

QuickBit

Q2

INTERIM REPORT October–December 2019

SEK
1 462,4
MILLION

Net sales Q2 2019/2020

SEK
29,8
MILLION

Operating profit Q2 2019/2020

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 19 February 2020 at 8.00 CET.

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Financial calendar

Interim Report Q2
(October–December) 19 February 2020
Interim Report Q3
(January–March) 20 May 2020
Year-end Report
2019/2020 19 August 2020

Interim Report quarter 2, October–December 2019

AN EVENTFUL QUARTER

The second quarter and start of the third quarter were characterised by high activity. QuickBit carried out its first acquisition during the period and renegotiated the terms of agreement with the company's redemption partners. The new agreement will strengthen cash flow and gross profit during the coming periods.

The second quarter, 1 October–31 December 2019 in summary

- Net sales amounted to SEK 1,462.4 million (476.9).
- Operating profit amounted to SEK 29.8 million (3.2).
- Earnings per share before dilution amounted to SEK 0.41 (0.05).
- QuickBit signed a letter of intent regarding the issuance of physical and virtual VISA and Mastercard cards.
- QuickBit entered into strategic collaboration with Scrive on digital identification and authentication of transactions.
- QuickBit entered into strategic collaboration with Onfido on digital identification and validation of customers.
- The Annual General Meeting resolved on the re-election of Sven Hattenhauer, Johan Lund and Anders Lindell as ordinary Board members and the election of Lars Melander and Scott Wilson as new Board members. Sven Hattenhauer was re-elected as Chairman of the Board.

The period, 1 July–31 December 2019 in summary

- Net sales amounted to SEK 2,445.3 million (551.1).
- Operating profit amounted to SEK 62.4 million (1.9).
- Earnings per share before dilution amounted to SEK 0.86 (0.02).

SEK million	Second quarter		6 months		Rolling 12 months	Full-year
	Oct-Dec 2019	Oct-Dec 2018	Jul-Dec 2019	Jul-Dec 2018	Jan 2019– Dec 2019	2018/2019
Net sales	1,462.4	477.0	2,445.3	551.0	42,529	2,353.9
Operating profit	29.8	3.0	62.4	1.9	108.6	48.2
Equity/assets ratio, %	84.3 ¹	49.2	84.3 ¹	49.2	84.3 ¹	82.9
Earnings per share, before dilution, SEK	0.41	0.05	0.86	0.02	1.49	0.66
Earnings per share after dilution, SEK	0.31	0.05	0.65	0.02	1.28	0.59

¹ As of 31 December 2019

Significant events after the end of the period

- QuickBit has obtained an option, to not later than 31 December 2020, acquire Digital Currency Services B.V. (“DCS”) with the trademark happycoins.com. A potential acquisition will create a platform for significantly increased profitable growth.
- QuickBit has entered into an agreement on acquisition of BitRate Invest OÜ (“BitRate”) with the aim of securing control over the entire transaction flow and to create a basis for a continued increase in profitable growth.
- QuickBit has signed an agreement on new terms with the company’s redemption partners. The new terms will take effect retroactively from 1 January 2020. The financial effects of the altered terms of agreement will have full effect starting from the third quarter (Jan–Mar) in the current financial year.

- In brief, the new terms of agreement mean that:
 - the fee QuickBit pays to redeeming partners will fall considerably,
 - the amount of liquid assets that need to be deposited as collateral for the so-called rolling reserve will fall significantly and
 - the time that this collateral needs to be deposited will halve on average compared to today’s level.

The financial effects will be significant and are illustrated in summary in the table below. The column “Adjusted outcome” shows the selected key ratios as they would have been in the second quarter and in the six-month period if the new terms of agreement had taken effect on 1 October 2019. Liquid assets that are deposited for transaction flows, the so-called rolling reserve, are included in the balance sheet item Other receivables.

Financial effects of new redemption agreement

SEK million	The quarter (Oct-Dec 2019)			The period (Jul-Dec 2019)		
	Outcome	Adjusted outcome	Change	Outcome	Adjusted outcome	Change
Gross profit	38.8	53.7	14.9	79.2	94.1	14.9
Other receivables	102.7	67.6	-35.0	102.7	67.6	-35.0
Cash flow for the period	-18.6	36.2	54.7	6.1	60.8	54.7

Comments from the CEO

It is now half a year since I took over as CEO of QuickBit. The first six months have been extremely exciting, challenging and eventful throughout. I have also spent this time conducting a fundamental review of the company and charting a path for the future. My conclusions from this work are almost ready and will be communicated in the near future.

I want to start by commenting on the performance during our now reported second quarter. Our growth is continuing and we have reported the strongest increase in sales between two quarters in the company's history. Net sales increased by almost 50 percent from the previous quarter. This strong growth rate is proof that our basic belief is right – cryptocurrency and crypto payments are part of the future.

However, strongly increased transaction volumes during a relatively short period, in turn, meant gradually larger deposits of liquid assets with our redemption partners as collateral for these volumes. I am therefore very satisfied that the work on securing better terms from our largest redemption partners has now been successfully completed. The agreement is a milestone in QuickBit's history and means, going forward, that the company will no longer need to display negative or weakened cash flow in line with increased sales growth.

The negative cash flow in the second quarter can thus be viewed as a non-recurring event. The financial effects of the altered terms of agreement are exclusively positive for QuickBit and will have full effect starting from the next quarter, January to March 2020.

I can also confirm that after the end of the second quarter we carried out the company's first acquisition in the form of the purchase of BitRate. Through the acquisition, QuickBit will secure control over the entire transaction flow, which is important for us. The acquisition also means that we are establishing a new business area which will cover the transactions that are not made using a bank or credit card. This will create a revenue stream which is independent of our existing income, reducing the risk in our business model.

During the second quarter, we have also taken additional steps to strengthen the user-friendliness of our services and concurrently with the acquisition of BitRate we have created a stronger platform for future launches of new products and services. Thanks to our



“The agreement is a critical milestone in QuickBit's history.”

affiliate-based marketing, QuickBit has a very low cost for gaining new customers, which provides us with a customer base that we can introduce new products to. Our overriding goal is through technology to facilitate people's use of cryptocurrencies. With new products and services, we will reach new users, broaden our business model and create additional revenue streams.

By way of conclusion, I would like to say that we have received positive reactions to our new career site, which was launched in November. We are working hard to recruit and retain capable people who share QuickBit's vision and passion, and we see a greater interest from talented people applying to QuickBit. This provides us with further energy to continue working on a long-term basis and purposefully on strengthening our employer brand.

With all the initiatives taken in recent months, I feel a strong confidence ahead of the future. The acquisition of BitRate gives us a basis to continue creating strong growth going forward and the new terms with our redemption partners will strengthen our cash flow and profitability.

Serod Nasrat, CEO

QuickBit in brief

QuickBit was founded in 2016 and offers a solution that makes it easier for people to use cryptocurrency in their everyday lives, by enabling users to quickly, simply and securely purchase cryptocurrency for payment during purchase of goods and services online. During 2018/2019, we generated sales of more than SEK 2.3 billion and reported a gross profit of SEK 62 million. QuickBit has been listed on NGM Nordic MTF since July 2019.

Who are our customers?

Our customers are the persons who purchase cryptocurrency from us.

Our offer

QuickBit's solution primarily attracts customers who choose to pay with cryptocurrency during the purchase of services online. When a customer chooses cryptocurrency as the payment method during a purchase online, the customer is linked to QuickBit, which then sells cryptocurrency from its own inventory to the customer.

QuickBit offers its customers the largest and most well-known cryptocurrencies. The choice is something that the company itself decides on and this depends on demand. Generally speaking, however, it may be said that QuickBit offers the currencies that have short

delivery times and low transaction fees, which in practice also means the cryptocurrencies which have high liquidity in their trading. QuickBit's solution radically reduces the perceived obstacles to using cryptocurrency by offering a rapid, simple and secure way of purchasing cryptocurrency. The more people who use cryptocurrency, the greater and clearer the advantages will become for the e-merchants that have opted to accept cryptocurrency as a payment method.

How does QuickBit make money?

QuickBit earns money on each transaction where we sell cryptocurrency. Our revenue consists partly of a transaction fee that the customer pays, and partly of the difference between what we buy cryptocurrency for and what we later sell it to the customers for.

How does the future look for QuickBit?

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

QuickBit works continually on creating new solutions and products that facilitate the use of cryptocurrencies in everyday life for existing and future users. For example, during autumn 2020, QuickBit will launch physical and virtual VISA and Mastercard cards. Although the everyday use of cryptocurrencies is increasing, payments with cryptocurrencies are still very low compared to payments with cards. Today, for example, payments with VISA and Mastercard are accepted by more than 100 million points of sale globally, which means that there is huge potential for QuickBit within the card payments market segment.

Quickbit's **vision** is to strive for a borderless economy.

QuickBit's **mission** is through technology to facilitate the use of cryptocurrencies in people's everyday lives.

Financial overview

Net sales

Net sales in the second quarter amounted to SEK 1,462.4 million (476.9). Other operating income during the quarter amounted to SEK 5.2 million (0). Net sales for the period 1 July-31 December amounted to SEK 2,445.3 million (551.0). Other operating income during the period amounted to SEK 6.0 million (0). Other operating income consisted mainly of exchange rate differences during the quarter as well as the company's revenue sharing, which is obtained by Nordic Growth Market quarterly. Net sales refer to customers' purchases of cryptocurrency through QuickBit's automated system where cryptocurrency is sold from the company's own inventories.

Gross profit

Gross profit during the second quarter amounted to SEK 38.8 million (13.0). Compared to the previous quarter (Q1 19/20), gross profit decreased by SEK 1.5 million, equivalent to 3.7 percent. This slight decrease was mainly explained by higher costs during purchase of cryptocurrency and higher bank charges connected to sale of cryptocurrency during the present quarter. QuickBit's gross profit consists of the difference between all revenue in the company and direct costs for generating revenue.

Profit before tax

Profit before tax for the second quarter of the year amounted to SEK 29.8 million (3.0) and for the period 1 July – 31 December it amounted to SEK 62.4 million (1.6). The decrease in profit compared to the previous quarter was mainly explained by higher costs during purchase of cryptocurrency and higher bank charges connected to sale of cryptocurrency during the present quarter.

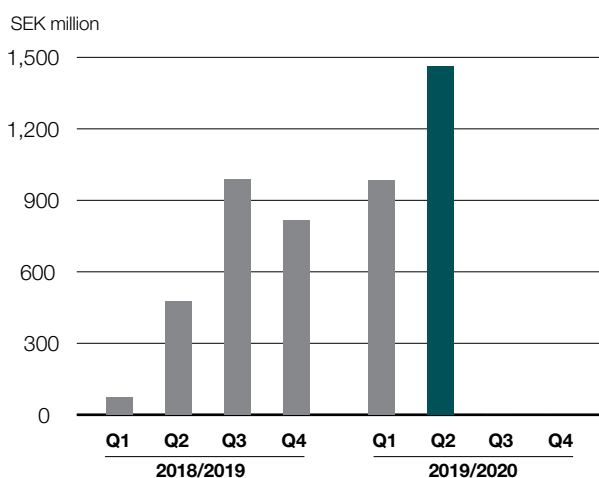
Profit after tax

Profit after tax during the second quarter amounted to SEK 26.3 million (2.8). Profit after tax for the first six months amounted to SEK 55.5 million (1.4). The decrease in profit compared to the previous quarter was mainly explained by higher costs during purchase of cryptocurrency and higher bank charges connected to sale of cryptocurrency during the present quarter.

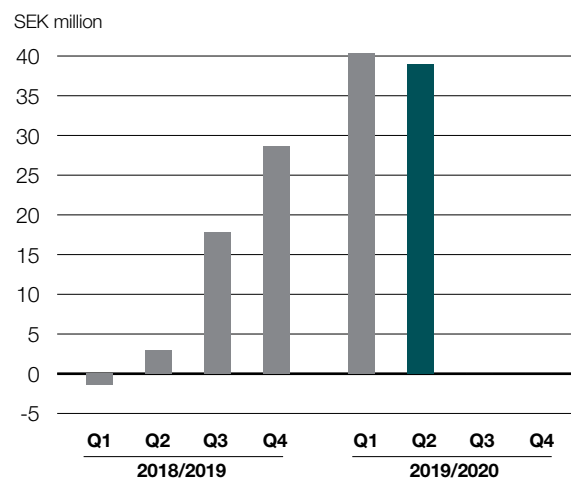
Cash flow and financial position

Consolidated cash flow during the second quarter amounted to SEK -18.6 million (-0.1) and for the period 1 July-31 December it amounted to SEK 6.1 million (4.0). The decrease was mainly explained by strong sales growth, which meant a substantial but temporary deposit of collateral during the quarter. For a further explanation, see under the heading "Cash balances and working capital" below. Consolidated equity on 31 December amounted to SEK 122.7 million (12.1), which was equivalent to SEK 1.90 per share (0.21).

Net sales per quarter



Gross profit per quarter



Cash balances and working capital

QuickBit has working capital in three forms – cash in bank accounts, inventories of cryptocurrency and the balance sheet item Other receivables. The balance sheet item Other receivables is explained below.

QuickBit gets paid by customers using card payments online, mainly Visa and MasterCard. In order to handle transactions between QuickBit and the customers, QuickBit needs agreements with redemption partners who are members in both VISA and MasterCard. Since QuickBit handles a very large number of transactions, these redemption partners require the deposit of collateral in the form of liquid assets. This collateral is called a rolling reserve and is booked as an asset in the item Other receivables in the consolidated balance sheet. The rolling reserve, varies in size over time as parts of the collateral are continually paid to the company but new collateral arises as a result of the company's strong sales growth.

QuickBit's strategy of focusing on sales growth has resulted in an increase in net sales of about 80 per cent during the first two quarters of the financial year, compared to the end of the fourth quarter of the previous year. These substantially increased transaction volumes during a relatively short period have, in turn, meant gradually increasing deposits of liquid assets as collateral for these transaction volumes with weaker cash flow as a consequence. With net sales of about SEK 1.46 SEK billion during the second quarter, QuickBit has now reached the critical mass that provides the company with a strong position to renegotiate the terms with redemption partners.

As communicated on 17 February 2020, a number of key changes in terms were agreed between QuickBit and the redeeming partners. In brief, the new terms of agreement mean that QuickBit will retroactively starting from 1 January 2020, significantly reduce the levels of collateral that need to be deposited for transaction volumes. The financial effects of the altered terms of agreement are exclusively positive for QuickBit and mean that the so-called rolling reserve will gradually decrease over the coming quarters without needing to reduce growth. The decrease of the quantity of collateral will be substantial over the next few quarters and will release working capital and thus improve the cash flow.

Investments and depreciation/amortisation

The company's property, plant and equipment relates to furniture and technical equipment which are depreciated over a period of five years. The company's employees mainly consist of developers who are working on improving current and future software. Costs directly attributable to software development are capitalised as an intangible non-current asset in the balance sheet. Costs that are capitalised for software development are amortised over five years. Development expenses related to future projects are only written off when they are launched and thus generate revenue for the company.

Changes in value of cryptocurrencies

The company sells cryptocurrency from its own inventory. 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, entail a risk to 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.

Significant events during the quarter

- In October, QuickBit signed a letter of intent regarding the issuance of physical and virtual VISA and Mastercard cards. The cards are expected to be launched during the autumn of 2020 and are an important part of our efforts to reach more users, broaden the business model and create more revenue streams.
- In December, QuickBit entered into strategic collaboration with Scrive on digital identification and authentication of transactions. The agreement gives QuickBit the opportunity for a cost- and resource-efficient geographical expansion as well as increased speed and certainty in relation to meeting compliance requirements.
- QuickBit has entered into strategic collaboration with Onfido on digital identification and validation of customers' identity. This cooperation will significantly improve the user experience for customers, create a strong platform for QuickBit to get new customers and will simplify meeting customer due diligence requirements.
- The Annual General Meeting on 18 December resolved on the re-election of Sven Hattenhauer, Johan Lund and Anders Lindell as ordinary Board members and the election of Lars Melander and Scott Wilson as new Board members. Sven Hattenhauer was re-elected as Chairman of the Board.

Significant events after the end of the second quarter

- After the end of the second quarter, it was announced that QuickBit has obtained an option, not later than 31 December 2020, to acquire Digital Currency Services B.V. ("DCS") with the trademark happycoins.com. A potential acquisition is an important step in creating a European platform for significantly increased profitable growth through transaction flows that do not tie up capital, thereby strengthening the cash flow.
- In January 2020, it was also communicated that QuickBit has entered into an agreement on the acquisition of BitRate Invest OÜ ("BitRate"). The acquisition was made with the aim of securing control over the entire transaction flow and to create a basis for continued successful product launches. The acquisition means that we are establishing a new business area, which will focus on transactions that are not made using a bank or credit card. This will create a platform for significantly increased profitable growth through transaction flows that do not tie up capital, thereby strengthening the cash flow.

Other information

Tax

The tax expense for the second quarter amounted to SEK 3.5 million (0.2) and for the period 1 July–31 December to SEK 6.8 million (0.2).

During the fourth quarter of 2018/2019, the company carried out an investigation regarding establishment in accordance with the CFC regulations. Following the completion of the investigation and recommendations from the company's tax lawyers, the requirements were met starting from the first quarter 2019/2020 to tax the parent company's wholly-owned subsidiary Quickbit Ltd, domiciled in Gibraltar, with the applicable corporate tax in Gibraltar. The current corporate tax rate in Gibraltar amounts to ten percent.

Parent Company

The parent company's net sales in the second quarter amounted to SEK 3.5 million (4.7), and mainly related to intra-group services. For the six-month period 1 July–31 December, the parent company's net sales amounted to SEK 7.3 million (4.7). Intra-group services are eliminated on consolidation and are consequently not shown in the consolidated income statement. Other operating income during the second quarter amounted to SEK 0.3 million (0). For the period 1 July–31 December, other operating income amounted to SEK 0.9 million (0). Other operating income in the parent company mainly related to exchange rate differences during the period as well as the company's revenue sharing, which is obtained by Nordic Growth Market quarterly. The parent company's other costs and other revenue are recognised net in the income statement. Operating expenses were higher than operating income during the second quarter and were thus reported as a net amount under operating expenses.

Operating profit in the parent company during the second quarter of the financial year amounted to SEK -4.7 million (1.4) and for the six-month period 1 July–31 December operating profit amounted to SEK -5.7 million (-0.5). Profit after tax during the second quarter amounted to SEK -4.7 million (1.3) and the equivalent result for the first six months of 2019/2020 amounted to SEK -5.7 million (-0.8).

Cash and bank balances on 31 December amounted to SEK 13.6 million (4.0).

The share

The QuickBit share has been listed on Nordic Growth Market SME since 11 July 2019. The listing price was SEK 3.20 and the final price paid on 31 December 2019 for the share was SEK 12.15, an increase of 379.7 percent since the listing.

During the period 1 October to 31 December 2019, 48,643,931 shares were traded at a value of SEK 634,433,937 million, corresponding to approximately 75 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 2019 was SEK 17.40 (22 November) and the lowest was SEK 10.50 (1 October). On 31 December 2019, QuickBit's share capital amounted to SEK 647,163 (583,413). At the end of the second quarter, the number of shares was 64,716,250, corresponding to a quota value of SEK 0.01 per share.

Shareholders

On 31 December 2019, QuickBit had 6,812 shareholders, which is an increase of 1,123 shareholders, equivalent to 20 percent, since the end of the previous quarter (Q1 19/20).

Transactions with related parties

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

Accounting policies

The report is prepared in accordance with the provisions of the Swedish Annual Accounts Act and in accordance with the rules of Nordic Growth Market Nordic SME. Otherwise, the same accounting principles and calculation methods have been used in the interim report as in the latest annual report, according to the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012: 1 Annual Accounts and Consolidated Accounts (K3).

Review

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

The Board of Directors and the CEO declare that the interim report provides a true and fair overview of the parent company and the Group's operations, financial position and earnings and also describes material risks and uncertainties facing the parent company and the other companies in the Group.

Stockholm, 19 February 2020

Serod Nasrat
Chief Executive Officer
Quickbit eu AB (publ)

Auditor's report

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

Introduction

We have reviewed the condensed interim financial information (half-year report) of QuickBit eu AB (publ) as of 31 December and the six-month period that ended on this date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial information in accordance with the Swedish Accounting Standards Board's general guidelines: Annual Accounts and Consolidated Accounts (K3) 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 in Sweden. 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 might 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 K3 and the Swedish Annual Accounts Act and for the Parent Company in compliance with K3 and the Annual Accounts Act.

Stockholm, 19 February 2020
PricewaterhouseCoopers AB

Johan Engstam, Authorised Public Accountant

Consolidated income statement

Amounts in SEK '000	NOTE	The second quarter		6 months		Rolling	Full-year
		Oct-Dec 2019	Oct-Dec 2018	Jul-Dec 2019	Jul-Dec 2018	12 months Jan 2019– Dec 2019	2018/2019
Net sales		1,462,447,3	476,924,2	2,445,341,9	551,131,6	4,252,850,8	2,353,916,6
Other operating income		5,196,7	0,0	5,992,0		8,889,6	1,651,1
Purchase of cryptocurrency and other transaction costs		-1,428,816,0	-463,910,7	-2,372,142,0	-536,856,3	-4,128,895,7	-2,293,609,9
Gross profit		38,827,5	13,013,5	79,192,0	14,275,3	132,844,7	61,957,8
Operating expenses							
Other external expenses		-5,602,0	-7,294,2	-10,780,3	-8,569,3	-14,814,0	-7,879,1
Personnel expenses		-2,280,7	-537,6	-3,913,3	-1,078,8	-5,576,0	-2,741,5
Depreciation and amortisation of property, plant and equipment and intangible assets		-1,142,3	-752,7	-2,122,1	-1,467,7	-3,830,5	-3,176,1
Other operating expenses		0,0	-1,243,9	0,0	-1,246,4	0,0	0,0
Operating profit		29,802,6	3,185,2	62,376,3	1,913,1	108,624,3	48,161,1
Profit/loss from financial items							
Interest expenses and similar profit/loss items		-2,9	-136,1	-6,8	-298,5	109,4	-182,3
Profit after financial items		29,799,7	3,049,0	62,369,5	1,614,6	108,733,6	47,978,8
Tax on net profit/loss for the period		-3,460,8	-242,5	-6,818,3	-242,5	-15,549,1	-8,973,4
Net profit for the period		26,338,9	2,806,5	55,551,2	1,372,1	93,184,5	39,005,4
Earnings per share							
Before dilution		0.41	0.05	0.86	0.02	1.49	0.66
After dilution		0.31	0.05	0.65	0.02	1.28	0.59

Consolidated balance sheet

Amounts in SEK '000	NOTE	31 Dec 2019	31 Dec 2018	30 Jun 2019
ASSETS				
Subscribed for but not paid in capital				16,000,0
Non-current assets				
Intangible non-current assets				
Capitalised expenditure for development work and similar work	2	20,836,5	13,033,1	14,242,5
		20,836,5	13,033,1	14,242,5
Property, plant and equipment				
Equipment and tools		881,1	0,0	102,0
		881,1	0,0	102,0
Financial assets				
Other non-current receivables		3,008,3	73,2	73,2
		3,008,3	73,2	73,2
Total non-current assets		24,725,9	13,106,3	14,417,7
Current assets				
Inventories etc.				
Inventory of cryptocurrency		4,587,4	881,7	1,990,3
Current receivables				
Trade receivables			5,365,3	0,0
Other receivables	3	102,066,4	1,041,8	43,364,6
Prepaid expenses and accrued income		615,9	79,9	8,8
		102,682,3	6,487,0	43,373,4
Cash and bank balances		13,576,5	4,027,7	7,550,1
Total current assets		120,846,2	11,396,4	52,913,8
TOTAL ASSETS		145,572,1	24,502,7	83,331,5

Consolidated balance sheet

Amounts in SEK '000	NOTE	31 Dec 2019	31 Dec 2018	30 Jun 2019
EQUITY AND LIABILITIES				
Equity				
Share capital	4	647,2	583,4	597,2
Other contributed capital		36,367,2	4,858,0	36,442,2
Other equity including net profit for the year		85,710,3	6,620,3	32,061,0
Total equity		122,724,7	12,061,7	69,100.3
Current liabilities				
Trade payables		3,133,0	1,797,4	1,509,1
Current tax liabilities		15,668,6	242,5	8,973,4
Other current liabilities		1,810,5	4,096,4	2,361,7
Accrued expenses and deferred income		2,235,3	6,304,7	1,387,0
		22,847,5	12,441,0	14,231,2
TOTAL EQUITY AND LIABILITIES		145,572,1	24,502,7	83,331,5

Consolidated statement of changes in equity

Amounts in SEK '000	Share capital	Other contributed capital	Other equity and net profit for the year	Total	Total equity
Equity 30 June 2018	583,4	17,981,3	-7,898,1	10,666,6	10,666,6
Change in translation difference relating to existing subsidiaries			53,0	53,0	53,0
Profit/loss for the period			-1,434,4	-1,434,4	-1,434,4
Equity, 30 Sep 2018	583,4	17,981,3	-9,279,5	9,285,2	9,285,2
New issue in progress		16,000,0		16,000,0	16,000,0
New issue	13,8	3,286,3		3,300,0	3,300,0
Expenses related to issue		-825,4		-825,4	-825,4
Change in translation difference relating to existing subsidiaries			738,2	738,2	738,2
Issue of subscription warrants			162,5	162,5	162,5
Profit/loss for the period			40,439,8	40,439,8	40,439,8
Equity 30 June 2019	597,2	36,442,2	32,061,0	69,100,3	69,100,3
New issue	50,0	-50,0		0,0	0,0
Expenses related to issue		-25,0		-25,0	-25,0
Change in translation difference relating to existing subsidiaries			1,346,6	1,346,6	1,346,6
Profit/loss for the period			29,212,4	29,212,4	29,212,4
Equity, 30 Sep 2019	647,2	36,367,2	62,619,9	99,634,3	99,634,3
New issue				0,0	0,0
Expenses related to issue				0,0	0,0
Change in translation difference relating to existing subsidiaries			-3,248,0	-3,248,0	-3,248,0
Profit/loss for the period			26,338,9	26,338,9	26,338,9
Equity, 31 Dec 2019	647,2	36,367,2	85,710,8	122,724,7	122,724,7

Consolidated cash flow statement

Amounts in SEK '000	NOTE	The second quarter		6 months		Rolling	Full-year
		Oct-Dec 2019	Oct-Dec 2018	Jul-Dec 2019	Jul-Dec 2018	12 months Jan 2019– Dec 2019	2018/2019
Operating activities							
Profit/loss before financial items		29,802,6	3,185,2	62,376,3	1,913,1	108,624,3	48,161,0
Adjustment for items not included in the cash flow		1,142,3	752,7	2,122,1	1,467,7	3,830,5	3,176,1
Interest paid		-2,9	-136,1	-6,8	-298,5	109,4	-182,3
Cash flow from changes in working capital		30 942,0	3 801,7	64 491,6	3 082,3	112 564,1	51 154,8
Cash flow from changes in working capital		-37 160,8	-1 563,1	-64 102,0	-4 328,6	-103 295,5	-42 161,1
Increase/decrease operating receivables		-37,160,8	-1,563,1	-64,102,0	-4,328,6	-103,295,5	-42,161,1
Increase/decrease operating liabilities		-5,589,9	-2,457,9	2,044,0	3,543,2	-2,422,1	-922,9
Cash flow from operating activities		-11,808,7	-219,3	2,433,6	2,296,9	6,846,5	8,070,8
Investing activities							
Investments in non-current intangible assets		-5,231,7	-1,017,8	-8,573,7	-1,456,2	-11,503,9	-4,370,4
Investments in property, plant and equipment		-128,9	0,0	-838,5		-944,0	-105,5
Disposal/amortisation of other financial assets		0,0		0,0			0,0
Cash flow from investing activities		-5,360,6	-1,017,8	-9,412,2	-1,456,2	-12,447,9	-4,475,9
Financing activities							
Increase/decrease other financial receivables and liabilities		-1,385,4	1,160,4	-2,935,1	3,160,4	-2,935,1	3,160,3
New issue			0,0	16,000,0		16,000,0	0,0
Cash flow from financing activities		-1,385,4	1,160,4	13,064,9	3,160,4	13,064,9	3,160,3
Cash flow for the period		-18,554,7	-76,7	6,086,3	4,001,0	7,463,5	6,755,2
Cash and cash equivalents at the beginning of the period		32,160,8	4,134,4	7,550,1	3,7	4,027,7	3,7
Exchange differences in cash and cash equivalents		-30,0	-30,0	-59,9	23,0	2,084,8	791,2
Cash and cash equivalents at the end of the period		13,576,1	4,027,7	13,576,5	4,027,7	13,576,1	7,550,0

Parent Company income statement

Amounts in SEK '000	NOTE	The second quarter		6 months		Rolling	Full-year
		Oct-Dec 2019	Oct-Dec 2018	Jul-Dec 2019	Jul-Dec 2018	12 months Jan 2019– Dec 2019	
Net sales		3,519,4	4,723,9	7,252,9	4,723,9	12,718,7	10,189,6
Other operating income			0,0	574,2	0,0	829,0	
Purchase of cryptocurrency and other						-1 534,4	-1 534,4
transaction costs						-1,534,4	-1,534,4
Gross profit		3,519,4	4,723,9	7,827,1	4,723,9	12,013,2	8,655,2
Operating expenses							
Other external expenses		-5,493,7	-2,250,8	-9,027,2	-3,483,4	-12,038,1	-6,494,2
Personnel expenses		-1,873,5	-537,6	-3,316,8	-1,078,8	-4,938,1	-2,700,1
Depreciation and amortisation of property, plant and equipment and		-221,2	-222,6	0,0	-175,2	-234,0	-154,5
intangible assets		-653,6	-273,0	-1,144,1	-508,4	-1,862,9	-1,227,2
Other operating expenses		-221,2	-222,6	0,0	-175,2	-234,0	-154,5
Operating profit/loss		-4,722,6	1,439,9	-5,661,0	-521,9	-7,059,9	-1,920,8
Profit/loss from financial items							
Interest expenses and similar		-4 725,5	1 303,7	-5 667,8	-810,8	-7 172,1	-2 093,5
income statement items		-2,9	-136,1	-6,8	-288,9	-112,2	-172,7
Profit/loss after financial items		-4,725,5	1,303,7	-5,667,8	-810,8	-7,172,1	-2,093,5
Profit/loss before tax		-4,725,5	1,303,7	-5,667,8	-810,8	-7,172,1	-2,093,5
Tax on net profit/loss for the period						-8,973,4	-8,973,4
Net profit/loss for the period		-4,725,5	1,303,7	-5,667,8	-810,8	-16,145,5	-11,066,9

Parent Company balance sheet

Amounts in SEK '000	NOTE	31 Dec 2019	31 Dec 2018	30 Jun 2019
ASSETS				
Subscribed for but not paid in capital				16,000,0
Non-current assets				
Intangible non-current assets				
Capitalised expenditure for development work and similar work	2	14,385,0	4,858,0	6,896,0
		14,385,0	4,858,0	6,896,0
Property, plant and equipment				
Equipment and tools		881,2		102,0
		881,2	0,0	102,0
Financial assets				
Participations in Group companies		9,650,0	9,600,0	9,650,0
Other non-current receivables		1,181,8	73,2	73,2
		10,831,8	9,673,2	9,723,2
Total non-current assets				
		26,098,0	14,531,2	16,721,2
Current assets				
Current receivables				
Trade receivables			0,0	0,0
Receivables from Group companies		20,0	0,0	0,0
Other receivables	3	1,669,8	1,041,5	1,058,3
Prepaid expenses and accrued income		607,4	75,4	4,2
		2,297,3	1,116,9	1,062,4
Cash and bank balances		13,367,2	4,027,7	7,500,1
Total current assets		15,664,5	5,144,6	8,562,5
TOTAL ASSETS		41,762,5	19,675,7	41,283,7

Parent Company balance sheet

Amounts in SEK '000	NOTE	31 Dec 2019	31 Dec 2018	30 Jun 2019
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	4	647,2	583,4	597,2
New issue in progress			0,0	50,0
Reserve for development expenditure		14,297,0	4,858,0	6,896,0
		14,944,2	5,441,4	7,543,2
Non-restricted equity				
Share premium reserve		36,367,2	18,062,6	36,392,2
Profit/loss brought forward		-33,585,5	-12,218,6	-14,175,3
Net profit/loss for the year		-4,725,5	-810,8	-11,066,9
		-1,943,9	5,033,3	11,150,0
Total equity		13,000,3	10,474,6	18,693,1
Current liabilities				
Liabilities to Group companies		12,770,4	1,282,9	8,483,0
Trade payables		3,133,0	1,575,8	1,385,6
Current tax liabilities		8,973,4		8,973,4
Other current liabilities		1,650,1	5,959,2	2,361,7
Accrued expenses and deferred income		2,235,3	383,3	1,387,0
		28,762,2	9,201,1	22,590,6
TOTAL EQUITY AND LIABILITIES		41,762,5	19,675,7	41,283,7

Parent Company statement of changes in equity

Amounts in SEK '000	Share capital	New issue in progress	Reserve for development expenditure	Share premium reserve	Retained earnings	Total equity
Equity 30 June 2018	583,4	0,0	3,910,1	17,981,3	- 11,189,0	11,285,9
Reserve for development expenditure			203,0		-203,0	0,0
Profit/loss for the period					-2,114,5	-2,114,5
Equity, 30 Sep 2018	583,4	0,0	4,113,2	17,981,3	-13,506,9	9,089,6
New issue	13,8			3,286,3		3,300,0
New issue in progress		50,0		15,950,0		16,000,0
Expenses related to issue				-825,4		825,4
Reserve for development expenditure			2,782,8		-2,782,8	0,0
Profit/loss for the period					-8,952,4	-8,952,4
Equity 30 June 2019	597,2	50,0	6,896,0	36,392,2	-25,421,8	18,693,1
New issue	50,0	-50,0				0,0
Expenses related to issue				-25,0		-25,0
Reserve for development expenditure			2,774,7		-2,774,7	0,0
Profit/loss for the period					-942,3	-942,3
Equity, 30 Sep 2019	647,2	0,0	9,670,7	36,367,2	-28,958,7	17,725,8
New issue						0,0
Expenses related to issue						0,0
Reserve for development expenditure			4,626,4		-4,626,4	0,0
Profit/loss for the period					-4,725,5	-4,725,5
Equity, 31 Dec 2019	647,2	0,0	14,297,0	36,367,2	-38,311,0	13,000,3

Parent company cash flow statement

Amounts in SEK '000	NOTE	The second quarter		6 months		Rolling	Full-year
		Oct-Dec 2019	Oct-Dec 2018	Jul-Dec 2019	Jul-Dec 2018	12 months Jan 2019– Dec 2019	2018/2019
Operating activities							
Profit/loss before financial items		-4,722,6	1,439,9	-5,661,0	-521,9	-7,060,0	-1,920,8
Adjustment for items not included in the cash flow		653,6	273,0	1,144,1	508,4	1,862,9	1,227,2
Interest paid		-2,9	-136,1	-6,8	-288,9	109,4	-172,7
Cash flow before changes in working capital		-4 072,0	1 576,8	-4 523,8	-302,4	-5 087,7	-866,3
Cash flow from changes in working capital		838,6	-328,8	-1 234,8	1 702,0	-1 180,4	1 756,5
Increase/decrease operating receivables		838,6	-328,8	-1,234,8	1,702,0	-1,180,4	1,756,5
Increase/decrease operating liabilities		-9,351,2	-1,497,2	6,146,5	920,2	12,987,3	7,810,9
Cash flow from operating activities		-12,584,6	-249,3	387,9	2,319,8	6,719,2	8,701,1
Investing activities							
Investments in intangible non-current assets		-5,231,7	-1,017,8	-8,573,7	-1,456,2	-11,327,1	-4,209,6
Investments in property, plant and equipment		-5 360,6	-1 017,8	-9 412,2	-1 456,2	-12 321,1	-4 365,1
Investments in subsidiaries		0,0			0,0	-50,0	-50,0
Disposal/amortisation of other financial assets		-631,8	1 160,4	-1 108,6	3 160,4	-1 108,6	3 160,4
Cash flow from investing activities		-5,360,6	-1,017,8	-9,412,2	-1,456,2	-12,321,1	-4,365,1
Financing activities							
Increase/decrease other financial liabilities		31 944,1	4 134,4	7 500,1	3,7	4 027,7	3,7
New issue		0,0	1,160,4	-1,108,6	3,160,4	-1,108,6	3,160,4
Cash flow from financing activities		-631,8	1,160,4	14,891,4	3,160,4	14,891,4	3,160,4
Cash flow for the period		-18,576,9	-106,7	5,867,1	4,024,0	9,289,6	7,496,4
Cash and cash equivalents at the beginning of the period		31,944,1	4,134,4	7,500,1	3,7	4,027,7	3,7
Cash and cash equivalents at the end of the period		13,367,2	4,027,7	13,367,2	4,027,7	13,317,2	7,500,1

Notes

NOT 1 ACCOUNTING POLICIES

Amounts in thousands of kronor (SEK '000) unless otherwise stated.

General accounting principles

The interim report is prepared in accordance with the provisions of the Swedish Annual Accounts Act and in accordance with the rules of Nordic Growth Market Nordic MTF.

Otherwise, the same accounting principles and calculation methods have been used in the interim report as in the latest annual report, according to the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general guidelines BFNAR 2012: 1 Annual Accounts and Consolidated Accounts (K3).

Estimates and assessments

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

This depreciation period, the Board believes, started to apply as from 1 September 2017. It is further the Board's opinion that all costs for the system shall be carried forward and the capitalised value will be recoverable in the future.

Key ratio definitions

Equity/assets ratio: (total equity + 78% of untaxed reserves) / total assets.

Earnings per share: net profit for the period in relation to the weighted average number of outstanding shares before and after dilution.

NOTE 2 CAPITALISED EXPENDITURE FOR DEVELOPMENT WORK

Group

SEK '000	30 Jun 2019	31 Dec 2019	31 Dec 2018
Accumulated cost			
-At the start of the period	14,013,9	21,742,4	14,014,0
-Through acquisition of subsidiaries			
-Capitalised expenditure	4,370,4	5,298,7	1,456,2
At the end of the period	18,384,3	27,041,1	15,470,2
Accumulated amortisation			
-Opening accumulated amortisation	-969,3	-5,121,7	-969,4
-Amortisation during the period	-3,172,6	-1,082,9	-1,467,7
-Translation differences			
At the end of the period	-4,141,9	-6,204,6	-2,437,0
Carrying amount at end of the period	14,242,4	20,836,5	13,033,1

Parent Company

SEK '000	31 Dec 2018	31 Dec 2019	31 Dec 2018
Accumulated cost			
-At the start of the period	4,413,9	11,965,5	4,414,0
-Capitalised expenditure	4,209,6	5,231,7	1,456,2
At the end of the period	8,623,5	17,197,2	5,870,2
Accumulated amortisation			
-Opening accumulated amortisation	-503,8	-2,202,1	-503,8
-Amortisation during the period	-1,223,7	-610,2	-508,4
At the end of the period	-1,727,5	-2,812,3	-1,012,2
Carrying amount at end of the period	6,896,0	14,385,0	4,858,0

NOTE 3 OTHER RECEIVABLES

Of the asset item Other Receivables, SEK 99.3 million refers to the company's liquid assets deposited by the company as collateral with with redemption partners, which by agreement are continually paid out to the company.

NOTE 4 THE NUMBER OF SHARES AT THE END OF EACH PERIOD AND WEIGHTED AVERAGE

Date	Report	Outstanding shares at the end of the period before dilution	Outstanding shares at the end of the period after dilution	Note
30 Sep 2016	Q1 16/17	5,000,000	5,000,000	The company's first operating quarter
31 Dec 2016	Q2 16/17	5,000,000	5,000,000	
31 Mar 2017	Q3 16/17	5,000,000	5,000,000	
30 Jun 2017	Q4 16/17	5,234,125	5,234,125	Issue of 234,125 shares carried out in Q4 16/17
30 Sep 2017	Q1 17/18	52,341,250	52,341,250	Split 1:10 carried out Q1 17/18
31 Dec 2017	Q2 17/18	54,341,250	55,341,250	Issue of 2 million shares and 1 million subscription warrants approved in Q2 17/18
31 Mar 2018	Q3 17/18	54,341,250	55,341,250	
30 Jun 2018	Q4 17/18	58,341,250	59,341,250	Issue of 4 million shares carried out in Q4 17/18
30 Sep 2018	Q1 18/19	58,341,250	59,341,250	Decision on extension of 1 million subscription warrants registered with the Swedish Companies Registration Office.
31 Dec 2018	Q2 18/19	58,341,250	59,341,250	
31 Dec 2019	Q3 18/19	59,716,250	76,325,375	Issue of 1,375,000 shares and 15,609,125 subscription warrants was approved in Q3 18/19
30 Jun 2019	Q4 18/19	64,716,250	85,575,375	Issue of 5,000,000 shares and 4,250,000 subscription warrants was approved in Q4 18/19
30 Sep 2019	Q1 19/20	64,716,250	85,575,375	Issue of 5,000,000 shares was registered with the Swedish Companies Registration Office in Q1 19/20
31 Dec 2019	Q2 19/20	64,716,250	87,275,375	Decision regarding 1,700,000 subscription warrants approved in Q2 19/20

	Oct-Dec 2019	Oct-Dec 2018	2018/2019
Number of shares			
Weighted average, before dilution	64,716,250	58,341,250	59,137,140
Weighted average, after dilution	85,834,071	59,341,250	65,826,953

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