



H1 Report 2023

Norwegian Block Exchange



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This is NBX

NBX is a financial services company that specializes in developing digital asset-based products. Our goal is to make the world of digital assets accessible to everyone. We are committed to expanding our reliable and innovative services enabled by crypto and blockchain, including our latest compliance and custody services, staking, and credit card with Bitcoin cashback.

Our unwavering belief in cryptocurrency as a fundamental component of the future financial infrastructure is what drives us forward.

NBX is headquartered in Oslo and registered with the Norwegian Financial Supervisory Authority (Finanstilsynet), audited by Moore and is listed on Oslo Stock Exchange Euronext Growth.

This report covers both NBX and NBX Capital as a group of companies.

19 Employees

23 Trading pairs

15 Assets
Currencies

Letter from the CEO



Fellow Shareholders,

Reducing cost and optimizing operational efficiency were key focus areas in the first half of 2023 and successfully implemented. Another and longer term goal is to establish NBX as a full-fledged and acknowledged digital assets service provider. The first milestone in delivering on this was passed at the end of September, when NBX entered into a partnership with AKJ to deliver Custody-as-a-Service to their crypto hedge funds.

For Custody-as-a-Service we anticipate a significant increase in demand following the implementation of the EU regulation for crypto assets (MICA) next year, which will aid to reduce the regulatory risk and uncertainty for companies and institutions that seek to participate in the new digital economy.

Only days after signing with AKJ we passed another milestone when signing a contract with The Mint AS, where NBX will tokenize fully traceable and responsible rubies, mined by Greenland Ruby A/S in their mining operation in Greenland (Denmark). Furthermore, NBX will build and operate a marketplace for these tokens.

Both of the above mentioned milestones are by themselves a cause for celebration, but the fact that we are now active in both areas is a cause for even bigger celebrations. By being able to first tokenize a company's product or concept and then provide safekeeping in custody, and a marketplace for the token, NBX has truly a unique offering within the crypto space in the Nordics. NBX is now a provider of the complete value chain for businesses to enter the new digital economy.

This summer, while the Americans were celebrating 4th of July, at NBX we celebrated the launch of the NBX Visa Credit Card. Albeit a soft-launch, it really stands out as the turning point where we finally started to feel a gentle breeze of tailwind. The roll-out has been monitored and controlled, and we are already working on offering increased credit limits, adding more features like Google Pay and Apple Pay, and marketing of the card. We have previously communicated that we expect the card project to break-even at around 6000 cards. After issuing 700 cards, current statistics indicate break-even sooner, provided the usage numbers remain stable.

Considering the path that led us here, with cost reductions, optimizing the operations and passing the above-mentioned milestones, I truly believe that we are generating both fair winds and following seas for NBX sailing forward!

Sincerely yours,
Stig
Daglig leder/CEO



Live your life,
save in bitcoin.



H1 in brief



2023 has been a prime year for the crypto industry generally. Following a full year of bear market in 2022, the crypto sphere is showing a sign of recovery for the first half of 2023. As of 1st of July, the global crypto market cap is \$1.17 trillion, with a significant surge by 32.34% from the same time last year.

Even though a recovery year for the industry, NBX is experiencing a lower trading volume that is driven by the persistent political and economic uncertainty, as well as increased interest rates. Still, this does not shake our belief that cryptocurrencies will play a great role in the future of financial industries. Yet, we are proud to announce that the first half of 2023 has brought essential new products, partnerships and platforms. With no doubt, this will apprehend our position in the market and secure our competitive advantages.

H1 2023 Highlights



The vision and goal for NBX remains to give its customers better financial services through making cryptocurrency widely available and allow anyone to take part in secure, efficient and user-friendly services based on blockchain technology. Therefore, we have spent the first half of 2023 putting together several improvements into the existing services and platforms, as well as introducing new services and accomplishing previous objectives.

NBX Visa Credit Card with Crypto Rewards

One of the objectives that was set as a target in 2022 is to act on customer needs by bridging the gap between people's financial lives in crypto and fiat. A month ago we were able to announce the launch of the NBX Visa Credit Card with a cashback in Bitcoin.

The NBX Visa Credit Card uses traditional fiat money for purchases and payments. But, rather than being rewarded in fiat currencies, the customers get rewards in Bitcoin on their NBX account. This enables an automated and easy way to accumulate crypto savings.

The application to get an NBX Visa Credit Card is now open. This is a great opportunity for customers to be part of the future digital currency and benefits from cashback in Bitcoin. The NBX Visa Credit Card with cashback in Bitcoin will also give customers a unique opportunity to take advantage of the growing cryptocurrency world while enjoying all the benefits of a traditional credit card. We therefore are thrilled to be at the cutting edge of development and offer this innovative service to our customers.

Association with Spenn Technology

In March, NBX and Spenn Technology announced that they had entered into a partnership. This includes giving NBX access to the African market through Spenn's products. This partnership brings an exciting future for digital banking with a mix of traditional banking and digital currencies. This is also a strategic move to take significant shares in emerging markets, not only in Africa, but also in Europe and Asia.

Furthermore, this collaboration will make it possible for NBX and Spenn to engage in further acquisitions. Spenn is behind digital banking and payment solutions for mobile in African countries such as Tanzania, Rwanda and Zambia.

Creating Pioneering NFT Marketplace to the Art of World

By the end of May, NBX was proud to announce a collaboration with Syndicate Art, a revolutionary platform at the forefront of art and technology convergence.

This collaboration works towards bringing together NBX' expertise in digital asset exchange and Syndicate Art's innovative concepts to open a new art industry by providing artists, collectors and investors new opportunities. NBX and Syndicate Art line up to cultivate an inclusive and transparent ecosystem that connects creators with collectors, art enthusiasts, and art

lovers worldwide. By imposing the blockchain technology and underlying NFTs, the marketplace will provide a secure, immutable, and decentralized environment for the trading and ownership of digital artworks as well as tokenized physical artworks.

The marketplace will be built on the top of the NBX platform. Consequently demonstrating the flexibility of the tokenization concept by building and operating a complete token economy on behalf of Syndicate Art.

Crypto AML Leaderboards

Hoptrail's AML Leaderboards profiles, scores, and ranks Virtual Asset Service Providers (VASPs) across 23 AML variables. It is underpinned by a proprietary risk scoring index, which showcases how well services are responding to and dealing with financial crime risks in the cryptocurrency sector.

We are thrilled to see NBX ranked as number five in their list, world wide. It is an absolute tribute to the hard work and diligence of our entire team, as well as to the trust our community has placed in us. Our mission is to provide the highest standard of security and compliance, and this recognition confirms NBX' dedication to combating potential money laundering and terrorist financing risk within the cryptocurrency space.

Staking

As in 2022, proof of stake protocols continued to be a significant part of the top 40 cryptocurrency protocols in 2023, and NBX remains committed to offer staking services in selected proof of stake protocols going forward.

By the End of Q2 2023 we had around 16 million ADA (at the time valued at NOK 48M) in total delegated to our pools, when we include our Staking-as-a-Service staking pool for lagon. The staking service had the majority of delegated ADA growth and we expect this to continue for the rest of the year.

Continuing Adaption to Market Conditions

In H1, NBX implemented further cost-reducing measures as a response to changes in the market for cryptocurrencies and digital assets. The backdrop is a decrease in trade volumes in cryptocurrencies in 2022, followed by political and economic uncertainty and an increase in interest rates. With challenging market conditions for crypto, the organization has implemented effective measures to meet this. In this context cutting costs is the right choice, from which we expect to see the full effect in H2 2023.

The long term goal of these measures is to operate a sustainable NBX. As an ongoing process for the last year and a half, cost-reducing measures have been implemented in all parts of the organization, including temporary and permanent reductions in employees. With the measures now taken, the company expects to reach the goal of a well-balanced NBX, able to handle a still volatile market going forward, while at the same time maintaining operations as usual. The company has previously communicated that the board and management are working to strengthen the company's financial situation, in parallel with the cost reduction measures.

Financial review



Following the bear market from 2022 and a better market narrative in the first half of 2023, NBX has been experiencing a satisfying growth in its customer base, which will create a solid foundation for a consistent and secure revenue, in parallel with an upturn in market sentiment.

Operating income: Compared to H1 2022, total operating income in the first half of 2023 increased by 12%, while income from the trading platform decreased by 22% in 2023. This shift is explained by the fact that NBX in 2023 extended its services within staking pools, consulting for Norges Bank in testing CBDC (Central Bank Digital Currency), cybersecurity consulting, human resources consulting, and crypto & risk management lectures to both private and public customers. In spite of Visa credit card delays having a portion of 3M NOK expenses, this new services implementation and cost reduction executions have backed up operating income results to have a better outlook in H1 2023 than previous year. The operating expense has decreased by 34% compared to H1 2022.

Financial income: NBX financial income generates mainly from trading in OTC, market making and staking. Compared to H1 2022, the first half of 2023 decreased from 1.12M to 1.1M, while trading in OTC and staking decreased significantly in 2023, and fair value of financial assets decreased by 1.5M NOK in 2022. What has really supported the net financial income outlook to be better compared to previous year is a significant increase in market making income and currency execution. As a whole, the net financial result for H1 2023 is a positive NOK 94 445, compared to a negative net result of NOK 569 207 in H1 2022.

The ordinary net result of H1 ended at NOK -11M in comparison to H1 2022 at NOK -18.7M. The rationality to this improved H1 2023 result compared to the previous year is mainly due to scaling down labor costs and other operating costs by 26% and 46% respectively.

Financial Position

The financial position at H1 2023 measured at NOK 120.3M. Where NOK 19.8M in fiat assets, NOK 1,944 in receivable, and Financial instruments NOK 12.2M which gives a total current assets at NOK 34.1M. Alongside a total fixed asset at NOK 86.0M, which consists of intangible assets at NOK 85.3M and tangible assets at NOK 773 364.

In May, further cost reductions were implemented as part of scaling the company for continued growth, and measures were taken to decrease the cost base. The full effect of these measures will emerge in the coming months, but most of the cost reducing measures will take full effect during H2 2023. Combined with our growth initiatives, we estimate a significantly lower burn rate.

Share Figures

As of 30. June 2023, the total number of shares outstanding in Norwegian Block Exchange AS was 68 245 486, each with a par value of NOK 0.8. Each share is entitled to one vote. The highest and lowest closing price during H1 was NOK 2.25 (21.03.2023) and NOK 0.70 (26.06.2023) respectively. The shares ended H1 at NOK 0.93 per share on 30. June 2023.

Continued Operations

In accordance with section 3-3a of the Accounting Act, it is confirmed that the assumption of continued operation is present and that this assumption has been used as a basis for the preparation of the accounts.

Statement of the Annual Accounts

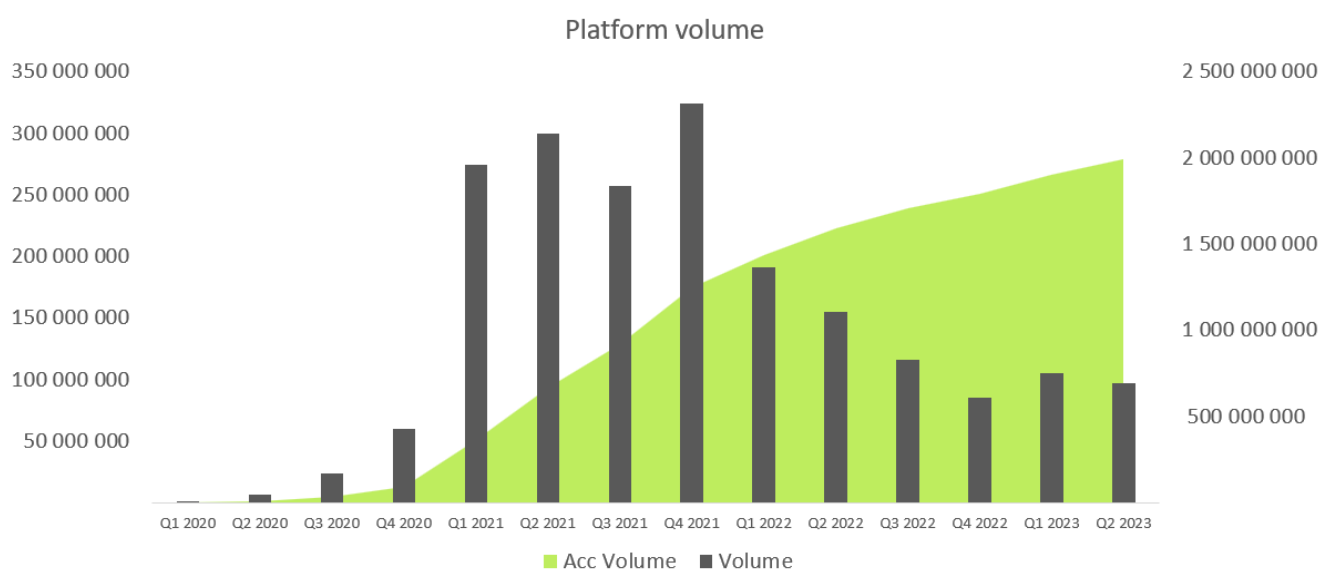
The board is not aware of any matters of importance for assessing the company's position and results that are not stated in the accounts and the balance sheet with notes. Nor have circumstances occurred after the end of the financial year that, in the Board's view, are important in assessing the accounts.

Developments



Platform growth

The total platform volume of the quarter(Q2 23) ended at 97 MNOK, and the total accumulated volume for H1 2023 ended at 202 MNOK. Platform volume is shown below, where the columns are quarterly numbers, represented on the left axis. The accumulated volume is represented by the volume chart on the right axis.



The OTC volume, where customers want to do larger deals, or trade in tokens not registered at our exchange, came in at 11.2 MNOK for H1 2023. Most of the OTC volume in H1 2023 came from trading USDT, but we also conducted trades in USDT, ADA and ETH.

Including both the platform volume and the OTC volume, total volume traded in H1 2023 was 213.2 MNOK. Compared to H1 2022 we have a YOY decline in total volume traded of 46%, which can be attributed to the prevailing market conditions in the crypto industry. But unlike last year, the total volume traded has now somewhat stabilized, albeit at a low level. We remain committed to providing the best possible trading experience for our customers, and are confident that our efforts will result in continued growth and success in the future.

We are very excited about the launch of the NBX Visa Credit Card, and look forward to seeing what effect this project will have on the trading volume in the coming quarters, considering the incentive to go up in cashback-level through increased trading on the platform.

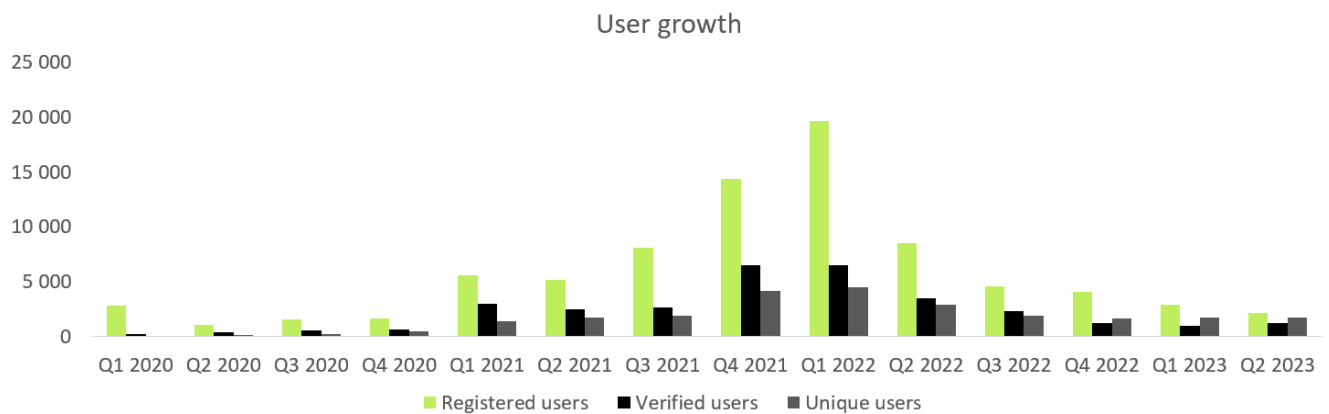
Customer growth

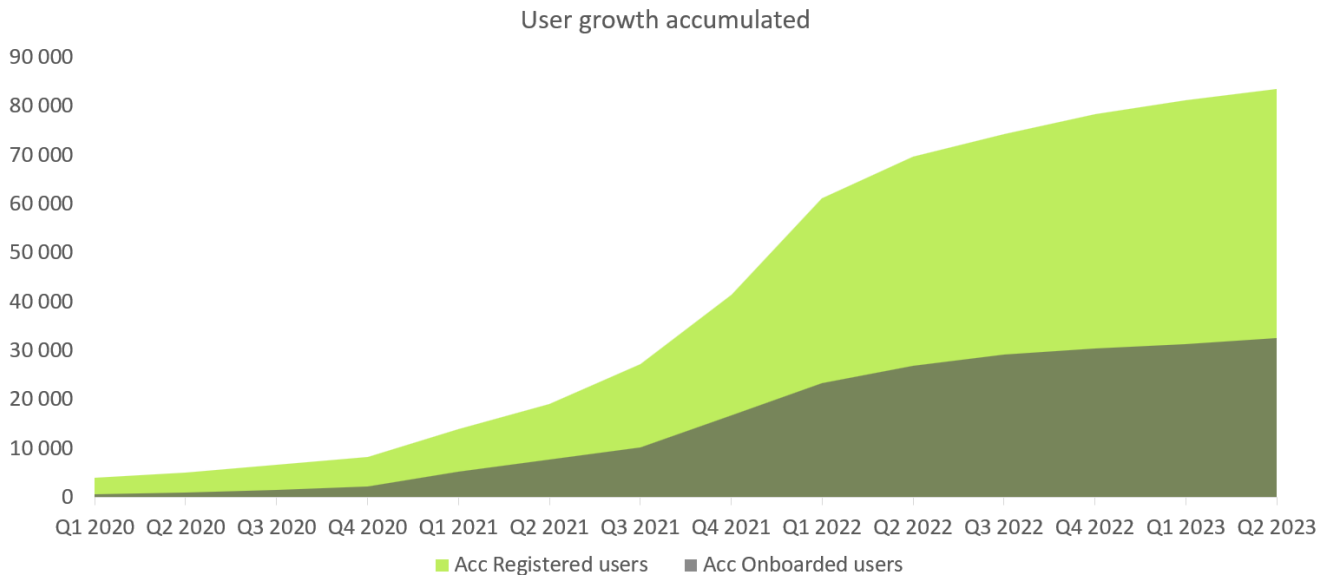
At NBX there are three different distinctions of users:

- **Registered users** – Customers registered on the platform.
- **Verified users** – Customers who have gone through full KYC successfully.
- **Unique users** – Users that have traded within the given period

In H1 2023 we can see a slight decline in the user growth compared to H1 2022 when NBX had an all time high user growth rate. The market conditions in the crypto industry have a meaningful impact on the total crypto interest, but we still continue to see a healthy growth in all user groups.

At the end of H1-23 we had a total of 83 500 registered users, and 32 700 verified users.

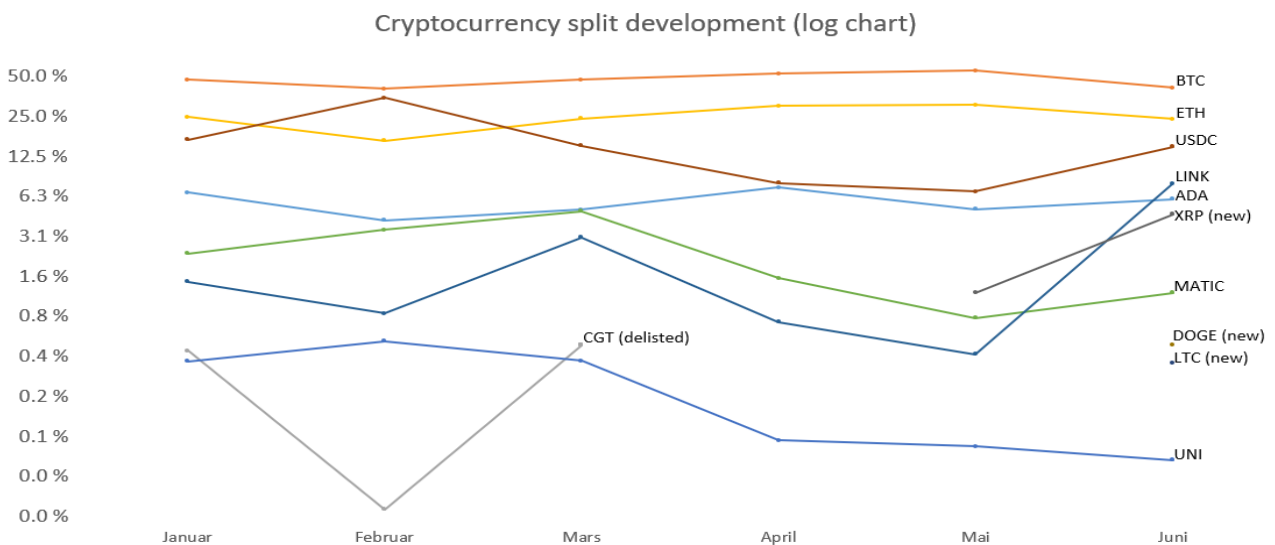




Movements in Currencies

At the end of June, BTC represented 41%, ETH 23.8%, USDC 14.8%, LINK 7.8% and ADA 6% of the total monthly volume on the platform (ex OTC). Other tokens represented the remaining 6.6%. In H1 we had 3 new listings: Dogecoin, Litecoin and XRP. We also had one delisting, CGT, due to Cache Gold’s transition in their business model to target B2B.

Cryptocurrency split on our platform remains quite steady with BTC, ETH and USDC as the top 3 most traded currencies. We do however see a strong uptick in interest for trading LINK, and at the end of June, LINK climbed to become the fourth most traded cryptocurrency on NBX. Exciting to see that our newly listed cryptocurrencies XRP, DOGE and LTC also have received good interest from our customers, especially XRP which amounted to 4.6% of the total volume traded in June.



Risk factors and uncertainties



Structural changes in international markets cause continuous changes in the competitive outlook. Failure to adapt to changes may have adverse consequences for the company's position or represent a loss of opportunity. There is a trend for the authorities to impose stricter requirements on businesses in the financial sector and this trend will likely apply to crypto as well, as the industry matures. This may affect the capital adequacy requirements that apply to the activities carried out by the company, and may also have an adverse effect in the future on the level of activity in the market in general. Future changes in EU regulation may affect the company's future revenues, but with the strong AML- and governance culture in NBX – this may represent an upside just as easily.

Market risk

The company's market risk is linked to developments in both national and international markets. The company's goal of becoming a global player in virtual currency and blockchain technology is affected by future regulations in various countries. The company is directly dependent on being able to adapt to the regulations that exist in countries where the company has a presence.

Operating income mainly comes from commission-based earnings from trading on the platform. The first half of 2023 was characterized by unrest and turbulence in the crypto industry and we foresee more of this, but this also represents the opportunity to rise for serious actors like NBX. The next year will most likely be a year of consolidation for the crypto industry after which the competition again will increase in the market, both from national and international players.

Currently, the market in the Nordic region is stable and apparently not very price sensitive. We have competitive pricing compared to other Nordic exchanges, but a price war or the entry of a major international player in the Nordic market could affect earnings. In accordance with the planned roadmap, we foresee several revenue streams from the imminent launch of the NBX Visa Credit Card with Bitcoin cashback, as well as from future e-commerce, bank and fixed income products to reduce the vulnerability associated with the revenue stream.

Credit risk

The company does not provide services on credit as settlement takes place immediately upon trading.

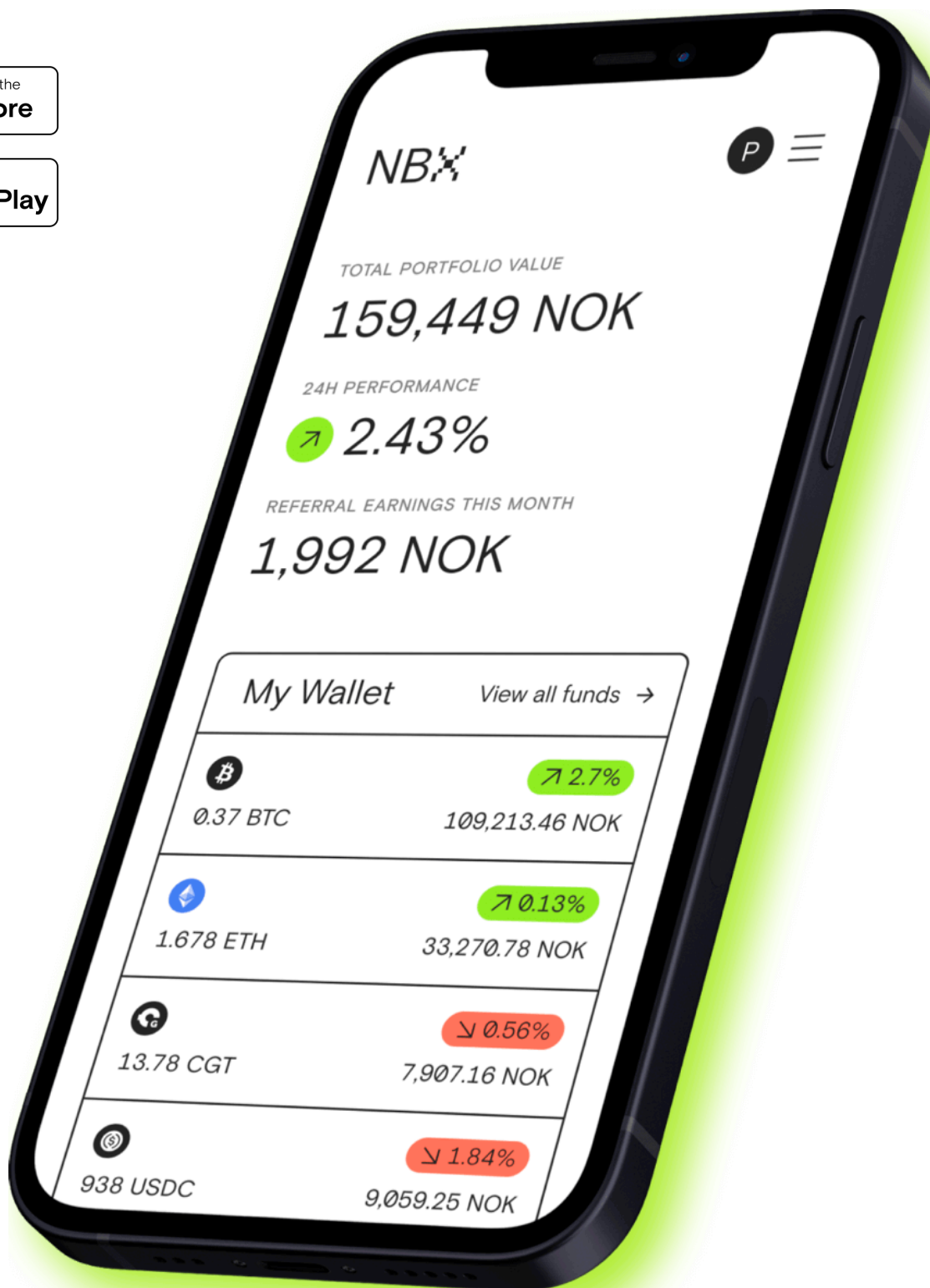
Liquidity Risk

The company is still in a start-up phase, and one of the main activities is investment in development of new services and products where the return is expected in the future. At the same time, the company continuously launches revenue-generating services and products. The inherent skepticism to crypto from traditional finance and other industries is a hurdle for rapid development and integration with partners and NBX have spent much time educating partners on blockchain technology and assurances on our own thorough AML regime. This continues to pose a risk that development will take longer than anticipated. Regulatory obstacles may also delay the launch of products and services. Ultimately, this may cause a need for increased liquidity in order to maintain desired progress.

Currency Risk

The company has costs related to various currencies based on both employees and service providers. No hedging positions have been entered into for these. In the future, the company will have an income stream in several of these currencies. This will then be a natural hedge. The company also has working capital in virtual currencies, where Bitcoin makes up the majority. NBX hedges crypto exposure in tokens where NBX Capital operates a market making function.

Saving made fun and simple.



Corporate governance



The company is not subject to the Norwegian Corporate Governance Code (the "Corporate Governance Code"), but the company will consider implementation of the recommendations of the Corporate Governance Code over time.

Annual General Meeting

The annual general meeting for 2023 took place on the 29th of June in Moss.

The Board of Directors

The Board of Directors is the company's highest decision-making body after the Annual General Meeting. The Board of Directors is responsible for the strategic lead and supervision of the company's overall activity, as well as for the risk management process, in order for these to be consistent with company strategy.

The Board of Directors is vested with all the powers for the ordinary and extraordinary management of the Company and has the authority to perform all acts that it deems necessary and appropriate for pursuing the corporate purpose. Independent auditing of NBX is performed pursuant to the law by the audit firm. Entering 2023 the Board of Directors consisted of five persons, four men and one woman: Nils Sundling (Chair), Bjørn Kjos, Anna Helene Kjos-Mathisen, Sturle Skulevold and Vahid Toosi. At the general meeting on June 29th a new board of directors was appointed and the number of board seats was increased from five to six to allow for Jens Glasø, who is the CEO of Spenn, to enter the board. The new board of directors now consists of:

- Nils Sundling (Chair)
- Bjørn Kjos,
- Anna Helene Kjos-Mathisen,
- Sturle Skulevold,
- Vahid Toosi
- Jens Glasø

Auditor

Independent auditing of NBX is performed pursuant to the law by the audit firm (Moore).

Working environment, gender equality and discrimination

The board considers the working environment in the company to be good. No special measures have been implemented in this regard. Employees in the company have not been exposed to accidents or injuries in connection with the performance of their work. Total sick leave during H1 has been a total of 25 days, which constitutes about 1% of total working hours in the financial year.

Norwegian Block Exchange AS aims to be a workplace where there is full equality between women and men, and has incorporated a personnel policy that is considered to be gender neutral in all areas. At the end of H1, the company had 13 employees in Norway and 3 in Latvia. The workforce is split between 5 women and 11 men. In addition, NBX had 6 employees on contract in different European locations.

The company's board consists of 6 people, of which 1 is a woman.

Outlook



NBX Visa Credit Card

We are thrilled to highlight the exceptional prospects that lie ahead for the NBX Visa Credit Card. This innovative financial offering marks a significant step forward for NBX, with numerous advantages in the future.

The NBX Visa Credit Card empowers users to earn Bitcoin as cashback on their purchases, ranging from 0.5% to 4%. This feature not only enriches the customer experience, but also opens a seamless and secure gateway into the world of cryptocurrency.

Furthermore, we're gearing up to introduce the convenience of payment services such as Apple Pay and Google Pay to our cardholders. This enhancement is set to further elevate the card's appeal and utility.

The launch of the NBX Visa Credit Card signifies our dedication to innovation, financial accessibility, and customer satisfaction. As we continue the rollout, we anticipate growth in adoption of the NBX Visa credit card, contributing positively to NBX's growth and cash flow.

Agreement with The Mint AS – Ruby Tokenization

In an exciting development, NBX has entered into an agreement with The Mint AS to tokenize and establish a marketplace for rubies mined by Greenland Ruby A/S. This partnership will democratize the market for rubies by tokenizing them as NFTs (Non-fungible tokens), making ownership of unique rubies accessible to a broader audience.

As a trailblazing endeavor, The Mint will become NBX's first customer for a full token ecosystem, and we anticipate international interest and a positive impact on our cash flow. This partnership not only aligns with our core values of innovation and accessibility but also showcases our commitment to the evolving digital asset landscape.

Greenland Ruby A/S's ethical and sustainable mining practices further bolster the integrity of this collaboration, ensuring that these gems are sourced responsibly.

Custody Partnership with AKJ

NBX has forged a strategic partnership with AKJ, a leading player in the crypto hedge fund ecosystem in Europe. This partnership signifies the launch of on-chain storage services for institutional customers, meeting the unique needs of regulated funds for seamless and secure handling of digital assets. Additionally, this collaboration marks the commencement of NBX's "B2B2C Custody-as-a-Service," allowing other financial institutions to offer digital asset storage services to their customers without the need for extensive infrastructure or licensing.

The demand for digital asset services is expected to soar in the coming years, and our collaboration with AKJ positions us to lead the development of the financial infrastructure of the future.

We are proud to collaborate with AKJ, and this partnership will allow us to extend our offerings to the institutional customer base, contributing to the maturation of the crypto industry.



Financial Statements H1 2023

| Parent | | | Numbers in 1 000 NOK (Note) | | | | Group | | |
|---|----------------------|-----------------|--|--|--|----------------------|----------------------|-----------------|--|
| H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | Revenue statement | | | H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | |
| Operating income | | | | | | | | | |
| 724 | 3 | 1 221 | Revenue | | | 724 | 3 | 1 121 | |
| 2 648 | 3 011 | 5 502 | Other income | | | 2 648 | 3 011 | 5 502 | |
| 3 372 | 3 013 | 6 723 | Operating Income | | | 3 762 | 3 013 | 6 723 | |
| Operating expenses | | | | | | | | | |
| 7 741 | 10 479 | 20 714 | Employee benefits expense | | | 7 741 | 10 479 | 20 714 | |
| 1 919 | 800 | 1 605 | Depreciation and amortisation expenses (5, 6) | | | 1 919 | 800 | 1 605 | |
| -87 | -16 | 4 449 | Write down on tangible and intangible assets (6) | | | -87 | -16 | 4 449 | |
| 8 047 | 15 142 | 25 585 | Other operating expenses | | | 8 127 | 15 134 | 25 599 | |
| 17 619 | 26 405 | 52 353 | Operating expenses | | | 18 090 | 26 397 | 52 367 | |
| -14 247 | -23 392 | -45 630 | Operating profit | | | -14 328 | -23 384 | -45 644 | |
| Financial income and expenses | | | | | | | | | |
| Income from subsidiaries and other group entities | | | | | | | | | |
| Other interest income | | | | | | | | | |
| 1 045 | 1 124 | 1 851 | Other financial income | | | 1 045 | 1 125 | 1 851 | |
| | -1 516 | | Decrease in fair value of financial current assets | | | | -1 516 | | |
| -758 | -42 | -112 | Other Interest expenses | | | -758 | -42 | -113 | |
| -192 | -135 | -2 067 | Other financial expenses | | | -193 | -135 | -2 067 | |
| 94 | -569 | -329 | Net financial items | | | 94 | -569 | -329 | |
| -14 152 | -23 961 | -45 959 | Operating result before tax | | | -14 234 | -23 953 | -45 973 | |
| -3 113 | -5 271 | -10 111 | Tax on ordinary result | | | -3 131 | -5 271 | -10 114 | |
| -11 039 | -18 690 | -35 848 | Operating result after tax | | | -11 102 | -18 682 | -35 859 | |
| -11 039 | -18 690 | -35 848 | Net profit or loss | | | -11 102 | -18 682 | -35 859 | |
| Brought forward | | | | | | | | | |
| -11 039 | -18 690 | -35 848 | Loss brought forward | | | -11 102 | -18 682 | -35 859 | |
| -11 039 | -18 690 | -35 848 | Net brought forward | | | -11 102 | -18 682 | -35 859 | |

| Parent | | | Numbers in 1 000 NOK (Note) | | | | Group | | |
|--------------------------------|----------------------|-----------------|--|--|--|----------------------|----------------------|-----------------|--|
| H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | Balance pr 30.06 | | | H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | |
| Assets | | | | | | | | | |
| Fixed assets | | | | | | | | | |
| Intangible fixed assets | | | | | | | | | |
| 52 605 | 49 860 | 49 922 | Research and development (5) | | | 52 605 | 49 860 | 49 922 | |
| 1 612 | 1 662 | 1 637 | Concessions, patents, licences, trademarks, etc. (5) | | | 1 612 | 1 662 | 1 637 | |
| 31 112 | 23 159 | 27 998 | Deferred tax asset (5) | | | 31 133 | 23 159 | 28 001 | |
| 85 328 | 74 681 | 79 557 | Total intangible assets | | | 85 350 | 74 681 | 79 560 | |
| Tangible fixed assets | | | | | | | | | |
| 521 | 1 656 | 995 | Lease right of use (6) | | | 521 | 1 656 | 995 | |
| 252 | 490 | 371 | Equipment and other movables (6) | | | 252 | 490 | 371 | |
| 773 | 2 146 | 1 366 | Total tangible fixed assets | | | 773 | 2 146 | 1 366 | |
| Financial fixed assets | | | | | | | | | |
| 30 | 30 | 30 | Investments in subsidiaries | | | | | | |
| 30 | 30 | 30 | Total financial fixed assets | | | | | | |
| 86 132 | 76 857 | 80 954 | Total fixed assets | | | 86 123 | 76 827 | 80 927 | |
| Current assets | | | | | | | | | |
| Debtors | | | | | | | | | |
| | | 742 | Accounts receivables | | | | | 742 | |
| 128 | 21 | 103 | Receivables from group companies | | | | | | |
| 1 918 | 1 493 | 803 | Other receivables | | | 1 918 | 1 493 | 803 | |
| 26 | | 26 | Payments to be received from owners | | | 26 | | 26 | |
| 2 071 | 1 514 | 1 674 | Total debtors | | | 1 944 | 1 493 | 1 571 | |
| Investments | | | | | | | | | |
| 12 285 | 1 599 | 12 086 | Other financial instruments (7) | | | 12 285 | 1 599 | 12 086 | |
| 12 285 | 1 599 | 12 086 | Total investments | | | 12 285 | 1 599 | 12 086 | |
| Cash and deposits | | | | | | | | | |
| 144 | 7 032 | 3 705 | Cash and own deposits | | | 159 | 7 194 | 3 891 | |
| 19 680 | 27 662 | 17 074 | Customers deposits (2) | | | 19 680 | 27 662 | 17 074 | |
| 19 824 | 34 694 | 20 779 | Total cash and deposits | | | 19 838 | 34 856 | 20 965 | |
| 34 180 | 37 808 | 34 539 | Total current assets | | | 34 067 | 37 948 | 34 622 | |
| 120 311 | 114 665 | 115 492 | Total assets | | | 120 190 | 114 776 | 115 549 | |

| Parent | | | Numbers in 1 000 NOK (Note) | | | | Group |
|------------------------------------|----------------------|-----------------|---------------------------------------|----------------------|----------------------|-----------------|-------|
| H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | Balance pr 30.06 | H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | |
| Equity and liabilities | | | | | | | |
| Equity | | | | | | | |
| Paid-in capital | | | | | | | |
| 54 596 | 54 596 | 54 596 | Share capital (3) | 54 596 | 54 596 | 54 596 | |
| 106 563 | 106 563 | 106 563 | Share premium reserve | 106 563 | 106 563 | 106 563 | |
| -2 706 | -2 706 | -2 706 | Restricted equity | -2 706 | -2 706 | -2 706 | |
| 158 454 | 158 454 | 158 454 | Total restricted equity | 158 454 | 158 454 | 158 454 | |
| Retained earnings | | | | | | | |
| -107 619 | -79 422 | -96 580 | Loss brought forward | -107 694 | -79 414 | -96 591 | |
| -107 619 | -79 422 | -96 580 | Total retained earnings | -107 694 | -79 414 | -96 591 | |
| 50 835 | 79 032 | 61 874 | Total equity | 50 760 | 79 040 | 61 862 | |
| Liabilities | | | | | | | |
| Other long-term liabilities | | | | | | | |
| 546 | 1 800 | 1 097 | Leasing obligations (6) | 546 | 1 800 | 1 097 | |
| 546 | 1 800 | 1 097 | Total of other long term liabilities | 546 | 1 800 | 1 097 | |
| 546 | 1 800 | 1 097 | Total long-term liabilities | 546 | 1 800 | 1 097 | |
| Current liabilities | | | | | | | |
| 29 466 | | 17 550 | Convertible debt | 29 466 | | 17 550 | |
| 74 | | 74 | Liabilities to financial institutions | 74 | | 74 | |
| 2 762 | 1 414 | 1 281 | Trade creditors | 2 774 | 1 424 | 1 291 | |
| 1 771 | 3 481 | 1 691 | Public duties payable | 1 794 | 3 574 | 1 749 | |
| 15 231 | 1 277 | 14 911 | Other short term liabilities | 15 150 | 1 277 | 14 911 | |
| 19 626 | 27 662 | 17 014 | Customers funds | 19 626 | 27 662 | 17 014 | |
| 68 930 | 33 834 | 52 522 | Total short term liabilities | 68 884 | 33 936 | 52 590 | |
| 69 477 | 35 634 | 53 619 | Total liabilities | 69 430 | 35 736 | 53 686 | |
| 120 311 | 114 665 | 115 492 | Total equity and liabilities | 120 190 | 114 776 | 115 549 | |

| Parent | | | Numbers in 1 000 NOK (Note) | | | | Group | | |
|---|----------------------|-----------------|--|--|--|----------------------|----------------------|-----------------|--|
| H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | Statement of cash flows | | | H1 2023 Unaudited | H1 2022 Unaudited | 2022 Audited | |
| Cash flows from operating activities | | | | | | | | | |
| -14 152 | -23 961 | -45 659 | Profit/loss before tax | | | -14 234 | -23 953 | -45 973 | |
| Tax paid for the period | | | | | | | | | |
| Loss/gain on the sale of fixed assets | | | | | | | | | |
| 1 919 | 800 | 1 605 | Ordinary depreciation | | | 1 919 | 800 | 1 605 | |
| -87 | -16 | 4 449 | Impairment of fixed assets | | | -87 | -16 | 4 449 | |
| -397 | 15 | -728 | Change in accounts receivable | | | -397 | 15 | -728 | |
| 1 481 | -2 464 | -2 597 | Change in accounts payable | | | 1 483 | -2 290 | -2 422 | |
| -199 | 20 103 | 9 617 | Items classified as investment or financing activities | | | -199 | 20 103 | 9 617 | |
| 3 100 | -24 234 | -22 454 | Change in other accrual items | | | 3 009 | -24 604 | -22 777 | |
| -8 337 | -29 756 | -56 066 | Net cash flows from operating activities | | | -8 508 | -29 944 | -56 229 | |
| Cash flows from investment activities | | | | | | | | | |
| Proceeds from the sale of fixed assets | | | | | | | | | |
| 3 983 | 5 386 | 9 913 | Payments for the purchase of fixed assets | | | 3 983 | 5 386 | 9 913 | |
| Payments for the purchase of shares and participations in other companies | | | | | | | | | |
| -3 983 | -5 386 | -9 913 | Net cash flows from investment activities | | | 3 983 | -5 386 | -9 913 | |
| Cash flows from financing activities | | | | | | | | | |
| Proceeds from the issuance of new long-term liabilities | | | | | | | | | |
| 11 916 | | 17 550 | Proceeds from the issuance of new current liabilities | | | 11 916 | | 17 550 | |
| -552 | 668 | 1 371 | Payments from the repayment of long-term liabilities | | | -552 | 668 | 1 371 | |
| Payments from the repayment of current liabilities | | | | | | | | | |
| | -88 | -14 | Net change in bank overdraft | | | | -88 | -14 | |
| | 17 126 | 17 126 | Proceeds from equity | | | | 17 126 | 17 126 | |
| 11 364 | 16 369 | 33 290 | Net cash flows from financing activities | | | 11 364 | 16 369 | 33 290 | |
| -955 | -18 774 | -32 689 | Net change in cash and cash equivalents | | | -1 127 | -18 961 | -32 852 | |
| 20 779 | 53 468 | 53 468 | Cash and cash equivalents at the start of the period | | | 20 965 | 53 817 | 53 817 | |
| 19 824 | 34 694 | 20 779 | Cash and cash equivalents at the end of the period | | | 19 838 | 34 856 | 20 965 | |
| Restricted bank deposits | | | | | | | | | |
| | -532 | -705 | | | | | -532 | -705 | |
| 19 823 | 34 163 | 20 075 | Net liquidity at 31.12 | | | 19 838 | 34 325 | 20 260 | |

Notes

Statement of changes in equity capital

| | Share capital | Unregistered increased capital | Share premium reserve | Other paid- in capital | Uncovered loss | Total equity capital |
|--------------------|---------------|--------------------------------------|-----------------------------|---------------------------|-------------------|-------------------------|
| Equity at 01.01.21 | 51 917 349 | 0 | 184 231 994 | -2 705 570 | -60 731 984 | 172 711 789 |
| Capital increase | 2 679 040 | -61 565 008 | -77 669 227 | 0 | 0 | -136 555 245 |
| Result of the year | 0 | 0 | 0 | | -35 847 928 | -35 847 928 |
| Equity at 31.12.21 | 54 596 389 | -61 565 008 | 106 562 718 | -2 705 570 | -96 579 912 | 308 616 |
| Equity at 01.01.22 | 54 596 389 | 0 | 106 562 718 | -2 705 570 | -96 579 912 | 61 873 624 |
| Capital increase | 0 | 0 | 0 | 0 | 0 | 0 |
| Result of the year | 0 | 0 | 0 | 0 | -11 038 690 | -11 038 690 |
| Equity at 30.06.22 | 54 596 389 | 0 | 106 562 718 | -2 705 570 | -107 618 602 | 50 834 934 |

Note 1 – Accounting principles

The interim accounts have been prepared in conformity with the provisions of the IAS 34 Interim Financial Reporting (IFRS).

Consolidation

The group accounts include Norwegian Block Exchange AS and companies where Norwegian Block Exchange AS has a controlling influence. Controlling influence is normally achieved when the group owns more than 50% of the shares in the company and the group is in a position to exercise actual control over the company. Minority interests are included in the group's equity. Transactions and receivables between companies in the group have been eliminated. The group accounts have been prepared applying uniform principles, in that the subsidiary follows the same accounting principles as the parent company.

The purchase method is used when accounting for business mergers. Companies that are bought or sold during the year are included in the group accounts from the time control is obtained until control ceases.

Associated companies are entities over which the group has significant but not controlling influence over financial and operational management (normally with ownership between 20 and 50 %). The group accounts include the group's share of the result from associated companies posted using the equity method from the time that significant influence is obtained until such influence ceases.

When the group's share of a loss exceeds the investment in an associated company, the group's capitalised value is reduced to 0 and further losses are not posted to the profit and loss account unless the group has an obligation to cover this loss.

Use of estimates

In the preparation of the annual accounts estimates and assumptions have been made that have affected the profit and loss account and the valuation of assets and liabilities, and uncertain assets and liabilities on the balance sheet date in accordance with generally accepted accounting practice. Areas which to a large extent contain such subjective evaluations, a high degree of complexity, or areas where the assumptions and estimates are material for the annual accounts, are described in the notes.

Foreign currency

Foreign currency transactions are translated at the exchange rate on the date of the transaction. Monetary foreign currency items are translated to NOK at the exchange rate on the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated to NOK using the exchange rate on the transaction date. Non-monetary items that are measured at fair value in a foreign currency are translated to NOK using the exchange rate on the measurement date. Exchange rate fluctuations are posted to the profit and loss account as they arise under other financial items.

Revenues

Income from the sale of goods is recognised on the date of delivery. Services are posted as income as they are delivered. Income from the sale of services and long-term manufacturing projects (construction contracts) are posted to the profit and loss account in line with the project's degree of completion, when the outcome of the transaction can be estimated in a reliable manner. When the transaction's outcome cannot be estimated reliably, only income corresponding to a projects' incurred costs can be posted as revenue. At the time when it is identified that the project will give a negative result, the estimated loss on the contract is posted in full to the profit and loss account.

Tax

The tax charge in the profit and loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

Leasing

A difference is made between financial and operational leasing. Plant and equipment financed through financial leasing is accounted for under Property, plant and equipment. The counter entry is made under long-term debt. The lease payment is divided between the interest cost and instalments on the debt.

Operational leasing is expensed as an operating cost based on the invoiced lease rent.

Classification and valuation of current assets

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Research and development

Expenses on research and development are capitalised to the extent one cannot identify a future economic benefit related to the development of an identifiable intangible asset and where the acquisition cost can be measured reliably. In the opposite case such costs are expensed as incurred. Capitalised research and development is depreciated on a straight line basis over its economic lifetime.

Subsidiaries and associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write-down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write-downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represents a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company.

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables. In addition an unspecified provision is made to cover expected losses on claims in respect of customer receivables.

Short-term investments

Short-term investments (shares and interests valued as current assets) are valued at the lower of acquisition cost and fair value on the balance sheet date. Dividends and other distributions received from the companies are posted to income under other financial income.

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Note 2 Customer deposits and funds

Customers deposits in bank consist of deposits on the NBX exchange. Customers use the deposits to trade crypto currencies on the crypto exchange. Customers' funds are booked under current liabilities.

| | | H1 2023 | H1 2022 |
|---------------------------|-----|------------|------------|
| Bank - customers deposits | NOK | 19 679 640 | 27 662 024 |
| Booked customers funds | NOK | 19 625 882 | 27 662 024 |

Customers deposits are separated from the company's own bank deposits. The deposits are treated based on the same principles as used for client funds, but are not client funds by law.

Note 3 Shareholders

The share capital in Norwegian Block Exchange AS as of 30.06 consist of:

| | Total | Face value | Entered |
|-----------------|-------------------|------------|-------------------|
| Ordinary shares | 68 245 486 | 0,8 | 54 596 389 |
| Sum | 68 245 486 | 0,8 | 54 596 389 |

Ownership structure

The larges shareholders in % at year end:

| | Ordinary | Ownership interest |
|-------------------------------------|-------------------|--------------------|
| Observatoriet Invest AS | 10 889 329 | 15,96 |
| Nye KM Aviatrix Invest AS | 7 627 138 | 11,18 |
| Sparebanken Øst | 6 437 768 | 9,43 |
| Nye GKB Invest AS | 4 744 835 | 6,95 |
| Kistefos investment AS | 4 309 609 | 6,31 |
| Green 91 AS | 3 725 134 | 5,46 |
| Dasha Invest AS | 3 402 731 | 4,99 |
| MP Pensjon PK | 2 980 303 | 4,37 |
| Norwegian Air Shuttle ASA | 2 446 400 | 3,58 |
| Skandinaviska Enskilda Banken AB | 1 960 206 | 2,87 |
| Total >2% ownership share | 48 523 453 | 71,10 |
| Total other | 19 722 033 | 28,90 |
| Total number of shares | 68 245 486 | 100 |

Shares and options owned by the Directors of the Board and the General Manager:

| Direct ownership | Company | Position | Ordinary |
|-------------------------------|---------|-----------------|----------------|
| Stig Aleksander Kjos-Mathisen | | General Manager | 105 450 |
| Sturle Valheim Skulevold | | Board member | 111 151 |
| Anna Helene Kjos-Mathiesen | | Board member | 26 799 |
| Total number of shares | | | 243 400 |

| Indirect ownership | | | |
|-------------------------------|---------------------------|-----------------------|-------------------|
| Stig Aleksander Kjos-Mathisen | Sam Eiendomspartner AS | General Manager | 750 000 |
| Bjørn Kjos | Observatoriet Invest AS | Board member | 3 539 032 |
| Anna Helene Kjos-Mathisen | Nye KM Aviatrix Invest AS | Board member | 7 627 138 |
| Anna Helene Kjos-Mathisen | Observatoriet Invest AS | Board member | 2 450 099 |
| Nils Kristian Sundling | Dasha Invest AS | Chairman of the Board | 170 130 |
| Total number of shares | | | 14 536 399 |

Note 4 Share option program

The company has a share option program covering certain employees. As at 30.06.2023, 21 employees were included in the option program.

The options granted has a 3 (three) year vesting period after the date of the grant, and a following 4-year exercise period. After the exercise period is closed, the options are void. The options are dependent on employment, and are only exercisable as long as person is still employed.

| | 2023 | 2022 |
|----------------------------------|------------------|------------------|
| Outstanding options 01.01 | 1 538 421 | 1 392 463 |
| Options granted | 0 | 818 |
| Options forfeited | -48 435 | -158 307 |
| Options exercised | 0 | 0 |
| Options expired | 0 | 0 |
| Outstanding options 30.06 | 1 489 986 | 1 234 974 |

Note 5 Intangible assets

| | IPR | Development | Domains | Total |
|--------------------------------|---------|-------------|-----------|------------|
| Balance at January 1st 2023 | 100 000 | 54 449 101 | 1 562 045 | 56 111 146 |
| Additions | 0 | 3 983 259 | 0 | 3 983 259 |
| Balance at June 30th 2023 | 100 000 | 58 432 360 | 1 562 045 | 60 094 405 |
| Acc. depr. at January 1st 2021 | 25 000 | 4 527 135 | 0 | 4 552 135 |
| Amortization | 25 000 | 1 300 697 | 0 | 1 325 697 |
| Acc. depr. at June 30th 2023 | 50 000 | 5 827 832 | 0 | 5 877 832 |

| | | | | |
|----------------------------------|---------------|-------------------|------------------|-------------------|
| Balance at June 30th 2023 | 50 000 | 52 604 528 | 1 562 045 | 54 216 573 |
|----------------------------------|---------------|-------------------|------------------|-------------------|

| | | | |
|---------------------|---------|-------------|-----------|
| Economic life | 2 years | 10-20 years | Unlimited |
| Depreciation method | Linear | Linear | Linear |
| Changes | Yes | Yes | No |

Development

Costs associated with a development project are recognized in the balance sheet and relate to several projects. The project is still under development as of June 30th 2023 and has been used by the company.

Domains

The domains were acquired in 2018 through external resellers and are assessed on June 30th 2023 at market value. The domains were acquired in regards with the development project, and as of June 30th 2023 are in use for the business. There are also no indications of impairment.

Note 6 Property, plant and equipment

| | Art | Lease right of use | Equipment | Office equipment | Total |
|--|---------------|-----------------------|----------------|---------------------|------------------|
| Balance at January 1st 2023 | 45 000 | 5 489 674 | 241 022 | 920 010 | 6 695 706 |
| Additions | 0 | 0 | 0 | 0 | 0 |
| Disposals | 0 | 0 | 0 | 0 | 0 |
| Balance at June 30th 2023 | 45 000 | 5 489 674 | 241 022 | 920 010 | 6 695 706 |
| Acc. depreciation at January 1st 2023 | 0 | 4 494 474 | 108 346 | 726 572 | 5 329 392 |
| Adjustment | 0 | 62 483 | 0 | 0 | 62 483 |
| Disposal acc. depreciation | 0 | 0 | 0 | 0 | 0 |
| Depreciation | 0 | 498 791 | 23 302 | 95 858 | 617 951 |
| Impairment | 0 | -87 483 | 0 | 0 | -87 483 |
| Acc. depreciation at June 30th 2023 | 0 | 4 968 265 | 131 648 | 822 430 | 5 922 343 |
| Balance at June 30th 2023 | 45 000 | 521 409 | 109 374 | 97 581 | 773 364 |
| Economic life | Indefinite | 3-5 years | 5 years | 3 years | |
| Depreciation method | None | Linear | Linear | Linear | |
| Changes | No | No | No | No | |

The liability related to the lease is booked at TNOK 546 284

Note 7 Crypto currencies and other financial instruments

| (1000 NOK) | H1 2023 | H1 2022 |
|--|-------------------|------------------|
| FIAT currency (NOK, SEK, DKK, EUR, USD) | 11 924 114 | 980 493 |
| Crypto currency (BTH, ETH, ADA, LINK, MATIC, UNI, CGT, USDC) | 360 820 | 618 581 |
| Total | 12 284 934 | 1 599 074 |

Norwegian Block Exchange AS is holding cryptocurrency as working capital, and to ensure liquidity and a healthy market environment on the exchange. NBX Capital AS is sourced with the task of managing the funds directed towards market making on the platform.

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