



Annual Report 2021

Norwegian Block Exchange



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This is NBX

Norwegian Block Exchange (NBX) is a financial services company building products and services based on digital assets. We operate one of the largest platforms for trading cryptocurrencies in the Nordics.

Our goal is to open the doors to the world of digital assets for everyone. We started with a cryptocurrency exchange, and will continue to offer our customers new, trusted services enabled by crypto. We believe crypto is key to the financial infrastructure of the future.

NBX was founded in 2018, and is headquartered in Oslo, Norway. NBX Capital was set up as a fully owned subsidiary in 2021, and as such, this report covers both companies as a group. NBX is registered with Finanstilsynet (the Norwegian Financial Supervisory Authority) and is listed on Oslo Stock Exchange Euronext Growth.

36 Employees

17 Nationalities

13 Countries

Letter from the CEO



Fellow Shareholders,

NBX has now operated our crypto exchange for over two years 24/7 with little to no operational disruption – all while we have deployed software updates and improvements into live markets. This is a technical and operational achievement that proves the value of the investment of time and money spent on the technology we have built. Even though the trading platform will never be complete nor done, the current level allows us to also expand our service offering into payment products and passive income on digital assets. These are important additional services that our customers want and need. For NBX it provides additional revenue streams adding future financial robustness – something we see is important in a volatile industry.

The first product delivering passive income will be a staking product, where we allow customers to earn passive income on their Cardano ADA holdings, a digital asset, on the platform. Historically the Cardano network has given an annual yield of ~4% on this asset when staked.

When it comes to offerings within payments we will leave that product as a surprise.

In the borderline between management and the board of directors, the main focus has been development of the digital asset banking concept and strategic direction. An important step in that direction is efforts to obtain a banking license. This will continue to be our focus this year.

On behalf of the company I thank you for the trust and support you give us by being a shareholder. .

Beste hilsner

Stig

Daglig leder/CEO



Our **ambition**
is to positively
contribute to the
growth of crypto
in the region.

560% Users

Growth of verified users in 2021

1300% Volume

Growth in transaction volume
in 2021

The year in brief



2021 was a year of major developments within the crypto economy, and the same was true for NBX. The year saw crypto move several solid steps forward on its path to becoming mainstream, with estimates of up to 400 million crypto owners worldwide. The total market capitalization of crypto was 20.2 trillion NOK at the end of 2021, up from 7 trillion NOK at the end of 2020. The two largest cryptocurrencies, Bitcoin and Ethereum, continued to dominate the market, both reaching new all-time-highs in 2021.

NBX has had continued focus of platform growth throughout the year, which has also been marked by key milestones for the company:

Q1

Successful funding round & introduction of open banking

Q2

Listed new assets and trading pairs & intensified marketing

Q3

Strengthened core team & launched new design

Q4

IPO & acquisition of ADA North Pool

2021 Highlights



Key figures

	2021	2020
Operating income	7 826	758
Operating expenses	49 640	24 664
Operating profit	-41 815	-23 905
Financial income	10 812	161
Net profit	-24 182	-17 930
EBIT	-31 107	-23 635
EBITDA	-29 325	-22 279
Total	93 417	109 785

Key investments in organization, technology and compliance

NBX has since its beginning had security and compliance as core focus areas. The company has taken extensive measures to build a technology platform, policies and routines that safeguard customer assets and reduce risks. We are proud to operate a platform with AML routines that ensured that 87% of transactions in 2021 had low counter-party risk and 0% had severe counter-party risk.











NBX further strengthened its risk and compliance efforts by hiring an experienced risk and compliance executive. The development team, communications and public affairs, and sales and partnerships have also been strengthened through key hirings in 2021.

Set up NBX Capital as a subsidiary of NBX.

NBX Capital was set up to ensure good volume and tight spread in the orderbook to ensure good trading conditions for our customers. NBX capital is thus functioning as Marketmaker on the NBX platform, with the same terms and conditions as our other external market makers.

Listed New Assets and Trading Pairs

As a cryptocurrency exchange, it is a goal for NBX to offer a competitive portfolio of digital assets and trading pairs. In 2021, the following were added to our offering:

New listings	Previous listings
<ul style="list-style-type: none"> Cache Gold token Cardano Chainlink Polygon Uniswap EUR/SEK/DKK	<ul style="list-style-type: none"> Bitcoin Ethereum USDC NOK

IPO – Listing on Oslo Stock Exchange Euronext Growth

December 14th 2021 marked an important date and milestone for our company and its shareholders. NBX was listed on the Oslo Stock Exchange Euronext Growth, becoming the first crypto exchange in the Nordic to be publicly listed. We are excited by the opportunity this gives the public to take part in crypto, either indirectly by owning shares in NBX, or directly, by buying cryptocurrencies on our exchange.

14 Dec Trading

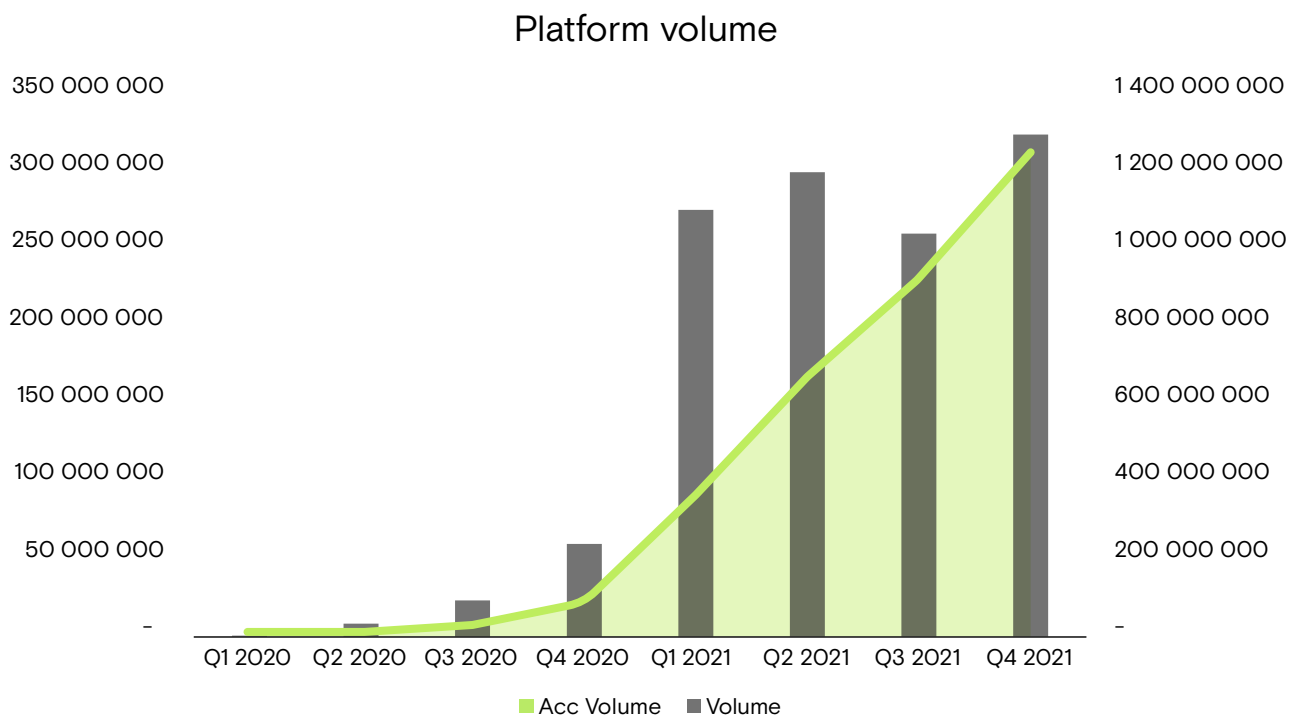
64,89M Shares

Developments



Platform growth

NBX saw strong growth throughout 2021 and hit a new all-time high for the third time this year. The total platform volume of the quarter ended at MNOK 325, and the total accumulated volume for 2021 ended at BNOK 1.25. This is a significant increase from 2020, where the total volume of the exchange was MNOK 90. 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 interest in OTC trading, where customers want to do larger deals, or trade in tokens that are not registered at our exchange is holding steady. OTC trades in BTC and ETH are mostly done on the platform, where we collaborate with existing market makers to set a good price for the volume in question. OTC trading outside the platform accounted for MNOK 101 for 2021 in total. Most of the volume has been done in USDC, USDT and ETH, but we have also traded other tokens such as DOGE and NII among others.

In total with the platform and OTC trading, we had a total trading volume of BNOK 1.36 for 2021.

Customer growth

At NBX there are three different distinctions of users:

Registered users – Customers registered on the platform with username and password

Verified users – Customers who have gone through full KYC successfully

Unique users – Customers that have traded within the given period

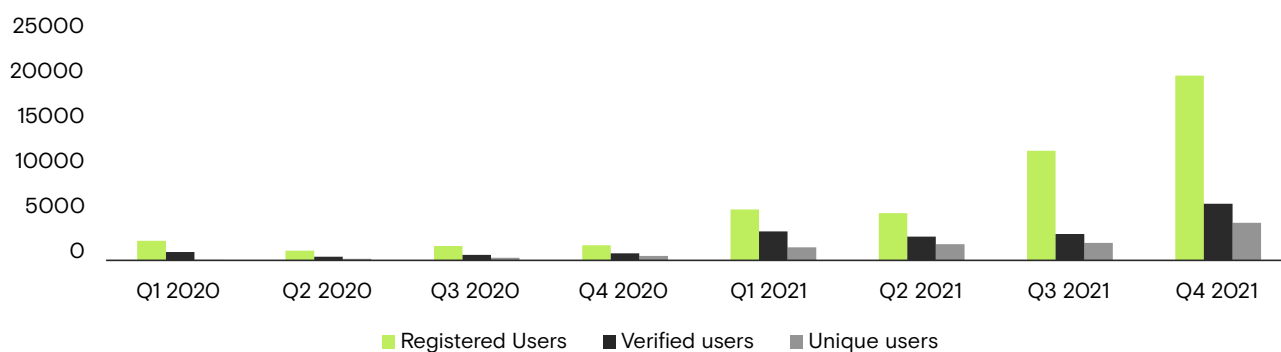
We continue to see strong growth of all our user groups. The growth outside of Norway is especially noticeable, and we are delighted to see that our focus on EUR pairs, in particular, is catching interest.

Unique users have seen a steady rise with an average growth quarter-on-quarter of 95% since inception, 90% throughout 2021, peaking at 116% in Q4 2021. In 2021 we totalled approx. 4850 unique users.

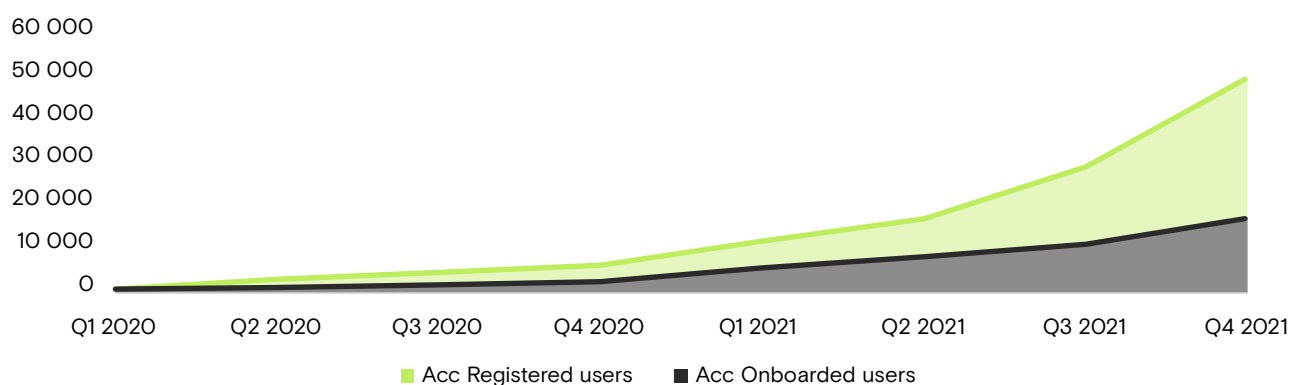
Registered and verified users have seen similar growth, averaging over 100% growth quarter on quarter* throughout 2021, but for Q4 growth of verified users greatly outperformed the growth of registered users with 115% vs 69% respectively. At the end of 2021, we had approx. 50.000 registered users and approx. 18.000 verified users.

*Growth is measured as new customers this quarter relative to number of new customers previous quarter

User growth



User Growth accumulated



Change is
inevitable, and the
disruption it causes
often brings both
inconvenience and
opportunity.

24,7% International

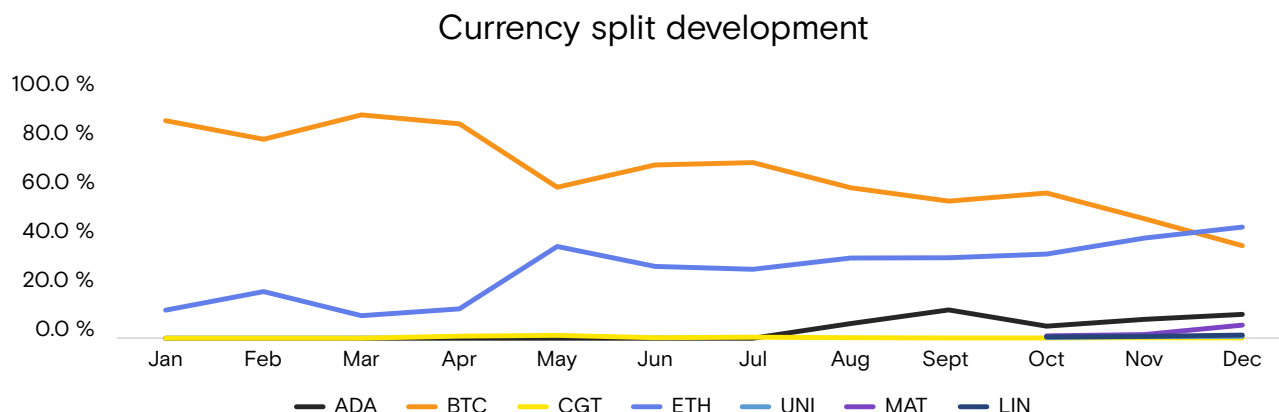
Of onboarded users 2021

13,7% Women

Of onboarded users 2021

Movements in currencies

The shift of interest from Bitcoin to Ethereum became evident and in Q4 we saw for the first time higher volumes in ETH than in BTC. At the start of the year, BTC had over 90% of our market. At the end of December, this was reduced to 37,6%. ETH has seen a steady rise throughout the year, starting at 11,4% and ending the year at 45,2%. ADA is also holding its position with a 10% market share, and MATIC has grown to 5% after only 2 months of trading.



Synchronous to the rise in prices, we also saw steady growth in volumes. NBX had all-time highs in volumes in three out of four quarters, where the growth in Q4 was about 25% from Q3, and an impressive 440% since Q4 2020. In total, we passed NOK 1.16B in platform volume in 2021, up from 90 million in 2020. In addition, the new OTC service for larger volumes and alternative coins surpassed NOK 100M in 2021.

Risk factors



NBX has implemented and carries out risk management and internal control in accordance with the Regulations on Risk Management and Internal Control issued by the FSA (Finanstilsynet). Work on risk management and internal control is a continuous process of implementing mitigating measures to improve identified areas and monitoring their effectiveness. No material risks that might threaten the operations of NBX have been identified.

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 will mainly come from commission-based earnings from trading on the trading platform. We see increased competition in the market, both from national and international players, which puts pressure on margins. 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 e-commerce, bank and fixed income products (Harvest) 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. Therefore, there is a risk that development will take longer than anticipated or that regulatory obstacles will delay the launch of products and services. This may mean that the company will need increased liquidity in order to maintain desired progress. In connection with the capital raising in December 2020, it was also stated that the company would need capital to launch services associated with the e-money and banking licenses.

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 make up the majority. Hedging of this portfolio is assessed on an ongoing basis.

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 2021 took place on the 6th of June at Fornebu.

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.

In 2021 the Board of Directors consisted of four persons, three men and one woman:

- | | |
|-------------------------|---------------------|
| - Bjørn Kjos (Chairman) | - Kari Due-Andresen |
| - Sturle Skulevold | - Nils Sundling |

Auditor

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

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 last year has been a total of 35 days, which constitutes > 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 the year, the company had 23 employees in Norway, Latvia and Canada. These were split between 6 women and 17 men. The company's board consists of 5 people, of which 1 is a woman.

In addition to this, we have 9 employees on contract internationally.

Analysis of the annual statement and key risks and uncertainties

In 2021, the company has mainly worked with the development of the platform and the organization. The total operating profit in 2021 amounted to MNOK -41.8 (MNOK -42.2 mother and MNOK 0.4 daughter), of which capitalized development costs for the trading platform amounted to MNOK 44,5 (80/20 split between development and operating costs). This is mainly salary for developers and costs in connection with computing power and cloud services related to the development.

In 2021, MNOK 16.1 has been expensed in salary. This is salary for management and personnel who do not directly work with the development of the trading platform. Of other operating costs, MNOK 1.8 has been expensed in depreciation of fixed assets and intangible assets, and MNOK 31.7* in other operating costs. Of these, the main items are:

- MNOK 10.5 Marketing
- MNOK 6 Audit and legal assistance**
- MNOK 4 Purchase of cloud services, computing power and software licenses
- MNOK 1.9 Outsourcing the customer and anti-money laundering center
- MNOK 1 Other offices or travel expenses
- MNOK 0.9 Employment work

The company had no long-term debt at the end of 2021. Furthermore, MNOK 2.8 is public taxes and MNOK 3.8 is accounts payable.

The annual result was a loss of MNOK 24. Equity at the end of 2020 was MNOK 103, and equity at the end of 2021 was MNOK 80.6.

* MNOK 1.5 is used for rent. However, this has been recognized in the balance sheet in accordance with IFRS16.

** The item mainly consists of costs related to the e-money application and stock exchange listing

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 result 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.



Financial Statements 2021



Parent				Group
2021	2020	Revenue statement	Notes	2021
Operating income				
83 751	0	Revenue		83 751
7 741 927	758 472	Other income		7 741 927
7 825 678	758 472	Operating Income		7 825 678
Operating expenses				
16 133 749	11 566 541	Employee benefits expense	3	16 133 749
1 751 060	1 357 011	Depreciation and amortisation expenses	4	1 751 060
29 990	0	Write down on tangible and intangible assets	4	29 990
32 151 623	11 744 625	Other operating expenses	3	31 725 528
50 066 422	24 668 177	Operating expenses		49 640 327
(42 240 743)	(23 909 705)	Operating profit		(41 814 648)
Financial income and expenses				
417 939	0	Income from subsidiaries and other group entities		0
3 503	3 763	Other interest income		3 503
15 679 960	476 660	Other financial income		15 687 924
(107 742)	(105 550)	Other Interest expenses		(107 742)
(4 755 193)	(213 880)	Other financial expenses		(4 771 313)
11 238 467	160 993	Net financial items		10 812 372
(31 002 276)	(23 748 712)	Operating result before tax		(31 002 276)
(6 820 501)	(5 818 717)	Tax on ordinary result	5	(6 820 501)
(24 181 775)	(17 929 995)	Operating result after tax		(24 181 775)
(24 181 775)	(17 929 995)	Net profit or loss		(24 181 775)
Brought forward				
24 181 775	17 929 995	Loss brought forward	6	24 181 775
(24 181 775)	(17 929 995)	Net brought forward		(24 181 775)

Parent				Group					
2021		2020		Balance pr 31.12		Notes		2021	
Assets									
Fixed assets									
Intangible fixed assets									
44 545 195		33 825 691		Research and development		7		44 545 195	
1 662 045		1 562 045		Concessions, patents, licences, trademarks, and similar rights		7		1 662 045	
17 887 589		11 067 088		Deferred tax asset		5		17 887 589	
64 094 829		46 454 823		Total intangible assets				64 094 829	
Tangible fixed assets									
2 322 769		3 250 254		Lease right of use		4		2 322 769	
536 858		539 928		Equipment and other movables		4		536 858	
2 859 627		3 790 182		Total tangible fixed assets				2 859 627	
Financial fixed assets									
30 000		0		Investments in subsidiaries				0	
30 000		0		Total financial fixed assets				0	
66 984 456		50 245 005		Total fixed assets				66 954 456	
Current assets									
Debtors									
14 804		0		Accounts receivables				14 804	
417 939		0		Receivables from group companies				0	
1 021 691		1 637 320		Other receivables				1 021 691	
1 454 435		1 637 320		Total debtors				1 036 496	
Investments									
21 702 328		209 182		Other financial instruments		8		21 702 328	
21 702 328		209 182		Total investments				21 702 328	
Cash and deposits									
3 375 246		57 693 734		Cash and own deposits		9		3 724 185	
50 092 847		8 334 504		Customers deposits		10		50 092 847	
53 468 093		66 028 238		Total cash and deposits				53 817 032	
76 624 856		67 874 740		Total current assets				76 555 856	
143 609 312		118 119 745		Total assets				143 510 312	

Parent				Group
2021	2020	Balance pr 31.12	Notes	2021
Equity and liabilities				
Equity				
51 917 349	36 562 686	Share capital	6,11	51 917 349
92 115 948	44 132 627	Share premium reserve	6	92 115 948
0	61 565 008	Capital increase, not registered	6	0
(2 705 570)	(2 705 570)	Restricted equity	6	(2 705 570)
141 327 726	139 554 752	Total restricted equity		141 327 726
Retained earnings				
(60 731 984)	(36 550 209)	Loss brought forward	6,12	(60 731 984)
(60 731 984)	(36 550 209)	Total retained earnings		(60 731 984)
80 595 742	103 004 543	Total equity		80 595 742
Liabilities				
Other long-term liabilities				
2 468 299	3 257 606	Leasing obligations	4	2 468 299
2 468 299	3 257 606	Total of other long term liabilities		2 468 299
2 468 299	3 257 606	Total long-term liabilities		2 468 299
Current liabilities				
88 504	0	Liabilities to financial institutions		88 504
3 878 243	1 057 857	Trade creditors		3 713 243
2 730 718	1 078 221	Public duties payable	9	2 796 718
3 754 959	1 387 015	Other short term liabilities		3 754 959
50 092 847	8 334 504	Customers funds	10	50 092 847
60 545 271	11 857 597	Total short term liabilities		60 446 271
63 013 570	15 115 202	Total liabilities		62 914 570
143 609 312	118 119 745	Total equity and liabilities		143 510 312

Parent				Group
2021	2020	Statement of cash flows	Notes	2021
Cash flows from operating activities				
-31 002 276	-23 748 712	Profit/loss before tax		-31 002 276
1 986	0	Loss/gain on the sale of fixed assets		1 986
1 751 060	1 357 011	Ordinary depreciation		1 751 060
29 990	0	Impairment of fixed assets		29 990
-14 804	0	Change in accounts receivable		-14 804
2 820 386	-64 883	Change in accounts payable		2 655 386
-21 493 147	-197 936	Items classified as investment or financing activities		-21 493 147
45 976 474	7 496 210	Change in other accrual items		46 460 413
-1 930 330	-15 158 311	Net cash flows from operating activities		-1 611 391
Cash flows from investment activities				
6 500	0	Proceeds from the sale of fixed assets		6 500
11 678 486	12 064 671	Payments for the purchase of fixed assets		11 678 486
30 000	0	Payments for the purchase of shares and participations in other companies		0
-11 701 986	-12 064 671	Net cash flows from investment activities		-11 671 986
Cash flows from financing activities				
0	3 257 606	Proceeds from the issuance of new long-term liabilities		0
789 307	3 061 904	Payments from the repayment of long-term liabilities		789 307
88 504	0	Net change in bank overdraft		88 504
1 772 975	82 950 108	Proceeds from equity		1 772 975
1 072 171	83 145 810	Net cash flows from financing activities		1 072 171
-12 560 145	55 922 828	Net change in cash and cash equivalents		-12 211 206
66 028 238	10 105 411	Cash and cash equivalents at the start of the period		66 028 238
53 468 093	66 028 238	Cash and cash equivalents at the end of the period		53 817 032
-643 513	-578 536	Restricted bank deposits		-643 513
52 824 580	65 449 702	Net liquidity at 31.12		53 173 519

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	36 562 686	61 565 008	44 132 627	-2 705 570	-36 550 209	103 004 543
Capital increase	15 354 662	-61 565 008	47 983 320	0	0	1 772 975
Result of the year	0	0	0		-24 181 775	-24 181 775
Equity at 31.12	51 917 349	0	92 115 948	-2 705 570	-60 731 984	80 595 742

Note 1 Accounting principles

The annual accounts have been prepared in conformity with the provisions of the International Financial Reporting Standard (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.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Plant and equipment is capitalised and appreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value in use. Value in use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

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.

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 Share option program

The company has a share option program covering certain employees. As at December 31st 2021, thirty 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.

	2021	2020
Outstanding options 01.01	923 235	0
Options granted	678 001	923 235
Options forfeited	-208 773	0
Options exercised	0	0
Options expired	0	0
Outstanding options 31.12	1 392 463	923 235

Note 3 Payroll costs, number of employees and benefits

Payroll costs	2021	2020
Wages and salaries	15 700 358	12 041 158
Social security tax	2 001 212	1 677 632
Pension costs	861 758	672 097
Other benefits	346 809	289 756
Capitalized payroll cost	-2 776 389	-3 114 101
Total	16 133 749	11 566 541

Average number of employees during the year	22	17
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	2021
Managing director - salary and other benefits	1 021 672
Board of Directors	0
Auditor - statutory audit fee (VAT not included)	180 000
Auditor - statements and certifications	19 000
Auditor - tax advisory	6 000
Auditor - other advisory	12 000

Pension

The company is obligated to follow the law on mandatory occupational pension schemes. The company's pension plan is a subsidy scheme, and satisfies the requirements of this law.

Note 4

Property, plant and equipment

	Lease right of use	Equipment	Office equipment	Total
Balance at January 1st 2021	4 764 348	123 358	728 541	5 616 247
Additions	725 326	40 352	237 217	1 002 895
Disposals	0	0	-26 112	-26 112
Balance at December 31st 2021	5 489 674	163 709	939 646	6 593 030
Acc. depreciation at January 1st 2021	1 514 094	37 828	274 142	1 826 065
Adjustment	143 913	0	0	143 913
Disposal acc. depreciation	0	0	-17 625	-17 625
Depreciation	1 478 908	24 672	247 481	1 751 060
Impairment	29 990	0	0	29 990
Acc. depreciation at December 31st 2021	3 166 905	62 500	503 998	3 733 403
Balance at December 31st 2021	2 322 769	101 209	435 649	2 859 627
Economic life	3 -5 years	5 years	3 years	
Depreciation method	Linear	Linear	Linear	
Changes	No	No	No	

The liability related to the lease is booked at NOK 2 468 299

Note 5 Tax Group

This year's tax expense	2021
Entered tax on ordinary profit/loss:	
Payable tax	0
Changes in deferred tax advantage	-6 820 501
Tax expense on ordinary profit/loss	-6 820 501
Taxable income:	
Ordinary result before tax	-31 002 276
Permanent differences	0
Changes in temporary differences	194 354
Taxable income	-30 807 922
Payable tax in the balance:	
Payable tax on this year's result	0
Total payable tax in the balance	0

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2021	2020	Difference
Tangible assets	1 962	58 137	56 175
Lease agreements brought to the balance	-145 530	-7 352	138 178
Total	-143 568	50 785	194 353
Accumulated loss to be brought forward	-81 163 653	-50 355 730	30 807 923
Basis for deferred tax assets	-81 307 221	-50 304 945	31 002 276
Deferred tax assets (22 %)	-17 887 589	-11 067 088	6 820 501

Note 5 Tax Parent

This year's tax expense	2021	2020
Entered tax on ordinary profit/loss:		
Payable tax	0	0
Changes in deferred tax advantage	-6 820 501	-5 818 717
Tax expense on ordinary profit/loss	-6 820 501	-5 818 717
Taxable income:		
Ordinary result before tax	-31 002 276	-23 748 712
Permanent differences	0	-2 700 000
Changes in temporary differences	194 354	11 575
Taxable income	-30 807 922	-26 437 137
Payable tax in the balance:		
Payable tax on this year's result	-91 947	0
Payable tax on received Group contribution	-91 947	0
Total payable tax in the balance	0	0

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary differences

	2021	2020	Difference
Tangible assets	1 962	58 137	56 175
Lease agreements brought to the balance	-145 530	-7 352	138 178
Total	-143 568	50 785	194 353
Accumulated loss to be brought forward	-81 163 653	-50 355 730	30 807 923
Basis for deferred tax assets	-81 307 221	-50 304 945	31 002 276
Deferred tax assets (22 %)	-17 887 589	-11 067 088	6 820 501

Note 6 Equity

	Share capital	Unregistered increased capital	Share premium reserve	Additional paid-in capital	Uncovered loss	Total equity capital
Equity at 01.01	36 562 686	61 565 008	44 132 627	-2 705 570	-36 550 209	103 004 543
Capital increase	15 354 662	-61 565 008	47 983 320	0	0	1 772 975
Result of the year	0	0	0	0	-24 181 775	-24 181 775
Equity at 31.12	51 917 349	0	92 115 948	-2 705 570	-60 731 984	80 595 742

Note 7 Intangible assets

	Development	Domains	Total
Balance at January 1st 2021	33 825 691	1 562 045	35 387 735
Additions	10 719 505	100 000	10 819 505
Balance at December 31st 2021	44 545 195	1 662 045	46 207 240
Acc. amortization at January 1st 2021	0	0	0
Amortization	0	0	0
Acc. amortization at December 31st 2021	0	0	0
Balance at December 31st 2021	44 545 195	1 662 045	46 207 240
Economic life	Under development	Unlimited	
Amortization method	No	No	
Changes	No	No	

Development

Costs associated with a development project are recognized in the balance project. The project is still under development as of December 31st 2021 and has been used by the company.

Domains

The domains were acquired in 2018 through external resellers and are assessed on December 31st 2021 at market value. The domains were acquired in regards with the development project, and as of December 31st 2021 is in use for the business. There are also no indications of impairment.

Note 8 Crypto currencies and other financial instruments

	Q4 2021	2020
FIAT currency (NOK, SEK, DKK, EUR, USD)	16 255 859	0
Crypto currency (BTH, ETH, ADA, LINK, MATIC, UNI, CGT, USDC)	5 446 469	209 182
Total	21 702 328	209 182

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.

Note 9 Bank deposits

	2021	2020
Funds standing on the tax deduction account	643 513	578 536

Note 10 Customer deposits and funds

Customers deposits in banks 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.

		2021	2020
Bank - customers deposits	NOK	50 092 847	8 334 504
Booked customers funds	NOK	50 092 847	8 334 504

Note 11 Shareholders

The share capital in Norwegian Block Exchange AS as of 31.12 consist of:

	Total	Face value	Entered
Ordinary shares	64 896 686	0,8	51 917 349
Sum	64 896 686	0,8	51 917 349

Ownership structure

The largest shareholders in % at year end:

	Ordinary	Ownership interest
Observatoriet Invest AS	20 623 834	31,8
Sparebanken Øst	6 437 768	9,9
Kistefos AS	6 060 606	8,9
Nye KM Aviatrix Invest AS	5 280 303	8,1
Dasha Invest AS	3 244 836	5,0
MP Pensjon PK	3 030 303	4,7
Norwegian Air Shuttle ASA	2 446 400	3,8
Nye GKB Invest AS	1 500 000	2,3
Kei Invest AS	1 333 333	2,1
Total >2% ownership share	49 957 383	76,6
Total other	14 939 303	23,4
Total number of shares	64 896 686	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
Total number of shares			216 601
Stig Aleksander Kjos-Mathisen	Sam Eiendomspartner AS	General Manager	750 000
Bjørn Kjos	Observatoriet Invest AS	Board member	6 702 746
Nils Kristian Sundling	Dasha Invest AS	Chairman of the Board	162 236
Total number of shares			7 614 982

Note 12 Going concern

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

To the General Meeting of
Norwegian Block Exchange AS

Independent Auditor's Report

Opinion

We have audited the financial statements of Norwegian Block Exchange AS, which comprise:

- The financial statements of the parent company Norwegian Block Exchange AS (the Company), which comprise the balance sheet as at December 31, 2021, the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Norwegian Block Exchange AS and its subsidiaries (the Group), which comprise the balance sheet as at December 31, 2021, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion:

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU, and
- the financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 4 years from the election by the general meeting of the shareholders on January 3, 2018, for the accounting year 2018.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Intangible fixed assets

Intangible fixed assets represent a material item in the financial statements. The Group has, as in previous years, used significant resources on research and development. Research and development are capitalized in the balance sheet at cost.

We have verified the valuation of intangible fixed assets by verifying invoices, contracts, agreements and other supporting documentation. We have also evaluated whether write-down is necessary due to indications of permanent impairment.

Customer deposits and funds

Customers deposits and funds represent material items in the financial statements. A significant amount of crypto currency is traded through the Group's trading platform, most of which is owned by customers.

We have evaluated routines, reconciliations, and the accounting treatment of customer deposits and funds.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information presented with the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report and the other information presented with the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information presented with the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information presented with the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information presented with the financial statements otherwise appears to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report and the other information presented with the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable legal requirements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate,

they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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


- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's or the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

April 28, 2022

MOORE DA



Bjørn M. Nausthøller
State Authorized Public Accountant