
Arcane Crypto

Company presentation by
Vertical Ventures AB under name
change to Arcane Crypto AB

January 2021

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Today's presenters



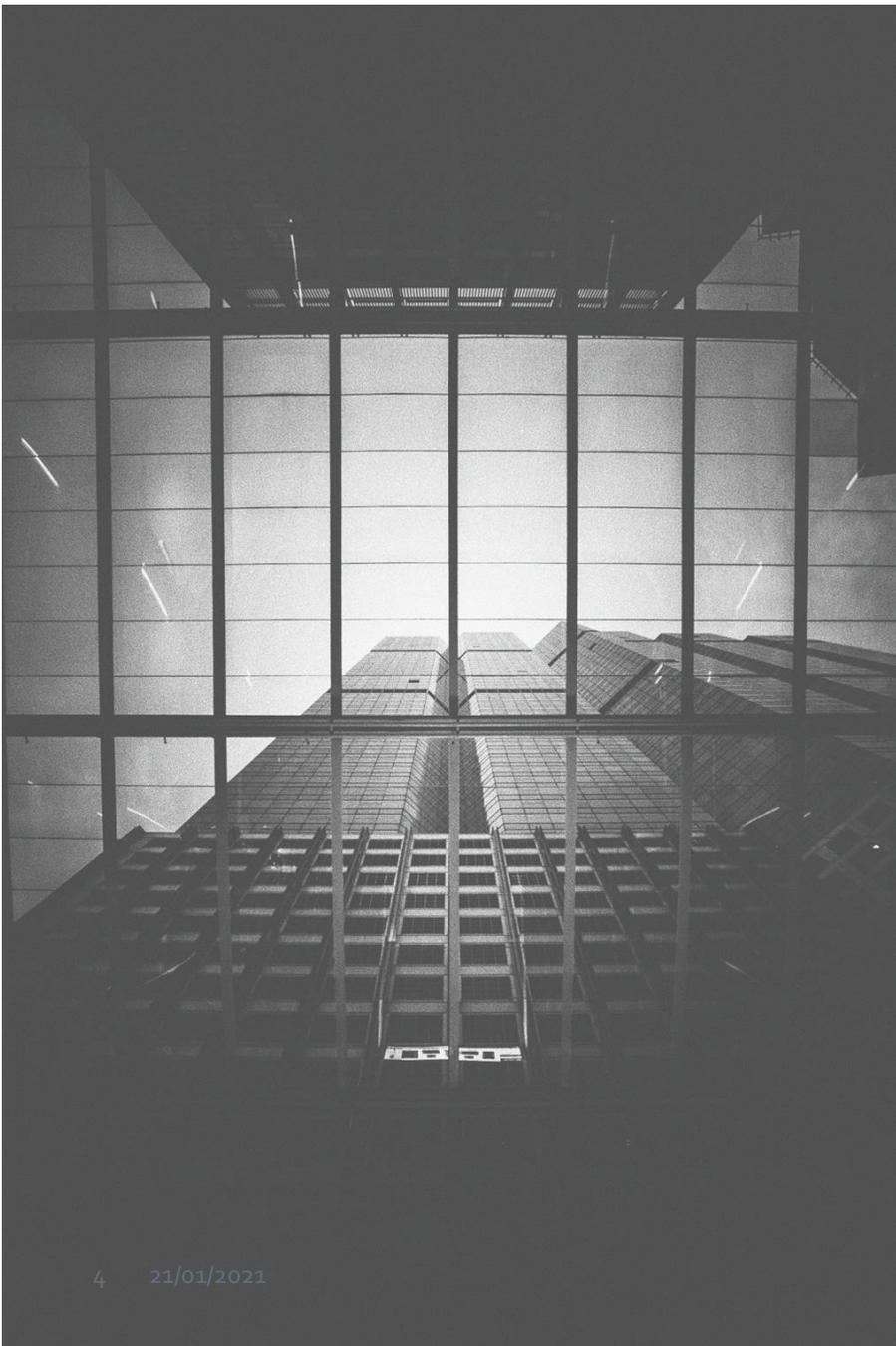
Torbjørn Bull Jenssen
CEO

- Norway's best-known bitcoin and blockchain expert
- Senior economist at Menon Economics (4 yrs)
- MSc Economics and Econometric Modeling (University of Oslo and SOAS, University of London – Master's thesis on bitcoin)



Eva Lawrence
COO

- 8 years at Morgan Stanley, where she was Head of EMEA Flow Trading for Securities Lending after working in FX Prime Brokerage
- In addition, Eva is a UK qualified lawyer specialising in contract law, digital assets, funds and financial services



Vision

Become the leading **full service digital finance** platform in Europe

Mission

Leverage digital currencies to **revolutionize payments**

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Introduction to Arcane

 teslacoil

 Arcane
Assets

 Arcane
Research

kaupang

trijo

 PURE
DIGITAL

 alphaplate

 LNM

 Arcane
Crypto

Arcane Crypto – Summary

High growth market

- Institutional demand is growing fast. As an example, both volume and open interest for bitcoin contracts on CME increased more than 10x in 2020
- Bitcoin appreciated 305% in 2020 and gained 650% from the lows on March 13.

Solid market position

- Is a recognized international player in the crypto industry
- Offers services and infrastructure for the two main applications of digital assets: Investments and Payments.
- Scalable underlying business models.

Global scalable offering

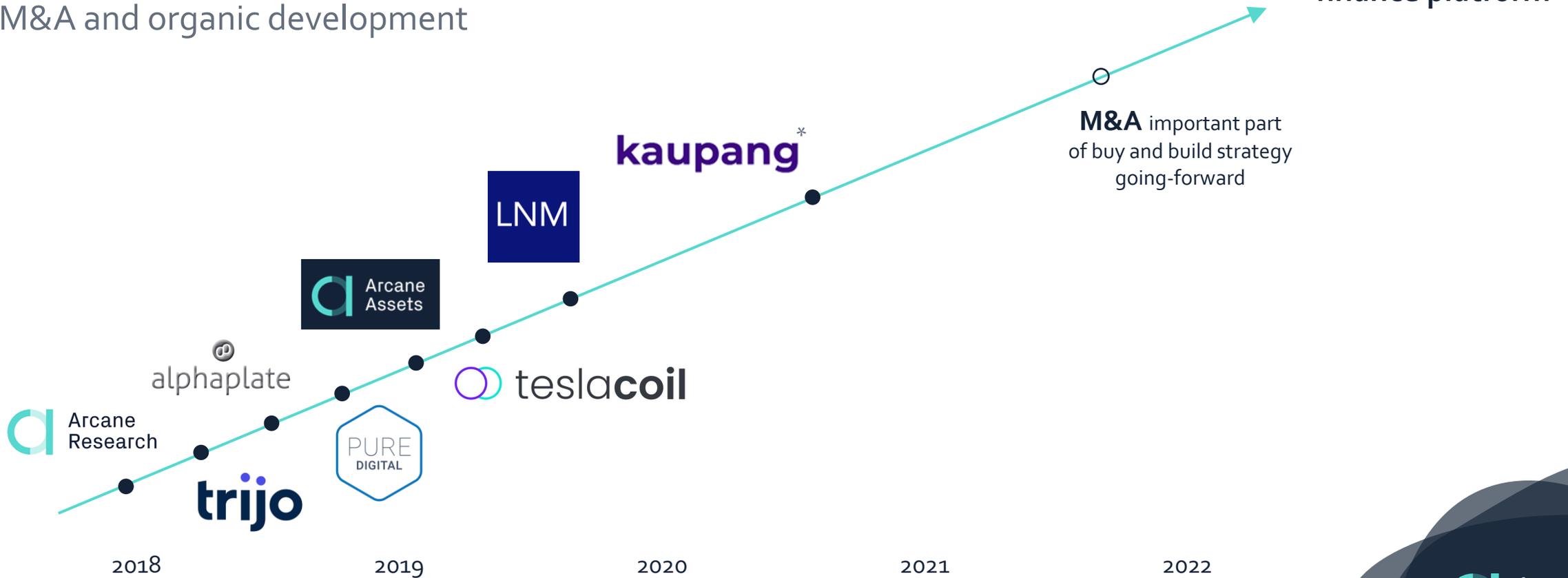
- Operates an actively managed fund for professional investors, a world leading market research team and two locally optimized and regulated exchanges in Norway and Sweden
- Our payment services are being integrated with large payment platforms, enabling us to tap into billions of dollars in payment volume.
- Our SaaS solution for crypto to fiat payments enables a unique and extremely scalable setup

Buy and build track-record

- Since inception in May 2018, Arcane has built a diversified portfolio, unlocking synergies and securing robustness.
- The portfolio covers the value chain for financial services linked to the use of digital assets
- M&A driven growth to be continued

Creating a crypto powerhouse

In three years, Arcane has grown to a Nasdaq listed group of 8 companies* through extensive M&A and organic development



*Arcane owns a minority stake in Pure Digital (35%), Alphaplate (45%), LNMarkets (7%) and Trijo (34%)

*Arcane Crypto has signed an SPA to acquire Kaupang Crypto AS

Payments as core business

With a portfolio with strong synergies, spanning the value chain for digital finance

Payments

supported by

With a complementary digital finance portfolio



Payment software for instant crypto to fiat payments
(100% owned subsidiary)



Retail exchange (34%)



Crypto broker (100%)



Asset management (100%)



Market Research (100%)



Interbank market (35%)



Market maker (45%)



Derivatives market (7%)

Our sector

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A maturing and fast-growing market I

1. Large **institutions** coming in

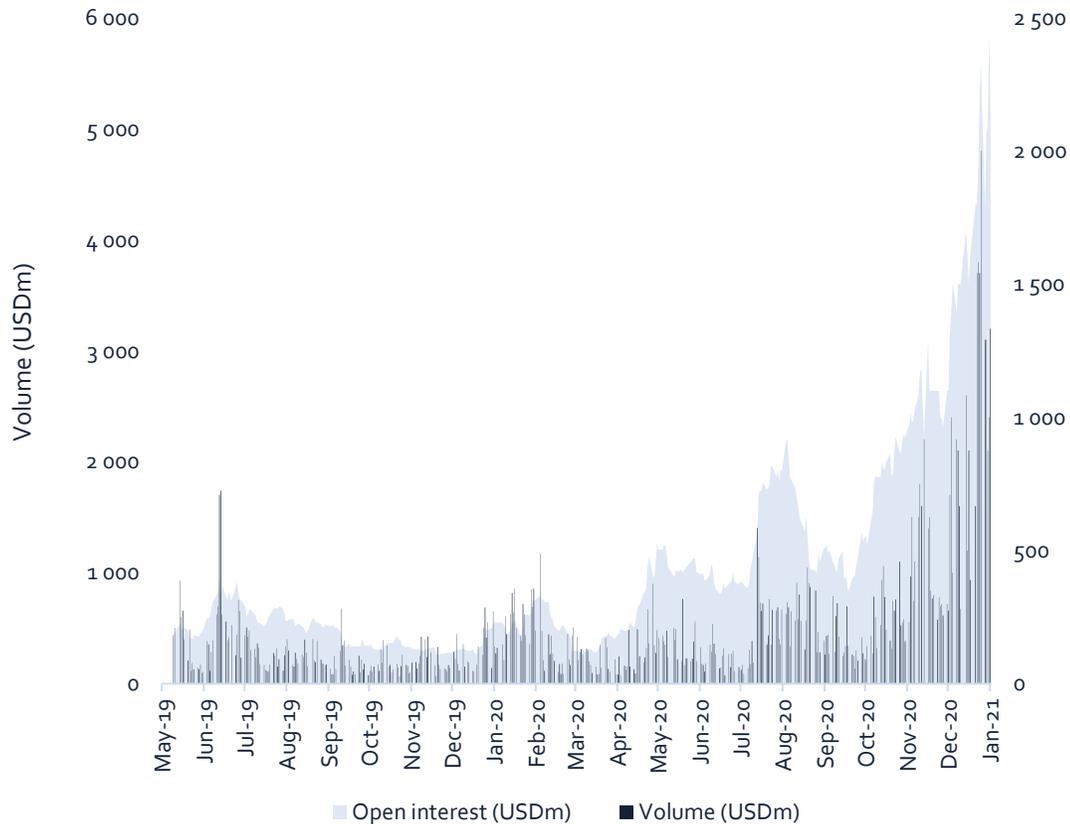
2. Already a **billion-dollar market**

3. The **technology** is improving fast

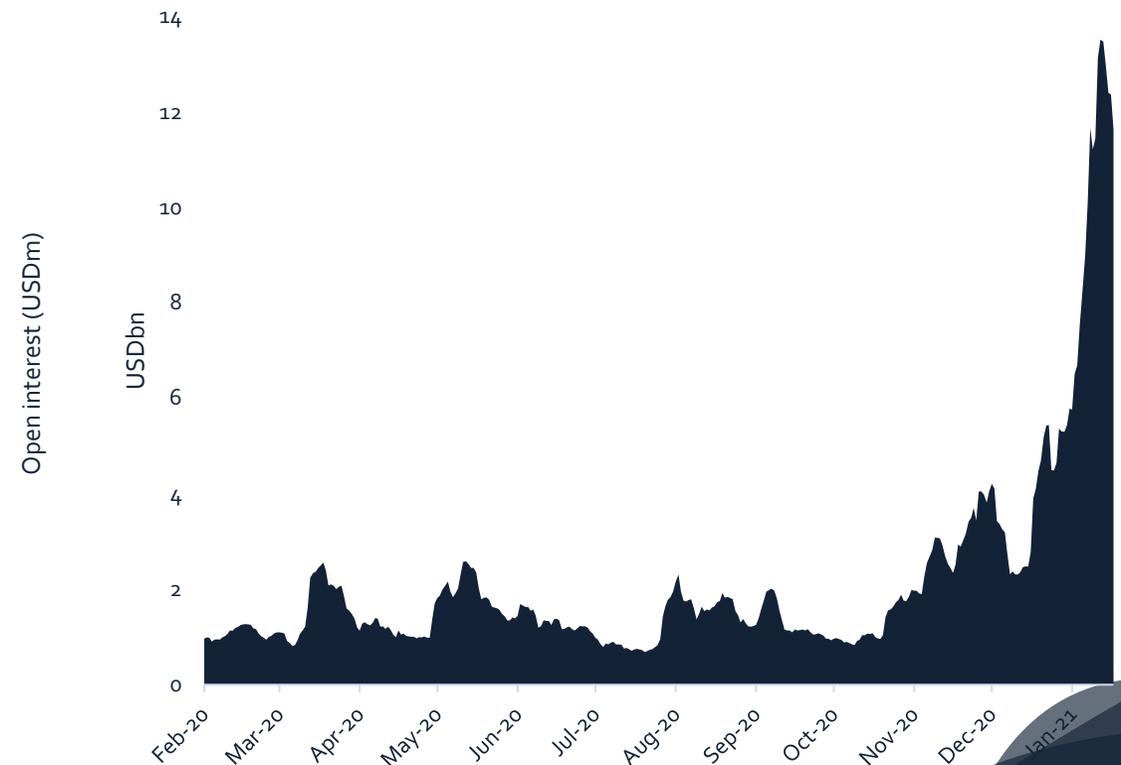
4. Cryptocurrencies are becoming **regulated**

A maturing and fast-growing market II

CME Bitcoin Futures*



Real BTC Daily Spot Volume (7-day average, USDm)**



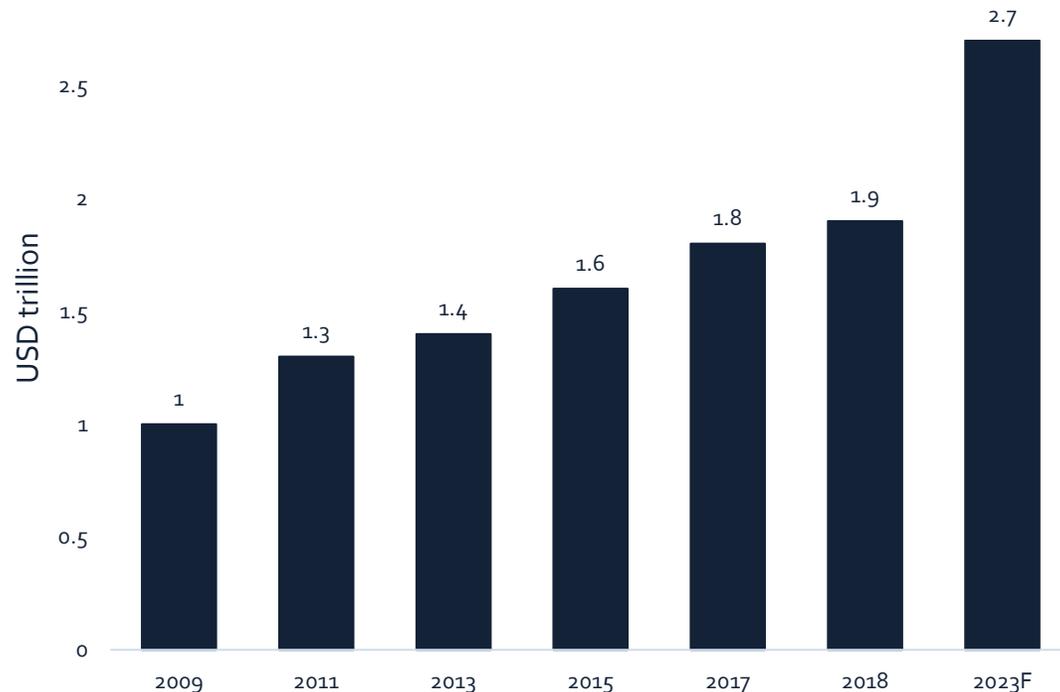
21/01/2021

*Data up to and including 15 January 2021 || **Data up to and including 17 January 2021, adjusted for wash trading

Huge market opportunity in global payments

Arcane is targeting sectors especially open for new digital solutions

Global Payments Revenue



Global and digital services need global payment rails



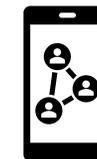
Global aviation
USD +800bn



Global remittances
USD +500bn



Global gaming
USD +250bn



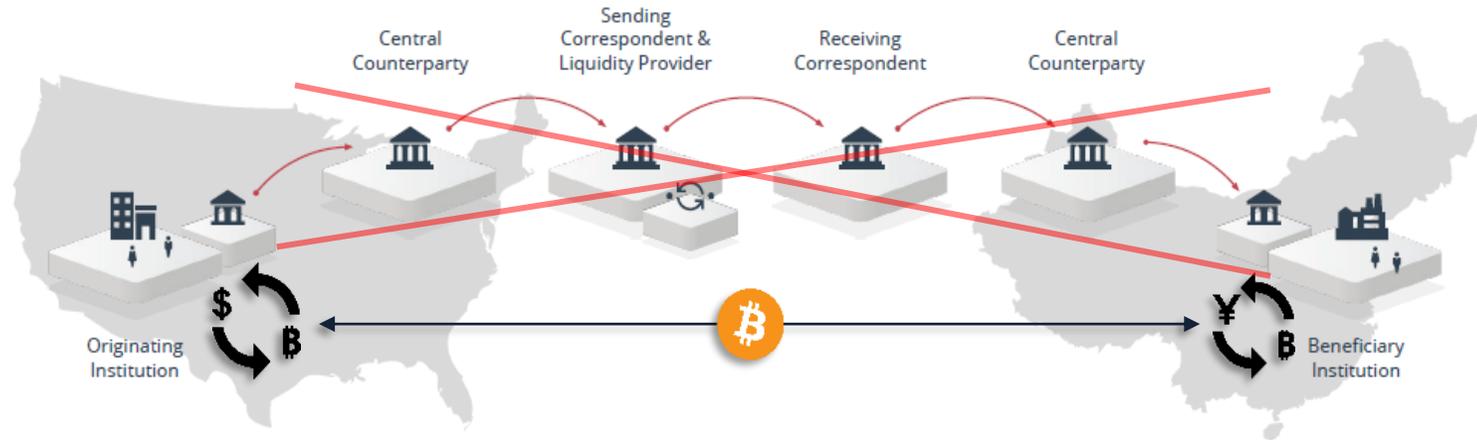
Global media
USD +200bn

Rough market size estimates 2020, Source: Statista, World Bank

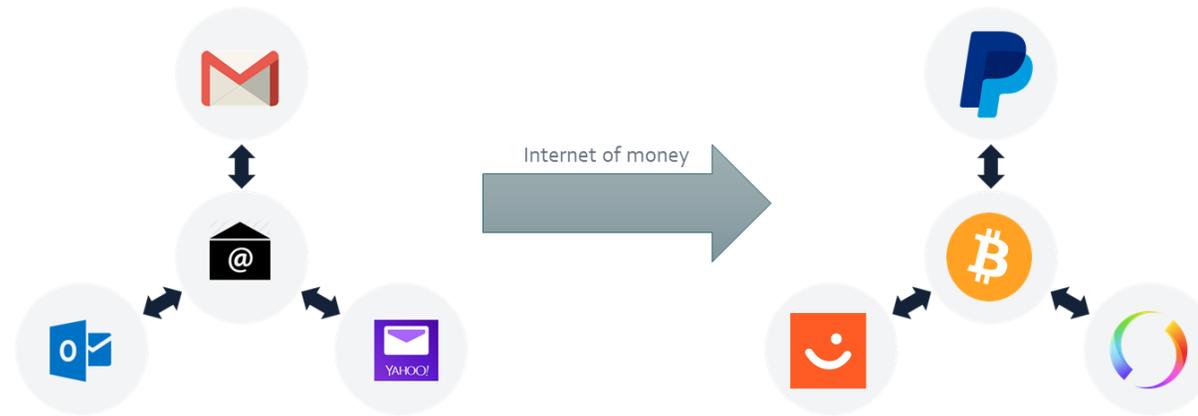
Source: McKinsey Global Payments Report

Disrupting payments, a trillion dollar opportunity

Bitcoin is ideal as a cross-border *payment rail*:



A global layer of *interoperability*:



Breakdown of Arcane's portfolio

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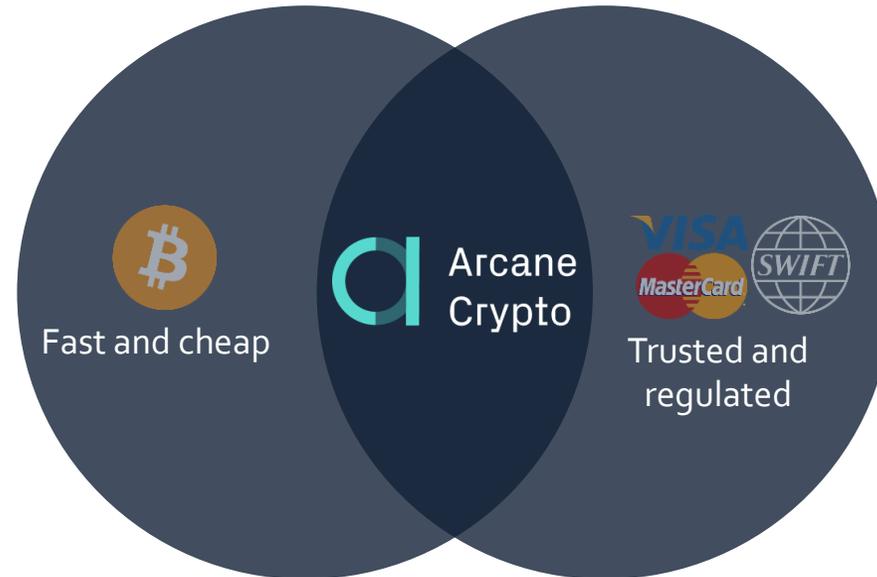
Combining the best of both worlds

Improving payments by bridging the gap between crypto and fiat



Cryptocurrency transactions :

- ✓ Fast
- ✓ Cheap
- ✓ Final
- X Unregulated
- X Volatile
- X Unfamiliar



Traditional payments transactions:

- X Slow
- X Costly
- X With chargeback risk
- ✓ Regulated
- ✓ Trusted
- ✓ Familiar

Arcane digital finance platform

Asset Management

A cryptocurrency hedge fund for professional investors

Payments

Offering our Teslacoil payment as a software-as-a-service worldwide



Trading Platforms

Regulated crypto exchange in Sweden, a Norwegian regulated broker and derivatives trading platform. In addition, interbank marketplace for crypto trading and a crypto market maker

Research & Media

Offering cryptocurrency market research and analysis worldwide. A separate business unit and a brand builder for Arcane

Volume driven and scalable business models

The main source of revenue:

- Percentage fees on payment volume
- Spread and/or fees on trading volume



Percentage fee on payment volume



Management fee (% of AUM) and success fee



Brokerage fee as percent of trading volume



Spread on trading volume



Monthly subscription fee for market report and consulting fees



Percent fee on deposits and withdrawals

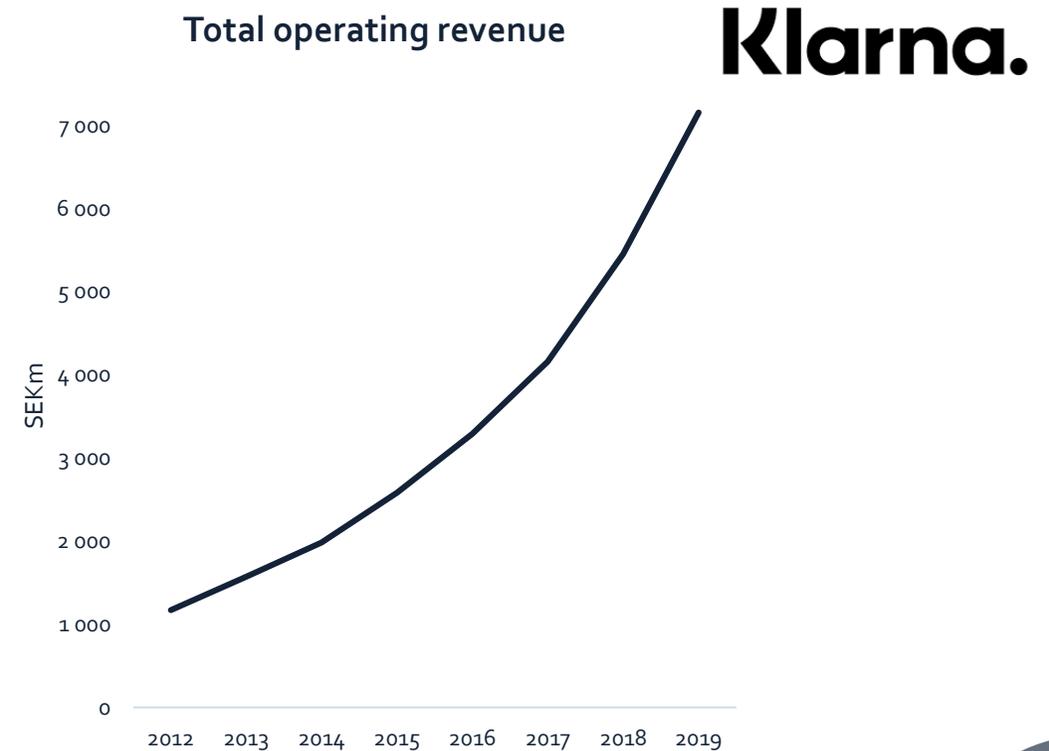
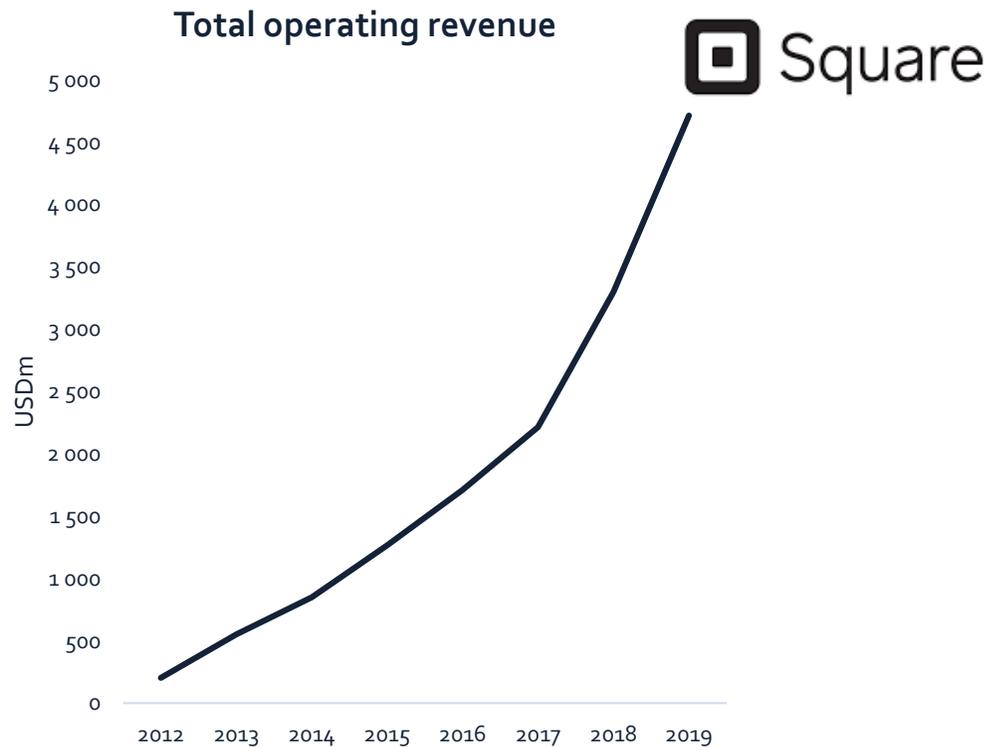


Spread on trading volume



Spread on trading volume

Paytech is a scalable business with potential for very fast growth



update

Pipeline within payments

Underlying payment volume of potential customers in current sales pipe-line* for Teslacoil



- Once converted to customers of Teslacoil, Teslacoil will initially process only **a fraction of the total volume.**

* Source: Arcane Crypto estimates

Bambora's Payment IQ is finalizing integration* of Teslacoil



* Progression of the development and integration referenced in the company description

2025 potential

	2025 potential	Comment
Processed volume <small>(daily)</small>	SEK 150m	"Unlimited" target market comprised of global payments, retail and institutional trading and execution platforms
Asset under management	SEK 10bn	"Unlimited" target market" – global crypto asset management
Blended revenue margin	Standard market rates	Average revenue margin decreasing as more traditional payment volumes are included
Profitability	High margin	Scalable business models

Based on a combination of organic growth, wholly and partly owned companies and M&A

Note: These figures are only ment to be illustrative

Summary

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Revenue development



Future revenue from Teslacoil will be consolidated into the accounts of Arcane



Revenue not consolidated due to minority positions*



Transaction not consolidated due to closing ongoing



- Operating costs in Arcane AS were SEK 8.5 million in the first nine months in 2020
- Ongoing scale-up

These numbers should be interpreted and read in conjunction with the proforma figures, as published in the Information Memorandum published in connection with the reverse takeover transaction between Arcane Crypto AS and Vertical Venture AB

*Arcane owns a minority stake in Pure Digital (35%), Alphaplate (45%), LNMarkets (7%) and Trijo (34%)

**Arcane Crypto has signed an SPA to acquire Kaupang Crypto AS

Shareholder overview* and key shareholders

Top 10 shareholders	Number of shares (m)	% of shares (fully diluted)	% of shares
MIDDELBORG INVEST AS	2,240	27.1%	28.7%
TIGERSTADEN INVEST AS	1,209	14.6%	15.5%
KLEIN INVEST AS	597	7.2%	7.7%
MODIOLA AS	541	6.6%	6.9%
TIGERSTADEN MARINE AS	519	6.3%	6.7%
HORTULAN AS	435	5.3%	5.6%
Nawa Invest AS	254	3.1%	3.3%
Avanza Bank AB	182	2.2%	2.3%
UFI AS	157	1.9%	2.0%
MUUNILINST AS	154	1.9%	2.0%
Sum top 10 shareholders	6,287	76.2%	80.6%
Other	1,512	18.3%	19.4%
Outstanding shares	7,799	94.5%	100.0%
Kaupang (ex. earn-out)**	158	1.9%	
Management Options***	297	3.6%	
Fully diluted shares	8,254	100.0%	

27 21/01/2021

*As of 12th January 2021

** Arcane Crypto has signed an SPA to acquire Kaupang Crypto AS

***Current options in Arcane Crypto AS to be converted to correspond options in Vertical Venture AB*

Name	Position	Background
	Ketil Skorstad (Tigerstaden) Founding investor	Independent investor and trader. Extensive experience from capital markets and trading of financial instruments. Former equity broker in ABG Sundal Collier and Norse Securities prior to his investor career.
	Kristian Lundkvist (Middelborg) Founding investor	Serial entrepreneur and investor. Founded Middelborg in 1999 and has built it from a small telecom company to an investment company with a broad range of investments. Extensive experience from business development, M&A, capital markets and restructuring.
	Morten Klein (Klein Group) Investor	Owner of Klein Group AS, with investments within media, entertainment, e-commerce, real estate and venture capital.
Name	Position	Background
	Jonatan Raknes COB	Investment Director in Middelborg, with a focus on technology and fintech. Previously corporate finance at SEB and partner at Pangea Property Partners. Extensive M&A, capital markets and business development experience.