



BC Technology Group Limited
BC科技集團有限公司
Stock code: 863 HK



ASIA'S LEADING
DIGITAL ASSET
PLATFORM

SaaS • Brokerage • Custody • Exchange

Contact:

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Adjusted EBITDA is used by management as a measure of the Group's operating performance with that of our peers. Adjusted EBITDA should not be considered in isolation, construed as an alternative to profit or operating profit as reported under IFRS or other combines operations or cash flow data, or interpreted as an alternative to cash flow as a measure of liquidity. Adjusted EBITDA presented in this presentation may not be comparable to other similarly titled measures of other companies operating in the same or different business industry sectors.



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Asia's Leading Digital Asset and Fintech Company

2020 Interim Results Presentation

BC Technology Group is Enabling Institutional Adoption of the Digital Asset Class

- The financial services ecosystem is changing and mass adoption of digital assets by institutional investors is underway
- Only regulated players will survive in the aftermath of this transformation
- OSL stands apart globally as the only institutional 'regulation ready', compliant and secure platform positioned to enable professional investor access to the digital asset class

BC Group & OSL Key Differentiators

Ahead of the curve in governance

Industry leading AML / KYC
and security

Insurance on digital assets
by global leading provider

Comprehensive coin purity,
military grade security

Transparent, regulated

Listed on HKEX

Audited by Big Four firm

First to apply for SFC digital asset
trading licenses Types 1 & 7

Applied to MAS for digital asset
licence under the PSA

Industry best technology and products

High-speed institutional trading
engine

Deep liquidity pools

Cutting-edge white-label SaaS

Global leader in prime brokerage

Unrivalled team of experts

Digital asset pioneers

Leaders in financial services,
technology and risk /
compliance

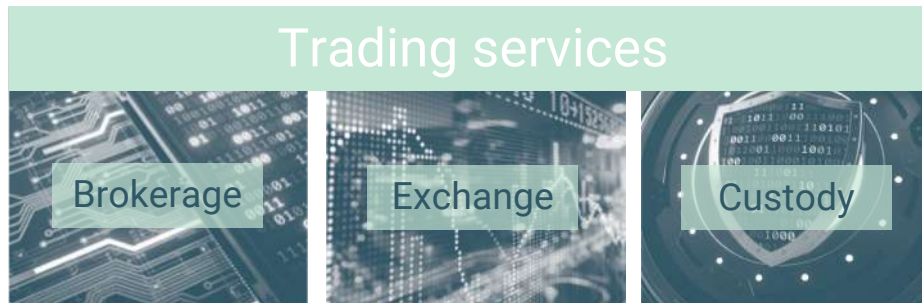
Board of directors with multi-
sector expertise

BC Technology Group: Strategic Focus on Digital Assets



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OSL - DIGITAL ASSET PLATFORM



📍 Hong Kong | Singapore

TRADITIONAL BUSINESSES



📍 Shanghai

1H 2020 Interim Results Overview

Exceptional growth in digital assets revenues, extremely high trading volume

- 47% YoY increase in digital asset revenue for 1H 2020 to RMB61 million
- Annualized digital asset platform volume reached RMB192 billion (USD28 billion) during 1H 2020
- Positive adjusted EBITDA for the first time in 4 years
- Digital asset platform comprised 68% of total revenue for the Group during the period

Scaling global presence, platform reach and customer base

- OSL Exchange public launch in Mar 2020
- OSL SaaS product suite launched, now servicing 10+ active customers, with a strong pipeline
- Singapore operations began in Jan 2020



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1H 2020
Financial &
Operational
Highlights



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Opportunity



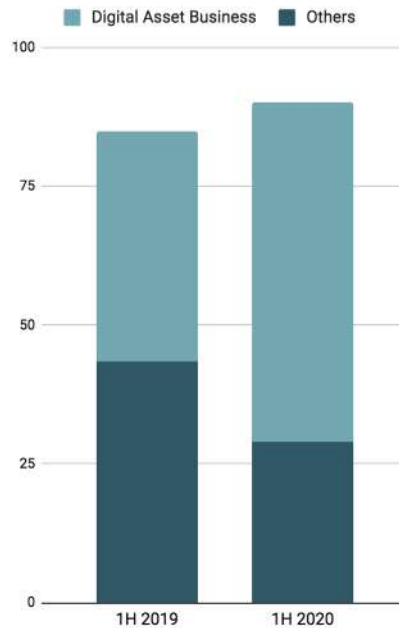
03

Appendix

Digital Assets Business – Explosive Growth in Trading Volume & Revenue

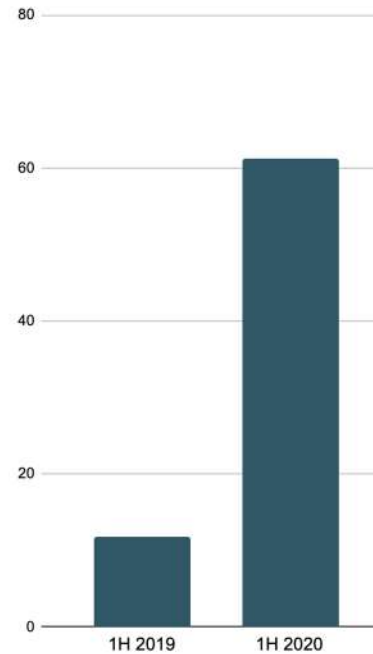
+6% YoY

All Business Revenue
(in RMB millions)



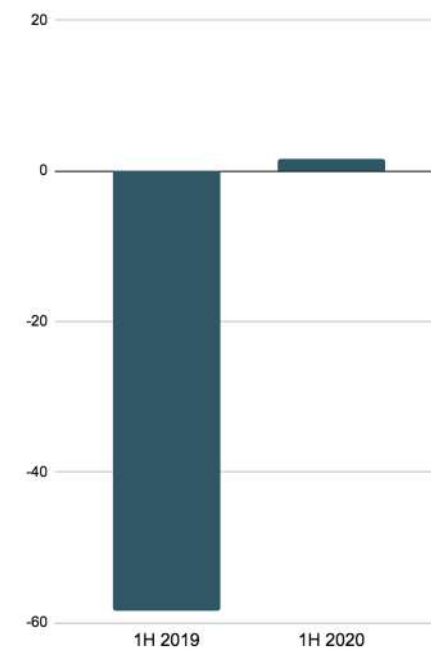
+420% YoY

Digital Asset Trading Volume
(in RMB billions)



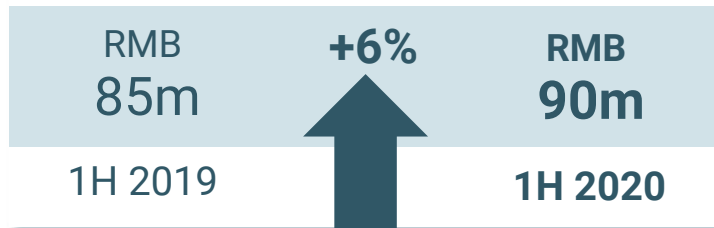
Positive

Adjusted EBITDA
(in RMB millions)

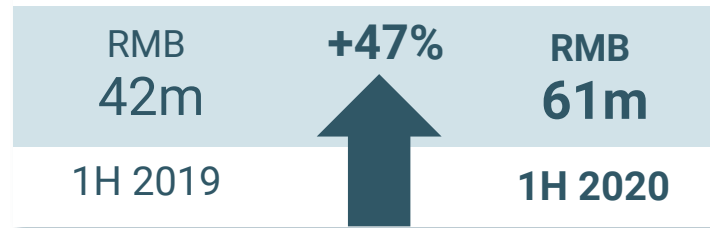


Financial Highlights

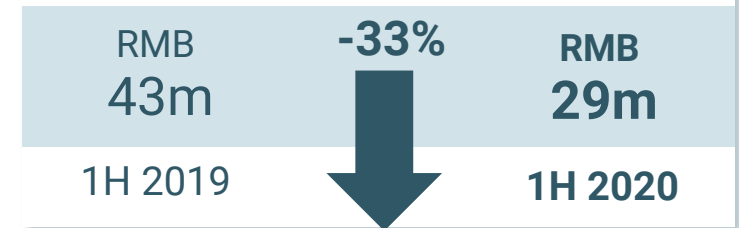
Group revenue



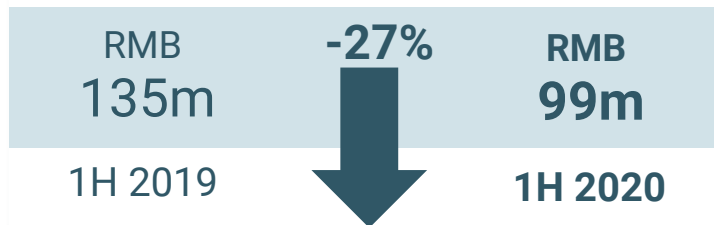
Digital assets revenue



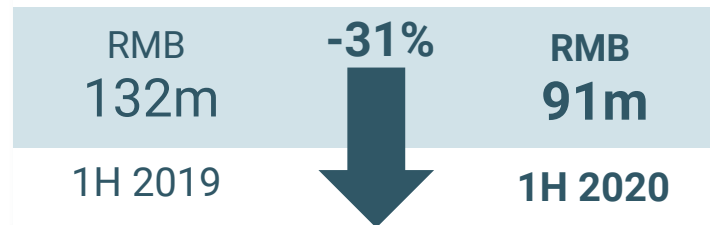
Advertising & business park revenue



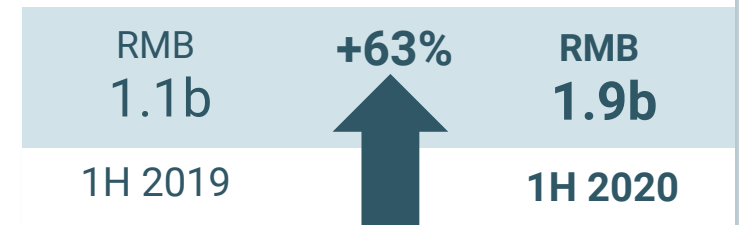
Total Operating Expenses



Group net loss



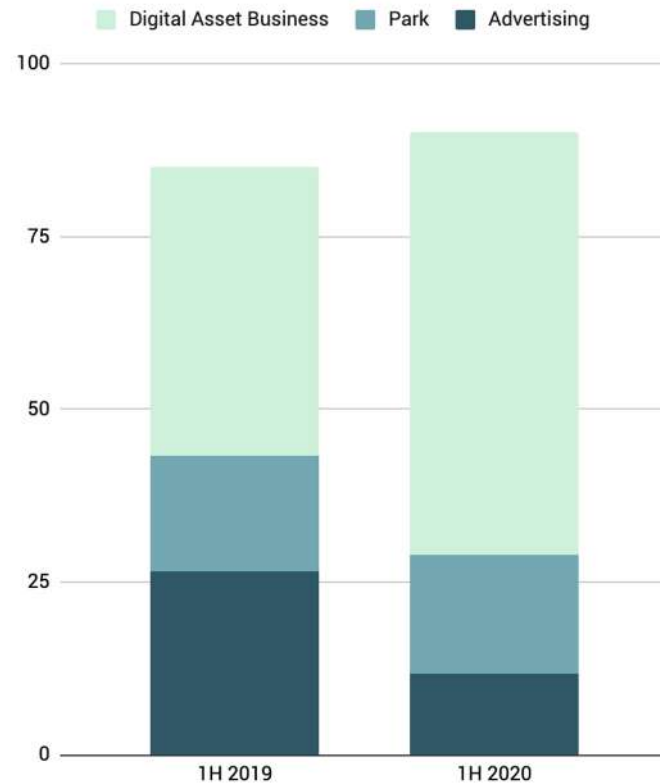
Assets



Digital Asset Platform is Growth Driver at 68% of all Revenues

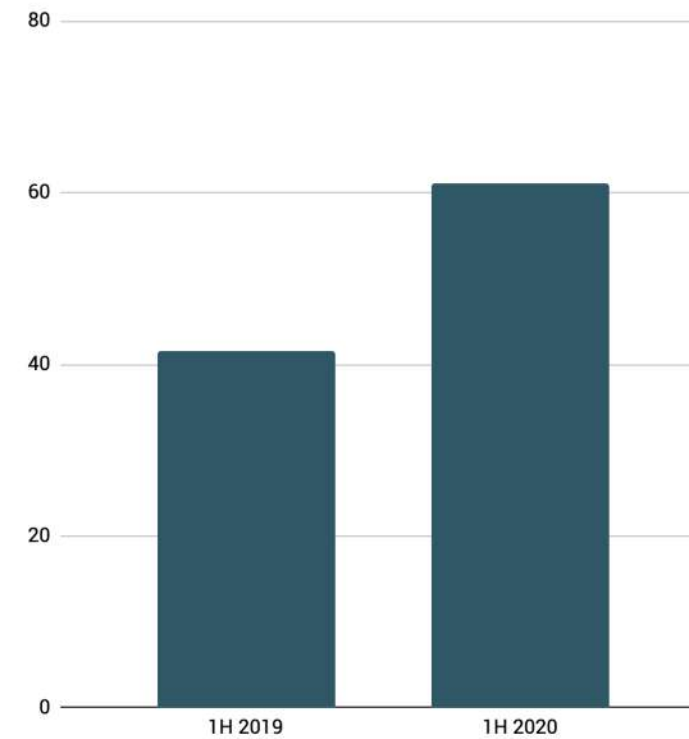
+6% YoY

All Business Revenue
(in RMB millions)

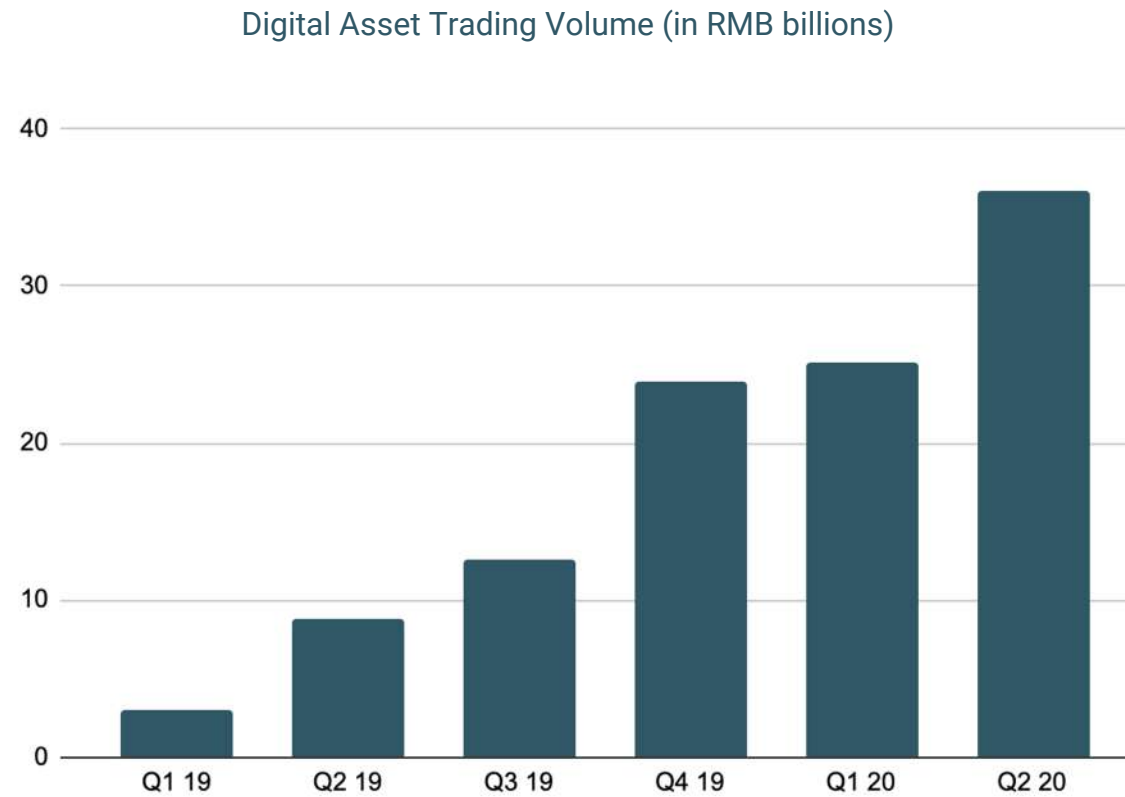


+47% YoY

Digital Asset Business Revenue
(in RMB millions)

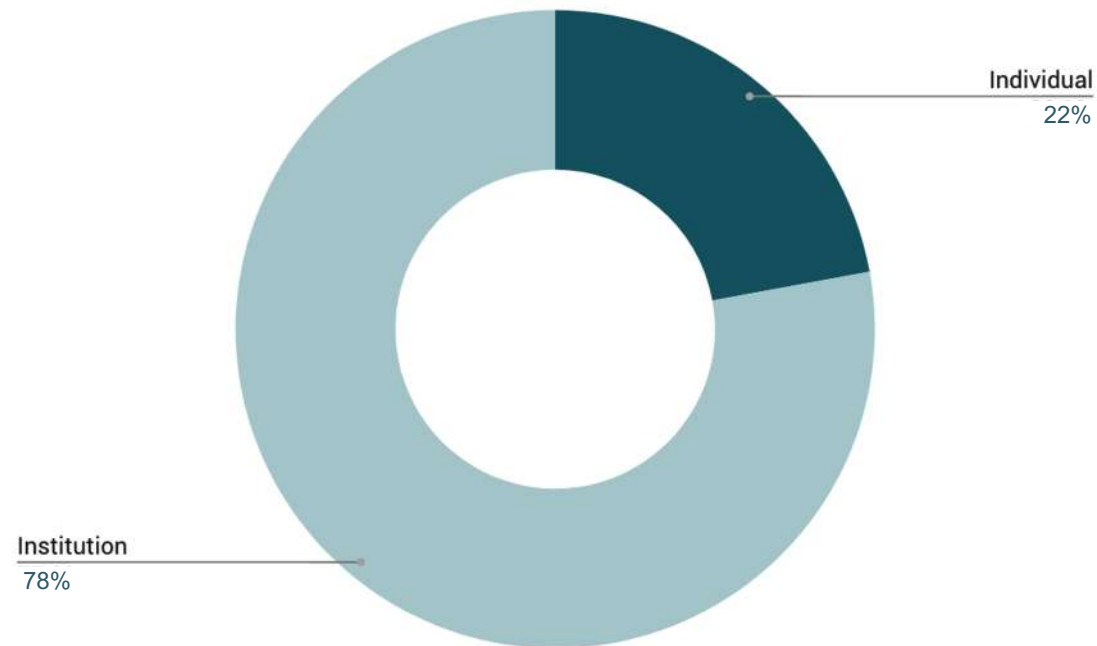


Significant Increases in Digital Asset Trading Volume

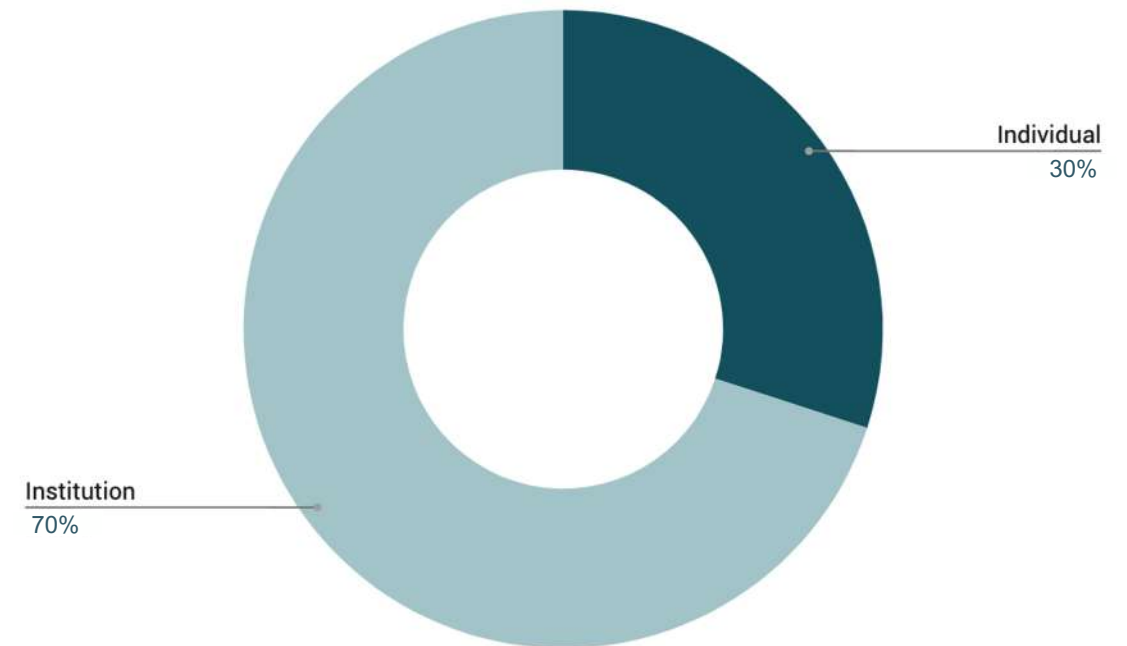


Institutions Drove over 75% of Trading Volume in 1H 2020

H1 2020 - Digital Asset Trading Volume Mix



H1 2019 - Digital Asset Trading Volume Mix



Financial Review (RMB'000)

	1H 2020	1H 2019	Change
Revenue	90,008	84,999	6%
Cost of Revenue	-18,584	-35,065	-47%
Gross Margin	79%	59%	
Total Operating Expenses	-98,526	-135,198	-27%
Operating Profit/Loss	-27,102	-85,264	-68%
Operating Margin	-30%	-100%	
Finance costs - net	-18,195	-19,096	-5%
Share-based Payment Expenses	-44,723	-27,378	63%
Tax Expenses	-735	-19	3,726%
Net Profit/Loss	-90,755	-131,757	-31%
Stock-based compensation & other adjustments*	92,329	73,274	26%
Adjusted EBITDA	1,574	-58,483	NM

*Adjustments for 1H20 include share-based payment expenses of RMB45 million, depreciation and amortization of RMB26 million, finance costs of RMB18 million and others of RMB3 million. Adjustments for 1H19 include share-based payment expenses of RMB27 million, depreciation and amortization of RMB27 million, finance costs of RMB19 million and others of RMB-0.4 million.



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Interim Results Summary

BC Group's OSL is institutional grade and has applied to HK's SFC for Types 1 & 7 digital asset licences, and has also applied in Singapore under the PSA

Our OSL digital asset platform achieved strong revenue and customer growth – digital asset revenues up 47%; positive adjusted EBITDA; record RMB192 billion annualized trading volume

Total revenues for the Group were up 6% despite challenging macro conditions; net loss shrank by 31%

Increasing global appetite to do business online combined with regulation of digital assets will accelerate the growth in our market share in the next six months and beyond

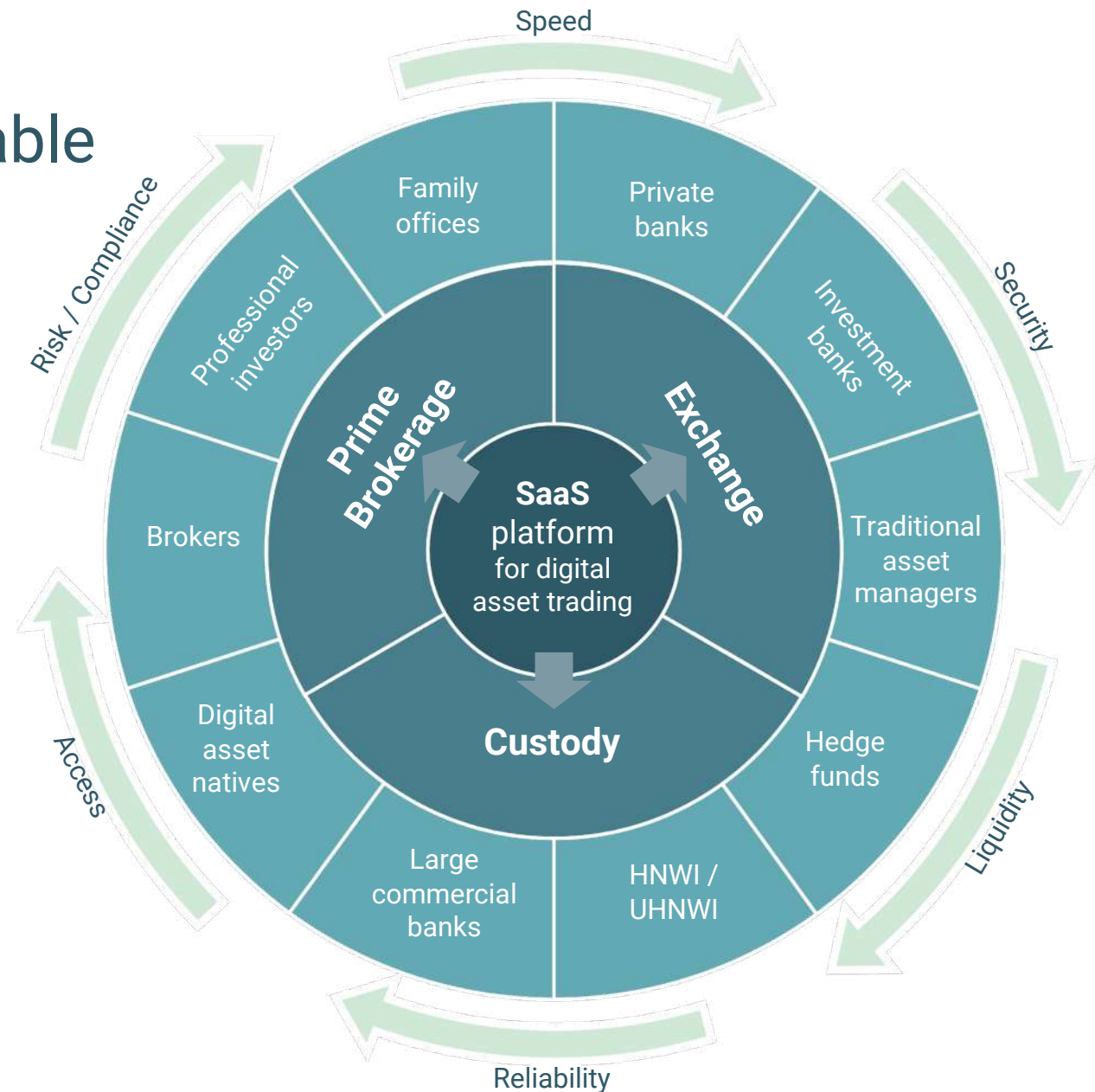
BC Group expects to increase institutional digital asset trading and SaaS market share; strengthen the diversity of digital asset revenue streams and further scale its customer base

The OSL Platform is Scalable

- Seamless interoperability across products and services
- SaaS distribution model
- Increasing inflow of institutional customers and capital
- Shared self-perpetuating liquidity
- Built-in customer acquisition and growth

Key

Platform and distribution
Products / services
Customers
Benefits



Institutional Adoption of Digital Assets Accelerating

Cryptocurrencies **Bloomberg**

Fidelity Says a Third of Big Institutions Own Crypto Assets

By Olga Kharif
9 June 2020, 19:50 GMT+8 Updated on 9 June 2020, 20:32 GMT+8

Nasdaq

MARKET ACTIVITY NEWS + INSIGHTS SOLUTIONS

CRYPTOCURRENCIES

Standard Chartered to Launch Institutional Crypto Custody Solution

BOSTON BUSINESS JOURNAL

State Street Teams up With Winklevoss-Founded Gemini Exchange for Digital Assets Trial

THE WALL STREET JOURNAL.

JP Morgan adds major cryptocurrency exchanges as banking clients

1 week ago • by Ledger Insights

FINTECH

fn

Nomura wins Jersey licence for crypto custody business

The investment bank has partnered with two cryptocurrency companies to build a custody tool for institutions

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Paul Tudor Jones Buys Bitcoin as a Hedge Against Inflation

FINANCE



Goldman names new head of digital assets in bet that blockchain is the future of financial markets

PUBLISHED THU, AUG 6 2020-11:11 AM EDT | UPDATED THU, AUG 6 2020-11:58 AM EDT

Deals **Bloomberg**

Fidelity Acquires Stake in Hong Kong Crypto Firm BC Group

By Eric Lam
21 February 2020, 18:58 GMT+8



Coinbase reported to consider late 2020, early 2021 public debut

Alex Wilhelm @alex / 10:44 pm HKT • July 9, 2020 

RISK & COMPLIANCE JOURNAL

THE WALL STREET JOURNAL.

Banks May Provide Safekeeping of Cryptocurrency, OCC Says

Services may include holding unique cryptographic keys associated with cryptocurrency



Bitcoin Futures Volume Surges 186% as Price Hits \$11K

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Management Team



Hugh Madden
Chief Executive Officer

Formerly BC Technology Group CTO, with 18+ years of experience in technology and finance, including HSBC, CBA, HBOS and Lloyd's Bank



Dave Chapman
Executive Director

15+ years of experience in senior roles at HSBC, Credit Suisse, Barclays Capital, ABN AMRO and Bear Stearns



Mr. Johnson Ko
Executive Director

A securities industry veteran, Ko is also the Chairman of Reorient Financial Markets Limited and Deputy Chairman of HK-listed Frontier Services Group Limited



Ken Lo
Deputy Chairman

20+ years of experience as an entrepreneur and in management consulting, including Verizon, BT, Accenture and the Bank of Montreal



Wayne Trench
OSL Chief Executive Officer

20+ years of experience as an entrepreneur and in senior roles at Morgan Stanley and Macquarie Bank



Gary Tiu Ka Chun
Executive Director,
Head of Regulatory Affairs

20+ years of experience as corporate legal counsel, including at Yunfeng Financial Group, Cantor Fitzgerald, Macquarie and CITIC Capital



Phillip Pon
Chief Operating Officer

20+ years of experience at leading finance and consulting firms including KKR, McKinsey & Company, GLG and Egon Zehnder



Steve Zhang
Chief Financial Officer

15+ years of experience at leading technology and financial services firms including iTutorGroup, Kingdee International, HSBC and Macquarie



Melody Ma
General Counsel

15+ years of experience at leading legal and financial firms including Barclays, the Hong Kong Stock Exchange and Linklaters



Usman Ahmad
Chief Information Officer

20+ years of experience at global leading organizations in financial services IT, including at HSBC and Merrill Lynch



Marek Sikora
Chief Risk Officer

20+ years of experience in risk management institutions including as CRO of CLSA and Head of Risk Management at Calyon Asia



Julia Pang
OSL Chief Operating Officer

20+ years of experience at international banks, including Standard Chartered, Citibank, ANZ and Banco Santander Asia Pacific



Jeremy Kerbel
Head of Exchange

15+ years of experience in management consulting and digital assets, holding senior roles at ChainX Capital, Alluma and GLG.



Matt Long
Head of Distribution and Prime

20+ years of experience, including senior posts at investment banks such as Saxobank, ANZ and Macquarie



Eric Landheer
Head of Capital Markets
Strategy

20+ years of experience in capital markets, including senior management roles with HKEX and Nasdaq



Andrew Davidson
OSL Chief Technology Officer

20+ years of experience in IT and algorithmic trading, including, senior roles at HSBC, Goldman Sachs and Citi

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