

Year-End Report 2020

INTERIM REPORT 1 JANUARY-31 DECEMBER 2020

IMPORTANT INFORMATION:

Please note that this Interim report relate to Vertical Venture AB before the acquisition of Arcane Crypto AS, which was completed 11th of January 2021 (and subsequent name change to Arcane Crypto AB). Hence, except for in the section regarding significant events post the balance sheet date, the CEO comments and information on group structure and operations, this report does not contain information related to Arcane Crypto AS and its business. Please see the company description released December 21st, 2020 <https://investor.arcanecrypto.se/company-description/> and subsequent press releases for further information about Arcane Crypto AS and the reversed acquisitions effects on Arcane Crypto AB.

This information is such information that Arcane Crypto AB is required to publish in accordance with the EU Market Abuse Regulation. The information was submitted, through the care of the above contact person, for publication on 26 February 2021 at 07:45 CET.

Arcane Crypto AB, previously named as Vertical Ventures AB, founded in 2004, is a Swedish public limited liability company which has been listed on First North since 2008.

Vertical Ventures' business concept was to run projects and companies in various market verticals within loyalty through its own projects and active coownership. Vertical Ventures divested its operating business, the loyalty platform Wifog, to Transiro Int. AB during the autumn of 2019. During the 1 half of 2020 the company negotiated for an acquisition of Tongdow E-commerce Co Ltd which was ended on July 2nd, 2020. On the same day, the company announced an LOI to acquire Arcane Crypto AS. On 4 August 2020, Vertical Ventures entered into a share purchase agreement regarding the acquisition of all shares in Arcane Crypto through a directed issue of up to 7,327,666,667 shares in Vertical Ventures. The Reversed Acquisition was approved by the extraordinary general meeting in Vertical Ventures on 11 January 2021. After the completion of the Reversed Acquisition, Arcane Crypto's shareholders have a holding of approximately 93.1 percent of the shares and the votes in Vertical Ventures and Vertical Ventures' existing shareholders will have a holding of approximately 6.9 percent of the shares and the votes in Vertical Ventures.

Arcane Crypto AS, founded in 2009, is a Norwegian limited liability company with main office in Oslo, Norway. Arcane Crypto, with the current business lines since 2018, operates internationally with local offices in Stockholm and London. Arcane Crypto's vision is to support the financial system of the future. Arcane Crypto develops and invests in projects focusing on bitcoin and digital assets to build a bridge between the new digital economy and the traditional economy. Arcane Crypto operates in a fast-growing sector,¹ where there are few other publicly traded alternatives.

Arcane Crypto AS will be consolidated into Arcane Crypto AB from Year 2021 and onwards and hence is not included in the financial statements for 2020. It shall be noted that the year-end report for 2020 is not representative for Arcane Crypto AB business since it only includes Vertical Ventures activities. For a more detailed description of Arcane Crypto including proforma financial statement please see the company description at <https://investor.arcanecrypto.se/company-description/>.

YEAR-END REPORT
1 JANUARY – 31 DECEMBER 2020
ARCANE CRYPTO AB,
(AT THAT TIME VERTICAL VENTURE AB (PUBL))
ORG.NR. 556668-3933

QUARTER 4, 2020

- Net sales during the quarter amounted to SEK 2,995 thousand (SEK 1,526 thousand).
- Profit before depreciation (EBITDA) during the quarter was SEK 2,460 thousand (-465 thousand).
- Operating profit (EBIT) was SEK 2,460 thousand during the quarter (-1,016 thousand).
- In connection with the acquisition of Arcane Crypto AS the company entered a re-listing process at Nasdaq First North. The re-listing process was successfully completed, and the company received a preliminary approval from Nasdaq on December 4th, 2020 conditioned upon that the acquisition became approved by an extra shareholder meeting. A notice for an extra shareholder meeting was called for to be held on January 11th, 2021.

QUARTER 1-4, 2020

- Net sales for quarters 1-4 amounted to SEK 3,002 thousand (SEK 5,045 thousand)
- Profit before depreciation (EBITDA) for quarters 1-4 amounted to SEK 287 thousand (-17,655 thousand)
- Operating profit (EBIT) for quarters 1–4 amounted to SEK 287 thousand (-21,254 thousand)
- During Quarter 1-2 the company negotiated for an acquisition of Tongdow E-commerce Co Ltd which was ended on July 2nd, 2020. On the same day, the company announced an LOI to acquire Arcane Crypto AS. On 4 August 2020, Vertical Ventures entered into a share purchase agreement regarding the acquisition of all shares in Arcane Crypto through a directed issue of 7,327,666,667 shares in Vertical Ventures. During Quarter 3 the Company entered a re-listing process with Nasdaq First North.

SIGNIFICANT EVENTS POST YEAR-END

An extra shareholders meeting was held on January 11th, 2021 where:

- The AGM resolved to adopt new Articles of Association.
- The AGM approved the acquisition of all shares in Arcane Crypto AS.
- The AGM resolved on the election of Jonatan Raknes, Viggo Leisner, Kristian Kirkegaard and Anna Svahn as Board members for the period until the next Annual General Meeting 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 AGM resolved to authorize the Board to issue shares, warrants and / or convertibles. The purchase price in the Arcane transaction amounts to SEK 326,651,900 and has been paid through a new issue of 7,258,931,122 new shares in the Company at a subscription price of SEK 0.045 per share (the "Remuneration Shares"). The terms for the issue of the Remuneration Shares, which are addressed to the shareholders in Arcane Crypto AS, are set out in the notice convening the Extraordinary General Meeting that approved the Arcane transaction.
- The new Board of Directors elected at the Extraordinary General Meeting took office 14 January 2020 at the same date as the new shares was registered with the Swedish Companies Registration Office, and Torbjørn Bull Jenssen was appointed CEO of the Company immediately thereafter.
- Vertical Ventures' AB change of name to Arcane Crypto AB was registered and the first day of trading with the new name were on 5th February 2021.
- The purchase of Arcane Crypto AS is accounted for as an in-kind acquisition, where acquisition price is set by the latest market price for the payment. The market price of Vertical Ventures' share on closing 11 January 2021 was SEK 0.235 per share equal to an acquisition price of SEK 1,832,765,828. Total market value of Vertical Ventures as of 11 January 2021 was SEK 126,917,014. The transaction is accounted for as a reversed takeover in the consolidated statements and Vertical Ventures is seen as the acquired company. The price for Arcane Crypto to purchase Vertical Ventures equals the market value of Vertical Ventures at the transaction date. As there are no operations in Vertical Ventures, the purchase price is recognized as a cost for being listed and cannot be allocated to goodwill, hence the acquisition price will be written down as another operating expense.
- Arcane Crypto AS ("Arcane") increases its ownership in Puremarkets Limited ("Puremarkets") to 37.5%, from 35%.

- Arcane Crypto AB completed a directed equity issue where Lucerne Capital Management and Klein Invest AS subscribed for 99,000,000 new ordinary shares in the Company for a subscription price of SEK 0.5 per share (LCM to subscribe for 66,000,000 new shares and Klein Invest to subscribe for 33,000,000 new shares). LCM and Klein Invest will also subscribed for up to 49,500,000 warrants (LCM to subscribe for 33,000,000 new warrants and Klein Invest to subscribe for 16,500,000 new warrants). No was paid for the warrants. Each warrant shall entitle the holder to subscribe for one newly issued share in the Company for a period of 12 months after the issue of the warrants with a strike price of SEK 0.5 per share.

GROUP SUMMARY

The group in summary		2020	2019	2020	2019
		Quarter 4	Quarter 4	12 months	12 months
Net sales	tkr	2 995	1 526	3 002	5 045
The result of the period	tkr	-687	2 350	-2 362	-18 295
Balance sheet total	tkr	2 620	12 793	2 620	12 793
Equity	tkr	-181	2 182	-181	2 182
Earnings per share before and after dilution	SEK	-0,00	0,00	-0,00	-0,03
Equity per share	SEK	-0,00	0,00	-0,00	0,00
Number of shares at the end of the period	st	540 072 401	540 072 401	540 072 401	540 072 401
Share price at the end of the period	SEK	0,15	0,02	0,15	0,02
Solidity	%	-7%	17%	-7%	17%

CEO COMMENT

Dear shareholders,

This interim report represents some of the final pieces of the old history of Vertical Venture AB. When you read this the reversed takeover has been completed at the name has been changed to Arcane Crypto AB, and the company is something completely different than described here in.

By becoming a listed company, we will get improved access to the capital market and increased recognition in the investor community and among other stakeholders. This makes us positioned for further growth. In addition, our ecosystem approach and infrastructure focus will benefit from opening to a wider investor base. In sum this creates a foundation for pursuing our vision to become the leading full service digital finance platform in Europe our mission to leverage digital currencies to revolutionize payments.

Torbjørn Bull Jensen

CEO of Arcane Crypto AB

INFORMATION ON OPERATIONS AND GROUP STRUCTURE

Arcane Crypto AS, founded in 2009, is a Norwegian limited liability company with main office in Oslo, Norway. Arcane Crypto, with the current business lines since 2018, operates internationally with local offices in Stockholm and London.

Preliminary unaudited key figures related to Arcane Crypto AS group: Arcane Crypto AS group had a total revenue of TNOK 1 259 in Q4 2020, and a total revenue of TNOK 2 149 in 2020. TNOK 5 657 in transaction cost (legal and other costs related to the reverse acquisition and re-listing on Nasdaq First North) which, as of the company's trading updated released 16th of February was booked directly against equity, has been reclassified to the company profit and loss statement. EBITDA adjusted for transaction costs was TNOK -4 989 in Q4 and TNOK -12 544 for the full year 2020. EBITDA was TNOK -10 646 in Q4 and TNOK -18 201 for the full year 2020. Net result before tax adjusted for transaction costs was TNOK -4 146 in Q4 and TNOK -11 588 for the full year 2020. Net result before tax was TNOK -9 802 in Q4 and TNOK -17 245 for the full year 2020. As of 31. December. 2020 Arcane Crypto AS group had a total cash position of TNOK 18 712, total accounts payable of TNOK 6 245 and total equity of TNOK 33 733.

Revenue from associated companies and investments (Pure Digital (37.5%), Alphaplate (45%), LN Markets (7%) and Trijo (34%)) are not consolidated into Arcane Crypto AS group, however profit from participation in associated

companies will be consolidated into the group financials based on the equity method. None of these companies are currently profitable and Arcane Crypto AS has not received any positive P&L contribution from these investments in 2020.

Kaupang Krypto still pending closing, and hence not consolidated (Arcane Crypto has signed a conditional SPA to acquire Kaupang Krypto AS).

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 then Vertical Venture AB (publ). Arcane Crypto's vision is to support the financial system of the future. Arcane Crypto develops and invests in projects focusing on bitcoin and digital assets to build a bridge between the new digital economy and the traditional economy. Arcane Crypto operates in a fast-growing sector,¹ where there are few other publicly traded alternatives.

Arcane Crypto AS employs 15 people. and will be consolidated into Arcane Crypto AB Group from Year 2021 and onwards and hence is not included in the financial statements for 2020.

For a more detailed description of Arcane Crypto including proforma financial statement please see the company description at <https://investor.arcanecrypto.se/company-description/>

FINANCIAL DEVELOPMENT - GROUP

Sales

Net sales during the fourth quarter amounted to SEK 2,995 thousand (SEK 1,526 thousand). Net sales during quarters 1-4 amounted to SEK 3,002 thousand (5,045).

Result

Profit before depreciation (EBITDA) during the quarter was SEK 2,460 thousand (-465 KSEK). Profit before depreciation (EBITDA) for quarters 1-4 amounted to SEK 287 thousand (SEK -17,655 thousand).

Operating profit (EBIT) was SEK 2,460 thousand (-1,016 thousand) during the quarter. Operating profit (EBIT) for quarters 1-4 amounted to SEK 287 thousand (-21,254 thousand).

The above financials are mainly related to that Vertical Ventures share is listed on Nasdaq First North and that the company changed their strategy late 2019 with the goal to acquire new business. During 2020 the company processed two acquisition projects, Tongdow an Arcane Crypto. Tongdow process was closed mid-year 2020 and Arcane Crypto was acquired after the year-end close. The Financial development in 2020 is not representative for the anticipated business of Arcane Crypto AB in 2021 and going forward.

Investments

Investments in intangible fixed assets during the quarter amounted to SEK 0 thousand (SEK 68 thousand).

Investments in intangible fixed assets for quarters 1-4 amounted to SEK 0 thousand (SEK 829 thousand).

Financing

The cash balance at end of the period was SEK 198 thousand (SEK 242 thousand and the equity was SEK 1,414 thousand (SEK 2,182 thousand).

Including the direct share issue of SEK 49,500 thousand post balance day it is the Board's assessment that the existing working capital is more than sufficient to meet the Company's working capital and capital expenditure needs for at least the next twelve months as of the date of the Company Description.

Cashflow

At the beginning of 2020, the Group had SEK 242 thousand in cash and cash equivalents. At the end of the fourth quarter, 2020, the Group's cash and cash equivalents amounted to SEK 198 thousand.

Equity

At the beginning of 2020, the Group had SEK 2,182 thousand in equity being below the required level of 50% of registered share capital why the extra shareholder meeting in December 2019 resolved the matter which was registered at the Swedish Registration Office in the beginning of February 2020. At the end of the reporting period, the Group's equity amounted to SEK 1,414 thousand. All subsidiaries in the Group live up to the capital requirements according to the Swedish Companies Act for the reported period.

Employees

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

FINANCIAL DEVELOPMENT – PARENT COMPANY

Sales

Net sales during the fourth quarter amounted to SEK 3,000 thousand (SEK 327 thousand). Net sales during quarters 1-4 amounted to SEK 3,000 thousand (2,225).

Result

Profit before depreciation (EBITDA) during the quarter was SEK 2,488 thousand (-452 KSEK). Profit before depreciation (EBITDA) for quarters 1-4 amounted to SEK 333 thousand (SEK -14,773 thousand).

Operating profit (EBIT) was SEK 2,488 thousand (-1,003 thousand) during the quarter. Operating profit (EBIT) for quarters 1-4 amounted to SEK 333 thousand (-26,762 thousand).

The above financials are mainly related to the previous business of Vertical Ventures and is not representative for the business of Arcane Crypto AB.

Cashflow

At the beginning of 2020, the Group had SEK 60 thousand in cash and cash equivalents. At the end of the fourth quarter, 2020, the Group's cash and cash equivalents amounted to SEK 160 thousand.

Equity

At the beginning of 2020, the Group had SEK 1,959 thousand in equity. At the end of the reporting period, the Group's equity amounted to SEK 1,241 thousand.

Employees

The number of employees in the Parent company at the end of the period was 0 person (1)

ADDITIONAL INFORMATION

The Share

The number of shares at the reporting date totals 540,072,401 shares. The shares are

traded under the short name ARCANE with ISIN code SE0007614722.

After the reporting date an extra shareholder meeting resolved a new article of association where the share capital may not be less than SEK 23,300,000 and not exceed SEK 93,200,000, and the number of shares may not be less than 6,400,000,000 and not exceed 25,600,000,000. The share capital amounts to approximately SEK 28,456,410,16, and there is a total of 7,799,003,523 shares outstanding in the company. The shares are denominated in SEK and each share has quotient value of approximately SEK 0.00365.

In february a direct share issue to two professional investors were resolved not yet being registered. Through the Directed Issues, the number of outstanding shares and votes will, upon full exercise of the warrants, increase by 148,500,000 from 7,799,003,523 to 7,947,503,523. The share capital will increase by SEK 541,835.50, from SEK 28,456,410.16 to SEK 28,998,245.65.

The company's shares are listed on the Nasdaq First North Growth Market. Mangold Fondkommission AB, telephone 08-503 015 50, ca@mangold.se, is the company's Certified Adviser.

Transactions with related parties

Loans totaling SEK 0,5 million have been raised to finance working capital from Crafoord Capital Partners AB, of which Fredrik Crafoord, the former Chairman of the Board, is the principal. The loans are raised on market terms, currently 1 % per month and will expire May 1st, 2021.

The sale of Wifog Sverige AB to Transiro Int. has been treated as a related party transaction and has therefore been approved by Extraordinary General Meetings in both Vertical Ventures and Transiro Int. Vertical Ventures held its Extraordinary General Meeting on November 21, 2019, Payment for

Wifog Sverige AB has been made early 2021 through 100,000,000 newly issued shares in Transiro Int AB which is all sold as per balance date.

The previous CEO, Jonas Litborn, has through his own company Fortic AB invoiced the company SEK 675,000 for his services during 2020.

Accounting principles

The quarterly report has been prepared in accordance with the provisions of the Annual Accounts Act (K3) and in accordance with the First North Nordic Rulebook. In other respects, the same accounting principles and calculation methods have been used in the interim report as in the most recent annual report.

Risks

An investment in shares is associated with certain risks (investors are therefore

encouraged to particularly read the section "Risk factors"). When an investor makes an investment decision, he or she must rely on his or her own analysis of the Company, including present facts and risks. Prior to an investment, potential investors ought to consult their own professional advisors to diligently evaluate an investment consideration. No individual has been authorized to provide any information or make any other statements other than those included in the Company Description. If given or made, such information or representation may not be relied upon as having been authorized by the Company nor should the Company be held responsible for such information or statements.

For a more detailed description of risks please view the company scription at www.investor.arcanecrypto.se

STATEMENT OF THE BOARD OF DIRECTORS

The Board of Directors and the CEO of Vertical Ventures AB (publ) assure that the interim report provides a fair overview of the company's operations, position and results and describes significant risks and uncertainties that the company faces.

Stockholm 2021-02-26

Arcane Crypto AB

Torbjørn Bull Jensen
CEO

Jonatan Raknes
Chairman of the Board

Auditor Review

The year-end report has not been reviewed by the company auditor.

Contact

For further information, please contact:

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Financial Calendar

APRIL 23, 2021

- Annual Report 2020

MAY 07, 2021

- Annual General Meeting
- Interim report Q1 2021

AUGUST 13, 2021

- Interim report Q2 2021

OCTOBER 29 2021

- Interim report Q3 2021

GROUP INCOME STATEMENT

CONSOLIDATED INCOME STATEMENT TSEK	2020 Quarter 4	2019 Quarter 4	2020 12 months	2019 12 months
Net sales	2 995	1 526	3 002	5 045
Activated work for own account	-	68	-	775
Other operating income	6	-	6	3 612
Amount	3 001	1 594	3 008	9 432
Operating expenses				
Direct costs	-	-748	-	-2 753
Other external expenses	-2 206	-797	-4 501	-17 685
Personnel costs	70	-514	185	-3 044
Earnings before depreciation and amortization (EBITDA)	865	-465	-1 308	-14 050
Depreciation and write-downs of intangible fixed assets	-	-551	-	-3 599
Operating profit	865	-1 016	-1 308	-17 649
Profit from financial items				
Profit divestment group company	-	3 605	-	-
Interest income and similar income items	-	-	669	-
Interest expenses and similar income items	-1 552	-239	-1 723	-646
Total financial items	-1 552	3 366	-1 054	-646
Profit after financial items	-687	2 350	-2 362	-18 295
Profit before tax	-687	2 350	-2 362	-18 295
Tax on profit for the period	-	-	-	-
The result of the period	-687	2 350	-2 362	-18 295

GROUP BALANCE SHEET

CONSOLIDATED BALANCE SHEET	2020-12-31	2019-12-31
TSEK		
ASSETS		
Fixed assets		
Intangible assets	0	0
Financial assets	0	0
Total fixed assets	0	0
Current assets		
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		
Share capital	1 971	27 004
Other contributed capital	87 441	87 441
Other equity including profit for the year	-89 593	-112 263
Total equity	-181	2 182
Liabilities		
Long-term liabilities	0	0
Current liabilities	2 801	10 611
Total short-term liabilities	2 801	10 611
TOTAL EQUITY AND LIABILITIES	2 620	12 793

GROUP CASHFLOW STATEMENT

GROUP CASH FLOW	2020	2019	2020	2019
TSEK	Quarter 4	Quarter 4	12 months	12 months
Operating profit	865	-1 016	-1 308	-17 649
Adjustments for items that are not included in cash flow	-586	583	-1 354	13 142
Interest received				
Interest paid	-32	-239	-184	-2 058
Cash flow from operating activities before changes in working capital	247	-672	-2 846	-6 565
	-	-	-	-
Increase / decrease in operating receivables	-2 853	2 186	-673	-1 514
Increase / decrease in operating liabilities	210	-2 002	-7 810	2 857
Change in working capital	-2 643	184	-8 483	1 343
Cash flow from operating activities	-2 396	-488	-11 329	-5 222
Investment activities				
Acquisition of intangible / financial fixed assets	-	-14	-494	-775
Sale of intangible / financial fixed assets	900	-	11 296	-
Cash flow from investing activities	900	-14	10 802	-775
Financing activities				
Rights issue	-	-	-	6 199
Issue costs	-	-	-	-115
Borrowings	-	1 050	1 500	3 450
Repayment of loans	-	-464	-1 017	-3 878
Cash flow from financing activities	-	586	483	5 656
Increase / decrease in cash and cash equivalents	-1 496	84	-44	-341
Cash and cash equivalents at the beginning of the year	1 693	158	242	583
Cash and cash equivalents at the end of the period	198	242	198	242

GROUP CHANGES IN EQUITY

TSEK	Sharecapital	Other contributed equity	Other equity incl. Profit for the year	Total Equity
Equity 2019-12-31	27 004	87 441	-112 263	2 182
Reduction of share capital	-25 033		25 033	0
The result of the period			-2 362	-2 362
Equity 2020-12-31	1 971	87 441	-89 592	-180

PARENT COMPANY INCOME STATEMENT

PARENT COMPANY INCOME STATEMENT TSEK	2020 Quarter 4	2019 Quarter 4	2020 12 months	2019 12 months
Net sales	3 000	327	3 000	2 225
Activated work for own account	0	68	0	775
Amount	3 000	395	3 000	3 000
Operating expenses				
Other external expenses	-583	-905	-2 409	-17 691
Personnel costs	71	58	-258	-82
Earnings before depreciation and amortization (EBITDA)	2 488	-452	333	-14 773
Depreciation and write-downs of intangible fixed assets	0	-551	0	-11 989
Operating profit	2 488	-1 003	333	-26 762
Profit from financial items				
Profit from shares in group companies	0	1 733	0	-15 473
Interest income and similar income items	0	0	669	0
Interest expenses and similar income items	-1 553	-237	-1720	-638
Total financial items	-1 553	1 496	-1 051	-16 111
Profit after financial items	935	493	-718	-42 873
Profit before tax	935	493	-718	-42 873
Tax on profit for the period	0	0	0	0
The result of the period	935	493	-718	-42 873

PARENT COMPANY BALANCE SHEET

PARENT COMPANY'S BALANCE SHEET	2020-12-31	2019-12-31
TSEK		
ASSETS		
Fixed assets		
Intangible assets	0	0
Financial assets	900	100
Total fixed assets	900	100
Current assets		
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		
Share capital	1 971	27 004
Share premium fund	319 114	319 114
Balanced gain or loss	-319 126	-301 286
The result of the period	-718	-42 873
Total equity	1 241	1 959
Liabilities		
Long-term liabilities	0	0
Current liabilities	3 786	10 757
Total short-term liabilities	3 786	10 757
TOTAL EQUITY AND LIABILITIES	5 027	12 716

NOTE 1 – NUMBER OF SHARES.

The average number of shares for the fourth quarter and for quarters 1-4 amounts to:

	2020 Quarter 4	2019 Quarter 4	2020 12 months	2019 12 months
Number of shares	540 072 401	540 072 401	540 072 401	540 072 401
Average number of shares				
-before dilution	540 072 401	540 072 401	540 072 401	492 669 279
-after dilution	540 072 401	540 072 401	540 072 401	492 669 279

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