

# Arcane Crypto

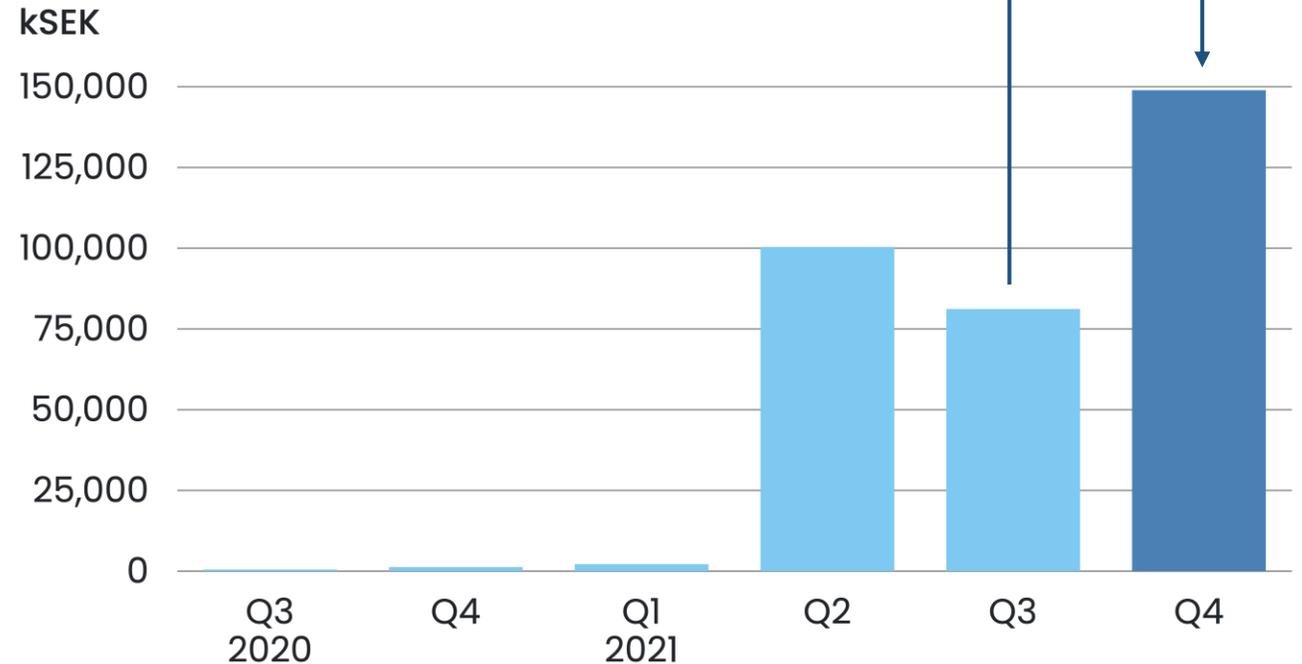
Q4 update

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# Record revenue and improved result

- We increased net sales by 83% compared to the previous quarter and our gross profit increased by 67% compared to the previous quarter.
- On the tech front, we have made important progress and launched Research, the first application in live beta on our new platform.
- On the mining front, we received the second delivery of our mining machines and are now running at a capacity of close to 80 PH/s.

## Revenue by quarter

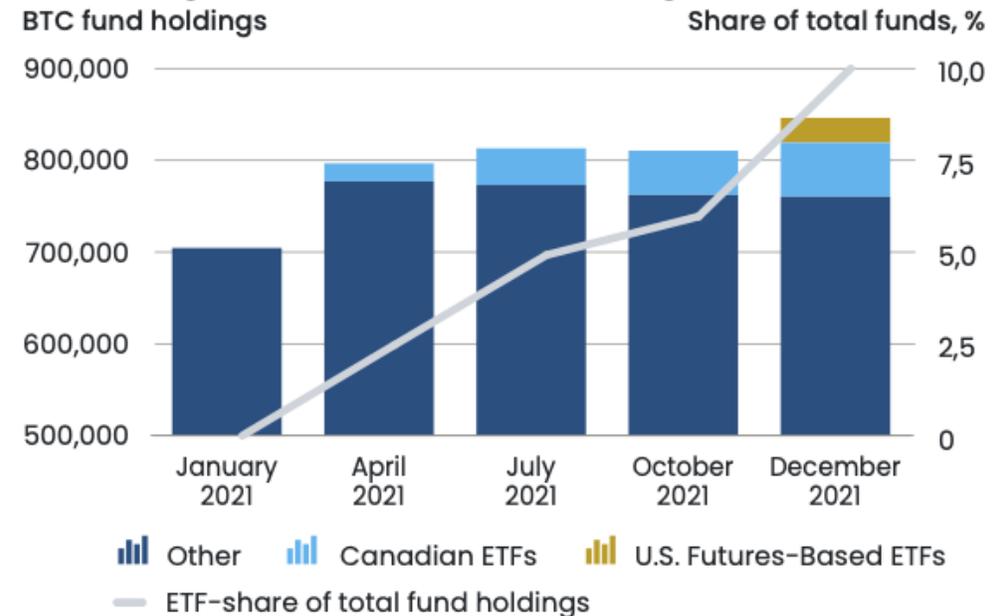


# Accumulating activity and bullish news flow in Q4

## Institutional adoption continues to evolve in crypto

- Bitcoin's foothold in the traditional markets continues to grow and this trend accelerated in Q4.
- In October, the SEC approved the first U.S. BTC ETFs.
- Proshares' BITO ETF managed to breach USD 1 billion in assets under management only two days after its launch. This made it the most successful non-equity-related U.S. ETF launch in history.
- In Q4, fixed income giant PIMCO announced that they held crypto exposure, and KPMG recently announced holding bitcoin and ether for corporate treasury
- Mastercard announced that they would allow banks to offer crypto credit and debit cards.
- Banks are increasing their offerings within the sector, evident by a massive hiring spree in Citi and Goldman Sachs and a handful of other tier-one banks exploring bitcoin-backed loans.

## Exchange traded funds holdings



# Strong momentum for Pure, driven by continued institutional demand



- Pure has seen steady development in Q4. The team has used this quarter to continue to hold regular meetings and calls with investment banks that have signed LOIs. Topics of discussion have included regulation, custody options and the banks' expected plans for launching spot trading in crypto.
- The Pure Digital platform is now complete and ready for test trading with the banks and Zodia has been set up for testing on the platform.
- 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).

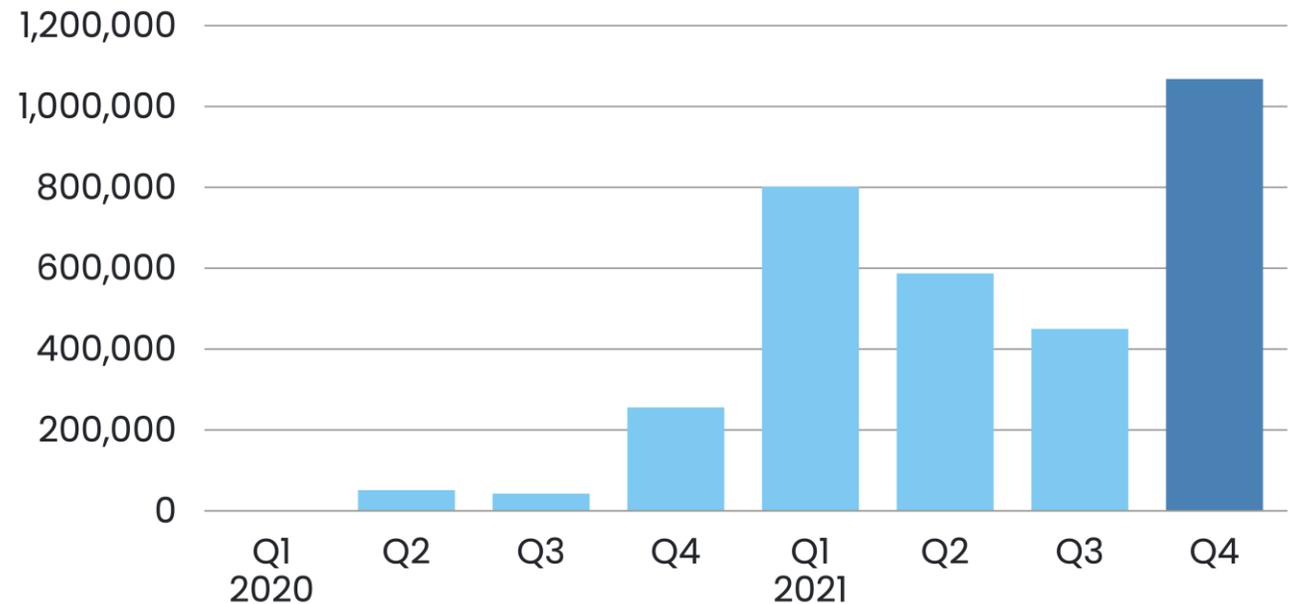
Arcane owns 37,5% of Puremarkets, the company behind Pure Digital

# Strong growth in volume and users for LN Markets

- During Q4, the total volume traded on LN Markets' platform amounted to 120 MUSD, up 104% from 53 MUSD in Q3 2021.
- LN Markets continued to see a strong increase in its **user base, up 33%**.

## LN Markets

Gross trading volume, kSEK



Arcane owns around 16% of ITOAM, the company behind LN Markets

# Arcane Green Data: 80 PH – 32 BTC/quarter

- The operation went live in October 2021 and generated revenue of 8,347 kSEK with an average gross margin of 65% during the fourth quarter, a period with historically high electricity prices.
- After the quarter, machines representing an additional 36 PH of capacity, were delivered and are now operational.
- Arcane Green Data now exports a total computing capacity of just below 80 PH/s. With current deployment and market conditions we are generating a revenue equivalent to approximately 32 Bitcoins per quarter.
- With an electricity price of 1 SEK/KWh, our direct cost for generating one bitcoin at current market conditions is approximately 167 kSEK.
- Based on the electricity futures market, we expect electricity prices to reduce by approximately 50% in the longer term.



# ETP – prospectus approved, expected launch in Q2



VALOUR

 Arcane  
Assets



ETP



## Learn.

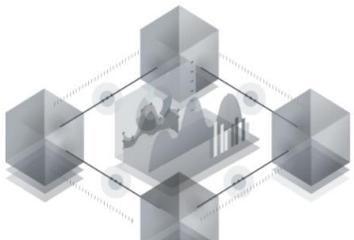
Gain insight from industry experts at Arcane Research.

[Learn More →](#)

## Trade.

Buy and sell crypto over the counter or on exchange.

[Learn More →](#)



## Invest.

Build generational wealth with our long term investment products.

*arcane.no*

# The Arcane platform

# Our mission is to enable the adoption of digital assets worldwide

## Our strategy is twofold:

- Position Arcane as an organization that regulators and institutions can trust to manage digital assets.
- Build the infrastructure necessary to make it easy, safe and reliable to access the global digital assets ecosystem.

## Our plan has four main steps:

1. Invest in and acquire companies with key capabilities within the digital assets ecosystem.
2. Create a unified Arcane brand and platform for users to learn, trade, and invest in digital assets, all from the same account.
3. Build trust and distribution through our market leading research content.
4. Expose everything as an API to enable third parties to build their own products, using our technology, and to sell their products to our users.

# Guiding principles

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Make something people want

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Think global

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Simple first, then powerful

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Earn trust

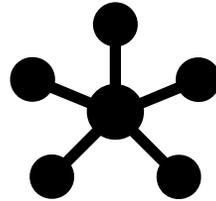
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Build in public

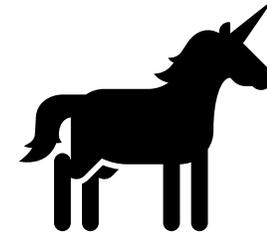
# What success looks like



Millions of users on the  
Arcane Platform



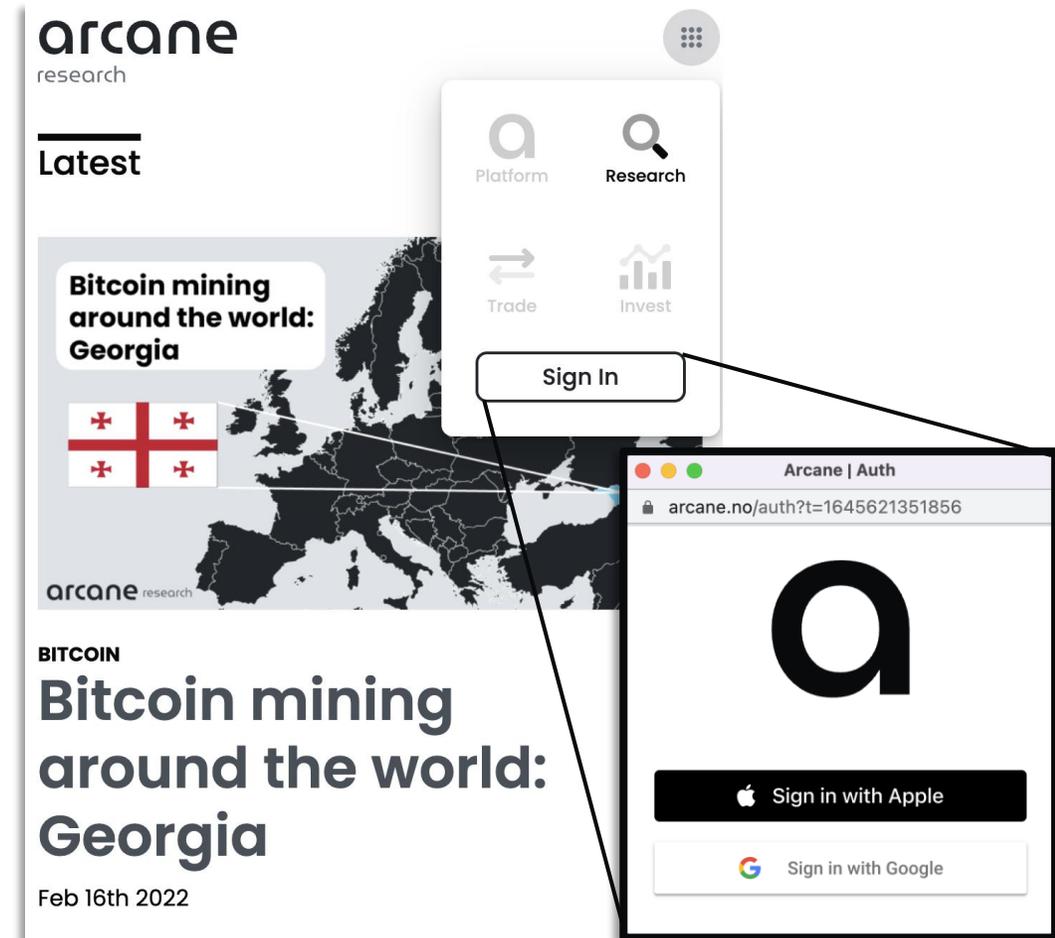
1000's of businesses  
using our SaaS product



Billion dollar valuation,  
with revenue to match

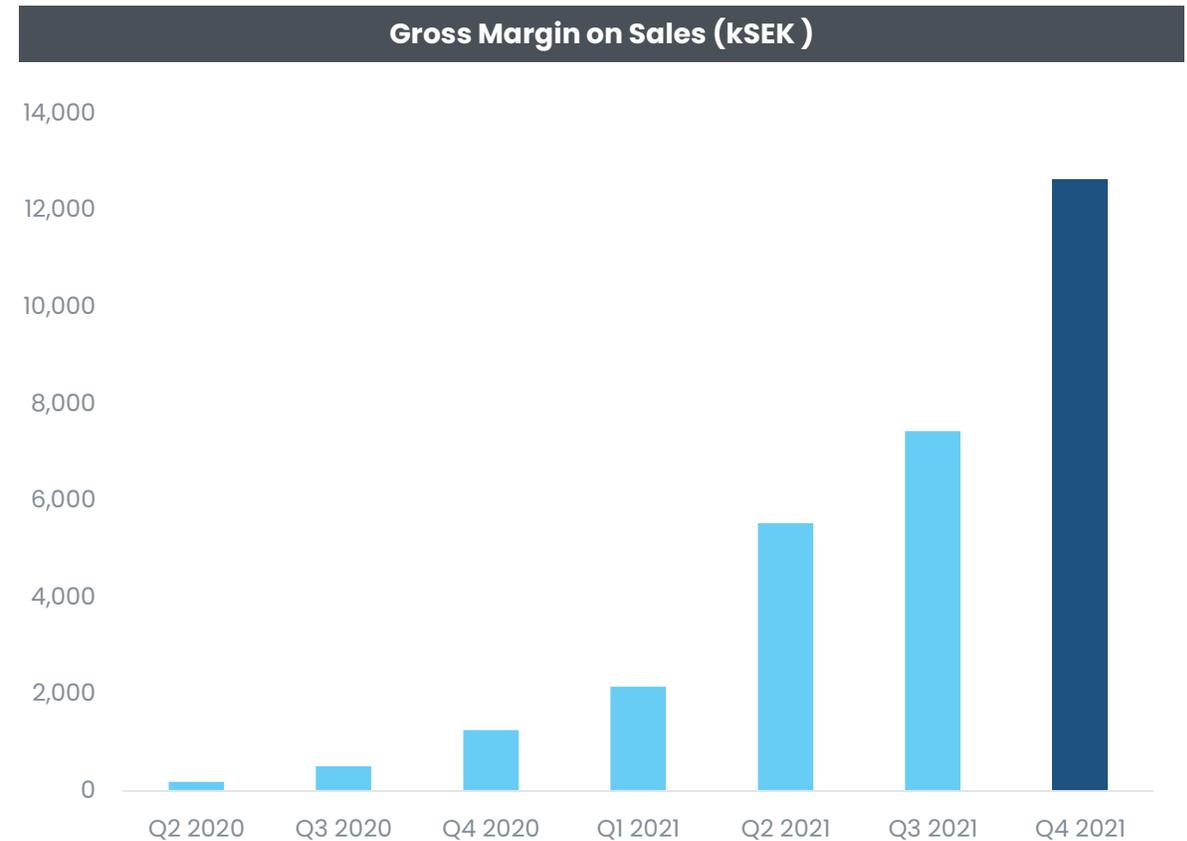
# Where we are now – building the unified platform

- Our focus now is building a unified software architecture in Google Cloud Platform (GCP), that can serve millions of users globally, while remaining flexible to future and unknowable requirements.
- We are building on Google Cloud Run, a new service unique to GCP, enabling us to develop and deploy highly scalable containerized applications on a fully managed serverless platform, thereby leapfrogging our competitors by using more advanced technologies.
- All future Arcane services and APIs will be built on top of the platform we build in GCP, and we are committed to “dog-fooding” all our services internally.
- We’re happy to say that as of today, Arcane Research is up and running on GCP at [arcane.no/research](https://arcane.no/research), in beta.
- Over the coming months and years we will add the different services to the platform, with the overall focus to make the infrastructure to make it *easy, safe and reliable to access the global digital assets ecosystem*.



# Key financial development in 4<sup>th</sup> Quarter 2021

- Gross Margin continues to increase to approximately SEK 12,6m, mainly driven by Arcane Green Data.
- Tangible Assets have increase with SEK 30.3M due to continued investment in Arcane Green Data.



# Key figures for Arcane Crypto

(kSEK)	Q4 2021	Q3 2021	2020
Revenue	148,930	81,166	2,103
<b>Gross Margin</b>	<b>12,650</b>	<b>7,443</b>	<b>2,103</b>
Operating expenses	152,313	87,225	19,915
<b>EBITDA</b>	<b>- 3,383</b>	<b>- 6,059</b>	<b>- 17,812</b>
Total assets	181,044	187,217	41,243
Total liabilities	32,096	22,793	9,042
<b>Equity</b>	<b>148,948</b>	<b>164,424</b>	<b>32,202</b>

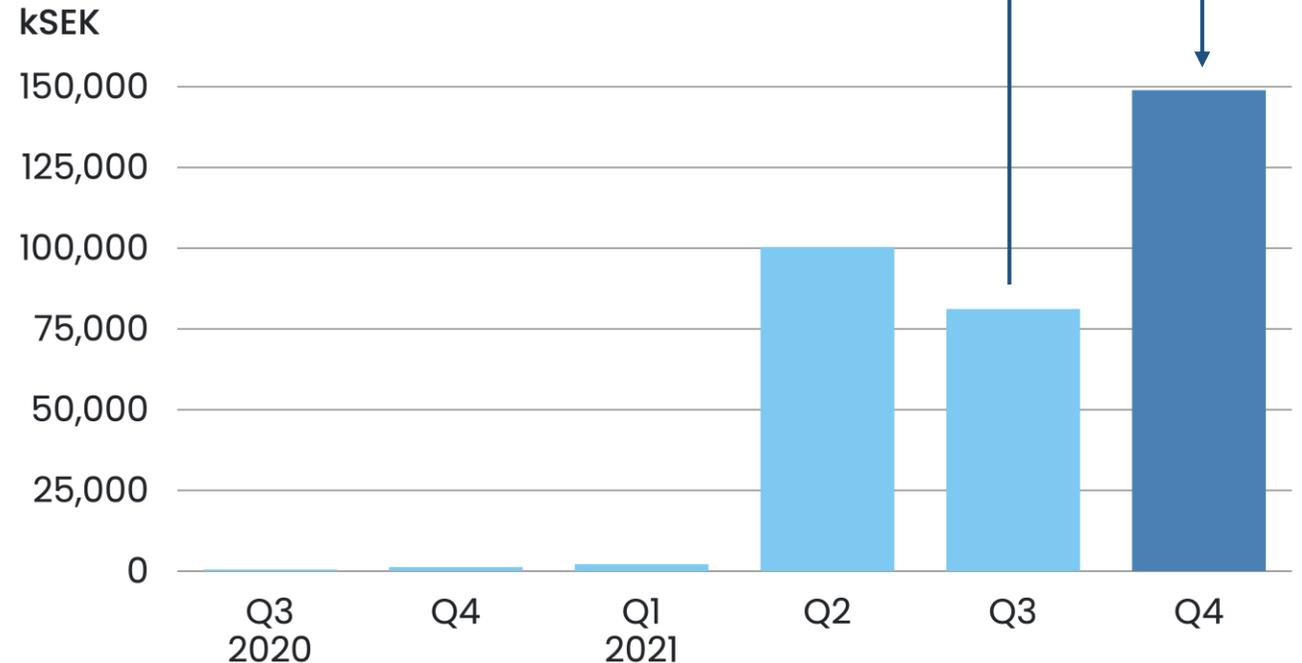
- Arcane generated kSEK 148,930 in revenue in Q4 2021 compared to kSEK 81,166 in Q3 2021. This was primarily due to higher transaction volume in Kaupang Krypto.
- Gross Margin increased to kSEK 12,650 in Q4 from kSEK 7,443 in Q3 mainly driven by Arcane Green Data becoming operational in October 2021.
- EBITDA has improved to kSEK -3,383 in Q4 from kSEK -6,059 for Q3, driven by improved Gross margin.
- Liabilities increased to kSEK 32,096 in Q4 from kSEK 22,793 in Q3, mainly explained by short term borrowings of kSEK 15,000 to fund investment in Arcane Green Data.
- Cash and cash equivalents was kSEK 19,321 at the end of the period.

\* Kaupang Krypto is as a crypto broker booking all crypto sales as Revenue. Gross margin is a better comparison to revenue for earlier period.

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## Revenue by quarter



## **For further information, please contact:**

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### **About Arcane Crypto**

Arcane Crypto develops the infrastructure and products that enable worldwide adoption of bitcoin and digital assets. Arcane is building a platform for users to learn, trade and invest in digital assets, all from one account. Our market leading research content educates our users and builds trust. Arcane achieves scale by providing a platform with open APIs, allowing third parties to develop their own products using our technology and then distribute their product to our users.

Subscribe to press releases and financial information: <https://investor.arcanecrypto.se/>

For more information, please visit: <https://www.arcane.no/>

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