



Ether Capital Corporation

Investor Presentation

May 15, 2020

What is Ether Capital?



We provide public market investors **access** and **exposure** to the Ethereum and key pieces of digital asset infrastructure



History of Money

Gold Standard



Decentralized

Era of Fiat



Centralized

Cryptocurrency

Bitcoin: A Peer-to-Peer Electronic Cash System

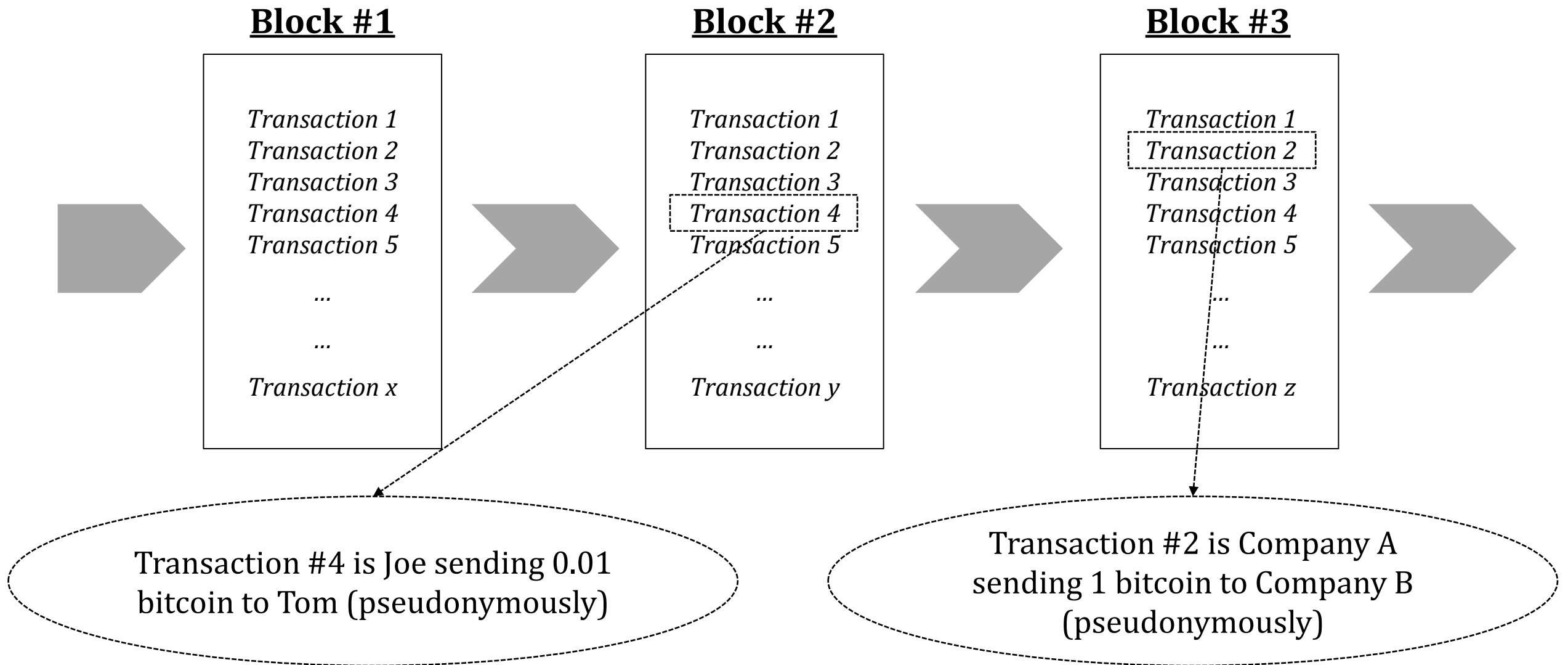
Satoshi Nakamoto
satoshin@gmx.com
www.bitcoin.org

Abstract. A purely peer-to-peer version of electronic cash would allow online payments to be sent directly from one party to another without going through a financial institution. Digital signatures provide part of the solution, but the main benefits are lost if a trusted third party is still required to prevent double-spending. We propose a solution to the double-spending problem using a peer-to-peer network. The network timestamps transactions by hashing them into an ongoing chain of hash-based proof-of-work, forming a record that cannot be changed without redoing the proof-of-work. The longest chain not only serves as proof of the sequence of events witnessed, but proof that it came from the largest pool of CPU power. As long as a majority of CPU power is controlled by nodes that are not cooperating to attack the network, they'll generate the longest chain and outpace attackers. The network itself requires minimal structure. Messages are broadcast on a best effort basis, and nodes can leave and rejoin the network at will, accepting the longest proof-of-work chain as proof of what happened while they were gone.

Decentralized



What is a Blockchain?



What Does Decentralization Mean?

GLOBAL BITCOIN NODES DISTRIBUTION

Reachable nodes as of Fri May 15 2020 09:06:55 GMT-0400 (Eastern Daylight Time).

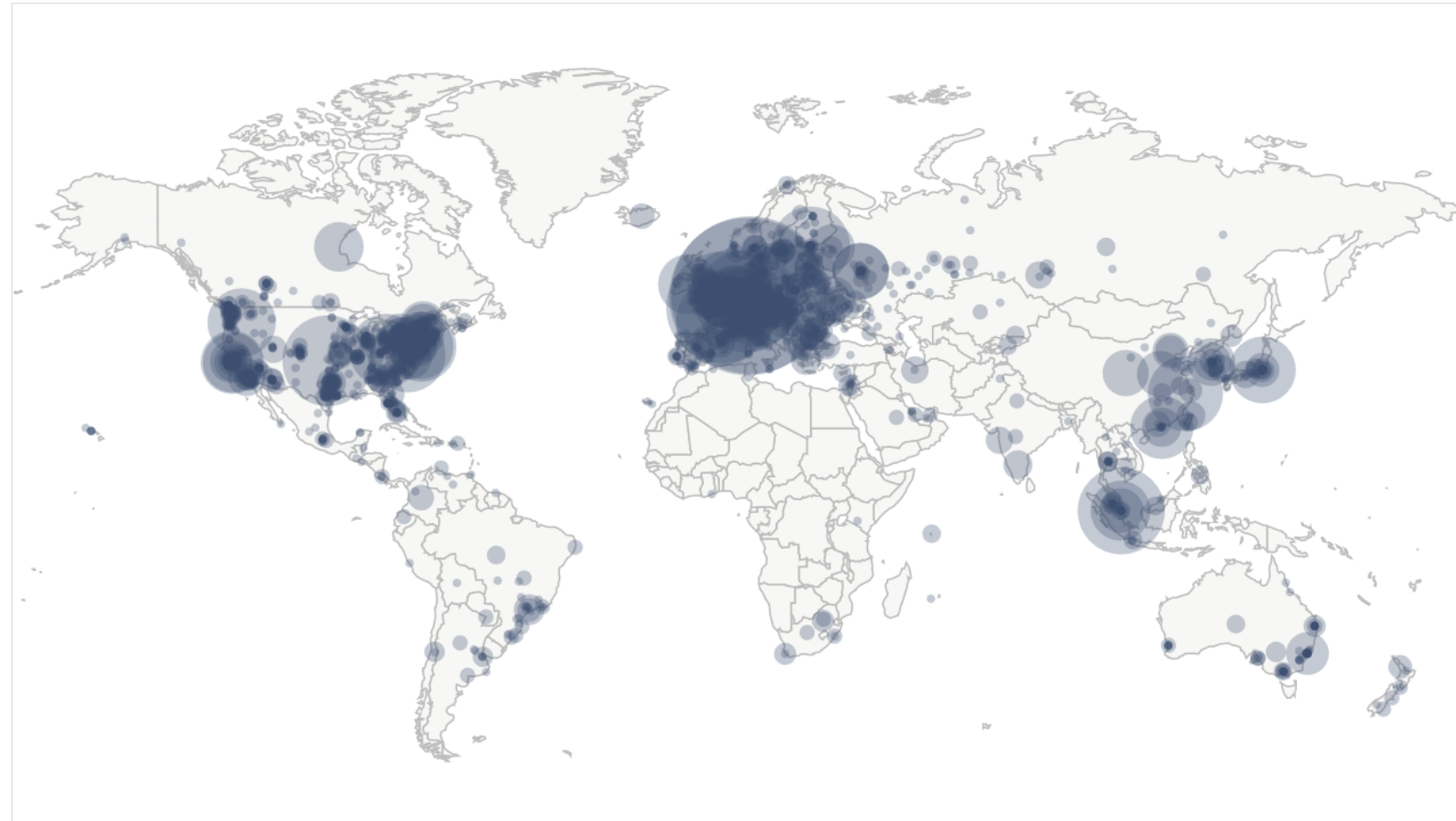
8433 NODES

[24-hour charts »](#)

Top 10 countries with their respective number of reachable nodes are as follow.

RANK	COUNTRY	NODES
1	United States	1963 (23.28%)
2	Germany	1815 (21.52%)
3	France	579 (6.87%)
4	Netherlands	437 (5.18%)
5	n/a	331 (3.93%)
6	Canada	301 (3.57%)
7	United Kingdom	269 (3.19%)
8	Singapore	253 (3.00%)
9	Russian Federation	228 (2.70%)
10	China	199 (2.36%)

[More \(103\) »](#)



Map shows concentration of reachable Bitcoin nodes found in countries around the world.

[LIVE MAP](#)



Source: bitnodes.io; includes reporting nodes only

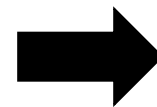
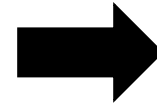
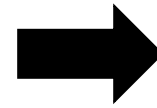
Why is Decentralization Important?

- ☑ Public
- ☑ Permissionless
- ☑ No 3rd Party Trust Required
- ☑ Censor-resistant
- ☑ Transparent
- ☑ Auditable
- ☑ Neutral

***Next Generation
“Web 3” Principles***



Ethereum: Moving Beyond Bitcoin



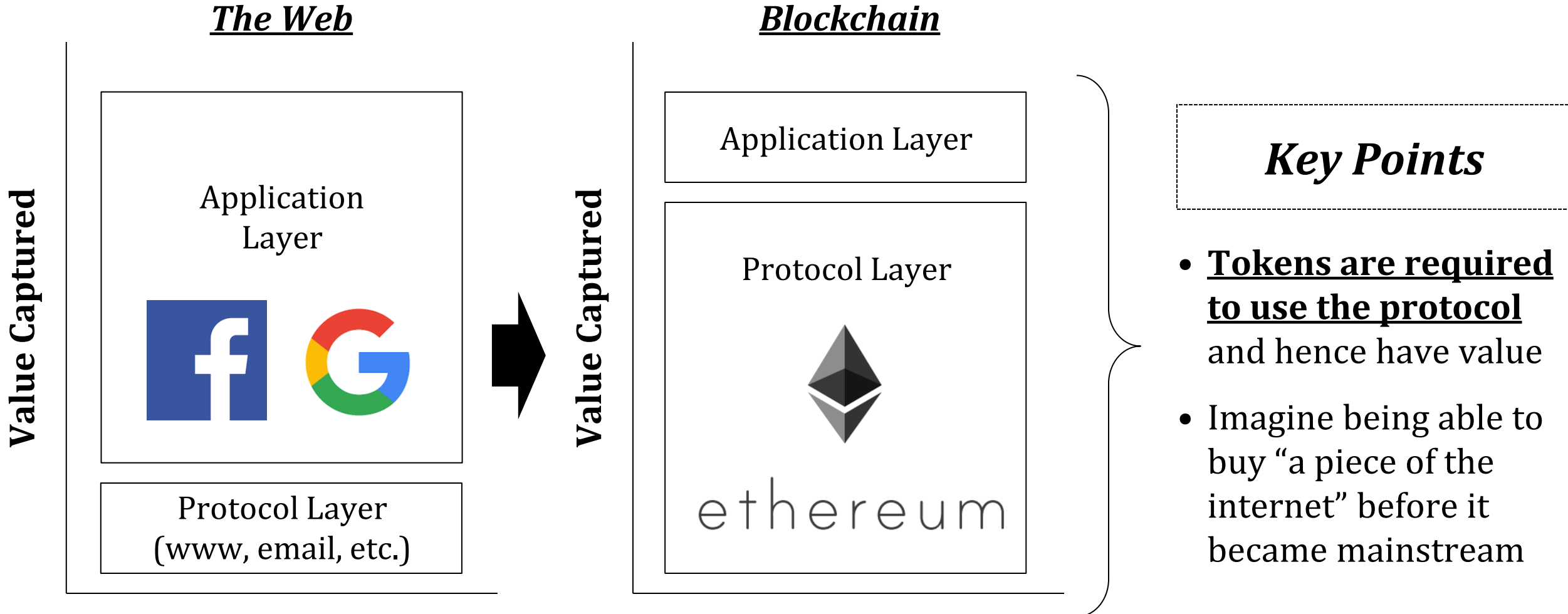
Bitcoin is a calculator

Ethereum is a computer...

***the first decentralized
computer ever***



Ethereum's Value Proposition



Source: USV

Protocol Token: Ether



- Our thesis:
 - Ethereum has the potential to be the pre-eminent blockchain platform (the base layer) that secures trillions in market value and economic activity
- Ether (“ETH”) is the native cryptocurrency of the Ethereum blockchain
- Why is ETH valuable?
 - ETH is a commodity-like fuel that must be paid to access and use the Ethereum world computer (when used in this way it is referred to as “gas”)
 - **As usage of Ethereum grows, the demand for ETH should grow - leading to capital appreciation of Ether**
 - Unlike Bitcoin, which is currently functioning solely as a store of value and digital gold, ETH is both a digital and a utility currency (i.e., its utility being the access to Ethereum)



Ether Capital Team



Brian Mosoff
CEO



Stefan Coolican
President and CFO



Som Seif
Co-CIO



Benjamin Roberts
Co-CIO



John Ruffolo
Board Member



Colleen McMorrow
Board Member



Liam Horne
Board Member



Joey Krug
Board Member



Cam Di Prata
Board Member



Boris Wertz
Board Member



Ethan Buchman
Board Advisor



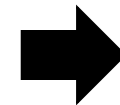
Michael Dunworth
Board Advisor



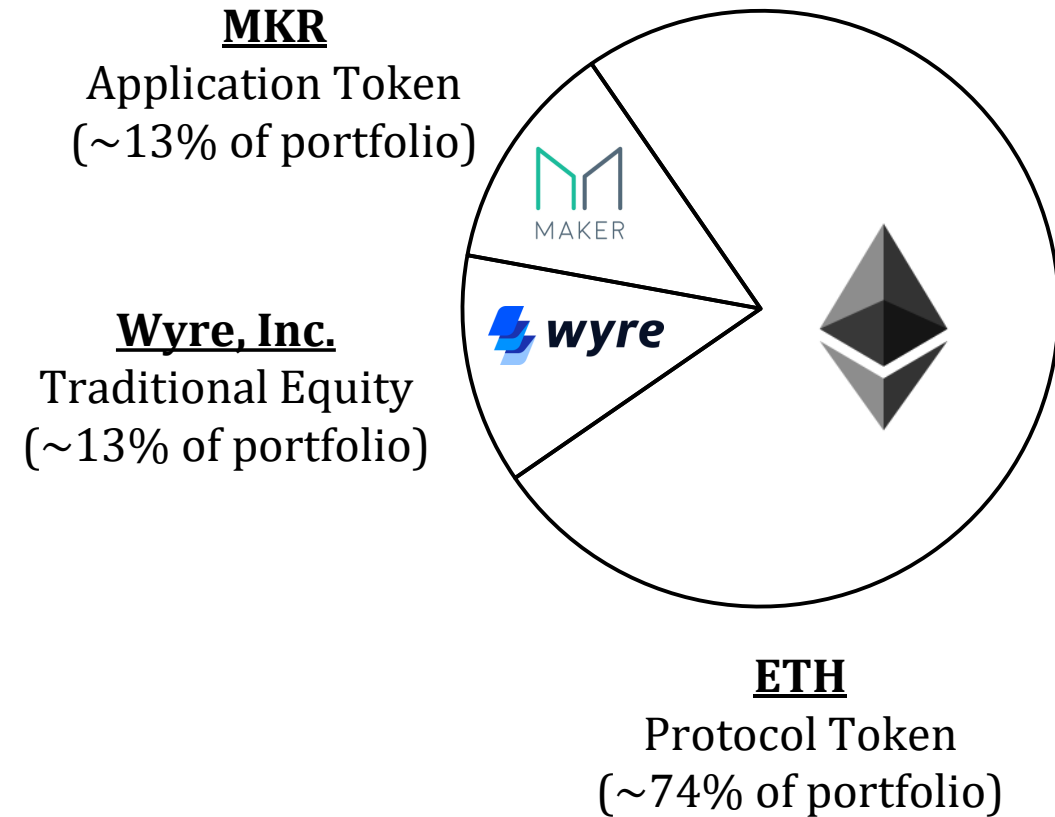
Corporate Snapshot

Ticker	NEO: ETHC
Share Price	C\$0.30
Shares Outstanding (Basic)	23.0 million
Insider ownership	~16%
Market Capitalization (Basic)	C\$6.9 million

<u>Ether Capital Portfolio⁽¹⁾</u>	
Ether Held (33,404 ETH)	\$9.6 million
Maker Held (2,300 MKR)	\$1.1 million
Investment in Wyre (book value)	\$1.9 million
Portfolio Value ("NAV")	\$12.6 million
NAV / Share (Basic)⁽²⁾	\$0.55



~45% Discount to NAV



(1) Portfolio holdings are as at March 31, 2020; For Ether and Maker, pricing is as at May 14, 2020; Wyre book value is as at March 31, 2020
 (2) Excludes warrants outstanding (2.2 million exercisable at \$0.48)

Portfolio Asset: Ether



- Ethereum has established itself as the premiere Web 3 platform:

Largest community of developers (estimated to be 250,000+)

Provides for “interoperability” between applications (i.e. stand-alone platform)

Longest operating smart contract platform (4 years)

Largest number of applications (1,000+)

Enterprises are beginning to deploy products and software on Ethereum

Ethereum Foundation improvement roadmap being implemented :

- Ethereum 2.0 anticipated launch in H2 of 2020, brings proof-of-stake



Portfolio Asset: Maker



A stablecoin is critical for Ethereum's adoption and growth

- What is Maker?
 - Maker creates a stablecoin called Dai by backing it with assets locked into a redeemable collateral pool (currently over US\$400m in the pool backing over \$100m of Dai)
 - Dai allows users to trade and interact with applications on Ethereum without:
 - the volatility associated other cryptocurrencies, or
 - the redemption risk associated with centralized, fiat-collateralized stablecoins
- Why is the MKR token valuable?
 - Equity-like token that becomes more valuable as Maker grows assets and Dai is used
 - Owning MKR means owning a piece of the world's first “decentralized central bank”



Portfolio Asset: Wyre



Efficient on-boarding is critical for Ethereum's adoption and growth

- Wyre is a crypto exchange and technology platform
 - Building the “Stripe of crypto” with compliant fiat-to-crypto on and off-ramps
 - \$3.5 billion of crypto and foreign exchange traded in house since 2013
 - MSB licenses in 22 states in the U.S. as well as Australia and HK
 - Developer focus – “zero to a cryptokitty in 2 minutes”
- Key differentiators:
 - Deep experience in payments
 - Key first-mover advantage with pre-eminent Web 3 projects (e.g. Metamask)



Ether Capital's Business Model

Asset Management

- We hold 33,404 ETH and 2,300 MKR (as at March 31, 2020)
- We also own a minority investment in Wyre, Inc.
- We plan to invest in tokens and equities of other projects

Technology Development

- Investments aimed at bringing mass adoption to decentralized applications (“dapps”)
- We plan to invest in traditional business models (i.e., equity) and leverage an in-house development platform

Ancillary Services

- Investments aimed at generating income from passive assets
- We plan to invest in traditional businesses focused on services to next generation platforms
- Opportunities: staking, sharding, state channels, decentralized exchanges



Investment Highlights



- ☑ Experienced Board & Executive Team
- ☑ Unique Approach to Investing in Web 3
- ☑ Access to Attractive Opportunities
- ☑ Transparency, Liquidity and Security



Appendix – Supplemental Slides



Bitcoin Pricing Precedent

- The price of ETH is down over 80% from its peak in January, 2018
 - BUT, we've seen this movie before... in Bitcoin
 - The key takeaway from prior declines: buying at the peak turned out to be very profitable

Bitcoin – History of Greater than 80% Declines

	Peak Date	Peak Price	Valley Date	Valley Price	Decline
2011	June	\$35	November	\$2	94%
Early 2013	April	\$259	April	\$45	83%
Late 2013	November	\$1,163	January	\$152	87%
2017 and 2018	Dec-17	\$19,666	Dec-18	\$3,277	83%



Ether Capital's Custody and Security

Trusted Governance & Process

- Each Director has a secure hardware wallet and corresponding access key device required to approve transactions
- Majority of Directors are required to approve any transaction
- Security Advisor: Citizen Hex, a leading crypto currency trading platform with significant experience as custodian of its own assets

Secure Offline Cold Storage

- Ether held offline in “cold storage”
- State-of-the-art cold wallet hardware used (Trezor and Ledger Nano S)
- Cold wallet hardware and access devices physically secured in safety deposit boxes at an accredited financial institution

Best in Class Access Protocols

- Leading multi-signatory smart contract (Gnosis MultiSig) stored on the blockchain
- Gnosis is widely used and audited by leading technology firms(1)
- In use by leading Ethereum projects: Basic Attention Token, 0x, Golem Project, Gnosis, WeiFund, STABL and Uport Value



How Does Maker Work? (The Basics)

