

arcane

Financial Report

Q2 & H1 2022 | January – June



Stable progress in a turbulent environment



Arcane has not gone unaffected by the rough market last quarter - we have seen significant declines in retail trading volumes as everyone, and our mining was out most of the quarter due to exceptionally high energy prices. However, we have successfully relocated our mining operations to ensure they remain profitable, and our fund managers have succeeded in ensuring that the Arcane Fund continues to outperform bitcoin. We've also seen sustained interest in our research, with increased traction, new partnerships and steady user growth on the new platform.

The first version of the Invest application was recently launched and we are now preparing launch of the Trading application later this year.

Torbjørn Bull Jensen, CEO Arcane Crypto

Second quarter of 2022

– compared to second quarter 2021 –

- Group revenue decreased to 84,755 kSEK (100,372)
- EBITDA amounted to -20,604 kSEK (-1,484)
- Adjusted EBITDA -9,704 kSEK (-1,484)
- EBIT amounted to -55,740 kSEK (-2,547)
- The result for the period amounted to -56,272 (-7,056)
- Earnings per share before dilution amounted to SEK -0.007 (-0.001), and after dilution to SEK -0.006 (-0.001)

First half year 2022

– compared to first half year 2021 –

- Group revenue increased to 190,260 kSEK (102,529)
- EBITDA amounted to -22,729 kSEK (-12,527)
- Adjusted EBITDA -13,970 kSEK (-12,527)
- EBIT amounted to -64,576 kSEK (-13,626)
- The result for the period amounted to -66,451 kSEK (-143,106)
- Earnings per share before dilution amounted SEK -0.008 (-0.019) and after dilution to -0.007 (-0.017)

Comments

- High electricity prices in southern Norway had a direct impact on bitcoin mining that was on hold during peak electricity prices. Halted mining and lower bitcoin prices reduced mining revenue in the second quarter by 4 MSEK compared to the first quarter. Arcane Green Data was relocated to northern Norway at the end of Q2 and is now fully operational with access to low and stable electricity prices.
- EBITDA in the second quarter and first half includes an expense of kSEK 10,990 kSEK for an earn-out payment for the acquisition of Kaupang. This will be settled in Q3 by the issuance of 58.4M Arcane shares and does not impact the groups cash position.
- Gross margin is negatively impacted in the second quarter by a 1,254 kSEK revaluation of crypto currencies included in cost of sale.
- EBIT is negatively impacted in second the quarter and first half of the year by a goodwill impairment of 28,532 kSEK for Trijo. This impairment has been made to reflect the changed market valuation of crypto exchanges.

Financial overview

kSEK	Q2 2022	Q2 2021	Q1 2022	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Revenue	84,755	100,372	105,865	190,260	102,529	332,625
EBITDA	-20,604	-1,484	-2,125	-22,729	-12,527	-21,969
Adjusted EBITDA	-9,704	-1,484	-2,125	-13,970	-12,527	-21,969
Total assets	135,891	97,370	174,812	135,891	97,370	181,044
Total liabilities	51,213	18,325	35,368	51,213	18,325	32,096
Equity	84,678	79,045	139,444	84,678	79,045	148,948

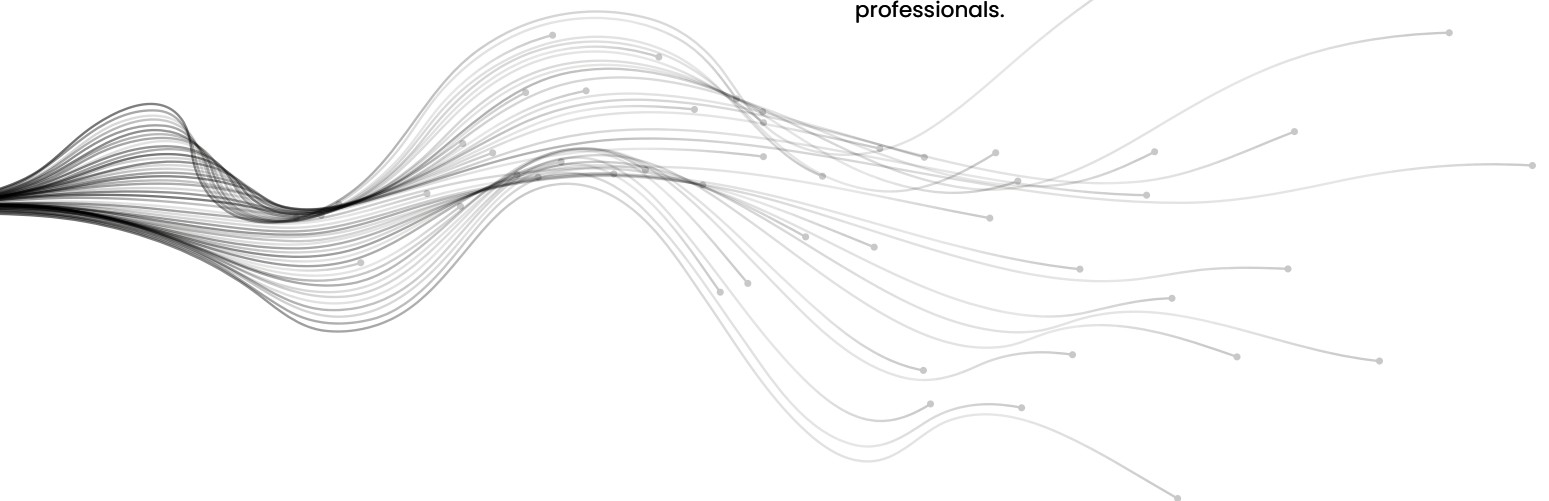
Main events

Main events during Q2 2022

- On April 22, Arcane Crypto's associated company LN Markets announced a launch of Bitcoin options trading built on top of the Lightning Network.
- In April, 194,670,151 new shares were issued following the exercise of warrants.
- In April, a 15 MSEK loan was secured from DBT Capital with a 42-month-term.
- On May 10, Arcane held its Annual General Meeting. The AGM resolved on re-election of Michael Jackson, Viggo Leisner, Simon Saneback and Kristian Kierkegaard, and elected Kristian Lundkvist as new Board member for the period until the end of the next AGM.
- On June 13, Arcane Green Data Services, a wholly owned subsidiary of Arcane Crypto, entered into a hosting agreement with Exanorth, a subsidiary of Bitzero Blockchain Inc. Arcane thereby decided to relocate its bitcoin mining equipment to a facility in Northern Norway, electricity price zone, NO 4. Arcane retains full ownership of the equipment which will be fully managed by Bitzero.
- On June 26, Arcane announced a successful migration of bitcoin mining operations to Northern Norway, following the successful transfer of 2MW of mining equipment to the new location.
- Kaupang Krypto achieved its earn-out target, and therefore it was decided that 58,452,374 new shares will be issued in the third quarter to settle the earn-out.

After the end of the period

- On August 23, Arcane Crypto announced a partnership with Refinitiv to distribute Arcane's research. Refinitiv serves more than 40,000 institutions and 400,000 end users in approximately 190 countries and is one of the world's largest providers of financial market data and infrastructure.
- On August 23, Arcane Crypto announced a partnership with Infront to distribute Arcane's research. Infront has over 90,000 professional users in Europe and offers a powerful combination of global market data, electronic trading, news, research and analytics, along with portfolio management solutions suited for financial professionals.



Letter from the CEO

Dear shareholders,

Last quarter, the crypto sector went through a financial crisis. Valuations have collapsed and activity evaporated. Energy prices have gone vertical, interest rates have been hiked, and the world is on the brink of recession.

Arcane has not gone unaffected. We have seen significant declines in retail trading volumes as everyone, and our mining was out most of the quarter due to exceptionally high energy prices. However, we have successfully relocated our mining operations to ensure they remain profitable, and our fund managers have succeeded in ensuring that the Arcane Fund continues to outperform bitcoin. We've also seen sustained interest in our research, with increased traction and steady user growth on the new platform.

Despite the rough market conditions, we have managed to stay focused and continue to execute on our roadmap and build out our infrastructure, bit by bit.

A year ago, we communicated our ambition of unifying our core services on a shared tech stack; one platform for users and wealth managers to Learn, Trade, and Invest. The Research application went live earlier this year. We recently launched the first version of the Invest application, and we are now preparing to roll out the Trade application later this year. In other words: We are on track.

Together, these apps will form the core of our product offering and be the foundation we build on. You will see continuous improvements driven by user demand as we realize the power of the underlying cloud infrastructure and transform the simple applications you see today into a powerful platform over time.

We anticipate adding a Data application in due course, exposing and monetizing our unique data sets in addition to increasing the overall value for the users on the platform.

Last quarter we highlighted details around the great business opportunity we see in the private wealth management segment. We announced our focus on solving the problems for High Net Worth Individuals and Family Offices, that in our experience want exposure to crypto markets and assets, but struggle as their banks and wealth managers neither have the competence nor the products. We see the needs from the clients we serve through our brokerage (Kaupang), which is focused on this segment. Despite the slow down in crypto through the quarter, the interest in our brokerage offering from the private wealth segment has never been higher.

This trend is not just something we see in Arcane. Our experience was recently reaffirmed by BCG. In their global wealth report, they highlighted the demand for digital assets from this market segment and observed that: "Clients want it, but banks can't advise on it".

BlackRock, the largest asset manager in the world, previously viewing bitcoin as a derivative of money laundering, has now partnered with Coinbase as their "institutional clients are increasingly interested in gaining exposure to digital asset markets".

For Arcane, I'm happy to announce that we have secured partnerships with both Refinitiv and Infront, with more to come. Refinitiv serves more than 40,000 institutions and 400,000 end users in approximately 190 countries, and is one of the world's largest providers of financial market data and infrastructure. Infront has over 90,000 professional users in Europe and offers a powerful combination of global market data, electronic trading, news, research and analytics, along with portfolio management solutions suited for financial professionals.

The secret sauce is Research. Our analysts are producing extremely high quality material, building trust in the sector globally and by extension in Arcane, making digital assets more accessible, and ensuring that readers are better informed and more capable of making decisions as to which assets or products to trade.

Fidelity referenced our research when applying for an ETF, as did the SEC when declining VanEck's ETF application. Our research is referenced weekly in tier one financial media like the Financial Times, Bloomberg, Reuters and Forbes. We have employees from all the big investment banks like JP Morgan, Goldman Sachs, Deutsche Bank, Morgan Stanley and UBS on our distribution lists. Venture funds like CapitalG, Alphabet's independent growth fund, are reaching out to learn more and dig deeper when they read our reports.

This is what we will build on when expanding. The partnerships with Refinitiv and Infront are for distribution of research, and by distributing our research through these established players in the financial industry, we ensure that our brand is front and center for the right audience.

This type of visibility will be the top of the funnel for our customer acquisition. These customers are experts in their own fields, and they expect that their financial advice comes from people who are experts in theirs.

As an example, Infront is used as a trading terminal by tens of thousands of financial professionals. By building a user base of readers of our research on their platform, we also build a pipe of future trading clients. On Infront we can prompt everyone reading our research and inform them when our trading application has been finalized and integrated. And Infront is only one of many possible integrations.

Today, research is our unique competitive advantage. It is a viable business unit in its own right, and is also a great tool for brand building, customer acquisition and a way to establish relationships with financial institutions and companies.

To summarize:

Our work on the platform, launching the different applications and improving them over time, is moving forward according to plan and will give us the technical flexibility to scale to millions of users and expose our products through APIs and as a SaaS to enterprise clients over the coming years. The world of wealth management is highly fragmented, and our understanding and technical competence ensures that Arcane can support these clients regardless of their systems - from paper, through Excel, to advanced trading platforms.

Our target market is growing more interested in the sector, while our research arm continues to pave the way for partnerships and distribution.

We have started on the journey to become the leading source and execution platform for crypto products for this client group, throughout Europe and beyond. This is what excites us and keeps us energized and motivated to push through the currently tough market conditions.

Torbjørn Bull Jenssen
CEO, ARCANE

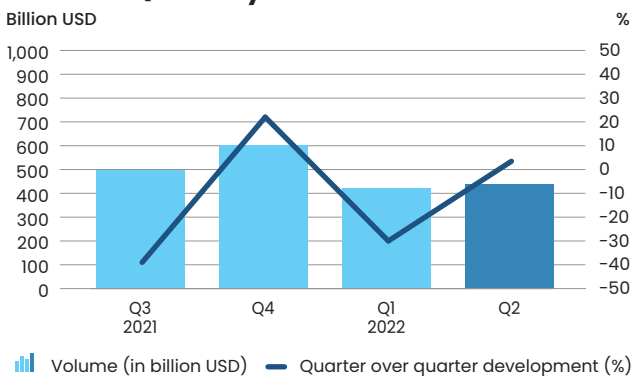


Sector Development

Bitcoin opened the quarter trading at 48,000 USD but spent the entire rest of the quarter in consolidation ranging between 35,000 USD to 45,000 USD while uncertainty brewed in the market.

Bitcoin opened the quarter at 45,500 USD and closed at 19,900 USD, seeing a 56.2% loss over the quarter, making Q2 2022 the worst quarter ever in terms of quarterly returns. The market meltdown of Q2 2022 was caused by multiple factors ranging from macro-related impacts to crypto-specific collapses exacerbated by excessive leverage, as outlined below.

Real BTC Quarterly Volume



BTC started Q2 at elevated price levels because of high demand from the Luna Foundation Guard that was building a sizeable bitcoin reserve. The later liquidation of this reserve was a key contributing factor to the poor performance that ensued. The collapse of Terra's algorithmic stablecoin resulted in the BTC reserves being deployed in the market, amplifying the intensity of a sell-off initially triggered by a U.S. inflation surprise.

The Luna collapse and an additional negative inflation surprise led to the collapse of Three Arrows Capital, forcing several crypto lenders into bankruptcy. Arcane Research has estimated the selling pressure caused by these dynamics to amount to 236,000 BTC.

Trading volumes spiked on two occasions last quarter, from May 9th until May 15th during the Luna/UST collapse and from June 13th till June 19th during the Celsius and Three Arrows Capital meltdowns. 30% of the bitcoin trading volume in Q2 occurred during these crashes. Outside of these two frantic weeks in the market, trading activity was slow in the sector, leading to slight quarter-over-quarter growth in trading volumes of 3.4% compared to Q1 2022.

While the second quarter will be remembered for the contagion-induced sell-off in a very challenging macro backdrop, it has also set the stage for a new spring in crypto. Excessive leverage and poor risk management have been brutally washed out of the system. Q3 is off to a promising start, with a strong recovery in the overall crypto market.

Institutional presence in the industry continued to strengthen despite the shaky second quarter. Fidelity announced plans to allow investors to include bitcoin in their retirement saving accounts (401(k)s), and most recently, BlackRock announced the launch of a private bitcoin trust for US institutional investors. Additionally, Goldman Sachs lent cash collateralized by bitcoin for the first time ever, in a period where crypto-native banks struggled.

Business Unit Development

Arcane Assets

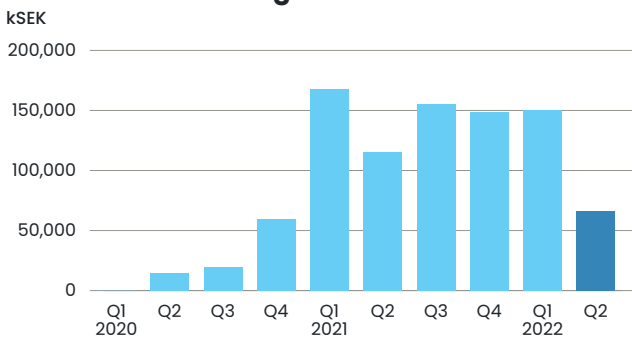
Arcane Assets’ revenue amounted to 310 kSEK in Q2 2022 compared to 2,710 kSEK in Q2 2021

The fund had no inflow during the quarter, total assets under management amounted to 6.5 MUSD compared to 16.1 MUSD for the previous quarter.

The recent volatility in Crypto assets have resulted in weaker demand from retail investors. As a result of this, the Exchange-Traded Product (ETP), based on Arcane’s cryptocurrency fund, that was intended to be launched during the quarter has been postponed.

The integration of Arcane Assets on the Arcane Platform has progressed during the quarter and the first version of the Invest application, recently went live. This will ensure a smoother onboarding experience for professional investors and enable us to offer our customers Research and in the future Trading products in addition to the existing fund.

Assets Under Management



Arcane Research

Arcane Research’s revenue amounted to 1,451 kSEK in Q2 2022 compared to 1,087 kSEK in Q1 2022.

Arcane Research has been available on the Arcane platform since the first quarter of this year and is seeing increased attention and reach since the subscriber base has grown by 24%, while new users on the platform grew by 460%.

Kaupang

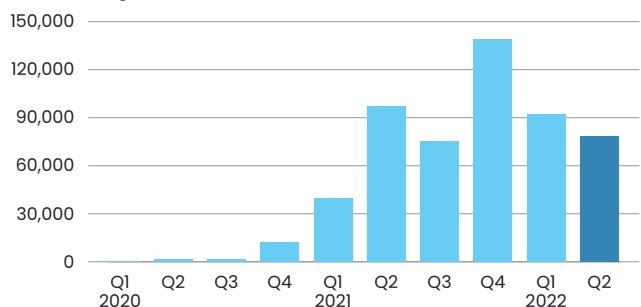
During the quarter, Kaupang continued its journey towards a full integration and automation on the Arcane platform.

Kaupang saw a 15% decrease in gross turnover from Q1, compared to a general 3% increase in the market (bitcoin volume). Net revenue in Q2 2022 amounted to 77,903 kSEK compared to 92,188 kSEK in Q2 2021.

Going forward, the focus remains to incorporate Kaupang on the Arcane platform to offer our clients an integrated experience that leverages Arcane Research and Arcane Assets as well as providing a fully automated trading platform.

Kaupang

Gross trading volume, kSEK



Arcane Green Data

Arcane Green Data is the business unit which focuses on Arcane’s mining operation. Revenue decreased by 44% to 5,316 kSEK for the quarter compared to 9,445 kSEK for the prior quarter.

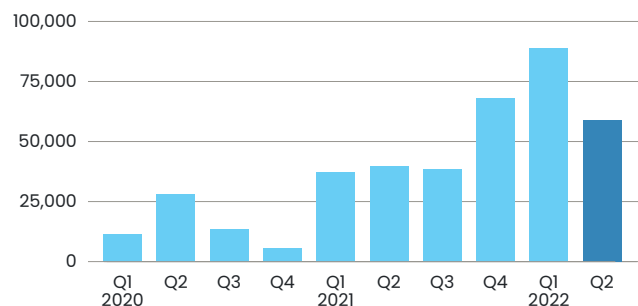
It was a challenging quarter with falling bitcoin prices and record high electricity prices. To ensure access to low and stable electricity prices, operations were relocated from southern Norway to northern Norway through a hosting agreement with Exanorth. This move ensures a continued profitable mining operation even at the significantly lower Bitcoin prices than what we have seen during this quarter.

Trijo

Revenue in Q2 2022 amounted to 862 kSEK compared to 1,354 kSEK in Q1 2022. Compared to Q1 2022, trading volume decreased by 34% and the customer base increased by 9%.

Trijo

Gross trading volume, kSEK



Puremarkets

The Company owns 37.5% of Puremarkets. Puremarkets is building an interbank marketplace for cryptocurrency price discovery and exchange of wholesale risk via their Pure Digital platform. Pure Digital will provide a best in-class primary wholesale marketplace, with a consortium of banks as liquidity providers, custodians, and clearers. The management team brings many years of experience at top-tier banks and have successfully delivered a similar platform for the FX market.

Puremarkets continue to focus on working closely with the banks to prepare for launch.

Puremarkets is now in process of expanding the team to prepare for next phase and continue to work closely with regulators.

At the end of the period there were 6 LOIs in place with Tier 1 investment banks, two of which have already been announced (State Street and Bank of New York Mellon).

LN Markets

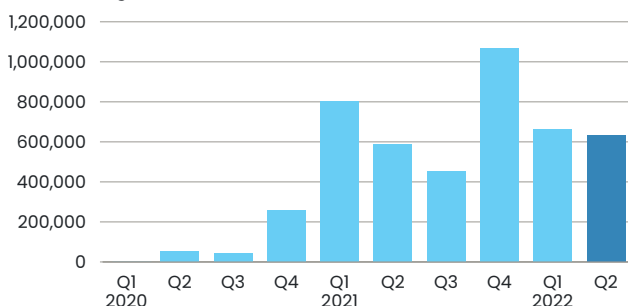
The Company owns 16% of LN Markets, a trading platform built on the Bitcoin Lightning Network that uses bitcoin, paid and settled over the Lightning Network, as collateral for derivatives trading.

During Q2, the total volume traded on the LN Markets platform was 62 MUSD (equivalent to 634,000 kSEK), down 13% from 71 MUSD in Q1 2022 (equivalent to 660,000 kSEK), compared to a general market increase in trading activity (bitcoin spot) of 3%. While the trading volume correlated with market sentiment, LN Markets continued to see a strong increase in their user base, up 14%.

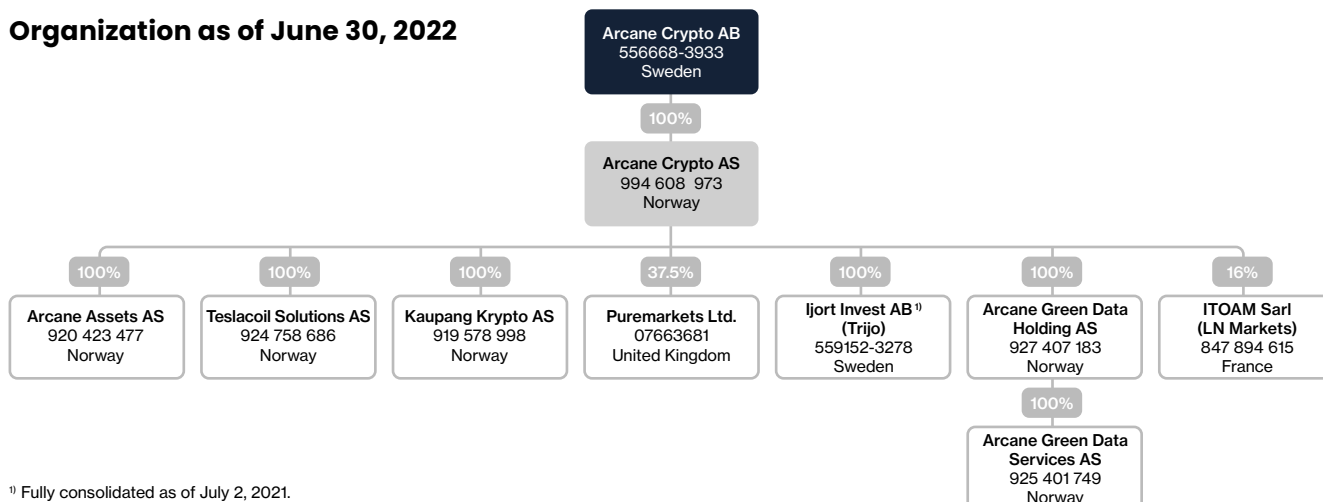
LN Markets provides access to instant and low-cost derivatives transactions using the Bitcoin Lightning Network. LN Market's setup and APIs further enables easy integration with other services such as trading systems and bitcoin lightning wallets.

LN Markets

Gross trading volume, kSEK



Organization as of June 30, 2022



¹⁾ Fully consolidated as of July 2, 2021.

Financials

The financial statements have been prepared in accordance with the company accounting policies, aligned with BFNAR Annual Reports and Consolidated Financial Statements (K3) and the Annual Accounts Act (Sw. årsredovisningslagen). The financial statements are prepared on the basis that the acquisition is reported as a Reverse Takeover in accordance with K3 19.6. and Chapter 7 Section 23 of the Annual Accounts Act. Meaning that Arcane Crypto AS is consolidated as a part of Arcane Crypto AB from 2021 even though it is Arcane Crypto AS that is seen as the acquiring party for financial reporting purposes.

Comments April – June 2022 and January – June 2022

Income statement

The Group had a revenue of 84,755 kSEK in Q2 2022 compared to 100,372 kSEK for Q2 2021. EBITDA was -20,604 kSEK in the same period compared to -1,484 kSEK for last year. EBITDA includes a one-off charge of 10,899 kSEK that will be settled by a share issue and as such has no impact on the Groups cash flow.

For the first half of the year, revenue amounted to 190,620 kSEK compared to 102,529 kSEK for the same period last year. EBITDA was -22,729 kSEK in the same period compared to -12,527 kSEK for last year.

Goodwill for Trijo has been written down by kSEK 28,532. This impairment has been made to reflect changed market valuations of crypto exchanges.

An additional consideration (earn-out) for the acquisition of Kaupang of 10,899 kSEK has been triggered due to Kaupang's performance following the acquisition. The earn-out will be settled by issuance of 58,452,374 Arcane shares in Q3. As the earn-out was not anticipated in the Purchase Price Allocation this will be a one-off charge to other operating expenses instead of an addition to Goodwill.

Please note that neither LN Markets nor Puremarkets are consolidated into Arcane's accounts. These portfolio companies are instead accounted for in accordance with the equity method and Arcane's share of ownership. Results from participation of the associated companies accounted for -550 kSEK for the quarter and -1,049 kSEK for the first half.

Revenue generated by Kaupang is from cryptocurrency accounted for according to the accounting principle of goods (in Norway NRS 1). When selling cryptocurrency to customers, the acquisition cost is expensed as the cost of goods and the sales value of the cryptocurrency is recognized as sales revenue. When Kaupang acquires cryptocurrencies from a customer and off-sets the trade by exchanging the cryptocurrencies with another counterparty, the off-setting trade is classified as sales revenue while the purchase from the customer is classified as the cost of goods.

Balance sheet

Intangible Assets has decreased by 33,356 kSEK driven by the one-off goodwill impairment charge of 28,542 kSEK for Trijo. Long term liabilities have increased by 16,792 kSEK, this includes a loan of 15 MSEK on 42 months term. Short-term liabilities have increased by 15,845 kSEK, with the biggest impact coming from the earn-out liability due for the acquisition of Kaupang of 10,899 kSEK. This will be settled by a share issue in the next quarter.

Cash flow

Adjustments for items that are not included in the cash flow consists of goodwill impairment, depreciations according to plan, and earn-out consideration for Kaupang. The liability for the earn-out has been excluded from the changes in operating liabilities.

The Share & Shareholders

As of 30th June 2022, there were 20,757 shareholders holding 8,635,000,890 shares in Arcane available for trade. During the first half of 2022 2,710,317,875 shares were traded at an average price of 0.1 SEK per share, a total traded value of over 259 MSEK.



Shareprice and volume since start of trading Arcane Crypto



Top 10 Shareholders, June 30, 2022

kSEK	Number of shares	% of shares
Middelborg Invest AS	2,088,872,715,	24.19%
Arctic Securities AS	1,728,474,088,	20.02%
Klein Invest AS	578,486,315,	6.70%
Modiola AS	540,633,759,	6.26%
Hortulan AS	327,378,646,	3.79%
Pareto Securities AS	218,389,797,	2.53%
Muunilinst AS	212,153,765,	2.46%
BNY Mellon SA	139,517,128,	1.62%
Bulltech AS	131,718,793,	1.53%
CBLDN-Barclays Bank PLC	123,061,865,	1.43%
Sum top 10	6,088,686,871,	70.51%
Other	2,546,314,019,	29.49%
Total number of shares	8,635,000,890,	100.00%

Additional comments

Organization and Employees

As of the end of Q2, the Group has a total of 22 full-time employees across the various business units and wholly owned subsidiaries. Additionally, there are 4 part-time employees assisting the teams.

Significant Risks and Uncertainty

Arcane Crypto operates in the cryptocurrency industry, which is still largely unregulated and subject to continual and rapid technological and regulatory changes. There are uncertainties related to the development of the cryptocurrency market, including its future size, and the future success of Arcane Crypto's business is, therefore, difficult to predict. The legal status of cryptocurrencies varies between different countries and is very much in transition. There is a lack of regulatory consensus concerning the regulation of cryptocurrencies in Europe. Future regulatory or political developments could adversely affect markets for cryptocurrencies, their adoption, and ultimately, their prices. Please see the company description published by Arcane Crypto AB (then Vertical Ventures) on 21st December 2020 prior to the Reverse Takeover for further description of the business of the company and associated risk factors.

Accounting Principles

The financial statements have been prepared in accordance with BFNAR Annual Reports and Consolidated Financial Statements (K3) and the Annual Accounts Act (Sw. Årsredovisningslagen), which are the accounting principles that are the basis for the annual reports.

Transactions with Closely Related Parties

Arcane Crypto had a consultancy agreement with Hafofö OÜ for work performed by Miachel Jackson beyond normal duties as Chairman of the Board. Hafofö is entitled to a monthly fee of approximately 50 kSEK plus VAT.

Financial Calendar

Date	Event
8 November 2022	Interim Report Q3 2022
28 February 2023	Interim Report Q4 2022

Contact

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This Report has not been subject to review by the company's auditor. The information disclosed in this Interim Report is mandatory for Arcane Crypto AB to publish pursuant to the EU's Market Abuse Regulation (MAR). This information was submitted for publication at 08:00 a.m. (CET) on 23 August 2022, through the agency of the CEO.

The Company is listed on Nasdaq First North Growth Market and Mangold Fondkommission is Certified Adviser, tel. +46 8 5030 1550
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Consolidated Income Statement

kSEK	Q2 2022	Q2 2021	Q1 2022	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Net sales	84,661	100,296	105,563	190,224	102,390	332,239
Other operating income	94	76	302	396	139	386
Total Revenue	84,755	100,372	105,865	190,620	102,529	332,625
Operating expenses						
Cost of goods sold	-82,670	-94,835	-94,764	-177,434	-94,835	-304,837
Other external expenses	-5,833	-7,151	-6,683	-12,516	-11,505	-25,694
Personnel costs	-5,956	130	-6,543	-12,499	-8,716	-24,063
Other operating expenses	-10,900	0	0	-10,900	0	0
Earnings before depreciation and amortization (EBITDA)	-20,604	-1,484	-2,125	-22,729	-12,527	-21,969
Adjusted EBITDA¹⁾	-9,704	-1,484	-2,125	-13,970	-12,527	-21,969
Depreciation and write-downs of intangible fixed assets	-35,137	-1,063	-6,710	-41,487	-1,099	-11,499
Operating profit	-55,740	-2,547	-8,835	-64,576	-13,626	-33,468
Profit from participation in associated companies	-550	-3,138	-499	-1,049	-2,691	-5,490
Interest income and other financial income	922	-1,581	129	1,051	25	4,122
Interest expenses and other financial costs ²⁾	-904	210	-973	-1,877	-126,814	-128,604
Total financial items	-532	-4,509	-1,343	-1,875	-129,480	-129,972
Profit after financial items	-56,272	-7,056	-10,178	-66,451	-143,106	-163,440
Profit before tax	-56,272	-7,056	-10,178	-66,451	-143,106	-163,440
Tax on profit for the period	0	0	0	0	0	0
The result for the period	-56,272	-7,056	-10,178	-66,451	-143,106	-163,440
Adjusted result for the period excluding write down	-56,272	-7,056	-10,178	-66,451	-16,153	-36,487

¹⁾ The difference between EBITDA and Adjusted EBITDA is an earn-out paid for the acquisition of Kaupang. This will be settled in Q3 by issuance of 58,452,374 shares and does not impact the Groups cash position.

²⁾ Accounting-wise the Group is seen as acquiring Vertical Ventures at market price at the time of closing (0.235 SEK per share). As there were no operations in Vertical Ventures before closing of the Reverse Takeover, the purchase price cannot be allocated to goodwill, hence the entire acquisition price is accounted for as Other financial costs, in the Group income statement. This is purely a technical accounting matter, has no cash flow effect and does not impact the operational strength of the operations of the Group. Hence, Arcane also presents an adjusted result for the period (excluding this cost item of 126,953 kSEK), which, according to the Company's opinion, better reflects the financial performance of the Group in the period.

Net earnings per share

	Q2 2022	Q2 2021	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
<i>Before dilution</i>					
Number of shares	8,635,000,890	8,062,938,161	8,635,000,890	8,062,938,161	8,505,700,189
Weighted average	8,570,350,540	8,058,330,239	8,570,350,540	7,695,302,414	7,916,683,428
Net earnings, kSEK	-56,272	-10,178	-68,591	-143,106	-163,440
Net earnings per share before dilution	-0.007	-0.001	-0.008	-0.019	-0.021
<i>After dilution</i>					
Weighted average number of shares	8,570,350,540	8,058,330,239	8,570,350,540	7,695,302,414	7,916,683,428
Issued shares not yet registered					
Issued warrants not yet converted to shares	696,770,115	544,665,286	696,770,115	544,665,286	826,070,816
Total number of shares after dilution	9,331,771,005	8,602,995,525	9,267,120,655	8,239,967,700	8,742,754,244
Net earnings, kSEK	-56,272	-10,178	-68,591	-143,106	-163,440
Net earnings per share after dilution, SEK	-0.006	-0.001	-0.007	-0.017	-0.019

Consolidated Balance Sheet

kSEK	2022-06-30	2021-06-30	2022-03-31	2021-12-31
ASSETS				
Fixed assets				
Intangible assets	17,557	19,689	50,913	51,159
Tangible assets	60,503	63	66,779	66,244
Financial assets	22,790	32,406	23,591	27,379
Total fixed assets	100,850	52,158	141,283	144,782
Current assets				
Receivables	4,056	6,238	2,338	13,373
Short-term investments	2,274	5,471	5,715	3,568
Cash and bank balances	28,711	33,503	25,476	19,321
Total current assets	35,041	45,212	33,529	36,262
TOTAL ASSETS	135,891	97,370	174,812	181,044
Equity				
Share capital	31,507	29,419	33,414	31,035
Other contributed capital	791,655	192,041	789,747	300,355
Other equity including profit for the year	-736,342	-142,415	-683,717	-182,442
Total equity	86,820	79,045	139,444	148,948
Liabilities				
Long-term liabilities	16,792	0	0	0
Current liabilities	32,279	18,325	35,368	32,096
Total liabilities	49,071	18,325	35,368	32,096
TOTAL EQUITY AND LIABILITIES	135,891	97,370	174,812	181,044

Consolidated Cash Flow

kSEK	Q2 2022	Q2 2021	Q1 2022	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Operating profit	-55,740	-2,547	-8,835	-64,576	-13,626	-33,468
Adjustments for items that are not included in cash flow	47,542	-788	-3,876	50,532	-752	-12,185
Paid interest	-904	-	-	-1,877	-	-
Cash flow from operating activities before changes in working capital	-9,102	-3,335	-12,711	-15,919	-14,378	-45,653
Increase / decrease in operating receivables	-1,718	-3,352	11,035	9,317	-5,588	-10,662
Increase / decrease in operating liabilities	2,804	3,929	3,272	183	16,508	19,170
Change in working capital	1,086	577	14,307	9,500	10,920	8,508
Cash flow from operating activities	-8,016	-2,758	1,596	-6,419	-3,458	-37,145
Investment activities						
Acquisition of tangible / financial fixed assets	0	-17,244	-953	-953	-28,718	-88,288
Sale of intangible / financial fixed assets	0	0	4,464	4,464	0	0
Cash flow from investing activities	0	-17,244	3,511	3,511	-28,718	-88,288
Financing activities						
Share Issue / Private placement	0	0	2,378	2,378	49,500	110,882
Issue costs	0	0	0		-1,238	-1,532
Borrowings	15,000	-446	0	15,000	-446	17,542
Repayment of loans	-3,750	0	-1,330	-5,080	0	0
Cash flow from financing activities	11,250	-446	1,048	12,298	47,816	126,892
Increase / decrease in cash and cash equivalents	3,235	-20,448	6,155	9,390	15,640	1,459
Cash and cash equivalents at the beginning of the year	25,476	53,950	19,321	19,321	17,862	17,862
Cash and cash equivalents at the end of the period	28,711	33,502	25,476	28,711	33,502	19,321

Change in Consolidated Equity

kSEK	Share capital	Other contributed equity	Other equity incl. Profit for the year	Total Equity
Equity 2021-12-30	31,035	297,563	-179,649	148,948
Rights issue	472	1,906		2,378
Employee options		0	1,496	1,496
Exchange rate difference			447	447
The result of the period			-66,461	-66,461
Equity 2022-06-30	31,507	299,469	-244,157	86,818

Parent Company

The Parent Company only carries out supporting functions for the Group with its main task to raise capital and

manage the listing of its share. All income in the parent company is related to billing of services to the Group.

Parent Company Income Statement

kSEK	Q2 2022	Q2 2021	Q1 2022	Jan-Jun 2022	Jan-Jun 2021	Full year 2021
Net sales	0	1,694	2,310	2,310	2,381	10,302
Activated work for own account	94	0	302	396	0	0
Total revenue	94	1,694	2,612	2,706	2,381	10,302
Operating expenses						
Other external expenses	-1,869	-2,187	-1,713	-3,582	-3,447	-8,665
Personnel costs	-1,848	-575	-1,071	-2,919	-575	-1,209
Earnings before depreciation and amortization (EBITDA)	-3,623	-1,068	-172	-3,795	-1,641	428
Depreciation and write-downs of intangible fixed assets	0	0	0	0	0	0
Operating profit	-3,623	-1,068	-172	-3,795	-1,641	428
Profit from financial items						
Profit from shares in group companies	0	0	0	0	0	34
Interest income and other income items	0	0	0	0	0	1,732
Interest expenses and other income items	-360	-30	0	-360	-75	-75
Total financial items	-360	-30	0	-360	-75	1,691
Profit after financial items	-3,983	-1,098	-172	-4,155	-1,716	2,119
Profit before tax	-3,983	-1,098	-172	-4,155	-1,716	2,119
Tax on profit for the period	0	0	0	0	0	0
The result of the period	-3,983	-1,098	-172	-4,155	-1,716	2,119

Parent Company Balance Sheet

kSEK	2022-06-30	2021-06-30	2022-03-31	2021-12-31
ASSETS				
Fixed assets				-
Financial assets	326,886	326,995	326,886	326,886
Total fixed assets	326,886	326,995	326,886	326,886
Current assets				
Receivables	167,400	43,189	154,496	151,875
Cash and bank balances	8,376	22,963	8,955	9,781
Total current assets	175,776	66,152	163,451	161,656
TOTAL ASSETS	502,662	393,147	490,337	488,542
Equity				
Share capital	31,507	29,419	33,414	31,035
Share premium fund	791,654	697,030	787,747	773,455
Balanced gain or loss	-332,522	-332,896	-331,561	-319,844
The result of the period	-4,155	-1,716	-172	2,119
Total equity	486,484	391,837	489,428	486,765
Liabilities				
Long-term liabilities	15,000	0	0	0
Current liabilities	1,178	1,310	909	1,777
Total short-term liabilities	16,178	1,310	909	1,777
TOTAL EQUITY AND LIABILITIES	502,662	393,147	490,337	488,542

Definitions

Alphaplate • Alphaplate Limited.

Annual Accounts Act • (Sw: Årsredovisningslagen) Accounting legislation in Sweden consists of mandatory accounting acts – the Annual Accounts Act of 1995 (Årsredovisningslagen) and the Book-keeping Act of 1999 (bokföringslagen) being the most important. Both the Annual Accounts Act and the Book-keeping Act are general frameworks for accounting and both Acts refer to generally accepted accounting principles. The Annual Accounts Act is based on an EU Directive. Credit institutions, brokerages and dealers in securities, and insurance companies, are covered by two specific accounting acts.

Arcane or the Company • Arcane Crypto AB. Arcane Assets • Arcane Assets AS.

Arcane Crypto • Arcane Crypto AS.

Arcane Green Data • Arcane Green Data Services AS

Arcane Group or Group • the group of companies comprising the Arcane Crypto portfolio and forming part of Arcane.

Arcane Research • research division of Arcane Crypto, which includes Arcane Media that produces the Kryptografen new site and podcast.

Arcane Technology • the business unit developing the software solution Teslacoil and trading as Teslacoil.

Arcane Transaction • acquisition of all of the shares in Arcane Crypto through a Reverse Takeover by Vertical Ventures AB (publ).

ARK • ARK Investment Management LLC.

Bank of America • The Bank of America Corporation.

Bank of New York Mellon • Bank of New York Mellon Corporation.

BFNAR • BokFöringsNämndens Allmänna Råd.

BlackRock • BlackRock Global Allocation Fund, Inc.

BlockFi • BlockFi Inc.

Board • the board of Arcane.

B&S • Black & Scholes, The Black-Scholes model, also known as the Black-Scholes-Merton (BSM) model, is a mathematical model for pricing an options contract. In particular, the model estimates the variation over time of financial instruments.

Citi • Citigroup Inc.

CME • The Chicago Mercantile Exchange.

Coinbase • Coinbase Global Inc.

EBITDA • Earnings before interest tax depreciation and amortization.

ETF • Exchange Traded Fund.

Eurekahedge Crypto-Currency Hedge Fund Index • an equally weighted index of 17 constituent funds. The index is designed to provide a broad measure of the performance of underlying hedge fund managers that allocate to bitcoin and other crypto-currencies. The index is base weighted at 100 at Jun 2013, does not contain duplicate funds and is denominated in USD. For more information please see: <https://www.eurekahedge.com/Indices/hedgefund-index-methodology>.

Fidelity • Fidelity Digital Asset Services, LLC.

Fund • Arcane Assets Fund Limited.

Goldman Sachs • Goldman Sachs Group, Inc.

Grayscale • Grayscale Investments, LLC.

JP Morgan • JPMorgan Chase & Co.

Kaupang • Kaupang Krypto AS.

Lightning or Lightning Network • the Bitcoin Lightning Network.

LMAX • LMAX Digital Broker Limited.

LN Markets • ITOAM, the owner of the Bitcoin Lightning Network based trading platform LN Markets.

LOI • Letter of Intent.

Luxor • Luxor Technology Corporation

MicroStrategy • MicroStrategy Inc.

MVP • Minimum Viable Product.

Nasdaq • Nasdaq Stock Market (US).

Nasdaq First North • Nasdaq First North Growth Market.

PayPal • PayPal Holdings Inc.

Pure Digital • the interbank trading platform being developed by Puremarkets.

Puremarkets • Puremarkets Limited, trading as Pure Digital.

Reverse Takeover • a takeover where the acquired entity is seen as the requirer as the shareholders in the acquired entity become the major shareholders in the acquirer.

SEC • The U.S. Securities and Exchange Commission.

Square • Square, Inc.

State Street • State Street Bank & Trust Company

Tesla • Tesla, Inc.

Teslacoil • Teslacoil Solutions AS.

Trijo • Ijort Invest AB, which operates the Swedish cryptocurrency exchange Trijo.

Valour • Valour Structured Products Inc.

VanEck • Van Eck Associates Corporation.

Venmo • Venmo, LLC (subsidiary of PayPal).

Vertical Ventures • Vertical Venture AB (publ).

Visa • Visa, Inc.

Wells Fargo • Wells Fargo & Company.

Zodia Custody • Zodia Custody Limited.



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