

# Interim Report

Q2 & H1 2021 | January - June



# Continued strong growth and development



Q2 has been a great quarter for Arcane Crypto on many fronts as we continue to deliver on our core strategy, to develop and invest in projects focused on bitcoin and digital assets. Our revenue saw strong growth and exceeded 100 MSEK in the quarter, with a gross margin on sales of 5.5 MSEK, for the first time in the Group's history. The revenue was mainly driven by our acquisition of Kaupang, while the gross margin on sales was also driven by a record quarter for Arcane Assets and Arcane Research.

From Torbjørn Bull Jenssen's CEO statement



## Second quarter of 2021

(compared to second quarter 2020)

- Group revenue increased to 100,372 kSEK (190)
- EBITDA was -1,484 kSEK (-1,472)
- The result for the period was -7,056 (-1,617)
- Adjusted result for the period was -7,056 (-1,617)
- Earnings per share before dilution were SEK -0.001 (-0.003)
- Earnings per share after dilution were SEK -0.001 (-0.003)

## First half year 2021

(compared to first half year 2020)

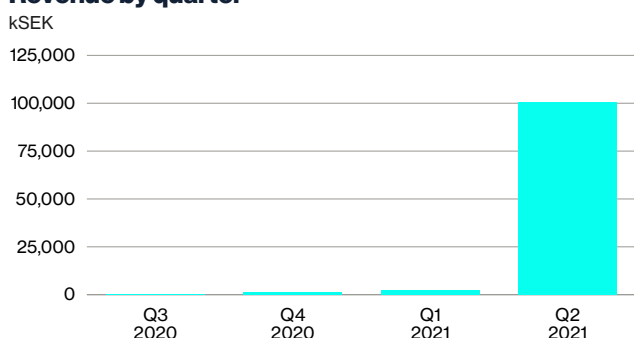
- Group revenue increased to 102,529 kSEK (308)
- EBITDA was -12,527 kSEK (-4,369)
- The result for the period was -143,106\* (-4,510)
- Adjusted result for the period was -16,153 (-4,510)
- Earnings per share before dilution were SEK -0.019 (-0.008)
- Earnings per share after dilution were SEK -0.017 (-0.008)

\* 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 126,917 kSEK), which, according to the Company's opinion, better reflects the financial performance of the Group in the period.

## Financial overview

kSEK	Q2 2021	Q2 2020	Q1 2021	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Revenue	100,372	190	2 157	102,529	308	2,103
Operating expenses	-101,856	-1,662	-13,200	-115,056	-4,677	-19,915
EBITDA	-1,484	-1,472	-11,043	-12,527	-4,369	-17,812
Total assets	97,370	20,152	84,957	97,370	20,152	41,243
Total liabilities	18,325	10,897	21,621	18,325	10,897	9,042
Equity	79,045	9,255	63,336	79,045	9,255	32,202

## Revenue by quarter



The second quarter 2021 is the first quarter where Kaupang is fully consolidated as a subsidiary in the Group. Please note that neither Trijo, LN Markets, Alphaplate 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.

# Main events

## Main events during Q2 2021

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- On 2nd April 2021, BlockFi and Arcane Research announced a collaborative partnership to provide a report for BlockFi's institutional clients every two weeks.
- On 8th April 2021, Puremarkets Limited ("Pure Digital"), a company where Arcane Crypto AB holds 37.5% through Arcane Crypto AS, announced that State Street was one of the banks that had signed an LOI with Pure Digital to explore trading of digital assets, and that Currenex, owned by State Street, would provide the trading infrastructure to the Pure Digital platform.
- On 16th April 2021, Arcane Crypto AS, a subsidiary of Arcane Crypto AB, increased its shareholding in ITOAM, the owner of the Bitcoin Lightning Network based trading platform LN Markets, from 7% to 16%.
- On 20th April 2021, Arcane Crypto announced that its subsidiary Arcane Crypto AS had entered into an agreement to acquire the remaining outstanding shares in Ijort Invest AB, which operates the Swedish crypto exchange Trijo.
- On 16th June 2021, Arcane Crypto's subsidiary Arcane Assets AS signed an LOI with Valour Structured Products Inc. with the intention to explore the issuance and listing of an Exchange-Traded Product based on Arcane's cryptocurrency fund.
- On 24th June, 2021, Arcane Research published a report in collaboration with LMAX Digital titled "*The Bitcoin Trading Ecosystem*" which focuses on the emerging institutional infrastructure.
- On 28th June 2021, Arcane Green Data Services AS signed a leasing contract for hosting bitcoin miners and thereby took the first steps in establishing a bitcoin mining business unit branded Arcane Green Data.

## After the end of the period

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- On 2nd July 2021, Arcane Crypto completed the acquisition of Ijort Invest AB ("Trijo").
- On 21st July 2021, Arcane Crypto's London based associated company Puremarkets Limited (trading as Pure Digital) announced that Bank of New York Mellon has joined the consortium of banks working with the interbank wholesale marketplace to develop a platform to support the entire digital asset life cycle.
- On 29th July 2021, Arcane announced that the Company will be included in CoinShares Elwood Global Blockchain Index as of August 2, 2021.
- On 30th July 2021, Arcane announced a collaboration between its fully owned subsidiary Ijort Invest AB ("Trijo") and the payment service provider Trustly.
- On 9th August 2021, Arcane announced that the Company will be included in the Melanion BTC Equities Universe UCITS ETF.

# Letter from the CEO

*Q2 has been a great quarter for Arcane Crypto on many fronts as we continue to deliver on our core strategy, to develop and invest in projects focused on bitcoin and digital assets. Our revenue saw strong growth and exceeded 100 MSEK in the quarter, with a gross margin on sales of 5.5 MSEK, for the first time in the Group's history.*

To support this growth, the team has expanded with several new key hires. In June, we took the first step in forming a bitcoin mining business unit within Arcane, branded Arcane Green Data and have secured the initial hosting capacity. Trijo has been fully consolidated into the Arcane family and has announced their partnership with Trustly, making it the first cryptocurrency exchange to offer its clients Trustly as a payment option in Europe. Pure Digital has signed up a total of 6 tier one banks. LN Markets, where we increased our ownership during the quarter to 16%, is seeing strong growth in its user base.

## The market continues to grow

Despite volatility, the cryptocurrency market continued to mature during Q2. Bitcoin reached a new all-time high, with a market capitalization of 1.2 trillion USD. This is still tiny compared to other major financial assets, but substantial enough to matter. The relatively low market capitalization should be viewed as an opportunity of upside rather than a weakness. The capitalization must be low before it can become high, and while the price of bitcoin fell sharply again towards the end of the quarter, the interest in the sector remains as high as ever. This is both reflected in the price having regained substantial territory, and in the continuation of new players coming into the sector.

One set of such players is large investment banks. During the quarter Bank of New York Mellon, announced its involvement with the Pure Digital project, where Arcane Crypto is a 37.5% owner. They are joining State Street and 4 other tier one banks, that have yet to be disclosed, exploring the possibilities of a interbank marketplace for digital assets. Just a few years ago, this was seen as something that never would happen. Now, this is seen as a natural next step on a continued adoption of bitcoin and cryptocurrencies in society.

A new type of player entered the sector when El Salvador, announced they would be the first nation to introduce bitcoin as legal tender. To deal with scaling challenges associated with traditional bitcoin transfers, the apps used in El Salvador rely upon the Bitcoin Lightning Network for instantaneous transfers. This reflects the fast maturation of the Lightning Network, which currently is seeing exponential growth. For our portfolio company LN Markets, this is great news. They saw a record number of new users, up 41% from Q1.

While there has been a lot of positive news during the quarter, China caught many by surprise by finally doing what they have said they would do since 2013, clamping down on the crypto sector, specifically banning bitcoin mining almost overnight. Initially, many saw this as a negative signal. However, the bitcoin network continued to run without any issues, proving its robustness. In addition, the China ban has turned out to be a positive development for bitcoin. Mining is now becoming more decentralized and greener. The price of machines has fallen, increasing the profitability of new mining ventures. As miners are moving to the West, the share of green energy usage is also increasing, and was recently estimated to be above 56%. In our new venture Arcane Green Data, announced just at the end of the quarter, we are going to use renewable energy to mine bitcoin. We have secured hosting capacity of 2.5 MW and are now in the process of ordering our first miners and refine the long-term strategy.

The volatility in the crypto market can be tough to deal with, especially from an asset management perspective, but our fund has weathered the storm well and continues to outperform bitcoin. We have now proven our ability to generate value for our fund investors over time and the next step is to push on distribution. In relation to that, it is very interesting to see the increased appetite for exchange traded products (ETP) linked to the crypto sector. Arcane has itself been included in a few crypto and blockchain focused ETPs, and we expect to be included in more such products in the future. In addition, we are now working with Valour Structured Products to develop our own ETP tracking the fund. When launched, investors will be able to easily get exposure to the performance of the fund though their normal broker like Avanza or Nordnet.

Operationally in Arcane, we have now taken full control over both the Norwegian cryptocurrency broker Kaupang Krypto AS and the Swedish exchange Trijo (Ijort Invest AB). During the quarter Kaupang has launched a premium OTC offering and signed a partnership with Fireblocks to offer custody. Bringing Kaupang fully into Arcane has helped Kaupang achieve a record quarter and is what has brought Arcane's revenue above 100 million SEK for the first time, helped by a record quarter for both Arcane Assets and Arcane Research.

## Arcane is well positioned for the future

We believe Arcane, with our diverse portfolio of companies, is well positioned to become the leading full service digital finance platform in Europe.

However, the journey will neither be easy nor straightforward. Externally, we see the regulatory landscape changing in very meaningful ways, while internally, we are working on consolidating our holdings and extracting synergies from across our portfolio of companies.

From a regulatory perspective, the blockchain ecosystem's continued growth has drawn increasing attention. American and European regulators now have several concrete proposals to tighten AML & KYC requirements.

While many fear that increased regulation will have a negative effect on the blockchain ecosystem, we are of the opposite view. As long as regulation is thoughtfully formulated and adapted to the specifics of the ecosystem, increased regulation helps build legitimacy. It is a natural part of a maturing sector and something we embrace at Arcane. We are following developments closely and are engaging directly with regulators, politicians and the traditional financial industry, to share information and influence the discussions.

From an Arcane group perspective, we see great potential in bringing our portfolio of companies even closer together. We believe the best place to start is by unifying our portfolio of companies under one common technology stack. While challenging, this will unlock many synergies and set a solid basis for product development and growth across the Arcane group into 2022.

We're just getting started. Join us as we build Arcane into Europe's leading platform to learn, trade, and invest in the blockchain ecosystem.



**Torbjørn Bull Jenssen**  
CEO, ARCANE CRYPTO

# Sector Development

## A challenging quarter for the sector, but continued adoption and positive underlying trends

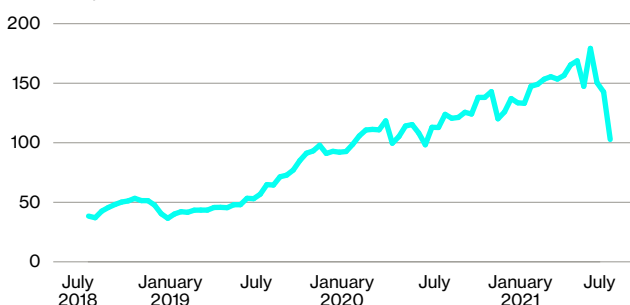
The second quarter of 2021 was more difficult than the first for the crypto sector. Bitcoin had a strong start, reaching highs above \$64,000 before it began to lose momentum.

A key force leading to the turmoil in bitcoin is connected to the mining industry. Bitcoin's environmental impact was getting the attention of the masses, led by Elon Musk questioning the share of renewables used by bitcoin miners. While momentum changed, leveraged traders were betting hard on further upside, causing some very notable corrections, exaggerated by liquidated leveraged positions. On April 18th and May 19th, bitcoin saw huge intraday movements towards the downside and reached a low of \$28,000, down more than 50% from its peak.

The mining industry saw major developments in Q2. In June, the Chinese government decided to shut down the entire mining sector in the country. This had a massive impact on the bitcoin hashrate\*. The University of Cambridge estimated the Chinese hashrate to account for 46% of the global hashrate in bitcoin in April. Following the ban, the hashrate in bitcoin fell from a peak of 179 EH/S down to 102 EH/S, effectively a 43% drop over the course of a couple of weeks. This was caused by miners having to shut down their processes in China and reduced revenues due to declining bitcoin prices.

### Hashrate

exahashes/second



Now, the hashrate and block discovery rate in bitcoin has normalized at above 100 EH/S, while the Chinese influence over the global hashrate in bitcoin has completely been eradicated.

\* Hashrate is a measure of the amount of computation done by bitcoin miners to secure the bitcoin blockchain. When miners turn off their machines, the hashrate drops. This leads to a reduction in the difficulty of generating new blocks such that the frequency of new blocks and bitcoin issuance remains constant over time with one block every 10 minutes on average. When more miners turn on their machines, the difficulty is increased.

The discussions regarding bitcoin's energy mix led to the creation of The Bitcoin Mining Council, seeking to get more transparent and reliable data on the energy mix used in bitcoin. The Bitcoin Mining Council found that 56% (36.8% in Q1) of the energy used in bitcoin mining by the end of Q2 was based on sustainable resources, vastly better than the energy mix in most countries. The developments from Q1 to Q2 suggest that western miners, in general, use more renewables. Miners are incentivized to seek cheap and reliable energy in order to remain competitive in the industry. Thus, it's no surprise that stranded resources and hydropower are attractive for bitcoin miners.

In June, El Salvador passed a bill to classify bitcoin as legal tender in the country. From September 7th, bitcoin will become legal tender in the country alongside the USD. Remittances are an important part of the El Salvadorian economy, with around a fifth of the country's GDP being based on money sent back from workers abroad. By adopting bitcoin as legal tender, the country aims to reduce the costs associated with remittances.

El Salvador will utilize the Lightning Network in order to facilitate cheap and instant payments for everyday goods and services using bitcoin. In Q2, the Lightning Network's BTC capacity increased by 40%, and the growth has accelerated further in July.

While bitcoin saw poor returns in Q2, surveys from Goldman Sachs and Fidelity indicate that the institutional interest in bitcoin is as high as ever. In their inaugural family office survey, Goldman Sachs disclosed that 16% of all respondents were already invested in cryptocurrency today. Moreover, 45% of the family offices not already involved in the space signaled interest in investing in the future.

Fidelity's inaugural institutional investor survey found that 52% of all institutions surveyed already owned digital assets, while 71% stated that they planned to buy or invest in the future. The institutional interest in bitcoin persists despite the recent turmoil.

On the fintech side, in Q2, PayPal announced that they would allow users to pay in BTC upon checkout with various vendors, while Revolut launched bitcoin withdrawals to third-party wallets in the UK. Later, both PayPal and Venmo made comments suggesting that they too would soon enable cryptocurrency withdrawals to third-party wallets. This clearly illustrates that the demand for crypto support on the traditional payment network platforms is growing.



# The Company

**Arcane Crypto develops and invests** in projects focused on bitcoin and digital assets. The Company operates a portfolio of businesses, spanning the value chain for digital finance. The portfolio companies deliver various services with strong synergies across payments, investments and trading as well as internationally recognized market research. Arcane Crypto has the ambition to become a leading player in the digital assets space by growing the existing businesses and investing in innovative projects via acquisitions and consolidation.

## Group entities

The Parent Company only carries 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 group entities.

To date, all acquisitions and operations have been performed in Arcane Crypto which comprises four wholly owned subsidiaries or divisions. Arcane Crypto also manage interest in the Associated Companies as well as other investments.

**Arcane Research**, a team of researchers and analysts providing cryptocurrency insights and market reports as well as bespoke research reports, partnering with companies in the cryptocurrency and traditional finance space. Arcane Research is frequently quoted in cryptocurrency media and more traditional news sites including Bloomberg, Forbes and Coindesk, which has been important as the Company continues to build the Arcane brand. Arcane Research now includes the Arcane Media division which produces the Kryptografen news site and podcast.

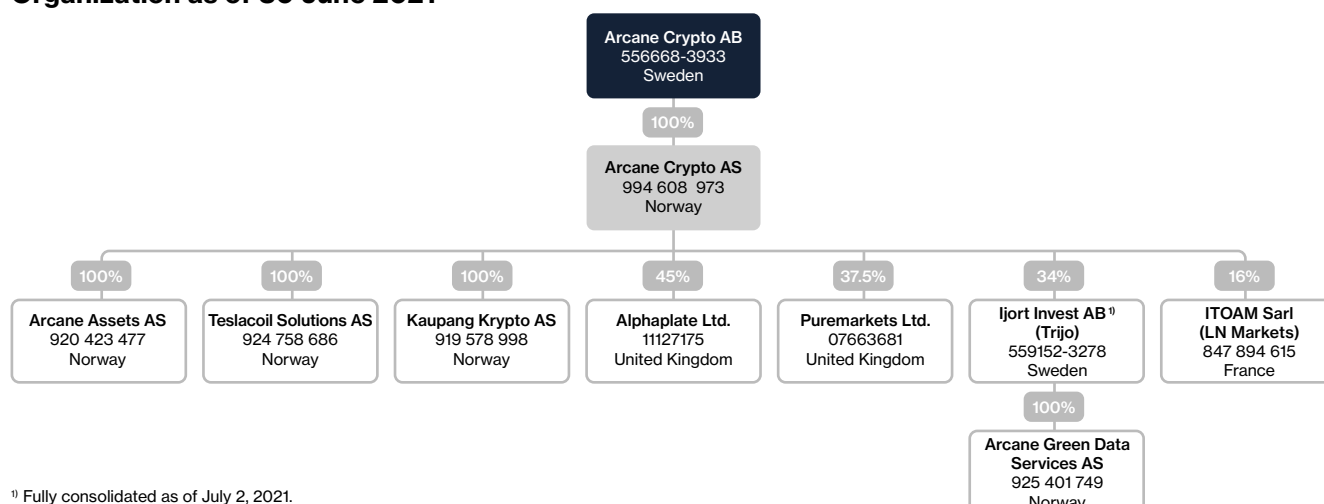
**Arcane Technology** is the business unit developing the software solution Teslacoil and is trading as Teslacoil Solutions AS. Teslacoil is producing payments software for instant cryptocurrency to fiat payments. Teslacoil is leveraging the Bitcoin Lightning Network targeting business clients with its "lightning as a service" approach. Teslacoil is now being integrated with Kaupang and going forward, Arcane Technology will be a team rather than a business unit, serving all of the different businesses in Arcane by building out a unified technical platform for Arcane and its subsidiaries.

**Arcane Assets** is the entity that provides fund management services to our Fund, with Eric Wall as Chief Investment Officer (CIO). Eric Wall is a well known cryptocurrency expert both in Sweden and internationally. Arcane Assets has agreed to provide the services of Eric Wall to assist the investment manager, AK Jensen Investment Management Limited, in the day-to-day portfolio management of the Fund. The Fund is registered as an exempted company, limited by shares, under Cayman Islands law with registration number AP358169. It is registered as a mutual fund under section 4(3) of the Cayman Mutual Funds Act and it is subject to continuing obligations and other regulations under the Cayman Mutual Funds Act. The Fund is a cryptocurrency and digital assets hedge fund.

**Kaupang** is a Norwegian cryptocurrency broker, approved and regulated by the Norwegian Financial Supervisory Authority. Kaupang provides a secure platform for individuals and businesses to trade cryptocurrencies, offering deep liquidity and the largest selection of cryptocurrencies in Norway.

**Arcane Green Data** is the bitcoin mining business unit, currently under formation and exploring a mining strategy for Arcane and the Group Companies.

## Organization as of 30 June 2021



<sup>1)</sup> Fully consolidated as of July 2, 2021.

## Associated Companies

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In addition to the above, Arcane Crypto also has investments in four other companies.

**Puremarkets** is a UK company in which Arcane Crypto has a 37.5% ownership. Puremarkets is building a platform to provide an interbank wholesale market place for digital assets, Pure Digital.

During the second quarter, Arcane Crypto entered into an agreement to acquire the remaining outstanding shares in **Trijo**, an associated company in which Arcane Crypto owned 34% of the shares. Trijo, operates the first Swedish cryptocurrency exchange licensed by Finansinspektionen, the Swedish financial supervisory authority.

Following the period, Arcane Crypto completed the acquisition of Trijo through a directed set-off of issue shares and the change in ownership was approved by Finansinspektionen.

Arcane Crypto has a 45% shareholding in **Alphaplate** a UK company. Alphaplate is a cryptocurrency market maker and algo trader.

Finally, during the first quarter of 2021, Arcane Crypto had a warrant holding, representing a 7% shareholding in **LN Markets**, a Bitcoin Lightning Network based trading platform. LN Markets uses Bitcoin, paid and settled over the Lightning Network, as collateral for derivatives trading. During the second quarter, Arcane Crypto entered into an Investment Agreement to increase its ownership in LN Markets and converted its warrants, and now have a 16% shareholding in the company.



# Business Unit Development

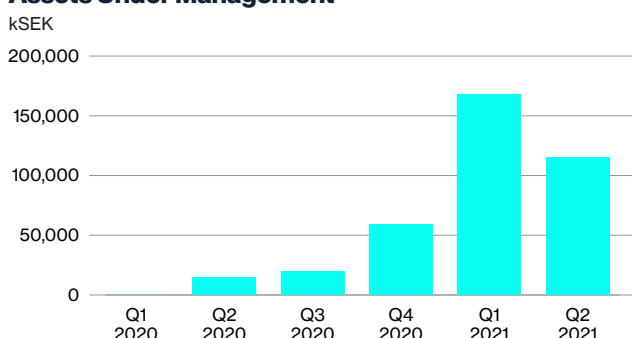
## Arcane Assets\*

Since launch, a little over a year ago, the Fund managed by Arcane Assets has outperformed both bitcoin and other cryptocurrency hedge funds, as measured by the Eureka Cryptocurrency Hedge Fund Index. Now that we have proven our ability to deliver value to the fund investors over time, the focus is on distribution and scaling.

On June 16th, 2021, Arcane Assets signed a Letter of Intent with Valour with the intention to explore the issuance and listing of an Exchange-Traded Product (ETP) based on Arcane's cryptocurrency fund. The ETP would be the first to have a cryptocurrency fund as the underlying asset and the market provides exciting expansion possibilities for the Fund. The parties have since been focused on agreeing on the mechanics of such a listing and Valour has been working on the prospectus documentation. The launch is expected to take place later this year. Upon launch, the ETP will provide Arcane Assets with a significant improved distribution, making a solid foundation for increased growth.

Arcane Assets, the management company, made kSEK 2,710 revenue in Q2 2021 compared to kSEK 1,788 in Q1 2021.

## Assets Under Management



\* Nothing in this document constitutes an offer or invitation to subscribe to units or shares of an AIF or to invest in Arcane Assets Fund Limited. The Fund is only available to Professional Investors as defined by MIFID II. Past performance is not an indication of future results.

## Arcane Research

Arcane Research has tripled its revenue from Q1 2021 to Q2 2021, has secured new clients and has built on existing relationships, most notably:

- Published 37-page industry report with LMAX Digital, on the Bitcoin Trading Ecosystem and the emerging institutional infrastructure
- Continues to provide BlockFi with a twice a month report for institutional investors
- Increased its subscription base to the weekly market report by 29%
- Featured in numerous crypto media and more traditional news publications

In addition to working with business clients, selling consultancy and research products, Arcane Research is distributing a free weekly newsletter and an associated paid weekly market report. The growth rate for the weekly report has been good, and with increased marketing focus, we expect the growth to accelerate going forward.

Arcane Research is currently strengthening the team and is in a good position to respond to market demand and continue the growth going forward. Arcane Research continues to manage the operational responsibility of Arcane Media, primarily the Kryptografen news site and podcast.

## Integration of Arcane Technology

During Q2 the focus has been on integrating Teslacoil with Kaupang. Kaupang already leverages the software to offer instant bitcoin payments as an option for a couple of merchants, serving as pilot customers.

During the quarter, the Lightning Network has seen rapid development. While the network is still limited and there are regulatory uncertainties, the use case for bitcoin as a payment rail has been strengthened as a result of El Salvador adopting bitcoin as legal tender.

In Arcane, we will work on a long-term strategy of deeply integrating lightning with Kaupang and use that as a basis for providing lightning services. Furthermore, following the acquisition of Trijo, we will work towards a unified technology stack across our exchange and payment services.

This is now being set up on Google Cloud in a way that other Arcane services like Arcane Assets and Arcane Research can leverage the same infrastructure as well. To bring a broader set of Arcane services onto the same platform will enable faster scaling, unlock synergies and form the basis for turning Arcane into a true full service digital finance platform.

## Kaupang

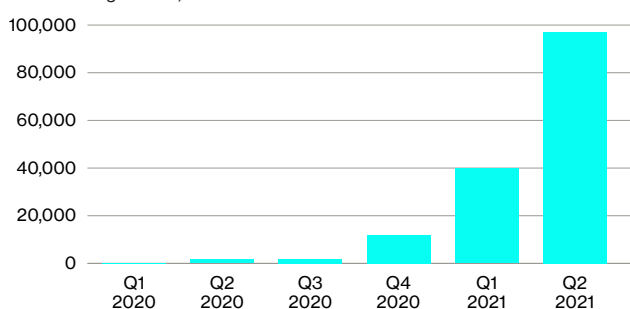
Kaupang was acquired by Arcane Crypto at the end of Q1, on March 26, 2021. Following the acquisition, the focus has been on developing a dedicated premium offering for clients executing larger trades needing deep liquidity, in addition to integration of Teslacoil.

As a part of developing the premium offering, Kaupang has entered into a collaboration with Fireblocks which will form the basis of their custody offering which is currently in development. During the quarter, Kaupang rolled out a recurring buy feature, currently in beta.

Regarding trading activity on Kaupang, user growth and revenue Q2 marks a record quarter and the gross turn-over more than doubled from Q1.

### Kaupang

Gross trading volume, kSEK



## Arcane Green Data

Arcane Green Data is a new business unit, currently under development which will focus on Arcane's mining strategy.

On 28th June 2021, Arcane Green Data Services AS, currently a subsidiary of Ijort Invest AB, managed directly by Arcane, entered into a lease agreement for hosting capacity for bitcoin miners of up to 2.5 MW. The lease contract for hosting of bitcoin miners has start dates that are divided between August 2021 and Q1 2022 and is agreed at market terms for such hosting. It has a duration of three and a half years with an option to extend the contract for further two years.

Arcane Green Data is in the process of negotiating the acquisition of mining equipment, financing for such equipment, as well as finalizing the strategy of Arcane Green Data. A mining business is viewed as complementary to the existing Arcane business units and in line with the company's buy and build strategy.

## 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 bring many years of experience at top tier banks and have successfully delivered a similar platform for the FX market. Puremarkets has seen very strong development in Q2 and into Q3, with an increased number of banks signing letters of intent to indicate their interest in being involved in the platform.

During the period Puremarkets announced that it had signed an LOI with Bank of New York Mellon.

The team has been coordinating the relevant parties required for a test trade (liquidity, the bank and the custodian) and the first test trade is expected to take place mid-August 2021.

Puremarkets continues to see interest this quarter, both from tier one investment banks in participating on the platform and from various settlement, risk, custody and other digital asset services providers looking to integrate their services to the Pure Digital platform. Puremarkets have begun to discuss testing, integration and the next steps towards go-live with the relevant banks. The banks are looking to Puremarkets to coordinate their efforts as they explore digital asset trading.

Following the period, Puremarkets submitted their application to the UK's Financial Conduct Authority to register as a cryptoasset business under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

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).

## Trijo

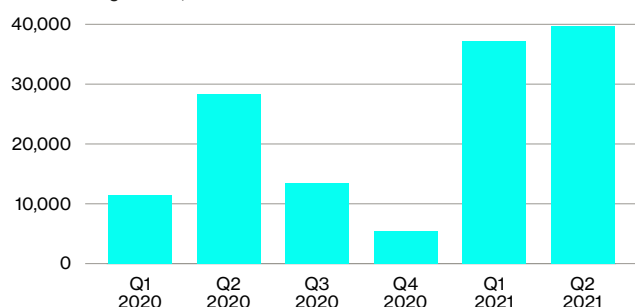
On 20th April 2021, Arcane Crypto entered into a share purchase agreement to acquire the remaining outstanding shares in Trijo. On 23rd June 2021, Arcane Crypto received regulatory approval from the Swedish Financial Supervisory Authority to become the owners of Trijo. The acquisition of Trijo was completed following the reporting period through a directed set-off issue of shares in Arcane Crypto to the sellers on 2nd July 2021.

After the reporting period, Trijo announced its collaboration with the payment service provider Trustly. The option to deposit money through Trustly has already been implemented. This makes Trijo the first cryptocurrency exchange to offer its clients Trustly as a payment option in Europe.

Following the acquisition of Trijo, Arcane's objective is to accelerate both the product development and marketing. Over time we will work towards a unified operation and infrastructure across Kaupang and Trijo, which will include deep integration with Teslacoil to enable Lightning transactions and payments.

### Trijo

Gross trading volume, kSEK



## LN Markets

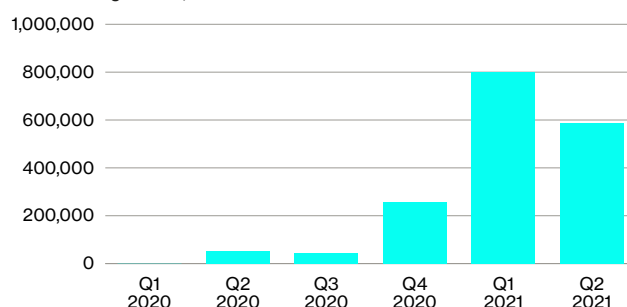
On 16th April 2021, Arcane Crypto entered into an investment agreement to increase its ownership in LN Markets from 7% to around 16% via a cash investment of EUR 1,500,000 (equivalent to kSEK 15,356). LN Markets is a trading platform built on the Bitcoin Lightning Network and uses bitcoin, paid and settled over the Lightning Network, as collateral for derivatives trading.

During the period the total volume traded on the LN Markets platform was \$69 million (equivalent to kSEK 587,211), down 22% from \$88 million in Q1 2021 (equivalent to kSEK 748,906). The trading volume correlated with market sentiment, but LN Markets saw an increase in their user base, up 41%.

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



## Alphaplate

During the first quarter of 2021, Arcane held 45% of Alphaplate and this remained unchanged during the period. Alphaplate has prioritized their market making activity on Group company, Trijo and integration with Puremarkets. Alphaplate also completed their onboarding with Standard Chartered and Northern Trust crypto custodian Zodia this quarter.

They reported a loss for Q2 of 131,980 GBP (equivalent to 1,554 kSEK). Their focus for this quarter has been on development and third-party integrations.

# Strategic recruitments

Arcane Crypto saw a number of key hires join this quarter, following the recruitment efforts in the first quarter.

- Oisin Zimmerman and Vihang Patil, the new Chief Technology Officer and Senior Software Architect respectively, started during and following the period.
- Arcane Assets grew with the addition of Natalia Goldin Lundh joining after the period as Head of Business Development and Georges Mansourati joining during the period as a Fund Manager.
- Arcane Research was strengthened following the period with the addition of Anders Helseth as a Senior Analyst. Anders joins from Menon Economics where he worked for over 5 years as an Analyst and a Senior Analyst, he has a master's degree in Econometrics, including a doctoral degree in time series econometrics.

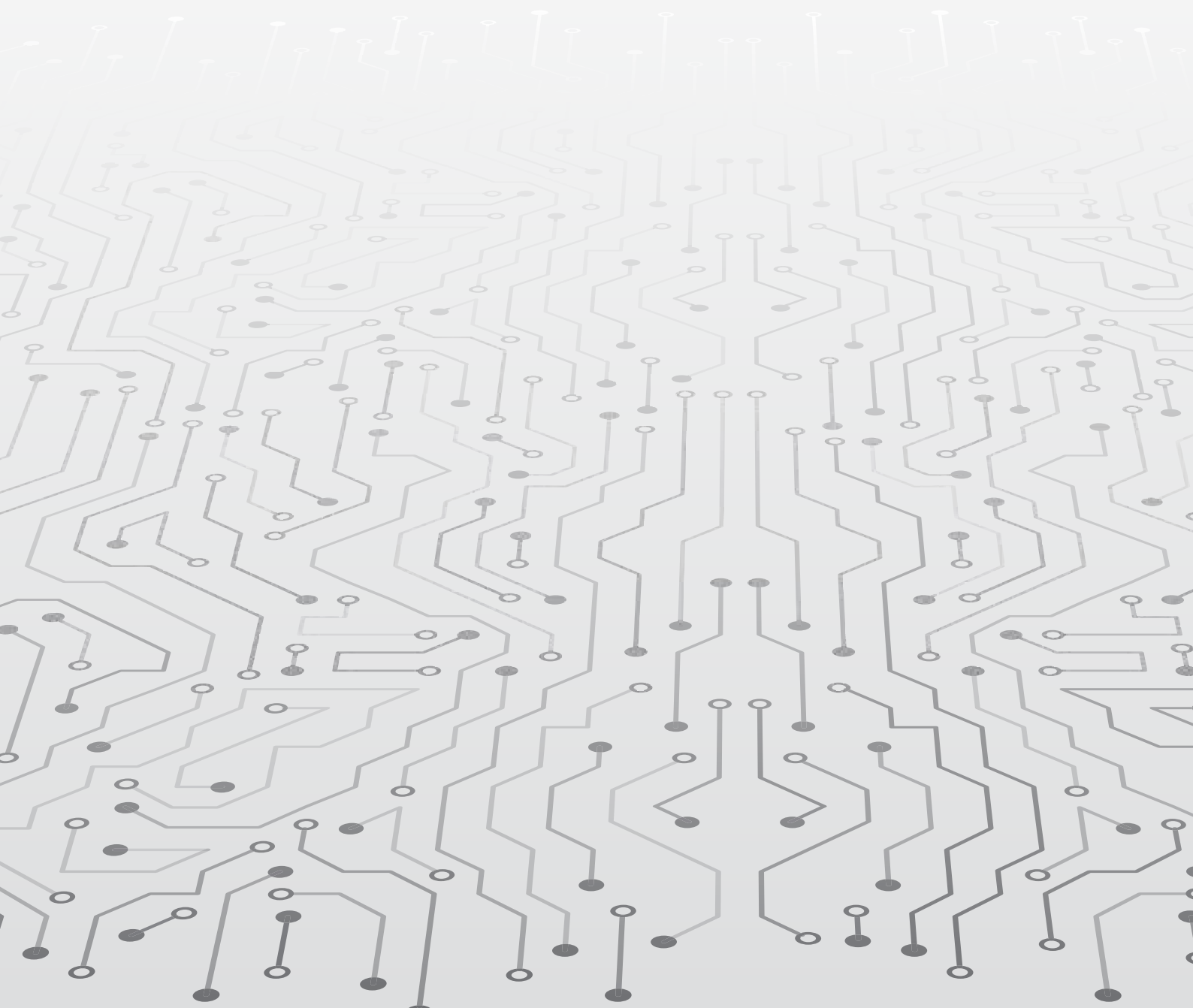
# Financials

Following the Reverse Takeover, Arcane Crypto AS has been consolidated as part Arcane Crypto AB from the start of 2021.

However, as the transaction was a Reverse Takeover, it is Arcane Crypto AS that is seen as the acquiring party from a financial reporting perspective for the Group.

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), which are the basis for all reports. 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.



# Consolidated Income Statement

kSEK	Q2 2021	Q2 2020	Q1 2021	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Net sales	100,296	190	2,094	102,390	308	1,941
Other operating income	76	-	63	139	-	162
<b>Total Revenue</b>	<b>100,372</b>	<b>190</b>	<b>2,157</b>	<b>102,529</b>	<b>308</b>	<b>2,103</b>
<b>Operating expenses</b>						
Cost of goods sold	-94,835	-	-	-94,835	-	-
Other external expenses	-7,151	73	-4,354	-11,505	-831	-10,923
Personnel costs	130	-1,735	-8,846	-8,716	-3,846	-8,992
<b>Earnings before depreciation and amortization (EBITDA)</b>	<b>-1,484</b>	<b>-1,472</b>	<b>-11,043</b>	<b>-12,527</b>	<b>-4,369</b>	<b>-17,812</b>
Depreciation and write-downs of intangible fixed assets	-1,063	-2	-36	-1,099	-3	-66
<b>Operating profit</b>	<b>-2,547</b>	<b>-1,474</b>	<b>-11,079</b>	<b>-13,626</b>	<b>-4,372</b>	<b>-17,878</b>
Profit from participation in associated companies	-3,138	-8	447	-2,691	-	37
Interest income and other financial income	-1,581	12	1,606	25	12	1,193
Interest expenses and other financial costs*	210	-147	-127,024	-126,814	-150	-228
<b>Total financial items</b>	<b>-4,509</b>	<b>-143</b>	<b>-124,971</b>	<b>-129,480</b>	<b>-138</b>	<b>1,002</b>
<b>Profit after financial items</b>	<b>-7,056</b>	<b>-1,617</b>	<b>-136,050</b>	<b>-143,106</b>	<b>-4,510</b>	<b>-16,876</b>
<b>Profit before tax</b>	<b>-7,056</b>	<b>-1,617</b>	<b>-136,050</b>	<b>-143,106</b>	<b>-4,510</b>	<b>-16,876</b>
Tax on profit for the period	-	-	-	-	-	-
<b>The result of the period*</b>	<b>-7,056</b>	<b>-1,617</b>	<b>-136,050</b>	<b>-143,106</b>	<b>-4,510</b>	<b>-16,876</b>
Adjusted result for the period excluding the "technical" write down	-7,056	-1,617	-9,097	-16,153	-4,510	-16,876

\* 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 126,917 kSEK), which, according to the Company's opinion, better reflects the financial performance of the Group in the period.

## Net earnings per share

	Q2 2021	Q2 2020	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
<i>Before dilution</i>					
Number of shares	8,062,938,161	540,072,401	8,062,938,161	540,072,401	540,072,401
Weighted average	8,058,330,239	540,072,401	7,695,302,414	540,072,401	540,072,401
Net earnings, kSEK	-7,056	-1,617	-143,106	-4,510	-16,876
Net earnings per share before dilution	-0.001	-0.003	-0.019	-0.008	-0.031
<i>After dilution</i>					
Weighted average number of shares	8,058,330,239	540,072,401	7,695,302,414	540,072,401	540,072,401
Issued warrants not yet converted to shares	544,665,286		544,665,286		
Total number of shares after dilution	8,602,995,525	540,072,401	8,239,967,700	540,072,401	540,072,401
Net earnings, kSEK	-7,056	-1,617	-143,106	-4,510	-16,876
Net earnings per share after dilution, SEK	-0.001	-0.003	-0.017	-0.008	-0.031

## Comments April - June 2021 and 1st half 2021

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The strong growth in revenue from the first quarter continued in this quarter and with the inclusion of Kaupang the group had a revenue of 100,296 kSEK. EBITDA was -1,484 kSEK in Q2 2021 compared to -1,472 kSEK in Q2 2020 and -11,043 kSEK in Q1 2021.

In Q1 2021 the Company accounted for 7,475 kSEK as a one-time cost including an accrual of social charges related to the warrants in Arcane Crypto AS being transferred to Arcane Crypto AB. The difference between the actual share price and what the employee pays in subscription price for the share (including the cost for warrant) is valid for social charges to be paid by the Company at the time of subscription of the share. As a result of the decrease in the share price and sale of certain warrants to third parties during Q2 a reversal was booked with 6,865 kSEK. Excluding these items EBITDA was -8,349 kSEK in Q2 2021, being 3,014 kSEK lower than underlying EBITDA in Q1 2021, of which approximately half is explained by the negative EBITDA in Kaupang being consolidated for the first time.

Revenue from Kaupang represents 97,000 kSEK and gross margin on sales in Kaupang was 2,000 kSEK. Cryptocurrency is booked 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 acquire cryptocurrencies from the customer and off-set the trade by exchanging the cryptocurrencies for money with another counterparty, it is classified as sales revenue and item cost when these cryptocurrencies are sold.

Please note that neither Trijo, Alphaplate 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. The acquisition of Arcane Crypto by then Vertical Ventures is accounted for as a Reverse Takeover in the consolidated Group statements, which leads to a technical cost item included in Interest expense and other financial costs recognized in Q1 2021.



# Consolidated Balance Sheet

kSEK	2021-06-30	2020-06-30	2021-03-31	2020-12-31
<b>ASSETS</b>				
Fixed assets				
Intangible assets	19,689	80	21,139	193
Tangible assets	63	59	59	74
Financial assets	32,406	13,325	-	18,997
<b>Total fixed assets</b>	<b>52,158</b>	<b>13,464</b>	<b>21,198</b>	<b>19,263</b>
<b>Current assets</b>				
Receivables	6,238	650	3,842	2,711
Short-term investments	5,471	100	5,965	1,407
Cash and bank balances	33,503	5,938	53,952	17,862
<b>Total current assets</b>	<b>45,212</b>	<b>6,688</b>	<b>63,759</b>	<b>21,981</b>
<b>TOTAL ASSETS</b>	<b>97,370</b>	<b>20,152</b>	<b>84,957</b>	<b>41,243</b>
<b>Equity</b>				
Share capital	29,419	125	29,386	143
Other contributed capital	192,041	23,345	170,000	48,520
Other equity including profit for the year	-142,415	-14,215	-136,050	-16,462
<b>Total equity</b>	<b>79,045</b>	<b>9,255</b>	<b>63,336</b>	<b>32,202</b>
<b>Liabilities</b>				
Long-term liabilities	-	-	-	177
Current liabilities	18,325	10,897	21,621	8,865
<b>Total liabilities</b>	<b>18,325</b>	<b>10,897</b>	<b>21,621</b>	<b>9,042</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>97,370</b>	<b>20,152</b>	<b>84,957</b>	<b>41,243</b>

## Comments April - June 2021 and 1st half 2021

After the consolidation in accordance with the Group accounting principles, intangible assets have increased (mainly goodwill from the acquisition of Kaupang) by 19,689 kSEK. Investment in Financial Assets was 17,244 kSEK and the successful private placement in the first quarter increased the cash balance by 49,500 kSEK. This in total more than doubled the asset value compared to before the Reverse Takeover.

In the applicable accounting rules for the Reverse Takeover the acquired entity, Arcane Crypto AS, is seen as the surviving entity in the Group accounts. The consolidated changes in equity shall be compared against previous accounts for the surviving entity. Adjustment to align with the share capital in the legal parent company is presented on a separate line in the statement of changes in equity.

Consolidated equity as of 30th of June was 79,045 kSEK being a net increase of 44,540 kSEK as can be seen in the table "Change in Consolidated Equity" below.

Current liabilities of 18,325 kSEK mainly relates to payables to suppliers 2,092 kSEK, accrual for social charges related to warrants 3,721 kSEK and social charges related to payroll 9,489 kSEK.

# Change in Consolidated Equity

kSEK	Share capital	Other contributed equity	Other equity incl. Profit for the year	Total Equity
<b>Equity 2020-12-31 (ACAS)</b>	<b>153</b>	<b>51,992</b>	<b>-17,640</b>	<b>34,505</b>
Alignment to new group structure after reversed acquisition (ACAB)	1,818	-205,297	-	-203,479
Rights issue	27,448	366,284	-	393,732
Issue costs		-1,238	-	-1,238
Exchange rate difference		-1,369	-	-1,369
The result of the period*			-143,106	-143,106
<b>Equity 2021-06-30</b>	<b>29,419</b>	<b>210,372</b>	<b>-160,746</b>	<b>79,045</b>

\* 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 126,917 kSEK), which, according to the Company's opinion, better reflects the financial performance of the Group in the period.

# Consolidated Cash Flow

kSEK	Q2 2021	Q2 2020	Q1 2021	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Operating profit	-2,547	-1,474	-11,079	-13,626	-4,372	-17,878
Adjustments for items that are not included in cash flow	-788	2	36	-752	833	66
<b>Cash flow from operating activities before changes in working capital</b>	<b>-3,335</b>	<b>-1,472</b>	<b>-11,043</b>	<b>-14,378</b>	<b>-3,539</b>	<b>-17,812</b>
Increase / decrease in operating receivables	-3,352	-1,305	-2,236	-5,588	-1,263	-1,180
Increase / decrease in operating liabilities	3,929	7,894	12,579	16,508	8,754	-734
Change in working capital	577	6,589	10,343	10,920	7,491	-1,914
<b>Cash flow from operating activities</b>	<b>-2,758</b>	<b>5,117</b>	<b>-700</b>	<b>-3,458</b>	<b>3,952</b>	<b>-19,726</b>
<b>Investment activities</b>						
Acquisition of intangible / financial fixed assets	-17,244	-3,936	-11,474	-28,718	-6,550	-9,015
<b>Cash flow from investing activities</b>	<b>-17,244</b>	<b>-3,936</b>	<b>-11,474</b>	<b>-28,718</b>	<b>-6,550</b>	<b>-9,015</b>
<b>Financing activities</b>						
Share Issue / Private placement	-	3,855	49,500	49,500	11,455	47,752
Issue costs	-	-	-1,238	-1,238	-	-
Borrowings	-446	-	-	-446	-	-
Repayment of loans	-	-2,318	-	0	-3,312	-1,348
<b>Cash flow from financing activities</b>	<b>-446</b>	<b>1,537</b>	<b>48,262</b>	<b>47,816</b>	<b>8,143</b>	<b>46,404</b>
Increase / decrease in cash and cash equivalents	-20,448	2,718	36,088	15,640	5,545	17,663
Cash and cash equivalents at the beginning of the year	53,951	3,021	17,863	17,863	194	199
Cash and cash equivalents at the end of the period	33,503	5,739	53,951	33,503	5,739	17,862

## Comments April - June 2021 and 1st half 2021

Investments in intangible fixed assets are related to goodwill from investments in subsidiaries and cash flow from financing activities is related to the completed directed share issue (private placement) in the first quarter.

During the second quarter KSEK 17,244 was invested in associated companies (Trijo) and other companies (LN-Markets).

# Parent Company

The Parent Company only carries 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 2021	Q2 2020	Q1 2021	Jan-Jun 2021	Jan-Jun 2020	Full year 2020
Net sales	1,694	-	687	2,381	-	3,000
<b>Total revenue</b>	<b>1,694</b>	<b>-</b>	<b>687</b>	<b>2,381</b>	<b>-</b>	<b>3,000</b>
<b>Operating expenses</b>						
Other external expenses	-2,187	-393	-1,260	-3,447	-654	-2,409
Personnel costs	-575	-16	-	-575	-115	-258
<b>Earnings before depreciation and amortization (EBITDA)</b>	<b>-1,068</b>	<b>-409</b>	<b>-573</b>	<b>-1,641</b>	<b>-769</b>	<b>333</b>
Depreciation and write-downs of intangible fixed assets	-	-	-	-	-	-
<b>Operating profit</b>	<b>-1,068</b>	<b>-409</b>	<b>-573</b>	<b>-1,641</b>	<b>-769</b>	<b>333</b>
Profit from financial items						
Interest income and other income items	-	-669	-	-	-	669
Interest expenses and other income items	-30	45	-45	-75	-46	-1,720
<b>Total financial items</b>	<b>-30</b>	<b>-624</b>	<b>-45</b>	<b>-75</b>	<b>-46</b>	<b>-1,051</b>
<b>Profit after financial items</b>	<b>-1,098</b>	<b>-1,033</b>	<b>-618</b>	<b>-1,716</b>	<b>-815</b>	<b>-718</b>
<b>Profit before tax</b>	<b>-1,098</b>	<b>-1,033</b>	<b>-618</b>	<b>-1,716</b>	<b>-815</b>	<b>-718</b>
Tax on profit for the period	-	-	-	-	-	-
<b>The result of the period</b>	<b>-1,098</b>	<b>-1,033</b>	<b>-618</b>	<b>-1,716</b>	<b>-815</b>	<b>-718</b>

Net sales for the quarter as well as comparable figures for previous periods are related to billing for services to the

Group. The Parent Company has as of today no employees and purchases its services on a contractual basis.

# Parent Company Balance Sheet

kSEK	2021-06-30	2020-06-30	2021-03-31	2020-12-31
<b>ASSETS</b>				
Fixed assets				
Financial assets	326,995	2 535	328,502	900
<b>Total fixed assets</b>	<b>326,995</b>	<b>2 535</b>	<b>328,502</b>	<b>900</b>
<b>Current assets</b>				
Receivables	43,189	1,128	20,807	3,967
Cash and bank balances	22,963	87	46,125	160
<b>Total current assets</b>	<b>66,152</b>	<b>1,215</b>	<b>66,932</b>	<b>4,127</b>
<b>TOTAL ASSETS</b>	<b>393,147</b>	<b>3,750</b>	<b>395,434</b>	<b>5,027</b>
<b>Equity</b>				
Share capital	29,419	1,971	29,386	1,971
Share premium fund	697,030	383,030	746,659	319,114
Balanced gain or loss	-332,896	-383,042	-383,760	-319,126
The result of the period	-1,716	-598	-618	-718
<b>Total equity</b>	<b>391,837</b>	<b>1,361</b>	<b>391,667</b>	<b>1,241</b>
<b>Liabilities</b>				
Long-term liabilities	-	-	-	-
Current liabilities	1,310	2,389	3,767	3,786
<b>Total short-term liabilities</b>	<b>1,310</b>	<b>2,389</b>	<b>3,767</b>	<b>3,786</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>393,147</b>	<b>3,750</b>	<b>395,434</b>	<b>5,027</b>

# The Share & Shareholders

## Shareprice and volume since start of trading Arcane Crypto



As of 30th December 2020, there were 6,593 shareholders holding 540,072,401 shares in Arcane available for trade. After the Reverse Takeover of Arcane Crypto the number of shareholders has grown from around 6,000 to around 23,000 shareholders holding 8,062,931,161 shares at 30th June 2021.

During the first 6 months 6,532,116,803 shares were traded at an average price of SEK 0.372 per share, a total traded value in exceeding 2,427 million SEK. In the same period last year 4,170,249,775 shares were traded at an average price of SEK 0.065 per share, a total traded value of 272 million SEK.

## Top 10 Shareholders, June 30, 2021

kSEK	Number of shares	% of shares
Middelborg Invest AS	2,239,718,215	27.78%
Arctic Securities AS	1,799,477,896	22.32%
Klein Invest AS	580,486,315	7.20%
Modiola AS	540,833,759	6.71%
Skandinaviska Enskilda Banken AB (publ) Oslofilii	397,593,750	4.93%
Hortulan AS	345,881,458	4.29%
Bulltech AS	155,718,793	1.93%
Muunilinst AS	153,642,795	1.91%
CBLDN-Barclays Bank PLC	139,224,809	1.73%
Venture AS	120,854,869	1.50%
<b>Sum top 10</b>	<b>6,473,432,659</b>	<b>80.29%</b>
Other	1,589,505,502	19.71%
<b>Total number of shares</b>	<b>8,062,938,161</b>	<b>100%</b>

# Definitions

**Alphaplate** • Alphaplate Limited.

**Annual Accounts Act** • (SV: 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).

**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.

**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/hedge-fund-index-methodology>.

**Fund** • Arcane Assets Fund Limited.

**Goldman Sachs** • Goldman Sachs Group, Inc.

**Grayscale** • Grayscale Investments, LLC.

**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.

**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.

**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.

**Venmo** • Venmo, LLC (subsidiary of PayPal).

**Vertical Ventures** • Vertical Venture AB (publ).

**Visa** • Visa, Inc.

# Additional comments

## Organization and Employees

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As of the end of Q2, the Group has a total of 16 full-time employees across the various business units and wholly owned subsidiaries. Additionally, there are 5 part-time employees / consultants assisting the teams.

## Significant Risks and Uncertainty

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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 markets, including its future size, and the future success of the 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 exists 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 2021 prior to the Reverse Takeover for further description of the business of the company and associated risk factors.

## Accounting Principles

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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 Vertical Ventures' annual reports. The pro forma 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.

## Transactions with Closely Related Parties

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Arcane Crypto has a consultancy agreement with Middelborg AS, regarding the work performed by Jonatan Raknes (Chairman of the Board) beyond his normal duties as Chairman of the Board. According to the agreement Middelborg is entitled to a monthly fee of approximately 100 kSEK plus VAT.

## Financial Calendar

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Date	Event
29th October 2021	Interim Report Q3 2021



# Address and Contact

## Company Address

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## 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 13th August 2021, 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, e-mail: [ca@mangold.se](mailto:ca@mangold.se) web: [www.mangold.se](http://www.mangold.se).



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## Interim Report

Q2 2021 | January - June