
CELSIUS NETWORK LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2020

CELSIUS NETWORK LIMITED

COMPANY INFORMATION

Directors	A Mashinsky S D Leon MF Partners Limited (appointed 7 April 2020, resigned 23 March 2021)
Registered number	11198050
Registered office	The Harley Building 77 - 79 New Cavendish Street London England W1W 6XB
Independent auditors	Nyman Libson Paul LLP Chartered Accountants & Statutory Auditors 124 Finchley Road London England NW3 5JS

CELSIUS NETWORK LIMITED

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**GROUP STRATEGIC REPORT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Introduction

Celsius Network Limited ("the Company") and the group now headed by it ("the Group") was created to establish a community centric organisation that will always act in the best interest of its customers and users, providing two services:

1. The ability to transfer to the Group digital assets and earn yield on such assets
2. The ability to borrow against such digital assets.

The Group has built a mobile application and a web-interface that provides these services (the "Platform") and has onboarded over 1.1 million users from over 150 countries. There is an intention to keep adding more utilities to the service and to continue to improve the community offering.

Business review

Technology

The Group uses a combination of centralised and decentralised technologies. As of the date of this report, the platform supports more than 45 different digital assets such as BTC, ETH, XRP, LTC, USDT, CEL, PAX and others. There is a plan to add many more decentralised services to provide further transparency and resilience to the Group's Platform.

Business model

The Group's business model relies on attracting users to utilise the Group's services, and use the digital assets on the Group's Statement of Financial Position to generate yield by using various deployment activities. Generally, the rates payable by the Group on digital assets transferred to it by the users are higher than customary returns/earnings at banks/financial institutions. This key differentiator helps to engender a feeling of mutual trust between the Group and users.

Customers

The Group helps a diverse customer base to create income on their assets, in a world where banks and financial institutions have stopped paying out interest income and users often are at a disadvantage. The Group spends very little on advertising and instead focuses on scaling up its community of users.

Principal risks and uncertainties

The Group is primarily exposed to credit risks related to its digital asset lending activities. Should any of its borrowers fail to repay any loan, the Group may face losses and unrepairable damage. Such risks are managed by way of reviewing and constantly monitoring borrowers' financial standing. In addition, the Group is exposed to risks from movements in exchange rates of fiat currencies and the volatility of prices in digital assets that affect the cash flows arising from financial assets and liabilities. Since the financing of the Group is primarily from equity, interest rate risk is limited. The Group manages these risks primarily through regular monitoring of ongoing operational and finance activities.

Additionally, the Group is exposed to operational risk driven by potential hacking/infiltration. While there are robust controls in place to mitigate these risks, the risk of service interruption from external infiltration needs to be continuously monitored and measured.

The Group is part of the global FinTech industry and complies with all the relevant rules and regulations across the world. While the Group applies its best efforts in areas such as KYC and AML, there is no guarantee that the Group will identify all 'bad' users who may cause harm to its network (which may impede the Group's ability to operate in one or more jurisdictions). There is also the risk that future unknown regulations could impede the Group's ability to operate in a number of jurisdictions.

CELSIUS NETWORK LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Financial key performance indicators

The Group's main Financial KPIs are Revenue, Gross Profit (\$ and %), Operating Profit (\$ and %), Net Profit (\$ and %) and Total Assets.

This report was approved by the board on 8 October 2021 and signed on its behalf.

A Mashinsky
Director

S D Leon
Director

CELSIUS NETWORK LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the period from 1 March to 31 December 2020.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Results and dividends

The loss for the period, after taxation, amounted to \$1,396.4 million (2020 - \$34.2 million).

The directors do not propose the payment of a dividend.

Directors

The directors who served during the period were:

A Mashinsky
S D Leon
MF Partners Limited (appointed 7 April 2020, resigned 23 March 2021)

Future developments

The Group's plan is to continue to serve the wider community by offering additional services and expanding its operation into new markets to scale to over 100 million users worldwide. This may be achieved, among others, by enhancing marketing efforts to new jurisdictions, listing CEL token in leading digital exchanges and providing more utility to the CEL tokens to increase market reach and demand, and adding more functionalities to the Platform (all subject to legal, regulatory and tax considerations).

CELSIUS NETWORK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2020

Qualifying third party indemnity provisions

The ultimate parent company on behalf of the group maintains liability insurance for its directors and officers against liabilities which directors or officers may incur personally as a consequence of claims made against them alleging breach of duty or unlawful acts or omissions in their capacity as a director or officer.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

The Group's management continues to have faith in its business model and believes it will continue to be a going concern for the next 12 months. However, it must be acknowledged that there are potential risks, including but not limited, to the unfolding economic crisis due to the COVID 19 virus, which may have an impact on the Group's profitability and ultimate viability. The management team will endeavour to mitigate these inherent risks (where possible) but remain cautious and cannot make any guarantees, in light of this unprecedented event and future unknown developments that may arise.

Subsequent to the reporting date:

- The Group continues to expand its Mining activity through significant investment in equipment purchases and equity investments in other Mining-related companies as follows:
 - (i) On 7 May 2021 the Group signed a Stock Purchase Agreement with Luxor Technology Corporation for Series A-1 Preferred Stock for \$ 0.2 million and Series A Shares for \$ 0.225 million.
 - (ii) On 2 June 2021 the Group signed a Simple Agreement for Future Equity (SAFE) with Rhodium Enterprises Inc. of \$50 million.
 - (iii) On 19 April 2021 the Group signed a Secured Convertible Note Purchase Agreement with Core Scientific Holding Co. ("Scientific"), where Scientific has agreed to sell Initial and Additional Notes and the Group agreed to buy Initial Notes in the amount of \$50 million on 19 April 2021 and Additional Note of \$4 million on 23 April 2021 out of total Notes of \$215 million.
 - (iv) On 31 July 2021 the Group signed two Agreements with Bitmain Technologies Limited for purchasing a total of 24,250 Rigs for BTC Mining for a total of \$125 million. The equipment will be delivered to the Group from 31 December 2021 until the end of Q1 2022.
- The Group is expanding its operations by establishing new subsidiaries in Australia, Serbia, Cyprus, Gibraltar & Lithuania.
- On 22 July 2021, the Company filed to withdraw its temporary registration regime application for crypto asset firms from the UK Financial Conduct Authority (FCA). Subsequent to the withdrawal, the Company

concluded a migration of its users transfers as well as certain business activities (mainly user transfers earning reward and decentralised finance lending and trading activities) from the United Kingdom to the United States, and where applicable, to several other jurisdictions.

- The Company issued a Senior Secured Convertible Promissory Note (the "Note") of \$93.75 million with the option to issue a further \$56.25 million. In the event that the conversion option of the Note is not exercised, the loan and accrued interest is due for repayment on 1 September 2022. The Note is secured over the assets of the Group.

CELSIUS NETWORK LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Auditors

The auditors, Nyman Libson Paul LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 8 October 2021 and signed on its behalf.

A Mashinsky
Director

S D Leon
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED

Opinion

We have audited the financial statements of Celsius Network Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2020, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2020 and of the Group's loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED (CONTINUED)

Our approach to the audit

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified. 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.

Key Audit Matter

Revenue recognition

There is an inherent risk concerning the accuracy and completeness of revenue.

Revenues are received from various activities focused around lending and trading. This gives rise to a completeness risk.

The fair value of cryptocurrencies receivable are subject to high levels of volatility. This gives rise to an accuracy risk.

How our scope addressed this matter

In response to this key audit matter, we completed the following audit procedures:

- Updating our understanding of the internal control environment in respect of the significant income streams and undertaking walkthrough testing.
- Performing substantive transactional testing of income by vouching a sample of transactions from underlying documentation to the financial records.
- Ensuring that the disclosure in the financial statements is adequate.

Management override

There is an inherent risk due to fraud as a result of possible management override of controls.

In response to this key audit matter, we completed the following audit procedures:

- Considering if management estimates and judgments are reasonable and adequately disclosed.
- Review of journal entries, highlighting any significant abnormal or unusual transactions and considering business rationale, reasonableness and any potential management bias.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED (CONTINUED)

Recognition and valuation of cryptocurrency assets and liabilities In response to this key audit matter, we completed the following audit procedures:

As part of its operations, the Group recognises cryptocurrency assets and liabilities. These assets and liabilities are moved to market and held at fair value.

The type and form of cryptocurrencies can differ significantly with regard to the ability to make payments, trade or exchange. Not all cryptocurrencies have an active market. Cryptocurrencies can also be subject to high levels of volatility. This gives rise to risk of a material misstatement of these assets and liabilities.

- Reviewing and testing underlying agreements giving rise to the receipts and disposals of cryptocurrencies.

- Vouching a sample of transactions directly from the blockchain to the financial records and vice versa.

- Agreeing the fair value of cryptocurrencies at the transaction and reporting date to relevant platforms.

- Confirming that only cryptocurrencies traded with an active market are measured at fair value.

Based on our understanding of current accounting standards, and the fact that there is no specific standard relating to the accounting of cryptocurrencies, we are satisfied with the current recognition criteria and disclosure of cryptocurrencies at the reporting date.

Our application of materiality

For the purposes of determining whether the financial statements are free from material misstatement, we define materiality as the magnitude of misstatement that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We also determine a level of performance materiality which we use to assess the extent of testing needed to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

Materiality for the financial statement in respect of both the Group and Company was set at \$65 million. This was calculated based on 1% of gross assets. Using our professional judgment, we have determined this to be the principal benchmark within the financial statements as the group's activities are focused on its provision of loans and cryptocurrency asset balances.

Performance materiality was set at \$32.5 million being 50% of materiality for the financial statements as a whole.

We agreed to report to those charged with governance all corrected and uncorrected misstatements we identified during the course of our audit with a value in excess \$3.25 million.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' Report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

CELSIUS NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the Group's and the parent Company'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 the directors either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED (CONTINUED)

Auditors' 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 Auditors' 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 (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Group financial statements

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance;
- results of our enquiries of management about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the Group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
 - the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud was in relation to the potential overstatement of cryptocurrencies and related transactions. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override.

We also obtained an understanding of the legal and regulatory frameworks that the Group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and local tax legislation.

In addition, we considered other laws and regulations that could have an effect on the company and result in the imposition of financial or other penalties and litigation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. These limited procedures did not identify actual or suspected non-compliance.

All matters in relation to non-compliance with laws and regulations and potential fraud risks were communicated to all members of the engagement team and we remained alert to any indications of non-compliance throughout the audit.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED (CONTINUED)

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- assessing the appropriateness and where appropriate with third parties concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, reviewing the appropriateness of journal entries and other adjustments; assessing whether the judgments made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

There are inherent limitations in the audit procedures described above even though we have properly planned and performed our audit in accordance with auditing standards. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations. We did not identify any key audit matters relating to irregularities, including fraud.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' Report.

CELSIUS NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF CELSIUS NETWORK LIMITED (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Lloyd (Senior Statutory Auditor)

for and on behalf of

Nyman Libson Paul LLP

Chartered Accountants
Statutory Auditors

124 Finchley Road
London
England
NW3 5JS

8 October 2021

CELSIUS NETWORK LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Note	Period ended 31 December 2020 \$000	As restated year ended 29 February 2020 \$000
Turnover	4	51,165	15,332
Cost of sales		(24,063)	(14,620)
		<u>27,102</u>	
Gross profit			<u>712</u>
Distribution costs		(408)	(891)
Administrative expenses		(35,448)	(10,065)
Other operating income	5	46,459	1,594
Other operating charges	6	(42,661)	(145)
		<u>(4,956)</u>	
Operating loss	7	(8,795)	(8,795)
Fair value movements	8	(2,197,410)	(28,460)
Net realised losses and income from investments	11	(10,692)	(635)
Unrealised gains/(losses), amounts written off and impairment of investments	12	492,780	(1,167)
Interest receivable and similar income	13	3,891	-
Interest payable and similar expenses	14	(3,644)	(772)
Other finance income		1,424	-
		<u>(1,718,607)</u>	
Loss before taxation		(322,199)	(39,829)
Tax on loss	15	322,199	5,605
		<u>(1,396,408)</u>	
Loss for the financial period		<u>(1,396,408)</u>	<u>(34,224)</u>
Unrealised surplus on revaluation of intangible assets	16	3,437,929	77,589
Deferred tax on revaluation of intangible assets	26	(652,569)	(14,714)
		<u>2,785,360</u>	
Other comprehensive income for the period			<u>62,875</u>

Total comprehensive income for the period

1,388,952

28,651

The notes on pages 24 to 51 form part of these financial statements.

CELSIUS NETWORK LIMITED
REGISTERED NUMBER: 11198050

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$000	31 December 2020 \$000	29 February 2020 \$000	29 February 2020 \$000
Fixed assets					
Intangible assets	16		4,688,815		292,805
Tangible assets	17		20,579		-
Investments	18		100		1,338
			4,709,494		294,143
Current assets					
Debtors: amounts falling due within one year	19	1,202,278		250,674	
Current asset investments	20	674,400		48,555	
Cash at bank and in hand	21	17,805		3,925	
		1,894,483		303,154	
Creditors: amounts falling due within one year	22	(4,806,693)		(506,541)	
Net current liabilities			(2,912,210)		(203,387)
Total assets less current liabilities			1,797,284		90,756
Creditors: amounts falling due after more than one year	23		(9,906)		(44,574)
Provisions for liabilities					
Deferred taxation	26	(340,958)		(11,974)	
			(340,958)		(11,974)
Net assets			1,446,420		34,208

CELSIUS NETWORK LIMITED
REGISTERED NUMBER: 11198050

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$000	29 February 2020 \$000
Capital and reserves			
Share premium account	28	23,260	-
Revaluation reserve	28	2,812,478	69,779
Other reserves	28	(1,398,226)	(18,731)
Profit and loss account		8,908	(16,840)
		<u>1,446,420</u>	<u>34,208</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 October 2021.

A Mashinsky
Director

S D Leon
Director

The notes on pages 24 to 51 form part of these financial statements.

CELSIUS NETWORK LIMITED
REGISTERED NUMBER: 11198050

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$000	31 December 2020 \$000	29 February 2020 \$000	29 February 2020 \$000
Fixed assets					
Intangible assets	16		4,284,995		292,805
Investments	18		100		1,338
			4,285,095		294,143
Current assets					
Debtors: amounts falling due within one year	19	1,511,669		250,674	
Current asset investments	20	674,400		48,555	
Cash at bank and in hand	21	17,805		3,925	
		2,203,874		303,154	
Creditors: amounts falling due within one year	22	(4,806,067)		(506,541)	
			(2,602,193)		(203,387)
Net current liabilities					
			1,682,902		90,756
Total assets less current liabilities					
Creditors: amounts falling due after more than one year	23		(9,906)		(44,574)
Provisions for liabilities					
Deferred taxation	26	(312,623)		(11,974)	
			(312,623)		(11,974)
Net assets					
			1,360,373		34,208

CELSIUS NETWORK LIMITED
REGISTERED NUMBER: 11198050

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2020

	Note	31 December 2020 \$000	29 February 2020 \$000
Capital and reserves			
Share premium account	28	23,260	-
Revaluation reserve	28	2,730,989	69,779
Other reserves	28	(1,398,226)	(18,731)
Profit and loss account brought forward		(16,840)	(6,658)
Loss for the period		(1,400,966)	(34,224)
Other changes in the profit and loss account		1,422,156	24,042
		4,350	(16,840)
Profit and loss account carried forward		1,360,373	34,208

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 8 October 2021.

A Mashinsky
Director

S D Leon
Director

The notes on pages 24 to 51 form part of these financial statements.

CELSIUS NETWORK LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	Share premium account \$000	Revaluation reserve \$000	Other reserves \$000	Profit and loss account \$000	Total equity \$000
At 1 March 2019	-	7,049	5,166	(6,658)	5,557
Loss for the year	-	-	-	(34,224)	(34,224)
Unrealised surplus on revaluation of intangible assets	-	77,589	-	-	77,589
Deferred tax on revaluation of intangible assets	-	(14,714)	-	-	(14,714)
Total comprehensive income for the year	-	62,875	-	(34,224)	28,651
Transfer to/from profit and loss account	-	(145)	(23,897)	24,042	-
At 1 March 2020	-	69,779	(18,731)	(16,840)	34,208
Loss for the period	-	-	-	(1,396,408)	(1,396,408)
Unrealised surplus on revaluation of intangible assets	-	3,437,929	-	-	3,437,929
Deferred tax on revaluation of intangible assets	-	(652,569)	-	-	(652,569)
Total comprehensive income for the period	-	2,785,360	-	(1,396,408)	1,388,952
Shares issued during the period	23,260	-	-	-	23,260
Transfer to/from profit and loss account	-	(42,661)	(1,379,495)	1,422,156	-
At 31 December 2020	<u>23,260</u>	<u>2,812,478</u>	<u>(1,398,226)</u>	<u>8,908</u>	<u>1,446,420</u>

The notes on pages 24 to 51 form part of these financial statements.

CELSIUS NETWORK LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Share premium account \$000	Revaluation reserve \$000	Other reserves \$000	Profit and loss account \$000	Total equity \$000
At 1 March 2019	-	7,049	5,166	(6,658)	5,557
Loss for the year	-	-	-	(34,224)	(34,224)
Unrealised surplus on revaluation of intangible assets	-	77,589	-	-	77,589
Deferred tax on revaluation of intangible assets	-	(14,714)	-	-	(14,714)
Total comprehensive income for the year	-	62,875	-	(34,224)	28,651
Transfer to/from profit and loss account	-	(145)	(23,897)	24,042	-
At 1 March 2020	-	69,779	(18,731)	(16,840)	34,208
Loss for the period	-	-	-	(1,400,966)	(1,400,966)
Unrealised surplus on revaluation of intangible assets	-	3,328,105	-	-	3,328,105
Deferred tax on revaluation of intangible assets	-	(624,234)	-	-	(624,234)
Total comprehensive income for the period	-	2,703,871	-	(1,400,966)	1,302,905
Shares issued during the period	23,260	-	-	-	23,260
Transfer to/from profit and loss account	-	(42,661)	(1,379,495)	1,422,156	-
At 31 December 2020	<u>23,260</u>	<u>2,730,989</u>	<u>(1,398,226)</u>	<u>4,350</u>	<u>1,360,373</u>

CELSIUS NETWORK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	31 December 2020 \$000	As restated 29 February 2020 \$000
Cash flows from operating activities		
Loss for the financial period	(1,396,408)	(34,224)
Adjustments for:		
Interest paid	3,644	772
Interest received	(3,890)	-
Net realised losses and income from investments	10,692	635
Unrealised gains/losses, amounts written off and impairment of investments	(492,780)	1,167
Taxation charge	(322,199)	(5,605)
Treasury cryptocurrencies utilised	42,661	145
Net increase in traded cryptocurrencies	(1,000,742)	(163,691)
Net increase in loans and advances	(431,097)	(126,655)
Net increase in loan collateral receivable	(485,207)	(108,844)
Net (increase)/decrease in amounts owed by group undertakings	(4,589)	570
Net increase in debtors	(30,710)	(1,668)
Net increase in customer transfers	3,560,481	319,839
Net increase in loan collateral payable	147,972	86,781
Net increase in amounts owed to group undertakings	415,485	-
Net increase/(decrease) in creditors	4,253	(3,554)
	17,566	
Net cash utilised in operating activities	17,566	(34,332)
Cash flows from investing activities		
Purchase of tangible fixed assets	(20,579)	-
Sale of listed investments	1,152	-
Purchase of other investments	-	(100)
Purchase of short term listed investments	(180,864)	-
Sale of short term unlisted investments	37,443	-
Purchase of short term unlisted investments	(251)	(49,472)
Interest received	3,890	-

Net cash utilised in investing activities

(159,209

)

(49,572)

CELSIUS NETWORK LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	31 December 2020 \$000	29 February 2020 \$000
Cash flows from financing activities		
Issue of ordinary shares	23,260	-
Other new loans	198,918	87,574
Repayment of other loans	(63,011)	-
Interest paid	(3,644)	(772)
	155,523	86,802
Net cash utilised in financing activities		
	13,880	2,898
Net increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	3,925	1,027
	17,805	3,925
Cash and cash equivalents at the end of period		
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	17,805	3,925
	17,805	3,925
	17,805	3,925

The notes on pages 24 to 51 form part of these financial statements.

CELSIUS NETWORK LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2020**

	At 1 March 2020 \$000	Cash flows \$000	Other non-cash changes \$000	At 31 December 2020 \$000
Cash at bank and in hand	3,925	13,880	-	17,805
Debt due after 1 year	(44,574)	(9,906))	44,574	(9,906)
Debt due within 1 year	(43,000)	(126,001))	(44,574)	(213,575)
	<u>(83,649)</u>	<u>(122,027)</u>)	<u>-</u>	<u>(205,676)</u>

The notes on pages 24 to 51 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

1. General information

Celsius Network Limited (the "Company") and its subsidiaries together form "the Group".

The Company is a private company limited by shares and is incorporated in England and Wales. The Company's registered office is the Harley Building, 77 - 79 New Cavendish Street, London, England, W1W 6XB. The address of its principal place of business is 43 W 23rd Street, 2nd Floor, New York, NY 10010.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

2.3 Going concern

The Group meets its day to day working capital requirements through the utilisation of its own funds, yield on cryptocurrencies from users and loans from third party institutions.

After reviewing existing funding facilities, forecasts and projections, the directors consider that these facilities will be sufficient to meet the Group's operating and expansion requirements.

On this basis, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.4 Revenue

Revenue comprises the fair value of the consideration received or receivable for the provision of services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount can be reliably measured; it is probable that future economic benefits will flow into the entity; and specific criteria have been met for each of the Group's activities.

Revenues generated by the Group mainly consist of (i) CEL token sales, (ii) exchange lending, (iii) interest receivable from institutional loans, (iv) interest receivable from retail loans, (v) discretionary trading of cryptocurrencies and (vi) decentralised finance lending. Below is a detailed explanation of all the Group's sources of revenue:

CEL Token Sales

For the Group's initial sale of CEL tokens, in which multiple purchasers made payments using cryptocurrency, revenue is recognised at the fair value of the relevant cryptocurrency at the transaction date and is recognised over the period to which the tokens were activated. The cryptocurrency holdings received as payment for CEL tokens were subsequently converted to USD. As such, any associated gains or losses generated upon sale of the cryptocurrency to USD are also recognised in the Statement of Comprehensive Income.

Exchange Lending

The Group lends both fiat and cryptocurrencies to centralised and decentralised exchanges for durations ranging from two days to thirty days. These exchanges are marketplaces where their users are the ultimate borrowers of the assets and the exchanges manage the collateral and settlement of all lending transactions. Revenue is reported by the exchanges on a daily basis.

Institutional Lending

The Group lends both fiat and cryptocurrencies to institutional borrowers that generally qualify as ECP's (eligible contract participant) if they have greater than \$10 million in gross assets (or \$5 million in gross assets if they are hedging). These institutional loans are generally open term so are short in duration and the overall portfolio is collateralized 0.5 to 1. Revenue is derived from interest income which is invoiced monthly to all institutional counterparties.

Retail Lending

The Group lends both fiat and US dollar stablecoins to individual borrowers from within the United States (eligible in 35 states only) and internationally. Duration ranges from 6 months to 2 years, and loan-to-value ratios ranges from 25% to 50% for standard loans. Revenue comes from interest income that is invoiced monthly, as well as from collateral liquidations (2% of principal) in the case of defaults.

Discretionary Trading

The Group allocates a portion of the portfolio to put on hedged and unhedged positions to monetise on price discrepancies among centralised and decentralised exchanges or financial platforms, as well as speculative trades on the price movements of cryptocurrencies or blockchain protocols.

Decentralised Finance Lending

The Group lends cryptocurrencies to decentralised finance platforms for durations ranging from two days to thirty days. These platforms are marketplaces where the users are the ultimate borrowers of the assets and the decentralised finance platforms manage the collateral and settlement of all lending transactions. Revenue is reported by the decentralised finance platforms on a daily basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.5 Foreign currency translation

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The functional and presentational currency of the Group is United States Dollars (USD).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the transaction or valuation date where items are re measured. Foreign exchange gains and losses resulting from the settlement of such transactions as well as from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the initial transaction.

2.6 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research is recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.7 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.8 Current and deferred taxation

Tax is recognised in the Statement of Comprehensive Income, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

The estimated useful lives range as follows:

Plant and machinery	- over 3 to 10 years.
---------------------	-----------------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.10 Intangible assets

Intangible assets are recognised at their cost of acquisition less accumulated amortisation and any impairment.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over their useful economic life and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash generating unit level.

Gains and losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Comprehensive Income when the asset is derecognised.

Traded cryptocurrencies

The Group considers that traded cryptocurrencies are an intangible asset with an indefinite useful life as the Group considers that they do not have an expiry date nor have a foreseeable limit to the period of which they will be exchanged with a willing counterparty for cash or goods and services.

After initial recognition, cryptocurrencies are held at fair value at the reporting date. Gains or losses on revaluation are recognised through other comprehensive income and accumulated in the revaluation reserve.

When traded cryptocurrencies are utilised in business activities, the base cost is reduced by the fair value at the transaction date.

Treasury cryptocurrencies

The Group considers that treasury cryptocurrencies are an intangible asset with an indefinite useful life as the Group considers that they do not have an expiry date nor have a foreseeable limit to the period of which they will be exchanged with a willing counterparty for cash or goods and services. Treasury cryptocurrencies relate to CEL tokens held by the Group and can be issued at the Group's discretion. No costs were capitalised in respect of treasury tokens in line with the Group's policy on research and development.

After initial recognition, treasury cryptocurrencies are held at fair value at the reporting date. Gains or losses on revaluation are recognised through other comprehensive income and accumulated in the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.11 Valuation of investments

Investments in listed company shares are remeasured to market value at each reporting date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Other investments which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment. The impairment loss is calculated as the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

2.12 Debtors

Short term debtors are measured at transaction price, less any impairment.

Other financial assets, such as loans receivable or loan collateral, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Financial assets receivable in cryptocurrencies are marked to market at the reporting date with any corresponding gain or loss recognised in the Statement of Comprehensive Income.

2.13 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash balances held by cryptocurrency exchanges are recognised within intangible assets until paid to the Group.

2.14 Creditors

Short term creditors are measured at transaction price.

Other financial liabilities, such as customer transfers or loan collateral, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Financial liabilities payable in cryptocurrencies are marked to market at the reporting date with any corresponding gain or loss recognised in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

2. Accounting policies (continued)

2.15 Financial instruments

The Group primarily enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of Comprehensive Income.

Derivatives, including forward contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re measured at their fair value. Changes in the fair value of derivatives are recognised in the Statement of Comprehensive Income. The Group does not apply hedge accounting for interest rate and foreign exchange derivatives.

2.16 Comparatives

The Accounting Reference Date has been shortened to a 10-month period ended 31 December 2020. The comparative information reflects a 12-month period ended 29 February 2020. This change has been made in order to align the Accounting Reference Date with fellow group companies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the reporting date and the amounts reported for revenues and expenses during the period. It also requires management to exercise judgment in applying the Group's accounting policies. As such, the nature of estimation means that actual outcomes could differ from those estimates.

The following are the Group's key sources of estimation uncertainty:

Valuation of treasury and traded cryptocurrencies

Cryptocurrencies held within intangible assets are carried at fair value with changes being recognised through other comprehensive income.

Loans receivable, customer transfers and loan collateral based upon cryptocurrencies are also carried at the recoverable or payable amount if such a balance were to be settled at the reporting date with changes being recognised through the Statement of Comprehensive Income.

Fair values are based on the closing valuation at the reporting date provided by readily available market information for each cryptocurrency.

Tangible assets

Tangible assets are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of assets and residual values are assessed annually and may vary depending on a number of factors, such as technological innovation and maintenance programmes.

Impairment of debtors

The Group makes an estimate of the recoverable value of trade and loans receivable. When assessing impairment, management considers factors including the current credit rating of the debtor, the ageing profile and historical experience.

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

4. Turnover

An analysis of turnover by class of business is as follows:

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
CEL token sales	-	5,722
Exchange lending and trading	25,668	5,327
Retail lending	326	1,443
Institutional lending	19,715	2,840
Decentralised finance lending and trading	5,456	-
	<u>51,165</u>	<u>15,332</u>

Analysis of turnover by country of destination:

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
United Kingdom	4,958	333
Rest of Europe	15	949
Rest of the world	46,192	14,050
	<u>51,165</u>	<u>15,332</u>

5. Other operating income

	Period ended 31 December 2020 \$000	As restated Year ended 29 February 2020 \$000
Utilisation of treasury cryptocurrencies	46,459	1,594
	<u>46,459</u>	<u>1,594</u>

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

6. Other operating charges

	Period ended 31 December 2020 \$000	As restated Year ended 29 February 2020 \$000
Treasury cryptocurrencies utilised	42,661	145
	42,661	145

7. Operating loss

The operating loss is stated after charging:

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
Research & development charged as an expense	156	918
Exchange differences	2	-
	2	-

8. Fair value movements

	Period ended 31 December 2020 \$000	As restated Year ended 29 February 2020 \$000
Unrealised gain/(loss) on cryptocurrency debtors	384,168	17,694
Unrealised gain/(loss) on cryptocurrency creditors	(2,581,578)	(46,154)
	(2,197,410)	(28,460)

9. Auditors' remuneration

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
Fees payable to the Group's auditor for the audit of the Group's annual financial statements	194	205
	194	205

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

10. Employees

Staff costs were as follows:

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Wages and salaries	310	-	310	-
Social security costs	26	-	26	-
	<u>336</u>	<u>-</u>	<u>336</u>	<u>-</u>

The average monthly number of employees, including the directors, during the period was as follows:

	Group Period ended 31 December 2020 No.	Group Year ended 29 February 2020 No.	Company Period ended 31 December 2020 No.	Company Year ended 29 February 2020 No.
Directors	2	2	2	2
Employees	2	-	2	-
	<u>4</u>	<u>2</u>	<u>4</u>	<u>2</u>

11. Income from investments

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
Net realised losses and income from investments	(10,692)	(635)
	<u>(10,692)</u>	<u>(635)</u>

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

12. Unrealised gains/(losses), amounts written off and impairment of investments

	31 December 2020 \$000	29 February 2020 \$000
Unrealised gains/(losses) on investments	493,286	(608)
Impairment of fixed asset investments	(506)	-
Amounts written off investments	-	(559)
	<u>492,780</u>	<u>(1,167)</u>

13. Interest receivable and similar income

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
Interest receivable from group companies	3,679	-
Other interest receivable	212	-
	<u>3,891</u>	<u>-</u>

14. Interest payable and similar expenses

	Period ended 31 December 2020 \$000	As restated Year ended 29 February 2020 \$000
Other loan interest payable	3,644	772
	<u>3,644</u>	<u>772</u>

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

15. Taxation

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
Corporation tax		
Current tax on profits for the year	1,386	-
	<u>1,386</u>	<u>-</u>
Total current tax		
Deferred tax		
On unrealised movements on cryptocurrency debtors and creditors	(417,508)	(5,407)
On unrealised gains/losses on investments	93,840	(115)
On unrealised losses on derivatives	83	(83)
	<u>(323,585)</u>	<u>(5,605)</u>
Total deferred tax		
	<u>(322,199)</u>	<u>(5,605)</u>
Taxation on loss on ordinary activities		

CELSIUS NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

15. Taxation (continued)

Factors affecting tax charge for the period/year

The tax assessed for the period/year is higher than (2020 - higher than) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	Period ended 31 December 2020 \$000	Year ended 29 February 2020 \$000
Loss on ordinary activities before tax	<u>(1,718,607)</u>	<u>(39,829)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(326,535)	(7,568)
Effects of:		
Expenses not deductible for tax purposes	-	1,475
Utilisation of tax losses	(2,487)	-
Higher rate taxes on overseas earnings	310	-
Non-taxable income	(1,408)	-
Taxable transfers between reserves	8,106	28
Unrelieved tax losses carried forward	232	460
Other differences leading to a decrease in the tax charge	(417)	-
Total tax charge for the period/year	<u>(322,199)</u>	<u>(5,605)</u>

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

16. Intangible assets

Group

	Treasury cryptocurrencies \$000	Traded cryptocurrencies \$000	Total \$000
Cost			
At 1 March 2020	21,585	271,220	292,805
Additions	-	3,110,651	3,110,651
Disposals	(42,661)	(2,109,909)	(2,152,570)
Revaluation surplus	1,514,932	1,922,997	3,437,929
	<u>1,493,856</u>	<u>3,194,959</u>	<u>4,688,815</u>
At 31 December 2020			
	<u>1,493,856</u>	<u>3,194,959</u>	<u>4,688,815</u>
Net book value			
At 31 December 2020	<u>21,585</u>	<u>271,220</u>	<u>292,805</u>
At 29 February 2020			

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

16. Intangible assets (continued)

Company

	Treasury cryptocurrencies \$000	Traded cryptocurrencies \$000	Total \$000
Cost			
At 1 March 2020	21,585	271,220	292,805
Additions	-	3,105,195	3,105,195
Intra-group transfers	-	(288,540)	(288,540)
Disposals	(42,661)	(2,109,909)	(2,152,570)
Revaluation surplus	1,514,932	1,813,173	3,328,105
	<u>1,493,856</u>	<u>2,791,139</u>	<u>4,284,995</u>
At 31 December 2020	1,493,856	2,791,139	4,284,995
	<u>1,493,856</u>	<u>2,791,139</u>	<u>4,284,995</u>
Net book value			
At 31 December 2020	<u>1,493,856</u>	<u>2,791,139</u>	<u>4,284,995</u>
At 29 February 2020	<u>21,585</u>	<u>271,220</u>	<u>292,805</u>

CELSIUS NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

17. Tangible fixed assets

Group

	Plant and machinery \$000
Cost or valuation	
Additions	20,579
	<hr/>
	20,579
At 31 December 2020	<hr/>
Net book value	
At 31 December 2020	<u>20,579</u>
At 29 February 2020	<u>-</u>

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

18. Fixed asset investments

Group

	Listed investments \$000	Other fixed asset investments \$000	Total \$000
Cost or valuation			
At 1 March 2020	732	606	1,338
Disposals	(732)	-	(732)
	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	606	606
	<hr/>	<hr/>	<hr/>
Impairment			
Charge for the period	-	506	506
	<hr/>	<hr/>	<hr/>
At 31 December 2020	-	506	506
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 December 2020	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	-	100	100
At 29 February 2020	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	732	606	1,338

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

Company

	Listed investments \$000	Other fixed asset investments \$000	Total \$000
Cost or valuation			
At 1 March 2020	732	606	1,338
Disposals	(732)	-	(732)
At 31 December 2020	-	606	606
Impairment			
Charge for the period	-	506	506
At 31 December 2020	-	506	506
Net book value			
At 31 December 2020	-	100	100
At 29 February 2020	732	606	1,338

19. Debtors

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Trade debtors	4,043	550	4,043	550
Loans receivable	570,712	139,615	570,712	139,615
Loan collateral receivable	594,051	108,844	594,051	108,844
Other debtors	27,678	948	10,841	948
Prepayments and accrued income	693	205	564	205
Amounts owed by group undertakings	5,101	512	331,458	512
	<u>1,202,278</u>	<u>250,674</u>	<u>1,511,669</u>	<u>250,674</u>

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FOR THE PERIOD ENDED 31 DECEMBER 2020**

20. Current asset investments

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Listed investments	674,149	-	674,149	-
Unlisted investments	251	48,555	251	48,555
	<u>674,400</u>	<u>48,555</u>	<u>674,400</u>	<u>48,555</u>

21. Cash and cash equivalents

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Cash at bank and in hand	17,805	3,925	17,805	3,925
	<u>17,805</u>	<u>3,925</u>	<u>17,805</u>	<u>3,925</u>

22. Creditors: Amounts falling due within one year

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Trade creditors	682	235	526	235
Customer transfers	3,916,874	356,392	3,916,874	356,392
Loan collateral payable	252,885	104,912	252,885	104,912
Other loans	213,575	43,000	213,575	43,000
Other creditors	-	1,381	-	1,381
Corporation tax	1,386	-	1,386	-
Accruals and deferred income	5,806	621	5,806	621
Amounts owed to group undertakings	415,485	-	415,015	-
	<u>4,806,693</u>	<u>506,541</u>	<u>4,806,067</u>	<u>506,541</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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23. Creditors: Amounts falling due after more than one year

	Group 31 December 2020 \$000 9,906	Group 29 February 2020 \$000 44,574	Company 31 December 2020 \$000 9,906	Company 29 February 2020 \$000 44,574
Other loans				
	<u>9,906</u>	<u>44,574</u>	<u>9,906</u>	<u>44,574</u>

24. Loans

Analysis of the maturity of loans is given below:

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Amounts falling due within one year				
Other loans	213,575	43,000	213,575	43,000
Amounts falling due 1-2 years				
Other loans	9,906	44,574	9,906	44,574
	<u>223,481</u>	<u>87,574</u>	<u>223,481</u>	<u>87,574</u>

The amount included in other loans is secured against the amount included in loan collateral receivable.

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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25. Financial instruments

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Financial assets				
Financial assets measured at fair value through profit or loss	1,836,522	267,893	1,836,522	267,893
Financial assets that are debt instruments measured at amortised cost	39,564	32,469	349,082	32,469
	<u>1,876,086</u>	<u>300,362</u>	<u>2,185,604</u>	<u>300,362</u>
Financial liabilities				
Financial liabilities measured at fair value through profit or loss	4,169,758	401,051	4,169,758	401,051
Financial liabilities measured at amortised cost	639,647	149,443	639,022	149,443
	<u>4,809,405</u>	<u>550,494</u>	<u>4,808,780</u>	<u>550,494</u>

Financial assets measured at fair value through profit or loss comprise investments, derivatives receivable and debtors receivable in cryptocurrencies.

Financial assets that are debt instruments measured at amortised cost comprise trade debtors, other fiat debtors and amounts owed by group undertakings.

Financial liabilities measured at fair value through profit or loss comprise derivatives payable and creditors payable in cryptocurrencies.

Financial liabilities measured at amortised cost comprise trade creditors, other fiat creditors and amounts owed to group undertakings.

CELSIUS NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020

26. Deferred taxation

Group

	2020 \$000
At beginning of year	(11,974)
Charged to profit or loss	323,585
Charged to other comprehensive income	(652,569)
	<u>(340,958)</u>
At end of year	(340,958)

Company

	2020 \$000
At beginning of year	(11,974)
Charged to profit or loss	323,585
Charged to other comprehensive income	(624,234)
	<u>(312,623)</u>
At end of year	(312,623)

The provision for deferred taxation is made up as follows:

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
On revaluation of intangible assets	(668,937)	(16,368)	(640,602)	(16,368)
On unrealised movements on cryptocurrency debtors and creditors	421,703	4,196	421,703	4,196
On unrealised gains/losses on investments	(93,724)	115	(93,724)	115
On unrealised losses on derivatives	-	83	-	83
	<u>(340,958)</u>	<u>(11,974)</u>	<u>(312,623)</u>	<u>(11,974)</u>

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27. Share capital

	31 December 2020 \$000	29 February 2020 \$000
Allotted, called up and fully paid		
100,000 (2020 - 1) Ordinary shares of £0.00001 (2020: £1) each	-	-
14,468 (2020 -) Series A Preferred shares of £0.00001 each	-	-
6,144 (2020 -) Series A1 Preferred shares of £0.00001 each	-	-
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>

During the period, the Company issued 14,468 Series A Preferred shares at \$1,200 per share and 6,144 Series A1 Preferred shares at \$960 per share.

The Ordinary shares and Preferred shares rank pari passu in all respects other than on liquidation where the Preferred shares have priority over the Ordinary shares and therefore constitute separate classes of shares.

28. Reserves

Share premium account

The share premium account comprises any premiums received on the issue of share capital.

Revaluation reserve

The revaluation reserve is comprised of the unrealised surplus on revaluation of intangible assets net of deferred taxation.

Other reserves

The other reserves are comprised of unrealised gains and losses on cryptocurrency assets and liabilities, investments and derivative financial instruments net of deferred taxation.

29. Prior year restatement

Following a review by management of the Group's activities, the directors have chosen to present the Statement of Comprehensive Income in a different format for the current and future reporting periods which more accurately represents the nature of the transactions. The restatements are as follows:

- (i) Reclassification of fair value movements on cryptocurrency debtors and creditors.
- (ii) Reclassification of rewards paid to community.
- (iii) Reclassification of treasury cryptocurrencies utilised.
- (iv) Reclassification of sundry items.

Accordingly, the comparative figures for the Consolidated Statement of Comprehensive Income have been restated for the year ended 29 February 2020 in line with the new format. This presentational restatement has no impact on the overall results for the year ended 29 February 2020.

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	As previously stated 29 February 2020 \$000	Effect of restatement (i) \$000	Effect of restatement (ii) \$000	Effect of restatement (iii) \$000	Effect of restatement (iv) \$000	As restated 29 February 2020 \$000
Turnover	15,332	-	-	-	-	15,332
Cost of sales	(34,109)	28,460	(8,974)	-	3	(14,620)
Gross profit/(loss)	(18,777)	28,460	(8,974)	-	3	712
Distribution costs	(891)	-	-	-	-	(891)
Administrative expenses	(10,065)	-	-	-	-	(10,065)
Other operating income	1,452	-	-	145	(3)	1,594
Other operating charges	-	-	-	(145)	-	(145)
Operating loss	(28,281)	28,460	(8,974)	-	-	(8,795)
Fair value movements	-	(28,460)	-	-	-	(28,460)
Net realised losses and income from investments	(635)	-	-	-	-	(635)
Unrealised losses and amounts written off investments	(1,167)	-	-	-	-	(1,167)
Interest payable and similar expenses	(9,746)	-	8,974	-	-	(772)
Loss before tax	(39,829)	-	-	-	-	(39,829)
Tax on loss	5,605	-	-	-	-	5,605
Loss for the financial year	(34,224)	-	-	-	-	(34,224)

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**NOTES TO THE FINANCIAL STATEMENTS
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30. Capital commitments

At 31 December 2020, the Group and Company had capital commitments, that had been contracted for but not provided in the financial statements, as follows:

	Group 31 December 2020 \$000	Group 29 February 2020 \$000	Company 31 December 2020 \$000	Company 29 February 2020 \$000
Purchase of cryptocurrencies	-	(21,347)	-	(21,347)
Purchase of plant and machinery	(57,150)	-	-	-
	<u>(57,150)</u>	<u>(21,347)</u>	<u>-</u>	<u>(21,347)</u>

The commitment in respect of the purchase of cryptocurrencies relates to the cryptocurrencies which the Group and Company had committed to acquire by the reporting date.

The commitment in respect of the purchase of plant and machinery relates to the cryptocurrency mining activity operated by the Group.

31. Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Holding	Principal activity
Celsius US Holding LLC	100%	Holding company
Celsius Core LLC	100%	Cryptocurrency mining
Celsius KeyFi LLC	100%	Decentralised finance lending and trading
Celsius Money LLC	100%	Dormant
Celsius Lending LLC	100%	Dormant

NOTES TO THE FINANCIAL STATEMENTS
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32. Related party transactions

No remuneration was paid to the directors or key management personnel by the Company or its subsidiaries during the period.

The directors, their close family members and companies connected to the aforementioned parties have made transactions during the period and maintain balances at the reporting date with the Group. The directors do not consider these transactions to be disclosable on the basis that these transactions and balances are not preferential and are conducted under normal business terms.

Group

At the reporting date, the Group owed \$1.02 million (29 February 2020: was owed \$0.44 million) by Celsius Network Inc., the Group's ultimate parent company. This amount is unsecured, interest free and repayable on demand. During the period, Celsius Network Inc. charged the Group \$33.67 million (29 February 2020: \$7.93 million) for management, support and other services.

At the reporting date, the Group was owed \$5.10 million (29 February 2020: \$0.07 million) by Celsius Network Limited (Israel), a company owned by Celsius Network Inc. This amount is unsecured, interest free and repayable on demand. During the period, Celsius Network Limited (Israel) charged the Group \$nil (29 February 2020: \$0.93 million) for management, support and other services.

At the reporting date, the Group owed \$414.46 million (29 February 2020: \$nil) to Celsius Network Lending LLC, a company owned by Celsius Network Inc. This amount is unsecured, interest free and repayable on demand. During the period, Celsius Network Lending LLC performed retail lending services which were previously performed by the Group, for which the Group charged \$3.68 million (29 February 2020: \$nil). Celsius Network Lending LLC charged the Group \$0.29 million (29 February 2020: \$nil) for management, support and other services.

Company

At the reporting date, the Company owed \$0.55 million (29 February 2020: was owed \$0.44 million) by Celsius Network Inc. This amount is unsecured, interest free and repayable on demand. During the period, Celsius Network Inc. charged the Company \$33.21 million (29 February 2020: \$7.93 million) for management, support and other services.

At the reporting date, the Company was owed \$5.10 million (29 February 2020: \$0.07 million) by Celsius Network Limited (Israel). This amount is unsecured, interest free and repayable on demand. During the period, Celsius Network Limited (Israel) charged the Company \$nil (29 February 2020: \$0.93 million) for management, support and other services.

At the reporting date, the Company owed \$414.46 million (29 February 2020: \$nil) to Celsius Network Lending LLC. This amount is unsecured, interest free and repayable on demand. During the period, Celsius Network Lending LLC performed retail lending services which were previously performed by the Company, for which the Company charged \$3.68 million (29 February 2020: \$nil). Celsius Network Lending LLC charged the Company \$0.29 million (29 February 2020: \$nil) for management, support and other services.

The Company has taken advantage of the exemptions provided by "Financial Reporting Standard 102" not to disclose transactions with its wholly owned subsidiaries.

CELSIUS NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2020**

33. Controlling party

The ultimate parent company is Celsius Network Inc., incorporated in Delaware, USA, which is controlled by A. Mashinsky by virtue of his shareholding.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.