



KROLL

VAULD GROUP

Creditor Virtual Town Hall

8:30pm Singapore time, 21 July 2022



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Current Situation

Current Situation

Overview

- **Background**

- Vauld Group is a cryptocurrency brokerage and lending platform with ~250,000 active customers based largely in India, Singapore and the USA
- recent market developments have created near term liquidity pressures and adversely impacted the Group's net asset value
- the Group suspended customer accounts on 4 July 2022 with the objective of stabilising liquidity, preserving value and developing a Restructuring Proposal
- Discussions are ongoing with Nexo Inc. with investor due diligence in progress

- **Current market environment**

- the collapse of the cryptocurrency market has resulted in a contagion effect where risks are significantly heightened
- cryptocurrency asset values have been negatively impacted
- panic withdrawals following the announcement of suspension of withdrawals by Celsius

Current Situation

Group financial position

- **Liquidity**

- Vauld experienced significant pressure on liquidity from 12 June 2022, when Celsius announced that it would pause all withdrawals
- There were net withdrawals by Vauld customers of \approx USD56m on the day following the announcement
- Daily net withdrawals by Vauld customers in the range of \approx USD1–8m persisted from that time up until the suspension of customer accounts
- The value of the liquid assets of Vauld was less than \approx USD30m at that time

- **Net asset value**

- Vauld Group liabilities exceed assets by \approx USD70m
- The key reasons for the cause in Defi Payments financial difficulties include:
 - liquidity pressure following the Celsius announcement
 - the collapse of the TerraUSD stablecoin – through staking and mark-to-market losses
 - mark-to-market losses on long positions on BTC, ETH, MATIC and XRP
 - third-party defaults on unsecured loans

Restructuring

Restructuring

Scope and purpose of the Restructuring

- **Scope of work in the Restructuring**
 - review financial position and generate reliable forecasts
 - monitor ongoing operations and financial position
 - assess available restructuring options, taking into consideration cashflow, projections, risks and opportunities
 - facilitate communications regarding the Restructuring between the Group and its creditors
 - develop and implement a Restructuring Proposal
- **Objectives of the Restructuring**
 - standstill – obtain the moratorium
 - stabilise the business and confirm the net asset position
 - explore options to maximise returns to creditors
 - treat all creditors fairly and provide options including voting entitlements
 - achieve a better outcome for all creditors than under a liquidation scenario

Restructuring

The Restructuring Proposal

- **Elements of a successful Restructuring may include**
 - sale of whole or part of the business
 - capital raising
 - debt-to-equity conversion
 - repayment plan linked to future performance and/or maturity profiles
 - caps - full repayment to a minority of creditors in a relatively short period of time
 - % withdrawal limits – partial repayment to all creditors, asset realisation over a long period to maximise value
 - reverse Dutch auction – creditors may opt partial repayment from near term realisations or full repayment over time
 - some combination of the above factors
 - **Practical aspects of the Restructuring may influence timing**
 - there is a significant amount of work to be done which will take time, such as:
 - engaging in investor processes, including to work to identify further potentially interested parties and support the process of due diligence
 - administrative challenges including coordination of voting by up to ~250,000 creditors
- time for the cryptocurrency market to stabilise and bring increased perspective to risk management

Restructuring

Court processes

- **Formal court processes in key countries of operation**
 - key countries of operation of Vauld Group include Singapore, India and the USA
 - court protection applied for in Singapore
 - parallel court processes planned for India and the USA
- **Singapore court process**
 - Defi Payments Pte. Limited (“Defi Payments”) has applied to the Singapore courts for a 6-month moratorium
 - Defi Payments has been granted an automatic stay of 30 days
 - there is an upcoming Court hearing to consider an extension of the moratorium
 - the views of creditors will be taken into consideration by the Court
 - the process would benefit from the written support of creditors of Defi Payments in favour of the moratorium

Restructuring

Financial position of Defi Payments

- **Preliminary assessment**

- based on a preliminary assessment, the estimated value of the assets of Defi Payments is ≈USD287.7m
- Defi Payments' creditor claims are estimated as being ≈USD402.6m
- there is a further ≈USD45.1m of assets held by other related Group entities, overall ≈USD332.7m
- the estimated net liability position of Defi Payments is ≈USD115m and on a Group level is broadly ≈USD70m subject to ongoing reconciliation

- **Defi Payments assets**

- Defi Payments' assets are denominated in BTC (60%), ETH (19%), XRP (9%), USDT (8%) and other (4%)
- A large proportion of the assets of Defi Payments of up to 78% are in the form of loans receivable with the remainder being held in self-custody, on exchange and as traditional bank deposits
- Work is already being done to confirm the asset balances

- **Defi Payments liabilities**

- Defi Payments' liabilities relate to customer account balances (90%) and collateralised loans (10%)

Restructuring

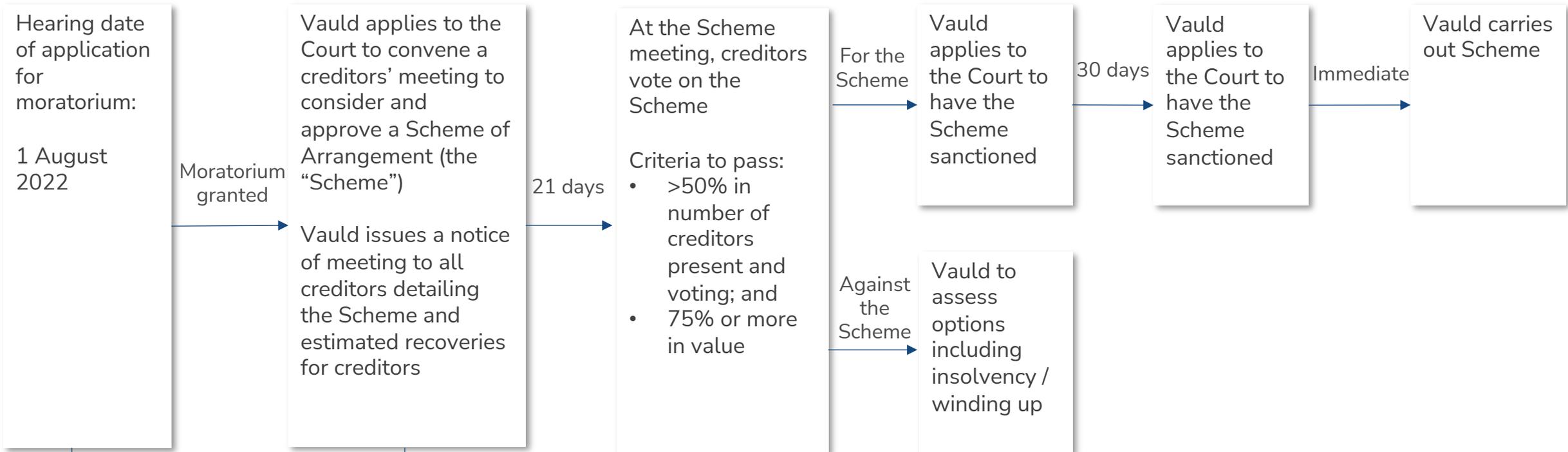
Key dates

Date	Description	Status
4 July 2022	Suspension of customer withdrawals, deposits and trading	Past
8 July 2022	Defi Payments granted an automatic 30-day Court moratorium	Ongoing standstill
18 July 2022	Case Conference Proceedings	Completed
25 July 2022	Creditors may file an affidavit to Court	Pending
27 July 2022	Defi Payments to file its Reply Affidavit to Court	Pending
28 July 2022	All written submissions to be filed in advance of the hearing	Pending
1 August 2022	Singapore court hearing for the moratorium application*	Pending

- Defi Payments has applied for an initial 6-month moratorium which is extendable only upon further application to the Singapore court

Restructuring

Singapore court process



Within 6-month moratorium period
(extendable upon further application)

Restructuring

Creditor driven process

- **Creditor support for the moratorium**
 - A moratorium will allow breathing space for Defi Payments to develop a Restructuring Proposal that:
 - will present a viable plan that must aim to deliver a better outcome for creditors than under a liquidation scenario;
 - is subject to voting by creditors; and
 - will be sanctioned by the Singapore Court under a Scheme of Arrangement after passing the creditor voting
 - The Singapore court will take the views of creditors into consideration when deciding whether to grant an extension of the moratorium
- **Alternatives**
 - In the absence of a moratorium, Defi Payments has no protection from legal demands and would be exposed to potential court actions resulting in compulsory liquidation where creditors would receive significantly less than the full entitlement of their claims

Communications

HOW TO DEMONSTRATE SUPPORT FOR THE MORATORIUM

- We will be sending all the creditors of Defi Payments an email with a link
- Please click through the link to indicate your position regarding the moratorium
- Final submissions are due by Wednesday, 27 July 2022 6PM SGT / 3:30PM IST
- If you have already made a submission but decide to change your mind, you may simply resubmit using the same link and we will update our records

Communications

Updates on the Restructuring

- **Website and other updates**
 - Timely updates on material developments will be provided via the Vault website Blog
 - Answers to frequently asked questions (“FAQs”) related to the Restructuring will be kept updated on the Vault website FAQs section
 - Vault’s official social media channels will remain open as forums for discussion
- **Your queries are important to us**
 - Restructuring: for all queries related to the Restructuring that we may not have time to address in this webinar or are not presently amongst the FAQs, please email us at: enquiries@vault.com
 - Business as usual: our support team is operating as usual and ready to receive your enquiries related to your Vault wallets and/or any other business-related enquiries. We are available around the clock to provide assistance, please email us at: hello@vault.com - or alternatively chat with us through our app or website