

arcario

Quarterly Report Q1

Q1 2024 JANUARY – MARCH

Arcario AB

556668-3933

Arcario sees massive growth in revenue and has become cash flow positive.

Q1 has been a historic quarter for both K33 and Arcario. K33 is experiencing solid growth and increased revenue as the Arcario subsidiary continues to win market shares in the Nordic market for trading crypto.

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With K33 leading the charge, a profitable quarter behind us, and a new bull market brewing, I firmly believe that Arcario is ready for a solid turnaround. The future looks bright and we expect plenty of great news that we will share with you in the upcoming quarters.

- **Torbjørn Bull Jensen, CEO of Arcario & K33**

First quarter of 2024

Compared to first quarter 2023

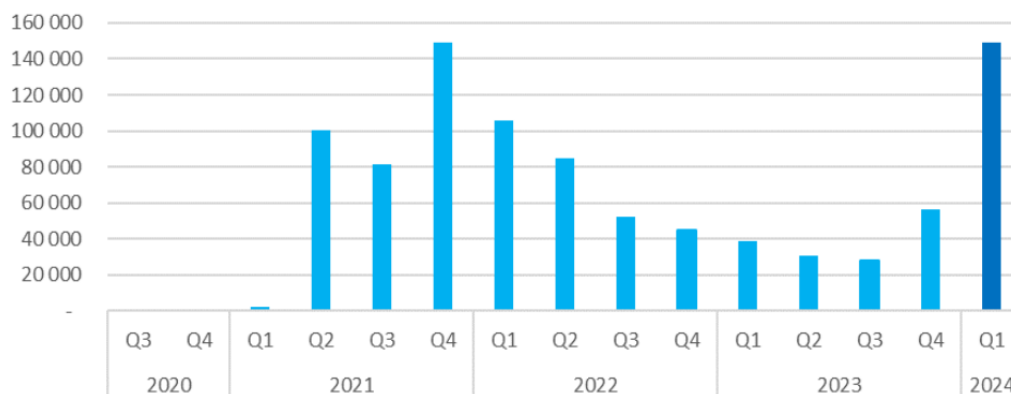
- Group revenue increased to 148,892 kSEK (38,551)
- EBITDA amounted to 4,189 kSEK (-6,951)
- EBIT amounted to 2,007 kSEK (-11,372)
- The result for the period amounted to 5,538 kSEK (-25,188)
- Earnings per share before dilution amounted to SEK 0.001 (-0.003)
- Earnings per share after dilution amounted to SEK 0.001 (-0.003)

Financial overview

kSEK	Q1 2024	Q1 2023	Q4 2023	Full year 2023
Revenue	148 892	38 551	56 378	154 093
Operating expenses	-147 469	-45 558	-61 719	-176 172
EBITDA	4 189	-6 951	-5 341	-21 867
Adjusted EBITDA	4 189	-6 951	-5 235	-19 761
Total assets	69 661	88 100	43 800	43 800
Total liabilities	37 566	32 807	43 817	43 817
Equity	32 095	55 293	-17	-17

Revenue by quarter

kSEK



Main Events

Main events during Q1 2024

- On January 16, Arcario announced the completion of the Vanir Finance AS acquisition.
- On February 8, K33 expanded its crypto trading offering by adding support for 7 new tokens
- On March 14, Arcario announced the sale of an 11% stake in ITOAM SAS raising USD 1.9M.

After the end of the period

- On April 17, K33 reduced its cost of trading crypto in major fiat currencies by more than 60% to outperform global exchanges like Coinbase and Kraken
- On May 23, Arcario announced the postponement of the AGM to 28 June.
- On May 30, Arcario disclosed material differences for 2023 Q4 numbers between the interim report and the annual report.

Commentary



Torbjørn Bull Jenssen
CEO of Arcario & K33

CEO Letter Q1 2024

Dear Shareholders

Q1 has been a historic quarter for both K33 and Arcario. K33 is experiencing solid growth and increased revenue, while Arcario successfully achieved a cash flow positive status in Q1, as anticipated.

It should not be to anyone's surprise that K33 is the main driver, and strategically, Arcario has decided to focus primarily on the ecosystem surrounding K33, recognizing its strong potential for further growth. To further strengthen our liquidity and invest in accelerating K33's growth, we are considering divesting other assets.

With the best prices in the Nordics, institutional-grade infrastructure, and a focus on larger clients, both private and corporate, we believe that K33 is well-positioned to not only capture local market share but also take market share from the international giants.

K33 has been working diligently to optimise its trading operations to offer the best prices and liquidity to end clients. In April, these efforts culminated in K33 being able to reduce the cost of trading crypto by over 60% for trades in USD, USDT, USDC, DAI, and EUR, while maintaining a healthy margin.

This initiative is part of our strategy to outperform global exchanges like Coinbase and Kraken, to win market shares and volume, and K33 now offers better prices than both. This achievement is a testament to K33's lean operations, highly efficient technology, and its setup as a broker.

Unlike an exchange where your trade must be matched with another's in the opposite direction, which can be challenging for larger orders and often results in worse execution prices, K33 operates differently. Every client trades directly with us while we source liquidity from large providers in the background. This setup allows K33 to quote extremely competitive prices for both small and large orders.

Looking ahead, I remain very optimistic about both the sector and our ability to capitalise on the increased momentum for crypto and digital assets.

With K33 leading the charge, a profitable quarter behind us, and a new bull market brewing, I firmly believe that Arcario is ready for a solid turnaround. The future looks bright and we expect plenty of great news that we will share with you in the upcoming quarters.

Sincerely,

Torbjørn Bull Jenssen

Portfolio development

K33

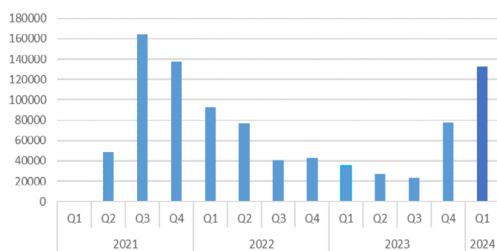


K33 generated 138,227 kSEK of revenue in the first quarter of the year, compared to 34,467 kSEK for the same period prior year.

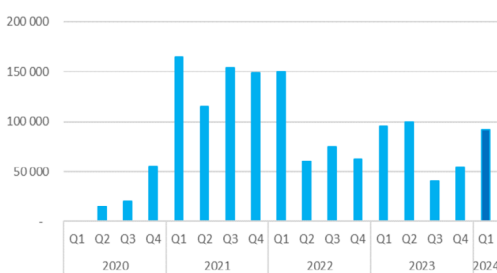
Revenue stems from 132,677 kSEK in K33 Markets, compared to 33,676 kSEK generated in Q1 2022. K33 Assets generated 462 kSEK in Q1 2024 compared to 513 kSEK generated by Arcane Assets in Q1 2023. K33 Research generated 345 kSEK revenue this quarter compared to 278 kSEK revenue from Arcane Research for the same period last year.

Total assets under management amounted to 8.6 MUSD compared to 5.4 MUSD for the previous quarter.

Gross trading volume kSEK



Assets Under Management, kSEK



Green Data



Green Data operates bitcoin mining in northern Norway through a hosting agreement with Exanorth. Revenue decreased to 5,596 kSEK for the fourth quarter compared to 5,889 kSEK for the prior quarter.

The bitcoin halving on 19 April 2024 has made Green Data's bitcoin mining operations with the current setup unviable. The bitcoin mining equipment has been written down to a value corresponding to the expected resale value, the impairment charge is included in Q4 2023.

LN Markets



LN Markets is a trading platform built on the Bitcoin Lightning Network, that uses bitcoin, paid and settled over the Lightning Network, as collateral for derivatives trading.

Following the closure of a successful funding round raising USD 3M from Ego Death Capital, Lemniscap and Timechain in Q1 2024, Arcario's stake was reduced to 13.4%. Due to the strong interest from external investors, Arcario decided to sell an 11% stake in LN Markets, raising USD 1.9M resulting in a gain of SEK 3.7M

Portfolio development

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 4,544 kSEK for the quarter.

Finpeers



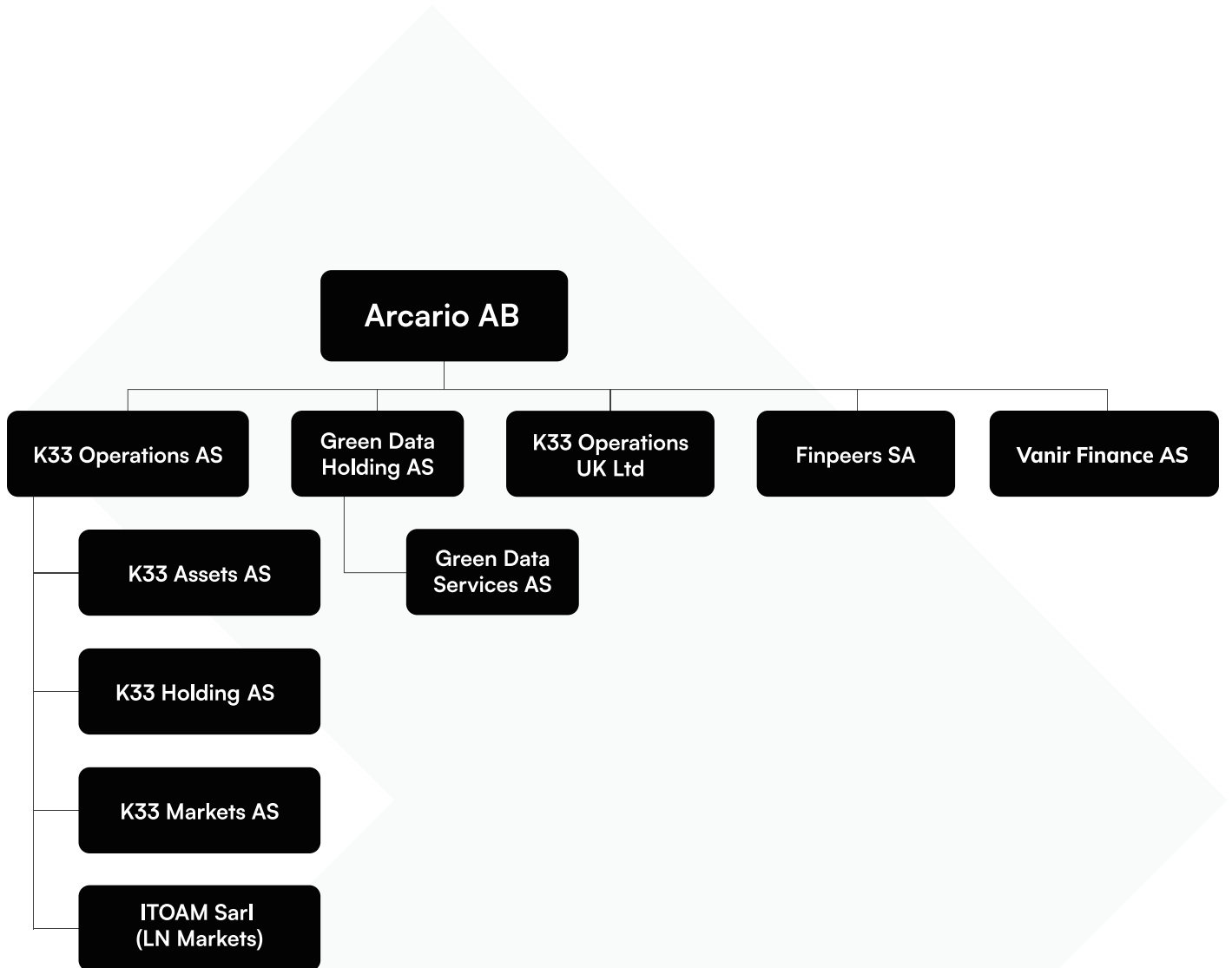
During 2023, the Swiss startup Finpeers was integrated into Arcario's growing roster, epitomising the calibre and potential of future investments.

Venturing into the burgeoning domain of tokenizing real-world assets, they've established a unique position, cementing robust partnerships both in Europe and the UAE. As they navigate the complex regulatory terrain, an endorsement from FINMA for their utility token sale was attained, and their Security Token Offering (STO) infrastructure has been readied.

Finpeers generated 130 kCHF revenue in Q1 2024 and were cash flow positive.

Organization as of March 31, 2023

Arcario owns 2.4% of LN Markets and 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 Kaupang 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 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 purchase from the customer is classified as cost of goods.

Comments January - December 2024

Income statement

The revenue increased for the quarter. This is mainly driven by trading volumes from K33 Markets. The trading volume reflects overall market activity for the broader crypto market. The gross margin increased from 4.5% for the same period last year to 9% for 2024. This is mainly due to the inclusion of Vanir from 2024.

Compared to the corresponding period last year, Personnel expenses for the quarter decreased from 5,129 kSEK to 4,010 kSEK. This reflects a lower head count as adjustments were made to reduce expenses to off-set lower trading volumes.

Other operating income is mainly a realised gain on K33 Assets' claim on FTX that were sold during the quarter.

Balance Sheet

The increase in intangible assets stems from Goodwill of 20,446 kSEK as a result of the Vanir acquisition.

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

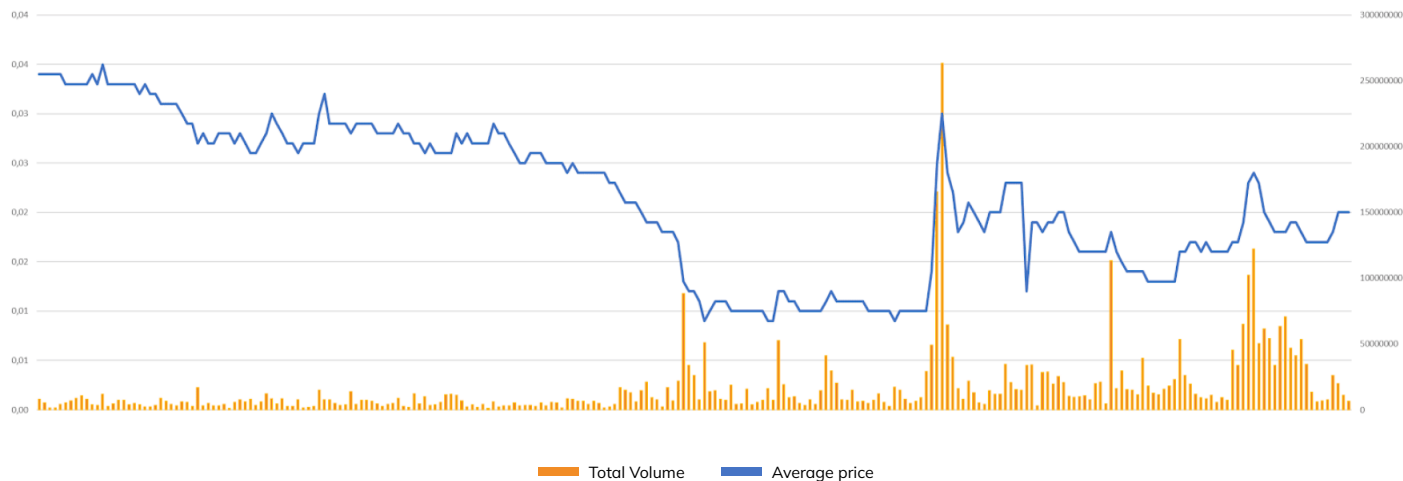
Reduction of current liabilities are due to the repayment of a convertible loan from Cowa and an off-set issue to clear debts that arose due to short term funding needs last year.

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 March 31, 2024, there were 17,910 shareholders holding 12,178,525,260 shares in Arcario available for trade. During the quarter 1,815,341,588 shares were traded at an average price of 0.02 SEK per share, a total traded value of over 33 MSEK.



Top 10 shareholders, 31 March 2024

Name	Number of shares	% of shares
Morten Klein	2 521 706 715	20,7%
Kristian Lundkvist (Middelborg)	1 822 822 715	15,0%
Tigerstaden AS	1 756 589 288	14,4%
Jonatan Raknes	543 837 599	4,5%
Avarius AS	487 669 218	4,0%
Simen Thorsen	327 378 646	2,7%
Torbjørn Bull Jenssen	257 538 453	2,1%
Kabaal Crypto AS	159 600 000	1,3%
Avanza Pension	116 396 193	1,0%
Haig Hodling AS	97 179 600	0,8%
Total 10	8 090 718 427	66,4%
Others	4 087 806 833	33,6%
Total number of shares	12 178 525 260	

Additional Comments

Organization and Employees

As of the end of Q4, 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

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
7 Jun 2024	Annual report 2023
28 Jun 2024	Annual General Meeting
22 August 2024	Interim report Q2 2024
7 November 2024	Interim report Q3 2024
27 February 2025	Interim report Year-end and Q4 report 2024

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 Arcario AB to publish pursuant to the EU's Market Abuse Regulation (MAR). This information was submitted for publication at 18:00 a.m. (CEST) on 31 May 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	Q1 2024	Q1 2023	Q4 2023	Full year 2023
Net sales	148 892	38 551	56 378	154 093
Other operating income	2 766	56	0	212
Total revenue	151 658	38 607	56 378	154 305
Cost of goods sold	-137 952	-36 875	-53 975	-144 727
Other external expenses	-5 485	-3 554	-3 169	-11 076
Personnel costs	-4 010	-5 129	-4 469	-18 263
Other operating expenses	-22	—	-106	-2106
EBTIDA	4 189	-6 951	-5 341	-21 867
Depreciation and amortization	-2 182	-4 421	-35 987	-49 012
Operating profit	2 007	-11 372	-41 328	-70 879
Profit from participation in associated companies	21	-308	10	—
Amortization of financial assets and short term investments				-1 600
Interest income and other financial income	4 431	913	-268	9 574
Interest expenses and other financial costs	-921	-14 421	-10 204	-27 092
Total financial items	3 531	-13 816	-10 462	-19 118
Profit after financial items	5 538	-25 188	-51 790	-89 997
Profit before tax	5 538	-25 188	-51 790	-89 997
Tax on profit for the period	—	—	—	—
The result for the period	5 538	-25 188	-51 790	-89 997

Net earnings per share

	Q1 2024	Q1 2023	Full year 2023
<i>Before dilution</i>			
Number of shares	12 178 525 260	8 768 877 824	12 178 525 260
Weighted average	10 474 086 470	8 768 877 824	10 474 086 470
Net earning kSEK	5 538	-25 188	-89 997
Net earnings per share before dilution, SEK	0,001	-0,003	-0,009
<i>After dilution</i>			
Weighted average number of shares	10 474 086 470	8 768 877 824	10 474 086 470
Issued shares not yet registered	-	-	-
Issue warrants not yet converted to shares	201 951 259	109 194 399	199 687 778
Total number of shares after dilution	10 676 037 729	8 878 072 223	10 673 774 248
Net earning, kSEK	5 538	-25 188	-89 997
Net earnings per share after dilution, SEK	0,001	-0,003	-0,008

Consolidated Balance Sheet

kSEK	2024-03-31	2023-12-31
ASSETS		
Fixed assets		
Intangible assets	32 119	8 268
Tangible assets	3 821	3 984
Financial assets	5 492	20 610
Total fixed assets	41 432	32 862
Current assets		
Receivables	4 169	3 642
Short-term investments	3 169	458
Cash and bank balances	20 891	6 838
Total current assets	28 229	10 938
TOTAL ASSETS	69 661	43 800
Equity		
Share capital	44 436	34 276
Other contributed capital	340 291	317 036
Other equity including profit for the year	-352 632	-351 329
Total equity	32 095	-17
Liabilities		
Long-term liabilities	9 231	9 231
Current liabilities	28 335	34 586
Total liabilities	37 566	43 817
TOTAL EQUITY AND LIABILITIES	69 661	43 800

Consolidated Cash Flow

kSEK	Q1 2024	Q1 2023	Full year 2023
Operating profit	2 007	-11 372	-40 743
Adjustment for items that are not included in the cash flow	5 713	5 145	20 092
Cash flow from operating activities before changes in working capital	7 720	-6 227	-20 651
Increase / decrease in operating receivables	-527	-1 045	-1 388
Increase / decrease in operating liabilities	-6 251	5 149	19 635
Change in working capital	-6 778	4 104	18 247
Cash flow from operating activities	942	-2 123	-2 404
Investment activities			
Acquisition of financial assets	—	—	—
Acquisition of fixed assets	—	—	86
Sale of financial assets	—	—	—
Sale of fixed assets	18888	—	50
Cash flow from investment activities	18888	4 500	136
Financing activities			
Share issue	—	—	7 500
Issue cost	—	—	—
Borrowings	—	—	—
Loan repayments	-5781	-1 248	-3 463
Cash flow from financing activities	-5781	-1 248	4 037
Increase / decrease in cash and cash equivalents	14 049	-3 371	1 769
Cash and cash equivalents at the beginning of the period	6 842	5 073	5 073
Cash and cash equivalents at the end of the period	20 891	1 702	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			352	352
Share issue	10 160	23 255		33 415
Exchange rate difference			-7 193	7 193
Result for the period			5 538	5 538
Equity 2024-03-31	44 436	340 291	-352 632	32 095

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	Q1 2024	Q1 2023	Q4 2023	Full year 2023
Net sales	200	—	7 506	7 506
Other operating income	491	56	52	212
Total revenue	691	56	7 558	7 718
Other external expenses	-835	-1 412	-716	-3 746
Personnel costs	-960	-1 211	-1 206	-4 470
Non-recurring amortization of current assets	—	—	-47 198	-47 198
Other operating expenses	—	—	-80	-106
EBTIDA	-1 104	-2 567	-41 642	-47 802
Depreciation and amortization	—	—	—	—
Operating profit	-1 104	-2 567	-266 120	-47 802
Impairment of shares in group companies	—	—	-217 000	-217 000
Interest income and other financial income	—	—	10 373	10 373
Interest expenses and other financial costs	-466	-380	-625	-2 117
Total financial items	-466	-380	-207 252	-208 744
Profit after financial items	-1 570	-2 947	-207 252	-256 546
Profit before tax	-1 570	-2 947	-207 252	-256 546
Tax on profit for the period	—	—	—	—
The result for the period	-1 570	-2 947	-207 252	-256 546

Parent Company Balance Sheet

kSEK	2024-03-31	2023-12-31
ASSETS		
Fixed assets		
Intangible assets		—
Tangible assets		—
Financial assets	244 845	218 445
Total fixed assets	244 845	218 445
Current assets		
Receivables	106 530	64 196
Short-term investments		—
Cash and bank balances	5 309	4 036
Total current assets	111 839	68 232
TOTAL ASSETS	356 684	286 677
Equity		
Share capital	44 436	34 276
Other contributed capital	816 086	792 831
Other equity including profit for the year	-5 18 967	-564 945
Total equity	341 555	262 162
Liabilities		
Long-term liabilities	9 231	9 231
Current liabilities	5 898	15 284
Total liabilities	15 129	24 515
TOTAL EQUITY AND LIABILITIES	356 684	286 677

Arcario AB

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Quarterly Report Q1

Q1 2024 JANUARY - MARCH