

Arcane Crypto completes the acquisition of Kaupang Krypto AS and resolves on a directed set-off issue of shares to the seller Bulltech AS following the acquisition.

Press release 26 March 2021.

Arcane Crypto AB (“Arcane Crypto” or the “Company”) has, on 13 October 2020, announced that the Company’s now subsidiary Arcane Crypto AS had entered into a share purchase agreement regarding the acquisition of all shares in Kaupang Krypto AS (“Kaupang”) from Bulltech AS (the “Seller”), in which the consideration consists mainly of (i) NOK 1,000,000 in cash and (ii) NOK 18,500,000 to be set-off against 155,718,793 shares (the “Consideration Shares”) in Arcane Crypto (based on the volume-weighted average price of Arcane Crypto’s share sixty (60) trading days preceding signing of the share purchase agreement). Closing of the transaction and issuance of the Consideration Shares has today been completed through a directed set-off issue of shares.

“Kaupang is a great addition to our portfolio. There are strong synergies with several other parts of Arcane Crypto, particularly our payment software Teslacoil. Strategically, Kaupang together with Arcane Crypto will focus the larger and corporate clients, offering deep liquidity, a premium service and payment functionality. Furthermore, by leveraging Kaupang as a regulated-on ramp, combining their open banking integration with lightning transactions through Teslacoil, we will be able to build solutions where the user can both pay and receive bitcoin straight from or to their bank account.” says Torbjørn Bull Jenssen, CEO Arcane Crypto AB.

About Kaupang Krypto

Kaupang operates as a broker registered with Finanstilsynet and has the largest selection of cryptocurrencies in the Norwegian market. In addition to their automated purchase widget, they operate an OTC desk for clients who are buying and selling larger amounts of bitcoin and other crypto currencies, who needs access to deep liquidity on a request for quote basis. Kaupang is currently experiencing high growth, and increased interest in is offering.

Since the announcement of the share purchase agreement, Kaupang has implemented an open banking integration for a better payment experience and rolled out a new front end. Going forward, Kaupang is currently setting up a wallet service and will launch a dedicated pro user experience for its large and corporate clients. Kaupang is also adding payment functionality and support for bitcoin lightning transactions, through the use of Teslacoil, a payment processor software, developed by Arcane Crypto.

Kaupang operates as a broker with is counterpart in all transactions and generates net revenue through applying a spread on all transaction. This operation model creates flexibility allowing a tailor-made approach to large clients, payment related flow and altcoins.

For more information about Kaupang, see <https://www.kaupangkrypto.no/>.

The transaction

On 13 October 2020, Arcane Crypto announced that the Company’s now subsidiary Arcane Crypto AS had entered into a share purchase agreement regarding the acquisition of all shares in Kaupang Krypto AS from Bulltech AS in which the consideration consists of (i) NOK 1,000,000 in cash and (ii) NOK 18,500,000 to be set-off against shares in Arcane Crypto. The Seller is also entitled to an additional consideration of a value amounting to NOK 10,500,000 if Kaupang achieves NOK 5,000,000

in trailing 12-month (TTM) revenue within two years, which shall be settled in shares in Arcane Crypto (“**Additional Consideration Shares**”).

As the closing conditions under the share purchase agreement have been met, the Board of Directors of Arcane Crypto has today resolved on and completed a directed set-off issue of shares in Arcane Crypto to the Seller in order to settle the Consideration Shares.

By virtue of the authorisation from the Extraordinary General Meeting of the shareholders held on 11 January 2021, the Board of Directors of Arcane Crypto has resolved on and completed a directed set-off issue of 155,718,793 shares. The right to subscribe has, with deviation from the shareholders’ preferential rights, been given to the Seller of Kaupang, i.e., Bulltech AS. The reason for the deviation from the shareholders’ preferential rights is to fulfil the Company’s obligations towards the Seller under the share purchase agreement and thus set-off the Seller’s claim regarding most of the purchase price for Kaupang.

Payment was made by way of set-off of the Seller’s claim under the share purchase agreement, which corresponds to a subscription price of SEK 0.1138295487208968 per share, meaning that the Company’s share capital will increase by SEK 568,174.88. The number of issued shares corresponds to a dilution of approximately 1.9 percent of the total number of shares in Arcane Crypto. The subscription price was agreed in the share purchase agreement based on the volume-weighted average price of Arcane Crypto’s share on Nasdaq First North Growth Market the sixty (60) trading days immediately preceding the last business day before the date of the share purchase agreement. The potential Additional Consideration Shares shall be settled based on the volume-weighted average price of Arcane Crypto’s share on Nasdaq First North Growth Market the sixty (60) trading days immediately preceding fulfilment of the conditions for the additional consideration.

The Seller has accepted a lock-up for the Consideration Shares for a period of 24 months from the closing date of the transaction. However, the Seller shall be entitled to sell shares limited up to an amount of SEK 3,000,000 after 1 January 2022.

Kaupang is a Norwegian limited liability company that carries out purchases and sales of cryptocurrencies and is registered with Finanstilsynet. Kaupang’s Income Statement will be consolidated into Arcane Crypto AB groups accounts from Q2 2021.

For further information, please contact:

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About Arcane Crypto

Arcane Crypto develops and invests in projects, focusing on bitcoin and digital assets. Arcane operates a portfolio of businesses, spanning the value chain for digital finance. As a group we deliver services targeting payments, investment, and trading. In addition, we have a media and research leg. Arcane has the ambition to become a leading player in the digital assets space by growing the existing businesses, invest in cutting edge projects, and through acquisitions and consolidation.

The Company is listed on Nasdaq First North Growth Market and Mangold Fondkommission is Certified Adviser, tel. +46 8 5030 1550, e-mail: ca@mangold.se, web: www.mangold.se.