (1,462.4). Net sales refer to customers' purchase of cryptocurrency, which is sold from Quickbit's own inventory. The lower sales during the quarter, compared with the corresponding quarter of the previous financial year, were mainly due to lower sales as a result of a planned change of transaction flows in order to achieve a reduced risk level. Other operating income during the second quarter amounted to SEK 3.1 million (5.2) and mainly relates to profits on currency exchange fluctuations and the company's revenue sharing, which is obtained by Nordic Growth Market on a quarterly basis.

Gross profit

From the second quarter 2020/2021 the company has redefined the key ratio Gross profit for all reported periods. In the new definition, Other operating income is no longer included, with the effect that exchange rate differences no longer impact the outcome. See definition of alternative performance measures on page 41 of this Interim Report.

The gross profit consists of the difference between all revenue in the company and direct costs for generating this revenue. Gross profit during the second quarter amounted to SEK 12.6 million (33.6).

Quickbit's gross margin during the second quarter amounted to 5.5 percent (2.3). The increase in gross margin is a result of the company´s work during the last six months to change transaction flows and enter into new agreements with redemption partners.

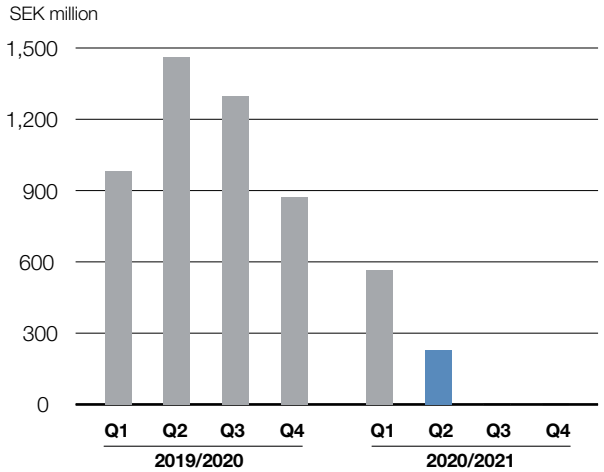
Operating expenses

Other external expenses amounted to SEK 10.0 million (5.4) and consisted mainly of personnel expenses for non-employed staff, costs for auditors and external advisors. The increase was mainly explained by a larger organisation and business as well as increased personnel expenses in Sweden as an effect of resources from Pakistan were transferred to Sweden. Of total other external expenses about SEK 1.7 million are one-off costs mainly related to advisory services in relation to the conversion to the accounting standard IFRS.

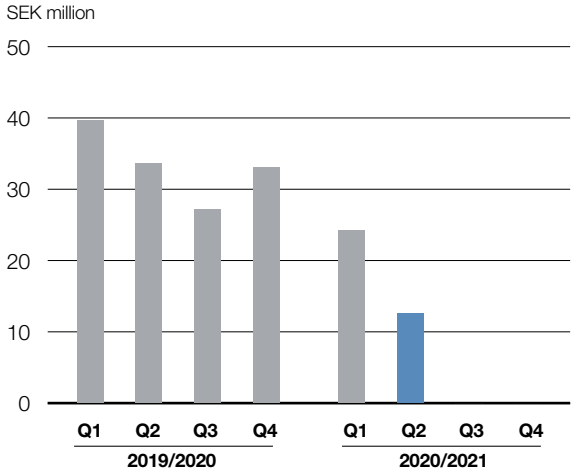
Personnel expenses during the second quarter amounted to SEK 3.9 million (2.3), an increase that was mainly explained by a higher number of employees. Depreciation and amortisation of property, plant and equipment and intangible non-current assets amounted to SEK 2.0 million (1.5) and was mainly related to depreciation of capitalised expenditure for development of products.

Other operating expenses mainly relate to losses on fluctuations in exchange rates.

Net sales per quarter



Gross profit per quarter[1]



1 The company has redefined the key ratio Gross profit for all reported periods. In the new definition, Other operating income is no longer included. See definition of alternative performance measures on page 41 of this Interim Report.

Profit after tax

Profit after tax in the second quarter amounted to SEK -1.1 million (26.2). The decrease mainly related to the lower net sales and higher personnel and consultant expenses.

Intangible non-current assets

Intangible non-current assets on 31 December 2020 amounted to 76.3 million (20.8). The balance sheet item relates partly to aquired assets and partly to capitalised expenditure for development work. This expenditure mainly relates to salaries for developers (see the heading Investments and depreciation below).

Quickbit's acquired companies are recognised as an asset in the balance sheet under the balance sheet item Other intangible assets. The asset item relates to a digital platform that enables the creation of digital wallets and will be written off over five years.

Current receivables

Quickbit gets paid by customers using card payments online, mainly by Visa and MasterCard. In order to handle transactions between Quickbit and customers, Quickbit needs agreements with redemption partners who are members in both VISA and MasterCard.

Other receivables in the consolidated balance sheet on 31 December 2020 amounted to SEK 125.9 million (101.3). These mainly relate to deposits of collateral in the form of liquid assets that Quickbit needed to make to its previous main redemption partner. From 31 August 2020, the company no longer needs to deposit liquid assets as collateral. The collateral deposited as of 31 December 2020 amounted to SEK 92.5 million (99.3).

During the second quarter, the balance sheet item Other receivables increased by SEK 24.6 million. The increase was mainly explained by the fact that Quickbit receives payments for sales with a time-lag of approximately three banking days from the date of the transaction. The sales that occurred in the final days of the second quarter were paid out to Quickbit during the first banking days in January 2021. This is not to be equated with the previous rolling reserve as card transactions with all merchants, physical as well as online-based, are normally settled within a few banking days from the date when the purchase is made.

Cash flow and financial position

Cash flow from changes in working capital is mainly affected by changes in inventories, current receivables and current liabilities. During the second quarter, working capital impacted the cash flow negatively due to increased receivables, mainly from sales during the last days of the quarter. The sales that occurred in the final days of the second quarter were paid out to Quickbit during the first banking days in January 2021

Cash flow from operating activities during the second quarter amounted to SEK -20.1 million (-11.1).

Investments in intangible non-current assets in the cash flow statement during the second quarter amounted to SEK 4.5 million (5.2) and mainly pertained to salary expenses for developers (see the heading Investments and depreciation below).

The Group's cash and cash equivalents as of 31 December 2020 amounted to SEK 3.9 million (13.6). The Group's equity amounted to SEK 189.3 million (122.0) as of 31 December 2020.

Investments and depreciation

The company capitalises its development expenses as these are considered to be investments. Development expenses are recognised in the balance sheet as an asset under the balance sheet item Intangible non-current assets. This means that they are not expensed when they arise, however, this gives rise to a negative impact on cash flow from investing activities. Capitalised expenditure is written off as an expense in the income statement over five years only upon completion of the development work.

Other information

Tax

The tax expense for the second quarter of the 2020/2021 financial year amounted to SEK 1.3 million (3.4).

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.

Parent Company

The parent company's net sales in the second quarter amounted to SEK 3.1 million (3.5), and was mainly related to intra-group services. Intra-group services are eliminated on consolidation and are consequently not carried in the consolidated income statement. Other operating income during the second quarter amounted to SEK 0.3 million (0.0). Other operating income in the parent company mainly relates to the company's revenue sharing, which is obtained by Nordic Growth Market on a quarterly basis.

Operating profit/loss in the parent company during the second quarter of the financial year amounted to SEK -12.4 million (-4.8). Profit/loss after tax during the second quarter amounted to SEK -12.5 million (-4.8). The Group's cash and cash equivalents as of 31 December 2020 amounted to SEK 3.7 million (13.6).

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. At the time of publication of this interim report, economic indicators are pointing to a fragile economic recovery, which is partly dependent on continued fiscal and monetary policy stimulus measures as well as a success in the vacination programmes. Meanwhile, the number of infections and deaths is still at high levels in large parts of the world, which may result in entire, or partial shutdown of societies and economies. Taken together, this increases the uncertainty in relation to economic development and global growth. This also means that demand from players that offer online betting on various sporting events is at risk of ceasing again, as there is a risk that sporting events will be cancelled once more.

Transactions with related parties

During the second quarter, no transactions occurred between the Group and related parties.

Employees

The average number of employees, including consultants, during the second quarter amounted to 43.5 (34). The number of employees at the end of the second quarter amounted to 46 (40). The average number of employees (full-time positions excluding consultants) during the second quarter amounted to 20 (9).

Significant events during the second quarter

- On 1 December, Quickbit entered into an agreement with SafeCharge, which will become another redemption partner in addition to the existing providers. According to the agreement with SafeCharge, no provisions of liquid assets are required as collateral for executing card transactions.
- The Annual General Meeting on 30 November 2020 resolved on the re-election of Mathias Jonsson van Huuksloot, Johan Lund and Scott Wilson as ordinary Board members. Mathias Jonsson van Huuksloot was elected as the Chairman of the Board of Directors.
- During the third quarter of the calendar year 2021, Quickbit will launch a comprehensive service for corporate clients – Quickbit Merchant. The service will offer e-merchants the opportunity to be paid in cryptocurrency and thus increase their sales by reaching more customers in line with crypto payments becoming increasingly common. Through the launch of Quickbit Merchant, a third and important stage is added to Quickbit's business model.
- Quickbit intends to carry out a change of marketplace to NGM Main Regulated. The change of marketplace is expected to occur during summer 2021.
- Quickbit took the decision to divide up the operations into two business areas – Business-to-Business (B2B) and Business-to-Consumer (B2C) – where the business area contains clear product offerings aimed at a defined customer group. The B2B business area includes the services Quickbit Affiliate and Quickbit Merchant while the B2C business area includes the consumer products Quickbit Card and Quickbit App.
- Quickbit intends to exercise the call option that was obtained on 22 January 2020 to acquire Digital Currency Services B.V. ("DCS") with the trademark happycoins.com. The acquisition is conditional on Quickbit completing an approved ownership assessment by the Dutch Central Bank. In the event that the acquisition is carried out, the purchase price will amount to EUR 400,000 and will be financed in its entirety by existing cash and cash equivalents.

Significant post-balance sheet events

- On 31 December 2020, the exercise period finished for Quickbit eu AB's subscription warrants of series TO1. Through the exercise of the subscription warrants, 20,744,486 new shares will be issued. The new number of shares will thus be 88,460,736 and the new share capital will amount to SEK 884,607.36.

Changes in value of cryptocurrencies

The company sells cryptocurrency from its own inventories. Purchasing of cryptocurrency is recognised as inventories until the currency is sold, when the purchase is expensed. Sales are recognised as net sales. This is a result of the fact that the trade occurs from our own inventory and therefore passes through the company's balance sheet. Rapid fluctuations in rates for the cryptocurrencies Quickbit has traded during the quarter, primarily Litecoin and Bitcoin Cash, present a risk for the value of the company's inventories. In order to minimise this risk exposure, the technical platform has been developed so that cryptocurrencies are automatically bought and sold through established marketplaces in such a way that the trading inventory is always kept to the lowest possible practical level. The inventory is generally traded a number of times per day and Quickbit's system maintains an average inventory for about three hours of sales. However, the size of the inventory should not be seen as an indicator of the company's sales and may vary over time based on what mix of cryptocurrencies is used, the market volatility, the number of sales channels and other technical factors.

Shareholders

On 31 December 2020, Quickbit had 8,419 shareholders, which was an increase of 1,607 shareholders, compared to the end of the second quarter of the previous year.

The share

The Quickbit 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 31 December 2020 for the share was SEK 7.45.

During the period 1 October to 31 December 2020, 37,041,560 shares were traded at a value of approximately SEK 313.6 million, corresponding to approximately 55 percent of Quickbit's total number of shares at the end of the period. The highest price paid during the period 1 October to 31 December 2020 was SEK 11.88 (1 October) and the lowest was SEK 6.14 (28 December). On 31 December 2020, Quickbit's share capital amounted to SEK 677,162.50 (647,162.50). At the end of the second quarter, the number of shares was 67,716,250, corresponding to a quota value of SEK 0.01 per share.

Forward-looking statements

This interim report contains statements concerning, among other things, Quickbit's financial position and profitability, as well as statements about growth and the long-term market potential that may be forward-looking. Quickbit believes that the expectations reflected in these forward-looking statements are based on reasonable assumptions. However, forward-looking statements include risks and uncertainties, and the actual results or consequences may differ materially from those stated. In addition to what is required by applicable law, forward-looking statements apply only on the day they are made and Quickbit does not undertake to update any of them in the light of new information or future events.

Review

This report has been subject to review by the company's auditors.

Disclosure

This information is such information that Quickbit eu AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person below, on Wednesday, 10 February 2021 at 8:00 a.m. CET.

Contact

Serod Nasrat, CEO Quickbit eu AB (publ)
Phone: +46 73 157 63 33
E-mail: serod.nasrat@quickbit.com

The Board of Directors and the CEO declare that the undersigned interim report provides a true and fair overview of the Company's and the Group's operations, their financial position and performance as well as describing material risks and uncertainties facing the Company and other companies in the Group.

Stockholm, 10 February 2021

Mathias Jonsson van Huuksloot
Chairman of the Board

Scott Wilson
Board member

Johan Lund
Board member

Serod Nasrat
Chief Executive Officer

Auditor’s report

Quickbit eu AB (publ) reg. no. 559066-2093

Introduction

We have reviewed the condensed interim financial information (interim report) of Quickbit eu AB (publ) as of 31 December 2020 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 10th of February 2021
PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Consolidated income statement, condensed

Amounts in SEK million	NOTE	Second quarter Oct-Dec 2020	Second quarter Oct–Dec 2019	6 months Jul-Dec 2020	6 months Jul-Dec 2019	Full-year 2019/2020
Net sales	2	229.3	1,462.4	792.8	2,445.3	4,614.1
Other operating income		3.1	5.2	3.6	6.0	9.1
Operating expenses						
Purchase of cryptocurrency and other transaction costs		-216.7	-1,428.8	-755.9	-2,372.1	-4,480.7
Other external expenses		-10.0	-5.4	-17.0	-10.9	-26.7
Personnel expenses		-3.9	-2.3	-8.3	-3.9	-13.6
Depreciation and amortisation of property, plant and equipment and intangible non-current assets		-2.0	-1.5	-4.0	-2.9	-6.3
Other operating expenses		0.5	0.0	-1.7	0.0	-1.6
Operating profit		**0.3**	**29.6**	**9.5**	**61.5**	**94.3**
Profit from financial items						
Financial income		0.0	0.0	0.0	0.0	0.0
Financial expenses		-0.1	0.0	-0.2	-0.1	-0.1
Profit after financial items		**0.2**	**29.6**	**9.3**	**61.4**	**94.2**
Tax on net profit for the period		-1.3	-3.4	-3.1	-6.6	-11.4
Net profit for the period		**-1.1**	**26.2**	**6.2**	**54.8**	**82.8**
OTHER COMPREHENSIVE INCOME						
Items that may be reclassified to net profit/loss for the year						
Exchanges differences on translation of foreign operations		-11.0	-3.2	-8.1	-1.9	-3.9
Income tax related to the above item		0.0	0.0	0.0	0.0	0.0
Other comprehensive income for the period, net after tax		-11.0	-3.2	-8.1	-1.9	-3.9
Total comprehensive income for the period		**-12.1**	**23.0**	**-1.9**	**52.9**	**78.9**
Earnings per share						
Before dilution		-0.02	0.40	0.09	0.85	1.22
After dilution[1]		-0.01	0.29	0.07	0.61	0.90

1 Conversion of warrants to ordinary shares are not considered if this conversion would increase earnings per share, according to IAS 33.

Consolidated balance sheet, condensed

Amounts in SEK million	NOTE	31 Dec 2020	31 Dec 2019	30 Jun 2020
ASSETS				
Intangible assets				
Capitalised expenditure for development work and similar work		38.5	20.8	32.1
Other intangible assets		37.8	0.0	39.4
		76.3	**20.8**	**71.5**
Tangible assets				
Right-of-use assets		3.0	4.1	3.9
Equipment and tools		1.1	0.9	0.9
		4.1	**5.0**	**4.8**
Financial assets				
Other non-current receivables		3.4	3.0	2.4
		3.4	**3.0**	**2.4**
Deferred tax assets		0.7	0.9	0.9
Total non-current assets		**84.5**	**29.7**	**79.6**
Current assets				
Inventory of cryptocurrency		0.8	4.6	0.6
Current receivables				
Trade receivables		0.0	0.0	0.0
Other receivables		125.9	101.3	120.7
Prepaid expenses and accrued income		3.0	0.2	2.9
		128.9	**101.5**	**123.6**
Cash and cash equivalents		3.9	13.6	20.9
Total current assets		**133.6**	**119.7**	**145.1**
TOTAL ASSETS		**218.1**	**149.4**	**224.7**

Consolidated balance sheet, condensed

Amounts in SEK million	NOTE	31 Dec 2020	31 Dec 2019	30 Jun 2020
EQUITY AND LIABILITIES				
Equity				
Share capital	3	0.7	0.6	0.6
Other contributed capital		73.3	36.5	73.5
Reserves		-20.3	-1.1	-3.1
Retained earnings incl. net profit for the period		135.6	86.0	119.9
Equity attributable to the parent company's shareholders		**189.3**	**122.0**	**190.9**
Non-current liabilities				
Deferred tax liability		0.5	0.8	0.7
Non-current lease liabilities		0.8	2.1	1.7
Current liabilities				
Trade payables		6.2	3.1	3.9
Current tax liabilities		14.3	15.7	20.5
Current lease liabilities		1.9	1.7	1.9
Other current liabilities		0.2	1.8	1.8
Accrued expenses and deferred income		4.9	2.2	3.3
Total liabilities		**28.8**	**27.4**	**33.8**
TOTAL EQUITY AND LIABILITIES		**218.1**	**149.4**	**224.7**

Consolidated changes in equity, condensed

Amounts in SEK million	Share capital	Other contributed capital	Retained earnings (incl. net profit for the period)	Total equity
Opening balance at 1 July 2019	**0.6**	**36.4**	**62.0**	**99.0**
Net profit for the period			54.7	54.7
Other comprehensive income for the period			-1.9	-1.9
Total comprehensive income for the period	**0.6**	**36.4**	**84.9**	**121.9**
Transactions with shareholders in their capacity as owners				
New issue	0.0	0.0		0.0
Closing balance at 31 December 2019	**0.6**	**36.4**	**84.9**	**121.9**
Opening balance at 1 July 2020	0.7	73.3	116.9	190.9
Net profit for the period			6.2	6.2
Other comprehensive income for the period			-8.1	-8.1
Total comprehensive income for the period	**0.7**	**73.3**	**115.0**	**189.0**
Transactions with shareholders in their capacity as owners				
New issue	0.0	0.0		
Share-based payments to personnel			0.3	0.3
Closing balance at 31 December 2020	**0.7**	**73.3**	**115.3**	**189.3**

Consolidated cash flow statement

Amounts in SEK million	NOTE	Second quarter Oct-Dec 2020	Second quarter Oct–Dec 2019	6 months Jul-Dec 2020	6 months Jul-Dec 2019	Full-year 2019/2020
Operating activities						
Profit before financial items		0,3	29,6	9,8	61,5	94,3
Adjustment of items not included in the cash flow		2,0	1,5	4,0	2,9	6,3
Tax paid						
Interest paid		-0,1	0,0	-0,2	-0,1	-0,1
		2,2	**31,1**	**13,6**	**64,3**	**100,5**
Cash flow from changes in working capital						
Increase/decrease operating receivables		-25,0	-36,6	-10,3	-64,3	-82,4
Increase/decrease operating liabilities		2,7	-5,6	-9,3	1,8	5,7
Cash flow from operating activities		**-20,1**	**-11,1**	**-6,0**	**1,8**	**23,8**
Investing activities						
Investments in intangible non-current assets		-4,5	-5,2	-9,0	-8,6	-23,0
Investments in property, plant and equipment		-0,2	-0,1	-0,3	-0,8	-1,0
Acquisition of companies		0,0				0,0
Investments in financial assets		0,0	0,0	-1,0	0,0	-2,7
Cash flow from investing activities		**-4,7**	**-5,3**	**-10,3**	**-9,4**	**-26,7**
Financing activities						
Increase/decrease other financial liabilities		0,0	-1,4	0,0	-2,9	0,0
New issue		0,0	0,0	0,0	16,0	16,0
Amortisation of lease liabilities related to leases		-0,4	-0,4	-0,9	-1,0	-1,7
Cash flow from financing activities		**-0,4**	**-1,8**	**-0,9**	**12,1**	**14,3**
Cash flow for the period		**-25,2**	**-18,2**	**-17,2**	**4,5**	**11,4**
Cash and cash equivalents at the beginning of the period		**28,7**	**32,2**	**20,9**	**7,6**	**7,6**
Exchange differences in cash and cash equivalents		**0,4**	**-0,4**	**0,2**	**1,5**	**2,0**
Cash and cash equivalents at the end of the period		**3,9**	**13,6**	**3,9**	**13,6**	**21,0**

Parent Company income statement, condensed

Amounts in SEK million	NOTE	Second quarter Oct-Dec 2020	Second quarter Oct–Dec 2019	6 months Jul-Dec 2020	6 months Jul-Dec 2019	Full-year 2019/2020
Net sales	2	3.1	3.5	6.2	7.3	13.7
Other operating income		0.3	0.0	0.8	0.6	1.4
Operating expenses						
Purchase of cryptocurrency and other transaction costs		0.0	0.0	0.0	0.0	0.0
Other external expenses		-9.9	-5.5	-16.4	-9.0	-20.1
Personnel expenses		-3.6	-1.9	-7.5	-3.3	-12.1
Depreciation and amortisation of property, plant and equipment and intangible non-current assets		-1.1	-0.7	-2.1	-1.1	-2.9
Other operating expenses		-1.2	-0.2	-1.7	0.0	-1.6
Operating profit/loss		**-12.4**	**-4.8**	**-20.7**	**-5.5**	**-21.5**
Profit/loss from financial items						
Interest expenses and similar profit/loss items		-0.1	0.0	-0.1	0.0	0.0
Profit/loss after financial items		**-12.5**	**-4.8**	**-20.8**	**-5.5**	**-21.6**
Profit/loss before tax		-12.5	-4.8	-20.8	-5.5	-21.6
Tax on net profit/loss for the period		0.0	0.0	0.0	0.0	0.0
Net profit/loss for the period		**-12.5**	**-4.8**	**-20.8**	**-5.5**	**-21.6**

In the Parent Company, there are no items that are recognised as other comprehensive income and therefore total comprehensive income for the period corresponds to net profit for the period.

Parent Company balance sheet, condensed

Amounts in SEK million	NOTE	31 Dec 2020	31 Dec 2019	30 Jun 2020
ASSETS				
Non-current assets				
Intangible non-current assets				
Capitalised expenditure for development work and similar work		34.2	14.4	27.3
Other intangible assets		0.1	0.0	0.0
		34.3	**14.4**	**27.3**
Property, plant and equipment				
Equipment and tools		1.0	0.9	0.9
		1.0	**0.9**	**0.9**
Financial assets				
Participations in Group companies		49.9	9.7	49.9
Other non-current receivables		0.6	1.2	0.6
		50.5	**10.9**	**50.4**
Total non-current assets		**85.8**	**26.2**	**78.6**
Current assets				
Current receivables				
Trade receivables		0.0	0.0	0.0
Receivables from Group companies		0.5	0.0	0.4
Other receivables		2.7	1.7	2.9
Prepaid expenses and accrued income		3.5	0.6	3.4
		6.7	**2.3**	**6.7**
Cash and bank balances		3.7	13.4	20.6
Total current assets		**10.4**	**15.7**	**27.3**
TOTAL ASSETS		**96.2**	**41.9**	**106.0**

Parent Company balance sheet, condensed

Amounts in SEK million	NOTE	31 Dec 2020	31 Dec 2019	30 Jun 2020
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	3	0.7	0.6	0.6
New issue in progress		0.0	0.0	0.0
Fund for development expenditure		34.2	14.3	27.2
		34.9	**14.9**	**27.9**
Non-restricted equity				
Share premium reserve		73.3	36.4	73.3
Retained earnings or loss		-70.7	-33.6	-42.6
Net profit/loss for the period		-20.8	-4.7	-21.6
		-18.2	**-1.9**	**9.2**
Total equity		**16.7**	**13.0**	**37.1**
Current liabilities				
Liabilities to Group companies		65.3	12.8	48.3
Trade payables		6.2	3.1	3.9
Current tax liabilities		0.2	9.0	9.1
Other current liabilities		5.2	1.7	4.8
Accrued expenses and deferred income		2.6	2.2	2.8
		79.5	**28.8**	**68.9**
TOTAL EQUITY AND LIABILITIES		**96.2**	**41.8**	**106.0**

Accounting and valuation principles, and disclosures

GENERAL INFORMATION
Quickbit eu AB (publ) ("Quickbit"), corporate id. no. 559066-2093 is a parent company registered in Sweden and with its registered office in Stockholm with the address Norrlandsgatan 12, 111 43 Stockholm, Sweden.

The Board of Directors approved these consolidated financial statements for publication on 10 February 2021.

Unless otherwise stated, all amounts are recognised in SEK millions. Information in parenthesis refers to the comparative year.

NOTE 1 SUMMARY OF KEY ACCOUNTING PRINCIPLES

The note contains a list of the material accounting principles applied when these consolidated financial statements were prepared. These principles have been applied consistently for all the years presented, unless otherwise stated. The consolidated financial statements cover the legal parent company Quickbit eu AB (publ) and its subsidiaries.

Basis of preparation
The consolidated financial statements for Quickbit have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the cost method, except for inventories that are measured at fair value via profit or loss.

These consolidated financial statement are Quickbit's first consolidated financial statements prepared in accordance with IFRS. Historical financial information has been restated from 1 July 2017, which is the date of transition to accounting in accordance with IFRS. Explanations for the transition from previously applied accounting principles to IFRS and what effects the restatement has had on the consolidated statement of comprehensive income and equity are described in Note 3.

The preparation of financial statements in conformity with IFRS requires the use of certain critical estimates for accounting purposes. It also requires Management to exercise its judgement in the process of applying the Group's accounting principles. Areas which involve a high degree of judgement, which are complex or such areas where assumptions and estimates are of considerable significance for the consolidated financial statements, are specified in "critical estimates and judgements for accounting purposes" in the accounting principles.

The parent company applies RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. The application of RFR 2 means that the parent company in the interim report for the legal entity applies all IFRSs and interpretations adopted by the EU as far as possible within the framework of the Swedish Annual Accounts Act, the Pension Obligation Vesting Act and taking into account the connection between accounting and taxation.

In connection with the transition to reporting according to IFRS in the consolidated financial statements, the parent company has changed over to apply RFR 2. The transition from previously applied accounting principles to RFR 2 has not had any effects on the income statement and balance sheet, equity or cash flow for the parent company. Only the parent company constitutes the Group in connection with the transition to IFRS (1 July 2017). The parent company's opening balance is shown in Note 4.

Preparing reports in accordance with RFR 2 requires the use of some important estimates for accounting purposes. Furthermore, Management is required to make certain assessments when applying the parent company's accounting principles. Areas which involve a high degree of judgement, which are complex or such areas where assumptions and estimates are of considerable significance for the annual accounts, are specified in "critical estimates and assessments for accounting purposes" in the accounting principles.

The parent company applies different accounting principles than the Group in the cases listed below:

Presentation
The income statement and balance sheet follow the presentation of the Swedish Annual Accounts Act. The statement of changes in equity also follows the Group's presentation, but shall contain the columns specified in the Annual Accounts Act. Furthermore, it means a difference in terms, compared with the consolidated financial statements, mainly regarding financial income and expenses and equity.

Participations in subsidiaries
Participations in subsidiaries are recognised at cost less any impairment losses. Cost includes acquisition-related expenses and any contingent consideration payments. When there are indications that participations in subsidiaries have decreased in value, an assessment is made of the recoverable amount. If it is lower than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the item "Profit from shares and participations in Group companies".

Financial instruments
IFRS 9 is not applied in the parent company. The parent company instead applies the items specified in RFR 2 (IFRS 9 Financial instruments, pages 3-10). Financial instruments are measured at cost. In subsequent periods, financial assets that are acquired with the intention of being held in the short term will be recognised in accordance with the lowest value principle at the lower of cost and market value.

When assessing and calculating impairment requirements for financial assets, the principles for impairment testing and expected credit loss provisioning in IFRS 9 shall be applied.

Leases
All leases are recognised as operating leases, irrespective of whether the leases are financial or operating. Lease payments are recognised as an expense on a straight-line basis over the lease term.

Appropriations
Group contributions are recognised as appropriations.

New and amended standards that are in issue but not yet effective
None of the IFRSs or IFRIC interpretations which are in issue but not yet effective, are expected to have any material impact on the Group.

CONSOLIDATED FINANCIAL STATEMENTS
Basic accounting principles
Subsidiaries
Subsidiaries are all entities over which the Group has control. The Group controls an entity when it is exposed to or has the right to a variable return from its holding in the entity and has the possibility to affect this return through its influence in the entity. Subsidiaries are included in the consolidated financial statements from and including the date on which control is transferred to the Group. They are to be deconsolidated from and including the date on which that control ceases.

The purchase method is used for recognition of the Group's business combinations. The consideration in an acquisition of a subsidiary consists of the fair value of the transferred assets, liabilities incurred by the Group to the previous owner of the acquired entity. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair value at the date of acquisition.

Acquisition-related expenses are expensed when they arise and are recognised in the consolidated statement of comprehensive income.

Goodwill is initially carried at the amount by which the total consideration and any fair value of non-controlling interests on the date of acquisition exceeds the fair value of identifiable acquired net assets.

If the consideration is lower than the fair value of the acquired entity's net assets, the difference is recognised directly in profit or loss for the period.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liabilities are remeasured at fair value during each period. Any remeasurement gains and losses are recognised in profit or loss.

Intra-group transactions, balance sheet items, as well as unrealized gains and losses on transactions between Group companies, are eliminated. Where appropriate, the accounting principles of subsidiaries have been changed to ensure the consistent application of the Group's principles.

Asset acquisitions
An asset acquisition refers to an acquisition of an asset or a group of assets that does not constitute an entity/operation.

When the acquisition of subsidiaries involves the acquisition of net assets that do not constitute an operation, the cost is allocated to the individual identifiable assets and liabilities, based on their fair value at the time of acquisition. Transaction expenses are added to the cost of acquired net assets in connection with asset acquisitions.

Contingent consideration is classified either as equity or as a financial liability. Amounts classified as financial liabilities are remeasured at fair value during each period. Any remeasurement gains and losses are recognised in profit or loss.

In cases where settlement takes place with equity instruments, the contingent consideration is classified as equity and any remeasurement gains and losses are recognised in profit or loss.

Segment reporting
The chief operating decision-maker for the Quickbit Group is the company management, since it is the company management that evaluates the Group's financial position and results and makes strategic decisions.

It is on the basis of the Group as a whole that the company management decides on the allocation of resources and assesses results. Internal reporting is also based on the Group's results as a whole. The Group's operations relate to the sale of cryptocurrencies. In light of the above, the assessment is that Quickbit conducts an operation within the Group and thus has one operating segment, which constitutes the Group as a whole.

Translation of foreign currency
Functional currency and presentation currency
Items included in the financial statements of the various Group units are measured in the currency used in the economic environment in which each company mainly operates (functional currency). In the consolidated financial statements, the Swedish krona (SEK) is the parent company's functional currency and the Group's presentation currency.

Transactions and balance sheet items
Transactions in foreign currencies are translated to the functional currency at the exchange rates prevailing on the transaction date. Exchange gains and losses arising on settlement of such transactions and on translation of monetary assets and liabilities in foreign currency at the closing day rate, are recognised in operating profit in the statement of comprehensive income.

Exchange gains and losses attributable to loans and cash and cash equivalents are recognised in the statement of comprehensive income as financial income or financial expenses. All other exchange rate gains and losses are recognised in the items other operating expenses and other operating income in the statement of comprehensive income.

Translation of foreign Group companies
For all Group companies whose earnings and financial position are in a functional currency other than the presentation currency, amounts are translated to the Group's presentation currency. Assets and liabilities for each of the balance sheets are translated from the foreign operation's functional currency to the Group's presentation currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. Revenues and expenses for each of the income statements are translated into Swedish kronor at the average exchange rate that prevailed at each transaction date. Translation differences arising on currency translation of foreign operations are recognised via other comprehensive income. Accumulated gains and losses are recognised in the profit or loss for the period when the foreign operations were fully or partly divested.

Revenue recognition
The Group's principles for recognition of revenue from agreements with customers are set out below.

Sales of cryptocurrency
The Group sells the cryptocurrencies bitcoin, bitcoin cash and litecoin. Revenue is recognised when the Group has fulfilled its performance obligation, which occurs when the customer has gained control of the promised asset. This occurs when the cryptocurrency has been delivered to the customer's digital wallet.

Interest income
Interest income is recognised as income by application of the effective interest method.

Leases
The Group leases office premises and a car. Lease agreements are normally written off over fixed periods of between 1 and 3 years. Options to extend and terminate agreements are included in a number of the Group's leases regarding premises and vehicles. Terms are used to maximise the flexibility in the management of the assets used in the Group's operations. Opportunities to extend an agreement are only included in the terms of the lease agreement if it is reasonably certain that the agreement will be extended.

Assets and liabilities arising from leases are initially recognised at present value. Lease liabilities include the present value of the following lease payments:

- fixed payments
- variable lease payments that depend on an index

Lease payments that will be made for reasonably certain extension options are also included in the measurement of the liability.

Lease payments are discounted at the incremental borrowing rate, which corresponds to the interest that would be paid to borrow the necessary funds to purchase an asset of similar value as the right of use in a similar economic environment with similar terms and security.

The Group determines the incremental borrowing rate as follows:

- the Group, which has not raised any loans from outsiders recently, uses a method based on a risk-free interest rate that is adjusted for credit risk based on the credit risk of comparable companies
- adjustments are made for the specific terms of the agreement, e.g., lease term, country, currency and security

Lease payments are allocated between amortisation of the liability and interest. The interest is recognised in profit or loss over the lease term in a way that entails a fixed interest rate for the lease liability recognised during each period.

Right-of-use assets are measured at cost and include the following:

- the amount the lease liability was initially measured at
- lease payments that were paid at or before the commencement date
- initial direct expenditure

Rights of use are usually written off on a straight-line basis over the shorter of the useful life and the lease term. If the Group is reasonably certain of exercising a call option, the right of use is written off over the useful life of the underlying asset. Payments for short-term contracts regarding and all lease agreements of a minor value are expensed on a straight-line basis in profit or loss. Short-term contracts are agreements with a lease term of 12 months or less.

Current and deferred income tax
The tax expense for the period comprises current tax calculated on the taxable profit for the period in accordance with current tax rates. The current tax expense is adjusted by changes in deferred tax assets and liabilities that relate to temporary differences and unutilised deficits.

The current tax expense is calculated on the basis of the tax rules enacted or in practice enacted on the balance sheet date in the countries where the parent company and its subsidiaries operate and generate taxable income. Management regularly evaluates the claims made in tax returns regarding situations where applicable tax rules are subject to interpretation. When deemed appropriate, it makes provisions for amounts that are likely to be paid to the tax authority.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise as a result of the initial recognition of goodwill. Nor is deferred tax recognised if it arises as a result of a transaction which constitutes the initial recognition of an asset or liability, which is not a business combination and which, at the time of the transaction, does not affect the recognised or taxable profit. Deferred income tax is calculated on the basis of tax rates (and laws) that have been enacted or which were announced on the balance sheet date or that are expected to apply when the deferred tax asset concerned is realised or the deferred tax liability is settled.

Deferred tax assets are recognised insofar as it is probable that future taxable surpluses will be available against which the temporary differences can be offset.

Deferred tax assets and tax liabilities are offset if there is a legal right to offset current tax assets against tax liabilities

and when the deferred tax assets and tax liabilities relate to taxes charged by the same tax authority and that pertain either to the same taxpayer or to different taxpayers, where there is an intention to settle the balances through a net payment.

Current and deferred tax is recognised in the statement of comprehensive income, except where it refers to items that are recognised in other comprehensive income or directly in equity. In such cases the tax is also recognised in other comprehensive income or equity.

Intangible assets

Other intangible assets

Other intangible assets refer to software acquired as part of asset acquisitions. Costs are allocated to the individual identifiable assets and liabilities, based on their fair value at the time of acquisition and are amortised on a straight-line basis over the estimated useful life. The estimated useful life is five years, which corresponds to the estimated time for which the assets will generate cash flow.

Capitalised expenditure for development work

Development expenditure, which is directly attributable to the development and testing of the identifiable and unique software controlled by the Group, is recognised as intangible assets in the balance sheet, when the following criteria are met:

- it is technically possible to complete the software so that it can be used,
- it is the company's intention to complete the software and to use or sell it,
- the potential exists to use or sell the software,
- it is possible to show how the software will generate probable future economic benefits,
- adequate technical, financial and other resources are available to complete development and in order to use or sell the software, and
- the expenditure attributable to the software during its development can be estimated in a reliable way.

The carrying amount includes expenditure for material and direct expenditure for salaries. Other development expenditure is recognised as a cost in the statement of comprehensive income when it arises. In the balance sheet, development expenditure is carried at cost less accumulated amortisation and any impairment losses. Capitalised development costs are recognised as intangible assets and are written off from the date when the asset is ready to be used. The estimated useful life is 5 years, which corresponds to the estimated time for which the assets will generate cash flow.

Development expenses

Development expenses that do not meet the above criteria, are expensed as they arise.
Development costs expensed in previous periods are not recognised as an asset in subsequent periods.

Property, plant and equipment

Property, plant and equipment are recognised at historical cost less accumulated depreciation and any impairment losses. The cost includes expenditure that can be directly related to the acquisition of the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition.

Depreciation of assets, in order to allocate their cost at the estimated residual value over the estimated useful life, is carried out on a straight-line basis as follows:

Equipment, tools, fixtures and fittings	5 years

Impairment of non-financial assets

Goodwill and intangible assets, which are not ready for use are not amortised but are tested annually, or in the event of an indication of impairment for a possible impairment need. Assets which are written off are assessed for a decrease in value whenever events or changes in circumstances indicate that the carrying amount may not actually be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less selling expenses and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are essentially independent cash flows (cash generating units). For assets (other than goodwill), which have previously been amortised, a review is performed on each reporting date with regard to a possible reversal.

FINANCIAL INSTRUMENTS

Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual terms and conditions of the instrument. Purchases and sales of financial assets and liabilities are recognised on the transaction date – the date when the Group undertakes to purchase or sell the asset.

Financial instruments are recognised on initial recognition at fair value plus – in those cases where the asset is not recognised at fair value via profit or loss – transaction costs that are directly attributable to the purchase. Transaction costs attributable to financial assets that are recognised at fair value via profit or loss are expensed directly in the income statement.

Classification and measurement

The Group classifies its financial assets and liabilities in the category amortised cost. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at amortised cost

The classification of investments in debt instruments depends on the Group's business model for managing financial assets and the contractual terms of the assets' cash flows. The Group reclassifies debt instruments only in cases where the Group's business model for the instruments changes.

Assets which are held for the purpose of recovering contractual cash flows and where these cash flows consist only of principal amounts and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that are recognised (see impairment below). Interest income from these financial assets is recognised using the effective interest method and is included in the statement of comprehensive income.

The Group's financial assets that are measured at amortised cost consist of the items other non-current receivables, trade receivables, other receivables and cash and cash equivalents.

Financial liabilities at amortised cost

The Group's financial liabilities are measured at amortised cost on initial recognition by application of the effective interest method.

The Group's financial liabilities that are measured at amortised cost consist of liabilities to public authorities, trade payables and other liabilities.

Derecognition of financial assets

Financial assets are no longer recognised in the statement of financial position 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.

Gains and losses arising in connection with removal from the statement of financial position are recognised directly in the statement of comprehensive income within the item financial income and expenses.

Derecognition of financial liabilities

Financial liabilities are removed from the statement of financial position when the obligations have been settled, cancelled or terminated in another way. The difference between the carrying amount of a financial liability (or part of a financial liability) that has been extinguished or transferred to another party and the consideration paid, including transferred assets, which are not cash or assumed liabilities, is recognised in the statement of comprehensive income.

When the terms of a financial liability are renegotiated, and not removed from the statement of financial position, a gain or loss is recognised in the statement of comprehensive income. The gain or loss is calculated as the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate.

Offset of financial instruments

Financial assets and liabilities are offset and recognised as a net amount in the statement of financial position, only when there is a legal right to offset the recognised amounts and there is an intention to settle them with a net amount or to simultaneously realise the asset and settle the liability. The legal right must not be dependent on future events and it must be legally binding on the company and the counterparty both in the normal business operations and in the event of suspension of payments, insolvency or bankruptcy.

Impairment of financial assets

Assets that are recognised at amortised cost. The Group measures the future expected credit losses related to investments in debt instruments recognised at amortised cost based on forward-looking information. The Group chooses a reservation method based on whether there has been a significant increase in credit risk or not.

In order to assess whether the credit risk has increased significantly, the Group uses external credit ratings. In the absence of external credit ratings, internal credit ratings are prepared.

Irrespective of how the Group assesses significant increases in credit risk, it is always assumed that there is an increased credit risk if the debtor is more than 30 days late with a contractual payment. A financial asset is considered to be in default when the counterparty has not made contractual payments within 90 days from the due date.

Inventories

The inventory relates to cryptocurrency and is recognised at fair value. Changes in fair value are recognised as purchases of cryptocurrency in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents include, both in the balance sheet and in the cash flow statement, bank balances, cash and cash equivalents at e-money institutions and marketplaces for cryptocurrencies.

Share capital

Ordinary shares are classified as equity. Transaction costs which can be directly attributed to an issue of new ordinary shares are recognised, net after tax, in equity as a deduction from the proceeds of the issue.

Dividends

Dividends to the parent company's shareholders are recognised as a liability in the consolidated financial statements in the period when the dividend is approved by the parent company's shareholders.

REMUNERATION TO EMPLOYEES

Pension obligations

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. The Group has no legal or constructive obligations to pay further contributions if this legal entity has insufficient assets to pay all remuneration to employees that is connected with the employees' service during current or previous periods. The contributions are recognised as personnel expenses in the statement of comprehensive income when they are due for payment.

Short-term remuneration

Liabilities for salaries and remuneration, including non-monetary benefits and paid absences, which are expected to be settled within 12 months after the end of the financial year, are recognised as current liabilities at the undiscounted amount that is expected to be paid when the liabilities are settled. The cost is recognised as the services are performed by the employees. The liability is recognised as accrued expenses in the statement of financial position.

Share-based payments

The Group has a share-based compensation plan where the company receives services from employees as consideration for the Group's equity instruments.