



Half-year report 2023

for the period 1 January –30 June 2023

Half-year report 2023

January - June 2023

Commercialization Start for Virtune

First half of year 2023, 1 January – 30 June in short *

- Net revenues amounted to 19 KSEK (0 KSEK).
- Operating result before depreciation (EBITDA) amounted to - 6 858 KSEK (- 42 KSEK).
- Operating result amounted to - 6 929 KSEK (- 42 KSEK).
- Net result amounted to - 6 965 KSEK (- 42 KSEK).
- Cash flow from operations amounted to - 6 506 KSEK (1 723 KSEK).

Events during the period

- The company has changed its company category to become a public company.
- Through a directed issue, the company has strengthened the company's capital by SEK 15 million before any issue costs and carried out a bonus issue in connection with this to be able to meet Nasdaq's share capital requirements.
- The company's basic prospectus was approved by the Swedish Financial Supervisory Authority in April 2023.
- Virtune received approval as a new issuer on Nasdaq Stockholm to issue crypto exchange-traded products.
- Virtune introduced the first crypto index based exchange traded products in the Nordics. The ETPs have been launched both in SEK and in EUR.
- Virtune entered the German market with its EURO nominated ETP.

Events after the period

- The company has launched Virtune Staked Ethereum ETP SEK on Nasdaq Stockholm during August.

Comparative financial facts for the periods (KSEK)*

Virtune's key figures	Period	Period	Full year
	2023-01-01 2023-06-30	2022-01-01 2022-06-30	2022-01-01 2022-12-31
Net revenue (KSEK)	19	0	0
Outgoing AUM (KSEK)	9 326	0	0
Number of outgoing end customers	567	0	0
Number of outstanding financial instruments	90 800	0	0
Equity-assets ratio (%)	45%	3%	46%
Quick ratio (no. of times)	5,62	29,14	20,64
Cash flow from operations (KSEK)	-6 506	1 723	-1 350
Number of shares at the end of the period before	57 282	50 000	50 000
Average number of shares before dilution	54 855	50 000	50 000
Average number of shares after dilution	58 855	50 000	50 667

Commercialization Start for Virtune

The first half of 2023 has been a very eventful period at Virtune, marked by significant progress in line with our business plan and our vision to become the leading asset manager for digital assets in the Nordics.

The start of 2023 was characterized by persistent work to complete the remaining parts for the initial listing of Virtune's Exchange Traded Products ("ETP"). This included regulatory work, such as drafting the basic prospectus, as well as extensive efforts in governance, compliance and company structure to prepare the company to become an approved issuer on Nasdaq Stockholm.

Furthermore, considerable work has been put into structuring the company operationally, tech-wise, and policy-related in order to establish an efficient and high-quality organizational structure. This has been carried out with the ambition to enable expansion of Virtune's product offering as well as geographical expansion into new markets in the best possible way.

On May the 15th, 2023, Virtune launched the first and long-awaited crypto index ETP, the Virtune Crypto Top 10 Index ETP, in the Nordics on Nasdaq Stockholm. The product is available in both SEK and EUR and gives institutional and private investors in the Nordics the opportunity for broad crypto exposure and management through monthly rebalancing in a regulated investment product. Since the start, Virtune has actively taken an educational role in our market and has so far carried out a series of educational initiatives, including webinars and physical events with, among others, Unga Aktiesparare and ongoing informative content in social media.

One of Virtune's most important goals is to be a regulated and reliable actor in the crypto market, which is demonstrated by the fact that Virtune is a Swedish company registered as a financial institution with the Financial Supervisory Authority, where we work actively to spread knowledge and communicate our messages to the market. This has been realized through a series of market-related initiatives, such as my participation on DiTv Borsmorgon.

Another important event in the first half of the year was Virtune's expansion to the German market where the Virtune Crypto Top 10 Index ETP was listed on Boerse Stuttgart during June, which was the first launch outside of Sweden. Within the company, we have also actively worked on further developing our technical platform to automate processes and routines, with the goal of maintaining a cost-effective organization as we grow. The company went through an intense summer, where significant time and resources were directed towards the product launch early in the second half of the year as well as further preparations for the fall. At the end of the six months, the managed capital amounted to SEK 9.3 million.

During the summer, we also announced new positions that are planned to be filled in the second half of 2023. At the end of the half year, the team consisted of me, Christopher Kock (co-founder and CEO), Peter Arvidsson (co-founder and CTO), Henry Forelius (Partner and Client Director) and Daniel Lundberg (CFO). At the end of July, Sofia Boström was welcomed as Marketing and Growth Manager and she starts her position on 21th of August.





In summary, Virtune is well equipped for the future after the efforts that have been implemented during the latter part of the first half of the year and we have a well-defined plan in place to achieve our growth goals. We are also keenly following the regulatory developments in the US, including Blackrock's application for the Spot Bitcoin ETF, as well as other exciting events that could strongly influence the crypto market in a positive direction and thereby contribute to Virtune reaching and even exceeding its ambitious goals for the future.

Stockholm on the 16th of August 2023,

*Christopher Kock,
CEO & Board of director at Virtune AB (Publ)*

The company's revenues and result

First half-year 2023

- The company launched its first two financial instruments that are listed on Nasdaq Stockholm and the growth list of the Stuttgart stock exchange during the middle of quarter 2. During this time, the company has generated net sales of 19 KSEK (0 KSEK).
- The company's profitability (EBITDA) during the quarter is negative at – 6 858 SEK (- 42 KSEK) and this is in line with expectations where the company have made initial organizational- and regulatory-investments to enable the launch of the company's financial instruments which took place during the spring. These investments together with our platform have created a basis for us to continue scaling the business with new instruments and launches to new geographic markets.

Financial standing for period 2023

Cash flow during the period

The cash flow from operating activities is negative and amounted to - 6.5 MSEK (1.7 MSEK) and this is in line with expectations where the company have made initial organizational- and regulatory-investments to enable the launch of the company's financial instruments which took place during spring. These investments together with our platform have created a basis for us to continue scaling the business with new instruments and launches to new geographic markets.

The cash flow from investment activities amounted to - 1.2 MSEK (- 0.3 MSEK), which refers to investments in Virtune's own platform for reporting, reviewing and controlling of our ETP ecosystem.

The cash flow from financing activities amounted to 14.9 MSEK (MSEK), which mainly refers to the cash from the direct issue.

Total cash flow for the period is positive and amounted to 7.2 MSEK (1.4 MSEK).

Liquidity

The company had cash and cash equivalents of 8.9 MSEK (1.4 MSEK) as of 2023-06-30.

Personnel

Number of employees per 2023-06-30 was 4 (1). The average number of employees for the period amounted to 4 (1).

Significant risks and uncertainty factors

The board and the CEO assure that the interim report provides a fair overview of the company's operations, position and results and describes the significant risks and uncertainty factors that the company is facing. When assessing the Company's future development, it is important to consider risk factors in addition to potential profit growth. Virtune's operations are affected by a number of risks that can have an effect on the Company's results and financial position to varying degrees, which is

described in detail in the Company's annual report and its prospectus. All documents are available on the company's website.

The company's shareholder list on 30rd of June 2023

Order	Shareholder on the 2023-06-30	Number of shares	Proportion of shares and votes
1	Violet AI AB	14 717	25,69%
2	Gert Nordin	12 294	21%
3	Happyman AB	9 834	17%
4	Peter Arvidsson	6 000	10%
5	Christopher Kock	6 000	10%
6	Henry Mischa Forelius	2 743	5%
7	MP Games Aktiebolag	971	2%
8	M. Sesemann AB	971	2%
9	Vilhelm Niklasson AB	500	1%
10	Pelle Kronestedt	485	1%
Total		54 515	95%
Other shareholders		2 767	5%
Total number of shares		57 282	100%

Market and future prospects

Virtune is judged to have good long-term opportunities to grow and take market shares within the company's areas of operation. Thanks to the growth and maturity of the crypto market through increased regulation and increased knowledge among the public, interest in investing directly and indirectly in the crypto market is increasing, which is expected to create strong growth and development within Virtune's business area.

Company information

Virtune in short

Virtune, with headquartered in Stockholm, is a fully regulated Swedish digital asset manager and issuer of crypto exchange-traded products on regulated European exchanges.

With regulatory compliance, strategic collaborations with industry leaders and our skilled team, we provide investors on a global level with access to innovative and sophisticated investment products that are aligned with the changing landscape of the global crypto market.

Other information

Auditor

Öhrlings PricewaterhouseCoopers AB is the company's auditor and Johan Engstam is the principal authorized auditor. This half-yearly report has not been subject to review by the company's auditors.



The signatory of the report

The board and the CEO assure that the interim report provides a fair overview of the company's operations, position and results and describes the significant risks and uncertainties that the company is facing.

Stockholm on the 16th of August 2023

Virtune AB (Publ)

John Dalling
Chairman of the board

Gert Nordin
Director of the board

Christopher Kock
CEO & Director of the board

Virtune's income statement (TKR)*

	Period	Period	Full year
	2023-01-01	2022-01-01	2022-01-01
	2023-06-30	2022-06-30	2022-12-31
<u>Operating income</u>			
Net revenue	19	0	0
Activated development cost for own account	394	0	320
Other operating income	3	0	0
	415	0	320
<u>Operating expenses</u>			
Direct cost	-273	0	0
Other external cost	-5 445	-24	-1 917
Personnel cost	-1 555	-18	-1 131
Operating result before depreciation (EBITDA)	-6 858	-42	-2 728
Depreciation and write-downs of tangible fixed assets	-5	0	0
Operating result after depreciation (EBITA)	-6 863	-42	-2 728
Depreciation and write-downs of intangible fixed assets	-67	0	0
Operating result (EBIT)	-6 929	-42	-2 728
<u>Results from financial items</u>			
Financial posts	-36	0	2
Result after financial items	-6 965	-42	-2 726
Result before tax	-6 965	-42	-2 726
Income tax	0	0	0
The result of the period	-6 965	-42	-2 726
Earnings per share			
Average number of shares before dilution	54 855	50 000	50 000
Average number of shares after dilution	58 855	50 000	50 667
Number of shares at the end of the period before dilution	57 282	50 000	50 000
Number of shares at the end of the period after dilution	61 282	50 000	54 000
Earnings per share before dilution (SEK)	-122	-1	-55
Earnings per share after dilution (SEK)	-122	-1	-55

There are no items to report in within Other comprehensive income.

Virtune's balance sheet (TKR)*

	2023-06-30	2022-06-30	2022-12-31
Assets			
<u>Non-current assets</u>			
Intangible assets	2 043	289	999
tangible assets	63	0	0
Total non-current assets	2 106	289	999
<u>Current assets</u>			
<u>Inventories</u>			
Inventory - Digital assets	9 025	0	0
<u>Short-term receivables</u>			
Current receivables	3	0	0
Other receivables	50	235	206
Prepayments and accrued income	583	447	125
Total short-term receivables	637	682	331
Liquid funds	8 856	1 435	1 652
Total current assets	18 517	2 117	1 982
Total assets	20 623	2 406	2 982
<u>Equity</u>			
<u>Equity attributable to Parent Company shareholders</u>			
	9 303	64	1 380
Total Equity	9 303	64	1 380
<u>Current liabilities</u>			
Current liabilities financial instruments	8 948	0	0
Accounts payable	1 261	244	746
Current tax liabilities	5	0	0
Other debts	86	2 096	194
Accrued costs and prepaid income	1 020	2	662
Total short-term liabilities	11 320	2 342	1 602
Total equity, provisions and liabilities	20 623	2 406	2 982

Virtune's statement of changes in equity
(TKR)

	Share capital	Development fund	Other contributed capital	Retained earnings incl. profit (loss)	Total equity
Opening balance 1 January 2022	50	0	450	-395	105
Profit (loss) for the period	0	0		-2 726	-2 726
Total comprehensive income for the period	0	0	0	-2 726	-2 726
Shareholder contribution	0	0	4 000	0	4 000
Warrant premium	0	0	0	0	0
Change development fund	0	999	0	-999	0
Opening balance 1 January 2023	50	999	4 450	-4 120	1 380
Profit (loss) for the period	0	0	0	-6 965	-6 965
Total comprehensive income for the period	0	0	0	-6 965	-6 965
Shareholder contribution	0	0	80	0	80
Change development fund	0	1 044	0	-1 044	0
Bonus issue	450	-120	-330	0	0
Direct issue	8 073	0	6 736	0	14 809
Total transactions with shareholders, reported directly in equity	8 523	924	6 486	-1 044	14 889
Closing balance 30 June 2023	8 573	1 923	10 936	-12 129	9 303

Virtune's cash flow analysis (TKR)*

	Period	Period	Full year
	2023-01-01	2022-01-01	2022-01-01
	2023-06-30	2022-06-30	2022-12-31
Operating profit (loss)	-6 929	-42	-2 728
Adjustments for non-cash items	72	0	0
Interest received	0	0	2
Cash flow from operating activities before changes in working capital	-6 894	-42	-2 726
Increase (-)/decrease (+) Digital assets	-77	0	0
Increase (-)/decrease (+) Customer receivables	-3	0	0
Increase (-)/decrease (+) operating receivables	-303	-565	-213
Increase (+) / decrease (-) accounts payable	515	243	745
Increase (+)/decrease (-) operating liabilities	255	2 086	844
Total changes in working capital	387	1 764	1 376
Cash flow from operating activities	-6 506	1 723	-1 350
<u>Cash flow from investing activities</u>			
Acquisitions of tangible and intangible assets	-1 178	-289	-999
Cash flow from investing activities	-1 178	-289	-999
<u>Cash flow from financing activities</u>			
Shareholders' contributions	80	0	4 000
The period's new issues incl. option liquid	14 809	0	0
Cash flow from financing activities	14 889	0	4 000
<u>Decrease/increase of cash and cash equivalents</u>	7 205	1 434	1 651
Opening cash and cash equivalents	1 652	1	1
Closing cash and cash equivalents	8 856	1 435	1 652

Notes

Note 1 General information

Reporting covers only the company Virtune AB (Publ) with org. no. 559175-2067. The company is a limited liability company registered in Sweden with registered office in Stockholm and address C/O RKO AB, Sibyllegatan 47, 114 42 Stockholm, Sweden. All amounts are reported in thousands of Swedish kronor (SEK) unless otherwise stated. The information in parentheses refers to the previous year unless otherwise stated.

Note 2 Accounting principals

The company has switched to RFR 2 Accounting for legal entities and the Annual Accounts Act during the financial year 2023. RFR 2 means that in reporting the company applies all IFRS standards and statements adopted by the EU as far as possible within the framework of the Annual Accounts Act, the Insurance Act and taking into account the connection between Accounting and Taxation. The transition to accounting according to RFR 2 has not had any effect on the company's financial figures and comparative figures for the financial year 2022 are under the RFR 2 regulations.

The interim report for the company has been prepared in accordance with RFR 2 and the Annual Accounts Act chapter 9, Interim report.

Note 2.1 New accounting principles for 2023

In addition to the transition to RFR 2, the company does not see any new or changed standards and principles that came into force as of 1 January 2023 or later is deemed to have a significant impact on Virtune's financial reports.

Note 2.2 Tax

Deferred tax asset will be booked in the company when there is an expected and steady profit, which is not the case today during the growth phase. The percentage is calculated based on an expected debit of the relevant country's corporation tax.

Note 2.3 Accounting principles for digital assets and correlated promissory notes

The company is an issuer of exchange-traded financial instruments that are in the form of ETP products that are physically backed to 100% by single or multi-crypto assets. The crypto-assets are valued by the company as an inventory asset and according to its acquisition value in USD, which is revalued into SEK using the exchange rate on ending balance date. The liabilities linked to the holders of the issued financial instruments are valued as a short-term liability and in line with the valuation of its crypto assets at ending balance date.

Note 3 Transactions with related parties

The company is owned to approximately 26% by Violet AI AB, which the company hires to bring in additional development resources in building its own platform and rents parts of their premises. The agreement between the parties is written on commercial terms and during the period the company has purchased development services and rent of office equivalent to 724 KSEK incl. VAT.

Not 4 Events after the interim periods end

The following significant events have occurred since the end of the period:

- The company has launched Virtune Staked Ethereum ETP SEK on Nasdaq Stockholm during August.

Note 5 Warrants

The 2022 annual general meeting started the company's first incentive program where the general meeting decided to issue warrants to be acquired by senior executives and key employees within the company with the aim of creating a long-term commitment which can be expected to increase interest in the company's operations and earnings development. Each option entitles the holder to subscribe for one Virtune share at a predetermined exercise price three years after issuance. The warrants are acquired against cash payment. At the time of issuing this interim report, outstanding subscribed warrants were 4,000 with a weighted exercise price of SEK 1,400/share, according to below table:

OVERVIEW WARRANT PROGRAM	NUMBER OF WARRANTS	STRIKE PRICE
Warrant program 2022 - subscription period January 2026	4 000	1 400
Total / weighted strike price	4 000	1 400

Definitions selected key figures

- Net revenue growth: Net revenues for the current year/net revenues in the previous period.
- EBITDA: Operating profit before depreciation.
- EBITDA-margin: Operating result before depreciation/net revenues.
- EBITA: Operating result after depreciation of tangible assets.
- EBITA-margin: EBITA as a percentage of net revenues.
- Equity ratio: Adjusted equity/total assets.
- Liquid ratio: Current assets – Inventory/ Current liabilities multiplied by 100.
- AUM: Overall managed capital in the company's financial instruments.

Financial calendar

Future reports

AGM 2023 2024-05-22

Before the annual general meetings, the company will report via press release when the respective annual report is available on the company's website, but at least four weeks before.



Contact

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