

arcario

Quarterly Report Q3

Q3 2024 JANUARY - SEPTEMBER

Arcario AB

556668-3933

K33 is winning market shares while preparing for the bull market

Arcario's K33 continues to deliver strong growth and is winning market shares

“
Doubling down on K33 is paying off. Arcario is experiencing its fastest growth to date, and we will continue to prioritize the development of K33 going forward.

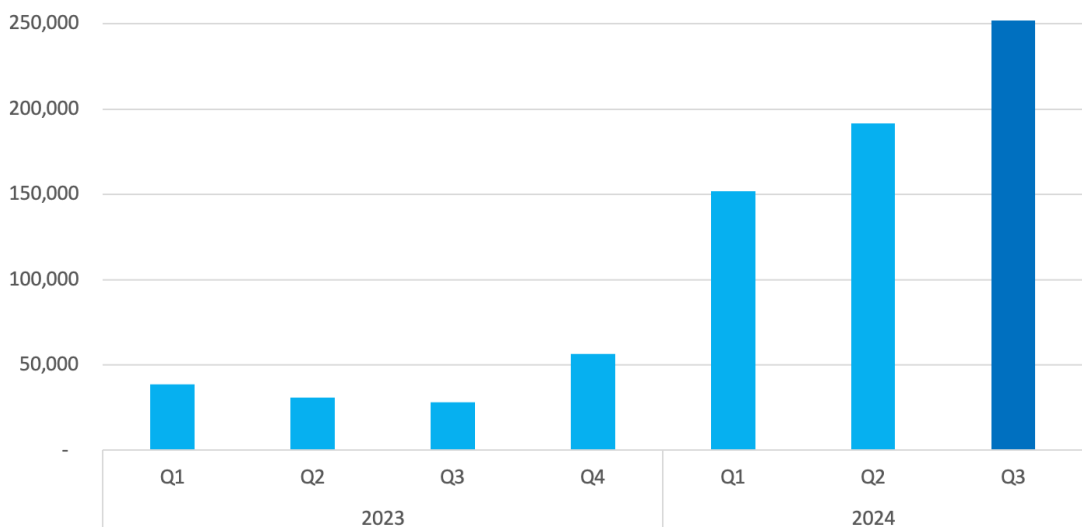
- Torbjørn Bull Jenssen, CEO of Arcario & K33

Highlights

- **Revenue Growth:** Arcario achieved a 31% increase in revenue from the previous quarter, driven by K33’s expanded client base and service offerings. Compared to Q3 2023 the revenue has grown 787%.
- **Market Share Expansion:** K33 captured notable market share in a steady market, reinforcing its competitive strengths in pricing, liquidity, and customer service.
- **Client Acquisition Initiatives:** Enhanced marketing and acquisition strategies were deployed, successfully driving client growth and positioning K33 for further momentum into Q4.
- **Launch of Upgraded Interface (Post-Q3):** Following the close of Q3, K33 launched an upgraded user interface in early Q4, delivering a more streamlined and user-centric trading experience for clients.

Revenue by quarter

kSEK



Third quarter of 2024

Compared to third quarter 2023

- Group revenue increased to 250,742 kSEK (28,277)
- EBITDA amounted to -3.659 kSEK (-6,489)
- Q3 had significant adjustments from non-recurring, non-cash items of -3,68 MSEK related to the re-structuring of the business. Adjusting for these items, EBITDA reaches approximately 0.02 MSEK, offering a clearer view of the underlying operational performance.
- EBIT amounted to -6.504 kSEK (-10,721)
- The result for the period amounted to -8,217 kSEK (-7,867)
- Earnings per share before dilution amounted to SEK -0.001 (-0.001)
- Earnings per share after dilution amounted to SEK -0.001 (-0.001)

First nine months of 2024

Compared to the first nine months of 2023

- Group revenue increased to 594,083 kSEK (97,875)
- EBITDA amounted to 5,305 kSEK (-16,578)
- EBIT amounted to -1,023 kSEK (-29,603)
- The result for the period amounted to -3,942 kSEK (-38,259)
- Earnings per share before dilution amounted to SEK 0.000 (-0.004)
- Earnings per share after dilution amounted to SEK 0.000 (-0.004)

Financial overview

kSEK	Q3 2024	Q3 2023	Q2 2024	Jan - Sep 2024	Jan - Sep 2023	Full year 2023
Revenue	250 742	28 277	191 683	594 083	97 875	154 305
Operating expenses	-254 401	-34 766	-186 908	-588 778	-114 453	-176 172
EBITDA	-3 659	-6 489	4 775	5 305	-16 578	-21 867
Total assets	51 728	75 968	62 360	51 728	75 968	43 800
Total liabilities	15 016	38 521	22 281	15 016	38 521	43 817
Equity	36 712	37 447	40 079	36 712	37 447	-17

Significant adjustments from non-recurring, non-cash items in Q3

While our revenue reflects steady business growth, the negative EBITDA in Q3 of -3.66 MSEK is largely driven by significant non-recurring, non-cash items. Key adjustments are a 2.57 MSEK cost related to the sale of mining equipment and a 1.11 MSEK cost related to the closure of Green Data. Adjusting for these items, EBITDA reaches approximately 0.02 MSEK, offering a clearer view of the underlying operational performance

Commentary



Torbjørn Bull Jenssen
CEO of Arcario & K33

CEO Letter Q3 2024

Dear Investors,

2024 has been a pivotal year for Arcario AB. As we close another strong quarter, our strategic focus on K33 continues to drive our growth, even as market conditions have remained largely flat. Recognizing K33's potential early in the year, we directed our efforts toward enhancing and expanding this core business, setting the stage for one of the most accelerated growth periods in Arcario's history.

Momentum and Market Differentiation

In Q3, K33 has demonstrated resilience and rapid growth, a clear testament to our competitive edge in pricing, liquidity, and customer service. While the wider market remained steady, K33 captured a significant market share, reflecting both our product strength and the effectiveness of our targeted strategy. Our enhanced marketing and client acquisition initiatives are building further momentum as we enter the last quarter of the year, and we are confident in our ability to continue outperforming market growth trends.

Innovation as a Cornerstone

Our commitment to innovation drives every aspect of K33's product development. This quarter, we successfully launched an upgraded user interface, that has been warmly received by clients. Looking ahead, we're excited to introduce instantaneous bank deposits powered by PSD2 technology, enabling clients to transfer funds directly from their bank accounts around the clock. This feature gives us a distinct advantage by offering a low-cost alternative to traditional credit card deposits, ensuring convenience and accessibility for our clients.

Our iterative approach to development focuses on aligning closely with client needs. For private clients, we're working on new offerings, including staking options and a mobile app built on our updated interface. For institutional clients, we're developing specific tools, such as enhanced permission settings and

Positioning for Growth Amid Market Shifts

Our research team projects favourable market conditions as we move into Q4. With K33 well-positioned to capitalize on these anticipated shifts, we're prepared to leverage the forthcoming upturn and drive our growth trajectory even further with increased margins.

The quarters ahead are set to be transformative, both for Arcario and K33. We're grateful for your continued trust and look forward to sharing our progress as we advance into this exciting next chapter.

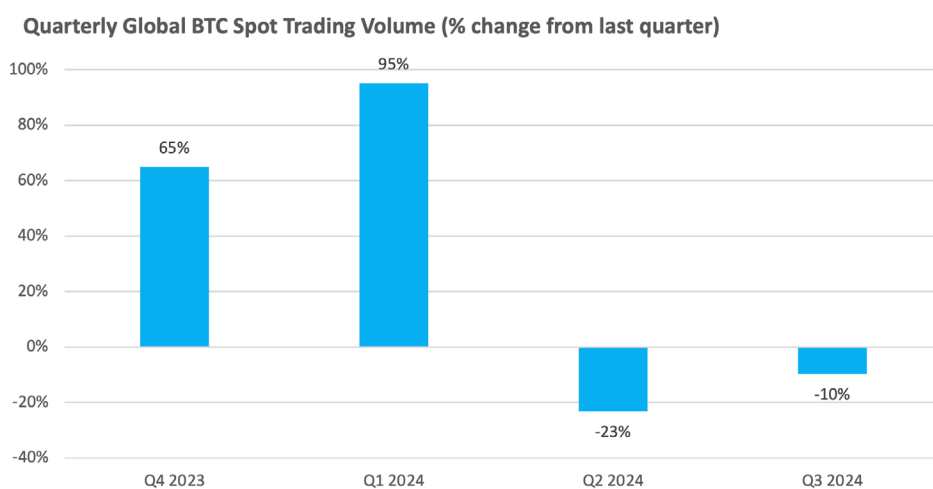
Sincerely,

Torbjørn Bull Jenssen
CEO, Arcario AB

Sector development updated Q3 2024

Bitcoin (BTC) closed Q3 at \$63,200, seeing a 1% gain after spending the quarter in a volatile event-driven consolidation range. The market swung in sync with the news cycle throughout the quarter. July saw a rally toward \$70,000 amidst Trump endorsements before crashing to lows of \$49,000 in August amidst widening recession fears. Easing monetary policies, led by the Fed's 50bps cut and a massive Chinese stimulus package, led BTC to recover and end the quarter flat.

Global spot volumes declined by 10% in Q3 compared to Q2, marking the second consecutive quarter of declining global trade volumes. This market activity slowdown was driven by continued ranging, leading to passive trading flows alongside typical seasonal market behavior. The past five years have seen four out of five Q3s of lower market activity than the past quarter, with summer months exhibiting a clear tendency to be docile in crypto markets.



While volumes were slow, and returns ended flat, the quarter was all but slow from a news perspective. July saw the supply floodgates open from Mt. Gox's bankruptcy estate, and further supply hit the market from both the German and U.S. Governments. An estimated 230,000 BTC was distributed from these entities in July, with a substantial amount of previously locked supply hitting the order books, significantly subduing market momentum. This aggressive selling from multiple fronts concluded as the quarter progressed, with BTC showcasing robust momentum to handle these considerably negative flows. We now enter Q4 with a substantially lower supply overhang from these entities, setting the stage for more promising momentum ahead.

Bitcoin's relevancy in the U.S. election grew in Q3, with Donald Trump accelerating his courting of the crypto industry with his speech at Bitcoin 2024 in Nashville. Donald Trump astonishingly signaled his intention to build out a strategic U.S. BTC reserve during his speech. He emphasized that he wants "Bitcoin to be made in America" in support of Bitcoin mining and that he would bring regulatory clarity, enable traditional banks to participate in the market, and fire SEC Chair Gary Gensler. Crypto emerging as a theme in the U.S. election scene is driven by growing ownership rates of crypto among young voters, and crypto policies being a theme considered by these voters once they deliver their ballots. As Kamala Harris entered the stage following Biden's withdrawal, Democrats have softened their stance against crypto, leading both parties to align with a more moderate approach toward crypto than the current administration.

Macro re-emerged as a market-moving factor in crypto in Q3. This was first evident by the wide August 5 market crash following a surprise hike by the Bank of Japan and poor U.S. employment data leading to increased recession fears. Macro developments went from bearish to bullish from August to September following the Federal Reserve cutting rates by 50bps and the People's Bank of China raising the stakes via an enormous \$140bn stimulus package. These measures will likely strengthen global liquidity, an environment where bitcoin has historically thrived.

Alongside strengthening fundamentals stemming from changing tides in U.S. politics vs. BTC and monetary easing, the quarter saw the SEC approve options for BTC ETFs. These options are expected to launch within the next half year and represent another leap forward in solidifying BTC's role as an investable institutional asset. The eventual launch is expected to bring in a new wave of ETF inflows to accommodate demand for options exposure. It may, over time, lead to a wave of forced buying of significant size if call demand gets high.

The positive options narrative largely relies on retail excitement; such an environment harmonizes well with other underlying positive factors such as global easing, improved global liquidity, changing U.S. tides, and typical market seasonality.

Portfolio development

K33



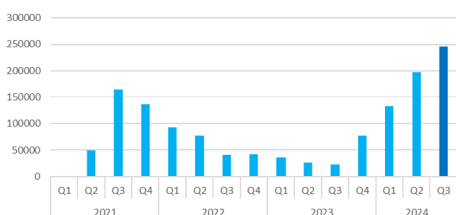
K33 generated 245,988 kSEK of revenue in the third quarter of the year, compared to 23,757 kSEK for the same period prior year.

Revenue is made up of 245,574 kSEK from K33 Markets, compared to 23,396 kSEK generated in Q3 2023. K33 Assets generated 87 kSEK in Q3 2024 compared to 312 kSEK generated in Q3 2023. K33 Research generated 325 kSEK revenue this quarter compared to 48 kSEK for the same period last year.

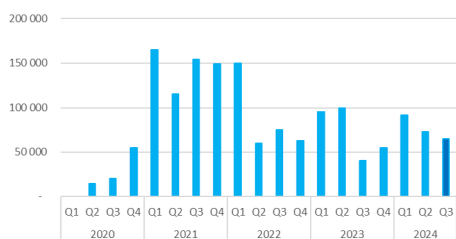
Total assets under management amounted to 6.1 MUSD compared to 6.9 MUSD for the previous quarter.

K33 Markets revenue for the quarter includes SEK 2,392K of trades with related parties (not eliminated in group accounts) and SEK 819K of trades with group companies (eliminated in group accounts).

Gross trading volume kSEK



Assets Under Management, kSEK



Green Data



The Bitcoin halving on April 19, 2024, rendered Green Data's mining operations unviable. As a result, the mining activities were terminated during the quarter. Non-cash accounting costs associated with the wind-down are included this quarter, primarily consisting of a 2.57 MSEK write-down of mining equipment affecting other external operating expense, and a 1.11 MSEK accrued electricity cost affecting cost of goods sold.

LN Markets



During the quarter, Arcario sold its remaining stake in LN Markets for SEK 2.9M resulting in a capital gain of SEK 0.8M.

Vanir Finance



Vanir is a FinTech company developing a platform to facilitate crypto collateralised lending, integrating both traditional and decentralised finance.

The acquisition of all shares in Vanir was completed in January 2024. Vanir is fully consolidated into group accounts from January 2024. Vanir generated a profit of 3,888 kSEK for the quarter, compared to 4,446 kSEK for the prior quarter.

Finpeers

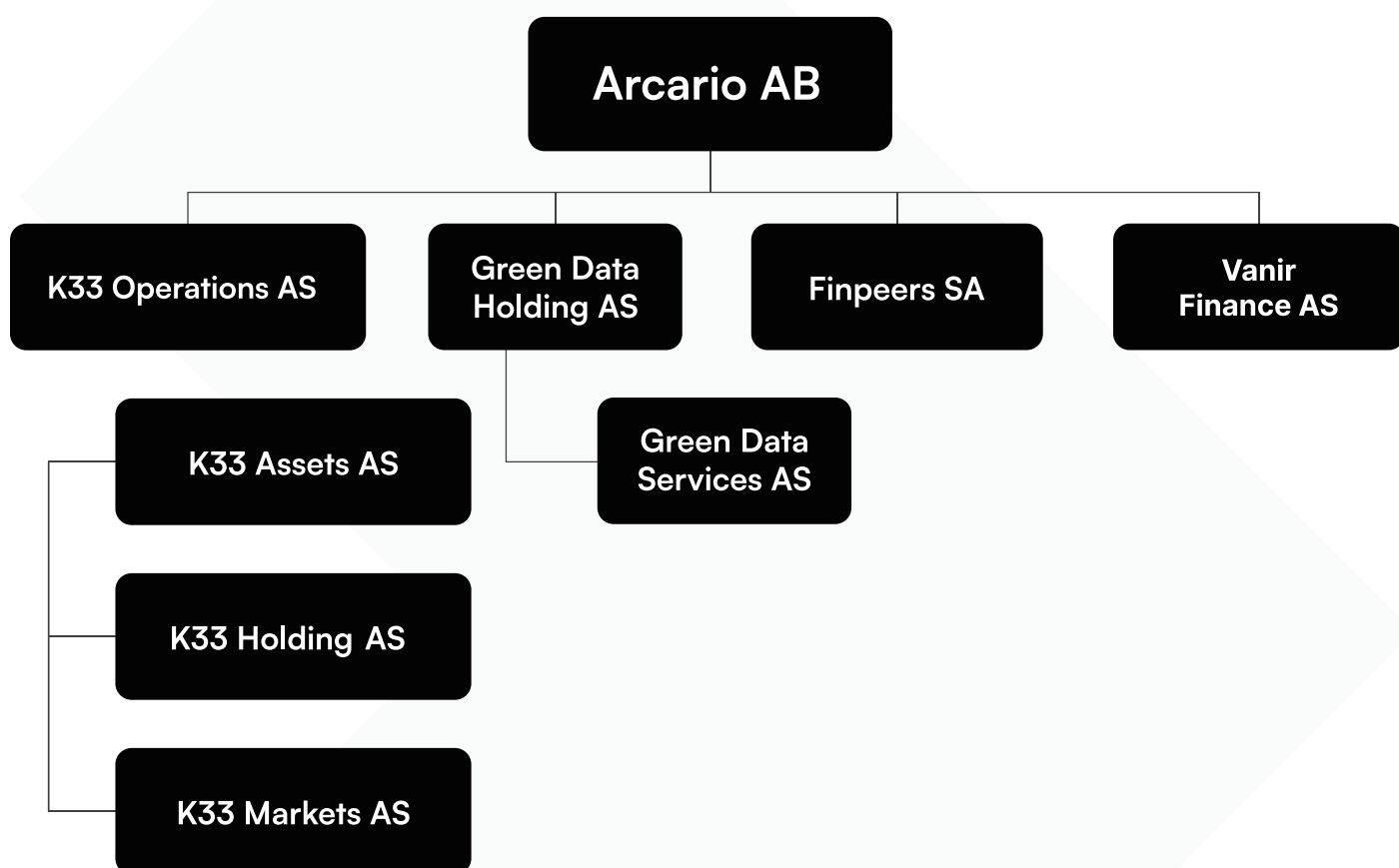


During 2023, the Swiss startup Finpeers was added to Arcario's portfolio.

During the quarter, Finpeers started onboarding clients and it was also made public that Fulgur Ventures, one of the premier investors in the crypto ecosystem, participated in the Q2 capital raise.

Organization as of September 30, 2024

Arcario owns 3% of Finpeers, all other legal entities are wholly owned.



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).

Revenue generated by K33 Markets is from cryptocurrency accounted for according to the Norwegian accounting principle for goods (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 K33 Markets 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 purchase from the customer is classified as cost of goods.

Comments January - September 2024

Income statement

The revenue increased for the quarter. This is mainly driven by trading volumes from K33 Markets. Other operating income this year consists of reversal of write downs for an FTX claim that was recovered in the first quarter, an additional earn-out consideration for the sale of Ijort Invest AB (Trijo), triggered in Q2, and a capital gain for sale of shares in ITOAM Sarl (LN Markets). There was a classification error in Q2 resulting in an understatement of other external expenses and an overstatement of other operating expenses, the net EBITDA impact was zero. The opposite effect occurs in Q3 when the classification error is corrected.

Compared to the corresponding quarter last year, Personnel expenses decreased from 5,083 kSEK to 3,565 kSEK. This reflects a lower head count as adjustments were made to reduce expenses.

Balance Sheet

The increase in intangible assets stems from Goodwill as a result of the Vanir acquisition.

The decrease in financial assets reflects the sale of the Group's stake in LN Markets.

Reduction of current liabilities are due to the repayment of a convertible loan from Cowa and an off-set issue to clear debts that arose due to short term funding needs last year.

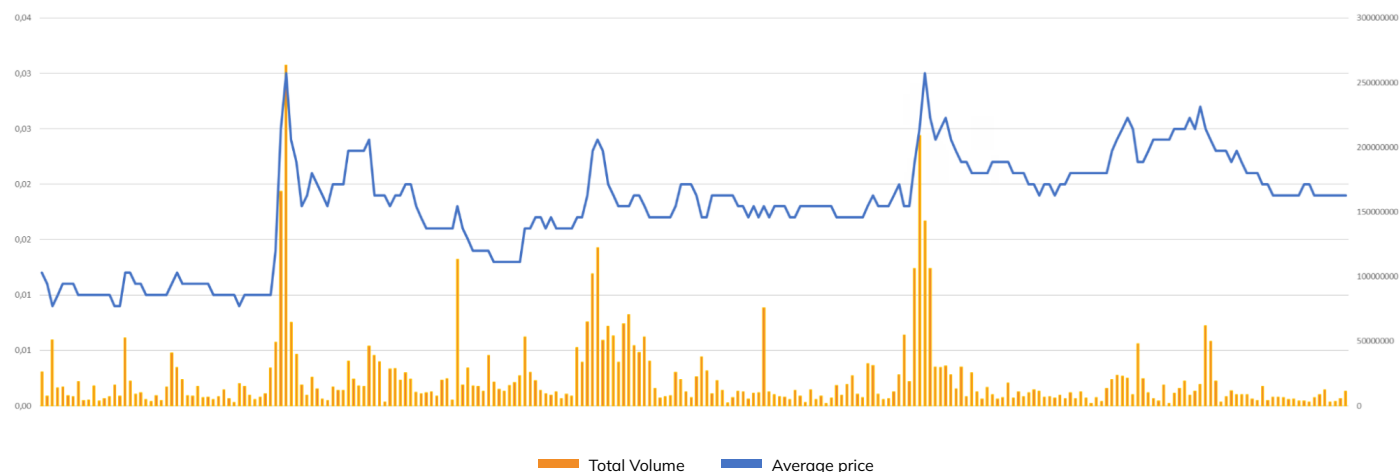
Cash flow

Adjustments for items that are not included in the cash flow consists of items such as depreciations and unrealised losses.

The Share and Shareholders

As of September 30, 2024, there were 21,664 shareholders holding 12,260,639,143 shares in Arcario available for trade. During the quarter 747,717,754 shares were traded at an average price of 0.02 SEK per share, a total traded value of over 16 MSEK.

Share price and volume October 2023 - September 2024



Top 10 shareholders, 30 June 2024

Name	Number of shares	% of shares
Morten Klein	2,521,706,715	20.66%
Kristian Lundkvist (Middelborg)	1,854,322,715	15.19%
Tigerstaden AS	1,756,589,288	14.39%
Avarius AS	487,669,218	4.00%
Jonatan Raknes	450,337,599	3.69%
Simen Thorsen	327,378,646	2.68%
Torbjørn Bull Jenssen	257,538,453	2.11%
Kabaal Crypto AS	159,600,000	1.31%
Avanza Pension	137,140,287	1.12%
Nordnet Livsforsikring AS	92,715,764	0.76%
Total 10	8,044,998,685	65.91%
Others	4,161,640,458	34.09%
Total number of shares	12,206,639,143	100%

Additional Comments

Organization and Employees

As of the end of Q3, the Group had a total 10 full-time employees across the various business units and wholly owned subsidiaries.

Significant Risks and Uncertainty

Arcario 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 Arcario'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 Arcario 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 as well as our last annual report.

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.

Financial calendar

Date	Event
27 February 2025	Interim report Year-end and Q4 report 2024

Contact

Torbjørn Bull Jenssen, CEO, Arcario AB
e-mail: ir@arcario.com
web: arcario.com/ir

This Report has not been subject to review by the company's auditor. The information disclosed in this Interim Report is mandatory for Arcario AB to publish pursuant to the EU's Market Abuse Regulation (MAR). This information was submitted for publication at 08:00 a.m. (CEST) on 7 November 2024, through the agency of the CEO.

The Company is listed on Nasdaq First North Growth Market and Mangold Fondkommission is Certified Adviser.

Company Address

Sweden
Arcario AB
Box 12172
102 25 Stockholm
Sweden

Consolidated income statement

kSEK	Q3 2024	Q3 2023	Q2 2024	Jan - Sep 2024	Jan - Sep 2023	Full year 2023
Net sales	249,681	28,246	186,758	585,331	97,715	154,093
Other operating income	1,061	31	4,925	8,752	160	212
Total revenue	250,742	28,277	191,683	594,083	97,875	154,305
Cost of goods sold	-245,473	-25,724	-179,779	-563,204	-90,752	-144,727
Other external expenses	-5,440	-1,959	-1,279	-12,204	-7,907	-11,076
Personnel costs	-3,565	-5,083	-3,093	-10,668	-13,794	-18,263
Other operating expenses	78	-2,000	-2,758	-2,702	-2,000	-2,106
EBITDA	-3,659	-6,489	4,775	5,305	-16,578	-21,867
Depreciation and amortization	-2,844	-4,232	-1,302	-6,328	-13,025	-49,012
Operating profit	-6,504	-10,721	3,474	-1,023	-29,603	-70,879
Profit from participation in associated companies	—	-617	—	21	-1610	—
Amortization of financial assets and short term investments	—	—	—	—	—	-1,600
Interest income and other financial income	223	4,579	-2,148	2506	9,842	9,574
Interest expenses and other financial costs	-1,936	-1,108	-2,589	-5446	-16,888	-27,092
Total financial items	-1,713	2,854	-4,737	-2,919	-8,656	-19,118
Profit after financial items	-8,217	-7,867	-1,263	-3,942	-38,259	-89,997
Profit before tax	-8,217	-7,867	-1,263	-3,942	-38,259	-89,997
Tax on profit for the period	—	—	—	—	—	—
The result for the period	-8,217	-7,867	-1,263	-3,942	-38,259	-89,997

Net earnings per share

	Q3 2024	Q3 2023	Jan - Sep 2024	Jan - Sep 2023	Full Year 2023
<i>Before dilution</i>					
Number of shares	12,206,639,143	8,796,991,803	12,206,639,143	8,769,991,803	12,178,525,260
Weighted average	12,192,582,202	8,796,991,803	12,192,582,202	8,769,991,803	10,474,086,470
Net earning kSEK	-8,217	-7,867	-3,942	-38,259	-89,997
Net earnings per share before dilution, SEK	-0.001	-0.001	-0.000	-0.004	-0.009
<i>After dilution</i>					
Weighted average number of shares	12,192,582,202	8,796,991,803	12,192,582,202	8,796,991,803	10,474,086,470
Issued shares not yet registered	-	-	-	-	-
Issue warrants not yet converted to shares	105,120,133	199,687,778	105,120,133	199,687,778	199,687,778
Total number of shares after dilution	12,297,702,335	8,996,679,581	12,297,702,335	8,996,679,581	10,673,774,248
Net earning, kSEK	-8,217	-7,867	-3,942	-38,259	-89,997
Net earnings per share after dilution, SEK	-0.001	-0.001	-0.000	-0.004	-0.008

Consolidated Balance Sheet

	9/30/24	9/30/23	12/31/23
ASSETS			
Fixed assets			
Intangible assets	29,418	9,554	8,268
Tangible assets	19	40,365	3,984
Financial assets	1,059	20,709	20,610
Total fixed assets	30,496	70,628	32,862
Current assets			
Receivables	10,605	2,771	3,642
Short-term investments	512	1,134	458
Cash and bank balances	10,115	1,435	6,838
Total current assets	21,232	5,340	10,938
TOTAL ASSETS	51,728	75,968	43,800
Equity			
Share capital	44,436	31,995	34,276
Other contributed capital	340,291	311,815	317,036
Other equity including profit for the year	-348,015	-306,363	-351,329
Total equity	36,712	37,447	-17
Liabilities			
Long-term liabilities	8,000	9,614	9,231
Current liabilities	7,016	28,907	34,586
Total liabilities	15,016	38,521	43,817
TOTAL EQUITY AND LIABILITIES	51,728	75,968	43,800

Consolidated Cash Flow

kSEK	Q3 2024	Q3 2023	Jan - Sep 2024	Jan - Sep 2023	Full year 2023
Operating profit	-6 504	-10 721	-1 023	-29 603	-40 743
Adjustment for items that are not included in the cash flow	12 153	5 442	-9 057	16 484	20 092
Cash flow from operating activities before changes in working capital	5 649	-5 279	-10 080	-13 119	-20 651
Increase / decrease in operating receivables	-2 663	1 215	-6 963	-362	-1 388
Increase / decrease in operating liabilities	-6 034	2 408	-27 570	13 170	19 635
Change in working capital	-8 697	3 623	-34 533	12 808	18 247
Cash flow from operating activities	-3 047	-1 656	-44 613	-311	-2 404
Investment activities					
Acquisition of financial assets	—	—	—	—	—
Acquisition of fixed assets	—	—	—	86	86
Sale of financial assets	2 104	—	21 486	—	—
Sale of fixed assets	—	50	—	50	50
Cash flow from investment activities	2 104	50	21 486	136	136
Financing activities					
Share issue	—	—	33 415	0	7 500
Issue cost	—	—	—	—	—
Borrowings	—	—	—	—	—
Loan repayments	-1 231	1 540	-7 012	-3 463	-3 463
Cash flow from financing activities	-1 231	1 540	26 403	-3 463	4 037
Increase / decrease in cash and cash equivalents	-2 174	-66	3 277	-3 638	1 769
Cash and cash equivalents at the beginning of the period	12 289	1 501	6 838	5 073	5 073
Cash and cash equivalents at the end of the period	10 115	1 435	10 115	1 435	6 842

Change in Consolidated Equity

kSEK	Share capital	Other contributed equity	Other equity incl. Profit for the year	Total Equity
Equity 2023-12-31	34,276	317,036	-351,329	17
Employee options			873	873
Share issue	10,160	23,255		33,415
Exchange rate difference			10,658	10,658
Result for the period			-8,217	8,217
Equity 2024-09-30	44,436	340,291	-348,015	36,712
<i>Equity 2023-09-30</i>	<i>31,995</i>	<i>311,815</i>	<i>-306,364</i>	<i>37,447</i>

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 shares. All income in the parent company is related to billing of services to the Group.

Parent Company Income Statement

kSEK	Q3 2024	Q3 2023	Q2 2024	Jan - Sep 2024	Jan - Sep 2023	Full year 2023
Net sales	—	—	1	200	—	7,506
Other operating income	—	31	33	377	160	212
Total revenue	—	31	34	577	160	7,718
Other external expenses	-215	-1,071	-443	-1,493	-3,030	-3,746
Personnel costs	-256	-1,069	-811	-2,021	-3,264	-4,470
Non-recurring amortization of current assets	—	—	—	—	—	-47,198
Other operating expenses	-245	—	-14	-112	-26	-106
EBTIDA	-716	-2,109	-1,234	-3,049	-6,160	-47,802
Depreciation and amortization	—	—	—	—	—	—
Operating profit	-716	-2,109	-1,234	-3,049	-6,160	-47,802
Impairment of shares in group companies	—	—	—	—	—	-217,000
Interest income and other financial income	—	—	—	—	—	10,373
Interest expenses and other financial costs	-302	-668	-312	-1,080	-1,492	-2,117
Total financial items	-302	-668	-312	-1,080	-1,492	-208,744
Profit after financial items	-1,018	-2,777	-1,546	-4,129	-7,652	-256,546
Profit before tax	-1,018	-2,777	-1,546	-4,129	-7,652	-256,546
Tax on profit for the period	—	—	—	—	—	—
The result for the period	-1,018	-2,777	-1,546	-4,129	-7,652	-256,546

Parent Company Balance Sheet

kSEK	2024-09-30	2023-12-31	2023-09-30
ASSETS			
Fixed assets			
Intangible assets	—	—	—
Tangible assets	—	—	—
Financial assets	244 845	218 445	327 634
Total fixed assets	244 845	218 445	327 634
Current assets			
Receivables	61 753	64 196	198 017
Short-term investments	—	—	—
Cash and bank balances	6 179	4 036	45
Total current assets	67 932	68 232	198 062
TOTAL ASSETS	312 777	286 677	525 696
Equity			
Share capital	44 436	34 276	31 995
Other contributed capital	816 087	792 831	804 000
Other equity including profit for the year	-566 425	-564 945	-332 751
Total equity	294 098	262 162	503 204
Liabilities			
Long-term liabilities	8 000	9 231	9 615
Current liabilities	10 679	15 284	12 877
Total liabilities	18 679	24 515	22 492
TOTAL EQUITY AND LIABILITIES	312 777	286 677	525 696

Arcario AB

arcario

Quarterly Report Q3
Q3 2024 JANUARY - SEPTEMBER