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# Arcane Crypto

## Company presentation

February 26. 2021

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# Today's presenters

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**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 in 2014)



**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**

# Arcane Crypto – Significant events after year end 2020

- **11<sup>th</sup> of January:** The EGM in then Vertical Ventures AB (publ) approved the reverse acquisition with Arcane Crypto AS
- **5<sup>th</sup> of February:** The company started trading under new name and ticker: Arcane Crypto AB and “ARCANE”
- **9<sup>th</sup> of February:** The company entered into an agreement to increase its ownership in Pure Digital
- **18<sup>th</sup> of February:** Arcane completed a directed equity issue towards Lucerne Capital Management and Klein Invest AS of SEK 49.5m.
- **26<sup>th</sup> of February:** Arcane Crypto AB published its year-end report related to then Vertical Ventures AB (publ). As the report contains limited information related to Arcane Crypto AS, this updated company presentation was released simultaneously



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# Introduction to Arcane



# Arcane Crypto – Summary

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## 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
- In addition, there seems to be an emerging trend where companies add BTC exposure to their balance sheet

## Solid market position

- Arcane is a recognized international player in the crypto industry
- Offers services and infrastructure for the three main applications of digital assets: Investments, Trading 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

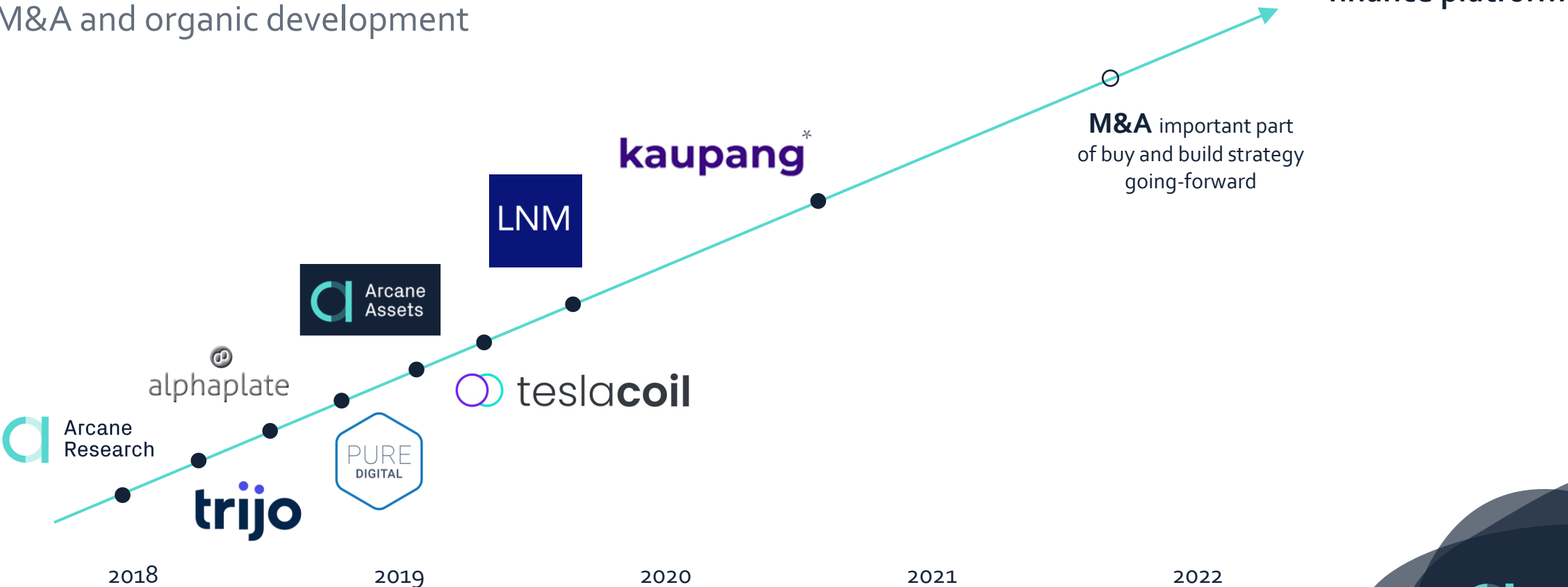
## Buy and build track-record

- 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



Note: Arcane owns a minority stake in Pure Digital (37.5%), Alphaplate (45%), LNMarkets (7%) and Trijo (34%)  
\*Arcane Crypto has signed a conditional SPA to acquire Kaupang Krypto 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 (37.5%)



alphaplate

Market maker (45%)



Derivatives market (7%)

## Our sector

 teslacoil

 Arcane  
Assets

 Arcane  
Research

kaupang

trijo

 PURE  
DIGITAL

 alphaplate

LNM

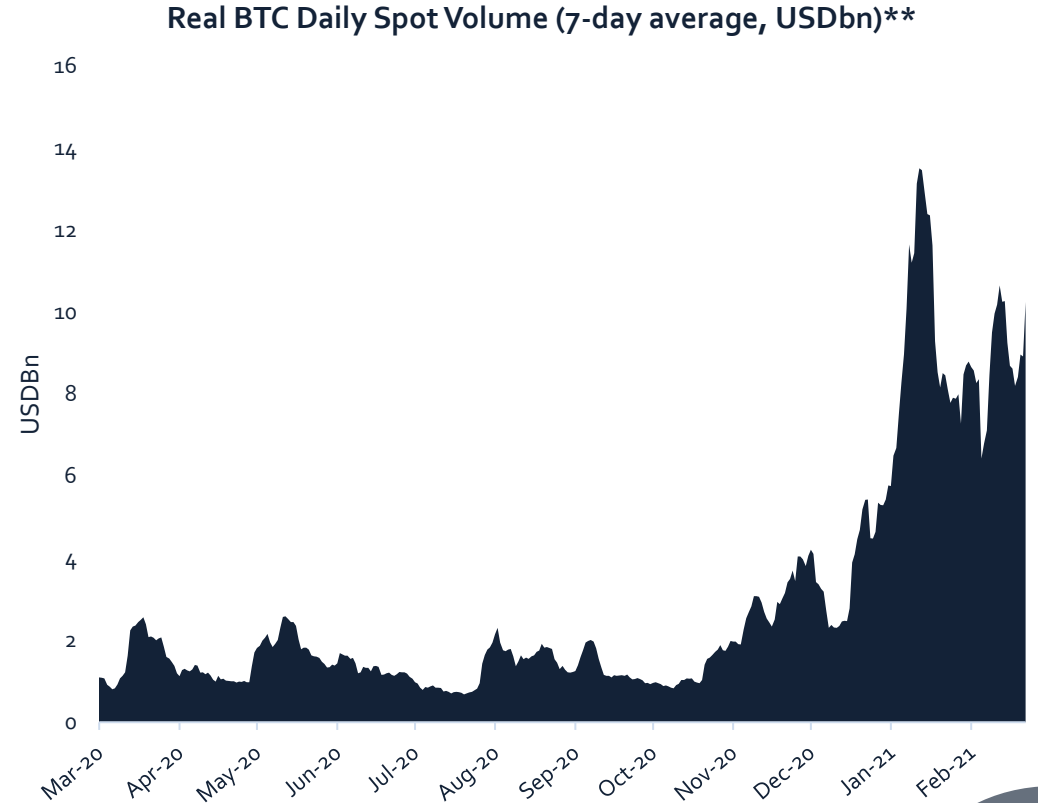
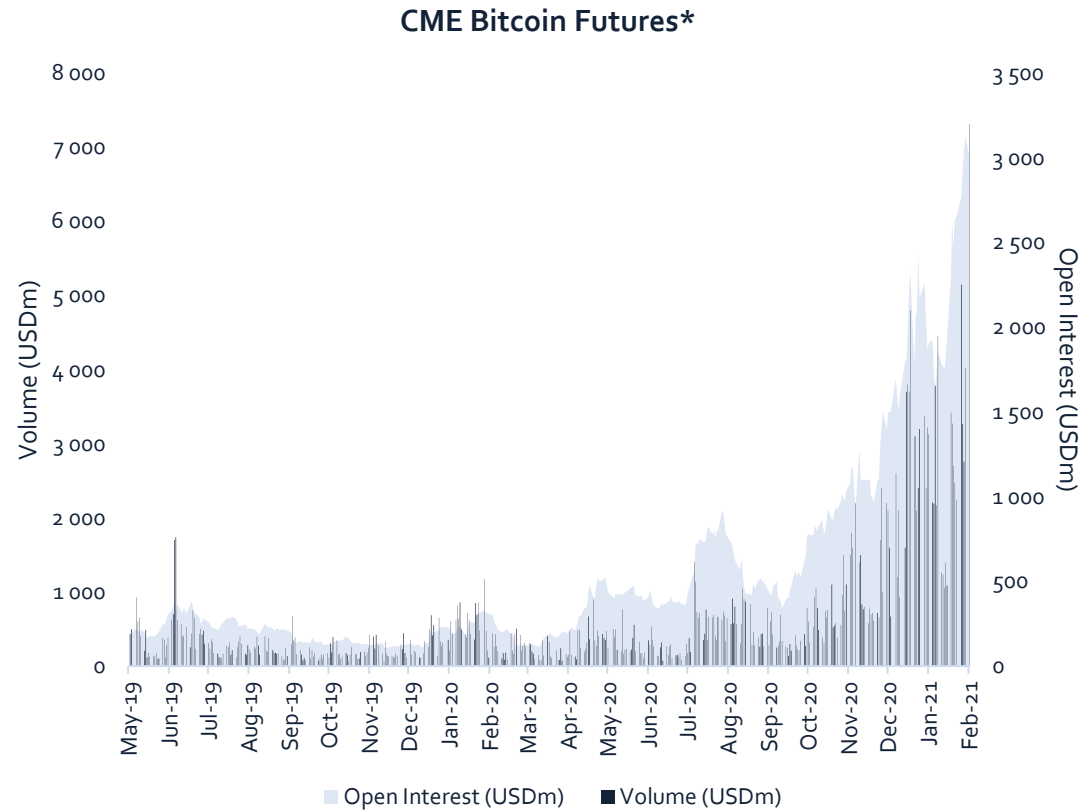
 Arcane  
Crypto

# A maturing and fast-growing market – I

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1. Large **institutions** coming in
2. Already a **billion-dollar market**
3. **The technology** is improving fast
4. Cryptocurrencies are becoming **regulated**

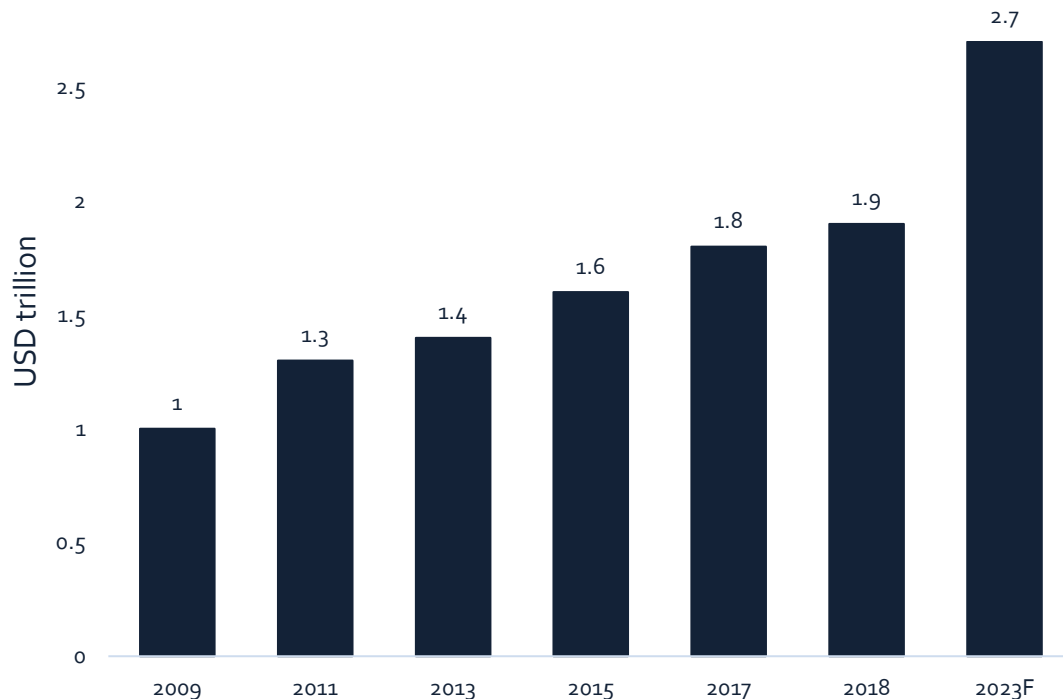
# A maturing and fast-growing market – II



# Huge market opportunity in global payments

Arcane is targeting sectors especially open for new digital solutions

Global Payments Revenue



Source: McKinsey Global Payments Report

Global and digital services need  
global payment rails



Global aviation  
USD +800bn



Global remittances  
USD +500bn



Global gaming  
USD +250bn

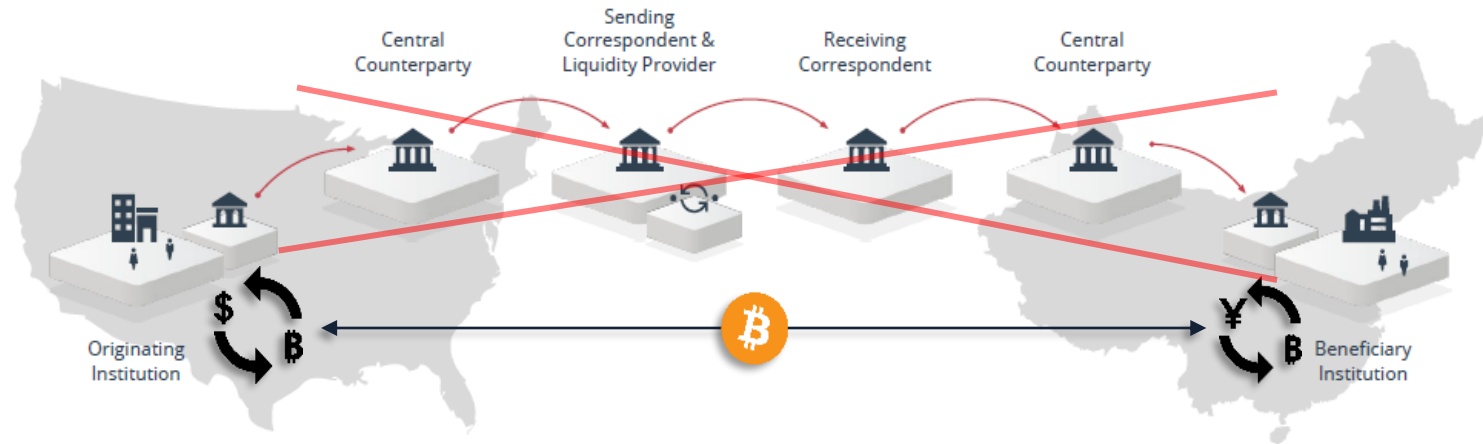


Global media  
USD +200bn

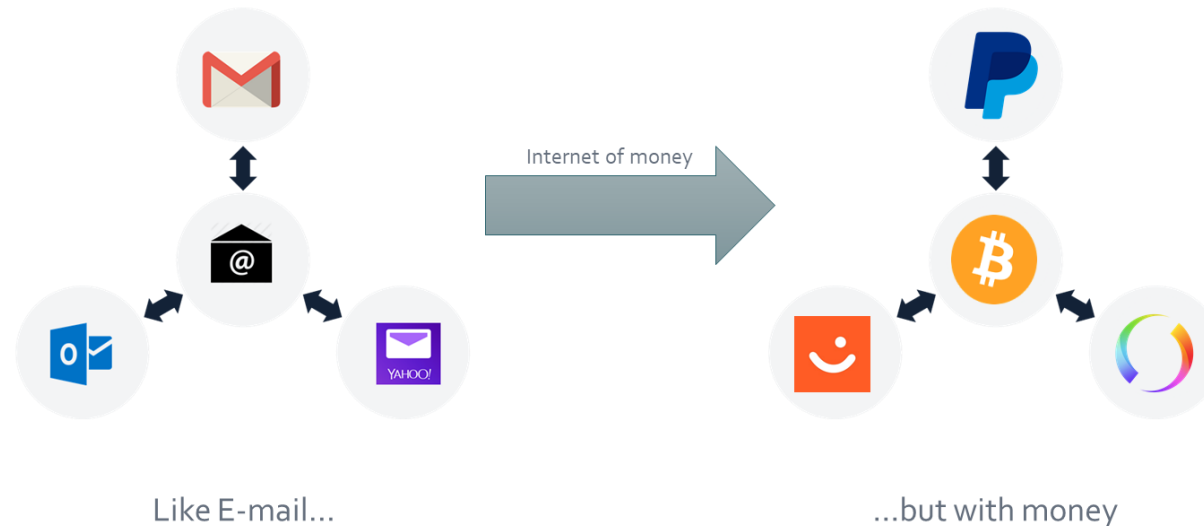
Rough market size estimates 2020, Source: Statista, World Bank

# 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

 teslacoil

 Arcane  
Assets

 Arcane  
Research

kaupang

trijo

 PURE  
DIGITAL

 alphaplate

 LNM

 Arcane  
Crypto



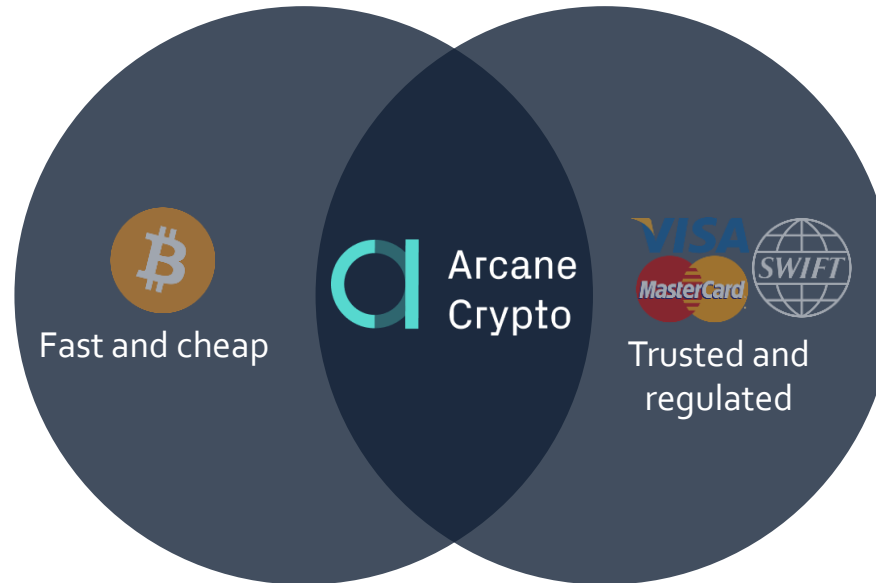
# Combining the best of both worlds

Improving payments by bridging the gap between crypto and fiat



Cryptocurrency transactions :

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



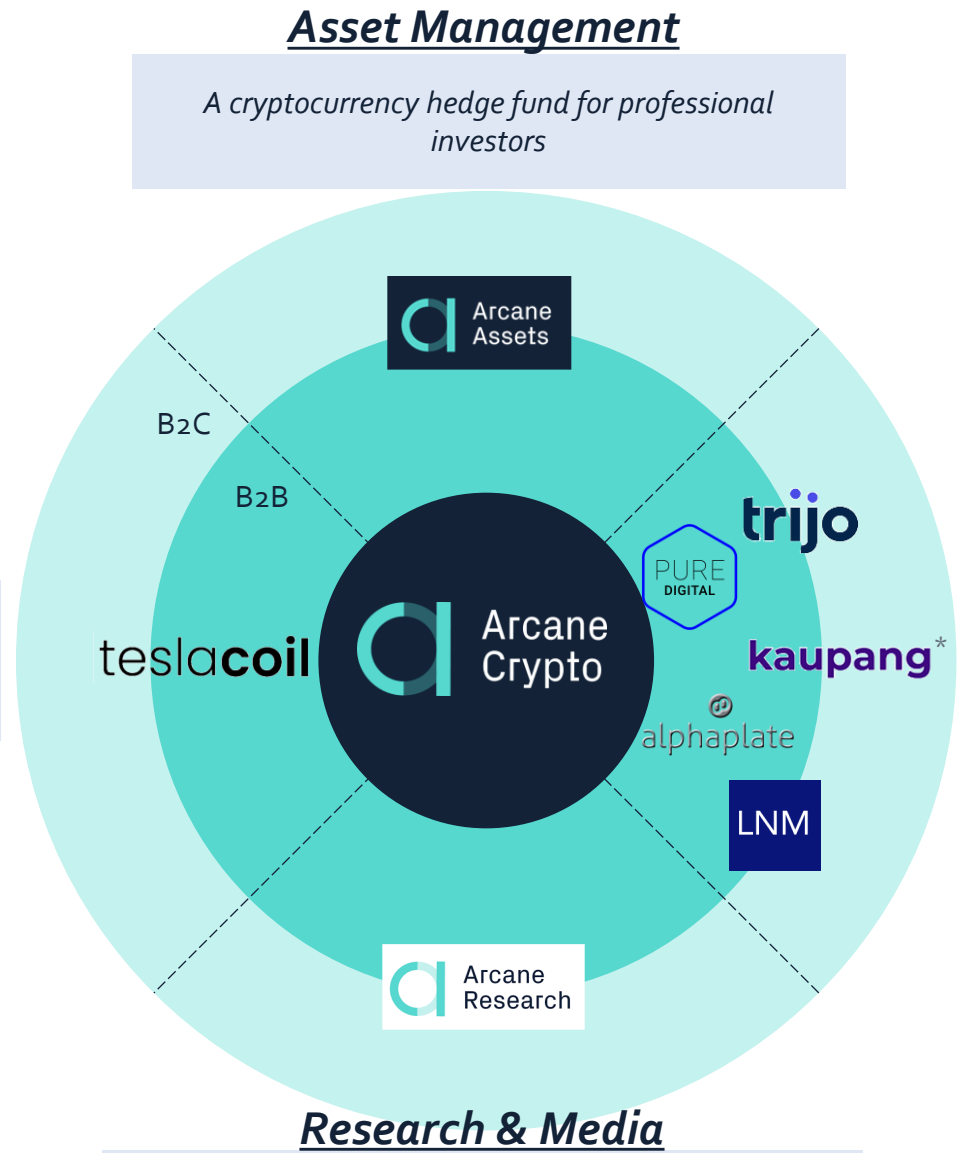
Traditional payments transactions: 

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

# Arcane digital finance platform

**Payments**

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



**Asset Management**

*A cryptocurrency hedge fund for professional investors*

**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

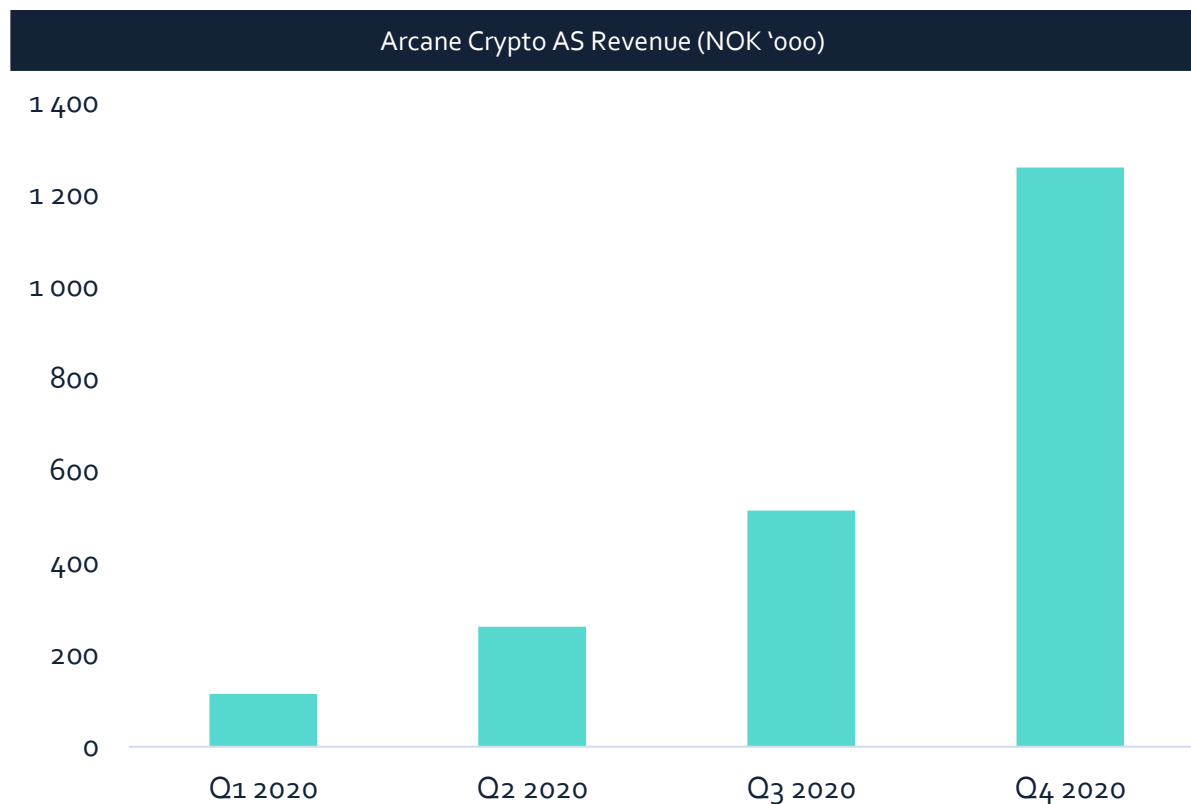


Spread on trading volume



Spread on trading volume

# Key figures for Arcane Crypto AS (preliminary and unaudited )



| Key figure for Arcane Crypto AS group (excluding result from associated companies) |         |         |  |
|--|---------|---------|--|
| NOK '000   | 2020    | Q4 2020 |  |
| Revenue  | 2 149   | 1 259   |  |
| EBITDA (adjusted for transaction costs)*   | -12 544 | -4 989  |  |
| Result before tax (adjusted for transaction costs)*                                | -11 588 | -4 146  |  |
| Result before tax*   | -17 245 | -9 803  |  |

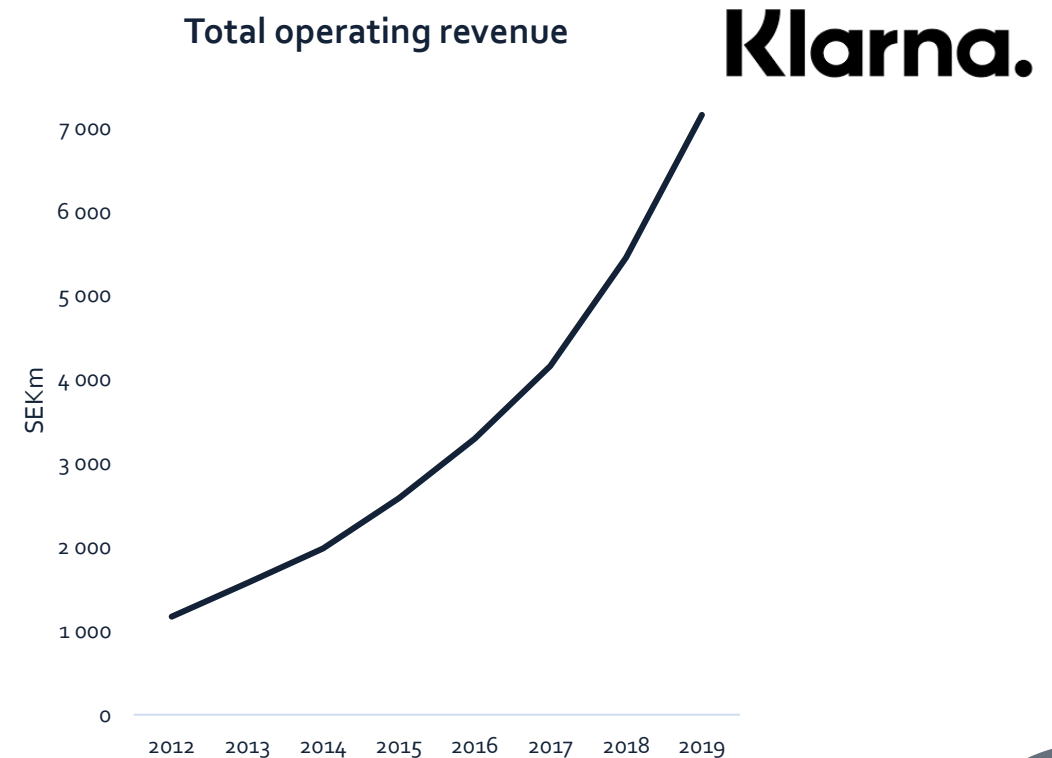
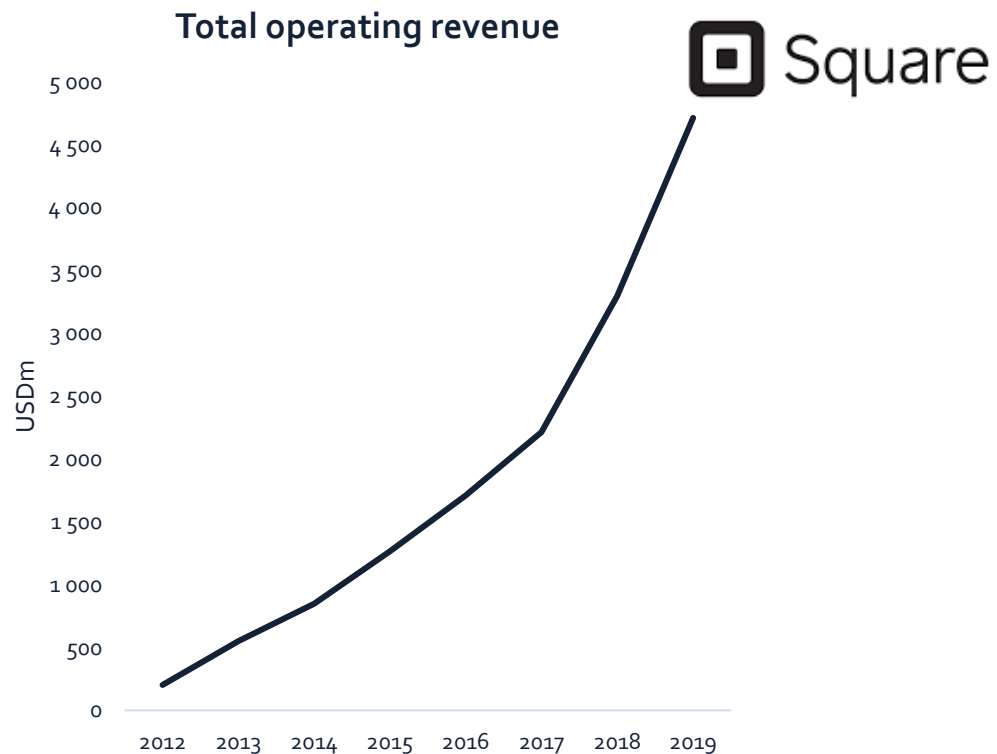
| Other key figures       |            |   |
|-------------------------|------------|---|
| NOK '000                | 31.12.2020 |   |
| Cash & cash equivalents | 18 712     | <b>After the balance sheet date<br/>Arcane Crypto AB has<br/>completed a directed equity<br/>issue of SEK 49.5m increasing<br/>the combined cash position</b> |
| Accounts payables       | - 6 245    |   |
| Equity                  | 33 733     |   |

- Only Arcane Assets and Arcane Research and Media contributed to revenue in 2020
- Teslacoil had no revenue in 2020, but any revenue will be consolidated into Arcane Crypto AS group
- Please see the Q4 report for Arcane Crypto AB (then Vertical Ventures AB (publ)) and the section "Information on operations and group structures" on further description of Arcane Crypto ASs key figures and accounting

20 24/02/2021 These numbers should be interpreted and read in conjunction with the proforma figures, as published in the company description published in connection with the reverse takeover transaction between Arcane Crypto AS and Vertical Ventures AB (publ)

\*Transaction costs (legal and other costs related to the reverse acquisition and re-listing on Nasdaq First North) of TNOK 5 567 booked directly against equity as of release of the company's trading updated 16<sup>th</sup> of February, has as of release of this presentation been reclassified to the profit and loss statement of Arcane Crypto AS

# Paytech is a scalable business with potential for very fast growth



# Pipeline within payments

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

EUR  
~9bn

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

\* Source: Arcane Crypto estimates

Teslacoil is integrated with Bambora's Payment IQ-platform



# 2025 potential

|                          | 2025 potential        | Comment  |
|--------------------------|-----------------------|--|
| Processed volume (daily) | 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

# Summary

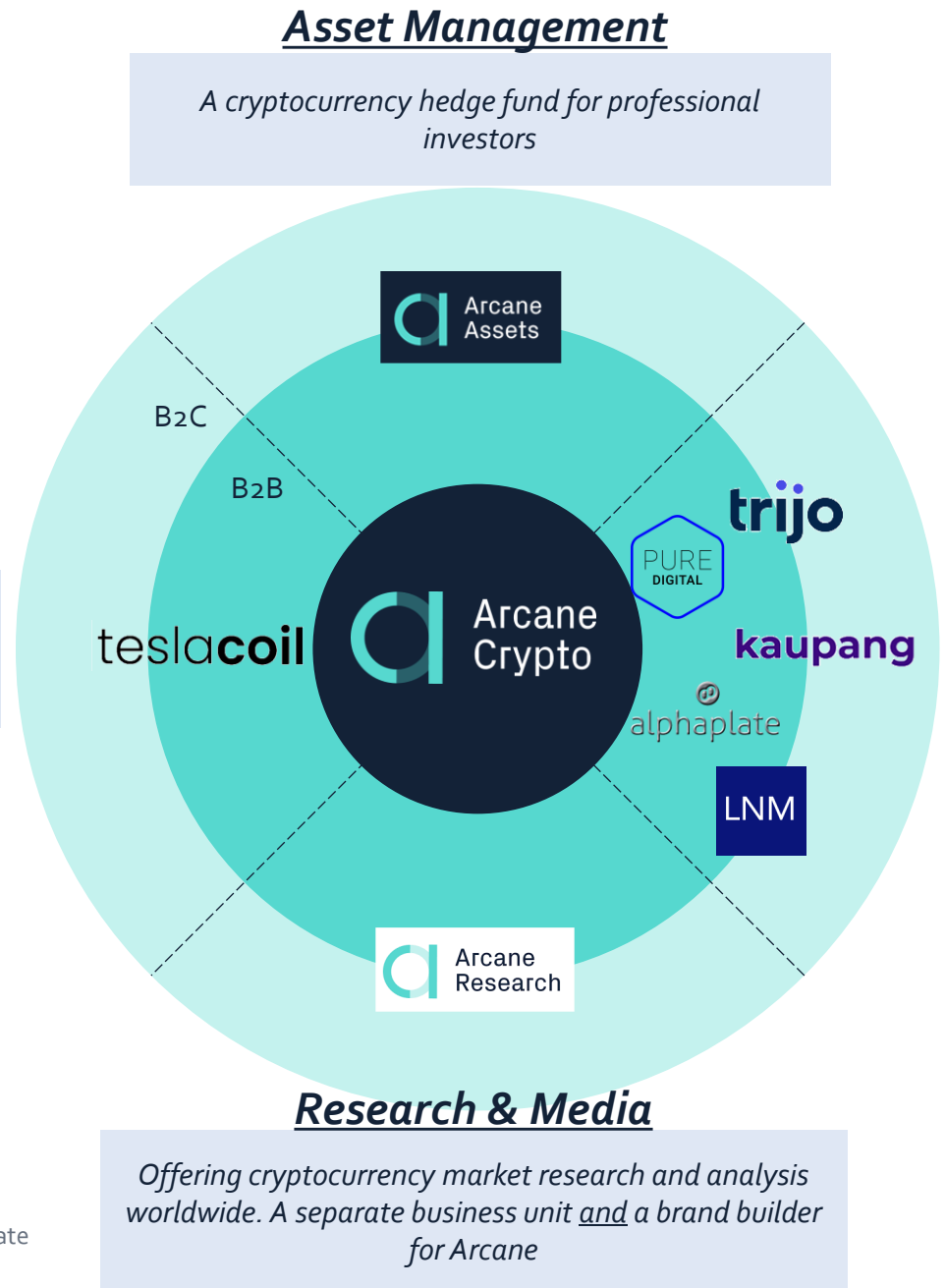




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