



H1 Report 2022

Norwegian Block Exchange



Table of contents

This is NBX	1
Letter from CEO	2
H1 2022 in brief	4
H1 2022 Highlights	5
Financial review	8
Developments	11
Risk factors	14
Development in Crypto	16
Outlook	18
Financial statements	19
Notes	24

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 has been granted an e-money license pending minor adjustments, and is supervised by Finanstilsynet (the Norwegian Financial Supervisory Authority). The company is listed on Oslo Stock Exchange Euronext Growth.

34 Employees

25 Trading pairs

12 Assets and Currencies

Letter from the CEO



Fellow Shareholders,

I have said it before and will say it again. There is never a dull moment in the crypto industry. The last six months and in particular the second quarter has been brutal for many crypto service companies and many have perished. Common for all of them is that they have in some way or the other have not been able to balance growth and risk management – resulting in significant loss of customers' funds. NBX does not leverage, lend or use customer funds in any way. All customer assets are kept safe in our secure and insured custody.

Summing up the last 6 months for the company, I would call it bittersweet. We did not experience any big losses as our risk management routines worked and we avoided making serious mistakes. External factors severely affected our industry and we lost some traction as the market conditions impacted anticipated growth and revenues. We stayed on course and kept focus on our goal to become the market leader in the Nordics. Through our diversified business-model we now have an exceptional opportunity as we are focused on a much wider audience than our peers. During H1, NBX has released many new products and features like a mobile app, card- and- Vipps payments and social logins that will become growth drivers going forward. All these efforts will help us grow as the industry recoups, matures and develops.

Market conditions have made us adjust our operating cost and capital expenditures. Necessary choices and priorities have been made and layoffs have sadly been part of that. As a result of sudden and unexpected changes in market conditions, we have had to take measures. We are more focused than ever on our core strategy and goals, and expect to welcome back our dearly valued friends and colleagues in the near future.

Moving forward we have high expectations for the future. Our core strategy is still intact, and we believe persistence and hard work will pay off. The coming launch of our NBX credit card enables us to reach millions of Scandinavians and further diversify and expand our revenue model. We continue to develop and expand our product portfolio, aiming for a wider audience than our peers.

By combining traditional thinking with the new, NBX aims to become an entry point not only for the devoted crypto enthusiast but also the ordinary investor seeking short- or long-term exposure towards crypto and web 3 technology.

Beste hilsner
Stig
Daglig leder/CEO



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

47%

Growth of verified
users 2022

20%

Growth of unique
users 2022

H1 in brief



Never a dull moment in crypto! The first half of 2022 has seen a sharp decline in total market cap of cryptocurrencies, driven mainly by circumstances outside the industry. A perfect storm of macro conditions, including galloping inflation, post-pandemic shifts in consumer and investment behavior, rapidly rising interest rates world-wide, and the Russian war on Ukraine has contributed to a downturn in many asset classes, most notably risk and growth sectors, such as crypto.

While bear markets are challenging, H1 has also been a period of major product and platform breakthroughs for NBX. We remain staunch believers in crypto assets and in their place in the future of the financial system. Market downturns represent new opportunities for investing - in assets, in R&D and in building for the future. We are pleased to announce that the first six months have brought important new product launches, partnerships, platform improvements and licenses to NBX. We feel certain that these developments will strengthen our position and competitive edge moving ahead.

H1 2022 Highlights



Key figures

	H1 2022	H1 2021	2021
Operating income	3 013	3 616	7 826
Operating expenses	26 397	20 640	49 640
Operating profit	-23 384	-17 023	-41 815
Financial income	-569	2 202	10 812
Net profit	-18 682	-11 560	-24 182
EBIT	-24 003	-14 773	-31 107
EBITDA	-23 233	-13 783	-29 325
Total	87 114	101 821	93 417

Product breakthroughs and regulatory approval

NBX's vision and goal is to give our customers easier, better financial solutions through crypto. The on-ramp and hub for their crypto investments is our trading platform, and we have spent the first half of 2022 making several improvements to the platform and launching new services. Lower price volatility and a general market decline led to reduced trading

Payment using Vipps and credit/debit cards

A major goal for NBX is making the user experience of trading crypto a smooth and easy one. When purchasing something online you expect to be able to pay with a mobile wallet or using a credit or debit card. You also expect quick and instant payments.

A major milestone was met when NBX, as one of the first crypto exchanges in Europe, launched our instant purchase with mobile and card payments in Q2. It offers customers hassle-free access to crypto trading, and adoption and uptake was immediate. At the end of H1, 51% of purchases on the platform were completed using our new app

Credit card with crypto rewards

Our customers have spoken – and we are acting on their requests. A major part of the role we have defined for NBX is to bridge the gap between people's financial lives in crypto and fiat. Offering a credit card where everyday purchases made in fiat result in wealth creation in crypto is a major step we are taking to bridge this gap.

NBX has recently announced plans to offer the first Nordic Visa credit card with Bitcoin rewards. Customers will be rewarded in bitcoin for each purchase made with the card.

The credit card will use traditional fiat money for purchases and payments. But rather than being rewarded in fiat currencies, the customers will get rewards in bitcoin on their NBX-account. This enables an automated and easy way to accumulate crypto savings.

The card will be delivered by Enfuce, a Finnish major provider of fintech and payment services. A Nordic financial institution will act as credit partner. The card is expected to launch later this year in Norway, Sweden, Finland and Denmark.

Mobile app

The NBX trading platform was launched in 2020 as a desktop service, and in H1 2022 we launched the mobile app, making trading easier and more accessible for all our customers. The app is available for download on iOS and Android.

Collaboration on crypto index fund

NBX entered an agreement with eGroup AS, a technology company that develops solutions in the emerging field of crypto, blockchain and WEB3 to deliver services to the first index fund for cryptocurrencies in the Nordics. The fund will give institutional investors direct exposure to the largest cryptocurrencies by market cap. NBX will be responsible for trading and custody of the fund's assets.

The collaboration is in line with NBX's strategy of diversifying our income channels and monetizing technology and services developed for the NBX exchange.

The index fund is planned to be launched in early fall 2022, and is already open to pre-subscriptions.

Staking

Proof of stake protocols continued to be a significant part of the top 40 cryptocurrency protocols, and NBX remains committed to offering staking services in selected proof of stake protocols.

NBX has operated a Cardano staking pool since the end of Q4 2021. The annual yield for staking on Cardano is expected to be above 4% when we launch staking services for our customers later this year.

NBX has also operated an Ethereum beacon chain node since Q1 2022. By current market cap, Ethereum will be the largest proof of stake protocol post-merge from Proof of Work. NBX is in the planning stage for staking services for Ethereum, with an expected annual yield above 4%.

In Q1 2022 NBX secured the rights for one out of 1000 nodes for World Mobile Token (WMT), a token on the Cardano blockchain, and NBX is in the initial planning stage for providing staking services for this token.

E-money license (Q3)

In June 2022, NBX was granted an e-money license from Finanstilsynet, the Norwegian Financial Supervisory Authority. The license opens a wide range of opportunities for NBX and is further evidence of the company's ability to meet regulatory standards.

The e-money license allows NBX to move into products and services currently offered by traditional financial institutions. It also paves way for easier collaboration with traditional finance, placing the company in the same regulatory category as other financial institutions.

An e-money license is a requirement for any company seeking to process payments and issue e-money. Companies holding this license are governed by the same standards for compliance, funding and governance as other financial institutions.

Adapting to market conditions

With challenging market conditions for crypto, the industry has taken broad measures to adjust. NBX has adjusted through cost-reducing measures and launched new, income-generating services. The effects of cost-cutting measures are immediate, whereas we expect to see effects of new income-generating services in H2 and into 2023.

In H1, NBX implemented cost-reducing measures to adapt to the changes in the market for cryptocurrencies and digital assets. The background is a decrease in trade volumes in cryptocurrencies in 2022, driven by political and economic uncertainty and an increase in interest rates.

NBX targets a cost reduction of 40 percent compared to the level in Q4 2021. This has been an ongoing process over time, where cost-reducing measures have been taken in all parts of the organization. Cost-cuts include temporary and permanent reductions in employees. Central parts of the management teams have taken voluntary, significant reductions in their own salaries. With the measures now taken, the company expects to reach the goal of a cost reduction of 40 percent, 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, and in May a private placement raising NOK 15,8 million was completed. The company continues to work on this in parallel with the cost reductions.

Financial Review



Despite the downturn in the market, we have seen a strong growth of our customer base in H1, creating a strong foundation for future revenues when the market sentiment turns positive again.

The income is directly correlated to the trading volume, and reduced trading volumes, has caused the income to drop, while the scaling for growth in 2021 has resulted in a larger cost base. The combination of these factors has led to a negative result for H1. In 2021 we were also exposed to a rising crypto market, benefiting with a financial return. This exposure has been gradually reduced since November 2021, and at the end of June we were almost 100% hedged on the crypto exposure. This move has been beneficial in a falling market, but has not given a positive contribution to the overall results.

For H1 we had a slight decrease in operating income from NOK 3.6M in 2021, to NOK 3M in 2022 despite the drop of 40% in trading volumes on the platform. The reason for the disproportional reduction is caused by a shift from institutional traders (marketmakers) to private traders with a different fee base. The operating expenses increased from NOK 20.6M in H1 2021, to 26.4M in 2022, largely driven by increase in personnel. This resulted in a negative operating result of NOK 23.4M.

The Financial results mainly consist of revenues from OTC trading and Staking of NOK 0.8M and NOK 0.3M respectively. The negative contribution is a depreciation of crypto holdings at the beginning of the year contributing with NOK 1.5M. In total we had a negative financial result of NOK 0.6M in H1, compared to a positive result of NOK 2.2M in H1 2021.

The net result of H1 ended at NOK -18.7M, down from NOK -11.6M in H1 2021. Total assets went down from NOK 93.4M at the end of 2021 to NOK 87.1M at the end of H1.

As part of the ordinary operating expenses, software licenses including digital identity and cloud hosting services was the largest cost center in H1 with NOK 4.3M. Digital identity had a significant increase compared to 2021 following a strong growth of customers globally.

The second largest cost center was marketing, contributing with NOK 3.2M. This was below budget, but we have made a strategic decision of reducing the market exposure in a bear market, waiting for a more positive market segment where the expenditure has a greater impact.

The third largest contributor was the use of consultants. Our dev team largely consists of consultants. In addition we have outsourced the accountant and legal services. In total the consultant cost contributed with NOK 2.6M

Financial position

The financial position at 30.06.22 consisted of appr. NOK 8.3M in different fiat assets, NOK 0.5M in crypto assets and NOK 1.5 M in short term receivables, totalling NOK 10.3M in Current assets. Total non-current assets increased from NOK 67M(2021) to NOK 76.8M in H1 leaving total assets at NOK 87.1M.

In May we had a direct offering, towards existing and a new shareholder, where we raised NOK 15.8M. The change in current assets needs to be adjusted for this raise. The non-current assets have seen a growth of NOK 9.9M, while the current assets have seen a reduction of NOK 32M (16.2M + 15.8M). In total for H1, we have had a reduction in assets of NOK 22.1M (6.3M + 15.8M).

A large part of the cost base is connected to scaling the company for continued growth as we went into 2022. As the market cooled down during spring, measures were taken to decrease the cost base, but these measures take time to come into effect, and this resulted in a high burn rate in H1. Most of the cost reducing measures take full effect during H2, and combined with our growth initiatives, we estimate a significantly lower burn rate going forward.

Share information

As of 30 June 2022, 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 price during H1 was NOK 11.46 (6. January) and NOK 2.8 (23. June) respectively. The shares ended H1 at NOK 3.495 per share on 30. June 2022.

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

49% International

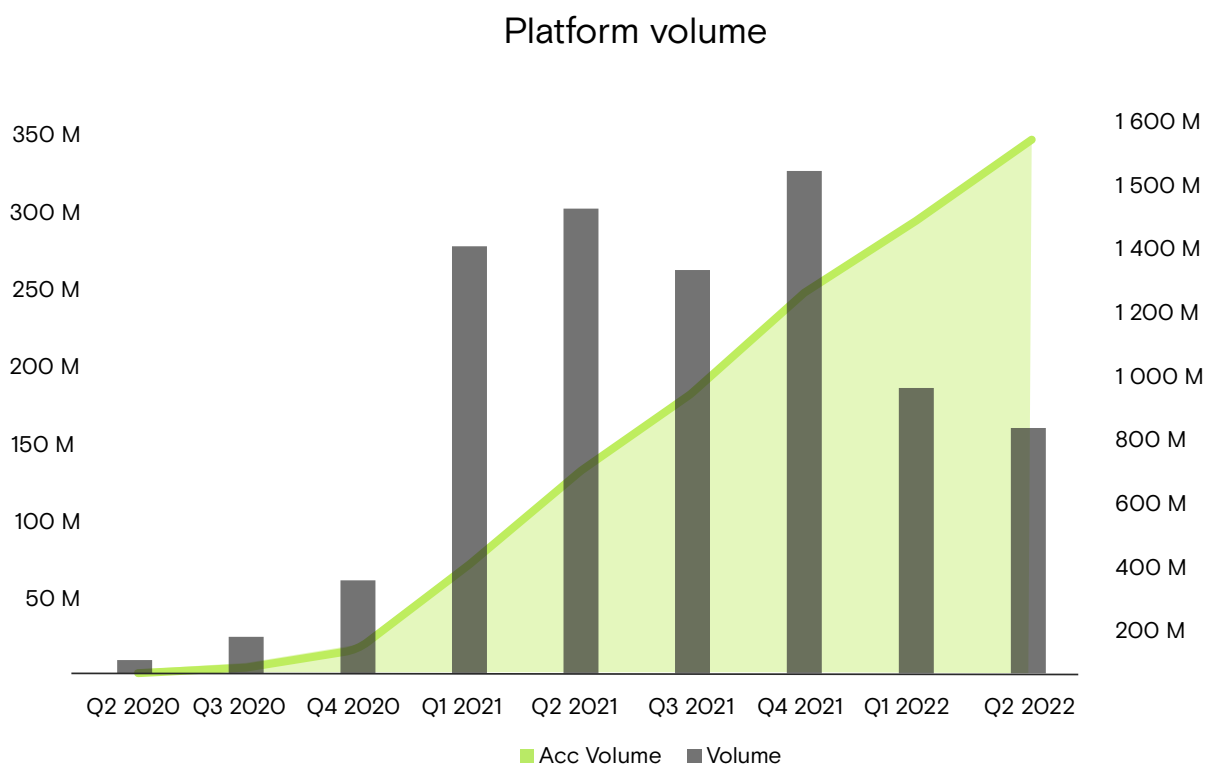
136 Countries

Developments



Development in trading volume

The crypto market in general has had a significant decline in volumes in H1, and some exchanges have seen volumes fall as much as 90% from the top. NBX has also seen a decline in volumes, but less than the general decline globally. The main reason for lower trading volume reduction is an increase in USDC trading. Compared to H1-21 we have seen a reduction of 40%, and from H2-21 the reduction has been similar of 41%. The main contributor to the decline has been reduced trading from companies. Compared to H1-21 there has been a 64% reduction in company volumes, and only 5% reduction in trading volumes by private individuals. In H1-21 we had a 60:40 split in volumes between companies and individuals, and this has reversed to a 40:60 split in H1-22. The total platform volume of H1 ended at NOK 346 million. 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.



In addition to the platform volume, we offer OTC trading for larger trades, or trades in tokens not supported on the platform. Most of the OTC volumes were done on the platform in H1 in

collaboration with our marketmakers. This is done in the form of personal guidance, and making sure there is enough liquidity in the book for the given trade. OTC trading outside the platform accounted for NOK 50.1 million in H1, keeping the OTC volumes on par with 2021. This was mostly larger trades in supported tokens, but also some trades in altcoins.

Combined total platform and OTC trading, showed a volume of NOK 396 million for H1.

Customer growth

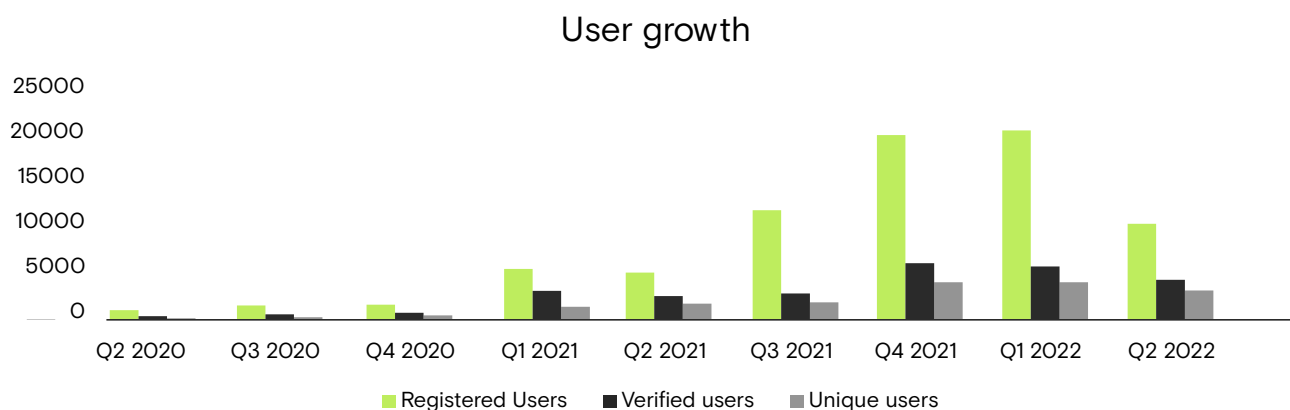
At NBX there are three different distinctions of users:

- Registered users: Customers registered on the platform with username and password
- Verified users: Customers who have gone through full KYC and are approved for trading on the platform
- Unique users: Users that have traded within the given period

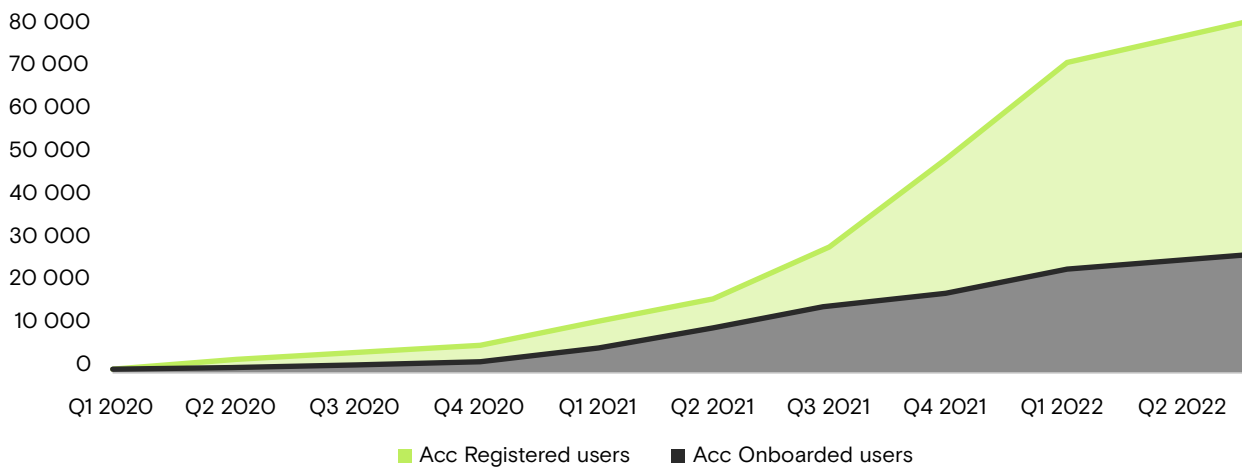
Even though there is a general decline in trading volumes, the interest for crypto is still strong, and we have seen a healthy growth in all user groups.

We are continuing to see a strong increase in the number of unique users on the platform. Compared to H1-21 we have more than doubled the amount of users, and the total increase was 144%. There has also been an increase from H2-21 of 20%. In total we had appr. 6200 Unique users in H1-22.

We see a slight decline in the new registered users and verified users of 8% and 6,4% respectively compared to H2-21, but compared to H1-21 the growth is 176% and 30,5% respectively. At the end of H1 we had a total of 80 000 registered users, and 25 500 verified users.



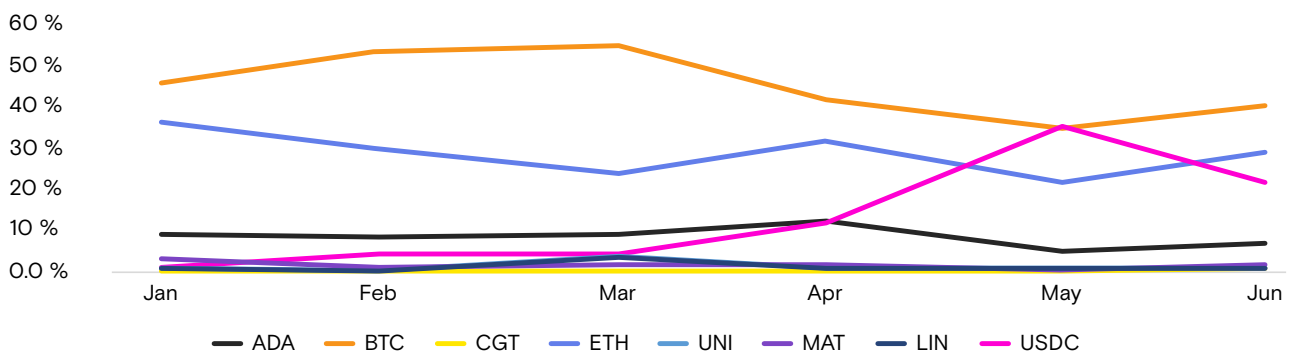
User Growth accumulated



Movements in currencies

BTC reclaims its throne as the most traded token on the exchange, after a brief interruption in December by ETH. We also see a significant increase in USDC, which is typically used as transfer currency to on/off-ramp in and out of NOK from other tokens not supported on our exchange. At the end of June, BTC represented 40%, ETH 29%, USDC 22% and ADA 6% of the monthly volume. Other tokens represented the remaining 4% (Because of rounding it does not add up to 100)

Currency split development



Market making

Our subsidiary, NBX Capital, has proven a good decision in regards to enabling a competitive marketplace. We see that our marketplace holds the lowest spread on average, not only in the Norwegian market, but also in the Nordics. This creates the best trading environment for our customers, and a competitive advantage. This also creates increased flexibility in regards to larger orders done on the exchange. The external Market Makers still stand for the majority of the volume traded, ensuring a healthy trading environment. All positions are hedged, ensuring that the market making does not produce any undue exposure to the market movements.

Risk factors



Market Risk

The company's market risk is linked to developments in both national and international markets. 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 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 our credit card launch, e-commerce, bank and fixed income products (Staking) to reduce the vulnerability associated with the revenue stream.

Credit Risk

The second quarter of 2022 has shown the importance of managing credit risk, with several larger players in the field going into bankruptcy or other forms of insolvency. NBX has been reluctant to provide lending services or products, both because of the inherent risk, but also because of the need of additional licensing from The Norwegian FSA. For current operations, NBX does not provide services on credit as settlement takes place instantly upon trading.

Liquidity Risk

NBX is still in a development phase, and one of the main activities is investment in development of new services and products where the return is expected in the future. In addition, our revenue stream is highly correlated to trading volume. At the same time, the company continuously launches revenue-generating services and products to mitigate the liquidity risk.

In this regard, there is a risk that product launches take longer than anticipated, regulatory obstacles may delay additional income streams, or a reduction in revenues from trading may affect our liquidity.

In connection with the capital raise in December 2020, and private placement in May 2022, it was stated that the company would need capital to launch services associated with the e-money and banking services. The company is in a process of securing additional capital, where existing shareholders have guaranteed for NOK 10M, which is within the boundaries of the board's mandate, securing continued operations.

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. Additional measures have been taken for larger movements in foreign currency, where this is hedged in the derivatives market.

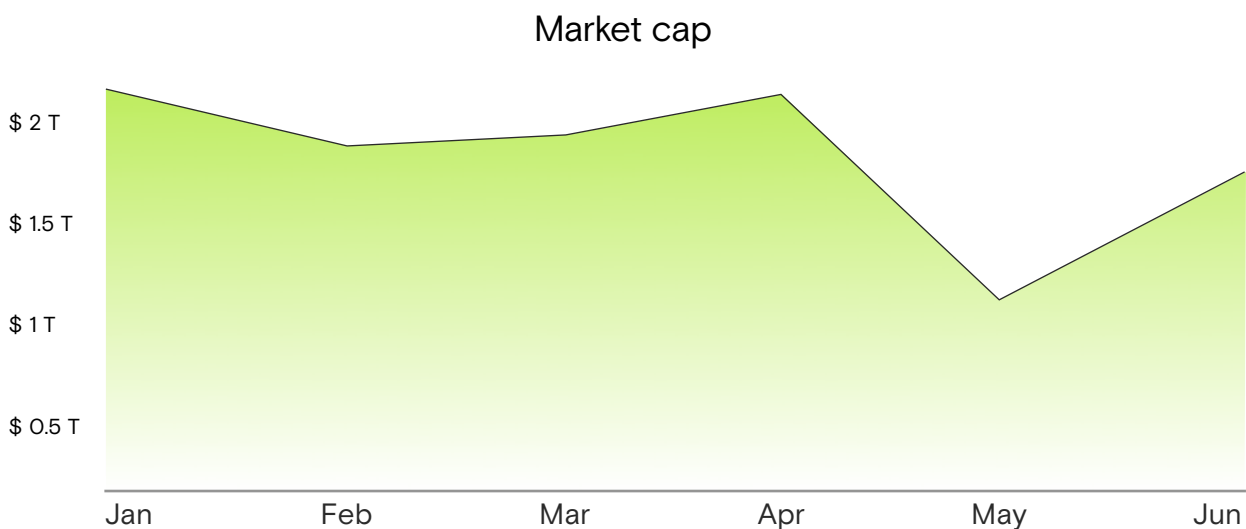
The company has reduced its holdings in virtual currencies significantly since the second half of 2021. Most of the exposure is also fully hedged, but some working capital still remains unhedged. The amount of working capital is insignificant in regards to other holdings, and entails only a marginal currency risk.

Crypto Development



Developments in crypto

The first two quarters of 2022 were defined not just by geopolitical and macro conditions, but also by events within and around the crypto industry. Crypto companies were affected by a downturn in asset prices, leading to lower transaction volumes and decreases in transaction revenue. This led to adjustments in cost-control and growth cross-industry, with many leading global crypto companies reporting double-digit cuts in employment.



Wash-out of unsustainable and high-risk business models

The crypto world was shaken by a number of liquidations in H1, most notably the downfall of the lending platform Celsius Network LLC, spreading fear that other platforms could face similar fates. It is important to note that Celsius's business model was fundamentally different to that of NBX. While Celsius offered customers high yield on their deposits by lending out customer assets, customer assets on NBX are secured in our custody service, and never accessed for financial purposes by NBX.

The world has seen an uptick in cyber attacks in the last months, with the primary attack method being sophisticated phishing and social engineering to gain a foothold inside corporations. NBX is continuously spreading awareness and preparing our employees for these kinds of attacks, while also performing intelligence to learn about new manipulation techniques that could be used against our company.

Decentralized Finance (DeFi) protocols and bridges have also been a prime target, where attackers exploit vulnerabilities in the open source smart contracts, supporting these technologies, to steal funds. Since NBX is a centralized exchange without smart contracts, we are not exposed to risks associated with DeFi.

Security is an integral part of NBX and we aim to be a leading example, both in the crypto sector and on a larger scale. We operate on the presumption that our infrastructure can contain vulnerabilities, but with a strong and secure build pipeline, awareness, expertise and strict code reviews, no severe vulnerabilities have been uncovered. In addition, with the NBX bug bounty program, we welcome security researchers around the world to attack our platform. With a current total of about 150 bug reports, none of these have contained anything but nitpicking or irrelevant issues.

Policy & regulation

H1 has further intensified discussions and involvement from policy-makers on how crypto should be regulated. Various geographical markets and countries have chosen different paths and approaches, ranging from attempts to ban or restrict crypto (India, China, Russia) to adoption of Bitcoin as legal tender (El Salvador), and everything in between.

The EU has taken an active role, and an agreement on the European regulatory framework MiCA (Markets in Crypto Assets) was finally reached in June. With few minor exceptions, NBX's services and plans moving forward are consistent with the proposals in the MiCA framework.

NBX remains clear and consistent in our approach to regulation. We actively seek a clear regulatory framework that is designed to support growth of a healthy crypto ecosystem, including customer protection and asset security. We applied for an e-money license from the Norwegian FSA (Finanstilsynet) in 2021, and the license was granted in early July 2022. NBX must document fulfillment of certain conditions before Finanstilsynet grants a start-up permit. These conditions include, among other things, updated articles of association, an increased number of board members and enrollment in a dispute resolution scheme. The company will then be under supervision of Finanstilsynet.

Outlook



The cost-reducing measures executed this spring and summer are coming into full effect during H2, resulting in a near halving of the burn rate given current market conditions. Despite there being a more positive sentiment in the market after the summer break, the company continues with the careful approach and will maintain tight control over operational and marketing activities.

The launch of the NBX branded Credit Card in the Nordics is the first of its kind and NBX expects to be able to leverage this product to acquire customers in Norway, Sweden, Denmark and Finland. The first cards are expected to be shipped by the end of the year. The news of the product has been well received by our customers and the waiting list on the card is already exceeding our early estimates. Conservative estimates project that the product will be profitable one year after launch. This initiative is the first step into the more typical banking sector, starting to close the gap.

Both the card and the upcoming staking products are complementary products to the trading platform and are expected to contribute to increased trading volume going forward. In addition to being revenue generating on their own.

Building the trading platform from the ground up has proven time consuming, but we see that we are now in a state where the platform is stable, and form a solid foundation for launching products and services at a higher pace than we have been able to previously. The first service to be released is staking in ADA, offering passive income on our custody service. We are also aiming for an offer of ETH Staking, when the protocol moves from Proof of work, to Proof of stake later this year.

In order for the e-money licence to take effect, we need additional board members in addition to some minor changes to our articles of association. We are also working on securing additional financing. Existing shareholders have guaranteed for an amount within the boundaries of the board's mandate, securing continued operations. Further financing, increased size of the board and changes in the articles of association all require a general assembly. A summon for an extra ordinary general assembly will be sent out shortly to address these issues.

In addition to these concrete efforts, we are working on several other initiatives that we are looking forward to sharing with you.



Financial Statements H1 2022

Parent			Numbers in 1 000 NOK			Group	
H1 2022 Unaudited	H1 2021 Unaudited	2021 Audited	Revenue statement	Notes	H1 2022 Unaudited	2021 Audited	
Operating income							
3		84	Revenue		3	84	
3 011	3 616	7 742	Other income		3 011	7 742	
3 013	3 616	7 826	Operating Income		3 013	7 826	
Operating expenses							
10 479	6 842	16 134	Employee benefits expense		10 479	16 134	
800	862	1 751	Depreciation and amortisation expenses	6	800	1 751	
-16	128	30	Write down on tangible and intangible assets	6	-16	30	
15 142	12 807	32 152	Other operating expenses		15 134	31 726	
26 405	20 640	50 066	Operating expenses		26 397	49 640	
-23 392	-17 023	-42 241	Operating profit		-23 384	-41 815	
Financial income and expenses							
		418	Income from subsidiaries and other group entities				
	4	4	Other interest income			4	
1 124	4 952	15 680	Other financial income		1 125	15 688	
-1 516			Decrease in fair value of financial current assets		-1 516		
-42	-51	-108	Other Interest expenses		-42	-108	
-135	-2 702	-4 755	Other financial expenses		-135	-4 771	
-569	2 202	11 238	Net financial items		-569	10 812	
-23 961	-14 821	-31 002	Operating result before tax		-23 953	-31 002	
-5 271	-3 261	-6 821	Tax on ordinary result		-5 271	-6 821	
-18 690	-11 560	-24 182	Operating result after tax		-18 682	-24 182	
-18 690	-11 560	-24 182	Net profit or loss		-18 682	-24 182	
Brought forward							
-18 690	-11 560	-24 182	Loss brought forward		-18 682	-24 182	
-18 690	-11 560	-24 182	Net brought forward		-18 682	-24 182	

Parent			Numbers in 1 000 NOK			Group	
H1 2022 Unaudited	H1 2021 Unaudited	2021 Audited	Balance pr 30.06	Notes	H1 2022 Unaudited	2021 Audited	
Assets							
Fixed assets							
Intangible fixed assets							
49 860	38 446	44 545	Research and development	5	49 860	44 545	
1 662	1 578	1 662	Concessions, patents, licences, trademarks, etc.	5	1 662	1 662	
23 159	14 328	17 888	Deferred tax asset	5	23 159	17 888	
74 681	54 351	46 095	Total intangible assets		74 681	64 095	
Tangible fixed assets							
1 656	3 067	2 323	Lease right of use	6	1 656	2 323	
490	558	537	Equipment and other movables	6	480	537	
2 146	3 625	2 860	Total tangible fixed assets		2 146	2 860	
Financial fixed assets							
30	30	30	Investments in subsidiaries				
30	30	30	Total financial fixed assets				
76 857	58 006	66 984	Total fixed assets		76 827	66 954	
Current assets							
Debtors							
		15	Accounts receivables			15	
21	274	418	Receivables from group companies				
1 493	2 681	1 022	Other receivables		1 493	1 022	
1 514	2 955	1 454	Total debtors		1 493	1 036	
Investments							
1 599	15 380	21 702	Other financial instruments	7	1 599	21 702	
1 599	15 380	21 702	Total investments		1 599	21 702	
Cash and deposits							
7 032	25 479	3 375	Cash and own deposits		7 194	3 724	
27 662	30 940	50 093	Customers deposits	2	27 662	50 093	
34 694	56 419	53 468	Total cash and deposits		34 856	53 817	
37 808	74 754	76 625	Total current assets		37 948	76 556	
114 665	132 760	143 609	Total assets		114 776	143 510	

Parent			Numbers in 1 000 NOK			Group	
H1 2022 Unaudited	H1 2021 Unaudited	2021 Audited	Balance pr 31.12	Notes	H1 2022 Unaudited	2021 Audited	
Equity and liabilities							
Equity							
Paid-in capital							
54 596	51 917	51 917	Share capital	3	54 596	51 917	
106 563	92 116	92 116	Share premium reserve		106 563	92 116	
-2 706	-2 706	-2 706	Restricted equity		-2 706	-2 706	
158 454	141 328	141 328	Total restricted equity		154 454	141 328	
Retained earnings							
-79 422	-48 110	-60 732	Loss brought forward		-79 414	-60 732	
-79 422	-48 110	-60 732	Total retained earnings		-79 414	-60 732	
79 032	93 217	80 596	Total equity		79 040	80 596	
Liabilities							
Other long-term liabilities							
1 800	3 255	2 468	Leasing obligations	6	1 800	2 468	
1 800	3 255	2 468	Total of other long term liabilities		1 800	2 468	
1 800	3 255	2 468	Total long-term liabilities		1 800	2 468	
Current liabilities							
		89	Liabilities to financial institutions			89	
1 414	2 677	3 878	Trade creditors		1 424	3 713	
3 481	1 094	2 731	Public duties payable		3 574	2 797	
1 277	1 577	3 755	Other short term liabilities		1 277	3 755	
27 662	30 940	50 093	Customers funds	2	27 662	50 093	
33 834	36 288	60 545	Total short term liabilities		33 936	60 446	
35 634	39 543	63 014	Total liabilities		35 736	62 915	
114 665	132 760	143 609	Total equity and liabilities		114 776	143 510	

Parent			Numbers in 1 000 NOK		Group	
H1 2022 Unaudited	H1 2021 Unaudited	2021 Audited	Statement of cash flows	Notes	H1 2022 Unaudited	2021 Audited
Cash flows from operating activities						
-23 961	-14 821	-31 002	Profit/loss before tax		-23 953	-31 002
			Tax paid for the period			
	2	2	Loss/gain on the sale of fixed assets			2
800	862	1 751	Ordinary depreciation		800	1 751
-16	128	30	Impairment of fixed assets		-16	30
15		-15	Change in accounts receivable		15	-15
-2 464	1 619	2 820	Change in accounts payable		-2 290	2 655
20 103	-15 171	-21 493	Items classified as investment or financing activities		20 103	-21 493
-24 234	21 494	45 976	Change in other accrual items		-24 604	46 460
-29 756	-5 886	-1 930	Net cash flows from operating activities		-29 944	-1 611
Cash flows from investment activities						
	7	7	Proceeds from the sale of fixed assets			7
5 386	5 470	11 678	Payments for the purchase of fixed assets		5 386	11 678
	30	30	Payments for the purchase of shares and participations in other companies			
-5 386	-5 493	-11 702	Net cash flows from investment activities		-5 386	-11 672
Cash flows from financing activities						
			Proceeds from the issuance of new long-term liabilities			
			Proceeds from the issuance of new current liabilities			
668	3	789	Payments from the repayment of long-term liabilities		668	789
			Payments from the repayment of current liabilities			
-88		89	Net change in bank overdraft		-88	89
17 126	1 773	1 773	Proceeds from equity		17 126	1 773
16 369	1 770	1 072	Net cash flows from financing activities		16 369	1 072
-18 774	-9 609	-12 560	Net change in cash and cash equivalents		-18 961	-12 211
53 468	66 028	66 028	Cash and cash equivalents at the start of the period		53 817	66 028
34 694	56 419	53 468	Cash and cash equivalents at the end of the period		34 856	53 817
-532	-411	-644	Restricted bank deposits		-532	-644
34 163	56 007	52 825	Net liquidity at 31.12		34 325	53 174

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	36 563	61 565	44 133	-2 706	-36 550	103 005
Capital increase	15 355	-61 565	47 983	0	0	1 773
Result of the year	0	0	0		-24 182	-24 182
Equity at 31.12.21	51 917	0	92 116	-2 706	-60 732	80 596
Equity at 01.01.22	51 917	0	92 116	-2 706	-60 732	80 596
Capital increase	2 679	0	14 447	0	0	17 126
Result of the year	0	0	0	0	-18 690	-18 690
Equity at 30.06.22	54 596	0	106 563	-2 706	-79 422	79 032

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.

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

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 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.

(1 000 NOK)		H1 2022	2021
Bank - customers deposits	NOK	27 662	30 940
Booked customers funds	NOK	27 662	30 940

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
Total	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	16,0
Nye KM Aviatrix Invest AS	9 527 138	14,0
Sparebanken Øst	6 437 768	9,4
Kistefos AS	5 443 816	8,0
Nye GKB Invest AS	4 744 835	6,9
Green 91 AS	3 738 835	5,5
Dasha Invest AS	3 402 731	5,0
MP Pensjon PK	3 015 303	4,4
Norwegian Air Shuttle ASA	2 446 400	3,6
Samuelsen Invest AS	2 000 000	2,9
Total >2% ownership share	51 646 155	75,7
Total other	16 599 331	24,3
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
Total number of shares			216 601
Stig Aleksander Kjos-Mathisen	Sam Eiendomspartner AS	General Manager	750 000
Bjørn Kjos	Observatoriet Invest AS	Board member	3 539 032
Total number of shares			4 722 234

Note 4

Share option program

The company has a share option program covering certain employees. As at June 30th 2022, 25 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.

(1 000 NOK)	2022	2021
Outstanding options 01.01	1 392	923
Options granted	1	678
Options forfeited	-158	-209
Options exercised	0	0
Options expired	0	0
Outstanding options 31.12	1 235	1 392

Note 5

Intangible assets

(1 000 NOK)	Development	Domains	Total
Balance at January 1st 2022	44 545	1 662	46 207
Additions	5 315	0	5 315
Balance at June 30th 2022	49 860	1 662	51 522
Acc. amortization at January 1st 2022	0	0	0
Amortization	0	0	0
Acc. amortization at June 30th 2022	0	0	0
Balance at June 31th 2022	49 860	1 662	51 522
Economic life	Under development	Unlimited	
Amortization method	N/A	N/A	
Changes	N/A	N/A	

Development

Costs associated with a development project are recognized in the balance project. The project is still under development as of June 30th 2022 and has been used by the company.

Domains

The domains were acquired in 2018 through external resellers and are assessed on June 30th 2022 at market value. The domains were acquired in regards with the development project, and as of June 30th 2022 is in use for the business. There are also no indications of impairment.

Note 6

Property, plant and equipment

	Lease right of use	Equipment and Art	Office equipment	Total
Balance at January 1st 2022	5 490	164	940	1 103
Additions	0	75	28	103
Disposals	0	0	0	0
Balance at June 30th 2022	5 490	238	968	1 206
Acc. depreciation at January 1st 2022	3 167	62	504	566
Adjustment	32	0	0	32
Disposal acc. depreciation	0	0	0	0
Depreciation	651	18	131	800
Impairment	-16	0	0	-16
Acc. depreciation at June 30th 2022	3 834	81	635	1 383
Balance at June 30th 2022	1 656	158	332	2 146
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 TNOK 1 800

The effect of the changed estimate of the lease schedule is recognized as additions and impairment of the right of use asset. The impairment is the result of increased value of the lease.

Note 7

Crypto currencies and other financial instruments

(1 000 NOK)	H1 2022	H1 2021
FIAT currency (NOK, SEK, DKK, EUR, USD)	980	0
Crypto currency (BTH, ETH, ADA, LINK, MATIC, UNI, CGT, USDC)	619	15 380
Total	1 599	15 380

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.

Norwegian Block Exchange
Snarøyveien 36,
1364 Fornebu,
Norway
