

Q2 2022



Highlights Q1

↳ **36,657 FIL production in Q2**
- Up 31% from Q1

↳ **Weak cryptocurrency price development in 2022**

↳ **Two new protocols**
- **Pocket Network and Helium**

↳ **Total revenue of USD 525,000**

Financials Q2 2022

The first half of 2022 has been challenging with a difficult macro outlook, danger of continued high inflation, interest rate hikes and a looming recession. This backdrop has caused a broad weakening of cryptocurrency prices which has severely impacted the Filecoin revenue of the Company, the value of Filecoin on the balance sheet and the value of the investment portfolio compared to previous quarters.

The Company's operation has not been affected by the low cryptocurrency prices and FIL production continues to grow quarter on quarter. In July the company sold its stake in Nova Orbis for USD 1.5m.

The company reported a loss before tax of USD 5.5m, a decrease from a profit before tax of USD 2.1m in the corresponding period last year. The company had a cash flow from operating activities of USD -1.4m in the quarter, down from USD 2m in the corresponding quarter last year, contributing to a cash balance of USD 1.9m and total current assets of USD 7.8m.

Outlook

The Company continuously works to identify and commercialize new opportunities in Web3 infrastructure and has expanded into the two new protocols, the Pocket Network and Helium. The DLTx Wireless business unit will in partnership with UK based Hivello develop a Helium hotspot network, while Pocket Network operations will be developed under the DLTx Cloud business unit.

DLTx is evaluating several protocols which the Company aims to add to its business units over the next 12 months. Development of these protocols will be in a similar fashion to the previous protocol developments and will diversify the company further.

CEO Letter

DLTx – Doing Business with Blockchains

In the second quarter of 2022 DLTx continued our development as an enterprise infrastructure provider for Web3 and public blockchains by expanding into two new protocols, the Pocket Network and Helium while continuing the development of our organization and existing business units. It has been important for us that we effectively integrated the great tech team from DSM into DLTx to ensure that we maximize our chances of future success. The speed of development in the distributed ledger technology space means that we must be both quick and adaptable in our business development.

At DLTx we develop, scale and manage infrastructure for existing and new protocols in Web3, the third generation of internet where users will no longer be customers or products, but participants in, and stakeholders of the applications they use. Within the Web3 economy, participants will control their own data and identities without the need of third-party stewardship, while reaping the economic benefits. Our revenue is generated by providing infrastructure to blockchain protocols to earn the respective blockchain's token as reward in return for services provided to the blockchain.

We are continuously working to identify and commercialize new opportunities in Web3 infrastructure and currently have the four business units DLTx Cloud, DLTx Wireless, DLTx Digital Assets and DLTx Ventures. By expanding into the Pocket Network we now have added a second protocol to DLTx Cloud and our partnership with Hivello, and expansion into Helium, marked the first business

development of DLTx Wireless where we focus on Web3, IoT and blockchain enabled hardware and services. Our aim is to build the brands of these business units going forward as we add further protocols and develop the operations within them.

The first half of 2022 has been characterized by a challenging macro environment and the cryptocurrency prices have severely impacted our financial results. In this period, we had to write down the value of our Filecoin tokens by close to USD 3m. The low Filecoin price also negatively impacts our revenues resulting in a loss for Q2 of USD 5.5m. I believe this challenging backdrop shows the value of our business model. The Opex of the storage providers has been funded for the first two years which ensures that we do not have to sell FIL to cover operations. Combined with our FIL to FIL borrowing this reduces the risk of the Filecoin operations and our reliance on high FIL prices at this phase of development.

DLTx are very confident in the future of the Filecoin network and have assembled one of the most experienced Filecoin mining teams in North America. Our team is well positioned to take advantage of the next phase of the network's development both through onboarding of verified deals and development of further revenue generating verticals. Looking forward we are currently identifying expansion opportunities in Europe which will not only extend our geographical footprint, but also makes us an even more attractive partner for clients looking to take advantage of the benefits of decentralized storage.

In July we sold our stake in Nova Orbis Inc., one of our portfolio investments, for USD 1.5m, a price more than seven times higher than its value in when we acquired Distributed Ledger Technologies LLC last year. We believe this shows some of the potential of our investment portfolio and think several of the companies in which we own a stake will see a similar development as they and their businesses mature.



As announced on August 30th we have signed a Term Sheet with Silicon Valley Blockchain Society (SVBS) to spin off our DLTx Ventures business unit with the aim of listing a new joint entity called Revolution. Many of the holdings in our investment portfolio will be included in this new venture and I am excited that the SVBS team, with their strong record, can use their experience to help develop these companies further. I am certain that this will make the underlying values in these investment much more visible.

Revolution will focus on the long-term future of decentralization in the Blockchain, Fintech, AI, Web3, and Digital Health industries. By spinning off these investments DLTx will be able to focus purely on Web3 infrastructure development going forward.

A handwritten signature in blue ink, appearing to read 'Thomas Christensen'. The signature is fluid and cursive, with a large initial 'T'.

Thomas Christensen
CEO

Responsibility statement

The Board and CEO confirm to the best of our belief that:

- The enclosed financial statements, which have been prepared in accordance with IAS 34 – Interim Reporting, give a true and fair view of the company’s assets, liabilities, financial position and result of operation.
- The information presented in the management report includes a true and fair review of potential risks and uncertainties, as well as the impact of important events on the consolidated financial statements.
- The enclosed financial statements include a true and fair view on related-party transactions.

Oslo, August 30th, 2022, Board of Directors, DLTx ASA

Viggo Leisner
Board Member

James Haft
Chairman

Kari Mette Toverud
Board Member

Thomas Christensen
CEO

DLTx – Projects and Assets

This quarter we highlight Weather XM.

Projects

Rhodium Enterprises (Bitcoin mining)

Rhodium Enterprises (Rhodium) is one of the largest industrial scale bitcoin mining operations in North America with 100 megawatts of liquid cooled miners online and ongoing expansion of its second site with 225 megawatts.

DLTx's shareholding in Rhodium Enterprises is the result of a roll-up of our Rhodium 30MW position in Q2 2021.

The planned IPO to list on Nasdaq under symbol RHDM was planned for January 2022 but was put on hold due to market conditions. As a result of the postponement and prevailing market conditions for listed Bitcoin Miners the value was adjusted downwards to approx. USD 6,9m in Q1 2022. More information about the company can be found on www.rhdm.com.

Blockchain Moon Acquisition Corp. (BMAQ)

DLTx was an early investor Blockchain Moon Acquisition Corp. (BMAQ), a SPAC focused on blockchain technology. The company has completed their listing on the Nasdaq and is actively pursuing a business combination with a high growth business in blockchain technologies in North America, Europe or Asia. DLTx chairman James Haft has been appointed as independent director. More information about the company can be found on www.bmaq.io.

Project	Est. Value (30 Jun 2022)
Rhodium Enterprises	\$ 6 883 534
BMAC	\$ 4 004 025

Assets

WeatherXM

A community powered weather network which rewards weather station owners and provides accurate weather services to Web3 enterprises. Leveraging Web3, IoT and machine learning technologies, WeatherXM can bring a paradigm shift for decentralised and hyper local weather data collection, enabling new weather services for the emerging Web3 data economy.

Project	Webpage	Est. Value (30 Jun 2022)
AdNode	https://adnode.io/	\$ 111 589
metaMe	https://metame.com/	\$ 23 730
Tradestars	https://tradestars.app/	\$ 53 987
SportsCastr	https://sportscastr.com/	\$ 28 125
Globex-Horizon	https://www.horizonfintex.com/	\$ 250 000
Newchip/Astralabs	https://launch.newchip.com/	\$ 705 197
Nodle	https://nodle.io/	\$ 57 440
Nova (formerly Abacus)	https://novahq.com/	\$ 1 520 656
Vertalo	https://www.vertalo.com/	\$ 356 604
SVBS	http://www.svbs.one/	\$ 2 015 992
Tari	https://www.tari.com/	\$ 157 280
Two12	https://www.two12.co/	\$ 54 330
AlphaPoint	https://alphapoint.com/	\$ 33 000
Titan	https://titan.io/	\$ 200 000
SDG Exchange	https://sdgexchange.io/	\$ 100 000
Avocado	https://www.avocadodao.io/	\$ 5,017
WeatherXM	https://weatherxm.com/	\$ 100 000

DLTx – Liquid assets

HBAR

HBAR is the native energy-efficient cryptocurrency of Hedera Hashgraph, a breakthrough technology in distributed ledger technologies. Hedera Hashgraph can process 833x more transactions per second than Ethereum (ETH) and can guarantee settlement in seconds. This leap in performance allows novel products to be built such as, trustless carbon trading by Dovu, \$600m coupon fraud prevention by the coupon bureau, and much more.

BEAM

Beam is a layer 1 application with native, decentralized cross chain swaps between some of the top blockchains including Bitcoin (BTC), ETH, and Binance Smart Chain. Beam is prioritizing the developer experience and has crafted a very engaged community around their ecosystem. Beam is continuing to innovate in this space and is launching its very own dApp store to further support its developer community.

POLY

Polymath is launching an institutional grade blockchain built specifically for regulated assets. Polymath service provider marketplace brings together all of the necessary participants and components to have fully compliant securities trading on-chain. Polymath is becoming a notable technology provider for organizations looking to upgrade their current trading systems and cut down on IT costs associated with running their own systems.

PEG

Pegnet is a decentralized stablecoin network with scalable liquidity. Pegnet has eliminated slippage and traditional arbitrage for traders which makes it a very powerful tool in the DeFi space. Pegnet core ethos is interoperability and can be used on multiple chains, expanding the potential of its network effects.

Cryptocurrency	Holding (30 Jun 22)	Price (30 June 22)*	Booked value
Beam (BEAM)	40 920	\$ 0,119	\$ 4 869
Hedera (HBAR)**	695 163**	\$ 0,06324	\$ 43 962
PegNet (PEG)	30 000 000	\$ 0,00002116	\$ 635
Polymath (POLY)	50 000	\$ 0,1846	\$ 2 580
Ethereum (ETH)	0,0176	\$ 1 067,30	\$ 19
USD Coin (USDC)	25 000	\$ 0,9999	\$ 24 998
Tether (USDT)	7 040	\$ 0,9999	\$ 7 039

* [Coinmarketcap.com](https://www.coinmarketcap.com)

** During Q1-2022 the Hedera Council cancelled its running advisory agreement with DLTx/David Johnston. As a result, DLTx will not receive any further HBAR as an advisor going forward. The unreceived HBAR reported in the Q4-2021 report was 3 645 831 HBAR.

DLTx – Other assets/receivables

USD loans to previous mining partner (AMI)

On 20 December 2019 DLTx sold all its shares in the Canadian iron ore project, Ambershaw Metallica (AMI), and restructured all related assets towards the AMI project. Post restructuring, DLTxs remaining assets related to AMI originally consisted of three separate loans with a combined face value of USD 4.8 million.

Due to Covid, the progress of the project has halted, resulting in no significant repayments. Although, since restructuring, the iron ore price has stayed

favorable, indicating a bright future for this project. DLTx has a close dialogue with the owner of the AMI project, Legacy Hill Resources, giving reassurances of the project's prospects and their ambitions to repay the loans accordingly.

Term Loan 1 was repaid in full in December 2021, including all outstanding interest rates related to the loan

Loan	Initial principal	Remaining principal	Outstanding interest rate	Discounted value	Booked value	Due date
Term Loan 1	\$ 500 000	-	-	-	-	-
Term Loan 2*	\$ 2 842 042	\$ 2 842 042	\$ 584 968	- \$ 503 517	\$ 2 923 494	20 Dec 2024
Promissory note	\$ 1 500 000	\$ 1 500 000	\$ 308 741	- \$ 267 277	\$ 1 541 464	20 Dec 2024

* In line with the loan agreement of 20th December 2019, the outstanding amount of the loan is discounted with 15% if repaid within 2022.

Other

In relation to the transaction where DLTx ASA (then Element ASA) purchased Distributed Ledger Technologies Ireland, Ltd, there has been recognized an outstanding amount which has been formalized as a promissory note between DLTx ASA and the sellers in the transaction.

Loan	Initial principal	Outstanding amount	Booked value
Promissory note	\$ 149 282	\$ 150 283	\$ 150 283

Financial Statements

Income statement

(USD '000)	Note	Second quarter		Year to date		Year end
		30/06/2022	30/06/2021	30/06/2022	30/06/2021	31/12/2021
Revenue		253	-	794	-	544
Other income		272	-	867	-	1,450
Total income		525	-	1,661	-	1,994
Cost of goods sold		-1,110	-	-1,110	-	-
Net income/loss from equity acct. investments		-	-	-	-	-
Depreciation		-1,121	-	-1,714	-	-635
Salary and social security cost		-593	-953	-1,033	-1,151	-2,558
Other operating expenses		-1,135	-591	-2,865	-699	-3,891
Operating loss		-3,434	-1,543	-5,062	-1,850	-5,089
Financial income		311	3,691	484	3,779	334
Financial costs		-2,403	-22	-3,769	-30	-205
Equity accounted investments		-	-	-	-	-
Net financial items		-2,092	3,669	-3,285	3,750	130
Profit/loss before tax		-5,525	2,125	-8,347	1,899	-4,960
Income Taxes		23	-	47	-	-
Profit/loss after tax		-5,502	2,125	-8,300	1,899	-4,960
Loss discontinued operations, after tax		-	-	-	-	-
Profit/loss for the period		-5,502	2,125	-8,300	1,899	-4 960
Profit/loss attributable to DLTx ASA shareholders		-5,502	2,125	-8,300	1,899	-4,515

	Second quarter		Year to date		Year end
Basic and diluted earnings per share	-0.08	0.04	-0.12	0.03	-0.08
Basic and diluted earnings per share - continued operations	-0.08	0.04	-0.12	0.03	-0.08
Basic and diluted earnings per share - discontinued operations	-	-	-	-	-

Other comprehensive income:

Items that will be reclassified to income statement

Currency translation adjustments	-1,259	-87	-1,416	72	-343
Other comprehensive income	-1,259	-87	-1,416	72	-343
Total comprehensive income	-6,761	2,038	-9,716	1,972	-5,302
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-445
Total comprehensive income attributable to DLTx ASA shareholders	-6,761	2,038	-9,716	1,972	-4,858

Balance sheet

(USD '000)	Note	Year to date	Year end
		30/6/2022	31/12/2021
ASSETS			
Goodwill		7,608	-
Intangible asset		361	248
Financial investments	4	21,243	20,000
Property, plant and equipment		21,395	3,580
Right of use assets		1,123	222
Equity accounted investments		-	-
Total non-current assets		51,729	24,051
Financial investments	4	-	-
Inventories		2,857	6,833
Other receivables		1,159	6,402
Cash and cash equivalents	5	3,813	11,047
Total current assets		7,829	24,281
Assets classified as held for sale		-	-
Assets classified as held for sale		-	-
TOTAL ASSETS		59,558	48,332
EQUITY			
Share capital		13,131	10,693
Other paid-in-capital		120,489	110,365
Cumulative translation adjustments		8,895	10,311
Other equity		-116,169	-107,554
Non-controlling interests		-	-445
Total equity		26,346	23,371
LIABILITIES			
Deferred tax liabilities		233	-
Lease Liabilities		1,124	223
Other long term liabilities		28,847	22,415
Total long term liabilities		30,205	22,638
Trade payables		374	963
Other current liabilities		2,633	1,361
Total current liabilities		3,007	2,324
Liabilities associated with assets classified as held for sale		-	-
Liabilities associated with assets classified as held for sale		-	-
TOTAL EQUITY AND LIABILITIES		59,558	48,332

Statement of equity

(USD '000)	Share capital	Other paid-in capital	Cumulative translation adjustments	Other equity	Held for sale	Non-controlling interests	Total
Equity 1 January 2021	3,500	94,713	10,654	-103,234	-	-	5,633
Loss for the period	-	-	-	-1 370	1 071	-	-299
Other comprehensive income	-	-	-343	-	-	-	-343
Total comprehensive income	-	-	-343	-4,515	-	-445	-5,302
Capital increase	7,193	15,277	-	-	-	-	22,470
Sale of own shares	-	375	-	-	-	-	375
Share options cost	-	-	-	195	-	-	195
Converted warrants	-	-	-	-	-	-	-
Total transactions with owners	7,193	15,651	-	195	-	-	23,040
Equity 3 December 2021	10,693	110,365	10,311	-107,554	-	-445	23,371

(USD '000)	Share capital	Other paid-in capital	Cumulative translation adjustments	Other equity	Held for sale	Non-controlling interests	Total
Equity 1 January 2022	10,693	110,365	10,311	-107,554	-	-445	23,371
Result for the period	-	-	-	-8,300	-	-	-8,300
Other comprehensive income	-	-	-1,416	-	-	-	-1,416
Total comprehensive income	-	-	-1,416	-8,300	-	-	-9,716
Capital increase	2,437	10,124	-	-	-	-	12,562
Sale of own shares	-	-	-	-	-	-	-
Share options cost	-	-	-	130	-	-	130
Transaction with minority	-	-	-	-445	-	445	-
Converted warrants	-	-	-	-	-	-	-
Total transactions with owners	2,437	10,124	-	-315	-	445	12,692
Equity 30 June 2022	13,131	120,489	8,895	-116,169	-	-	26,346

Cash flow statement

	Second quarter		Year to date		Year end
(USD '000)	30/6/2022	30/6/2021	30/6/2022	30/6/2021	31/12/2021
Profit/-loss for the year, continued operations	-5,502	2,125	-8,300	1,899	-4,960
Profit/-loss for the year, discontinued operations	-	-	-	-	-
OPERATING ACTIVITIES					
Depreciation	1,121	2	1,714	2	635
Change in trade and other receivables	5,788	4,175	9,218	-117	-6,401
Change in trade payables and other current liabilities	-4,729	-723	683	23	2,003
Fair value adjustments of investments	1,943	-3,750	3,121	-3,750	279
Warrants and impairment	25	179	130	179	195
Change in assets held for sale	-	-	-	-	-
Cash flow from operating activities	-1,354	2,008	6,565	-1,764	-8,250
INVESTMENT ACTIVITIES					
Net expenditure on property, plant and equipment	-1,988	-	-27,015	-	-4,459
Equity accounted investments	-	-	-	-	-
Repayment from investments	1	995	-	995	2,238
Investment in other financial assets	-3,200	-1,851	-4,364	-17,687	-24,521
Cash flow from investment activities	-5,187	-856	-31,379	-16,692	-26,742
FINANCING ACTIVITIES					
Proceeds from new shares issued	-	586	12,562	19,498	22,470
Repurchase of shares	-	-	-	-	-
Sale of own shares	-	-	-	-	375
Proceeds from borrowings	6,591	-	6,432	-	22,415
Cash flow from financing activities	6,591	586	18,994	19,498	45,259
Net change in cash and cash equivalents	50	1,737	-5,819	1,041	10,267
Cash and cash equivalents at the start of the period	5,021	586	11,047	1,122	1,122
Sum translation effects	-1,259	-87	-1,416	72	-343
Cash and cash equivalents at the end of the period for cont. and disc. Operations	3,812	2,236	3,812	2,236	11,047

Note 1 – Accounting policies

DLTx (the Group) consists of DLTx ASA and its subsidiaries. These unaudited consolidated interim financial statements consist of the Group and the Group's interests in associated companies and joint arrangements. They are prepared in accordance with International Accounting Standard 34 Interim Financial Reporting and should be read in relation with the annual consolidated financial statement for 2020. The accounting policies applied are the same as in the annual report, unless otherwise stated below.

Revenue recognition

Revenue from contracts with customers is recognized when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services.

Revenue from cryptocurrency mining:

Revenue from cryptocurrency mining consist of income regarding mining of Filecoin (FIL) and is recognized at fair value at the time when Filecoin is received in wallet at transaction price.

Providing computing power in digital asset storage to the FIL-network is an output of the Group's ordinary activities. For providing computer power to the FIL-network, the Group receives block awards in the form of FIL-cryptocurrency. Fair value of the cryptocurrency received is determined by using the quoted price at the time of receipt. In accordance with IFRIC updates on accounting for revenue on cryptocurrency, revenue from mining is classified under other income as it is considered outside the scope of IFRS 15 revenue from contracts with customers.

As there are no specific definite guidance on accounting of cryptocurrencies the management has excersised significant judgment in determining the appropriate accounting treatment. In the event authoritative guidance is enacted by the IASB, the company may be required to change its policies, which could have an effect on the Group's consolidated financial position and results from operations.

Cryptocurrency

Cryptocurrency is classified and accounted for according to IAS 2 inventory, as they are used as payment in the ordinary course of the business or held for sale.

Note 4 – Financial assets and liabilities

Financial assets and liabilities

	Year to date	Year end
(USD '000)	30/6/2022	31/12/2021
Other long-term receivables	4,615	4,499
Other short-term receivables	1,159	6,402
Convertible loan notes	-	-
Derivatives	-	-
Investments in fund units	16,628	15,501
Cash and cash equivalents	3,813	11,047
Total financial assets	26,215	37,449
Convertible notes	-	-
Trade payables	-374	-963
Total financial liabilities	-374	-963

Fair values

(USD '000)	Second quarter		Year end 2021	
	Carrying amount	Fair value	Carrying amount	Fair Value
Other long-term receivables	4,615	4,615	4,499	4,499
Other short-term receivables	1,159	1,159	6,402	6,402
Convertible loan notes	-	-	-	-
Derivatives	-	-	-	-
Investments in fund units	16,628	16,628	15,501	15,501
Cash and cash equivalents	3,813	3,813	11,047	11,047
Total financial assets	26,215	26,215	37,449	37,449
Convertible notes	-	-	-	-
Trade payables	-374	-374	-963	-963
Total financial liabilities	-374	-374	-963	-963

Note 5 – Cash and cash equivalents

	Year to date	Year end
(USD '000)	30/6/2022	31/12/2021
Cash and bank deposits	3,641	10,705
Restricted bank deposits	172	341
Total cash and cash equivalents in the statement of financial position	3,813	11,047
Cash and cash equivalents related to discontinued operations	-	-
Cash and cash equivalents in the statements of cash flow	3,813	11,047

Note 6 – Related party disclosures

Name	Position	Shares	Options	CFDs
Thomas Christensen	CEO	1,373,334	1,100,000	-
Simon Campbell	COO	2,492,235	1,000,000	-
David Johnston	CSO	7,912,433	1,000,000	1,000,000
Roger Lund	VP Strategy	81,500	600,000	-
Timothy Furey	VP Acquisitions & Operations	1,191,983	166,666	250,000
Jonathan Mohan	Head of Partnerships	97,669	333,333	773,333
James Haft	Chairman of the board	11,173,593	1,050,000	1,000,000
Kari Mette Toverud	Member of the board	128,412	543,000	-
Viggo Leisner	Member of the board	630,000	500,000	-
Total		25,081,159	6,183,999	3,023,333

Note 7 – Business combinations

The 12.03.2022, the Company acquired 100% of DSM Tech Enterprises Inc with the subsidiaries Midwest Blockchain Company LLC, Filtech SPV LLC, DSM Tech Enterprises UK LTD and Afton Checking LLC. The purchase price was MUSD 11.416 and financed by issuing 12 572 042 new shares in DLT

ASA. The companies acquired are all tech companies which configurate, build and deploy high-compute hardware solutions that support blockchain protocols.

The net assets acquired in the acquisition of DSM with subsidiaries are as follows:

(USD '000)	DSM with subsidiaries
ASSETS	
Intangible asset	-
Financial investments	100
Property, plant and equipment	2,508
Inventories	1,224
Other receivables	7,696
Cash and cash equivalents	410
Total assets	11,937
LIABILITIES	
Other long term liabilities	2,491
Deferred tax	280
Trade payables	1,386
Other current liabilities	3,972
Total liabilities	8,130
Net identifiable assets and liabilities at fair value	3,808
Goodwill	7,608
Purchase consideration transferred	11,416
Shares issued, at fair value	11,416
Cash	-
Total consideration	11,416
Paid in cash	-
Cash received	410
Net decrease/(increase) in cash	410

Included in the goodwill is related to possible external storage contracts in the future and employees with special skills. These intangible assets do not fulfil the

recognition criteria under IAS 38 and are therefore not recognised separately.