

Annual Report
for
Arcane Crypto AB
(Former Vertical Ventures AB)
556668–3933
Fiscal year
2020

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CEO'S STATEMENT

This Annual Report recounts some of the final chapters of Vertical Venture AB's old history. As you read this, the reverse acquisition has been completed, the corporate name has been changed to Arcane Crypto AB, and the company is now radically different from the description that follows here.

In the first to second quarters, the company negotiated the acquisition of Tongdow E-Commerce Co. Ltd., a transaction concluded on July 2, 2020. On the same date, the company announced a letter of intent to acquire Arcane Crypto AS. On August 4, 2020, Vertical Ventures entered a share purchase agreement for all the shares of Arcane Crypto through a private placement of 7,327,666,667 shares of Vertical Ventures. In the third quarter, the company initiated a re-listing process on Nasdaq First North, which approved the company with its new operations at the end of December 2020. The acquisition was consummated after approval by an Extraordinary General Meeting (EGM) held on January 11, 2021.

Arcane Crypto AS was founded in 2009, and is a Norwegian limited liability company headquartered in Oslo, Norway. Arcane Crypto operates internationally, with local offices in Stockholm and London. Arcane Crypto's vision is to support the financial systems of the future. Arcane Crypto develops and invests in bitcoin and digital asset projects to build a bridge between the new digital economy and the traditional economy.

By becoming a listed company, Arcane Crypto gains better access to the capital markets, greater recognition in the investor community, and among other stakeholders. This means that we are positioned for further growth. In addition, our ecosystem and infrastructure will benefit from opening up to a wider base of investors.

In summary, this creates a foundation for driving our vision of becoming the leading digital platform for full service in Europe, with the mission of leveraging digital currencies to revolutionize payments.

Torbjørn Bull Jensen
Chief Executive Officer

Stockholm, Sweden, April 2021

STATUTORY ADMINISTRATION REPORT

The Board of Directors and Chief Executive Officer of Arcane Crypto AB, corporate identity number 556668-3933, with registered office in Stockholm, Sweden, hereby present the annual accounts and consolidated accounts for 2020. The English version of the Annual Report is a translation of the original Swedish version. In case of any discrepancy between the versions, the Swedish version shall take precedence.

Operations—general

Vertical Venture's business concept was to manage projects and enterprises in different market verticals within loyalty through proprietary projects and active joint ownership. Vertical Ventures divested its business, the loyalty platform Wifog, to Transiro Int. AB in autumn 2019. The company subsequently lacked operating activities, but had the ambition to acquire a new business. In the first half-year 2020, the company negotiated the acquisition of Tongdow E-Commerce Co. Ltd., a transaction completed at the midpoint of the year. During the summer, the company signed a letter of intent to acquire Arcane Crypto AS, a company that develops and invests in projects focused on bitcoin and digital assets to build a bridge between the new digital economy and the traditional economy. The transaction was completed at the end of the year through a share purchase agreement for the acquisition of all the shares of Arcane Crypto through a private placement of up to 7,327,666,667 shares of Vertical Ventures. The reverse acquisition was approved by an EGM of Vertical Ventures held on January 11, 2021. Following the completion of the reverse acquisition, Arcane Crypto shareholders have a holding of approximately 93.1 percent of the shares and votes of Vertical Ventures, and Vertical Ventures' existing shareholders have a holding of approximately 6.9 percent of the shares and votes.

Arcane Crypto AS will be consolidated into Arcane Crypto AB effective 2021, and accordingly is not included in the Annual Report for 2020. It should be noted that the Annual Report for 2020 is not representative of Arcane Crypto AB's operations as it covers Vertical Ventures' operations only.

Arcane Crypto AS

Arcane Crypto AS was founded in 2009, and is a Norwegian limited liability company headquartered in Oslo, Norway. Arcane Crypto, with current business areas since 2018, operates internationally with local offices in Stockholm and London. Arcane Crypto AS has 15 employees.

Preliminary unaudited key figures for the Arcane Crypto AS group: Arcane Crypto AS Group had total sales of KNOK 2,149 in 2020. EBITDA amounted to KNOK -18,201 for the full year 2020. Net profit before tax was KNOK -17,245 for the full year 2020. As of December 31, 2020, Arcane Crypto AS held cash and cash equivalents of KNOK 18,712, total accounts payable of KNOK 6,245 and total equity of KNOK 33,733.

Income from associates and investments (Pure Digital (37.5 percent), Alfaplatta (45 percent), and Trijo (34 percent)) are not consolidated in the Arcane Crypto AS Group, but income from participations in associates will be recognized in the income statement based on the equity method. The investment in L/N markets represents only 7 percent of the company and is reported only as an investment.

Group structure

The Group consists of the Parent Company Arcane Crypto AB and the wholly owned subsidiary Savey Int. AB, corp. ID no. 559107-2847. As of September 30, 2020, the EGM of the subsidiary G3A AB with corp. ID no. 556572-4621 resolved to put the company into voluntary liquidation and a liquidator was appointed. The company will be liquidated in 2021. Until December 2019, Wifog Sverige AB was included with corp. ID no. 556975-7973.

All companies have their registered offices in Stockholm, Sweden.

Progress of the company's operations, results of operations and financial position

Group

Group summary		2020	2019	2018	2017	2016
Net sales	KNOK	3,002	5,045	8,030	7,941	9,502
Profit/loss for the period	KNOK	-2,362	-18,295	-15,683	-20,606	-23,570

Total assets	KNOK	2,620	12,793	23,419	17,196	17,333
Equity/assets ratio]	%	Negative	17	13	Negative	Negative

The above figures for the financial year mainly relate to Arcane Crypto AB—the share being listed on Nasdaq First North, and the company having realigned its strategy at the end of 2019, with the goal of acquiring new businesses. In 2020, the company processed two acquisition projects, Tongdow and Arcane Crypto. The Tongdow process was suspended mid-financial year and subsequently terminated without any acquisition. The Arcane Crypto AB process was consummated, and Arcane Crypto was acquired after the end of the financial year. Financial results in 2020 are due to these acquisition processes, in addition to the listing process required by Nasdaq First North in the event of extensive changes to the company's operating activities. The above financials are not representative of Arcane Crypto AB's expected operations in 2021 and beyond.

Cash flow from operating activities amounted to KSEK -11,329 (-5,222). Cash flow from investing activities amounted to KSEK 10,802 (-775), relating wholly to the divestment of the Transiro Int. AB shares the company received as consideration for the divestment of the operations of Wifog, conducted in 2019. Cash flow from financing activities amounted to KSEK 483 (5,656). At the beginning of 2020, the Group had KSEK 242 in cash and cash equivalents. At the end of 2020, cash and cash equivalents amounted to KSEK 198.

At the beginning of 2020, equity amounted to KSEK 2,182. At the end of 2020, equity amounted to KSEK -181. Readers should note that KSEK 1,595 is recognized as a listing expense in the Group because the acquisition of Arcane Crypto AS is treated as a reverse acquisition, with this expense recognized as a deferred expense related to shares of subsidiaries of the Parent Company.

The number of employees at the end of the period was 0 (1).

Parent Company

Parent Company – summary		2020	2019	2018	2017	2016
Net sales	KNOK	3,000	2,225	7,866	2,341	1,937
Profit/loss for the period	KNOK	-718	-42,873	-2,294	-177,847	-23,846
Total assets	KNOK	5,027	12,716	46,720	18,986	165,512
Equity/assets ratio]	%	25	15	58	Negative	84

In the second half-year 2020, the Parent Company provided expertise and resources in the acquisition process and the marketplace's requirements for measures due to the change of operating activities, which generated a revenue item. The net revenue of SEK 3 million reported relates to Arcane Crypto AS. At the beginning of 2020, the Parent Company had KSEK 60 in cash and cash equivalents. At the end of 2020, cash and cash equivalents amounted to KSEK 160.

At the beginning of 2020, equity amounted to KSEK 1,959. At the end of 2020, equity amounted to KSEK 1,241. Readers should note that KSEK 1,595 is recognized as a deferred expense related to shares of subsidiaries in the Parent Company and recognized as a listing expense in the Group due to the acquisition of Arcane Crypto AS being treated as a reverse acquisition.

Significant events in the financial year

Vertical Venture's business concept was to manage projects and enterprises in different market verticals within loyalty through proprietary projects and active joint ownership. Vertical Ventures divested its business, the loyalty platform Wifog, to Transiro Int. AB in autumn 2019. In the first half-year 2020, the company negotiated the acquisition of Tongdow E-Commerce Co. Ltd., a transaction completed at the midpoint of the year.

During the summer, the company signed a letter of intent to acquire Arcane Crypto AS, a company that develops and invests in projects focused on bitcoin and digital assets to build a bridge between the new digital economy and the traditional economy. The transaction was completed at the end of the year through a share purchase agreement for the acquisition of all the shares of Arcane Crypto AS through a private placement of up to 7,327,666,667 shares of Vertical Ventures. The reverse acquisition was approved by an EGM of Vertical Ventures held on January 11, 2021. Following the

completion of the reverse acquisition, Arcane Crypto AS shareholders have a holding of approximately 93.1 percent of the shares and votes of Vertical Ventures, and Vertical Ventures' existing shareholders have a holding of approximately 6.9 percent of the shares and votes. Arcane Crypto AS will be consolidated into Arcane Crypto AB effective 2021, and accordingly is not included in the Annual Report for 2020. Readers should note that the Annual Report for 2020 is not representative of Arcane Crypto AB's operations as it covers Vertical Ventures' operations only. For a more detailed description of Arcane Crypto's operations after the acquisition, see note 20 of this Annual Report.

Significant events after the end of the financial year

An EGM was held on January 11, 2021 where:

- The EGM resolved to adopt new Articles of Association.
- The EGM approved the acquisition of all the shares of Arcane Crypto AS.
- The EGM resolved on the election of Jonatan Raknes, Viggo Leisner, Kristian Kirkegaard and Anna Svahn as Directors for the period until the next Annual General Meeting (AGM), and the election of Jonatan Raknes as Chairman of the Board. The new Board of Directors replaces Fredrik Crafoord, Jonas Litborn and Tommy Carlstedt, who have made their seats on the Board available.
- The EGM resolved to authorize the Board of Directors to issue shares, warrants and/or convertibles. Payment may be made in cash, in kind, by set-off or subject to other conditions. The number of shares of the company may be increased by a maximum of 2,500,000,000 under this authorization.
- The purchase consideration for the Arcane transaction amounts to SEK 326,651,900, and the acquisition was settled through a new issue of 7,258,931,122 new shares of the Company at a subscription price of SEK 0.045 per share (the "Remuneration Shares"). The terms and conditions of the issue of Remuneration Shares, which are for shareholders of Arcane Crypto AS, are stated in the notice convening the EGM that approved the Arcane transaction.

The new Board of Directors elected at the EGM took up office on 14 January 2021, at the same time as the new shares were registered at the Swedish Companies Registration Office, whereupon Torbjørn Bull Jenssen was immediately appointed Chief Executive Officer of the Company.

Vertical Ventures AB's corporate name-change to Arcane Crypto AB was registered, and the first day of trading under the new name was February 5, 2021.

The acquisition of Arcane Crypto AS is treated as a reverse acquisition, with the acquisition price determined by the latest market price for payment. On completion, the market price of Vertical Ventures' share on January 11, 2021 was SEK 0.235 per share, corresponding to an acquisition price of SEK 1,832,765,828. The total market capitalization of Vertical Ventures as of January 11, 2021 was SEK 126,917,014. The transaction is recognized as a reverse acquisition in the consolidated accounts, and Vertical Ventures considered as the acquired entity. The price for Arcane Crypto to acquire Vertical Ventures is equal to the market capitalization of Vertical Ventures on the transaction date. Because Vertical Ventures has no operating activities, the surplus value of the purchase consideration is accounted as a listing expense.

Arcane Crypto AS ("Arcane") increases its ownership in Puremarkets Ltd. ("Puremarkets") to 37.5 percent, from 35 percent.

Arcane Crypto AB carried out a private placement, in which Lucerne Capital Management and Klein Invest AS subscribed for 99,000,000 new ordinary shares of the Company at a subscription price of SEK 0.5 per share (LCM to subscribe for 66,000,000 new shares, Klein Invest to subscribe for 33,000,000 new shares). LCM and Klein Invest also received warrants free of charge to subscribe for up to an additional 49,500,000 shares (LCM to subscribe for 33,000,000 new shares, Klein Invest to subscribe for 16,500,000 new shares). Each warrant will entitle the holder to subscribe for one newly issued share of the Company prior to February 17, 2022 at a subscription price of SEK 0.50 per share.

Arcane is executing its previously announced acquisition of all the shares of Kaupang Krypto AS from Bulltech AS, with consideration mainly consisting of (i) NOK 1,000,000 in cash and (ii) NOK

18,500,000 to be offset against 155,718,793 shares (the "Consideration Shares") of Arcane Crypto (based on the volume-weighted average price of Arcane Crypto's share sixty (60) trading days prior to signing the share purchase agreement).

The share

At the reporting date, the total number of shares is 540,072,401 with a quota value of SEK 0.05 per share. The shares are traded with the ticker ARCANE and ISIN code SE0007614722.

The company's shares trade on Nasdaq First North. Mangold Fondkommission AB, tel. +46 (0)8 503 01550, e-mail: ca@mangold.se is the company's Certified Adviser.

The largest shareholders as of December 30, 2020:

Shareholder	No. of shares	Prop. of equity
Gimle Invest AS	30,000,000	5.55%
Crafoord Capital Partners	27,981,910	5.18%
Tiger City AS	18,000,000	3.33%
Fredrik Crafoord	15,400,000	2.85%
Donap Advokat AB	14,223,258	2.63%
Hussain Khan	14,000,000	2.59%
Fender Eiendom AS	11,270,988	2.09%
<u>Other</u>	<u>409,196,245</u>	<u>75.77%</u>
Total number of shares	540,072,401	100.0%

After the end of the financial year, 99,000,000 shares and 49,500,000 warrants had been issued, and just under 156,000,000 shares are being registered, as stated under significant events after the end of the financial year.

Risks

Arcane Crypto AB has historically operated with significant losses, and it is not certain that the operation will achieve positive earnings in future. Accordingly, an investment in the Company is associated with high risk and should be evaluated carefully. The company's ability to satisfy future needs for capital depends largely on the operation's ability to generate earnings. The possibility that it takes longer than expected for the Company to generate achieve positive cash flow cannot be ruled out. There can be no guarantee that future needs for capital will not arise. Nor can there be any guarantee that the company will be able to secure the necessary capital if such need arises. The Group consists of a small organization, and accordingly can be considered highly dependent on a few key individuals.

Arcane Crypto AS operates in the crypto industry, which is still largely unregulated and subject to constant and rapid technological and regulatory change. This uncertainty relates largely to progress of crypto markets, including their future scale, and accordingly, the future success of the company's operations is difficult to predict. The legal status of cryptocurrencies varies from country to country and is very much in transition. There is a lack of consensus in the regulation of cryptocurrencies in Europe. Future regulatory or political developments may adversely affect cryptocurrency markets, and ultimately, their pricing.

Financing

Arcane Crypto AB carried out a private placement after the end of the financial year, in which Lucerne Capital Management and Klein Invest AS subscribed for 99,000,000 new ordinary shares of the Company at a subscription price of SEK 0.5 per share, raising the Company SEK 49.5 million before issue expenses.

Taking into account these issues and the liquidity thus raised, the opinion of the Board of Directors is that the prospects for continuing operations in coming financial years are good.

Proposed appropriation of profit/loss

The following funds are available to the Annual General Meeting:

Share premium reserve	319,114,935
Profit/loss brought forward	- 319,126,665
Profit/loss for the year	- 718,185
	<hr/>
SEK	- 729,915

The Board of Directors proposes that these funds are appropriated as follows:

Carried forward	- 729,915
	<hr/>
SEK	- 729,915

The company's Results of operations and financial position otherwise are illustrated in the following Income Statement and Balance Sheet.

CONSOLIDATED INCOME STATEMENT

SEK 000	Note	Jan. 1, 2020 - Dec. 31, 2020	Jan. 1, 2019 - Dec. 31, 2019
Net sales	3	3,002	5,045
Work performed by the company for its own use and capitalized	3	-	775
Other operating income	3	6	3,612
Total operating income		3,008	9,432
Operating expenses			
Direct costs		-	-2,753
Other external expenses	4, 17	-4,501	-17,685
Personnel expenses	5	185	-3,044
Amortization of intangible fixed assets	6		-3,599
Total operating expenses		-4,316	-27,081
Operating profit/loss		-1,308	-17,649
Profit from financial items			
Interest income and similar profit/loss items	7	668	-
Interest expense and similar profit/loss items	9	-1,723	-646
Profit/loss from financial items		-1,054	-646
Profit/loss after financial items and before tax		-2,363	-18,295
Tax on profit for the year			
Profit/loss for the year	14	-2,363	-18,295

CONSOLIDATED BALANCE SHEET

SEK 000	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Fixed assets			
Capitalized development expenses	10	-	-
Current assets			
Current receivables			
Accounts receivable		2,100	208
Other current receivables	19	155	12,316
Prepaid expenses and accrued income		167	27
Total current receivables		2,422	12,551
Cash and bank balances		198	242
Total current assets		2,620	12,793
TOTAL ASSETS		2,620	12,793
Equity			
	13, 18		
Share capital		1,971	27,004
Other paid-up capital		87,441	87,441
Other equity including profit/loss for the year		-89,593	-112,263
Total equity		-181	2,182
Current liabilities			
Accounts payable		407	1,761
Current loan liability		1,500	5,373
Other current liabilities		461	1,017
Accrued expenses and deferred income		433	2,460
Total current liabilities		2,801	10,611
TOTAL EQUITY AND LIABILITIES		2,620	12,793

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000	Share capital	Other paid-up capital	Other equity incl. profit/loss for the year	Total
Equity, Dec. 31, 2018	12,952	84,010	-93,968	2,994
New share issue	14,052	8,430		22,482
Issue expenses		- 5,000		-5,000
Profit/loss for the year			-18,295	-18,295
Equity, Dec. 31, 2019	27,004	87,441	-112,263	2,182
Reduction of share capital	-25,033		25 033	0
Profit/loss for the year			-2,363	-2,363
Equity, Dec. 31, 2020	1,971	87,441	-89,593	-181

CONSOLIDATED CASH FLOW STATEMENT

SEK 000	Note	Jan. 1, 2020 - Dec. 31, 2020	Jan. 1, 2019 - Dec. 31, 2019
Operating activities			
Operating profit/loss		-1,308	-17,649
Adjustments for non-cash items		-1,354	13,142
Interest received		0	0
Interest paid		-184	-2,058
Cash flow from operating activities before changes in working capital		-2,846	-6,565
Increase/decrease in operating receivables		-673	-1,514
Increase/decrease in operating liabilities		-7,810	2,857
Cash flow from operating activities		-11,329	-5,222
Investments	9		
Purchase of financial/intangible fixed assets		-494	-775
Sale of financial fixed assets		11,296	
Cash flow from investing activities		10,802	-775
Financing activities			
New share issue		-	6,199
Issue expenses		-	-115
Borrowings		1,500	3,450
Repayment of loans		-1,017	-3,878
Cash flow from financing activities		483	5,656
Increase/decrease in cash and cash equivalents		-44	-341
Cash and cash equivalents at beginning of year		242	583
Cash and cash equivalents at end of year		198	242

PARENT COMPANY INCOME STATEMENT

SEK 000	Note	Jan. 1, 2020 - Dec. 31, 2020	Jan. 1, 2019 - Dec. 31, 2019
Net sales	3	3,000	2,225
Work performed by the company on behalf of other parties and capitalized	3	-	775
Total operating income		3,000	3,000
Operating expenses			
Other external costs	4,16,17	-2,409	-17,691
Personnel expenses	5	-258	-82
Depreciation and amortization	6	-	-11,989
Total operating expenses		-2,667	-29,762
Operating profit/loss		333	-26,762
Profit/loss from financial items			
Profit/loss from shares and receivables in group companies	8	-	-15,473
Interest income and similar profit/loss items	7	669	
Interest expense and similar profit/loss items	9	-1,720	-638
Total financial items		-1,051	-16,111
Profit /loss after financial items		-718	-42,873
Tax on profit for the year		0	0
Profit/loss for the year	14	-718	-42,873

PARENT COMPANY BALANCE SHEET

SEK 000	Note	Dec. 31, 2020	Dec. 31, 2019
ASSETS			
Capitalized development expenses	10	-	-
Financial fixed assets			
Shares in subsidiaries	11,12	900	100
Total financial fixed assets		900	100
Total fixed assets		900	100
Current assets			
Current receivables			
Accounts receivable		2,100	-
Receivables from group companies		-	327
Other current receivables	19	141	12,222
Prepaid expenses and accrued income		1,726	7
Total current receivables		3,967	12,556
Cash and bank balances		160	60
Total current assets		4,127	12,616
TOTAL ASSETS		5,027	12,716
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital		1,971	27,004
Total restricted equity		1,971	27,004
<i>Non-restricted equity</i>			
Share premium reserve		319,114	319,114
Retained profit or loss		-319,126	-301,286
Profit for the year		-718	-42,873
Total non-restricted equity		-730	-25,045
Total equity		1,241	1,959
Current liabilities			
Accounts payable		403	1,345
Liabilities to group companies		1,150	2,265
Current loan liability		1,500	5,373
Other current liabilities		332	596
Accrued expenses and deferred income		401	1,178
Total current liabilities		3,786	10,757
TOTAL EQUITY AND LIABILITIES		5,027	12,716

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK 000	Restricted equity	Non- restricted equity	Other non- restricted equity	Total equity
	Equity capital	Share premium reserve		
Equity, Dec. 31, 2018	12,952	315,684	-301,286	27,530
New share issue	14,052	8,430		22,482
Issue expenses		-5,000		-5,000
Profit/loss for the year			-42,873	-42,873
Equity, Dec. 31, 2019	27,004	319,114	-344,159	1,959
Reduction of share capital	-25,033	0	25,033	0
Profit/loss for the year			-718	-718
Equity, Dec. 31, 2020	1,971	319,114	-319,844	1,241

PARENT COMPANY CASH FLOW STATEMENT

SEK 000	Note	Jan. 1, 2020 - Dec. 31, 2020	Jan. 1, 2019 - Dec. 31, 2019
Operating activities			
Operating profit/loss		333	-26,762
Adjustments for non-cash items		-	23,247
Interest received		0	0
Interest paid		-184	-1,977
Cash flow from operating activities before changes in working capital		149	-5,492
Increase/decrease in operating receivables		-2,707	471
Increase/decrease in operating liabilities		-8,627	-306
Cash flow from operating activities		-11,185	-5,327
Investing activities			
Purchase of financial/intangible fixed assets	9	-494	-775
Sale of financial fixed assets		11,296	
Cash flow from investing activities		10,802	-775
Financing activities			
New share issue		-	6,199
Issue expenses		-	-115
Borrowings		1,500	3,450
Amortization of loans		-1,017	-3,628
Cash flow from financing activities		483	5,906
Increase/decrease in cash and cash equivalents		100	-196
Cash and cash equivalents at beginning of year		60	256
Cash and cash equivalents at end of year		160	60

NOTES ON THE ACCOUNTS

Note 1—Accounting and valuation policies

The Group's accounting and valuation policies

The Group applies and complies with accounting policies and valuation rules in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's standard BFNAR 2012:1 Annual Accounts and Consolidated Accounts (K3). Certain accounting policies and valuation rules differ for the Parent Company, as stated in Note 1. The accounting policies of the Group and the Parent Company are unchanged from the previous year.

Consolidated accounts

Vertical Ventures AB (publ) prepares consolidated accounts. Companies where Vertical Ventures holds the majority of the votes at AGMs and companies where Vertical Ventures has, through agreements, a controlling influence, have been classified as subsidiaries and consolidated (see Note 2). Information on group companies is in the note on financial fixed assets. The subsidiaries are included in the consolidated accounts when controlling influence transfers to the Group. They are excluded from the consolidated accounts on the date controlling influence ceases.

The Group's financial statements are prepared in accordance with the purchase method. The date of acquisition is the date on which controlling influence is obtained. Identifiable assets and liabilities are initially measured at fair value at the acquisition date. The minority share of acquired net assets is measured at fair value. Goodwill consists of the difference between the acquired identifiable net assets at the acquisition date and the cost including the value of the minority interest, and is initially measured at cost.

On October 1, 2015, Vertical Ventures AB (publ) (formerly Forstligt Entertainment AB) acquired G3A AB. The acquisition was through the issuance of new shares, when the owners of Wifog AB obtained just under 96 percent of the shares of Vertical Ventures AB (publ). Because in this case, the owner of the acquired company gained a controlling influence over the new group, the transaction has been accounted in accordance with the rules on so-called reverse acquisitions. This means that although Vertical Ventures AB (publ) is the legal Parent Company, the consolidated accounts were prepared from 2015 as if the legal subsidiary Wifog AB were the Parent Company and the acquiring company's assets and liabilities are measured at fair value at the transaction date.

Balances between group companies are eliminated in full.

Foreign currencies

When currency hedging is not applied, monetary asset and liability items in foreign currency are measured at closing day rates. Transactions in foreign currency are recalculated at the spot rate on the transaction date.

For the measurement of transactions and balance sheet items where currency hedging is applied, see the section on financial instruments, the sub-heading documented hedges of financial liabilities in foreign currency (hedge accounting).

Revenues

Sale of services

For the sale of services, revenue is recognized when the following criteria are satisfied:

- The economic benefits associated with the transaction are likely to accrue to the company;
- Income can be measured reliably,
- The entity has transferred the material risks and benefits associated with the service to the buyer;
- The company no longer has such involvement in day-to-day management usually associated with ownership and does not exercise any real control over the service sold;
- Expenditure incurred or expected to arise as a result of the transaction can be measured reliably.

Third-party revenue

Attributable to divested operations. In cases where Wifog users generate revenue for the company by consuming advertising, participating in market research, shopping online from stores linked to Wifog network, etc., revenue is recognized once the user has fulfilled their obligations to third parties.

Wifog Plus—prepayment

Attributable to divested operations. In cases where Wifog users purchase Wifog points, which can be used to browse, call, text, etc., their payments are treated as prepayments. Revenue is recognized at the rate at which users consume Wifog points, i.e. the revenue is allocated to the period in which the user generates expenses for the company for consumed Wifog points.

Other types of revenue

Interest income is recognized in accordance with the effective interest method.

The Other income line shows profit/loss from divestments of operations. The income is recognized as the difference in the group values of the net assets and the purchase consideration expected to be paid.

Employee benefits

Short-term benefits

Short-term benefits in the Group consist of salary, social security contributions, paid vacation, paid sickness absence, healthcare and bonuses. Short-term benefits are recognized as an expense and a liability when there is a legal or constructive obligation to pay compensation.

Post-employment benefits

Arcane Group companies have defined contribution pension plans. In defined contribution pension plans, the company makes fixed contributions to another entity and has no legal or constructive obligation to pay anything further, even if the other entity is unable to fulfil its obligation. The Group's profit or loss is charged with expenses as employees' pensionable services are rendered.

Termination benefits

Termination benefits are payable when any company within the Group decides to terminate employment before the normal date of termination of employment or when an employee accepts an offer of voluntary resignation in exchange for such compensation. If this compensation does not confer any future economic advantage on the entity, a liability and an expense are recognized when the entity has a legal or constructive obligation to provide such compensation. The remuneration is measured at the best estimate of the compensation that would be required to settle the obligation at the reporting date.

Operating leases

Lease payments are operating and recognized on a straight-line basis over the lease period.

Income taxes

Current taxes are measured on the basis of the tax rates and tax rules applying on the reporting date. Deferred taxes are measured on the basis of the tax rates and tax rules decided before the reporting date.

No deferred tax liability for temporary differences related to investments in subsidiaries is recognized in the consolidated accounts, as in all cases, the parent can control the timing of reversal of the temporary differences and it is not considered likely that a reversal will take place in the foreseeable future.

Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognized to the extent that the deduction is likely to be offset against surpluses in future taxation.

Receivables and liabilities are net accounted only when there is a legal right of set-off.

Current tax, as well as changes in deferred tax, are recognized in the Income Statement unless the tax is attributable to an event or transaction that is recognized directly in equity. In such cases, the tax effect is also recognized in equity.

Intangible assets

Intangible fixed assets are recognized at cost less accumulated depreciation/amortization and impairment. The consolidated accounts apply the capitalization model for internally generated intangible assets.

Amortization is on a straight-line basis over estimated useful life. The following amortization percentages are applied:

Capitalized expenditure for software development	10%
Patents	10%

Property, plant and equipment

Property, plant and equipment is recognized at cost less depreciation. The cost includes expenses directly attributable to purchase of the asset.

Capital gains and capital losses on disposal of a fixed asset are recognized as *Other operating income* and *Other operating expenses* respectively.

Property, plant and equipment is systematically depreciated over the estimated useful life of the asset. When determining the depreciable amount of the assets, the residual value of the asset is taken into account where appropriate. A straight-line depreciation method is used for tangible assets. The following depreciation percentage is applied:

Equipment	20%
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Impairment of non-financial assets

When there is an indication that an asset value has decreased, an impairment test is conducted. If the asset's recoverable amount is less than the carrying amount, it is impaired to the recoverable amount. When assessing the need for impairment, assets are grouped at the lowest levels where there are separate identifiable cash flows (cash-generating units). For assets other than goodwill previously impaired, a test for reversal should be conducted at each reporting date.

Financial instruments

Financial instruments are recognized in accordance with the rules in chapter 11 of K3, which stipulates measurement on the basis of cost.

Financial instruments recognized in the Balance Sheet include securities, accounts receivable and other receivables, accounts payable and loan liabilities. These instruments are recognized in the Balance Sheet when Vertical Ventures becomes party to the instrument's contractual terms.

Financial assets are derecognized from the Balance Sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership.

Financial liabilities are derecognized from the Balance Sheet when obligations have been settled or otherwise extinguished.

Accounts receivable and other receivables

Receivables are recognized as current assets with the exception of items with maturity more than 12 months after the reporting date, which are classified as fixed assets. Receivables are accounted at the amount expected to be paid after deducting for individually estimated doubtful debt. Receivables that are interest-free or that accrue interest that differ from the market interest rate and have a maturity of over 12 months are recognized at a discounted present value and the change in time value is recognized as interest income in the Income Statement.

Loan liabilities and accounts payable

Loan liabilities and accounts payable are initially recognized at cost less transaction costs. If the carrying amount differs from the amount to be repaid at maturity, the difference is allocated as an interest expense over the term of the loan by applying the effective interest rate of the instrument. This corresponds at maturity to the carrying amount and the amount to be repaid.

Set-off of financial receivables and financial liabilities

A financial asset and a financial liability are offset and recognized at a net amount in the Balance Sheet only when legal right of set-off exists, and where a settlement by a net amount is intended, or when a simultaneous disposal of the asset and settlement of the liability is intended.

Impairment test of financial fixed assets

At each reporting date, Vertical Ventures assesses whether there is any indication of impairment in any financial fixed assets. Impairment is taken if the loss of value is considered permanent. The impairment loss is recognized in the profit or loss item Profit/loss from other securities and receivables that are fixed assets.

The need for impairment is tested individually for shares and units and other individual financial fixed assets that are material. Examples of indications of the need for impairment are negative economic circumstances or unfavorable changes in industry conditions in companies whose shares Wifog has invested in. The impairment of assets measured at amortized cost is calculated as the difference between the carrying amount of the asset and the present value of management's best estimate of future cash flows discounted at the asset's original effective interest rate. For variable rate assets, the current interest rate at the reporting date is used as a discount rate.

Equity

An increase in equity is recognized in connection with a new issue, when a third party is obliged to transfer cash or other resources to the entity in exchange for issued shares or other equity instruments. An increase in equity should also be recognized if the entity has received cash or other resources before the equity instrument is issued, and no claim can be made against the entity for repayment.

Direct expenditure related to an equity transaction should be recognized as a deductible item from equity.

Convertible loans

Convertible loans consist of a debt component and an equity component. When the loans were arranged, there is a division between a debt component and an equity component. The amount of the debt has been measured at the fair value of a similar liability that is not entitled to conversion. The remainder has been treated as an option and recognized in equity. The division between the debt and equity components does not change after the initial division has been determined.

In the financial statements prepared after the year when a convertible loan is issued, any difference between the debt component and the amount payable at maturity is recognized systematically as an additional interest expense using the effective interest method.

Cash Flow Statement

The Cash Flow Statement is prepared using the indirect method. The accounted of cash flow is limited to transactions that have resulted in payments made or received. In addition to cash reserves, the entity classifies available balances with banks and other credit institutions and short-term liquid investments listed on a marketplace and having a maturity of less than three months from the date of acquisition, as cash and cash equivalents. Blocked funds are not classified as cash and cash equivalents. Changes in blocked funds are reported in investing activities.

Parent Company accounting and valuation policies

The same accounting and valuation policies are applied in the Parent Company as in the Group, apart from the cases stated below.

Appropriations

Changes in untaxed reserves are recognized as appropriations in the Income Statement.

Group contributions are recognized as appropriations. However, group contributions paid to a subsidiary are recognized as an increase in the carrying amount of the participation.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognized at cost less any impairment losses. Cost includes the purchase price paid for the shares and cost. Any capital contributions and group contributions are added to the cost when they are made. Dividends from subsidiaries are recognized as revenue.

Impairment is taken if at the reporting date, the shares have a value below cost and the decrease in values can be assumed as permanent. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. An impairment loss is recognized as an expense in the Income Statement.

Equity

Equity is divided into restricted and non-restricted equity, in accordance with the division stated in the Swedish Annual Accounts Act.

Key performance ratio definitions

Equity/assets ratio:

Equity and untaxed reserves (less deferred tax) in relation to total assets.

Note 2—Estimates and judgments

Arcane Crypto makes estimates and judgments about the future. The resulting estimates for accounting purposes will, by definition, rarely correspond to actual outcomes. The estimates and assumptions that entail a significant risk of material adjustments to carrying amounts of assets and liabilities in the following year are outlined below.

Deferred tax assets

The Arcane Crypto Group has loss carry-forwards of SEK 130.2 million (SEK 127.8 million). The corresponding figure for the Parent Company is SEK 53.4 million (SEK 52.9 million). No deferred tax asset based on these has been capitalized in the Balance Sheet, because the Group's operations do not currently generate a taxable surplus. Arcane Crypto tests the value of the deferred tax asset each year, or when there is an indication that the value in use is less than the deferred tax asset's book value. The value in use is based on the Board of Directors' forecasts of the future. Significant variances from forecasts and actual outcomes may result in a changed assessment of the asset's value.

Note 3—Allocation of revenue

Group	2020	2019
<i>Net sales:</i>		
Sales of goods and services, external	3,002	-
Advertising revenue		3,111
Cash purchase of Wifog points		1,373
Market research		543
Bonuses on online purchases		17
Total net sales	3,002	5,045
<i>Work performed by the company for its own use and capitalized:</i>		
Capitalized personnel expenses	-	598
Capitalized consulting expenses	-	177
Total work performed by the company for its own use and capitalized	-	775
<i>Other operating income</i>		
Sale, Wifog Sverige AB	-	3,605
Other	6	7
Total other operating income	6	3,612
Total operating income	3,008	9,432
Parent Company		
	2020	2019
<i>Net sales:</i>		
Sales of goods and services, external	3,000	-
Sales of goods and services, internal	-	2,225
Total net sales	3,000	2,225
<i>Work performed by the company for its own use and capitalized:</i>		
Capitalized personnel expenses	-	-
Capitalized consulting expenses	-	775
Total work performed by the company for its own use and capitalized	-	775
Total operating income	3,000	3,000
<i>of which internal</i>	-	2,225

Note 4—Audit fees

Group	2020	2019
<i>PwC</i>		
Auditing	-330	-493
Auditing in addition to audit	-323	0
Total	-653	-493
Parent Company		
	2020	2019
<i>PwC</i>		

Auditing	-270	-423
Auditing in addition to audit	-323	0
Total	-593	-423

Note 5—Human resources

Group

<u>Average number of employees</u>	2020	2019
Women	-	1
Men	-	4
Total	-	5

Parent Company

<u>Average number of employees</u>	2020	2019
Women	-	0
Men	-	1
Total	-	1

Salaries, benefits, social security and pension expenses, Group and Parent Company

Group	2020	2019
Chief Executive Officer	-75	-635
Board of Directors	-110	-300
Other employees	67	-1,633
	-118	-2,568
Social security expenses according to law and agreements	-67	-663
Pension expenses	0	-129
Total salaries, benefits and social security expenses	-185	-3,360
Parent Company	2020	2019
Chief Executive Officer	-75	0
Board of Directors	-110	-300
Other employees	-6	0
	-191	-300
Social security expenses according to law and agreements	-67	-94
Pension expenses	0	0
Total salaries, benefits and social security expenses	-258	-394

Remuneration of senior executives

	2020	2019
Martin Litborn, CEO from August 2018 to December 2019	-	-635
Mikael König, Chairman of the Board from July 2018 to May 2019	-	-75
Tommy Carlstedt, Director from October 2019	-75	-19
Fredrik Crafoord, Director to June 2019, Chairman from July 2020	-175	-113
Mattias Spets, Director from June 2018 to September 2019	-	-56

Jonas Litborn*, Director from August 2019 and CEO
from January 2020

	-75	-31
Total	-325	-928

* In addition to a Director's fee of KSEK 75, Jonas Litborn has invoiced KSEK 675 from his company as remuneration for the CEO's contract. There is no severance agreement for the CEO.

Note 6—Depreciation and amortization

Amortization of intangible fixed assets in the Group amounts to KSEK 0 (1,915). Impairment of intangible fixed assets in the Group amounts to KSEK 0 (1,684).

Note 7—Interest income and similar profit/loss items

Group and Parent Company

<i>Interest income and similar profit/loss items</i>	2020	2019
Gain on sale of financial fixed assets	668	
Interest	0	0
Total	668	0

Note 8—Profit/loss from shares and receivables in group companies

Parent Company

<i>Profit from shares and receivables in group companies</i>	2020	2019
Impairment of shares of group companies	-	-17,206
Gain on divestment of subsidiaries	-	1,733
Total	-	-15,473

Note 9—Interest expense and similar profit/loss items

Group

<i>Interest expense and similar profit/loss items</i>	2020	2019
Interest rates	-188	-646
Loss on sale of financial fixed assets*	-1,535	-
Total	-1,723	-646

Parent Company

<i>Interest expense and similar profit/loss items</i>	2020	2019
Interest rates	-185	-638
Loss on sale of financial fixed assets*	-1,535	-
Total	-1,720	-638

* The loss on the sale of financial fixed assets relates to the sale of the shares of Transiro received as payment for the sale of Wifog Sverige AB at the end of 2019. During the year, shares of Transiro were also acquired for KSEK 494, as reported in the Cash Flow Statement. All shares of Transiro had been sold as of the reporting date. Cash flow from the sale of the Transiro shares amounted to SEK 12 million.

Note 10—Intangible fixed assets

Group

<u>Capitalized expenditure for software development</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Cumulative cost		
Opening cost	-	18,069
Reclassifications	-	0
Capitalization in the year	-	775
Sales	-	-18,844
Closing cumulative amortization	-	0
Cumulative amortization according to plan		
Opening amortization according to plan	-	-5,686
Reclassification	-	0
Amortization for the year according to plan	-	-1,915
Sales	-	7,601
Closing cumulative depreciation	-	0
Accumulated impairment loss according to plan		
Opening impairment	-	0
Impairment for the year	-	-1,684
Sales	-	1,684
Closing accumulated impairment	-	0
Closing residual value according to plan	-	0

Parent Company

<u>Capitalized expenditure for software development</u>	<u>Dec. 31, 2020</u>	<u>Dec. 31, 2019</u>
Cumulative cost		
Opening cost	-	20,828
Purchases in the year	-	775
Sales	--	-21,603
Closing cumulative cost	-	0
Cumulative depreciation according to plan		
Opening depreciation according to plan	-	0
Depreciation of the year according to plan	-	-2,989
Sales	-	2,989
Closing cumulative depreciation	-	0
Accumulated impairment loss according to plan		
Opening impairment	-	0
Impairment loss for the year	-	-9,000
Sales	-	9,000
Closing accumulated impairment	-	0
Closing residual value according to plan	-	0

Note 11—Financial fixed assets

ParentShares in group companies

	Dec. 31, 2020	Dec. 31, 2019
Opening cost	199,344	198,994
Purchases	-	50
Shareholders' contributions paid	800	10,567
Sales	-	-10,267
Closing cumulative cost	200,144	199,344

Impairment losses

Opening impairment	-199,244	-182,038
Impairment of shares of group companies	-	-17,206
Closing accumulated impairment	-199,244	-199,244

Closing carrying amount

900	100
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Note 12—Shares In group companies

Parent	Prop. of equity	Prop. of vote	Number of shares/ Prop.	Book value, 2020	Book value, 2019
G3A AB	99.3%	99.3%	508,905,810	850	50
Savey Int AB	100.0%	100.0%	50,000	50	50

Directly owned

	Corp. ID no.	Seat
G3A AB	556572-4621	Stockholm
Savey Int AB	559107-2847	Stockholm

Note 13—Equity

Share

	Date	Quota value	Change in no. of shares	Total no. of shares	Issue price	Change in share capital	Total share capital
Reduction of share capital	Jul. 13, 2013	0.0095	0	52,469,142		-51,969,142	500,000
Non-cash issue	Oct. 15, 2015	0.0095	1,227,963,152	1,280,432,294	0.125	11,701,765	12,201,765
Reverse share split	Oct. 15, 2015	1.9095	-1,274,030,133	6,402,161			12,201,765
Non-cash issue	Jun. 29, 2015	1.9095	218,961	6,621,122	6.2	417,314	12,619,079
Non-cash issue	Aug. 18, 2016	1.9095	841	6,621,963	6.2	1,603	12,620,682
New share issue	Nov. 22, 2016	1.9095	1,500,000	8,121,963	6.2	2,858,823	15,479,505
New share issue	Dec. 12, 2017	1.9095	12,000,000	20,121,963	2.5	22,870,584	38,350,089
New share issue	Jan. 25, 2018	1.9095	923,800	21,045,763	2.5	1,760,654	40,110,743
New share issue	Mar. 12, 2018	1.9095	3,000,000	24,045,763	2.5	5,717,646	45,828,389
Reduction of share capital	Jun. 26, 2018	0.05	0	24,045,763		-44,626,101	1,202,288
New share issue	Jun. 26, 2018	0.05	160,000,000	184,045,763	0.1	8,000,000	9,202,288
New share issue	Aug. 31, 2018	0.05	75,000,000	259,045,763	0.2	3,750,000	12,952,288
New share issue	Feb. 27, 2019	0.05	215,426,118	474,471,881	0.08	10,771,306	23,723,594
New share issue	Mar. 8, 2019	0.05	28,100,520	502,572,401	0.08	1,405,026	25,128,620
New share issue	Mar. 11, 2019	0.05	25,000,000	527,572,401	0.08	1,250,000	26,378,620
New share issue	Mar. 29, 2019	0.05	12,500,000	540,072,401	0.08	625,000	27,003,620
Reduction of share capital	Feb. 7, 2020	0.00365	0	540,072,401		-25,033,045	1,970,575

Average number of shares

	2019	2019
before dilution	540,072,401	492,669,279
after dilution	540,072,401	492,669,279

At the reporting date, the total number of shares is 540,072,401. The shares are traded under the ticker ARCANE with ISIN code SE0007614722. The company's shares trade on Nasdaq First North. Mangold Fondkommission AB, tel. +46 (0)8 503 01550, is the company's Certified Adviser.

Proposed appropriation of profit/loss

The following funds are available to the Annual General Meeting:

Share premium reserve	319,114,935
Profit/loss brought forward	- 319,126,665
Profit/loss for the year	- 718,185
SEK	- 729,915

The Board of Directors proposes that these funds are appropriated as follows:

Carried forward	- 729,915
SEK	- 729,915

Note 14—Deferred taxes

Tax loss carry-forwards in the Group amount to SEK 130.2 (127.8) million, and in the Parent Company, SEK 53.4 (52.7) million. All loss carry-forwards relate to unused deficits in Sweden. Deferred tax assets are not capitalized in the Balance Sheet because the Group's operations do not currently generate taxable surpluses.

Note 15—Pledged assets and contingent liabilities

Group

<i>Pledged assets and contingent liabilities</i>	<u>2020</u>	<u>2019</u>
Blocked funds for supplier agreements	-	50
Total	-	50

Note 16—Purchases and sales within group companies

For the Parent Company, 0 percent (8 percent) of purchases and 0 percent (100 percent) of sales relate to other companies in the Group.

Note 17—Related party transactions

Loans totaling SEK 0.5 million have been raised to finance working capital from Crafoord Capital Partners AB, of which Fredrik Crafoord, former Chairman of the Board, is the Principal. The loans accrue market interest, currently 1 percent per month, and expire on May 1, 2021.

The sale of Wifog Sverige AB to Transiro Int. has been treated as a related party transaction, and accordingly, was approved by Extraordinary General Meetings of Vertical Ventures and Transiro Int. Vertical Ventures held its EGM on November 21, 2019. Payment for Wifog Sverige AB was at the beginning of 2020 through 100,000,000 newly issued shares of Transiro Int AB as consideration. All shares were sold as of December 31, 2020.

Former CEO Jonas Litborn invoiced the company SEK 675,000 for his services in 2020, through his company Fortic AB.

Note 18—Stock option programs

As of December 31, 2020, the companies have no incentive programs for the Company's key employees. In 2019, 250,000 options expired without being subscribed.

Note 19—Other current receivables

Group

<u>Other current receivables</u>	<u>2020</u>	<u>2019</u>
Vendor receivables*	-	12,000
Other receivables	155	316
Total	155	12,316

Parent Company

<u>Other current receivables</u>	<u>2020</u>	<u>2019</u>
Vendor receivables*	-	12,000
Other receivables	141	222
Total	141	12,222

* Vendor receivables are from the business divestment that was settled with shares of Transiro Int AB in early-2020.

Note 20—Events after the end of the financial year

An EGM was held on January 11, 2021 where:

- The EGM resolved to adopt new Articles of Association.
- The EGM approved the acquisition of all the shares of Arcane Crypto AS.
- The EGM resolved on the election of Jonatan Raknes, Viggo Leisner, Kristian Kirkegaard and Anna Svahn as Directors for the period until the next AGM, and the election of Jonatan Raknes as Chairman of the Board. The new Board of Directors replaces Fredrik Crafoord, Jonas Litborn and Tommy Carlstedt, who have made their seats on the Board available.
- The EGM resolved to authorize the Board of Directors to issue shares, warrants and/or convertibles. Payment may be made in cash, in kind, by set-off or subject to other conditions. The number of shares of the company may be increased by a maximum of 2,500,000,000 under this authorization.
- The purchase consideration for the Arcane transaction amounts to SEK 326,651,900, and the acquisition was settled through a new issue of 7,258,931,122 new shares of the Company at a subscription price of SEK 0.045 per share (the "Remuneration Shares"). The terms and conditions of the issue of Remuneration Shares, which are for shareholders of Arcane Crypto AS, are stated in the notice convening the EGM that approved the Arcane transaction.

The new Board of Directors elected at the EGM took up office on 14 January 2021, at the same time as the new shares were registered at the Swedish Companies Registration Office, whereupon Torbjørn Bull Jenssen was immediately appointed CEO of the Company.

Vertical Ventures AB's corporate name-change to Arcane Crypto AB was registered, and the first day of trading under the new name was February 5, 2021.

The acquisition of Arcane Crypto AS is treated as a reverse acquisition, with the acquisition price determined by the latest market price for payment. On completion, the market price of Vertical Ventures' share on January 11, 2021 was SEK 0.235 per share, corresponding to an acquisition price of SEK 1,832,765,828. The total market capitalization of Vertical Ventures as of January 11, 2021 was SEK 126,917,014. The transaction is recognized as a reverse acquisition in the consolidated accounts, and Vertical Ventures considered as the acquired entity. The price for Arcane Crypto to acquire Vertical Ventures is equal to the market capitalization of Vertical Ventures on the transaction date.

Arcane Crypto AS ("Arcane") increases its ownership in Puremarkets Ltd. ("Puremarkets") to 37.5 percent, from 35 percent.

Arcane Crypto has signed a conditional SPA to acquire Kaupang Krypto AS.

Arcane Crypto AB carried out a private placement, in which Lucerne Capital Management and Klein Invest AS subscribed for 99,000,000 new ordinary shares of the Company at a subscription price of SEK 0.5 per share (LCM to subscribe for 66,000,000 new shares, Klein Invest to subscribe for 33,000,000 new shares). LCM and Klein Invest also received warrants free of charge to subscribe for up to an additional 49,500,000 shares (LCM to subscribe for 33,000,000 new warrants, Klein Invest to subscribe for 16,500,000 new warrants). Each warrant will entitle the holder to subscribe for one newly issued share of the Company in a period of 12 months after the issue of warrants at a subscription price of SEK 0.50 per share.

Arcane is executing its previously announced acquisition of all the shares of Kaupang Krypto AS from Bulltech AS, with consideration mainly consisting of (i) NOK 1,000,000 in cash and (ii) NOK 18,500,000 to be offset against 155,718,793 shares (the "Consideration Shares") of Arcane Crypto (based on the volume-weighted average price of Arcane Crypto's share sixty (60) trading days prior to signing the share purchase agreement).

SIGNATURES

Jonathan Raknes
Chairman of the Board

Anna Svahn
Director

Viggo Leisner
Director

Kristian Kierkegaard
Director

Torbjörn Bull Jenssen
Chief Executive Officer

Stockholm, Sweden, April 21, 2021

Our Audit Report was submitted on April 21, 2021

Victor Lindhall
Authorized Public Accountant
Senior Audit Partner

Henrik Boman
Authorized Public Accountant

Öhrlings PricewaterhouseCoopers AB