



Conax Group AB (publ)

a Swedish public limited company

Pre-IPO

private placement

SEK 15 million

Closing date 30/12 2020

All figures are in million Swedish kronor (MSEK), unless specified otherwise.

SEK 10 is equivalent to approximately USD 1.10.

October 2020

Business overview

Conax Technology AS was established in Norway in 2009 and since January 2020 is a wholly-owned subsidiary of Conax Group AB (publ).

In 2014, Conax observed capacity and scalability issues in the blockchain market and found a solution to address these problems.

Conax's technology significantly improves speed and scalability in blockchain transactions. Conax offers competitive solutions to current and future demands.

Conax is a Scandinavian software company specialised in fintech and blockchain solutions. With its headquarters in Stockholm, Conax maintains R&D centres in Oslo and Toronto.

Main product highlights:

- High-speed blockchain, goal <330 ms in Secured Zones
- Clearing and stamping for secured transactions
- Smart contracts – settlements
- Market Place for Instant lending
- Patents for IoT and Secured Zones

MSEK 15

Pre-IPO funding at
pre-money valuation
of MSEK 116

MSEK 350

Anticipated pre-money
valuation at listing

<330

Block times below 330
ms, blockchain faster
than anything else

12

Full-time team
members

2021

Planned listing on
the Nasdaq OMX
Stockholm

MSEK 15

Privately
invested, to
date

Executive summary

What we do

- We create the next generation of **industry-grade blockchains** with <330 ms block time.
- **Faster than anything else**, high-capacity and easily deployable for developers.
- Several **patents** on Diagnostic, Stemmed blockchain and Secured Zones.
- **Ready-to-use apps** for Instant lending, Social Cloud and smart contracts – on the blockchain.

Investment sought

- **Pre-IPO at MSEK 15**, Q3 2020 at a pre-money **valuation of MSEK 116**.
- Planned **IPO in 2021** of an additional MSEK 25 at a pre-money **valuation of MSEK 350**.

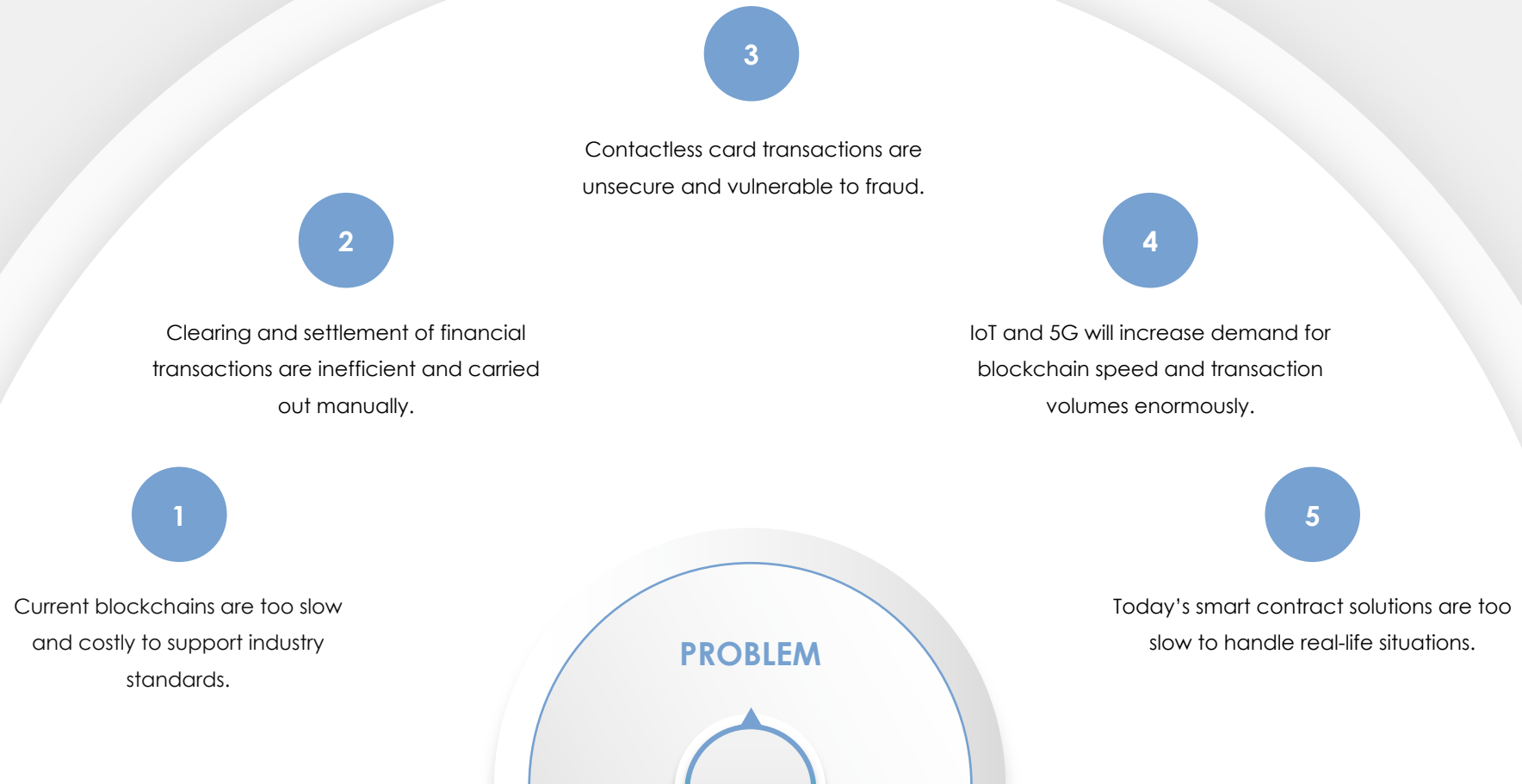
Business opportunity

- Conax offers global financial services a way to do **very fast and fully automated clearing**.
- Software houses can **build amazing blockchain**-based solutions easier than today.
- Financial companies can **launch new services** based on our white-labeled apps.
- Future **IoT transactions require** high-speed blockchains like Conax's.

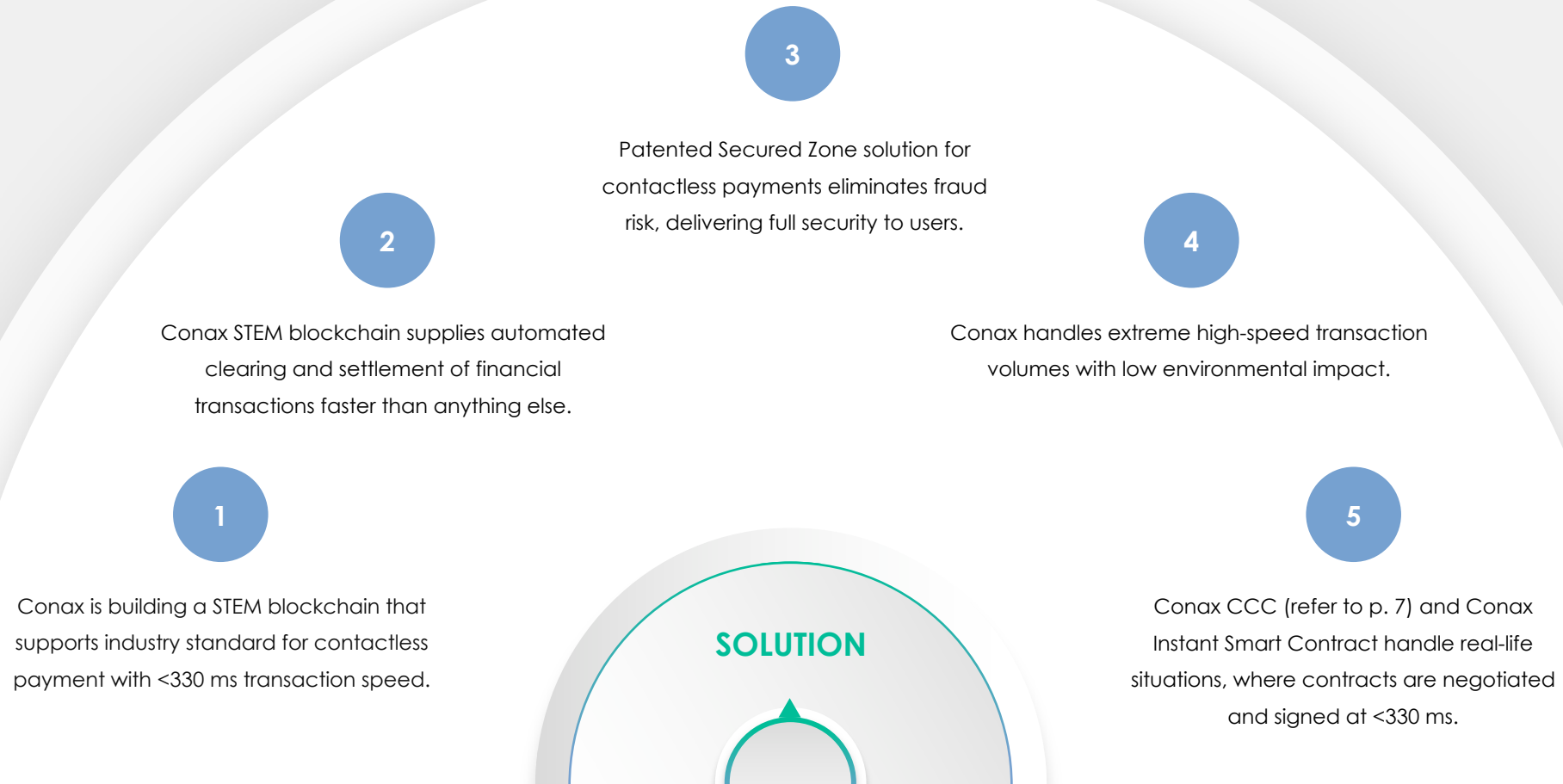
Return on Investment

- First revenues in 2021, anticipated to be profitable in **2022**.
- **Highly-scalable** solutions that gain volumes in short time – enabling **fast revenue growth**.
- **Aiming to go public** on the Nasdaq OMX First North, Stockholm in **2021**.
- Anticipated valuation of MSEK 1,500 at the end of 2022, based on projected transaction volumes.

The problem

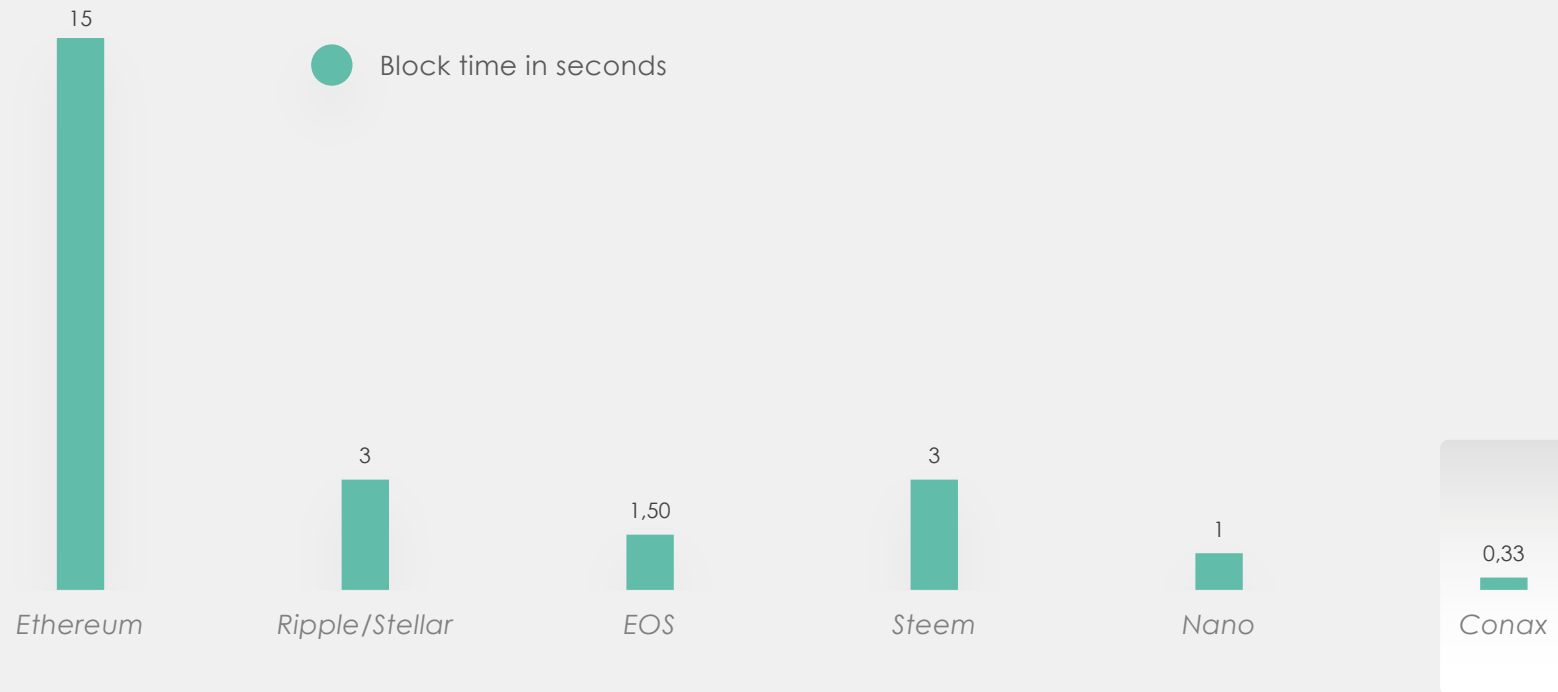


Our solution



Blockchain performance

Block time is the term for the time it takes to produce and add a block on the blockchain. Faster times mean higher capacity and lower demand for server capacity – thus also **lower costs**. Conax's Stem aims to be 45 times faster than Ethereum.



Services and products

HIGH-SPEED BLOCKCHAIN SETTLEMENTS

Automated clearing and stamping of financial transactions and **cross-border payments**. Settlement of smart contracts – on the blockchain faster than 330 ms.

BLACK BOX WRAPPER API, SDK, CSP

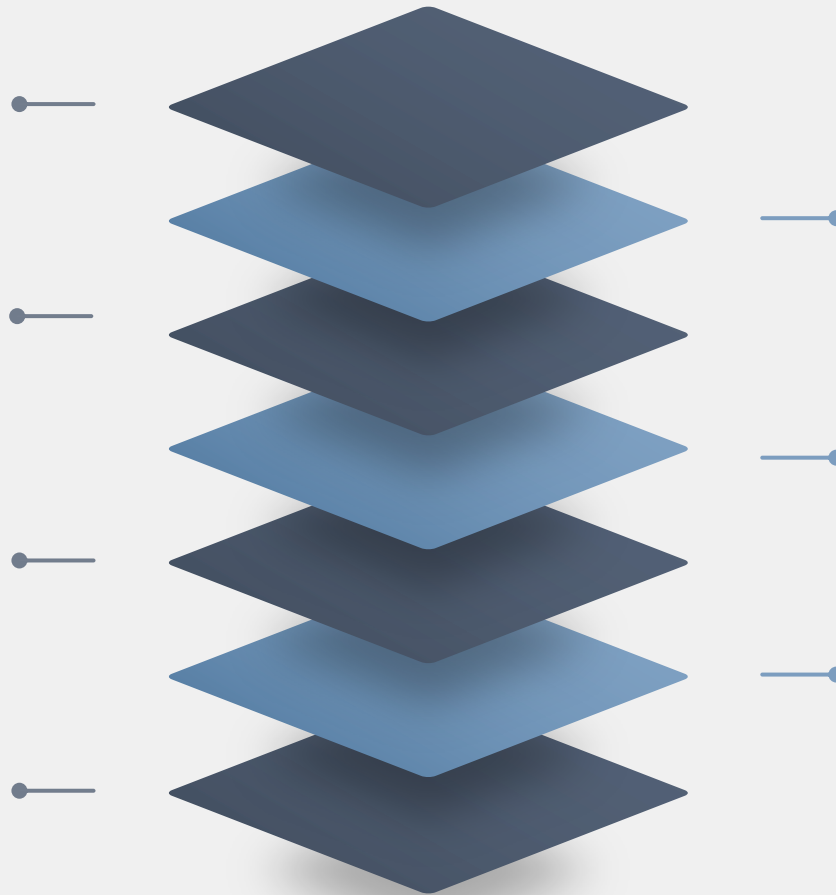
Really simple-to-use API, SDK, CCC integration. Full interface for developers to create and setup a blockchain-based service to the market.

INSTANT LENDING, MARKET PLACE

Market Place apps as white-label platform. Enables **Instant lending**, insurances, other add-on services, ready to use for financial companies and others.

ADVERTISING MODULE

As part of the Market Place, **we run ads**, based on socio-demographics and **geo-positioning**. Can be displayed anywhere where Market Place is used.



SECURED ZONE – PATENTED SOLUTION

Define your own Hub, like your mobile or your car. With the mobile as a Hub, you can block contactless payments when your credit card is too far away from the Hub - **eliminates fraud**. Or just lock the car automatically when your mobile leaves the Hub (your car). Transactions are stored on our STEM blockchain with <330 ms.

ONBOARDING

Onboarding unlimited users through our CCC environment allows for a fast roll-out to very large user bases. Fully-automated and **compliant KYC/AML** is part of the package.

COMMUNICATION - CONNECTIVITY - COLLABORATION

A full Cloud (CCC) for any corporation with customer with need of secure collaboration. Services as: **Social Cloud**, Billing, Document share and storage, Conference Call, Groups, Chat, Messaging and more.

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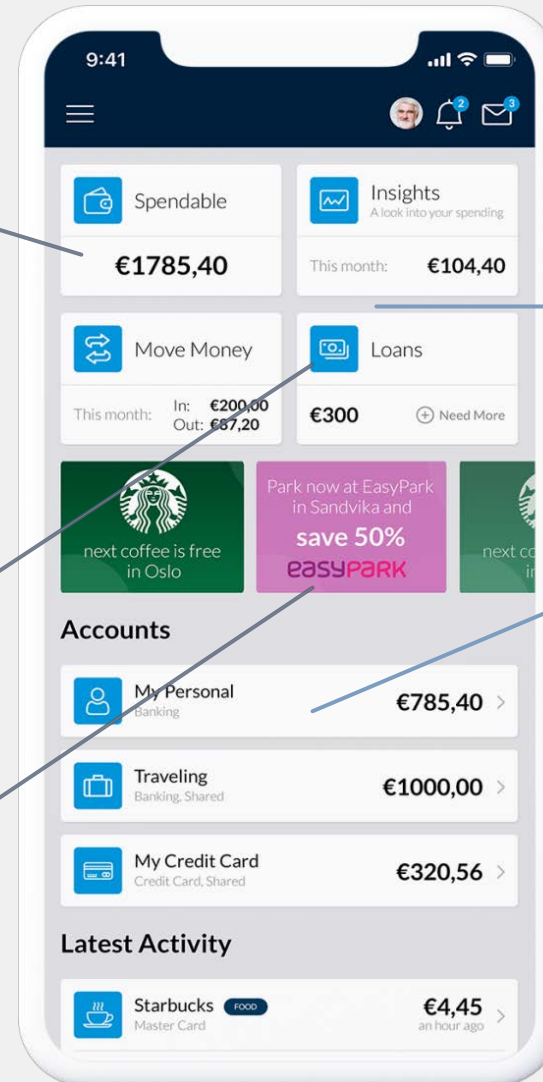
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Intellectual property

Conax holds three different patents covering important solutions for **IoT location**, **Secured Zone** based transactions and branched **stemmed blockchains** allowing high-speed, high-capacity transactions. Detailed information about our Patents can be provided upon request.

Electronic transaction based on Secured Zone

The mobile user can define her Mobile as a Secured Zone, decide update frequency and the Zone's perimeter. At a contactless payment, we check if the payment happens within or outside the Secured Zone. If outside, the cards PIN code is required to approve the transaction.

The Patent effectively stops the escalating problem with contactless payment fraud ([more info here](#)), the position and condition of the transaction is stored on the Conax blockchain.

Patent pending, filed in December 2019 - <https://patents.google.com/patent/US20200126078A1/>

Device location method

The Patent can be applied in all kinds of mobile, RF or IoT devices in different environments, where devices and their status can be monitored over air to a diagnostic system.

A Car can have a heat Sensor or any other kind of Sensor, even connected to OBD2. The Sensor sends its location and status to a diagnostic system or to a call center. Today, the Patent is used by numerous car manufacturers.

Patent granted 2016, filed in 2011 - <https://patents.google.com/patent/US9451407B2/>

Stemmed blockchain operations

This Patent allows us to combine several private and/or public blockchains into one public master blockchain (multi-tenancy), everything based on the Conax protocol that uses a pure proof of stake blockchain.

This enables us to create blocks at very high speed in several private blockchains, where thereafter all are combined in one public master blockchain.

Patent pending, filed in October 2019 - <https://patents.google.com/patent/US20200127844A1/>





Our market

Our primary market is software houses that develop solutions for global companies with 1+ million customers (high-volume transactions).

The secondary market is financial companies that want to improve transaction clearing and their customer experience.

The market size is measured in terms of the number of users, total credit amount and, finally, total number of transactions.

500+

million users

FROM 7 APPROACHED TELCOS ALONE

3+

USD billion potential lending balance

BASED ON INSTANT LENDING MARKET PLACE

15+

billion transactions available

EVERY CREDIT-CARD TRANSACTION COUNTS

Target markets

Who are the customers? **How** do we reach them? **What** is the potential?



Clearing/stamping

Who

Credit card issuers, banks and financial institutions with large transaction volumes.

How

Through partners – Conax is currently actively engaged in talks with leading telcos and financial institutions.

What

10+ million users within 3 years – all transactions stamped and cleared on our STEM blockchain.



Instant Lending

Who

International companies with large customer bases in various markets.

How

Through existing network and partners. Few key actors who then reach out to their network.

What

Revenue received on loan transactions based on total lending balance. Fast revenue increase with millions of users.



Smart contracts

Who

Legal, real estate, banking and financial sector, airlines, healthcare, shipping, IoT suppliers, telcos, automotive industries.

How

Initially through existing network, later through SEO, fairs and pinpointed sales actions.

What

Within a few years from now, IoT will totally change demand for high-speed smart contracts – enormous potential.

Vopy – Reference case

Vopy Technology AS delivers a white-label, full-scale neobank. The Norwegian technology company works closely with several international Telcos, retail- and utility companies to launch a several company-branded Neobanks to hundreds of millions of users.

Vopy uses the CCC platform for hassle free deployment and onboarding of customer and Conax P2P lending platform for building an Instant Credit offer to their customers.

Vopy plans to go live and generate revenues with their first partner at the end of 2020.



Fully automated neobank

Offers a white-label solution, enabling multinational companies with large customer bases to enter the digital Financial Services space. Vopy provides digital services like payments and credit to its customers.



Prepared for millions of users

Vopy has a fully automated & instant service technology to secure cost efficiency & scale. The multi tenancy architecture allows to simultaneously onboard million of users.



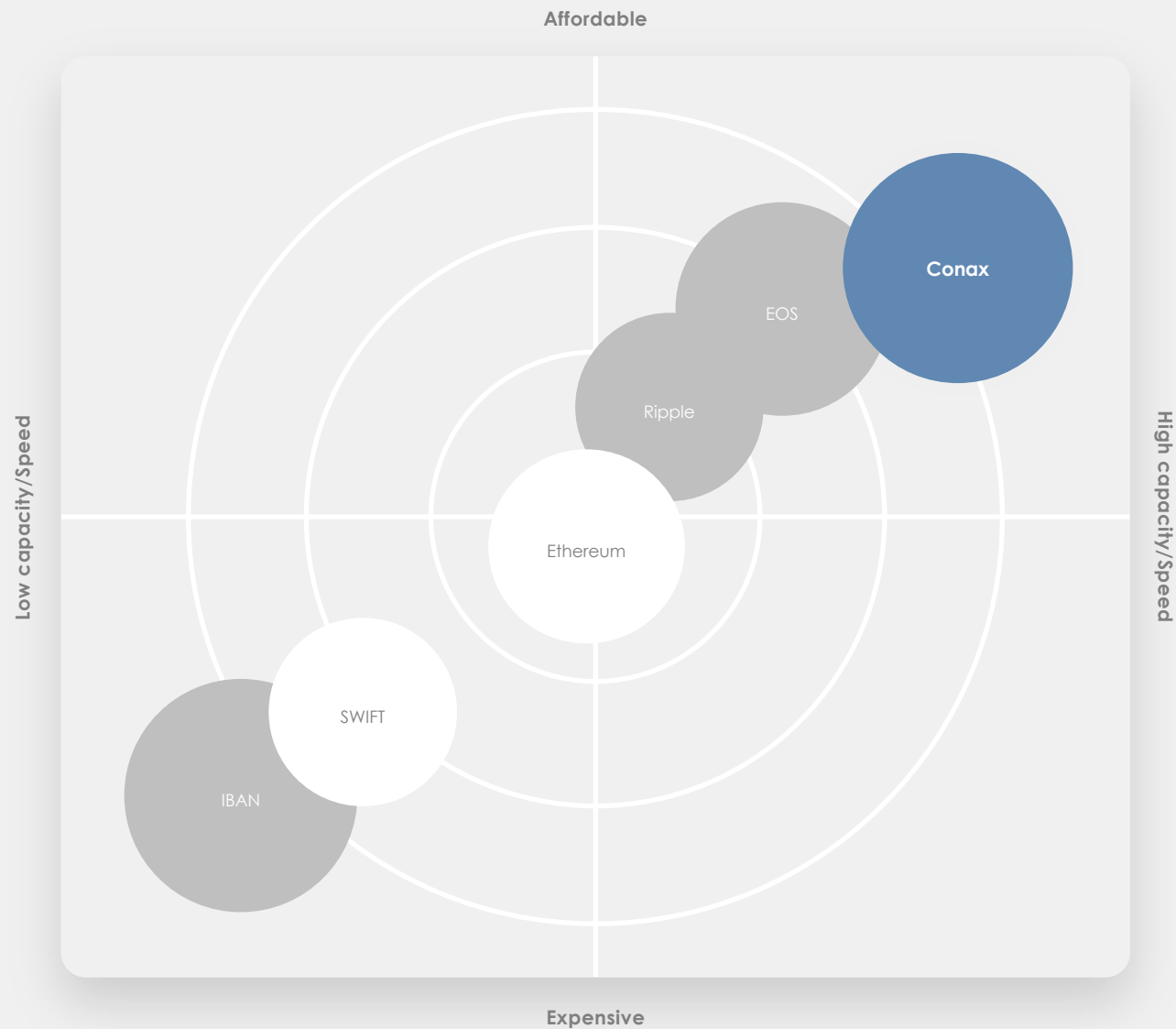
Instant Microcredit

Vopy offers Instant Credit services with automatic credit scores. Users can trigger credit “on the fly” with no need to submit a loan application.

Our competition

Except for other blockchains like Ethereum, Ripple or EOS, we are competing with traditional solutions for transaction clearing. The banking sector is slow on change and national banks usually control clearing.

We also see competition from clearinghouses like Iban, Swift and various in-house IoT solutions.



Competitive advantage

Conax

Competitors

- ✓ High speed <330 ms
- ✓ Scalable market approach
- ✓ Low transaction costs
- ✓ Smart developer interfaces
- ✓ Patented Secured zones

Do not meet industry standard



Limited scalability



Higher costs



Demanding interfaces



Cannot offer Secured zones



Concerns

- 01 Existing blockchains will improve their transaction speed.
- 02 Visa/Mastercard will stop collaboration with us due to competition.
- 03 Customer concerns over security on performance.
- 04 Will the STEM protocol be developed in time, at cost?

- 01 They have not managed higher capacity so far. If they do, it will be at a higher production cost.
- 02 On the contrary, they work with us in order to develop new blockchain-based solutions.
- 03 Blockchains are secure and slow; Conax has very high performance and is equally safe.
- 04 Our team is highly skilled and experienced in blockchain development. We have dimensioned both budget and timeframe to avoid this.

Responses

History and the next 3 years

2009

Conax Technology AS founded by Frode van der Laak. Preparation for first Patent started.

2011 - 2013

Filed Patent for IoT location method. Created the first applications based on this patent.

2014

Started Social Cloud development 'CCC'. Group, Wall, White-label. Started working on DLT techniques.

Established Vopy Technology AS as a separate spin-off. Both companies owned by Julo AS.

2016

Realtime service as Conference Call & Document Share. Billing System, Chat, Messaging.

2018

Multi-Tenant development, Open API and SDK, Started STEM protocol and DLT (several patents).

2020

Developing Market Place, Settlement, STEM protocol (+600 pages), Nodes.

Incorporation of Conax Group AB (publ) as a holding company. Conax Technology AS is now a wholly-owned subsidiary and R&D centre (January 2020).

Preparing for Listing, recruitment of a CFO and a new CEO.

2021

Anticipated IPO Listing of Conax Group AB (publ) on the Nasdaq OMX First North Stockholm.

Develop STEM blockchain. Approach key markets and partners.

Expand the organisation with Support/Sales/Compliance.

2022

Shipping Conax's own STEM blockchain. First profitable year. Full market approach.

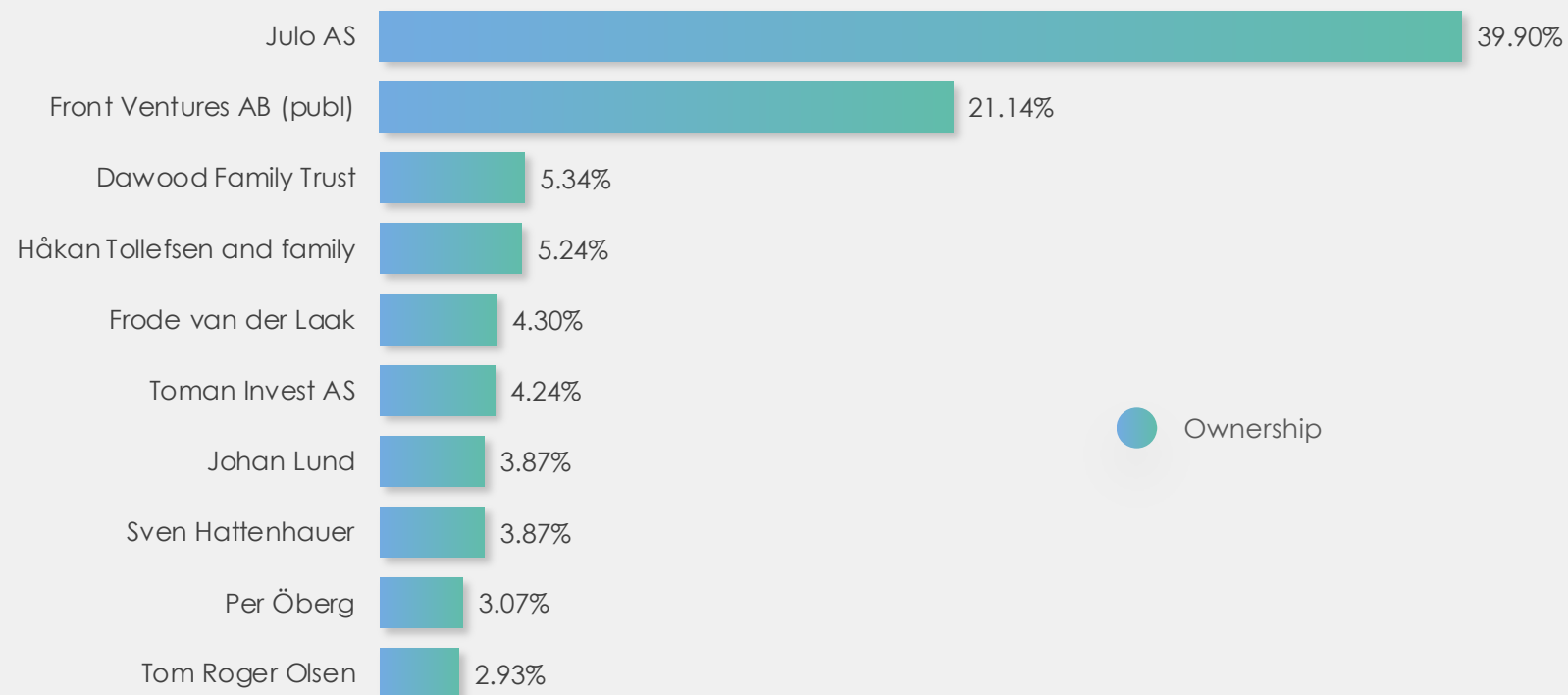
2023

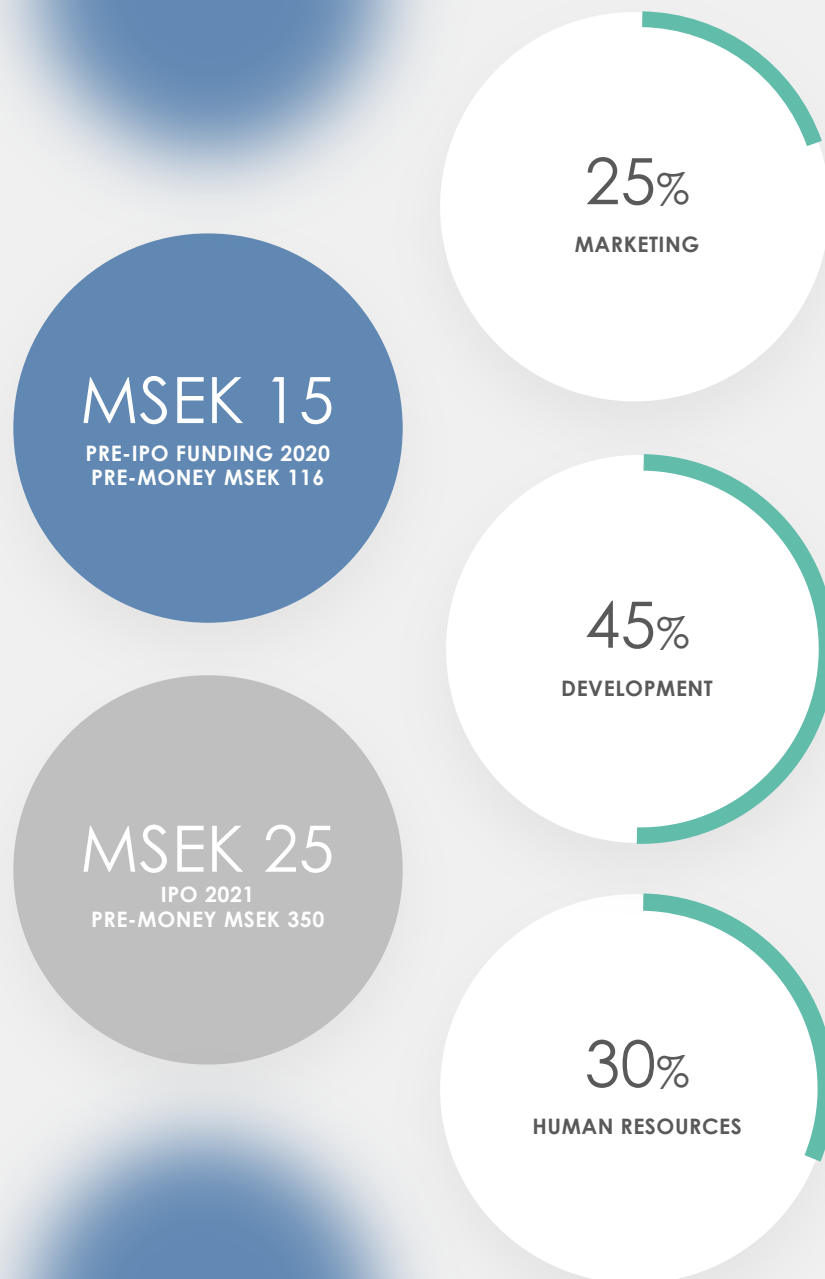
Continued development of STEM and related services. Launch of own consumer services.

History and the next 3 years

The 10 largest shareholders

Currently there are 41 current shareholders, of which Julo AS (Norway) is the founding and largest shareholder. Front Ventures AB (publ) entered early 2020 with MSEK 9 and is offering management, marketing and listing services to Conax. The services are provided as part of Front Ventures' investment in Conax. These are the 10 largest shareholders (October 2020).





Investment opportunity

Conax is raising SEK 15 million in pre-IPO funding with a pre-money valuation of SEK 116 million. The pre-IPO is guaranteed up to SEK 10 million by Johan Lund (CEO of Front Ventures AB) and Sven Hattenhauer (chairman of Conax Group AB).

During 2021, Conax is planning to list on the Nasdaq OMX First North Stockholm. The IPO is planned at SEK 25 million with a pre-money valuation of SEK 350 million.

Funding covers all costs until end of 2022, with forecasted profits as of mid 2022.

The investment offer closes 30 December 2020.

Investment summary

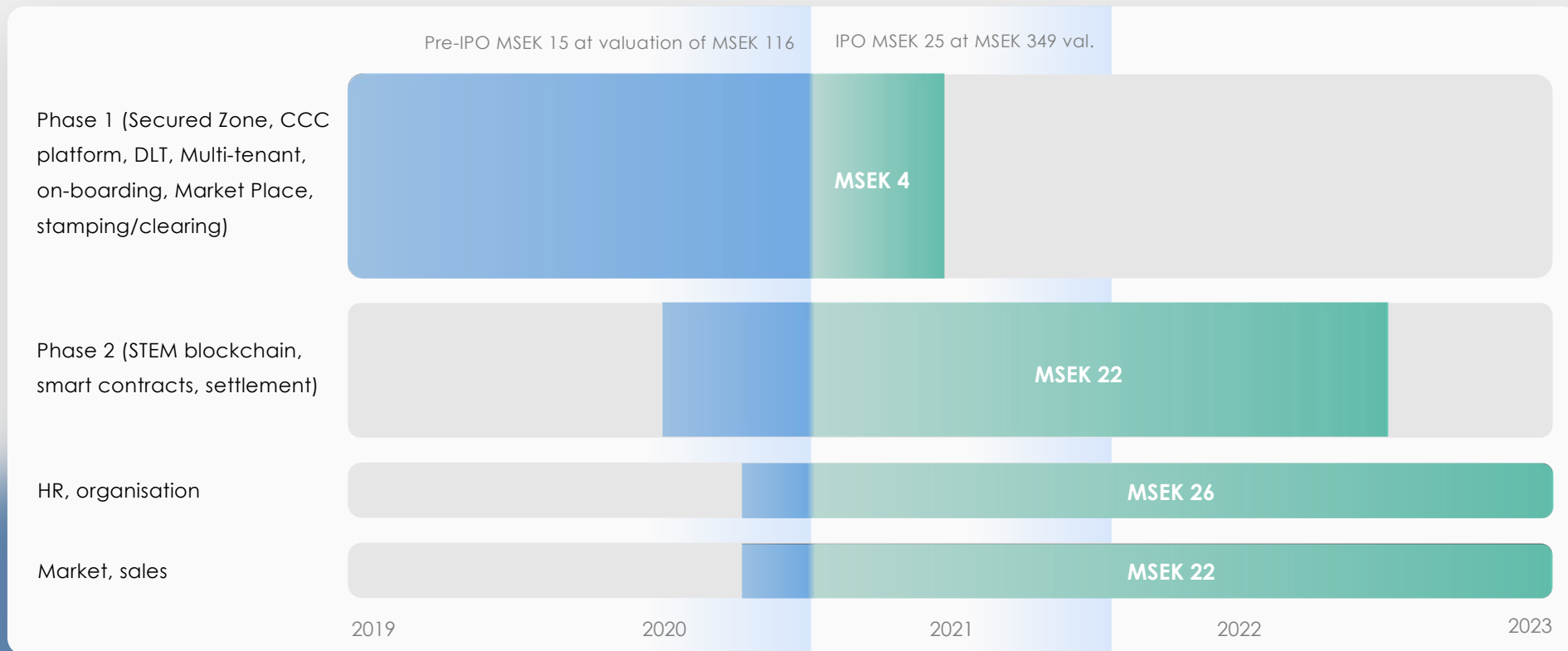
(SEK)	Pre-IPO (2020)	IPO (2021)
PRE-MONEY		
Number of shares*	77,462,584	87,462,584
Share price	1.5	4
Company valuation	116,193,876	349,850,336
ISSUED SHARES		
Number of shares	10,000,000	6,250,000
Proposed maximum aggregate offering price	15,000,000	25,000,000
Dilution at full issue	11.43%	9.68%
INVESTMENT UNITS		
Total number of units	1,000	2,500
Shares per unit	10,000	2,500
Price per unit (minimum investment)	15,000	10,000

*All shares in Conax are common stock where 1 share has 1 vote. Par value is SEK 0.10.

Use of proceeds

Phase 1 ships late 2020 – and will generate revenues early 2021.

Phase 2 will increase both revenues and margins considerably, as will the attractiveness in our offer. Sales & marketing is partner focused with few and large partnerships. Only B2B sales and market activities.



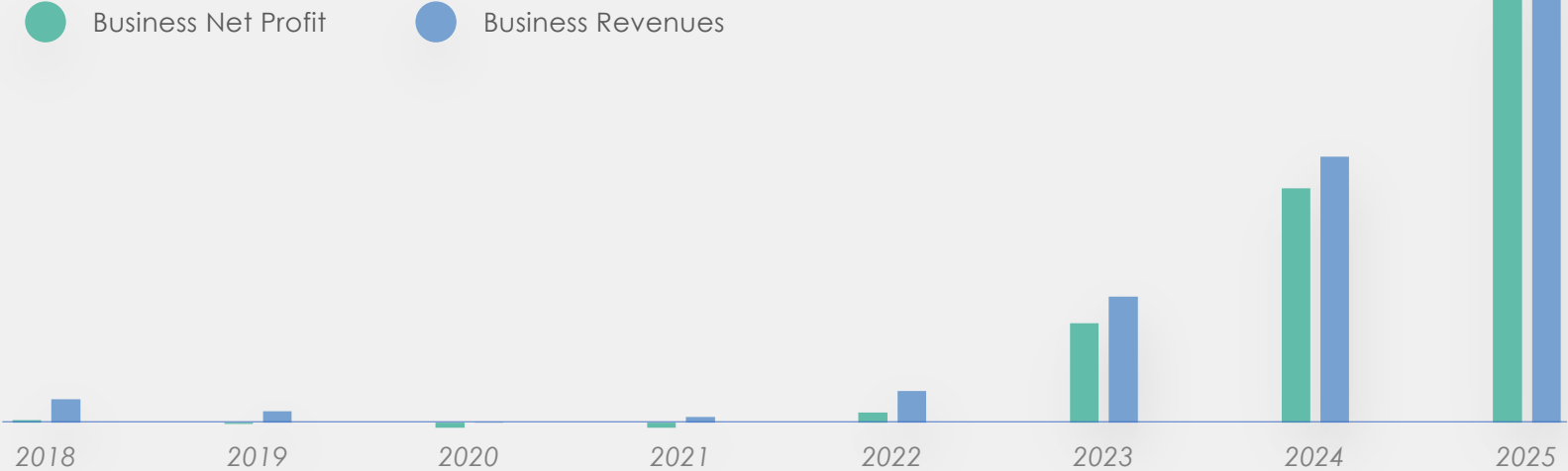
Completed



Not completed, remaining cost

Financial projection

We anticipate to achieve profitability in 2022, while increasing Revenue and Profits rapidly, starting the end of 2021. Transaction costs are low and mostly paid for by our Customers.



Cash flow statement

Numbers in SEK thousand	2020	2021	2022	2023
OPERATING ACTIVITIES				
Income	500	12,000	70,000	280,000
HR, organisation	- 1,500	- 7,500	- 20,000	- 25,000
Operations, development costs	- 6,000	- 11,000	- 13,000	- 20,000
Marketing & Sales	- 1,000	- 5,000	- 15,000	-20,000
NET CASH FLOW, OPERATING ACTIVITIES	- 9,000	- 11,500	22,000	215,000
FINANCING ACTIVITIES				
Rights Issue, Pre-IPO, IPO	21,000	25,000		
Financial costs	- 900	- 2,500		
NET CASH FLOW, FINANCING ACTIVITIES	20,100	22,500	0	0
NET INCREASE				
Cash at the beginning of the year	500	11,600	22,600	44,600
CASH AT THE END OF THE YEAR	11,600	22,600	44,600	259,600

Leadership



Zane Dawood

CTO

As lead developer, Zane has a high proficiency in diverse technologies. He focuses on implementing technical solutions in tandem with business strategy, as well as supervising highly scalable projects with blockchain applications.

With almost 20 years of extensive entrepreneurship experience, Zane has worked at top-level management in global firms in finance, telecom and IT.



Frode van der Laak

Founder, VP R&D, Boardmember

Holds an MSc in Software and System Security at the University of Oxford, MPhil from Kings College London and a Pending PhD from King's College London in Mathematics and DLT.

Frode brings enormous value to the team by bridging DLT with user efficiency interests, as well as inventing patented and patent-pending to promote convenience in a tele-communication and DLT environment.

[LinkedIn](#)



Paul Silcox [Zack]

Head of Security

Also with an MSc in Software and System Security from the University of Oxford, coupled with his in-depth knowledge in the security risk domain, Paul has been a principal consultant to the company in the areas of cyber risk management and operational governance across multiple sectors.

His experience has helped scale the development of accelerating network performance.



Marlene Julo

CEO, Boardmember

Marlene is a top performing tech Investor that sees technologies for the future. Marlene have proven fundraising and networking skills, building fruitful partnerships with partners.

As a boardmember, Marlene is representing Julo AS.

Marlene has graduated from University of Oslo (UiO) in Mathematics.

[LinkedIn](#)



Sven Hattenhauer

Chairman of the Board

30 years of experience in emerging technology and entrepreneurship within the software business.

Bridges production and marketing with extensive experience in leadership, marketing and sales.

Former CEO in listed investment company Abelco Investment Group and today Chairman of QuickBit eu AB (publ) and Conax Group AB (publ).

[LinkedIn](#)

Q&A

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