



# **Ether Capital Corporation**

## ***Investor Presentation***

*August 17, 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**

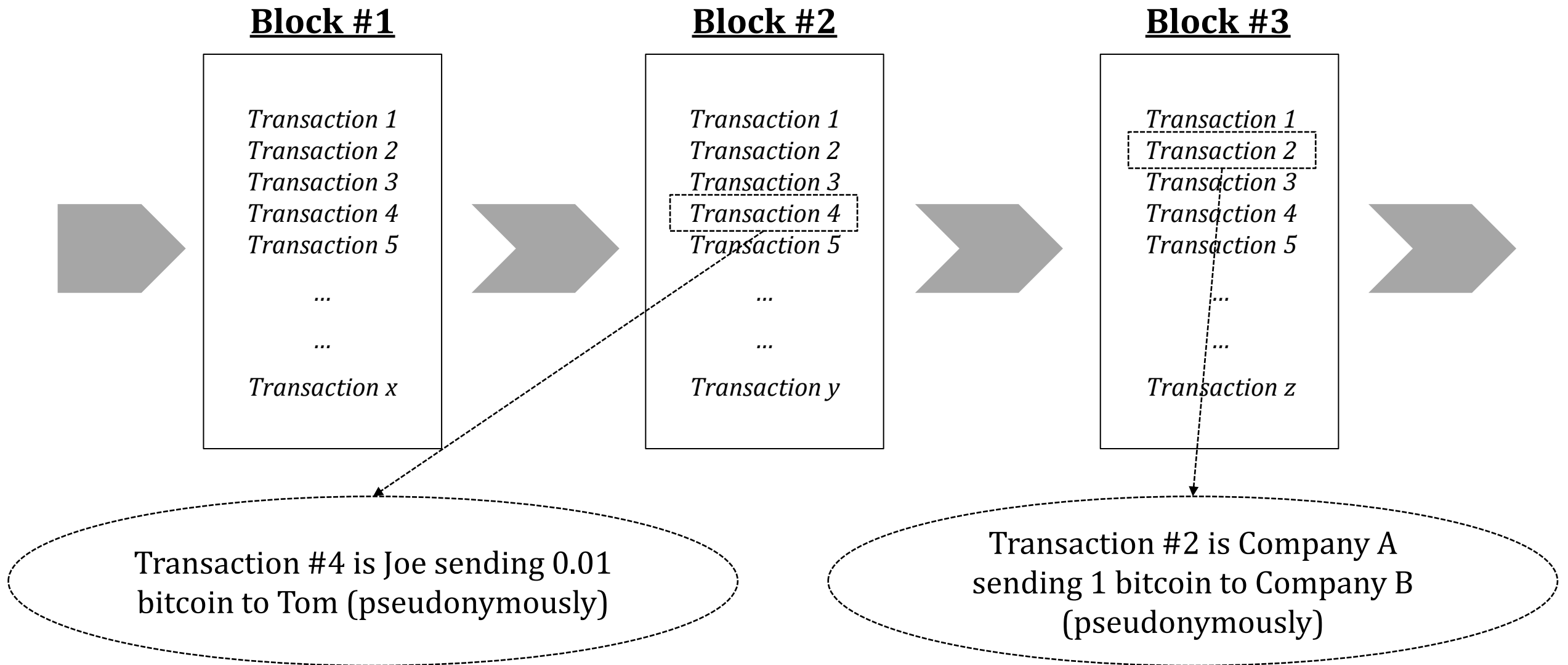
Satoshi Nakamoto  
satoshin@gmx.com  
www.bitcoin.org

**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 Mon Aug 17 2020  
14:44:51 GMT-0400 (Eastern Daylight Time).

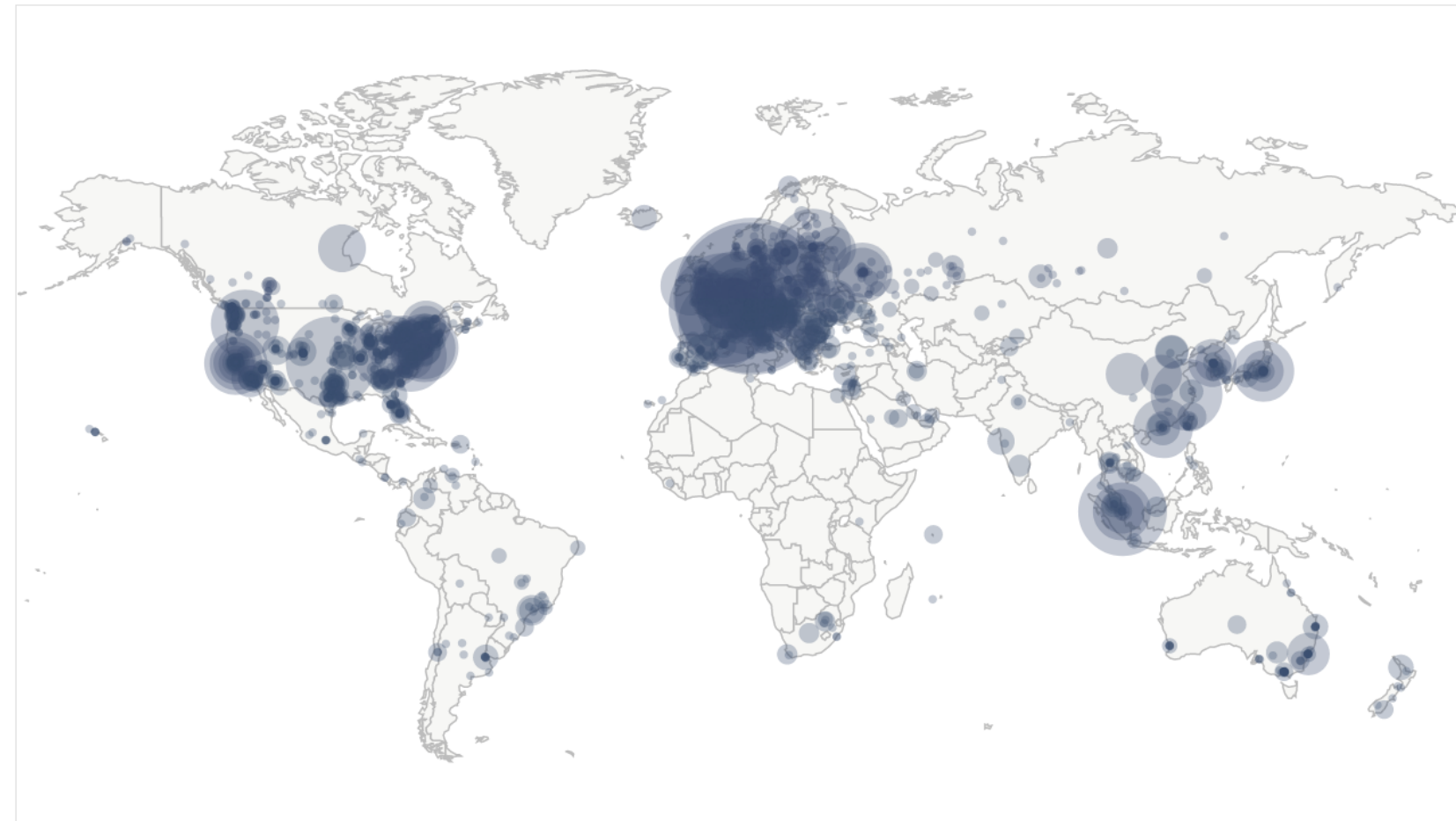
### 10437 NODES

24-hour charts »

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

RANK	COUNTRY	NODES
1	n/a	2628 (25.18%)
2	United States	1888 (18.09%)
3	Germany	1754 (16.81%)
4	France	574 (5.50%)
5	Netherlands	429 (4.11%)
6	Canada	296 (2.84%)
7	United Kingdom	255 (2.44%)
8	Singapore	253 (2.42%)
9	Russian Federation	236 (2.26%)
10	China	174 (1.67%)

[More \(102\) »](#)



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

[LIVE MAP](#)



Source: [bitnodes.io](https://bitnodes.io); includes reporting nodes only

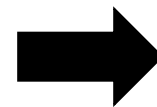
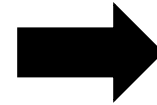
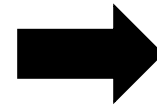
# Why is Decentralization Important?

- ☑ Public
- ☑ Permissionless
- ☑ No 3<sup>rd</sup> Party Trust Required
- ☑ Censor-resistant
- ☑ Transparent
- ☑ Auditable
- ☑ Neutral

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



# Ethereum: Moving Beyond Bitcoin



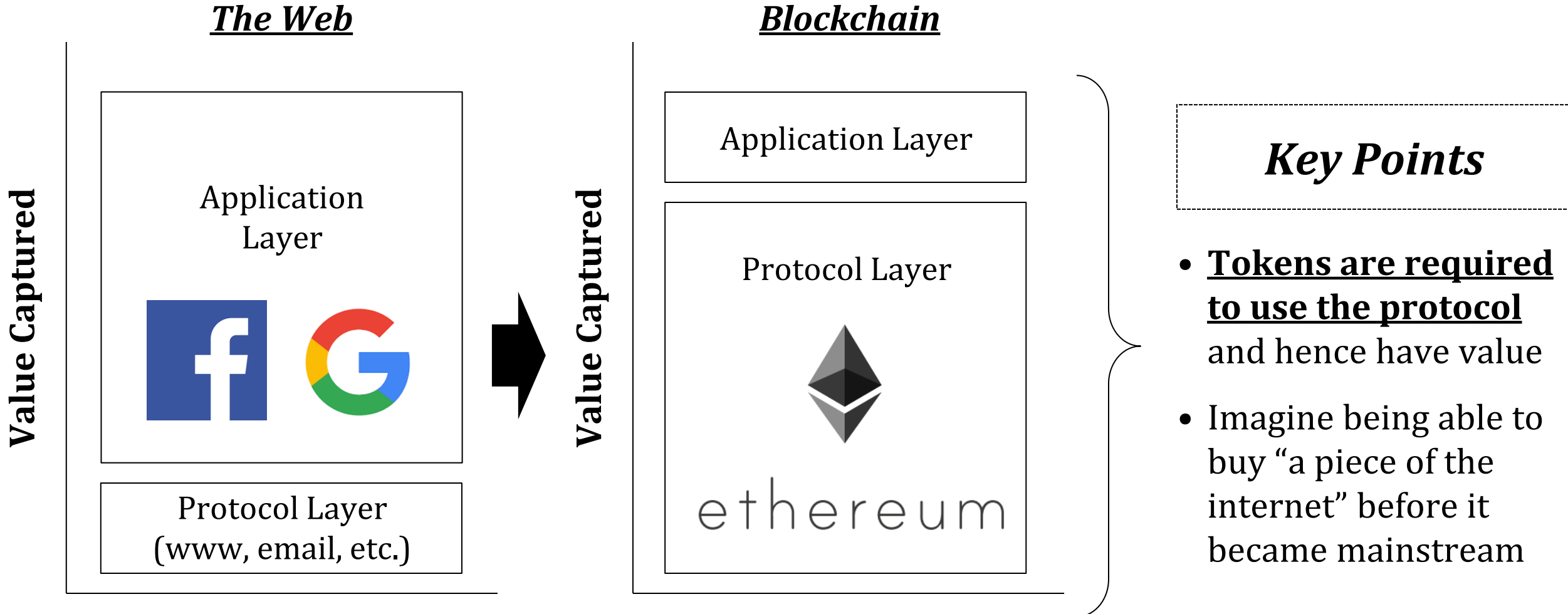
**Bitcoin is a calculator**

**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



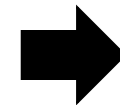
Michael Dunworth  
Board Advisor



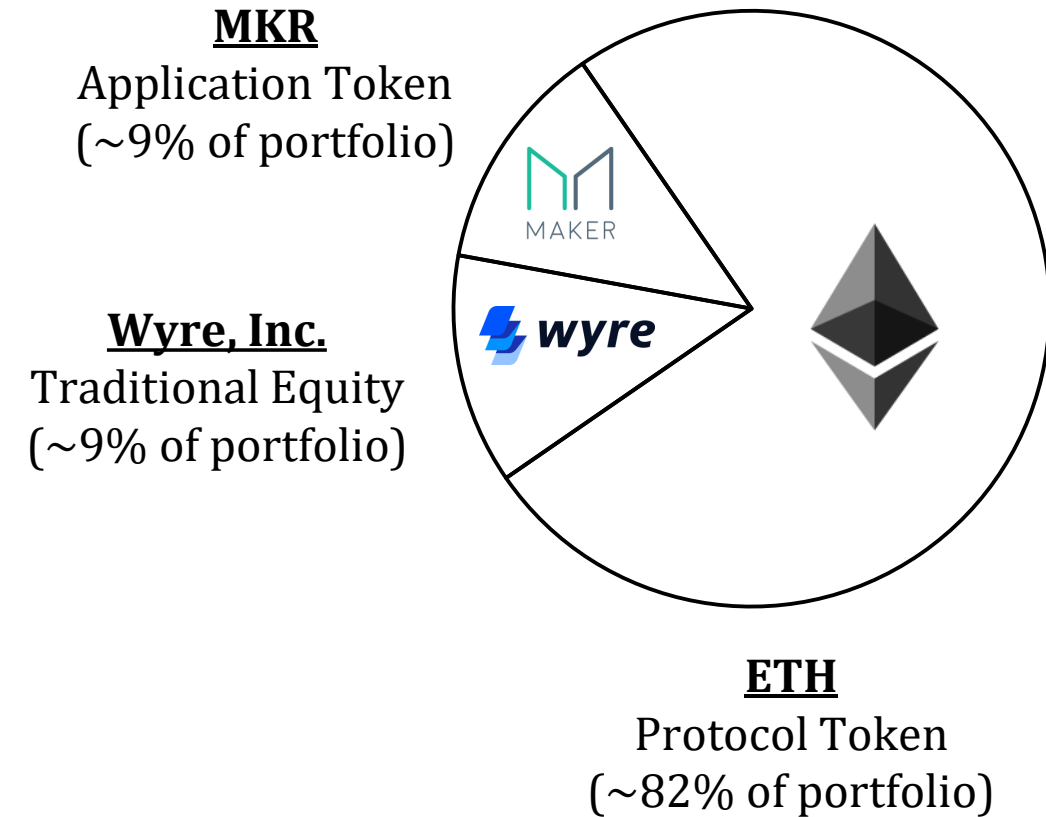
# Corporate Snapshot

Ticker	NEO: ETHC
<b>Share Price</b>	<b>C\$0.70</b>
Shares Outstanding (Basic)	23.0 million
Insider ownership	~16%
Market Capitalization (Basic)	C\$16.1 million

<b><u>Ether Capital Portfolio<sup>(1)</sup></u></b>	
Ether Held (32,407 ETH)	\$18.5 million
Maker Held (2,300 MKR)	\$2.1 million
Investment in Wyre (book value)	\$2.0 million
Portfolio Value ("NAV")	\$22.6 million
<b>NAV / Share (Diluted)<sup>(2)</sup></b>	<b>\$0.93</b>



**~25% Discount to NAV**



(1) Portfolio holdings are as at June 30, 2020; For Ether and Maker, pricing is as at August 16, 2020; Wyre book value is as at June 30, 2020  
 (2) Fully diluted calculation (treasury stock method) incorporates in-the-money warrants and options outstanding at June 30, 2020

# 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 to launch later in 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\$1.5 billion in the pool backing over \$425m 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 32,407 ETH and 2,300 MKR (as at June 30, 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





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# 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

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



# 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

## *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
- In use by leading Ethereum projects: Basic Attention Token, 0x, Golem Project, Gnosis, WeiFund, STABL and Uport Value



# How Does Maker Work? (The Basics)

