

INTERIM REPORT Q1 '22/23

quickbit

Q1 JULY–SEPTEMBER 2022

€68.1 million

NET SALES Q1 '22/23

€2.9 million

GROSS PROFIT Q1 '22/23

Quickbit will present the Interim Report through a conference call at 11.00 a.m. CET on 9 November. Call in to register a few minutes prior to the start of the conference using any of the following numbers:

Sweden: +46 8 505 583 59
UK: +44 33 330 09261
USA: +1 646 722 4902

Use the following link to follow the presentation via webcast:
<https://ir.financialhearings.com/quickbit-interim-q1-2022>

Financial calendar

Annual General Meeting	22 Nov 2022
Interim report Q2 (Oct–Dec 2022)	8 Feb 2023
Interim Report Q3 (Jan–Mar 2023)	26 Apr 2023
Year-end report '22/23 (Apr–Jun 2023)	20 Jul 2023

This report is published in Swedish and English. In the event of any differences between the English version and the Swedish original, the Swedish version takes precedence.

Quickbit reports sales of SEK 68.1 million in Q1 '22/23. A rising sales volume was noted toward the end of the quarter, which is expected to continue into Q2 '22/23. As the result of continued cost efficiency enhancements and a balanced product mix, the gross margin amounted to 4.2%. Full focus on the new products Quickbit Pay and Quickbit Checkout ahead of their broad launch before the year end.

First quarter, July – September 2022 in summary

- Net sales totalled €68.1 million (97.1).
- Gross profit amounted to €2.9 million (3.6) with a gross margin of 4.2% (3.7).
- Adjusted EBITDA was €1.1 million (0.3).
- EBIT totalled €0.1 million (-0.1).
- Basic earnings per share amounted to €-0.00 (-0.00).

Events during the quarter

- Quickbit Earn Wallet launched to enable users of Quickbit App in Sweden and Norway to lend Bitcoin cryptocurrency and earn a yield via a third party.
- Quickbit acquired two product platforms for increased growth and profitability going forward.
- Quickbit launched its consumer offering in Finland as part of its strategic geographical expansion.
- Anders Jonson appointed acting CEO in addition to his role as Chief Operating Officer.
- Quickbit completed the development and integration of the first two products for the Quickbit Merchant product suite; Quickbit Pay and Quickbit Checkout and announced that the project is progressing to a phase of testing and soft launch to ensure functionality ahead of a broad launch before the year end.

Events after the quarter

- Quickbit's Nomination Committee proposes the election of four new board members: Henrik Vilselius, Daniel Sonesson, Scott Wilson and Elena Kontou, the Committee also proposes re-election of Mikael Karlsson as Chairman of the Board. Jan Frykhammar and Hammad Abuissefan declined re-election.
- Quickbit launched its consumer offering in the Netherlands as part of its strategic geographical expansion.

Financial summary

€ million	First quarter		Full year
	Jul–Sep 2022	Jul–Sep 2021	Jul 2021–Jun 2022
Net sales	68.1	97.1	346.7
Sales growth (%)	-30%	80%	38%
Gross profit	2.9	3.6	13.6
Gross margin (%)	4.2%	3.7%	3.9%
Adjusted EBITDA	1.1	0.3	2.4
Adjusted EBITDA margin, %	1.6%	0.3%	0.7%
Average daily volume (ADV)	0.7	0.9	1.0
No. of merchants	84	67	82

See pages 16–17 for the definitions and derivation of the above alternative performance measures.

Comments by the CEO

After my first months as Chief Operating Officer and acting CEO, I am positively surprised by the high levels of competence and ambition I have seen at Quickbit. The first quarter of the financial year has been an intense period with increasing macroeconomic uncertainty globally, and rising inflation and interest rates at the same time as consumer spending power has declined. Despite the above, we see great potential in our B2C and B2B offerings where we continue to invest both in existing and in new products. We have identified future opportunities with Quickbit Merchant to adopt a more aggressive role in crypto payments.

For the quarter, net sales amounted to €68.1 million and the average daily volume (ADV) totalled €0.7 million. Net sales during the quarter has been affected by lower activity at merchants. This has been addressed and discussions held. Towards the end of the quarter, an increasing sales trend was noted, which trend we estimate will continue during the next quarter.

Year-on-year, the gross margin strengthened to 4.2% (3.7%) in the quarter as a result of cost efficiencies and favourable product and market mixes. Our ambition to increase the gross margin over time remains firm and in pace with growth in our consumer (B2C) offering, together with our new products in Quickbit Merchant, we have identified favourable opportunities for higher profitability.

High activity levels have dominated the most recent period. At the end of the quarter we completed development of the first two products of the Quickbit Merchant offering: Quickbit Pay and Quickbit Checkout. Both of these B2B products are now in a testing and soft launch phase, and we have identified considerable potential ahead of their launch.

Quickbit Pay and Quickbit Checkout will enable our expansion into additional segments while concurrently allowing us the opportunity to take a leading role in cryptocurrency payments. Once the products are launched, we will use Quickbit Pay to facilitate the user experience for our users when making cryptocurrency payments at the same time as we will be able to drive more users to the Quickbit App. With Quickbit Checkout, we enable consumers to carry out cryptocurrency payments, regardless of their crypto wallet. Broad launches are scheduled for both products before the year end, which will help increase the number of merchants. Quickbit Checkout is based on one of the two product platforms that we acquired in August.

Moreover, we are also nearing the launch of the second product platform that we acquired in the quarter. The product is a more advanced version of Quickbit Affiliate that caters to an enhanced user experience both for merchants and for consumers. The product is expected to enable increased traffic beyond the current Quickbit Affiliate solution.

On the consumer side during the quarter, we launched Earn Wallet for the Quickbit App, which allows users to lend Bitcoin and obtain a yield from third parties. We view this as a complement to our consumer offering through the ability to earn a yield with dormant capital. At the same time, we expanded our consumer offering with Quickbit App, Card and Earn Wallet to Finland, which is our third consumer market. In addition, after the quarter, we launched our consumer offering in the Netherlands. We have identified long-term potential for accelerated geographic expansion in Europe if the proposed EU MiCA regulation enters force, with a preliminary date toward the end of 2023.

As 2022 is drawing to an end, I look forward with great humility to continuing Quickbit's development and to advancing the company to the next level and optimising the existing potential in the business.

Anders Jonson
Acting CEO and COO

Financial overview

Net sales and gross profit

First quarter '22/23

First quarter net sales totalled €68.1 million (97.1), down 30% year-on-year. The decline was attributable to lower activity among merchants, primarily compared to the same period last year, but also to some extent compared to the previous quarter. A rising sales volume trend was noted toward the end of the first quarter, which trend is expected to continue into the second quarter. The number of merchants rose by 2 to total 84 on 30 September 2022, compared with 82 at the close of the preceding financial year.

Gross profit amounted to €2.9 million (3.6) for the first quarter, down year-on-year as a result of lower net sales. The gross margin rose to 4.2% (3.7), positively impacted by the advantageous product and market mixes as well as by cost-efficiency enhancements from previously renegotiated supplier agreements.

Expenses

First quarter '22/23

Other external expenses amounted to €0.9 million (2.2) for the first quarter. The decrease was attributable in part to introducer fees to Quickbit's partners being reduced to €0.0 million (0.5), and in part to a cutback of consulting and other external services as part of gradual improvements to cost-efficiency.

Personnel expenses totalled €1.2 million (0.9). The year-on-year increase was primarily attributable to an increase in the number of employees to 59 (53) as a result of the conversion of consultants into employees as an intended investment in future long-term growth, but also a reclassification as of July 1, 2022 of consultants replacing an internal employee – who were previously classified as other external costs.

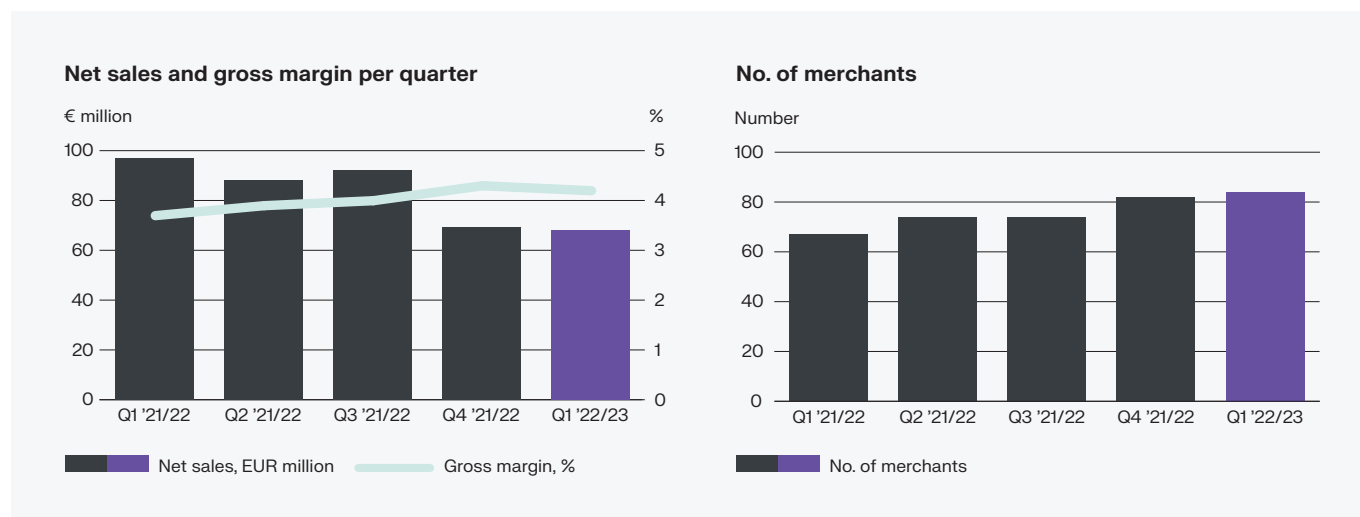
Earnings

First quarter '22/23

Adjusted EBITDA was €1.1 million (0.3), corresponding to an adjusted EBITDA margin of 1.6% (0.3). Adjustments encompassed items affecting comparability related to other non-recurring personnel expenses as well as exchange differences, which amounted net to €0.3 million (0.0).

Depreciation and amortisation of PPE and intangible assets amounted to €0.8 million (0.4) and mainly pertained to amortisation of capitalised expenditure on product development and to a limited extent on other intangible assets.

EBIT totalled €0.1 million (-0.1). The tax expense was €0.2 million (0.3). Accordingly, net profit for the period amounted to €-0.2 million (-0.4).



All figures in parentheses refer to the corresponding year-earlier period unless otherwise indicated.

Financial position

Other intangible assets amounted to €8.2 million (3.5) and largely comprised the acquisitions completed in the quarter that pertained to two product platforms for increased growth and profitability going forward.

On 30 September 2022, other receivables in the consolidated balance sheet amounted to €6.5 million (10.6). Quickbit is in dialogue with partners regarding the receivables.

Cash flow

First quarter '22/23

Cash flow from operating activities amounted to €-1.6 million (-3.5) for the first quarter as a result of a neutral EBIT and increases in the balance-sheet items other receivables and accrued income & expenses. Cash flow from investing activities amounted to €-5.3 million (-1.4) in the first quarter and pertained mainly to €4.5 million for the acquisition of two technical product platforms for increased growth and profitability going forward.

Cash flow from financing activities totalled €-0.1 million (-0.0) and was primarily attributable to principal elements of lease payments on lease liabilities.

On 30 September 2022, the Group's cash and cash equivalents amounted to €3.0 million (7.5).

Other information

Parent Company

First quarter '22/23

The Parent Company's first quarter net sales amounted to SEK 7.2 million (3.7), and mainly related to inter-Group services. Inter-Group services are eliminated in the consolidated accounts and are thus not reported in the consolidated income statement. Other operating income amounted to SEK 1.8 million (1.8). EBIT for the Parent Company totalled SEK -14.1 million (-29.1). Profit for the period totalled SEK -14.1 million (-28.4). Cash and cash equivalents amounted to SEK 19.7 million (42.0) on 30 September 2022.

Employees

The number of employees on 30 September 2022 was 59 (53) and the number of consultants with valid contracts on 30 September 2022 was 9 (19). During the first quarter, the average number of employees was 53 (45) and the average number of consultants was 7 (19) and, accordingly, the workforce total averaged 60 (64). Quickbit has reduced its overall costs for employees and consultants in previous quarters. The streamlining was due to replacing consultants with employees, with the aim of future long-term growth.

Risks and uncertainties

Quickbit faces a number of risks and uncertainties that may directly or indirectly impact the company's operations. These uncertainties include regulatory risks linked to changes in regulations and legislation in various countries. The spread of the coronavirus and the war in Ukraine have accentuated the risk profile of the global economy, although to date, Quickbit has not noted any material impact. Quickbit is monitoring developments closely. Risks and uncertainties are described in more detail in Quickbit's most recently published annual report, available at www.quickbit.com.

The share

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 September 2022 for the share was SEK 2.10. In the period from 1 July to 30 September 2022, share turnover totalled approximately 12 million with a value of around SEK 32.4 million, corresponding to approximately 14% of the total number of shares in Quickbit at the end of the period. The highest price paid during the period from 1 July to 30 September 2022 was SEK 3.50 (26 July) and the lowest price paid was SEK 1.77 on (29 September). On 30 September 2022, Quickbit's share capital amounted to SEK 884,607.36 (884,607.36). At the end of the first quarter, the number of shares totalled 88,460,736, corresponding to a quotient value of SEK 0.01 per share.

SHAREHOLDERS	% OF SHARES	NUMBER OF SHARES
Aurentum I LLP	9.99%	8,837,227
Avanza Pension	9.4%	8,313,736
Nordnet Pensionsförsäkring AB	4.0%	3,565,843
Abelco Investment Group	3.2%	2,799,236
Nilezia Holdings Limited (FTCS Intressenter AB)	2.4%	2,092,737
Dovontil Holdings Ltd	2.1%	1,894,156
Per Öberg, through Coeli Wealth Management	2.0%	1,800,000
Intergiro Intl	1.8%	1,572,111
Hammad Abuseifan, privately and through companies	1.6%	1,443,636
Alexander Mihas, privately	0.8%	722,031
10 largest shareholders	37.3%	33,018,526
Other shareholders	62.7%	55,442,210
TOTAL NUMBER OF SHARES	100%	88,460,736

Source: Monitor of Modular Finance AB. Consolidated and compiled data from, inter alia, Euroclear, Morningstar and Finansinspektionen.

Shareholders

On 30 September 2022, Quickbit had 10,878 shareholders, representing a decrease of 1,012 compared with the end of the first quarter of the preceding financial year. The major shareholders as of 30 September 2022 are presented in the table below:

Related-party transactions

No transactions with related parties occurred in the first quarter.

Forward-looking statements

This interim report contains statements concerning, inter alia, Quickbit's financial position and profitability, as well as statements about growth and 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 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 makes no undertaking to update any of them in light of new information or future events.

Annual General Meeting and annual report

Quickbit will hold its Annual General Meeting on 22 November 2022 at 3:30 p.m. CET. The annual report and auditor's report for the '21/22 financial year is available on the company's website <https://investor.quickbit.com/sv/bolagsstyrning/bolagsstamma/>.

Review

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

Contact

Anders Jonson, Acting CEO and COO of Quickbit

Tel: +46 73 316 80 28

E-mail: investor@quickbit.com

Signatures

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

Stockholm, 9 November 2022

Mikael Karlsson
Chairman of the Board

Jan Frykhammar
Board member

Hammad Abuisseifan
Board member

Anders Jonson
Acting CEO and COO
QuickBit eu AB (publ)

Auditors' review report



Quickbit eu AB (publ) corporate id. no. 559066-2093

Introduction

We have reviewed the condensed interim financial information of Quickbit eu AB (publ) as of 30 September 2022 and the three-month period that ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this 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.

The focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of the interim report consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA) and other generally accepted auditing practices.

The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that may be identified in an audit. Accordingly, the conclusion expressed based on a review does not constitute the same level of assurance as a conclusion based on an audit.

Conclusion

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

Stockholm, 9 November 2022

PricewaterhouseCoopers AB

Johan Engstam
Authorised Public Accountant

Consolidated income statement, condensed

Amounts in € million	Note	First quarter		Full year
		Jul-Sep 2022	Jul-Sep 2021	Jul 2021- Jun 2022
Income				
Net sales	2	68.1	97.1	346.7
Other operating income		0.2	0.2	2.1
Total income		68.3	97.3	348.8
Operating expenses				
Purchase of cryptocurrency and other fees		-65.2	-93.5	-333.1
Other external expenses		-0.9	-2.2	-7.3
Personnel expenses		-1.2	-0.9	-4.6
Depreciation and amortisation of PPE and intangible assets		-0.8	-0.4	-2.4
Other operating expenses		-0.2	-0.3	-2.3
EBIT		0.1	-0.1	-0.9
Financial items				
Financial costs		-0.0	-0.0	-0.1
EBT		0.1	-0.1	-1.0
Tax on profit for the period		-0.2	-0.3	-0.5
Net profit for the period		-0.2	-0.4	-1.5
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified to profit for the period:				
Exchange differences on translation of foreign operations		-0.8	0.1	1.7
Total comprehensive income for the period		-1.0	-0.3	0.1
Earnings per share, €				
Basic		-0.00	-0.00	-0.02
Diluted ¹⁾		-0.00	-0.00	-0.02
Number of shares				
Weighted-average, before dilution		88,460,736	88,460,736	88,460,736
Weighted-average, after dilution		90,005,454	89,970,146	90,008,625

1) No dilutive effect arises from the conversion of warrants to ordinary shares if this would lead to an improvement in earnings per share, according to IAS 33.

Consolidated balance sheet, condensed

Amounts in € million	Note	30 Sep 2022	30 Sep 2021	30 Jun 2022
ASSETS				
Non-current assets				
Capitalised expenditure on development and similar work		6.3	5.7	6.1
Goodwill		0.2	0.2	0.2
Other intangible assets		8.2	3.5	2.9
Right-of-use assets		0.5	0.2	0.7
Equipment and tools		0.2	0.2	0.2
Other non-current receivables		0.8	0.6	0.7
Deferred tax assets		0.2	0.0	0.0
Total non-current assets		16.3	10.2	10.8
Current assets				
Inventory of cryptocurrency		0.0	0.0	0.0
Trade receivables		0.0	–	0.0
Current tax assets		0.5	–	0.7
Other receivables		6.5	10.6	5.9
Prepaid expenses and accrued income		3.2	6.1	2.4
Cash and bank balances		3.0	7.5	9.9
Total current assets		13.2	24.2	19.1
TOTAL ASSETS		29.5	34.5	29.9
EQUITY AND LIABILITIES				
Equity				
Share capital		0.1	0.1	0.1
Other contributed capital		12.8	13.8	13.0
Reserves		-0.3	-1.1	0.5
Other equity including net profit for the period		10.4	11.9	10.3
Total equity		23.0	24.8	23.9
Non-current liabilities				
Deferred tax liability		–	–	–
Non-current lease liabilities		–	0.0	0.1
Other non-current liabilities		0.1	–	0.1
Total non-current liabilities		0.1	0.0	0.2
Current liabilities				
Trade payables		0.6	1.0	0.5
Current tax liabilities		–	0.6	–
Current lease liabilities		0.5	0.1	0.4
Other current liabilities		1.0	0.1	0.7
Accrued expenses and deferred income		4.2	7.8	4.2
Total current liabilities		6.4	9.7	5.7
TOTAL EQUITY AND LIABILITIES		29.5	34.5	29.9

Consolidated changes in equity, condensed

Amounts in € million	Note	Share capital	Other contributed capital	Retained earnings (incl. net profit for the period)	Total equity
OPENING BALANCE ON 1 JULY 2021		0.1	13.8	11.2	25.1
Net profit for the period		–	–	-0.4	-0.4
Reserves		–	–	0.1	0.1
Total comprehensive income for the period		0.1	13.8	11.0	24.9
Transactions with shareholders					
Ongoing new issue		0.0	0.0	–	–
Share-based payments to personnel		–	–	-0.1	-0.1
Total transactions with shareholders		0.0	0.0	-0.1	-0.1
CLOSING BALANCE ON 30 SEPTEMBER 2021		0.1	13.8	10.9	24.8
OPENING BALANCE ON 1 JULY 2022		0.1	13.0	10.8	23.9
Net profit for the period		–	–	-0.2	-0.2
Reserves		–	-0.2	-0.6	-0.8
Total comprehensive income for the period		0.1	12.8	10.1	23.0
Transactions with shareholders					
Ongoing new issue		–	–	–	–
Share-based payments to personnel		–	–	–	–
Total transactions with shareholders		–	–	–	–
CLOSING BALANCE ON 30 SEPTEMBER 2022		0.1	12.8	10.1	23.0

Consolidated statement of cash flows, condensed

Amounts in € million	Note	First quarter		Full year
		Jul-Sep 2022	Jul-Sep 2021	Jul 2021– Jun 2022
Operating activities				
EBIT		0.1	-0.1	-0.9
Non-cash items		0.5	0.3	2.8
Tax paid		–	-0.5	-1.9
Interest paid		-0.0	-0.0	-0.1
		0.6	-0.3	-0.2
Change in working capital				
Increase(-)/decrease(+) in operating receivables		-1.4	-1.5	6.7
Increase(+)/decrease(-) in operating liabilities		-0.7	-1.7	-4.9
Cash flow from operating activities		-1.6	-3.5	1.6
Investing activities				
Investments in non-current intangible assets		-5.2	-0.9	-2.7
Investments in PPE		-0.0	-0.0	-0.1
Acquisition of subsidiaries		-0.0	-0.3	-0.3
Investments in non-current financial assets		-0.0	-0.3	-0.4
Cash flow from investing activities		-5.3	-1.4	-3.5
Financing activities				
Increase(+)/decrease(-) in other financial liabilities		–	–	–
Incentive programme		–	–	0.1
New issue		–	–	–
Principal elements of lease payments		-0.1	-0.0	-0.4
Cash flow from financing activities		-0.1	-0.0	-0.3
Cash flow for the period		-7.0	-5.0	-2.2
Opening cash and cash equivalents		9.9	12.5	12.5
Exchange difference in cash and cash equivalents		0.0	-0.1	-0.4
Closing cash and cash equivalents		3.0	7.5	9.9

Parent Company income statement, condensed

Amounts in SEK million	Note	First quarter		Full year
		Jul-Sep 2022	Jul-Sep 2021	Jul 2021– Jun 2022
Income				
Net sales		7.2	3.7	79.3
Other operating income		1.8	1.8	19.5
Total income		9.0	5.5	98.8
Operating expenses				
Other external expenses		-7.0	-21.1	-63.0
Personnel expenses		-11.2	-9.0	-42.5
Depreciation and amortisation of PPE and intangible assets		-2.9	-2.5	-12.8
Other operating expenses		-1.9	-2.0	-22.7
EBIT		-14.1	-29.1	-42.4
Financial items				
Profit from participations in Group companies		–	0.7	104.5
Interest expense and similar profit/loss items		-0.0	0.0	-0.0
EBT		-14.1	-28.4	-62.1
Tax on profit for the period		–	–	–
Net profit for the period		-14.1	-28.4	-62.1

No items in the Parent Company are recognised as other comprehensive income and, accordingly, total comprehensive income for the period corresponds to net profit for the period.

Parent Company balance sheet, condensed

Amounts in SEK million	Note	30 Sep 2022	30 Sep 2021	30 Jun 2022
ASSETS				
Non-current assets				
Capitalised expenditure on development and similar work		51.7	55.1	50.2
Other intangible assets		0.0	0.1	0.1
Equipment and tools		1.3	1.6	1.4
Participations in Group companies		10.9	47.0	9.9
Other non-current receivables		2.6	1.9	3.2
Total non-current assets		66.5	105.7	64.6
Current assets				
Trade receivables		–	–	0.1
Receivables from Group companies		15.5	6.9	8.7
Other receivables		0.5	2.7	0.3
Prepaid expenses and accrued income		2.6	3.1	2.1
Cash and bank balances		19.7	42.0	46.0
Total current assets		38.4	54.7	57.1
TOTAL ASSETS		104.9	160.4	121.8
EQUITY AND LIABILITIES				
Equity				
Share capital		0.9	0.9	0.9
Fund for development expenditure		51.7	55.1	50.2
Share premium reserve		139.5	139.5	139.5
Retained earnings		-94.3	-159.9	-154.9
Net profit for the year		-14.1	-28.4	62.1
Total equity		83.7	7.2	97.8
Non-current liabilities				
Other non-current liabilities		1.3	–	1.3
Total non-current liabilities		1.3	–	1.3
Current liabilities				
Liabilities to Group companies		–	132.4	3.7
Trade payables		5.6	10.4	4.1
Current tax liabilities		–	2.8	–
Other current liabilities		4.3	1.5	5.0
Accrued expenses and deferred income		10.0	6.2	10.0
Total current liabilities		19.9	153.2	22.7
TOTAL EQUITY AND LIABILITIES		104.9	160.4	121.8

Notes

NOTE 1 ACCOUNTING POLICIES

Quickbit applies the International Financial Reporting Standards (IFRS) as endorsed by the EU. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The application of the accounting policies is consistent with their application in the annual report for the '21/22 financial year.

The accounts for the Parent Company have been prepared pursuant to the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities. The Parent Company applies the same accounting policies as the Group except in the cases listed in the section Parent Company's accounting policies in the annual report for the '21/22 financial year.

Group presentation currency

As of 1 July 2021, the Group's presentation currency is the euro (€). The Parent Company's functional currency is the Swedish krona (SEK), unchanged compared with '20/21. Unless stated otherwise, all amounts are given in million euro (€ million) for the Group and million krona (SEK million) for the Parent Company. A more detailed description of the accounting policies applied for the Group and the Parent Company in this interim report is available in the Annual Report for the '21/22 financial year, available at www.quickbit.com.

NOTE 2 NET SALES

The Group's net sales pertain entirely to sales of cryptocurrency and are recognised at a point in time.

Net sales by operating segment, € million

Solution for e-merchants	68.1
Total	68.1

Alternative performance measures

This report contains financial metrics and alternative performance measures (APMs), which are not defined in IFRS. The company considers that this information, together with comparable defined IFRS metrics, is useful for investors as it provides increased understanding of the company's operating results. The APMs should not be assessed in isolation from, or as a substitute for, financial information presented in the financial statements pursuant to IFRS. The reported APMs are not necessarily comparable with similar measures presented by other companies.

Quickbit uses the following APMs that are not derived from the financial statements:

- Gross profit and gross margin
- Adjusted EBITDA and Adjusted EBITDA margin

Derivation of gross profit and gross margin

Amounts in € million	First quarter		Full year
	Jul-Sep 2022	Jul-Sep 2021	Jul 2021–Jun 2022
Net sales	68.1	97.1	346.7
Purchase of cryptocurrency and other fees	-65.2	-93.5	-333.1
Gross profit	2.9	3.6	13.6
<i>Gross margin, %</i>	<i>4.2%</i>	<i>3.7%</i>	<i>3.9%</i>

Derivation of EBITDA and Adjusted EBITDA

Amounts in € million	First quarter		Full year
	Jul-Sep 2022	Jul-Sep 2021	Jul 2021–Jun 2022
EBIT	0.1	-0.1	-0.9
Depreciation and amortisation of PPE and intangible assets	0.8	0.4	2.4
EBITDA	0.8	0.3	1.5
Exchange differences	0.0	0.1	0.2
Other non-recurring items	0.3	–	0.6
Share-based incentive programme	–	-0.1	–
Items affecting comparability	0.3	0.0	0.9
Adjusted EBITDA	1.1	0.3	2.4
<i>Adjusted EBITDA margin, %</i>	<i>1.6%</i>	<i>0.3%</i>	<i>0.7%</i>

Definition

Alternative performance measure	Definition	Reason
Gross profit	Net sales less purchases of cryptocurrency and other fees.	The APM is used to measure the company's ability to charge for its products.
Gross margin	Gross profit in relation to net sales.	The APM is a measure of the company's earnings capacity in relation to net sales.
EBITDA	EBITDA comprises earnings before interest, tax, depreciation and amortisation.	The APM is used to measure earnings from operating activities excluding depreciation, amortisation and impairment.
Items affecting comparability	Items affecting comparability pertain to material items and events that have no clear connection to ordinary operations and are assessed as being of an extraordinary nature.	The item is excluded in the calculation of adjusted EBITDA. Separate reporting of items affecting comparability provides clarity in terms of the development of the underlying operations.
Adjusted EBITDA	EBITDA excluding items affecting comparability.	The APM is used to monitor the underlying earnings trend over time and on a comparable basis.
Adjusted EBITDA margin	Adjusted EBITDA in relation to net sales.	The APM is used to measure earnings from operating activities excluding depreciation, amortisation and impairment, and items affecting comparability in relation to net sales.
Average daily volume (ADV)	Transaction volume in relation to the number of days in the period.	The APM is used as part of the description of the sales trend within Quickbit Affiliate.
Merchants/ e-merchants	Companies that have marketplaces accessible online and which can accept payment in crypto both for products and for services.	The APM refers to the number of active merchants at the close of the period and is used as part of the description of future sales potential.

Quickbit is a Swedish fintech company founded in 2016 with the goal of making the integration of cryptocurrencies into the everyday lives of people and companies smoother. 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. Quickbit's vision is a borderless economy.

Since the outset, operations have developed at a high tempo and today we offer secure solutions for e-merchants to receive payment in cryptocurrency, and for people to conveniently use cryptocurrency in their everyday lives. We are convinced that the financial services of the future will be based on blockchain technology and cryptocurrency.

quickbit

Luntmakargatan 18
SE-111 37 Stockholm
Sweden

quickbit.com