

**FIRST SUPPLEMENT DATED 4 FEBRUARY 2021 TO THE PROSPECTUS DATED ON 31 DECEMBER 2020 RELATING TO A PUBLIC OFFERING OF UP TO 400,000,000 NON-VOTING CLASS B SHARES**

**Blocktrade S.A.**

*Société anonyme*

Registered office: 5, Place de la Gare,  
L-1616 Luxembourg  
R.C.S. Luxembourg: B 248375

---

This first supplement (this **Supplement**) has been prepared by Blocktrade S.A. (the **Issuer**) and constitutes a supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129, as amended (the **Prospectus Regulation**) to the prospectus dated on 31 December 2020 relating to a public offering of up to 400,000,000 non-voting class B shares without nominal (the **Prospectus**).

This Supplement shall be read in conjunction with the Prospectus. Unless the context otherwise requires, terms defined in the Prospectus shall have the same meaning when used in this First Supplement.

The Issuer accepts responsibility for the information contained in the Prospectus, as supplemented by this Supplement. To the best of the knowledge of the Issuer, the information contained in the Prospectus, as supplemented by this Supplement, is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer will grant to investors who have agreed to purchase or subscribe for the securities during the first part of the subscription process (i.e. from 11 January 2021 to 29 January 2021) the right to withdraw their acceptances within two weeks after the publication of this Supplement. Thus, the final date of withdrawal will be 18 February 2021.

**Introduction**

The 'Introduction' of the Prospectus will be amended to reflect the implementation of this Supplement and therefore the following will be inserted after the third paragraph of the 'Introduction':

“A supplement of this Prospectus reflecting significant new factors (the **Supplement**) has been approved by the CSSF in its capacity as competent authority under the Luxembourg Prospectus Regulation Implementation Law and Prospectus Regulation on 4 February 2021.

**INVESTORS WHO HAVE AGREED TO PURCHASE OR SUBSCRIBE FOR THE SECURITIES DURING THE FIRST PART OF THE SUBSCRIPTION PROCESS (I.E. FROM 11 JANUARY 2021 TO 29 JANUARY 2021) HAVE THE RIGHT TO WITHDRAW THEIR ACCEPTANCES WITHIN TWO WEEKS AFTER THE PUBLICATION OF THIS SUPPLEMENT. THUS, THE FINAL DATE OF WITHDRAWAL WILL BE 18 FEBRUARY 2021.”**

**Specific summary**

The section 1 'Specific summary' on pages 13 to 18 of the Prospectus shall be amended as follows:

- a) Page 16:

<b>Undersubscription policy:</b>	Any Securities which remain unsubscribed by the end of the first part of Subscription process, will be offered in the second part of the
----------------------------------	--

	Subscription process, pursuant to terms of conditions as set thereof (see below). The Investors will have the right to subscribe to the remaining unsubscribed part of Securities in the Second part of the Subscription process.
--	---

b) Page 17:

<b>Subscription price:</b>	EUR 0.10 per Security*  <i>(*Each Eligible Investor can redeem specific amount of electronic discount points attributed to specific EliteClub Member (“<b>Priority points</b>”) up to the Maximal Subscription amount of securities per Investor, whereby each Priority point enables Investor to receive a 50% discount on Subscription price per Security). Priority points enable EliteClub Members to receive a discount on the price of the Securities offered in this Prospectus but carry no right to be exchangeable for Securities by itself. Priority points do not have an intrinsic value and are not a voucher, only a discount coupon, which can be redeemed for a discount of 50% on Subscription Price per one Security.</i>
----------------------------	--

c) Page 17:

<b>Period:</b>	from 15.03.2021 – 31.03.2021 *  <i>(*the Issuer may terminate the second part of Subscription period if the total Offering size of securities is subscribed before the end thereof.)</i>
----------------	--

d) Page 17: the row regarding the ‘Additional eligibility criteria’ being part of the table entitled ‘Second Part of Subscription Process’ is fully removed from the Prospectus.

e) Page 17:

<b>Subscription price:</b>	EUR 0.10 per Security*  <i>(*Each Eligible Investor can redeem specific amount of electronic discount points attributed to specific EliteClub Member (“<b>Priority points</b>”) up to the Maximal Subscription amount of securities per Investor, whereby each Priority point enables Investor to receive a 50% discount on Subscription price per Security).</i>
----------------------------	---

f) Page 18: the paragraph regarding the ‘Estimated costs of this Offering’ will be amended as follow:

**“Estimated costs of this Offering:** Up to 5% of the total proceeds of this Offering estimated at EUR 2 million, whereby this amount will be paid by the Issuer from the proceeds of this Offering after the registration of capital increase. Up to 4% of the proceeds is to be paid to the investment firms supporting the Offering for the provision of placement and ancillary services, 0,6% to the

credit institution providing the payment services, and up to 0,4% for the consulting services, and compliance software used to verify investors' identity.”

- g) Page 18: section 1.4.3 entitled ‘Who is the offeror and/or the person asking for admission to trading’ shall be amended as follows:

**“Who is the offeror and/or the person asking for admission to trading**

The Issuer will market the Securities directly subject to compliance with the laws of the jurisdiction of establishment/residence of the relevant investor and may engage the services of local investment firms in the jurisdictions where a special license to offer and/or distribute the Securities is required.”

- h) Page 19: section 2.2 entitled ‘A description of any interest, including a conflict of interest that is material to the issue/offer, detailing the persons involved and the nature of the interest’ shall be amended as follows:

**“A description of any interest, including a conflict of interest that is material to the issue/offer, detailing the persons involved and the nature of the interest**

To the Issuer’s best knowledge, there are no interest, including conflicts of interest, that are material to the Offering.”

**Terms and Conditions of the Securities**

The section 5 ‘Terms and Conditions of the Securities’ on pages 39 to 40 of the Prospectus shall be amended as follows:

- a) Page 39 and page 40: section 5.1 entitled ‘Information concerning the Securities to be offered’ shall be amended as follows:  
a. Paragraph entitled “Expected issue date of the securities” should be read as follows:

**“Expected issue date of the securities:** within 14 days after the end of the Subscription process.”

- b. Paragraph entitled “Information on the offeror and/or the person asking for admission to trading’ shall be read as follows:

**“Information on the offeror and/or the person asking for admission to trading:** Blocktrade S.A., a joint stock public limited liability company (*société anonyme*) incorporated in Luxembourg and operating under the laws of Luxembourg (commercially doing business also under the commercial brand “Blocktrade” and “Blocktrade.com”), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085L4X50. Registered address and principal place of business: 5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg. Website: <https://blocktrade.com/>; E-mail: [info@blocktrade.com](mailto:info@blocktrade.com). “

**Details of the Offering**

The section 6 ‘Details of the Offering’ on pages 41 to 46 of the Prospectus shall be amended as follows:

- a) Page 41:

<b>Undersubscription policy:</b>	Any Securities which remain unsubscribed by the end of the first part of Subscription process, will be offered in the second part of the
----------------------------------	--

	Subscription process, pursuant to terms of conditions as set thereof (see below). The Investors will have the right to subscribe to the remaining unsubscribed part of Securities in the Second part of the Subscription process.
--	---

b) Page 42:

<b>Period:</b>	from 15.03.2021 – 31.03.2021 * <i>(*the Issuer may terminate the second part of Subscription period if the total Offering size of securities is subscribed before the end thereof.)</i>
----------------	--

c) Page 42: the row regarding the ‘Additional eligibility criteria’ being part of the table entitled ‘Second Part of Subscription Process’ is fully removed from the Prospectus.

d) Page 42:

<b>Subscription price:</b>	EUR 0.10 per Security* <i>(*Each Eligible Investor can redeem specific amount of electronic discount points attributed to specific EliteClub Member (“<b>Priority points</b>”) up to the Maximal Subscription amount of securities per Investor, whereby each Priority point enables Investor to receive a 50% discount on Subscription price per Security).</i>
----------------------------	---

e) Page 43: the paragraph regarding the ‘Estimated costs of this Offering’ will be amended as follow:

**“Estimated costs of this Offering:** Up to 5% of the total proceeds of this Offering estimated at EUR 2 million, whereby this amount will be paid by the Issuer from the proceeds of this Offering after the registration of capital increase. Up to 4% of the proceeds is to be paid to the investment firms supporting the Offering for the provision of placement and ancillary services, 0,6% to the credit institution providing the payment services, and up to 0,4% for the consulting services, and compliance software used to verify investors’ identity.”

f) Page 45: section 6.4 entitled ‘Placement and underwriting arrangements’ shall be amended as follows:

**“Placement and underwriting arrangements**

The Securities will be marketed by Blocktrade S.A., a joint stock public limited liability company (*société anonyme*) incorporated in Luxembourg and operating under the laws of Luxembourg (commercially doing business also under the commercial brand “Blocktrade” and “Blocktrade.com”), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085L4X50. Registered address and principal place of business: 5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg. Website: <https://blocktrade.com/>; E-mail: [info@blocktrade.com](mailto:info@blocktrade.com).”

**Annex 1 – Mark up version of Updated Prospectus**



# Growth Prospectus

Public offering of up  
to 400,000,000 Class B  
non-voting shares.

**In Luxembourg, on 31.12.2020**

**Blocktrade S.A.**, a joint stock company incorporated in Luxembourg

This Prospectus (hereinafter: the "**Prospectus**") is produced as a single document, and relates to the offering of up to 400,000,000 class B shares without nominal value (hereinafter: the "**Securities**") of Blocktrade S.A., a Luxembourg company with its headquarters in Luxembourg City, Luxembourg, registered address: 5 Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg, with registration number B248375XY (hereinafter: the "**Issuer**" or the "**Company**" or "**Blocktrade S.A.**").

The Issuer is an SME (small and medium-sized enterprise) within the meaning of Article 2(f) of the Regulation (EU) 2017/1129 (hereinafter: the "**Prospectus Regulation**") provided that the number of employees employed by the Issuer was less than 250, the total balance sheet less than EUR 43,000,000 and the Issuer's annual net turnover less than EUR 50,000,000. Issuer has been operating in its current sphere of economic activity for less than three years and is therefore considered a start-up company in accordance with Art. 136 of ESMA update on CESR Recommendations (ESMA reference number: ESMA/2013/319) referencing the Annex 29 of Commission Delegated Regulation (EU) 2019/980.

This Prospectus has been prepared in accordance with the Prospectus Regulation pursuant to provisions thereof regarding EU Growth Prospectus (EU Growth Prospectus, Art. 15 Prospectus Regulation), the Law of 16 July 2019 on prospectus for securities and implementing Regulation (EU) 2017/1129, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (hereinafter: the "**Luxembourg Prospectus Regulation Implementation Law**"), and has been approved by the CSSF Luxembourg (Commission de Surveillance du Secteur Financier, hereinafter: the "**CSSF**") in its capacity as competent authority under the Luxembourg Prospectus Regulation Implementation Law and Prospectus Regulation on 31 December 2020, and is valid until 30 December 2021. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a prospectus is no longer valid.

[A supplement of this Prospectus reflecting significant new factors \(the \*\*Supplement\*\*\) has been approved by the CSSF in its capacity as competent authority under the Luxembourg Prospectus Regulation Implementation Law and Prospectus Regulation on 4 February 2021.](#)

[\*\*INVESTORS WHO HAVE AGREED TO PURCHASE OR SUBSCRIBE FOR THE SECURITIES DURING THE FIRST PART OF THE SUBSCRIPTION PROCESS \(I.E. FROM 11 JANUARY 2021 TO 29 JANUARY 2021\) HAVE THE RIGHT TO WITHDRAW THEIR ACCEPTANCES WITHIN TWO WEEKS AFTER THE PUBLICATION OF THIS SUPPLEMENT. THUS, THE FINAL DATE OF WITHDRAWAL WILL BE 18 FEBRUARY 2021.\*\*](#)

The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the CSSF under applicable Luxembourg law. The CSSF examines the Prospectus only in respect of its completeness, coherence and comprehensibility as imposed on by Prospectus Regulation. Such approval should be considered an endorsement neither of the Issuer nor of the Securities. Investors should make their own assessment as to the suitability of the investment in the Securities. This Prospectus has been drawn up as an EU Growth Prospectus in accordance with Article 15 of Prospectus Regulation.

The Securities offered are class B non-voting shares without nominal value and shall account for the same proportion and corresponding amount in the share capital, *pari passu* to all other existing classes of shares, except the voting power, which they carry none.

The Offering on the basis of this Prospectus is registered in Luxembourg (Home Member State) and notification thereof made in Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Norway, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden (Host Member State). The Offering in other EEA countries where no notifications have been made is based on applicable exemption from the obligation to publish a prospectus (i.e. to fewer than 150 natural or legal persons in any EEA country).

Prospective investors should consider that investing in the Securities involves risks, described in detail in section 4 of this Prospectus. The occurrence of one or more of such risks could result in the (partial or total) loss of the investment made. An investment in Securities is suitable only for investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses, which may result from such investment.

No person is authorized to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of the

Issuer. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer since the date hereof or the date upon which this Prospectus has been most recently supplemented or that the information contained in it or any other information supplied in connection with the Securities is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same. The Issuer will make necessary arrangements that any information relating to any of such potential significant new factor(s), material mistake(s) or material inaccuracies relating to the information included in the Prospectus which may affect the assessment of the Securities and which arises or is noted between the time when the Prospectus is approved and the closing of the Subscription period, shall be mentioned in a supplement to the Prospectus (subject to approval of CSSF) without undue delay and with relevant information concerning the exercise of the right to withdraw acceptances in accordance with Article 23 of the Prospectus Regulation, which shall be published without undue delay upon approval by CSSF on the Issuer's dedicated section of the Website.

The Issuer alone accepts responsibility for the information contained in this Prospectus. To the best of its knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Notifications as per the Prospectus Regulation of this Prospectus have been made to national competent authorities in: Austria (Österreichische Finanzmarktaufsicht (FMA)), Belgium (Financial Services and Markets Authority (FSMA)), Bulgaria (Комисията за финансов надзор (FSC)), Croatia (Hrvatska agencija za nadzor financijskih usluga (HANFA)), Czech Republic (Česká národní banka (CNB)), Denmark (Finanstilsynet), Estonia (Finantsinspeksioon (FSA)), Finland (Finanssivalvonta (FIN-FSA)), France (Autorité des Marchés Financiers (AMF)), Germany (Bundesanstalt für Finanzdienstleistungsaufsicht (BaFIN)), Greece (Ελληνική Επιτροπή Κεφαλαιαγοράς (HCMC)), Hungary (Magyar Nemzeti Bank (MNB)), Ireland (Central Bank of Ireland), Italy (Commissione Nazionale per le Società e la Borsa (CONSOB)), Latvia (Finanšu un kapitāla tirgus komisija (FKTK)), Lithuania (Lietuvos bankas (LB)), Norway (Finanstilsynet), the Netherlands (Autoriteit Financiële Markten (AFM)), Poland (Komisja Nadzoru Finansowego (KNF)), Portugal (Comissão do Mercado de Valores Mobiliários (CMVM)), Romania (Autoritatea de Supraveghere Financiară (ASF)), Slovakia (Národná Banka Slovenska (NBS)), Slovenia (Agencija za trg Vrednostnih Papirjev (ATVP)), Spain (Comisión Nacional del Mercado de Valores (CNMV)) and Sweden (Finansinspektionen (FI)).

The Prospectus and the Offering of Securities have not been and will not be registered under the securities laws of any jurisdiction other than Luxembourg, as well as Austria, Belgium, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Norway, the Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain and Sweden.

The Offering of Securities in EEA countries where no notifications are made to will be made pursuant to an exemption under the Prospectus Regulation from the requirement to publish a prospectus for offer of Securities (i.e. to fewer than 150 natural or legal persons in any EEA country). The Prospectus has not been filed with or approved by any national supervisory authority where the Offering will be made pursuant to an exemption under the Prospectus Regulation. The Issuer has not authorized, nor does the Issuer authorize, any offer of Securities, which would require the Issuer to publish a prospectus in any other EEA Country.

The Offering of Securities outside EEA countries may only occur in a manner so as to qualify as private placement in accordance with the relevant and applicable legislation of each country in which the Offering of Securities is made. The Securities have not been, and shall not be, registered under the U.S. Securities Act of 1933, as amended, or with any securities regulatory authority of any state or other jurisdiction of the United States. The Securities may not be offered, sold or delivered neither within the United States (as such term is defined in Regulation S under the U.S. Securities Act) nor to U.S. citizens or residents, including double U.S. citizens residing outside the United States. Neither the issuance or sale of the Securities nor the Securities have been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of any offering of the Securities or the accuracy or adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.



### **Important information and disclaimer**

The Issuer confirms that this Prospectus contains all information with respect to the Issuer and the Securities which is material in the context of the issue and Offering of the Securities, the information contained herein with respect to the Issuer and the Securities is accurate in all material respects and not misleading, the opinions and intentions expressed therein with respect to the Issuer and the Securities are honestly held, there are no other facts with respect to the Issuer or the Securities the omission of which would make the Prospectus misleading in any material respect; and that all reasonable enquiries have been made to ascertain such facts and to verify the accuracy of all statements contained herein.

No person has been authorized to give any information or to make any representations other than those contained in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by or on behalf of the Issuer. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the financial situation of the Issuer since the date of this Prospectus, or that the information herein is correct at any time since the date of this Prospectus.

Except for the Issuer, no other person mentioned in this Prospectus is responsible for the information contained in this Prospectus, and accordingly, and to the extent permitted by the law of any relevant jurisdiction, none of these persons make any representation or warranty or accept any responsibility as to the accuracy and completeness of the information contained in any of these documents. Each investor contemplating purchasing any Securities should make its own independent investigation of the financial condition and affairs, and its own appraisal of the financial performance and prospects of the Issuer.

The language of this Prospectus is English. This Prospectus reflects the status as of its date. Neither the delivery of this Prospectus nor the Offering, sale or delivery of the Securities shall, in any circumstances, create any implication that the information contained herein is accurate and complete subsequent to the date hereof or that there has been no adverse change in the financial situation of the Issuer since such date or any other information supplied in connection with the issue of the Securities is accurate at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Prospectus and the offer, sale and delivery of the Securities in certain jurisdictions may be restricted by law. This Prospectus may only be used for the purpose for which it has been published. It does not constitute an offer or an invitation to subscribe for or purchase any Securities. This Prospectus may not be used for the purpose of an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such an offer or solicitation.

### **Forward-looking statements**

This Prospectus contains certain forward-looking statements. A forward-looking statement is a statement that does not relate to historical facts and events. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable. These forward-looking statements are identified by the use of terms and phrases such as "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "predict", "project", "will" and similar terms and phrases, including references and assumptions. This applies, in particular, to statements in this Prospectus containing information on future earning capacity, plans and expectations regarding the Issuer's business and management, its growth and profitability, and general economic and regulatory conditions and other factors that affect it.

### **Rounding adjustments**

In certain calculations there may be small differences between some figures due to rounding. Any total sums, products of partial sums or percentage calculations are calculated with exact numbers (before rounding).

### **Disclaimer**

This Prospectus is not intended to provide any advice relating to legal, taxation or investment matters and prospective investors should not construe it as containing any such advice. No representation is made regarding the legal, accounting, regulatory or tax treatment of an investment in any jurisdiction relevant to a recipient of this Prospectus. Persons interested in acquiring the Securities should consult their own professional advisers prior to making a decision to invest in the Securities.

This Prospectus does not constitute an offer of Securities or an invitation by or on behalf of the Issuer to purchase any Securities. Neither this Prospectus nor any other information supplied in connection with the Securities should be considered as a recommendation by the Issuer to a recipient hereof and thereof that such recipient should purchase any Securities. The Issuer does not consent that this Prospectus is used for or in connection with the subsequent resale or final placement of the Securities in connection with an offer of Securities to the public within the meaning of the Prospectus Directive.

The Securities may, in certain jurisdictions, be subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

## Table of Contents

Table of Contents.....	6
Definitions.....	9
Information incorporated by reference:.....	12
1. Specific summary.....	13
1.1. Introduction.....	13
1.1.1. Name and international securities identification number (ISIN) of the Securities.....	13
1.1.2. Identity and contact details of the Issuer, including its legal entity identifier (LEI).....	13
1.1.3. Identity and contact details of the competent authority that approved the Prospectus.....	13
1.1.4. Date of approval of the EU Growth Prospectus.....	13
1.1.5. Warnings.....	13
1.2. Key information on the Issuer.....	13
1.2.1. Who is the Issuer of the Securities.....	13
1.2.2. What is the key financial information regarding the Issuer.....	14
1.2.3. What are the key risks that are specific to the Issuer.....	14
1.3. Key information on the Securities.....	15
1.3.1. What are the main features of the Securities.....	15
1.3.2. Where will the Securities be traded?.....	15
1.3.3. Is there a guarantee attached to the Securities.....	15
1.3.4. What are the key risks that are specific to the Securities?.....	15
1.4. Key information on the offer of Securities to the public.....	16
1.4.1. Under which conditions and timetable can I invest in this Security.....	16
1.4.2. Why is this EU Growth prospectus being produced.....	18
1.4.3. Who is the offeror and/or the person asking for admission to trading.....	18
2. Persons responsible, third-party information, experts' reports and competent authority approval.....	19
2.1. Responsibility for the information provided.....	19
2.2. A description of any interest, including a conflict of interest that is material to the issue/offer, detailing the persons involved and the nature of the interest.....	19
2.3. Reasons for the Offer, use of proceeds and expenses of the Offering.....	<del>20</del> 19
2.4. Additional information.....	20
3. Strategy, performance and business environment.....	21
3.1. Issuer.....	21
3.2. Legal and commercial name.....	21
3.3. Registration.....	21
3.4. Incorporation.....	21
3.5. Vision & mission.....	21
3.6. Business plan.....	22
3.6.1. Growth objectives.....	22
3.6.2. Key individuals, competitions, customers and suppliers, assets not owned by the Issuer.....	28
3.7. Issuer's financing structure and changes thereof.....	30

3.7.2.1.	Changes in the Issuer's borrowings and funding structure during the last financial year .....	30
3.7.3.2.	Description of expected financing of Issuer's activities.....	31
3.7.4.3.	Summary of any material limitations on the Issuer's method of financing .....	31
3.8.	Industry, business, services overview, regulatory environment .....	31
3.9.	Principal markets.....	32
3.10.	Organizational structure .....	32
3.10.2.1.	Group ownership structure .....	32
3.10.3.2.	Internal organizational structure.....	33
3.11.	Investments.....	33
3.12.	Trend information.....	33
3.13.	Profit forecasts or estimates.....	33
3.14.	Working capital statement.....	33
4.	Risk factors .....	34
4.1.	Risk factors affecting the Issuer .....	34
4.1.1.	Risks in relation to start-up companies and business plan execution.....	34
4.1.2.	General market risks affecting the Issuer .....	35
4.1.3.	General technology risks affecting the Issuer.....	35
4.1.4.	General regulatory risk .....	35
4.1.5.	General legal risks affecting the Issuer .....	36
4.1.6.	General business risks affecting the Issuer .....	36
4.1.7.	Risks related to blockchain technology.....	37
4.2.	Risk factors affecting the Securities in this Offering.....	37
4.2.1.	Risks related to voting power.....	37
4.2.2.	Potential risk of dilution.....	37
4.2.3.	Risks in relation to liquidity of Securities .....	38
4.2.4.	Risks in connection with applicable law .....	38
5.	Terms and conditions of the Securities.....	39
5.1.	Information concerning the Securities to be offered.....	39
6.	Details of the Offering.....	41
6.1.	Conditions to which the Offering is subject .....	41
6.2.	Distribution and allotment .....	44
6.3.	Subscription process.....	44
6.4.	Placement and underwriting arrangements .....	45
6.5.	Paying agent(s) / Depository agent(s).....	45
6.6.	Admission to trading and dealing arrangements.....	45
6.7.	Dilution .....	45
6.8.	Buy-back program .....	46
7.	Corporate governance.....	47
7.1.	Board of directors and Senior management.....	47
7.2.	Advisory board.....	47

7.3.	Overview of administrative, management and supervisory bodies and senior management.....	48
7.3.1.	Names of companies of which above persons have been members of the administrative, management or supervisory bodies in the last 5 years ex. subsidiaries thereof.....	49
7.3.2.	Convictions in relation to fraudulent offences of above persons in the last 5 years.....	49
7.3.3.	Details of any official public incrimination and/or sanctions of above persons by statutory or regulatory authorities (incl. designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous 5 years.....	49
7.4.	Remuneration .....	49
7.5.	Shareholdings and stock options.....	50
8.	Financial statements and key performance indicators (KPIs) .....	51
8.1.	Current statements.....	51
8.2.	Accounting policies and explanatory notes to the financial statements.....	51
8.3.	Auditor's report on financial statements contained in this section .....	53
8.4.	Issuer's KPIs.....	53
8.5.	Dividend policy .....	53
8.6.	Significant change in the Issuer's financial position since the end of the last financial period.....	53
9.	Shareholder information.....	54
9.1.	Shareholder structure .....	54
9.1.1.	Share capital .....	54
9.2.	Legal and arbitration proceedings .....	55
9.3.	Potential conflicts of interests.....	55
9.4.	Related-party transactions .....	55
9.5.	Memorandum and Articles of Association.....	55
9.5.1.	Anti-takeover provisions.....	55
9.6.	Material contracts.....	56
10.	Additional documents available .....	57
11.	Signature page .....	58

## Definitions

<b>AMLD5</b>	Directive (EU) 2018/843 of the European Parliament and of the Council of 30 May 2018 amending Directive (EU) 2015/849 on the prevention of the use of the financial system for the purposes of money laundering or terrorist financing, and amending Directives 2009/138/EC and 2013/36/EU
<b>API</b>	Application programming interface, a computing interface that defines interactions between multiple software intermediaries
<b>Articles of association</b>	Articles of association of the Issuer as amended on 15 December 2020
<b>Authorised capital</b>	Pursuant to Authorised capital granted in the Articles of association the general meeting of shareholders authorises the board of directors of the Issuer to increase the capital, on one or more occasion, by issuing up to 1,600,000,000 non-voting Class B shares without nominal value in period of five years from the date of the publication of the incorporation deed of the Company in the Luxembourg Trade and Companies Register ( <i>Registre de Commerce et des Sociétés</i> ) (of which up to 400,000,000 are offered under this Prospectus). The Articles of association are accessible on the Website and at the registered office of the Issuer.
<b>Company</b>	means the Issuer as defined below
<b>Bank account</b>	capital increase account of the Issuer
<b>CFD</b>	Contract for difference, a bilateral contracts, where one party pays to the other the difference between the current value of the underlying asset and its value at time when contract was initiated.
<b>CSSF</b>	Commission de Surveillance du Secteur Financier, the Luxembourg financial regulator, and Luxembourg national competent authority within the meaning of Art. 31 of Prospectus Regulation
<b>Company Law Directive</b>	Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law
<b>EEA</b>	the European Economic Area
<b>EliteClub</b>	ELITECLUB International, a company registered at Dubai Silicon Oasis Headquarters, 4 <sup>th</sup> Floor, Office D 63, P.O. Box: 341041, Dubai, United Arab Emirates, with Company Registration Number 2736, the object of which is to provide exclusive amenities and services for natural persons and legal persons in the framework of a business club
<b>EliteClub Foundation</b>	EliteClub Foundation, a foundation registered at Villa 2, 20b Street, Community 153, PO BOX 31484 Ras al Khaimah, United Arab Emirates, with Company Registration Number ICCFDN20200017, the sole shareholder of the Issuer ex ante this Offering
<b>EliteClub Member</b>	A natural or legal person that entered into a Membership Contract with EliteClub
<b>Financial Instrument</b>	a Financial Instrument as defined in Article 4(1) (15) of MIFID II
<b>German Banking Act or KWG</b>	German Banking Act ( <i>Gesetz über das Kreditwesen – Kreditwesengesetz (KWG)</i> )
<b>IFRS</b>	International Financial Reporting Standards, as issued, developed and maintained by the IFRS Foundation and the International Accounting Standards Board (IASB).
<b>IFRS Regulation</b>	Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards
<b>Issuer</b>	Blocktrade S.A., a joint stock public limited liability company ( <i>société anonyme</i> ) incorporated in Luxembourg and operating under the laws of Luxembourg (commercially doing business also under the commercial brand “Blocktrade” and “Blocktrade.com”), with registered address at

	5 Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Trade an Companies Register ( <i>Registre de Commerce et des Sociétés</i> ) under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085L4X50
<b>Luxembourg AML/CFT Law</b>	Law of 12 November 2004 on the fight against money laundering and terrorist financing transposing Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering, as amended ( <i>Loi du 12 novembre 2004 relative à la lutte contre le blanchiment et contre le financement du terrorisme portant transposition de la directive 2001/97/CE du Parlement européen et du Conseil du 4 décembre 2001 modifiant la directive 91/308/CEE du Conseil relative à la prévention de l'utilisation du système financier aux fins du blanchiment de capitaux</i> )
<b>Luxembourg Commercial Companies Act</b>	Law of 10 August 1915 On Commercial Companies, as amended ( <i>Loi modifiée du 10 août 1915 concernant les sociétés commerciales</i> )
<b>Luxembourg Commercial Register and Accounting Act</b>	Law of 19 December 2002 concerning the register of commerce and companies as well as bookkeeping and annual accounts of companies, as amended ( <i>Loi modifiée du 19 décembre 2002 concernant le Registre de Commerce et des Sociétés ainsi que la comptabilité et les comptes annuels des entreprises</i> )
<b>Luxembourg Prospectus Regulation Implementation Law</b>	Law of 16 July 2019 on prospectus for securities and implementing Regulation (EU) 2017/1129, of 14 June 2017, on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC ( <i>Loi du 16 juillet 2019 relative aux prospectus pour valeurs mobilières et portant mise en œuvre du règlement (UE) 2017/1129 du Parlement européen et du Conseil du 14 juin 2017 concernant le prospectus à publier en cas d'offre au public de valeurs mobilières ou en vue de l'admission de valeurs mobilières à la négociation sur un marché réglementé, et abrogeant la directive 2003/71/CE</i> )
<b>Luxembourg Takeover Act</b>	Law of 19 May 2006 transposing Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids ( <i>Loi du 19 mai 2006 portant transposition de la directive 2004/25/CE du Parlement européen et du Conseil du 21 avril 2004 concernant les offres publiques d'acquisition</i> )
<b>Major shareholder</b>	EliteClub Foundation, a foundation registered at Villa 2, 20b Street, Community 153, PO BOX 31484 Ras al Khaimah, United Arab Emirates, with Company Registration Number ICCFDN20200017, the sole shareholder of the Issuer ex ante this Offering
<b>Membership Contract</b>	The agreement signed between EliteClub and an EliteClub Member to determine the rights and obligations of the EliteClub Member in connection with the Membership in the EliteClub
<b>MiCAR</b>	Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets (MiCA)
<b>Offering</b>	Public offering of up to 400,000,000 Securities offered by the Issuer under this Prospectus
<b>Operator</b>	The authorised service provider of the Company for the operation of the Platform, initially being BlocktradeOperations OÜ, a company governed by the laws of Estonia, incorporated on 31 January 2020, with registration number 14901959 and registered as a virtual asset service provider with the Estonian Financial Intelligence Unit under the number FTV000299
<b>Platform</b>	Set of software solutions with associated intellectual property rights acquired on 15 November 2020 and further developed by the Company and operated by the Operator pursuant to a Service/Business cooperation agreement entered into by the Company and the Operator, which enables trading services with digital assets to end-users
<b>Priority points</b>	Specific amount of electronic discount points attributed to specific EliteClub Member. Priority points enable EliteClub Members to receive a discount on the price of the Securities offered in this Prospectus but carry no right to be exchangeable for Securities by itself. EliteClub

	Members received Priority points when using services provided by EliteClub and affiliated companies. Priority points do not have an intrinsic value and are not a voucher, only a discount coupon, which can be redeemed for a discount of 50% on Subscription Price per one Security (one Priority point brings 50% discount on Subscription Price on one Security)
<b>Prospectus</b>	EU/EEA Growth Prospectus in accordance with Prospectus Regulation and Luxembourg Prospectus Regulation Implementation Law relating to the Offering of the Securities issued by the Issuer
<b>Prospectus Regulation</b>	Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Security</b>	Class B non-voting shares without nominal value in accordance with Luxembourg Commercial Companies Act, with ISIN <u>LU2270551208</u> , issued by the Issuer
<b>Subscription</b>	Process of signing up and committing to invest in Securities
<b>Subscription amount</b>	Subscription Price times the number of Securities individual investor Subscribes to
<b>Subscription period</b>	The periods set out in section 6.1 of this Prospectus during which Subscription to this Offering is possible
<b>Subscription price</b>	Price per Security as defined in this Prospectus
<b>Takeover Directive</b>	Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids
<b>VASP</b>	Virtual Assets Service Provider, as defined in the law of 12 November 2004 on the fight against money laundering and terrorism financing, as amended
<b>VASP Services</b>	Scope of virtual asset services as defined in Articles 1(20c) and 7-1(1) of the Law of 12 November 2004 on the fight against money laundering and terrorist financing, provided by Virtual Asset Service Providers on behalf of their clients or for their own accounts, in particular: <ul style="list-style-type: none"> <li>- exchange between virtual assets and fiat currencies, including the exchange between virtual currencies and fiat currencies;</li> <li>- exchange between one or more forms of virtual assets;</li> <li>- transfer of virtual assets;</li> <li>- safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets, including custodian wallet services;</li> <li>- the participation in and provision of financial services related to an issuer's offer or sale of virtual asset.</li> </ul>
<b>Website</b>	<a href="http://www.blocktrade.com">www.blocktrade.com</a>





### Information incorporated by reference:

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the CSSF and the relevant sections set out below of those documents shall be incorporated by reference in, and form part of, this Prospectus.

This Prospectus should be read and construed in conjunction with:

Document	URL	Pages referenced
Articles of associations	<a href="https://blocktrade.com/Blocktrade-AoA/">https://blocktrade.com/Blocktrade-AoA/</a>	All pages
Audited financial statements with auditor's opinion	<a href="https://blocktrade.com/Blocktrade-statements/">https://blocktrade.com/Blocktrade-statements/</a>	All pages
	Report of the Réviseur d'entreprise agree	3-6
	Balance sheet - Assets	7-9
	Balance sheet - Capital, reserves and liabilities	10-11
	Profit and loss account	12-13
	Notes to the interim financial statements from 6 October 2020 to 16 November 2020	14-15

Such documents shall be made available, free of charge, at the specified office of the Issuer in Luxembourg during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted), and will also be available to view on the Website with the above links. The Issuer will keep the above links available on the Website for at least 10 years.

## 1. Specific summary

### 1.1. Introduction

#### 1.1.1. Name and international securities identification number (ISIN) of the Securities

**Name:** Blocktrade S.A. class B non-voting shares without nominal value

**ISIN:** [LU2270551208](#)

#### 1.1.2. Identity and contact details of the Issuer, including its legal entity identifier (LEI)

**Issuer:** Blocktrade S.A., a joint stock public limited liability company (*société anonyme*) incorporated in Luxembourg and operating under the laws of Luxembourg (commercially doing business also under the commercial brand “Blocktrade” and “Blocktrade.com”), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B248375, with its Legal Entity Identifier (“**LEI**”) 48510028XA7C085L4X50. Hereinafter referred to also as “**Company**”.

**Registered address and principal place of business:** 5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg

**Website:** <https://blocktrade.com/>; **E-mail:** [info@blocktrade.com](mailto:info@blocktrade.com); unless otherwise indicated any information found on the Website is not part of this public offering of up to 400,000,000 Class B non-voting shares offered by the Issuer (the “**Offering**”). Only information contained within this Prospectus is relevant for this Offering.

#### 1.1.3. Identity and contact details of the competent authority that approved the Prospectus

**Home country competent authority:** Commission de Surveillance du Secteur Financier (“**CSSF**”), 283, route d’Arlon, L-1150 Luxembourg

**T:** +352 26 25 1 1; **Web:** <https://www.cssf.lu/en/>; **E-mail:** [direction@cssf.lu](mailto:direction@cssf.lu)

#### 1.1.4. Date of approval of the EU Growth Prospectus

This Prospectus has been approved on 31 December 2020 and is valid until 30 December 2021. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a prospectus is no longer valid.

#### 1.1.5. Warnings

This summary should be read as an introduction to the EU Growth Prospectus. Any decision to invest in the Securities should be based on consideration by the investor of the EU Growth Prospectus as a whole. An investor can lose all or a part of the invested capital. Where a claim relating to the information contained in the Prospectus is brought before a court, the plaintiff investor might, under the national legislation, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the Summary including any translation thereof, but only if the Summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such securities.

### 1.2. Key information on the Issuer

#### 1.2.1. Who is the Issuer of the Securities

**Legal form, legal basis, country of incorporation and operations:** Blocktrade S.A., a joint stock public limited liability company (*société anonyme*) incorporated in Luxembourg and operating under the laws of Luxembourg (commercially doing business also under the commercial brand “Blocktrade” and “Blocktrade.com”), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B248375, with its Legal Entity Identifier: 48510028XA7C085L4X50.

**Principal activities:** The Issuer develops and licenses advanced software solutions for financial and digital asset industries. The Issuer’s main software solution is the set of software solutions with associated intellectual property rights acquired on 15 November 2020 and further developed by the Company and operated by the Operator as defined below pursuant to a Service/Business cooperation agreement entered into by the Company and the Operator, which enables trading services with digital assets to end-users (“**Platform**”) consisting of a set of technologies which enable its operators to operate a digital assets exchange with multiple modules: user onboarding module, Know-Your-Customer (“**KYC**”) module, order management system, trade execution with a matching engine, custody solution integration, transaction monitoring system, compliance module, and other relevant parts and integrations. The Platform, first developed by a Liechtenstein based software development company and ultimately acquired on 15 November 2020 by the Issuer on the basis of purchase and licensing agreement, and which is set up to be operated by the authorised service provider of the Company for the operation of the Platform, initially being BlocktradeOperations OÜ, a company governed by the laws of Estonia, incorporated on 31 January 2020, with registration number 14901959 and registered as a virtual asset service provider with the Estonian Financial Intelligence Unit under the number FTV000299 (“**Operator**”), and can therefore offer a secure, user-friendly and reliable trading environment to its end-users. The Issuer intends to operate the Platform itself upon registration with the CSSF.

**Chief Executive Officer:** Bernhard Blaha, Vienna, Austria.

**Controlling shareholders:** As of the date of approval of this Prospectus, Blocktrade S.A. is under a direct control of the EliteClub Foundation, the sole shareholder of the Issuer. EliteClub Foundation is managed by EliteClub Foundation’s

council, whose members are appointed by its founder, being Mrs. Silvia Freidl. There is no indirect controlling or owning shareholder of the Issuer other than EliteClub Foundation.

### 1.2.2. What is the key financial information regarding the Issuer

Blocktrade S.A. was founded on 6 October 2020. Accordingly, only financial data as of 16 November 2020 is presented. The financial information below is presented in accordance with International financial reporting standards (“IFRS”) as further specified in Regulation (EC) 1606/2002 and Law of 10 August 1915 On Commercial Companies, as amended (“Luxembourg Commercial Register and Accounting Act”). The financial information presented below is actual (not pro-forma) and has been audited by a qualified auditor (Mazars Luxembourg (R.C.S. number: B159962), registered office at: 5 rue Guillaume Kroll, L - 1882 Luxembourg) receiving unqualified opinion. The audit did not concern information other than the below financial information.

#### Financial information

Profit & Loss statement		Balance sheet			
Net turnover (+)	EUR 0	<b>Assets</b>	<b>Value as of 16.11.2020</b>	<b>Equity and liabilities</b>	<b>Value as of 16.11.2020</b>
Operating profit (+) or loss (-)	EUR -7,222	Cash at bank and in hand	EUR 198,244	Subscribed capital	EUR 200,000
Profit (+) or loss (-) after taxation	EUR -7,209	Other current assets (other debtors)	EUR 804	Profit or loss for the financial year	EUR -7,209
Operating profit margin (%)	N/A	<b>Total current assets</b>	<b>EUR 199,048</b>	<b>Total Capital and Reserves</b>	<b>EUR 192,791</b>
Net profit margin (%)	N/A	Tangible assets	-	Trade creditors	EUR 5,757
		Intangible assets	EUR 7,500,000	Amount owed to affiliated undertakings	EUR 7,500,500
		<b>Total fixed assets</b>	<b>EUR 7,500,000</b>	<b>Total Creditors</b>	<b>EUR 7,506,257</b>
		<b>TOTAL ASSETS</b>	<b>EUR 7,699,048</b>	<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	<b>EUR 7,699,048</b>

Financial information is sourced from audited interim financial statements from 6 October 2020 to 16 November 2020 (incorporated by reference to this Prospectus). Alternative performance measures stated in the above tables and stated in financial KPIs below comply with ESMA Guidelines on Alternative Performance Measures (APMs).

#### Non-Financial KPIs

**Number of users as of 16 November 2020:** 11,290 \*

\* This data is based on the period before the acquisition of the Platform by the Issuer when the Platform was operated by the entity that initially developed it.

Number of users is defined as the total number of registered users at the Issuer’s Platform up to date.

**Trading volume on the Platform as of 16 November 2020:** EUR 1,100,000 \*

\* This data is based on the period before the acquisition of the Platform by the Issuer when the Platform was operated by the entity that initially developed it.

Trading volume is defined as the value of all excluded trades across all trading pairs listed on the Issuer’s Platform in the given time period (day, week, month, etc)

### 1.2.3. What are the key risks that are specific to the Issuer

#### 1.2.3.1. Risks in relation to start-up companies and business plan execution

Issuer has been operating in its current sphere of economic activity for less than three years and is therefore considered a start-up company in accordance with Art. 136 of ESMA update on CESR Recommendations (ESMA reference number: ESMA/2013/319) referencing the Annex 29 of Commission Delegated Regulation (EU) 2019/980. The Issuer is thus a pre-profit (though not pre-revenue) company, with a working prototype, but currently limited customer base, low ability to raise additional funding at a reasonable cost, if needed, and overall high probability of failure to achieve its financial and strategic growth objectives. There is a high degree of uncertainty in future business results of the Issuer which may lead to a significant loss in investors’ capital.

#### 1.2.3.2. Risks related to market conditions

The Company’s business may be materially affected by global and in particular European economic conditions, in particular in the trends in the virtual asset markets, their volatility and investor interest therefor. The Issuer considers strong cyclicity of virtual asset markets (presenting itself in price bubbles and busts, changes in price volatility levels, investor interest in virtual assets in general and trading volume cyclicity) to have a material impact to the revenue potential that the Issuer can achieve during any time of a market cycle. The Issuer would be significantly negatively affected if it has heavily invested in attracting a significant customer base, only to immediately thereafter enter a prolonged bear market with low trading volumes and thus low trading fees.

#### 1.2.3.3. Risks related to regulatory environment

The Company’s business may be negatively impacted by additional or changed regulatory requirements pertaining to virtual assets in general, use of blockchain technologies in financial industry and increased governmental actions against such activities, which may result in major drop in the trading volumes on the Platform due to prohibitively expensive

compliance with these new requirements or even an outright ban of certain operations in some countries, which would also have a significant impact on the Company. The Company has filed an application for registration as a Virtual Asset Service Provider (“**VASP**”) with the CSSF in accordance with Law of 12 November 2004 on the fight against money laundering and terrorist financing transposing Directive 2001/97/EC of the European Parliament and of the Council of 4 December 2001 amending Council Directive 91/308/EEC on prevention of the use of the financial system for the purpose of money laundering, as amended (“**Luxembourg AML/CFT Law**”), where the outcome of the registration is still uncertain. The plan to move the operation of the Platform to the Company (from the Operator) is therefore also uncertain. Additionally, the introduction of Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto-assets (“**MiCAR**”) might impair the Company’s ability to successfully provide, sell or license its software solutions to prospective clients as the regulatory requirements will increase further.

#### **1.2.3.4. Risks related to competition**

The industry that the Company operates in (financial services related to virtual assets) is competitive and is expected to remain so. The Company’s competitive advantages may become eroded with entry of other well-established companies. The Issuer competes on several factors, including overall quality of the software solutions and the Platform, its ease-of-use, performance and reliability. As far as these factors are influenced by increased competition, additional regulatory compliance that can only effectively be covered with economies of scale, entrance of competitors with superior technology, larger ability to fund initial expenses before profitability, revenues and/or costs of the Issuer.

### **1.3. Key information on the Securities**

#### **1.3.1. What are the main features of the Securities**

##### **Information about the Securities**

- **Type and class:** Class B non-voting shares without nominal value in accordance with the law of 10 August 1915 on Commercial Companies, as amended (the “**Luxembourg Commercial Companies Act**”)
- **Form:** registered form, the Issuer alone bears the responsibility for the maintenance of the shareholder registry
- **Voting power:** the Securities do not have voting powers attached.
- **Rights attached to the Securities:** pari passu to all other existing share classes (with the exception of voting rights), each Security accounts for the same proportion and corresponding amount in the equity capital: a) Right to the proportional part of the dividends; b) Right to the proportional part of liquidation proceeds in accordance with the Luxembourg Commercial Companies Act
- **Transfer restrictions:** No limitations. Transfer of registered shares shall be carried out by means of a declaration of transfer entered in the shareholder registry, dated and signed by the transferor and the transferee or by their duly authorised representatives, and in accordance with the Luxembourg provisions on the assignment of claims. The Company may accept and enter in the shareholder registry a transfer on the basis of correspondence or other documents recording the agreement between the transferor and the transferee (including but not limited to transfer agreements). Electronic signature which is valid under Luxembourg law pursuant to article 1322-1 of the Luxembourg Civil Code and the Luxembourg Law of 14 August 2000 on Electronic Commerce, as amended shall be accepted and legally binding.
- **Currency of the Securities’ issue:** EUR
- **Nominal value:** without nominal value
- **Subscription price:** EUR 0.10
- **Maximum share in total equity if fully subscribed:** 20 % of total equity capital (comprising of class A voting shares and class B non-voting shares)
- **Term:** perpetual
- **Seniority:** pari passu to all other existing share classes (with the exception of voting rights), each share accounts for the same proportion and corresponding amount in the equity capital
- **Dividend policy:** pari passu to all other existing share classes (with the exception of voting rights). Each share accounts for the same proportion and corresponding amount in the equity capital

#### **1.3.2. Where will the Securities be traded?**

Upon issuance of Securities, they will not be traded on any trading venue and no application for the Securities to be admitted to trading has been made. However, the Issuer may, at its sole discretion, subsequently file for admission to trading on any eligible trading venue.

#### **1.3.3. Is there a guarantee attached to the Securities**

There is no guarantee attached to the Securities.

#### **1.3.4. What are the key risks that are specific to the Securities?**

##### **1.3.4.1. Risks related to voting power**

The Securities hold no voting power. The Investors will be unable to outvote the existing shareholders on matters affecting the Company. Even though applicable provisions of the Luxembourg legislation provide some safeguards relating to voting on matters directly affecting the Securities’ class, indirect matters are decided by a (qualified) majority

of the voting power. Decisions taken by the majority shareholder(s) may indirectly negatively impact the value of Securities.

#### 1.3.4.2. Potential risk of dilution

Subject to the Luxembourg Commercial Companies Act and pursuant to Authorised capital (granted in the Articles of association of the Issuer), the general meeting of shareholders authorises the board of directors of the Issuer to increase the capital, on one or more occasions, by issuing up to 1,600,000,000 class B non-voting shares (“*Authorised capital*”) in period of five years from the date of the implementation of Authorised capital in Articles of association of the Issuer (of which up to 400,000,000 are offered under this Prospectus). Accordingly, the Issuer may issue further same or different financial instruments, which may dilute the ownership stake that corresponds to his previous proportion and corresponding amount in the equity capital of holders of Securities offered under this Prospectus.

#### 1.3.4.3. Risks in relation to liquidity of Securities

The Issuer has not applied for the Securities to be admitted to trading and may or may not do so at its sole discretion. Until then the investors may not be able to sell Securities when desired or may be forced to take significant price concessions if sold in the over-the-counter i.e. off-trading venue (“*OTC*”) market.

### 1.4. Key information on the offer of Securities to the public

#### 1.4.1. Under which conditions and timetable can I invest in this Security

**Total Offering size:** 400,000,000 Securities

**Nominal value:** without nominal value

**Subscription price:** EUR 0.10

**Taxes or expenses to be paid by investor at Subscription:** No taxes nor expenses are charged to the investor at the time of Subscription.

**Subscription process and General Eligibility:** The Offering of Securities under this Prospectus is limited exclusively to natural and legal persons, who have registered a valid membership of ELITECLUB International, a company registered at Dubai Silicon Oasis Headquarters, 4th Floor, Office D 63, P.O. Box: 341041, Dubai, United Arab Emirates, with Company Registration Number 2736, the object of which is to provide exclusive amenities and services for natural persons and legal persons in the framework of a business club (“*EliteClub*”) on or before December 3, 2019 (GMT). If such EliteClub membership has been registered by a legal person, an eligible person is (1) such legal person or (2) ultimate beneficial owner of such legal person or (3) the representative or proxy of such legal person authorized to access the EliteClub membership account, whereas number of eligible persons cannot exceed number of registered unique membership accounts per such legal person, whereby eligibility shall be decided on first come first served basis. Eligibility status is not transferable. Transactions made by persons that are not Eligible persons shall not be accepted by the Issuer and will be returned to such investors within one month after the allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).

Subscription process is made of two parts as follows:

FIRST PART OF SUBSCRIPTION PROCESS	
<b>Period:</b>	from 11.01.2021 – 29.01.2021 * <i>(*the Issuer may terminate the first part of Subscription period if the total Offering size of securities is subscribed before the end thereof.)</i>
<b>Offering size:</b>	400,000,000 Securities
<b>Minimal Subscription per Investor:</b>	1,000 Securities
<b>Maximal Subscription per Investor:</b>	EliteClub membership Tier 1 (Rising Star): 40,000 Securities; EliteClub membership Tier 2 (Executive): 120,000 Securities; EliteClub membership Tier 3 (VIP): 400,000 Securities
<b>Oversubscription policy:</b>	Securities will be allotted to Investors on a first-come first-served basis, where the relevant timestamp is the receipt of funds at the dedicated capital increase account of the Issuer (“ <i>Bank account</i> ”). Any funds exceeding the Maximal Subscription amount per Investor in the first part of the Subscription process, will be used to subscribe to the Securities in the second part of the Subscription process pursuant to terms of conditions as set thereof (see below). In the event that the total amount of securities of the total aggregate of Offering size is subscribed within the first part of subscription period, no second part of the Subscription process will be initiated, whereby potential Excess funds remaining after the subscription of total offering size (“ <i>Excess funds</i> ”) will be returned to investors within one month after the allotment of Securities.
<b>Undersubscription policy:</b>	Any Securities which remain unsubscribed by the end of the first part of Subscription process, will be <del>offered</del> in the second <del>part of the Subscription process offered only to Investors who have already subscribed to the Offering during the first</del> part of the Subscription process, pursuant to terms of conditions as set thereof (see below). The Investors <del>that participated in the first part of the Subscription process</del> will have the right to subscribe to the remaining unsubscribed part of Securities in the Second part of the Subscription process.

<b>Subscription price:</b>	EUR 0.10 per Security* <i>(*Each Eligible Investor can redeem specific amount of electronic discount points attributed to specific EliteClub Member ("<b>Priority points</b>") only in the first part of the Subscription process up to the Maximal Subscription amount of securities per Investor, whereby each Priority point enables Investor to receive a 50% discount on Subscription price per Security). Priority points enable EliteClub Members to receive a discount on the price of the Securities offered in this Prospectus but carry no right to be exchangeable for Securities by itself. Priority points do not have an intrinsic value and are not a voucher, only a discount coupon, which can be redeemed for a discount of 50% on Subscription Price per one Security.</i>
----------------------------	---

<b>SECOND PART OF SUBSCRIPTION PROCESS</b>	
<b>Period:</b>	from <del>03.03.2021</del> <u>15.03.2021</u> – <del>03.03.2021</del> <del>18.03.2021</del> <u>31.03.2021</u> * <i>(*the Issuer may terminate the second part of Subscription period if the total Offering size of securities is subscribed before the end thereof.)</i>
<b>Offering size:</b>	Remaining amount of unsubscribed securities from first part of subscription period
<b>Additional eligibility criteria:</b>	<del>In addition to general Eligibility criteria, Eligible Investors in second part of the Subscription process are Investors who have already subscribed to the Offering during the first part of the Subscription process pursuant to terms of conditions as set thereof (see above).</del>
<b>Minimal Subscription per Investor:</b>	1,000 Securities
<b>Maximal Subscription per Investor:</b>	40,000,000 Securities (in addition to Maximal Subscription amount per Investor from First part of the Subscription process).
<b>Oversubscription policy:</b>	Securities will be allotted to Investors on a first-come first-served basis, where the relevant timestamp is the receipt of funds at the dedicated Bank account. Any funds exceeding the Maximal Subscription amount per Investor in the second part of the Subscription process, will be returned to Investors within one month after the allotment of Securities. In the event that the total amount of securities of the total aggregate of offering size is subscribed before the end of second part of the Subscription process, Excess funds remaining after the subscription of total offering size will be returned to investors within one month after the allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).
<b>Undersubscription policy:</b>	Securities which are not subscribed until the end of second part of Subscription process will not be issued.
<b>Subscription price:</b>	EUR 0.10 per Security* <i>(*Each Eligible Investor can redeem specific amount of electronic discount points attributed to specific EliteClub Member ("<b>Priority points</b>") up to the Maximal Subscription amount of securities per Investor, whereby each Priority point enables Investor to receive a 50% discount on Subscription price per Security).</i>

**Revocation or suspension of the Offering:** The Issuer may at any time revoke or suspend the Offering in part or in full. The Offering may specifically be cancelled at any time if the Issuer considers it impracticable or inadvisable to proceed with the Offering due to, but not limited to: (i) material limitation of issuance of Securities; (ii) a material loss or interference with the business of the Company; (iii) any material adverse change or development in or affecting the Company. In case of revocation, cancellation or suspension of the Offering, excess funds will be returned to investors within one month after such revocation, cancellation or suspension.

**Rounding policy:** Any excess funds that would result in fractional Securities if allotted will be returned to the Investor within one month after allotment of Securities.

**Multiple Subscriptions policy:** each investor can subscribe to the Securities multiple times up to his/her individual maximum Subscription amount.

**Reduction of Subscription, investment revocation policy:** Investors, who have already transferred the funds for the Subscription of Securities to the Bank account, but wish to reduce their subscribed amount or not invest at all, can do so by informing the Issuer at [sto@blocktrade.com](mailto:sto@blocktrade.com) until the end of the Subscription process. Amendments thereafter are not possible. Excess funds will be returned to such investors within one month after the allotment of Securities.

**Late receipt of funds policy:** any funds that arrive to the Bank account after the end of the Subscription process shall not be accepted by the Issuer and will be returned to such investors within one month after the allotment of Securities.

**Publication of results:** in case of undersubscription in the first part of Subscription process, the Issuer will publish the preliminary results of this Offering until that point in time on the Website as soon as practicable, but in any case no later than within five days from the end of the first part of Subscription process. In such case, the Issuer will publish notice to investors, in which it will determine beginning, duration and date of publication of results of the second part of the Subscription process, whereby the second part of Subscription process will not exceed two months.

The Issuer will publish the full detailed results of this Offering on the Website within two months from the end of the second part of Subscription process.

**Securities in this Prospectus are offered for Subscription, not for sale.**

**Estimated costs of this Offering:** Up to 5% of the total proceeds of this Offering estimated at EUR 2 million, whereby this amount will be paid by the Issuer from the proceeds of this Offering after the registration of capital increase. Up to 4% of the proceeds is to be paid to the ~~offeror (CM Equity AG)~~ investment firms supporting the Offering for the provision of placement and ancillary services, 0,6% to the credit institution providing the payment services, and up to 0,4% for the consulting services, and compliance software used to verify investors' identity.

**Other costs borne by the investor:** Transaction fees in accordance with the fee schedule of the Bank in case of return of excess and/or late funds as described above, netted from such funds. Should the transaction fees be higher than the excess and/or late funds of the investor, no funds will be returned. Furthermore, no funds in relation to Subscription to this Offering will be subject to interest compounding.

**Preferential right of Securities:** In case of subsequent issuances of financial instruments of same type and class within the Authorised capital granted in the Articles of association, each holder of Securities has a preferential right and is entitled to claim a portion of such financial instruments of same type and class that corresponds to his previous proportion and corresponding amount in the share capital. Articles of association of the Issuer authorise the board of directors to withdraw the preferential subscription right in relation to a subsequent increase of capital made within the Authorised capital.

**Expected dilution of the existing shareholders:** 20% if the total amount of Offering size of Securities in this Offering is Subscribed to.

**Preferential subscription right of existing shareholders:** All existing shareholders have waived their preferential subscription rights to the Securities in this Offering. Preferential subscription rights are not transferable to other persons.

**Distribution plan:** The subscribed Securities must be fully paid in until the end of Subscription process. Investors will be allotted only the Securities for which the Subscription Amount has been fully paid in accordance with the terms and conditions of this Prospectus. Any Excess funds will be returned within one month after the allotment of Securities. No funds in the Bank account are subject to interest compounding. Securities will be allotted within 15 working days of the registration of the increase of equity capital for Securities issued under this Prospectus, whereas such registration shall be made within one month from the end of Subscription process and by corresponding entry into the Issuer's shareholder registry. Updates of shareholder registry and thus dealing with Securities are not possible until such time. Investors will be notified via email of successful allotment of Securities within 15 working days of the registration of the increase of equity capital for Securities issued under this Prospectus.

**1.4.2. Why is this EU Growth prospectus being produced**

In order to take advantage of favourable regulatory developments relating to blockchain and its role in financial industry, the Issuer has decided to aggressively pursue further development of its Platform, expand its service offering internationally and enable EliteClub Members to participate in the development of the Issuer.

**The use and estimated net amount of the proceeds:** the estimated structure of the use of proceeds is as follows, broken into each principal intended use and presented in order of priority of such uses, assuming the net proceeds are in line with Issuer's estimations:

Activity	Estimated net amount (including %)
Marketing and Communications	EUR 14,440,000 (38%)
Technology purchase and further improvement and development of the Platform	EUR 11,020,000 (29%)
Working capital, liquidity, solvency & finance	EUR 6,840,000 (18%)
Regulatory & compliance	EUR 1,900,000 (5%)
Human resources	EUR 1,900,000 (5%)
Business development	EUR 1,900,000 (5%)

The Issuer estimates the total proceeds of this Offering to be EUR 40 million, of which an estimated 5% are the cost of this Offering, making the net proceeds of this Offering EUR 38 million.

**A description of any material conflicts of interest pertaining to the offer or the admission to trading:** There are no material conflict of interest pertaining to the Offering.

**1.4.3. Who is the offeror and/or the person asking for admission to trading**

~~CM Equity AG, a joint stock company incorporated in Germany, operated under the laws of Germany, with its registered address and principal place of business at Kaufingerstraße 20, 80331 Munich, Germany, entered into German commercial registry under the number HRB 143533 at the district court Munich, with its Legal Entity Identifier (LEI) 529900FYFELV0BF2P080 ("CM Equity AG") and Cryptix d.o.o., a private limited liability company incorporated in Slovenia, operated under the laws of Slovenia and Germany (in terms of conducting placement services without firm commitment as an appointed tied agent of above cited CM Equity), with its registered address and principal place of business at Ameriška ulica 8, 1000 Ljubljana, Slovenia, entered into Slovene commercial registry under the number 8333041000, acting within the context of the placement business of financial instruments in accordance with § 1 para. 1a sentence 2 no. 1c KWG exclusively in the name and on behalf and under the responsibility of CM Equity AG ("Cryptix d.o.o.")—The Issuer will market the Securities directly subject to compliance with the laws of the jurisdiction of~~



[establishment/residence of the relevant investor and may engage the services of local investment firms in the jurisdictions where a special license to offer and/or distribute the Securities is required.](#)



## 2. Persons responsible, third-party information, experts' reports and competent authority approval

### 2.1. Responsibility for the information provided

The Issuer alone assumes the responsibility for the information contained in this Prospectus.

The Issuer declares that to the best of its knowledge, the information contained in the Prospectus is in accordance with the facts and that the Prospectus makes no omission likely to affect its import.

#### Statutory auditor

The Issuer has appointed BDO Audit, Société Anonyme, with registered address at 1 rue Jean Piret, Boîte Postale 351, L-2013, Luxembourg, (R.C.S. number B147 570) as the Company's statutory auditor (*réviseur d'entreprise*).

The special purpose financial statements included in this Prospectus have been audited by Mazars Luxembourg (R.C.S. number: B159962), registered office at: 5 rue Guillaume Kroll, L - 1882 Luxembourg.

#### Issuer

Blocktrade S.A., a joint stock public limited liability company (*société anonyme*) incorporated in Luxembourg and operating under the laws of Luxembourg (commercially doing business also under the commercial brand "Blocktrade" and "Blocktrade.com"), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085LAX50.

#### Approved by

Commission de Surveillance du Secteur Financier ("**CSSF**") in its capacity as competent authority under the Luxembourg Prospectus Regulation Implementation Law and Prospectus Regulation on 31 December 2020 and valid until 30 December 2021. The obligation to supplement a prospectus in the event of significant new factors, material mistakes or material inaccuracies does not apply when a prospectus is no longer valid. The accuracy of the information contained in this Prospectus does not fall within the scope of examination by the CSSF under applicable Luxembourg law. The CSSF examines the Prospectus only in respect of its completeness, coherence and comprehensibility as imposed on by Prospectus Regulation. Such approval should be considered an endorsement neither of the Issuer nor of the Securities. Investors should make their own assessment as to the suitability of the investment in the Securities. This Prospectus has been drawn up as an EU Growth Prospectus in accordance with Article 15 of Prospectus Regulation.

### 2.2. A description of any interest, including a conflict of interest that is material to the issue/offer, detailing the persons involved and the nature of the interest

~~Mr. Aleksander Jerenko is a member of the board of directors of the Issuer and the director of the Cryptix d.o.o., a private limited liability company incorporated in Slovenia, operated under the laws of Slovenia and Germany (in terms of conducting placement services without firm commitment as an appointed tied agent of above cited CM Equity), with its registered address and principal place of business at Ameriška ulica 8, 1000 Ljubljana, Slovenia, entered into Slovene commercial registry under the number 8333041000, acting as an appointed tied agent within the context of the placement business of financial instruments in accordance with § 1 para. 1a sentence 2 no. 1c KWG exclusively in the name and on behalf and under the responsibility of CM Equity AG, a joint stock company incorporated in Germany, operated under the laws of Germany, with its registered address and principal place of business at Kaufingerstraße 20, 80331 Munich, Germany, entered into German commercial registry under the number HRB 143533 at the district court Munich, with its Legal Entity Identifier (LEI) 529900LYFLLV0BF2P080, being the offeror of Securities under this this Prospectus, mandated by the Issuer. Considering the nature of the interests of the parties involved in the Offering, the Issuer considers that there are no evident risks of direct or indirect conflict of interest of Mr. Aleksander Jerenko due to the following: (1) Mr. Aleksander Jerenko does not hold any equity or other type of securities of the Issuer, its subsidiaries or holding companies, (2) he does not hold any equity or other type of securities of above cited Cryptix d.o.o. or in its subsidiary or holding companies, (3) he does not hold any equity or other type of securities of above cited CM Equity AG or in its subsidiary or holding companies, (4) he does not meet General Eligibility criteria as defined under section 6.1. of this Prospectus to participate in the Offering to subscribe to Securities under this Prospectus, (5) he does not have a direct or indirect economic interest that depends on the success of the Offering under this Prospectus, or have any equivalent understanding or arrangement with the Major shareholder of the Issuer.~~

To the Issuer's best knowledge, there are no interest, including conflicts of interest, that are material to the Offering.

### 2.3. Reasons for the Offer, use of proceeds and expenses of the Offering

In order to take advantage of favourable regulatory developments relating to blockchain and its role in financial industry, the Issuer has decided to aggressively pursue further development of its Platform, expand its service offering internationally and enable EliteClub Members to participate in the development of the Issuer.

**The use and estimated net amount of the proceeds:** the Issuer plans to use the estimated proceeds of this Offering to pursue its goal of becoming a major participant in the European digital assets market, where almost a third of the estimated proceeds will be used to pay for the Platform, including acquired intellectual property, technology and brand as well as the estimated cost of further development of such technology. The largest estimated expense will be related to acquiring large number of customers through marketing activities, sales and business development. To ensure the stability of operations during the growing phase of the Company, a growing team will be put in place, including having a large budget for regulatory and compliance purposes, while keeping sufficient funds for working capital and liquidity needs.

The estimated structure of the use of proceeds is as follows, broken into each principal intended use and presented in order of priority of such uses, assuming the net proceeds are in line with Issuer's estimations:

Activity	Estimated net amount (including %)	Description
Marketing and Communications	EUR 14,440,000 (38%)	Combination of paid performance marketing and organic marketing, aided by a public relations strategy targeting a wider awareness of the brand, together with creation of educational material which will support the user retention and the average trading volume per user, with the overall goal of increasing the trading volumes and therefore the revenue.
Technology purchase and further improvement and development of the Platform	EUR 11,020,000 (29%)	Purchase, transfer, licensing, and implementation of the digital assets exchange Platform software, and its further development including development of additional features and functionalities.
Working capital, liquidity, solvency & finance	EUR 6,840,000 (18%)	Financing related to running the day-to-day business operations, including total employee compensations, Company's suppliers, customer support services and general and administrative expenses to run the Company's activities.
Regulatory & compliance	EUR 1,900,000 (5%)	The Company will comply with all applicable laws when providing its services, including applying for any necessary registration or authorisations with relevant authorities
Human resources	EUR 1,900,000 (5%)	Growing the number of employees of the Company to support the activities.
Business development	EUR 1,900,000 (5%)	The growth of the Company can be higher with good partnerships, especially on the provisioning of liquidity and other activities related to the support of provided services, which is the role of Company's business development.

The Issuer estimates the total proceeds of this Offering to be EUR 40 million, of which an estimated 5% are the cost of this Offering, making the net proceeds of this Offering EUR 38 million.

### 2.4. Additional information

**If advisors connected with the Offering are referred to in this Prospectus, a statement of the capacity in which the advisors have acted:** No advisors connected with the Offering are referred to in this Prospectus.

**An indication of other information in this Prospectus which has been audited or reviewed by statutory auditors and where auditors have produced a report:** No other information except the interim financial statements in Specific summary and in section 8 of this Prospectus have been audited or reviewed by statutory auditors. Auditor's report, financial statements and notes to financial statements are also incorporated by reference to this Prospectus.

### 3. Strategy, performance and business environment

This section contains certain forward-looking statements. They are based on analyses or forecasts of future results and estimates of amounts not yet determinable or foreseeable and depend to a certain extent on the Issuer's own discretion.

Issuer has been operating in its current sphere of economic activity for less than three years and is therefore considered a start-up company in accordance with Art. 136 of ESMA update on CESR Recommendations (ESMA reference number: ESMA/2013/319) referencing the Annex 29 of Commission Delegated Regulation (EU) 2019/980. The Issuer thus discloses its business plan in this section.

#### 3.1. Issuer

Blocktrade S.A., a joint stock public limited liability company (*société anonyme*) incorporated in Luxembourg and operating under the laws of Luxembourg (commercially doing business also under the commercial brand “Blocktrade” and “Blocktrade.com”), registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085L4X50

Registered address and principal place of business: 5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg

Website: <https://blocktrade.com/>; E-mail: [info@blocktrade.com](mailto:info@blocktrade.com); unless otherwise indicated any information found on the Website is not part of this Offering. Only information contained within this Prospectus is relevant for this Offering.

#### 3.2. Legal and commercial name

Blocktrade S.A., commercially doing business also under the commercial brand “Blocktrade” and “Blocktrade.com”.

#### 3.3. Registration

The Issuer has been registered in Luxembourg under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085L4X50.

#### 3.4. Incorporation

The Issuer was incorporated on 6 October 2020.

#### 3.5. Vision & mission

##### Vision

The Company's vision is to become a market leader in the digital assets industry, enabling seamless trading and investing in digital assets via the Platform.

The Platform enables the activities of exchanges between fiat currency and virtual assets and between virtual assets. The Platform also provides for the custody and safekeeping of virtual assets and transfer of such virtual assets.

##### Mission

The Issuer believes in the power of community and trust. The Company strives towards providing the most accessible marketplace while holding itself to the highest regulatory standards. The Company makes no difference between origin, gender, age or wealth when providing educational material and support to its community with the aim of promoting financial knowledge and to utilize such knowledge on digital markets. Only when every user leaves the Platform wealthier in assets or knowledge, looking forward to coming back to further improve their life have the Company considers that has reached its goal.

##### Business model

The Platform generates revenue from the trading volumes of executed trades by its users on it, since there is a fee associated with every trade. Since the Operator of the Platform can match and execute multiple orders simultaneously, the effective fee on the both sides of the trade (buy and sell) create revenue, basically doubling the average trading fee of the Platform. In the case that the order is matched with an order of a market maker which provides liquidity to the Platform, the average trading fee might be lower, since the market makers' fees are usually lower.

On average, trading fees on virtual asset trading platforms that are focused more on retail investors are about 0.50%, with a range of 0.10% to 4%. The fees on the Platform are set to be in line with the market averages, where the expected average effective fee earned on executed trades (both sides of the transaction) is 0.60%.

The main driver of the revenue is therefore the combination of the average trading fee and the trading volumes on the Platform. The Company aims to increase the trading volumes on the Platform by acquiring a large number of users through different marketing activities, and increasing their retention rates (how long they stay on the Platform and how much they trade) with developing new features on the Platform and educating users on different financial market matters.

The main costs for the Company to achieve its growth objectives are linked to marketing activities aimed at increasing the number of users (increasing the trading volumes and therefore the revenue), payment for the acquisition of the technology, intellectual property, brand and other relevant parts of the Platform, and its further development including new features like the integration with the payment services partners that provide the possibility of trading fiat currencies against virtual assets, together with increasing the number of people involved in the development and operations of the platform, while sufficiently covering the necessary liquidity needs for such growth and having a dedicated budget for regulatory purposes including the applications for registrations or authorisations to perform activities that require such approval.

### **The Platform**

On 15 November 2020, the Company has signed (effective as of the date of signature) a contract concerning the purchase, transfer, licensing, and implementation of the digital assets exchange Platform software to the Issuer in all development, intermediate and final stages, comprising the object and source code with sufficient documentation and with corresponding transfer of associated intellectual property rights, allowing the Issuer to use, reproduce, commercialize, distribute, sell modify and prepare derivative works from and otherwise use and exploit the digital assets exchange Platform software on non-exclusive basis (in relation to the seller as of the date of transfer) for unlimited duration and unlimited territory.

The Platform consists of set of software systems and integrations that enable operation of a trading platform with virtual assets, with included registration and onboarding module, KYC integration module, 2FA integration module, membership module, modular web user interface with third party charting library integration, order management system that is connected to external trading venues and has internal matching capabilities, integration with Enterprise wallet system for safekeeping of digital assets, integration with transaction monitoring system, integration with FIAT gateway, extensive API module, integration with the clearing system, business and IT performance monitoring module, mobile apps for Android and iOS, and operations automation and deployment module.

The Platform is fully functional, allowing the Operator to perform the relevant services related to custody and safekeeping of virtual assets, trading and exchanging of listed virtual assets on the Platform, and allowing deposits and withdrawals of these virtual assets. In the following months and quarters the Company will focus on developing additional features of the Platform which include the so-called fiat gateway, allowing its users to buy virtual assets with fiat currencies, whereby the payment services are provided by an authorised electronic money institution through the API connectivity on the Platform. The number of listed virtual assets on the Platform will also increase, allowing users to have a wider set of trading and investment opportunities in these virtual assets. The Company will also explore additional functionalities that are enabled on some types of blockchains or virtual assets, including staking, which is a different consensus mechanism ensuring the stability of these blockchains.

In the case of significantly lower number of Securities being sold through this Offering (meaning that the net proceeds of the Offering are much lower than estimated) the Company might decide to limit the set of features that it aims to develop in the Platform, which would not affect the core business model of the Company since the Platform is fully-featured to perform the necessary services that are part of the core service offering of the Company, the Operator and the Platform itself. Not developing some of the above mentioned features might make it more difficult to acquire existing users of the competitors, but should have a minor impact on the ability to attract new users that do not have experience with trading virtual assets, but the average cost per acquired user might be higher in this case.

## **3.6. Business plan**

### **3.6.1. 3.6.1. Growth objectives**

#### **3.6.1.1. Financial growth objectives**

Sustainable growth can only be achieved by sustainable investment. Thus, the Offering is to be considered a long-term investment, rather than a quick win. Issuer aims to re-invest a majority of the proceeding in further development of Issuer's software solutions and together with Operator grow the number of the end-users on the Platform and the trading volumes on it.

Formatted: Heading 3

Issuer aims to achieve a positive EBIT no earlier than 2024 and even beyond that, if the market conditions seem to suggest that further investment in growth benefits the long-term profitability of the Company.

The Issuer has confidence in the future of digitalization of assets and expect this market to grow for years to come. The Issuer is positioned well to benefit from this market growth since its Platform has software solutions for custody and exchange of virtual assets, while maintaining the ease of use for users, with the addition of a strong brand, clear marketing plan and highly beneficial educational content for its users, altogether enabling high user and trading volumes growth on the Platform, which directly impacts the Issuer's revenues.

The main activity the Issuer intends to do for gaining market share is through efficient marketing expenditures, whereas, as described in the "Marketing measures" section of 3.6.2., more users will be acquired via marketing campaigns, thereby decreasing the short-term profitability while increasing the revenue. By using this approach, achieving a positive net income is delayed, while allowing the Issuer to increase its market share, number of users, volumes traded on the Platform, making it more attractive for other traders with virtual assets, and overall making the business model more sustainable in the long run.

Such strategy is generally, as is the case here, employed for high growth companies in a market that is already considered an established market to a certain extent and has active competitors. The issuer considers it as a necessary approach to become a relevant market participant in the quickly evolving and competitive market.

### 3.6.1.2. Non-financial (strategic) growth objectives

To support the financial growth objective, the Company has a number of strategic growth objectives. These can be summarized as such:

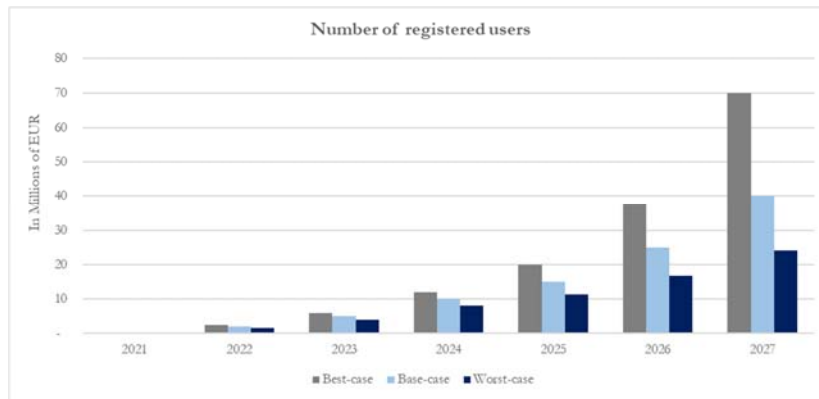
- Increasing the number of users on the Platform through different marketing activities,
- Increasing the trading volumes on the Platform, by making it easy for users to buy and sell virtual assets,
- Developing new features and functionalities on the Platform, to make it more competitive compared to other virtual asset trading platforms with the aim of not being forced into lowering average trading fees on the Platform due to the competitions, while making those new functionalities fully compliant with the relevant laws and regulation, which additionally increases the competitive advantage compared to unregulated virtual asset trading platforms,
- Educating users (and potential users) with the aim of helping them make better decisions and avoid trading mistake, while increasing the brand awareness, lowering the user acquisition cost, and increasing the average trading volume per user.

Developing high-quality software that enables great user experiences and is compliant with relevant regulations requires a strong team which is why the Company aims to increase the headcount that is developing and operating the Platform, significantly in the following years.

While the digital asset industry is growing rapidly, there is still a large information and knowledge gap between industry insiders and institutional and retail investors. The Company aims to lower this gap by providing educational material to the end-users of the Platform.

Together with marketing activities explained below, the educational material will enable the Platform to reach significant market share in the following years. The Company and Operator estimate that by end of 2021 the number of registered end-users on the Platform will reach 300,000, while the growth will increase in the following years and is estimated to reach 40 million registered end-users on the Platform where the technology is provided by the Company. The Company considers this as a base plan, however the best-case and worst-case are also provided in the table below:

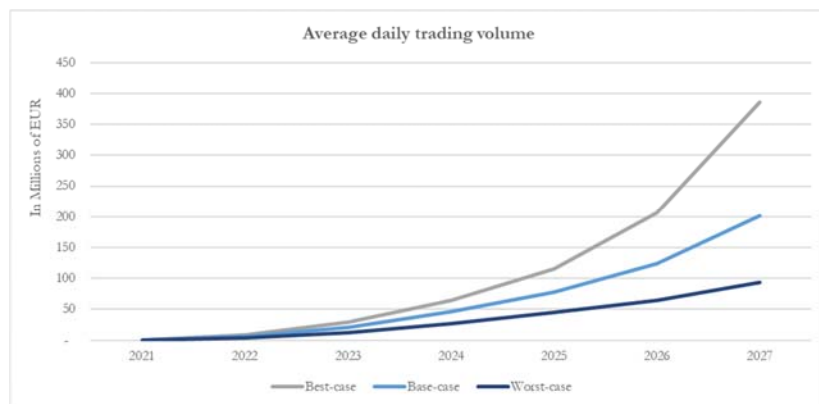
Registered end-users on Platform	2021	2022	2023	2024	2025	2026	2027
<b>Best-case</b>	360,000	2,400,000	6,000,000	12,000,000	19,950,000	37,500,000	70,000,000
<b>Base-case</b>	300,000	2,000,000	5,000,000	10,000,000	15,000,000	25,000,000	40,000,000
<b>Worst-case</b>	240,000	1,600,000	4,000,000	8,000,000	11,250,000	16,750,000	24,000,000



The number of registered end-user on the Platform is based on the combined marketing and sales activities of the Company and Operator, which will be focused on (paid) end-user acquisition, brand awareness, unique user experience, user retention activities, referral programs, explained in more detail below.

Average daily trading volume on the Platform is expected to follow the end-user base growth, meaning that the daily trading volume is expected to exceed EUR 30 million within 3 years of the Platform being on the market (base-case scenario). The expected average daily trading volume in each year is presented in the table below. The best case considers a fact that the overall market or the industry could grow substantially faster than anticipated by the base case scenario. On the other hand, the Company is aware of the fact that unfavourable market conditions or industry development could lead to a slower growth of the Platform. In addition, the unfavourable regulatory conditions could also impact the Platform’s expected end-user and trading volume growths. From this perspective, the Company has taken the worst-case scenario into consideration as well. In comparison, average daily trading volume on the trading platforms of main competitors is currently more than EUR 200 million which is still growing significantly year over year.

Average daily trading volume	2021	2022	2023	2024	2025	2026	2027
Best-case	764,785	8,408,602	29,515,871	64,434,638	115,532,666	206,467,732	386,498,618
Base-case	566,764	5,987,944	21,018,878	45,885,273	77,513,835	123,590,322	201,146,981
Worst-case	355,414	3,567,286	1,521,885	27,335,907	44,503,439	64,661,511	94,180,190



The Issuer has identified four main variables that have a direct influence on the business performance of the Issuer, which are:

- Number of registered users,
- Average user acquisition cost,

- Average monthly trading volume per registered user, and
- Effective trading fee.

The Issuer ran the sensitivity analysis of the above metrics to see their impact on long-term profit margins. The assumptions for the sensitivity analysis on long-term net profitability (in year 2025) are presented below:

- Number of registered users in 2025 is assumed according to the estimates for base-case, best-case and worst-case as described above,
- The average user acquisition cost in 2025 is assumed to be 20 EUR, with best- and worst-case scenarios deviating 50% lower and higher, respectively,
- The average monthly trading volume per registered user is assumed to be 188 EUR in the base-case, while doing the sensitivity analysis up to 30% deviation from the base-case, as shown below,
- Effective trading fee is assumed to be 0.60% (trading fees are charged for both the buyer and the seller on the Platform), while doing the sensitivity analysis on 30% deviation on the effective trading fee, as shown below.

The aim of the sensitivity analysis is to analyse the change in the long-term profit margin in the case that any of the above parameters change for a certain percentage. The mid-number in the tables below represent the impact of changing the scenario compared to the base-case scenario – which is why in the first table, this number is equal to 1.00, while in the best-case scenario the long-term profit margin would be 78% higher (1.78x higher) and in the worst-case scenario it would be 57% lower (0.43x of the base-case).

Sensitivity of the long-term net profit margin in the **base-case scenario** (assumptions on the number of registered users and average user acquisition cost are taken from above base-case assumptions), where the variables are the trading volume and effective fee, is shown below:

		Average monthly volume per registered user (in EUR)						
		-30%	-20%	-10%	188	10%	20%	30%
Eff. trading fee	-30%	- 3,71	- 2,78	- 2,05	- 1,47	- 0,99	- 0,60	- 0,26
	-20%	- 1,84	- 1,14	- 0,60	- 0,16	0,17	0,43	0,65
	-10%	- 0,72	- 0,16	0,24	0,54	0,79	1,00	1,18
	0,60%	0,02	0,43	0,75	1,00	1,21	1,38	1,53
	+10%	0,49	0,84	1,11	1,33	1,50	1,65	1,78
	+20%	0,84	1,14	1,38	1,57	1,73	1,86	1,97
	+30%	1,11	1,38	1,59	1,76	1,90	2,02	2,11

The starting point of the sensitivity analysis is having unchanged base-case assumptions of 0.6% effective trading fee and average monthly trading volume per registered user of EUR 188, which gives the output of 1, meaning that this is the starting point for sensitivity analysis and simulation of long-term profit margin of the Issuer in the case the average trading volume per user and effective trading fee deviate from the base-case assumption (EUR 188 and 0.6% respectively). The result of 2.11 (at the bottom right of the above table) which compares 30% higher average monthly volume and 30% higher effective trading fee to the core assumptions means that long-term profit margin of the Issuer is 2.11x (or 111%) higher.

In the **best-case scenario** (where the assumptions on the number of registered users and average user acquisition cost are taken from above best-case assumptions, +33% in number of registered users and -50% in the average UAC, respectively) the sensitivity analysis on the long-term net margin with average monthly trading volume and effective trading fees being the variables is presented below:

		Average monthly volume per registered user (in EUR)						
		-30%	-20%	-10%	188	10%	20%	30%
Eff. trading fee	-30%	- 1,17	- 0,56	- 0,08	0,27	0,54	0,77	0,96
	-20%	0,05	0,46	0,77	1,02	1,23	1,40	1,54
	-10%	0,70	1,02	1,27	1,47	1,64	1,78	1,89
	0,60%	1,13	1,40	1,61	1,78	1,91	2,03	2,13
	+10%	1,44	1,67	1,85	1,99	2,11	2,21	2,29
	+20%	1,67	1,87	2,03	2,15	2,26	2,34	2,42
	+30%	1,85	2,03	2,17	2,28	2,37	2,45	2,51

In the best-case scenario with assumption for average monthly volume per user and effective trading fee unchanged, the long-term profit margin would increase by 78% (1.78x higher) from the base-case scenario. Changing these two variables to +30% of their values increases the long-term profit margin to 2.51x (or 151%, bottom right of the table) higher compared to the base-case scenario, while lowering the values for these two variables by 30% (top left of the table) would decrease the long-term profit margin by -1.17x (or -217%) compared to the base case.

Worst-case scenario (assuming pessimistic assumptions for number of registered users in 2025 and the average user acquisition cost, 25% lower number of users and 50% higher average UAC, respectively) for long-term net profit margin and its sensitivity on monthly volumes and trading fee is presented below:

		Average monthly volume per registered user (in EUR)						
		-30%	-20%	-10%	188	10%	20%	30%
Eff. trading fee	-30%	- 5,57	- 4,41	- 3,50	- 2,78	- 2,18	- 1,69	- 1,27
	-20%	- 3,24	- 2,37	- 1,69	- 1,14	- 0,70	- 0,33	- 0,01
	-10%	- 1,84	- 1,14	- 0,60	- 0,16	0,17	0,43	0,65
	0,60%	- 0,91	- 0,33	0,11	0,43	0,69	0,90	1,09
	+10%	- 0,24	0,22	0,56	0,84	1,06	1,25	1,40
	+20%	0,22	0,61	0,90	1,14	1,34	1,50	1,64
	+30%	0,56	0,90	1,17	1,38	1,55	1,70	1,82

In the worst-case scenario with assumption for average monthly volume per user and effective trading fee unchanged, the long-term profit margin would decrease by 57% (0.43x) from the base-case scenario. Changing these two variables to +30% of their values increases the long-term profit margin to 1.82x (or 82%, bottom right of the table) higher compared to the base-case scenario, while lowering the values for these two variables by 30% (top left of the table) would decrease the long-term profit margin by -5.57x (or -657%) compared to the base case.

Additional assumption for the negative-case scenario would be a limitation to provide VASP Services across different jurisdictions based on differences in regulatory requirements and national laws (especially VASP registration in EU/EEA member states), which would have an impact on marketing activities and the number of potential users reached. In such case, where the expected number of registered users would be 50% lower than the base-case scenario, the long-term profit margin would fall by 16% while the revenues would be approximately 50% lower than in the base-case scenario.

The results of the above sensitivity analysis show that all the above mentioned variables (number of users, average trading volume per user, effective trading fee, and average user acquisition cost) play a role in the long-term profit margin of the Issuer which is why the main focus is to increase the number of users through marketing activities, keep the Platform competitive so that the effective trading fees can increase, while educating the users with the aim of decreasing the average user acquisition cost and increasing the average trading volume per user in the long run.

### Marketing activities

The objectives as outlined above are planned to be reached by using a combination of paid performance marketing and organic marketing, aided by a public relations strategy targeting a wider awareness of the brand, together with creation of educational material which will support the user retention and the average trading volume per user.

Performance marketing is putting a focus on the measurement of User Acquisition Costs (UAC), which is the amount paid per user that is onboarded on the Platform (and becomes a registered user). Average user acquisition cost is the best approximation of the total cost of acquiring a new user. It generally includes the following: total advertising costs (including marketing campaigns, promotions, referral programs, etc.), the salaries of employees in the marketing and sales departments, etc., divided by the number of users acquired (registered at the Platform) in a certain period (week, month, year). For example, the average user acquisition cost, in the case that the total marketing spending on an annual basis was EUR 100,000 and 5,000 new users registered at the Platform, is EUR 20.

The UAC is currently expected to vary around EUR 30, whereby it might be lower due to the word-of-mouth effect of users, strong brand and organic growth from the educational content, which is why the assumed average UAC for year 2025 in the above sensitivity analysis is set to EUR 20. UAC might be different from expectations depending on factors such as:



- Volume of users onboarded
- Currently active sign-up bonus (e.g. “reduced trading fees for the first 30 days”)
- Campaign contents
- Seasonal fluctuations
- Competition on marketing platforms (Most adspaces are given to advertisers in a bidding process)
- Funnel optimization (e.g. “What percentage of users proceed from the first click to closing their first trade and how can this number be improved?”)
- Development of the virtual asset market in general

The expected UAC have been estimated by using information gathered from external agencies, research on marketing platforms and former experience of team members of the Issuer.

Marketing campaigns can be placed on a number of marketing platforms, including search engines (like Google), social media platforms (like Facebook and Twitter) or more closely targeted platforms such as market-related news outlets.

To best use the available resources, the Issuer will work with external partners and agencies in addition to its internal marketing resources. The budget used for such activities will vary depending on efficiency of budget spent, meaning that in times where UAC are higher, less overall budget will be used for marketing campaigns than in times where UAC can be kept lower.

Generally, the contents for these marketing campaigns aim to attract users by displaying the advantages of the Platform which, depending on the outcome of market analyses which will be conducted on an ongoing basis, could be low trading fees, ease of use, security or other factors of interest to the target audience.

Beyond these general marketing campaigns, the Issuer will analyse and potentially implement activities with more specialized approaches which have been proven to be more tailored to the target audience by competitors. Among these are referral systems (e.g. reduced trading fees for every referred user) and other community-building mechanisms.

The Issuer aims to build up a reputation as trustworthy, compliant and socially sustainable company, which is expected to lead to an additional low but steady influx of new users.

Beyond that, the Issuer will have a fixed resource budget reserved for public relations, which includes frequent articles in media outlets as well as participation in panel discussions and presentations about related topics by the broad range of experts within the issuers team.

Such public relations events are set to achieve a variety of effects, including but not exclusively:

- Better brand awareness by existing users and target audiences,
- Show of internal expertise of the issuer,
- Aiding the understanding of the target audience on how the issuer can benefit them,
- Creating awareness of the issuers services for potential users who are unfamiliar with the issuer.

While none of these measures can reach their best performance without the others, the Issuer expects to gain 90% of new users using performance marketing, 8% by the effects of organic marketing and 2% as direct effects of public relation efforts, whereby the educational activities will support all three categories due to the value added to the users enrolled in such educational programs.

#### ***Educational measures***

Research shows that Europeans are much more risk averse in terms of investing compared to their American peers, mostly due to a lack of knowledge. This knowledge is generally referred to as “financial literacy”, or a good understanding of financial markets and assets.

The Issuer firmly believes, that gaining and actively using such knowledge can help users gain more financial independence in their life. Beyond that, investing with a high degree of financial literacy also helps mitigate risks originating in the attempt of investing without having a base of knowledge of financial markets and assets.

As the Issuer expects virtual assets, including their potential future use-cases in tokenization, to become a relevant part of such financial markets, the Issuer will provide educational material to users, strengthening their understanding of financial markets and thus making them less prone to mistakes and keeping them on the platform for a longer period of time, benefiting also the Issuer’s revenues.

At no point will the Issuer give any investment advice to its users nor will it suggest specific purchase or sell actions. The issuer will solely publish educational content on how to estimate risk, understand market movements, mitigate risk and the theory behind the creation of a well-diversified portfolios. The issuer might also create reports on some key facts of certain virtual assets but will under no circumstances give any recommendations, investment advice or manage users' assets.

In the long-term, the Issuer is convinced that a more educated userbase will aid the growth of the Platform's market share due to better brand awareness, lower average UAC and higher average trading volumes per user.

#### ***3.6.1.3. Short- and medium-term plans***

Over the next year, the Company will focus on gaining a solid customer base on the Platform, and improving the Platform's features, user interfaces, stability and performance, while insourcing the operations of the Platform from the Operator to the Company, upon regulatory approval of the Company's VASP registration with the CSSF. Furthermore, an advanced regulatory system for the handling of FIAT transactions will be created and implemented on the Platform.

Beyond the first year, the Company will focus on gaining market share of the Platform and look into improvements of its offering in regard to digital assets, and develop a suite of educational tools.

As the Company aims to become an important participant in the industry with a significant market share on its Platform, the Company will actively follow the developments of the regulatory frameworks in digital assets, including AML/CFT laws and especially the proposed MiCAR, under which the Company or its affiliated entities might apply for the necessary authorization or registration with the relevant competent authorities. The Company has already filed the application for registration as a Virtual Assets Service Provider with CSSF with the aim of operating the Platform itself after approval, where the registration process is still ongoing and its outcome uncertain.

#### **3.6.2. Key individuals, competitions, customers and suppliers, assets not owned by the Issuer**

##### ***3.6.2.1. The extent to which the Issuer's business is dependent upon any key individuals' and identification of the individuals concerned, if material***

To Issuer's best knowledge, there are no key individuals to which extent the business of the Issuer is dependent on.

##### ***3.6.2.2. Current and expected market competitors***

On the date of approval of this Prospectus the Issuer is not registered as VASP with the CSSF. The Issuer has however applied for the registration as a VASP and, as the Company's application for VASP registration is still under review by the CSSF. The Platform is being operated by the Operator until the Issuer's VASP registration with the CSSF is successfully completed. The number of Virtual Assets Service Providers, both those operating under the supervision of respective (financial) regulators, and those operating in legally grey area, has been growing considerably in the last few years. Recent favorable Virtual Asset market movements have boosted the competition significantly, with the majority of such entities operating outside of any supervision. Such Virtual Asset Service Providers fly under the regulatory radar by either completely decentralizing and automating the Virtual Asset services, or incorporating in a jurisdiction with light regulation while offering only Virtual Asset-Virtual Asset trading functionality. Both market segments only partially overlap. Because the Issuer focuses on regulated Virtual Asset service provision and inclusion of a direct fiat on-ramp to its service offering, the focus is in the following on regulated Virtual Asset Service Providers in jurisdictions with at least equivalent standard of financial regulation that offer any kind of fiat-Virtual Asset functionality (i.e. EEA and North America).

**Overview of current competition (Virtual Asset Service Providers with significant operations in US, Canada, selected EEA countries; spot and Contract for Difference markets)**

Country	Avg 24h Volume EUR (trailing 30 days)	Visits (SimilarWeb)	# Coins	# Pairs
<b>United States</b>				
Coinbase Pro	680,414,640.83 €	4,855,000	38	99
Kraken	359,485,062.37 €	3,060,000	46	214
Gemini	43,448,910.60 €	499,700	26	42
Binance US	30,365,607.30 €	338,819	52	105
Bittrex	38,180,123.50 €	496,412	333	596
OKCoin	10,388,827.83 €	40,731	20	28
<b>Austria</b>				
Bitpanda Pro	3,722,341.10 €	92,087	7	12
<b>Estonia</b>				
Coinsbit	271,395,262.43 €	7,371,000	62	158
P2PB2B	269,106,841.73 €	2,250,000	188	384
B2BX	7,823,925.93 €	796,317	14	26
Dex-Trade	822,803.07 €	2,022	32	79
<b>Italy</b>				
TheRockTrading	1,322,166.57 €	52,719	9	16
<b>Luxembourg</b>				
Bitstamp	248,069,137.10 €	1,583,000	10	42
<b>Switzerland</b>				
Dcoin	209,917,183.37 €	300,964	83	148
Lykke	300,126.13 €	18,447	43	126
<b>United Kingdom</b>				
Kuna Exchange	539,336.73 €	244,989	12	15
EXMO	21,938,697.00 €	1,428,883	55	198
CEX.IO	7,964,389.47 €	627,898	46	141
TokensNet	1,735,500.67 €	44,041	32	48
Coinfloor	1,811,351.13 €	39,335	1	2
<b>Total</b>	<b>2,208,752,234.87 €</b>			
<i>Data from coingecko.com and nomics.com as of 24.11.2020.</i>				

Virtual asset exchanges with the ability to trade virtual assets with fiat currencies produced an average 24h volume on monthly basis of over EUR 2.2bn during the 30 days ending Nov 24, 2020. Such substantial volume reflects a significant bull market sparked by an inflow of retail and sophisticated institutional investors during the past 6 months. While the global volume has fluctuated between EUR 50bn and EUR 100bn, this figure includes also exchanges offering trading only between different virtual assets (without fiat currencies), and highly levered virtual asset derivatives. There is also non-neglectable issue of wash trading which may artificially inflate these figures. The Issuer, therefore, in consideration of its target user base, finds the above list the closest approximation of existing competition.

Due to relatively stringent regulatory requirements for exchange operators in EEA and North America, the Issuer does not expect a significant new competition in the near future, especially given the proposed Draft MiCA Regulation. More likely are existing exchanges registering as Virtual Asset Service Providers to be able to continue providing existing services legally in Europe. A similar regime is expected in North America.

### Paypal & Grayscale

Paypal (and, to a certain extent, Revolut and Robinhood) recently allowed purchases and sales of CFDs tied to virtual assets. This action significantly impacts profit potential of “classical” Virtual Asset exchanges, as up to 400 mio retail clients, that could have bought virtual assets on such exchanges, can now do so through a dealer, Paypal. Such move may centralize the trading on few larger Virtual Asset Service Providers, while the customer base of smaller firms may erode.

Grayscale is an investment trust for US accredited investors investing in a number of virtual assets. The attractiveness of Grayscale is, despite a significant premium (price being higher than fund’s NAV) on its investment products, its relative ease of investments, regulatory clarity, custody, tax treatments (investments within untaxed retirement accounts) etc. It is not clear how many current Grayscale investors would choose to invest in virtual assets via a VASP operating a virtual asset exchange, even more so on those incorporated outside of the US, however, the Issuer assumes that at least some of these investors would do so. Grayscale manages as of 31.10.2020 over USD 7.6bn, which is a significant loss of profit potential for VASPs operating virtual asset exchanges.

#### 3.6.2.3. Dependence on a limited number of customers or suppliers

The Issuer relies on third parties to provide particular services either to the Issuer, the Operator of the Platform, or end-users of the Platform, of which the essential are:

- enterprise wallet solution for custody of virtual asset,
- operations of the Platform,
- and payment services provided to end-users by authorized banking partner via integrated FIAT gateway.

Any interruption in the supply or performance of these services might have a significant negative impact on the Issuer including, but not limited to occurrence of potential additional costs or decline in projected revenue. Issuer estimates that in such event an alternative service (or technology) providers can be implemented in respective time, with the aim of mitigating any severe negative impact on the business operations of the Issuer.

#### 3.6.2.4. Assets necessary for production not owned by the Issuer

Technology used for safekeeping and custody of virtual assets is provided by BitGo, a digital asset trust company which offers multisignature virtual asset wallets, where keys are divided among a number of owners to manage risk. This enterprise wallet solution is implemented by the Issuer into the Platform and operated by the Operator, and as such represents an important part of the technology which enables the custody of virtual assets for the Platform’s end-users. In recent years, many companies have made progress in developing technology for alternative virtual wallet solutions, whereby the market of such services has expanded as well. Accordingly, the Issuer estimates that alternative virtual wallet service (or technology) providers can be implemented in respective time, with the aim of mitigating the risk in the event of need to implement an alternative custody of virtual assets and/or to restructure the existing custody concept solution.

The Platform enables trading with virtual assets (amongst each-other and against fiat currencies) where the execution of the trades can happen outside the Platform itself, which allows the Operator to bring liquidity to the virtual assets enabled on the Platform though different venues and market makers. Execution of such orders on external trading venues means that the Issuer does not own or control the matching engine on such trading venue, where these orders are executed. There are multiple virtual asset trading venues available for the Platform to be integrated with, which lowers the risk of being dependant on one such venue.

Internal matching of the orders is also possible on the Platform, where the Operator receives the buy order from one user while there is a corresponding sell order available at the same price from another user of the Platform, which allows the Operator to execute these orders internally whereby acting as an intermediary.

### 3.7. Issuer’s financing structure and changes thereof

#### 3.7.1.3.7.1. Changes in the Issuer’s borrowings and funding structure during the last financial year

The Issuer was incorporated with EUR 200,000 paid-in capital on 6 October 2020.

Current paid-in capital of the Issuer as of the date of this Prospectus is EUR 200,000.

Formatted: Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0,63 cm + Indent at: 1,9 cm

### **3.7.23.7.2. Description of expected financing of Issuer's activities**

The Issuer expects to finance its ongoing activities with future profits and existing equity capital, and not to issue debt nor take substantial bank loans, except to a limited extent where necessary in short term and exceptional circumstances.

If the market shows sufficient growth potential, the Issuer expects to finance its international expansion and the expansion of its service offering with another financing round within the limitations of Authorised capital.

Formatted: Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0,63 cm + Indent at: 1,9 cm

### **3.7.33.7.3. Summary of any material limitations on the Issuer's method of financing**

No limitations presently known.

Formatted: Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0,63 cm + Indent at: 1,9 cm

## **3.8. Industry, business, services overview, regulatory environment**

### **Services overview**

#### **Digital assets trading platform (exchange services)**

The Platform software, including source code and associated intellectual property rights, was acquired by the Issuer on 15 November 2020 from EliteClub Holdings Limited, with registered address at 40 Bank Street, London, England E14 5NR, reg no.: 11962477. The Platform is the main product that the Company aims to continue to improve and further develop. The operations of the Platform are performed by the Operator, allowing users to trade digital assets against fiat currency and against other digital assets. The Platform enables its end-users to purchase and sell virtual assets like Bitcoin and other main virtual assets, while does not provide access to tokens that pose a high risk for money laundering or terrorist financing. The Platform offers an electronic (web-based) order and execution management system only.

As the Company's application for VASP registration is still under review by the CSSF, the operations of the Platform is set up to be performed by the Operator - BlocktradeOperations OÜ, an Estonian company that is registered as a Virtual Assets Service Provider with the Estonian Financial Intelligence Unit. The Operator is operating the Platform until the Company has been successfully registered as a VASP with CSSF, after which the operations of the Platform will be transferred to the Company. For the VASP services, provided by the Operator, the Operator will charge fees to the Company at cost-plus basis (covering the operational costs).

The software development activities and provision of software solutions will be performed by a team in Luxembourg, which will increasingly grow as the operations move from the Operator to the Issuer after receiving necessary regulatory approvals from the CSSF to perform VASP services.

End-users' onboarding process consists of a full KYC procedure on all new natural persons and a full KYB procedure on all new legal persons, with other parts of transaction monitoring, surveillance, and reporting being implemented into the IT systems and procedures in the Platform.

#### **Virtual asset custody (safekeeping and administration of virtual assets)**

Virtual asset custody is an integral part of the Platform, as virtual asset exchanges generally operate on a real-time gross settlement model, and inhouse custody of assets is used to prefund the trading accounts. Building on an enterprise wallet system infrastructure, the Platform uses both multi-signature warm wallets for secure safekeeping of the majority of the users' assets as well as single-signature hot wallets for near-instantaneous withdrawals of virtual assets.

#### **Education & support platform**

In line with the Issuers goals to support the Platform's end-users in maximizing not only their wealth, but also their knowledge about financial assets, the Issuer will provide an extensive library of material for the Platform's end-users to educate about finance.

#### **Regulatory environment**

##### **Overview**

Virtual assets are being increasingly accepted as a legitimate asset throughout Europe and globally.

The virtual asset industry is currently not regulated to the same extent that financial industry in general is, and such regulation, if any, is not automatically passportable in EU/EEA region. However, the legislative stance is crystalizing and is expected to continue to crystalize, potentially allowing investment firms to offer their clients also virtual asset trading via the Platform. Some European countries have passed legislation attempting to regulate the industry, i.e. Liechtenstein has recently passed the Law of 3 October 2019 on Tokens and TT Service Providers, providing some regulatory clarity on blockchain business models, token ownership, and DLT operations. Similar legislation is being introduced in other

EEA countries (i.e. Malta, Estonia, Gibraltar), though this remains fragmented. On the other hand, German legislator has taken a stand that virtual assets are financial instruments and has proposed to include them explicitly on such list with legislative amendments concerning AMLD5 implementation.

Luxembourg does not have a digital asset-specific legislation, except for a requirement to register as a Virtual Assets Service Provider as introduced into national legislation by Luxembourg AML/CFT Law (national transposition of AMLD5). The Issuer has applied for the registration as a VASP, but will not provide services that require registration or authorisation until the Issuer’s VASP registration with the CSSF is successfully completed. The Platform is being operated by the Operator until the Issuer’s VASP registration with the CSSF is successfully completed .

**Prospects**

Recently, the European Commission released a draft proposal of Markets in Crypto Assets Regulation (hereinafter: “MiCAR”). MiCAR lays the foundation for comprehensive regulation of virtual assets throughout EEA, custody thereof, issuance, secondary markets and ownership. Such legislation is a step towards legitimization of virtual assets and activities related to them, and is, in the Issuer’s opinion, likely to encourage demand for, and trading activity related to, virtual assets. Moreover, current MiCAR proposal assumes that such service providers would be subject to EU law and would benefit from an EU passport, allowing firms regulated in one member state to offer their services throughout EEA. **However this remains a proposal which might be subject to changes until its entry into force.**

Also, such regulation overrides currently fragmented and sometimes contradictory national legislation pertaining to virtual assets and auxiliary activities, and in some cases, introduces regulatory clarity to jurisdictions where virtual assets have merely been “tolerated”, but no official stance of the regulator has been provided. In Issuer’s opinion, such unified regulatory clarity is beneficial for the industry as a whole, as well as for Issuer’s end-users.

MiCAR is not expected to enter into force in the immediate future, giving the Issuer ample time to prepare for its introduction.

**3.9. Principal markets**

The Company is able to provide its software solutions to clients worldwide, while the Platform can accept end-users that are not on any sanctions (or similar) list according to AML/CFT laws and other similar laws and guidelines implemented in the jurisdiction of operators that operates the Platform; however, the Platform’s main client base is located in EEA countries.

**3.10. Organizational structure**

**3.10.1. Group ownership structure**



*EliteClub Foundation owns both 100% of paid-in capital and 100% of voting power in Blocktrade S.A. and Fintech Operations OÜ.*

**Summary information on group entities:**

EliteClub Foundation, Villa 2, 20b Street, Community 153, PO BOX 31484 Ras al Khaimah, United Arab Emirates founded on July 22, 2020, Registration Nr: ICCFDN20200017

Fintech Operations OÜ, Tornimäe 5, 2nd floor, 10145 Tallinn, Estonia. Date of incorporation: 15.9.2020, Reg. number: 16053783

**Statement on operational dependence**

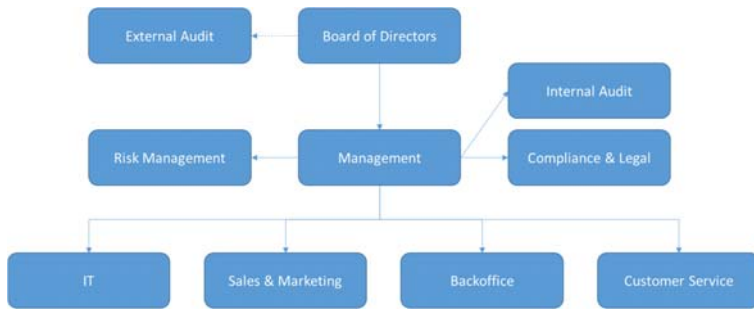
Formatted: Heading 3

The Issuer is dependent on services provided by the Operator - namely the operation of the Platform until the Company's VASP registration is successfully completed.

Fintech Operations OÜ will perform the provision of payment services as an agent or distributor of an Electronic Money Institution (EMI) which the Issuer does not perform on its own.

### 3.10.2. Internal organizational structure

Formatted: Heading 3



The Company will have a total number of 12 members of staff in 2020 which will increase to a number of 45 by 2022. The Company will have two managers permanently present at the level of the Company and in charge of daily management. The board of directors will be composed of three members.

### 3.11. Investments

On November 15<sup>th</sup> 2020, the Issuer has purchased the Platform in all development, intermediate and final stages, comprising the object and source code with sufficient documentation and with corresponding transfer of associated intellectual property rights, allowing the buyer to use, reproduce, commercialize, distribute, sell modify and prepare derivative works from and otherwise use and exploit the digital assets exchange platform software on non-exclusive basis for unlimited duration and unlimited territory for EUR 7.5 million which will be financed from the proceeds of this Offering.

The Issuer has no further investments to report as of the date of this Prospectus.

### 3.12. Trend information

The Issuer has been incorporated on 6 October 2020 and there are no significant changes in sales, user acquisition, costs or profits till the date of this Prospectus.

### 3.13. Profit forecasts or estimates

The Company does not provide profit forecasts or estimates.

### 3.14. Working capital statement

In the Issuer's opinion, the current working capital is insufficient for the Issuer's present and future requirements. The Issuer believes that the net proceeds from this Offering will provide the additional working capital necessary for normal operations and execution of the business plan as outlined in section 3.6. of this Prospectus.

## 4. Risk factors

The investors investing in this Offering should carefully consider the following risks in addition to the other information contained in this Prospectus. If any of these risks were to materialize, investors may lose all or part of their investments in the Securities. Following risks, alone or together with additional risks and uncertainties not currently known to the Company or which the Company might not currently consider material, could adversely affect the Company's business, financial conditions and overall operations and therefore the value of the Securities. The order in which the risk factors are presented is an indication of the likelihood of the risks occurring, their materiality or impact on the value of Securities, with the most material risks in each category presented first, whereby risks affecting the Issuer are listed first, followed by risks affecting the Securities. The risks mentioned could materialize individually or cumulatively. Some of these factors may directly apply to Operators operating the software acquired and developed by the Issuer for the operations of the digital asset trading platform, and therefore indirectly (but still significantly) concern the Issuer. A detailed analysis of possible risks pertaining to this Offering is presented below.

### 4.1. Risk factors affecting the Issuer

#### 4.1.1. Risks in relation to start-up companies and business plan execution

Issuer has been operating in its current sphere of economic activity for less than three years and is therefore considered a start-up company in accordance with Art. 136 of ESMA update on CESR Recommendations (ESMA reference number: ESMA/2013/319) referencing the Annex 29 of Commission Delegated Regulation (EU) 2019/980. The Issuer is thus a pre-profit (though not pre-revenue) company, with a working prototype, but currently limited user base, low ability to raise additional funding at a reasonable cost, if needed, and overall high probability of failure to execute stated business plan from section 3.6. While the forecasts therein are Issuer's best approximation of expected developments, there is a high degree of probability that stated targets regarding user numbers, trading activity and total revenues will be significantly missed. Anticipations disclosed in the business plan in section 3.6 may not occur and may lead to a significant loss in investors invested capital.

Formatted: Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

##### 4.1.1.1. Risk of inability to attract new traders

Company's core revenue source are trading fees on executed trades of virtual assets. These aggregate trading fees in turn depend on (i) number of registered users, (ii) average monthly trading volume per registered user, and (iii) effective trading fee, while the cost directly related to trading fees are aggregated and defined as average user acquisition cost. There is a substantial risk that the Company will be unable to attract (i) a sufficient number of new traders, who will exhibit (ii) sufficient trading volume, while maintaining (iii) a relatively high effective trading fees. Factors under (i), (ii), and (iii) must, at least in the medium run exceed (iv) average user acquisition cost for the operations to be profitable. While it is possible to lower the effective trading fee temporarily and/or to increase marketing spending and other efforts (user acquisition cost) in order to attract new traders in short run, such strategy cannot function and support the Company operations in the medium and long run.

Formatted: Heading 4, Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,9 cm + Indent at: 3,81 cm

Additionally, it is to be expected that high-volume traders will gravitate towards VASPs with greater liquidity and deeper orderbooks than the Company's. The Company thus expects its user base to be (i) lower-volume traders (i.e. buy-and-hold investors) or (ii) lower-volume secondary accounts of otherwise high-volume traders (i.e. fiat onramp for virtual asset-virtual asset trading on other VASPs).

It is evident that in such environment attracting new traders that will collectively produce sufficient trading volume, while maintaining a high effective trading fee, both being sufficient to cover a relatively high average user acquisition cost, is challenging, and may mean prolonged periods of losses from operations, negatively affecting the value of the Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high. ~~4.1.1.2.~~

##### 4.1.1.2. Risk of lack of funding

The Company, as a start-up company, with relatively short operational history and limited scale of business, may have difficulty attracting additional funding, or such funding would be prohibitively expensive. In case the proceeds from this Offering run short, while the Company struggles to attract new traders in significant numbers, or does so unprofitably (see section 4.1.1. above, i.e. where average user acquisition cost exceeds present value of average trading fees of such user), the Company may need to raise additional equity and/or debt, and thus dilute existing shareholders, lower profitability via interest payments, and possibly declare bankruptcy if unable to do so.

Formatted: Heading 4, Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,9 cm + Indent at: 3,81 cm

Banks have been traditionally less willing to extend credit to start-up companies with low revenue growth and/or operational losses, which could mean that the Company is unable to obtain bank loans at any interest rate. In such case it would have to seek a venture capital investment, which may be difficult to do, or conduct a secondary public offering, which may fail to raise sufficient funding at a reasonable level of dilution. Inability to raise funding in case of insufficient



cash flow generation would thus significantly negatively affect the value of the Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

#### 4.1.2. General market risks affecting the Issuer

##### 4.1.2.1 Risks related to market conditions

The Company's planned profitability may be materially affected by global and in particular European economic conditions, in particular in the trends in the virtual asset markets, their volatility and investor interest therefor.

Issuer's earnings are, by its very nature, unpredictable and in large extent tied to investors' confidence and sentiment, which is in turn based on general virtual asset market conditions. Strong cyclicity is also evident in general trends in virtual asset markets. Because the Issuer's revenue is linked to the trading volumes on the Platform operated by operators, it is expected that these revenues will exhibit large volatility year to year. The Issuer considers strong cyclicity of virtual asset markets (presenting itself in price bubbles and busts, changes in price volatility levels, investor interest in virtual assets in general and trading volume cyclicity) to have a material impact to the revenue potential that the Issuer can achieve during any time of a market cycle. The Issuer would be significantly negatively affected if it has heavily invested in attracting a significant customer base, only to immediately thereafter enter a prolonged bear market with low trading volumes and thus low trading fees. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

##### 4.1.2.2 Risks related to trading liquidity on the Platform

Healthy market could be understood as the market that has (i) deep order books, (ii) tight spreads and (iii) diversity of opinion on the fair pricing of assets. The overall state of the market therefore depends on a diverse number of traders present on the order book, makers (traders setting limit orders and therefore adding liquidity to the order book) and takers (traders using market orders and therefore taking liquidity from the order book) alike, as well as dedicated market makers standing ready to offer liquidity on a reasonable scale at any given time. Inability to attract market makers to the Platform or general disinterest of makers could negatively affect the health of the market where takers cannot purchase and/or liquidate the assets held without significant concessions in price and/or execution certainty. Homogeneity of opinion (traders sharing opinion on the fair pricing of assets) could increase overall volatility and decrease the order book depth in any particular direction at a time. Consequently, a reduced trading activity would be expected and consequently reduced revenues from trading fees would be realized. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

#### 4.1.3. General technology risks affecting the Issuer

##### 4.1.3.1 Risks related to software failure

The Platform is accessible only via electronic gateways for order entry on its orderbooks. It is not possible to trade in any other way than to submit an order through the designated API or a web interface built on top of it. Therefore, a failure of Issuer's software or any connectors thereto would temporarily halt the market. Longer disruptions may materially negatively affect the operators' (and indirectly Issuer's) revenue also through reputational damage.

Despite robust business continuity plans put in place, such disruptions are difficult to predict. No deficiencies in the code that would cause such disruptions are known to the Issuer. Additionally, all code updates are extensively tested before deployment. Despite these measures, disruptions are still possible and may negatively affect the trading volumes on the Platform and therefore the revenues of operators (and indirectly the Issuer). The Issuer estimates the probability of occurrence as well as impact of this specific risk as modest.

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

##### 4.1.3.2 Risks related to hardware failure

The Platform utilizes dedicated hardware servers and virtual machines in several datacenters. Appropriate Service Level Agreements have been signed, however, a longer disruption where the primary and secondary database in separate locations would be subject to failure remains a risk, for instance in case of a major natural or man-made disaster, where datacenters would go offline for an extended period of time. Revenues would be similarly negatively affected as in the event of hardware failure in both primary and secondary datacenter locations. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively low.

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

#### 4.1.4. General regulatory risk

The Company's revenues may be negatively impacted by additional or changed regulatory requirements pertaining to virtual assets in general, use of blockchain technologies in financial industry and increased governmental actions against such activities, which may result in prohibitively expensive compliance therewith or even an outright ban of certain operations pertaining to digital assets in some countries. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**4.1.4.5: 4.1.4.1 Risks related to regulation of digital assets**

A substantial part of the Issuer’s business is licensing the operation of the Platform to operators (and after successful VASP registration mainly operating the Platform itself) which generates revenue based on the trading volumes of digital assets on the Platform. The Issuer has filed an application for registration as a VASP with CSSF in accordance with Luxembourg AML/CFT Law, where the outcome of the registration is still uncertain. Such registration process might be subject to excessive administration or other unforeseen circumstances which might impede the registration process. Failure to successfully register as such or unforeseen administrative delays in such registration process would have a negative impact on Issuer’s ability to conduct business as described in this Prospectus and would negatively affect Issuers profitability. The plan to move the operation of the Platform to the Company (from the Operator) is therefore also uncertain. Additionally, according to individual regulators and national laws such VASP registration in one EU/EEA member state is not passportable or transferable to other EU/EEA member states and may be subject to different requirements in different member states and other countries. Individual countries may increase the compliance burden, making it prohibitively expensive to operate the Platform in these countries, or outright ban some or all virtual assets, which may increase Issuer’s costs and/or lower revenues.

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

Furthermore, regulation pertaining to virtual assets is evolving. Additional regulatory burdens may be placed on the Issuer and/or operators operating the Platform in the future, especially those pertaining to MiCAR. Such burdens may increase the costs of compliance and/or cause additional operational delays in conducting business operations, which as a result might lower the overall profitability of the Issuer.

Revenues may be negatively impacted also by unfavourable tax treatment and reporting requirements applicable to investors in and/or traders of digital assets, especially in connection to fiat currencies-to-virtual assets and vice versa transactions. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

**4.1.5. General legal risks affecting the Issuer**

**4.1.4.6: 4.1.5.1 Risks related to legal liability**

Substantial legal liability or significant regulatory action against the Issuer may have material adverse financial effects or cause significant reputational harm, which could seriously harm its business prospects.

The Issuer has undertaken and will continue to undertake all reasonable diligence and care to ensure legally compliant operations in all markets it does business in. Any regulatory action and/or (class-action) lawsuits may materially negatively impact Issuer’s prospects to continue operations in certain countries and potentially adversely impact overall solvency and/or liquidity of the company. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively low.

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

**4.1.6. General business risks affecting the Issuer**

**4.1.4.7: 4.1.6.1 Risks related to competition**

The industry that the Company provides its software solutions to (financial services related to virtual assets) is competitive and is expected to remain so. The Company’s competitive advantages may become eroded with entry of other well-established companies. The Issuer competes on several factors, including overall quality of the software solutions and the Platform, its ease-of-use, performance and reliability. As far as these factors are influenced by increased competition, additional regulatory compliance that can only effectively be covered with economies of scale, entrance of competitors with superior technology, larger ability to fund initial expenses before profitability, revenues and/or costs of the Issuer. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

**4.1.4.8: 4.1.6.2 Risks related to banks**

Banks remain hesitant to offer their services to firms (also) engaged in any way in virtual asset industry due to perceived elevated AML risk. Even though the Issuer has been working closely with Fintech Operations OÜ to have established solid business relationships with several banks and e-money institutions which provide services to Fintech Operations OÜ that enable listing of FIAT trading pairs on the Platform, a significant risk of service discontinuation remains present. In such cases, a temporary or longer disruption of the Platform may negatively affect the Issuer’s profitability.

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

Additionally, unlike accounts opened by an investment firm to safekeep clients’ funds, the settlement account used for fiat currencies related to fiat currency-to-virtual asset trading might not be protected from bankruptcy of neither operators operating the Platform nor that of the bank, which may result in full or partial loss of clients’ funds on the Platform in an event of bankruptcy.

Should the Issuer or operators operating the Platform have its bank accounts closed, it will immediately look for a replacement. Inability to find a replacement account within a reasonable time may result in the Issuer’s inability to pay

operating invoices, offer its services to clients and settle financial obligations, and thus negatively impact Issuer's ability to do business. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

#### ~~4.1.9~~ 4.1.6.3 **Risks related to external vendors and/or material contracts**

The Platform relies in part on external vendors for the performance of its operations and provision of its services. Where possible, appropriate service level agreements have been put in place to assure high quality of service delivery. Considerable effort and care has been applied to assure proper integration with such vendors, and the quality of the Issuer's services in part depends on continued cooperation with these third parties.

Should the Issuer or operators operating the Platform be forced to change vendors for any part of its operations, the quality of services offered may be negatively impacted, indirectly affecting the Issuer's profitability. The Issuer estimates the probability of occurrence as well as impact of this specific risk as modest.

#### ~~4.1.10~~ 4.1.6.4 **Risks related to key employees**

Issuer's operations and financial result may be adversely impacted if key employee(s) decide to leave the Company. Issuer's operations are in part dependent on key employees with deep knowledge of financial and virtual asset industry and the use of blockchain therein. Should several of them decide to leave the Company, the Issuer's ability to introduce services and keep pace with rapid changes in the industry may be materially negatively affected. The Issuer estimates the probability of occurrence as well as impact of this specific risk as modest.

#### 4.1.7 **Risks related to blockchain technology**

Parts of the Platform rely on interactions with public and/or permissionless blockchains. The operations of these blockchains are outside of control of either the Issuer or the Platform or the Operator operating the Platform, and may be subject to, including, but not limited to, hacks, exploits, double spending, 51% attacks, forks, loss of hashing power, currently unknown vulnerabilities, deficiencies and instability.

The Issuer has undertaken and will continue to undertake all reasonable diligence and care to identify and mitigate potential risks arising from the factors above when developing the Platform, while the Operator operating the Platform will undertake all reasonable diligence and care to mitigate these risks, including halting trading, delisting assets and migrating instruments to other blockchains. Inability to do so in time may materially negatively impact Issuer's ability to do business across one or multiple service offerings, as well as cause reputational damage, potentially lowering Issuer's revenues and/or increase costs. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

### **4.2. Risk factors affecting the Securities in this Offering**

#### 4.2.1 **Risks related to voting power**

Securities in this Offering carry no voting power. The Investors will be unable to outvote the existing and new shareholders on matters affecting the Company and, therefore, the value of the Securities.

Even though applicable provisions of the Luxembourg legislation provide some safeguards relating to voting on matters directly affecting the Securities' class, indirect matters are decided by a (qualified) majority of the voting power. Decisions taken by the majority shareholder(s) may indirectly negatively impact the value of Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

#### 4.2.2 **Potential risk of dilution**

Issuer may issue further same or different financial instruments, which may dilute the ownership of holders of Securities. Subject to the Luxembourg Commercial Companies Act and pursuant to Authorised capital (granted with the Articles of association), the general meeting of shareholders authorises the board of directors of the Issuer to increase the capital, on one or more occasion, by issuing up to 1,600,000,000 class B non-voting shares (Authorised capital) in period of five years from the date of the implementation of Authorised capital in Articles of association of the Issuer (of which up to 400,000,000 are offered under this Prospectus). Accordingly, the Issuer may issue further same or different financial instruments, which may dilute the ownership stake of the holder of Securities that corresponds to his previous proportion and corresponding amount in the share capital of holders of Securities offered under this Prospectus.

Depending on the applicable provisions in Luxembourg law, the Issuer may not need a majority approval by the holders of non-voting Securities, offered under this Prospectus to issue further financial instruments of this or different type or class. In case of subsequent issuances of financial instruments of same type and class, each holder of Securities has a preferential right and is entitled to claim a portion of such financial instruments of same type and class that corresponds to his previous proportion and corresponding amount in the share capital. Non execution of such preferential right or

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

**Formatted:** Indent: Left: 0,75 cm, Hanging: 1,25 cm, Outline numbered + Level: 4 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0 cm + Indent at: 1,9 cm

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**Formatted:** Heading 3, Outline numbered + Level: 3 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

inability to do so may materially negatively affect relative ownership and other rights of the holders of Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

The Articles of association of the Issuer authorize the board of directors to withdraw the preferential subscription right in relation to a subsequent increase of capital made within the Authorised capital.

#### **4.2.3. Risks in relation to liquidity of Securities**

The Issuer has not applied for the Securities to be admitted to trading and may or may not do so at its sole discretion. Until then the investors may not be able to sell Securities when desired or may be forced to take significant price concessions if sold in the OTC market. The Issuer estimates the probability of occurrence as well as impact of this specific risk as modest.

#### **4.2.4. Risks in connection with applicable law**

The Securities are issued under the laws of Luxembourg, which may materially differ from the laws of Investor's home country. The absence of advice from subject experts in relation to Luxembourg law may materially negatively affect the investment in Securities.

Investors should familiarize themselves with applicable provisions of Luxembourg law before investing. Even though this Offering is passported in EEA, certain features therein may be unique to Luxembourg and not applicable to the law of Investor's home country.

Should Investors decide to forego advice from tax professional, attorney or financial expert, they might not be able to fully assess the impact of the investment in relation to their home country law.

Furthermore, no assurances can be made about any court decision or change of Luxembourg law (or the law applicable in Luxembourg) or of the administrative practices after the date of this Prospectus. Changes of law may materially negatively affect the position of holders of Securities, including vis-a-vis Issuer's creditors and shareholders.

**Formatted:** Heading 3, Outline numbered + Level: 3 +  
Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment:  
Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

**Formatted:** Heading 3, Outline numbered + Level: 3 +  
Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment:  
Left + Aligned at: 1,27 cm + Indent at: 2,54 cm

## 5. Terms and conditions of the Securities

### 5.1. Information concerning the Securities to be offered

**Type and class:** class B shares without nominal value in accordance with the Luxembourg Commercial Companies Act

**ISIN:** [LU2270551208](#)

**Applicable law:** Grand Duchy of Luxembourg

**Form:** registered form, the Issuer alone bears the responsibility for maintenance of the shareholder registry.

**Transfer restrictions:** No limitations. Transfer of registered shares shall be carried out by means of a declaration of transfer entered in the shareholder registry, dated and signed by the transferor and the transferee or by their duly authorised representatives, and in accordance with the Luxembourg provisions on the assignment of claims. The Company may accept and enter in the shareholder registry a transfer on the basis of correspondence or other documents recording the agreement between the transferor and the transferee (including but not limited to transfer agreements). Electronic signature which is valid under Luxembourg law pursuant to article 1322-1 of the Luxembourg Civil Code and the Luxembourg law of 14 August 2000 on Electronic Commerce, as amended shall be accepted and legally binding.

**Currency of the Securities' issue:** EUR

**Nominal value:** without nominal value

**Maximum share in total equity capital if fully Subscribed:** 20 % of total equity capital (comprising of class A voting shares and class B non-voting shares)

**Term:** perpetual

**Seniority:** *pari passu* to all other existing share classes (with the exception of voting rights), each share accounts for the same proportion and corresponding amount in the equity capital.

**Dividend policy:** *pari passu* to all other existing share classes (with the exception of voting rights). Each share accounts for the same proportion and corresponding amount in the equity capital.

Dividends (when paid) are paid out annually or more frequently via individually designated method as supported by the Issuer. The dividend amount per share and applicable cut-off dates are set on general meetings. Any resolution to pay dividends will be taken in accordance with applicable law and will depend, *inter alia*, on the Issuer's results of operations, financial position, contractual restrictions and capital requirements. In any case, 5% of the net profit will be allocated to the legal reserves until this has reached the amount of 10% of the paid-in equity capital.

**Voting power:** the Securities do not have voting powers attached.

**Expected issue date of the securities:** within 14 days after the end of the Subscription process, ~~estimated to be until 12 February 2024.~~

**Preferential right of Securities:** In case of subsequent issuances of financial instruments of same type and class, each holder of Securities has a preferential right and is entitled to claim a portion of such financial instruments of same type and class that corresponds to his previous proportion and corresponding amount in the share capital. Articles of association of the Issuer authorise the board of directors to withdraw the preferential subscription right in relation to a subsequent increase of capital made within the Authorised capital. The Securities offered are non-voting shares without nominal value, whereby each offered Security shall account for the same proportion and corresponding amount in the share capital, *pari passu* to all other existing classes of shares, except the voting power, which they carry none.

**Rights to a share of Issuer's profits:** *pari passu* with respect to all other existing share classes. Each Security accounts for the same proportion and corresponding amount in the equity capital: a) Right to the proportional part of the dividends; b) Right to the proportional part of liquidation proceeds in accordance with the Luxembourg Commercial Companies Act.

**Right to share in any surplus in the event of liquidation:** in case of liquidation or bankruptcy of the Issuer, the holders of Securities shall be entitled (upon settlement of all potential liabilities owed to creditors and relevant expenses) to a share of liquidation proceeds that corresponds to shareholders proportion in the equity capital of the Issuer.

**The tax legislation of the investor's home country and that of Luxembourg may have an impact on the income received from the Securities. Prospective investors should consult their tax specialists.**

**Redemption and conversion provisions:** The Securities are neither redeemable nor convertible to any other existing financial instruments issued by the Issuer.

**Tax legislation and taxation treatment of the Securities:** Shareholders are subject to taxation in particular in connection with the holding of shares (taxation of dividends), the sale of shares and subscription rights (taxation of capital gains) as well as the free transfer of shares and subscription rights (inheritance and gift tax).

The Securities in this Offering shall be issued on the basis of Authorised capital granted in the Articles of association, by which the general meeting of shareholders authorises the board of directors of the Issuer to increase the capital, on one or more occasions, by issuing up to 1,600,000,000 class B non-voting shares (Authorised capital) in period of five years from the date of the implementation of Authorised capital in Articles of association of the Issuer (of which up to 400,000,000 are offered under this Prospectus). The Articles of association are accessible on the Website. Securities will be delivered to investors by entry into the shareholder registry within one month from the registration of the increase of equity capital for Securities issued under this Prospectus. Investors will be notified via email of successful registration of Securities and corresponding entry into the shareholder registry. Updates of shareholder registry and thus dealing with Securities are not possible until such time.

**Information on the offeror and/or the person asking for admission to trading:** ~~CM Equity AG, a joint stock company incorporated in Germany, operated under the laws of Germany, with its registered address and principal place of business at Kaufingerstraße 20, 80331 Munich, Germany, entered into German commercial registry under the number HRB 143533 at the district court Munich, with its Legal Entity Identifier (LEI) 5299001YFELVOBF2P080 ("CM Equity AG") and Cryptix d.o.o., a private limited liability company incorporated in Slovenia, operated under the laws of Slovenia and Germany (in terms of conducting placement services without firm commitment as an appointed tied agent of above cited CM Equity), with its registered address and principal place of business at Ameriška ulica 8, 1000 Ljubljana, Slovenia, entered into Slovene commercial registry under the number 8333041000, acting within the context of the placement business of financial instruments in accordance with § 1 para. 1a sentence 2 no. 1c KWG exclusively in the name and on behalf and under the responsibility of CM Equity AG ("Cryptix d.o.o.");~~

**Information on the offeror and/or the person asking for admission to trading:** [Blocktrade S.A., a joint stock public limited liability company \(\*société anonyme\*\) incorporated in Luxembourg and operating under the laws of Luxembourg \(commercially doing business also under the commercial brand "Blocktrade" and "Blocktrade.com"\), registered with the Luxembourg Trade and Companies Register \(\*Registre de Commerce et des Sociétés\*\) under the number B248375, with its Legal Entity Identifier \(LEI\) 48510028XA7C08514X50. Registered address and principal place of business: 5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg. Website: <https://blocktrade.com/>; E-mail: \[info@blocktrade.com\]\(mailto:info@blocktrade.com\).](#)

**Anti-takeover provisions:** The Issuer has not adopted any rules in Articles of association that would have an effect of delaying, deferring or preventing a change in control of the Issuer.

**Statement on the existence of national legislation or rules on takeovers applicable to the Issuer and the possibility for frustrating measures if any:** The rules on takeover bids and corresponding frustrating measures as set out in Luxembourg Takeover Act do not apply to the Issuer as the Issuer has not issued securities admitted to trading on a regulated market.

**Squeeze-out and sell-out rules in relation to Securities:** in case of a mandatory takeover bid, holders of Securities are entitled to squeeze-out and sell-out protections in accordance with Takeover Directive and Luxembourg Takeover Act. The acquirer is able to forcibly buy out (squeeze out) the minority shareholders' Securities at a fair price if it obtains securities representing not less than 95% of the capital carrying voting rights and 95% of the voting rights in the offeree company. Furthermore, a minority shareholder is able to force the acquirer to buy out his/her Securities (sell-out) at a fair price if the acquirer has obtained securities carrying at least 90% of the voting rights in the offeree company.

**Past takeover bids by third parties in respect to Issuer's equity:** no takeover bids by third parties have occurred in respect of the Issuer's equity.

**Position of holders of Securities in case of resolution under the Directive 2014/59/EU (BRRD):** the Issuer is not subject to Directive 2014/59/EU (BRRD).

## 6. Details of the Offering

### 6.1. Conditions to which the Offering is subject

**Offering size:** 400,000,000 Securities

**Nominal value:** without nominal value

**Subscription price:** EUR 0.10

**Taxes and expenses to be paid by investor at Subscription:** No taxes nor expenses are charged to the investor at the time of Subscription.

#### Subscription process and General Eligibility:

The Offering of Securities under this Prospectus is limited exclusively to natural and legal persons, who have registered a valid EliteClub membership on or before December 3, 2019 (GMT). If such EliteClub membership has been registered by a legal person, an eligible person is (1) such legal person or (2) ultimate beneficial owner of such legal person or (3) the representative or proxy of such legal person authorized to access the EliteClub membership account, whereas number of eligible persons cannot exceed number of registered unique membership accounts per such legal person, whereby eligibility shall be decided on first come first served basis. Eligibility status is not transferable. Transactions made by persons that are not Eligible persons shall not be accepted by the Issuer and will be returned to such investors within one month after the allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).

Subscription process is made of two parts as follows:

FIRST PART OF SUBSCRIPTION PROCESS	
<b>Period:</b>	from 11.01.2021 – 29.01.2021 *  <i>(*the Issuer may terminate the first part of Subscription period if the total Offering size of securities is subscribed before the end thereof.)</i>
<b>Offering size:</b>	400,000,000 Securities
<b>Minimal Subscription per Investor:</b>	1,000 Securities
<b>Maximal Subscription per Investor:</b>	EliteClub membership Tier 1 (Rising Star): 40,000 Securities; EliteClub membership Tier 2 (Executive): 120,000 Securities; EliteClub membership Tier 3 (VIP): 400,000 Securities
<b>Oversubscription policy:</b>	Securities will be allotted to Investors on a first-come first-served basis, where the relevant timestamp is the receipt of funds at the dedicated Bank account. Any funds exceeding the Maximal Subscription amount per Investor in the first part of the Subscription process, will be used to subscribe to the Securities in the second part of the Subscription process pursuant to terms of conditions as set thereof (see below). In the event that the total amount of securities of the total aggregate of Offering size is subscribed within the first part of subscription period, no second part of the Subscription process will be initiated, whereby potential Excess funds remaining after the subscription of total offering size will be returned to investors within one month after the allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).
<b>Undersubscription policy:</b>	Any Securities which remain unsubscribed by the end of the first part of Subscription process, will be <u>offered</u> in the second <del>part of the Subscription process offered only to Investors who have already subscribed to the Offering during the first</del> part of the Subscription process, pursuant to terms of conditions as set thereof (see below). Securities which are not subscribed until the end of Second part of Subscription process will not be issued. Only the Securities subscribed to and fully paid (in first and/or second part of Subscription process) will be issued as a result of an increase of equity capital of the Issuer.

	The Investors <del>that participated in the first part of Subscription process</del> will have the right to subscribe to the remaining unsubscribed part of Securities in the Second part of Subscription process.
<b>Subscription price:</b>	EUR 0.10 per security*  <i>(*Each Eligible Investor can redeem Priority points <del>only in the first part of the Subscription process</del> up to the Maximal Subscription amount of securities per Investor, whereby each priority point enables Investor to receive a 50% discount on Subscription price per Security)</i>

#### SECOND PART OF SUBSCRIPTION PROCESS

<b>Period:</b>	from <del>03.03.2021</del> <u>15.03.2021</u> – <del>03.03.2021</del> <del>18.03.2021</del> <u>31.03.2021</u> *  <i>(*the Issuer may terminate the second part of Subscription period if the total Offering size of securities is subscribed before the end thereof.)</i>
<b>Offering size:</b>	Remaining amount of unsubscribed securities from first part of subscription period
<b>Additional eligibility criteria:</b>	<del>In addition to general Eligibility criteria, Eligible Investors in second part of Subscription process are Investors who have already subscribed to the Offering during the first part of the Subscription process pursuant to terms of conditions as set thereof (see above).</del>
<b>Minimal Subscription per Investor:</b>	1,000 Securities
<b>Maximal Subscription per Investor:</b>	40,000,000 Securities (in addition to Maximal Subscription amount per Investor from First part of Subscription process).
<b>Oversubscription policy:</b>	Securities will be allotted to Investors on a first-come first-served basis, where the relevant timestamp is the receipt of funds at the dedicated Bank account. Any funds exceeding the Maximal Subscription amount per Investor in the second part of the Subscription process, will be returned to Investors within one month after the allotment of Securities. In the event that the total amount of securities of the total aggregate of offering size is subscribed before the end of second part of Subscription process, Excess funds remaining after the subscription of total offering size will be returned to investors within one month after the allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).
<b>Undersubscription policy:</b>	Securities which are not subscribed until the end of Second part of Subscription process will not be issued. Only the Securities subscribed to and fully paid (in first and/or second part of Subscription process) will be issued as a result of an increase of equity capital of the Issuer. If the capital increase for the issuance of Securities under this Prospectus is not fully subscribed until the end of second part of Subscription process, the equity capital will only be increased by the amount of the Subscriptions and corresponding payments received (in first and/or second part of Subscription process).
<b>Subscription price:</b>	EUR 0.10 per Security*  <i>(*Each Eligible Investor can redeem Priority points up to the Maximal Subscription amount of securities per Investor, whereby each priority point enables Investor to receive a 50% discount on Subscription price per Security)</i>

**Revocation or suspension of the Offering:** The Issuer may at any time revoke or suspend the Offering in part or in full. The Offering may specifically be cancelled at any time if the Issuer considers it impracticable or inadvisable to proceed with the Offering due to, but not limited to: (i) material limitation of issuance of Securities; (ii) a material loss or



interference with the business of the Company; (iii) any material adverse change or development in or affecting the Company. In case of revocation, cancellation or suspension of the Offering, excess funds will be returned to investors within one month after such revocation, cancellation or suspension. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).

**Rounding policy:** Any excess funds that would result in fractional Securities if allotted will be returned to the Investor within one month after allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).

**Multiple Subscriptions policy:** each investor can subscribe to the Securities multiple times up to his/her individual maximum Subscription amount.

**Reduction of Subscription, investment revocation policy:** investors, who have already transferred the funds for the Subscription of Securities to the Bank account, but wish to reduce their subscribed amount or not invest at all, can do so by informing the Issuer at [sto@blocktrade.com](mailto:sto@blocktrade.com) until the end of Subscription process. Amendments thereafter are not possible. Excess funds will be returned to such investors within one month after the allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).

**Late receipt of funds policy:** any funds that arrive to the Bank account after the end of the Subscription period shall not be accepted by the Issuer and will be returned to such investors within one month after the allotment of Securities. Transaction fees for transfers to and from Bank account as described below apply (Other costs borne by the investor).

**Publication of results:** in case of undersubscription in the first part of Subscription period, the Issuer will publish the preliminary results of this Offering until that point in time on the Website as soon as practicable, but in any case no later than within five days from the end of the first part of Subscription period. In such case, the Issuer will publish notice to investors, in which it will determine beginning, duration and date of publication of results of the second part of the Subscription period, whereby the second part of Subscription period will not exceed two months.

The Issuer will publish the full detailed results of this Offering on the Website within two months from the end of the second part of Subscription period.

Securities will be delivered to investors by entry into shareholder registry within one month from the registration of the increase of equity capital for Securities issued under this Prospectus. Investors will be notified via email of successful registration of Securities and corresponding entry into the shareholder registry. Updates of shareholder registry and thus dealing with Securities are not possible until such time.

**Securities in this Prospectus are offered for Subscription, not for sale.**

**Expected dilution of the existing shareholders:** 20% if the total amount of Offering size of Securities in this Offering is Subscribed to.

**Estimated costs of this Offering:** Up to 5% of the total proceeds of this Offering estimated at EUR 2 million, whereby this amount will be paid by the Issuer from the proceeds of this Offering after the registration of capital increase. Up to 4% of the proceeds is to be paid to the ~~offeror (CM-Equity AG)~~ investment firms supporting the Offering for the provision of placement and ancillary services, 0,6% to the credit institution providing the payment services, and up to 0,4% for the consulting services, and compliance software used to verify investors' identity.

**Other costs borne by the investor:** Transaction fees in accordance with the fee schedule of the Bank in case of return of excess and/or late funds as described above, netted from such funds. Should the transaction fees be higher than the excess and/or late funds of the investor, no funds will be returned. Furthermore, no funds in relation to Subscription to this Offering will be subject to interest compounding.

**Preferential right of Securities:** In case of subsequent issuances of financial instruments of same type and class within the Authorised capital granted in the Articles of association, the general meeting of shareholders authorises the board of directors of the Issuer to increase the capital, on one or more occasion, by issuing up to 1,600,000,000 non-voting Class B shares in period of five years from the date of the publication of the incorporation deed of the Company in the Luxembourg Trade and Companies Register (Registre de Commerce et des Sociétés) (of which up to 400,000,000 are offered under this Prospectus), each holder of Securities has a preferential right and is entitled to claim a portion of such financial instruments of same type and class that corresponds to his previous proportion and corresponding amount in the share capital. Articles of association of the Issuer authorise the board of directors to withdraw the preferential subscription right in relation to a subsequent increase of capital made within the Authorised capital.

The Securities offered are non-voting shares, whereby each offered Security shall account for the same proportion and corresponding amount in the share capital, *pari passu* to all other existing classes of ordinary shares, except the voting power, which they carry none.

**Preferential subscription right of existing shareholders:** All existing shareholders have waived their preferential subscription right to the Securities in this Offering. Preferential subscription rights are not transferable to other persons.

## 6.2. Distribution and allotment

**Allotment:** Securities will be allotted within 15 working days of the registration of the of the increase of equity capital for Securities issued under this Prospectus, whereas such registration shall be made within one month from the end of Subscription period and by corresponding entry into the Issuer's shareholder registry. Updates of shareholder registry and thus dealing with Securities are not possible until such time.

Investors will be notified via email of successful registration of Securities and corresponding entry into the shareholder registry within 15 working days of the registration of the of the increase of equity capital for Securities issued under this Prospectus.

**Distribution plan:** The subscribed Securities must be fully paid in until the end of Subscription process. Investors will be allotted only the Securities for which the Subscription Amount has been fully paid in accordance with the terms and conditions of this Prospectus. Any excess funds will be returned. No funds in the Bank account are subject to interest compounding. Excess funds will be returned to investors within one month after the allotment of Securities. Securities will be allotted within 15 working days of the registration of the of the increase of equity capital for Securities issued under this Prospectus, whereas such registration shall be made within one month from the end of Subscription process and by corresponding entry into the Issuer's shareholder registry. Updates of shareholder registry and thus dealing with Securities are not possible until such time. Investors will be notified via email of successful allotment of Securities within 15 working days of the registration of the increase of equity capital for Securities issued under this Prospectus.

**Security certificate:** any holder of Securities can at any time demand from the Issuer a certificate related to the Securities registered under such holder's name, which may be issued under any relevant form.

**Tranches reserved for specific investor groups and/or countries:** No classes of investors or any affinity groups are given any preferential treatment in respect to pricing, allotment or distribution of Securities. Country of citizenship and/or residence of investors have no relevance in respect to pricing, allotment or distribution of Securities.

To the best of Issuer's knowledge, no prospective investor intends to subscribe to more than five percent of the Securities. Neither the Major shareholder nor any member of the Issuer's management, supervisory or administrative bodies intend to subscribe in the Offering.

**Claw-back provision:** The Securities under this Offering are not subject to any claw-back provision.

**Preferential treatment of certain investor groups:** Each Eligible Investor can redeem Priority points only in the first part of the Subscription process up to the Maximal Subscription amount of securities per Investor in the first part of the Subscription process, whereby each priority point enables Investor to receive a 50% discount on Subscription price per Security.

**Preferential treatment of Subscriptions depending on the firm they are made through or by:** The firm through which the Subscriptions are made by investors has no relevance on pricing, allotment or distribution of Securities

## 6.3. Subscription process

Investors will be able to subscribe to this Offering electronically by verifying their identity and completing the Subscription form during the Subscription period. These actions can be performed exclusively via the Website. Investors must in the following order:

- Visit the Subscription form accessible on dedicated section of the Website;
- Connect their EliteClub membership account with the Subscription form, accessible on dedicated section of the Website;
- Verify their identity;
- Fill out the Subscription form;
- Transfer the sufficient amount of funds corresponding to subscribed amount of Securities to the Bank account specified in the payment instructions.



The Securities are to be paid-in in adequate amount of EUR and within timeframes as specified under section 6.1. of this Prospectus with wire transfer to the Bank account of the Issuer, designated in the payment instructions provided by the Issuer upon filling out the Subscription form.

The Subscribed Securities must be fully paid in. Investors will be allotted only the Securities for which the Subscription Amount has been fully paid in accordance with the terms and conditions of this Prospectus. Any excess funds will be returned. No funds in the Bank account are subject to interest compounding. Excess funds will be returned to investors within one month after the allotment of Securities.

All fees and taxes applicable to Securities offered under this Prospectus are borne by investors.

#### 6.4. Placement and underwriting arrangements

The Securities will be ~~placed marketed without a firm commitment basis by CM Equity AG, by Blocktrade S.A., a joint stock public limited liability company (société anonyme) incorporated in Germany, Luxembourg and operated under the laws of many, with its registered address and principal place of Luxembourg (commercially doing business also ess at Kaufingerstraße 20, 80331 Munich, Germany, under the commercial brand "Blocktrade" and entered "Blocktrade.com"), registered with the German commercial registry under the number HRB 143533 at Luxembourg Trade and Companies Register th (Registret court Munich, with its Legal Entity Identifier (LEI) 529900FYFELV0BF2P080 and Cryptix d.o.o., a private limited liability company incorporated in Slovenia operated under the laws of Slovenia and Germany (in terms of conducting placement services without firm commitment as an appointed tied agent of above cited CM Equity), with its registered address and principal place of business at Ameriška ulica 8, 1000 Ljubljana, Slovenia, entered into Slovene commercial registry under the number 8333041000, acting within the context of the placement business of financial instruments in accordance with § 1 para. 1a sentence 2 no. 1e KWG exclusively in the name and on behalf and under the responsibility of CM Equity AG, de Commerce et des Sociétés) under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085L4X50. Registered address and principal place of business: 5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg. Website: <https://blocktrade.com/>; E-mail: [info@blocktrade.com](mailto:info@blocktrade.com).~~

#### 6.5. Paying agent(s) / Depository agent(s)

The Issuer might appoint paying agent and/or depository agent for the distribution of dividends and other applicable corporate actions. The Issuer intends to transfer these responsibilities to a central security depository prior to any admission to trading.

#### 6.6. Admission to trading and dealing arrangements

Upon issuance of Securities, they will not be traded on any trading venue and no application for the Securities to be admitted to trading has been made. However, the Issuer may, at its sole discretion, subsequently file for admission to trading on any eligible trading venue.

None of Issuer's other securities are currently tradable on any Regulated market, SME growth market or MTF.

Issuer may engage a market maker for provision of liquidity and/or for price stabilization if and when the Securities are admitted to trading, however, it has not issued an overallotment option therefor. The terms of such engagement are yet to be defined.

**Greenshoe option in case of admission to trading:** The Securities under this Prospectus are not admitted to trading nor has any such application been filed.

**Estimated costs of the application to have Securities admitted to trading:** The Securities under this Prospectus are not admitted to trading nor has any such application been filed.

**Selling Security holders:** All Securities in this Offering will be newly created.

#### 6.7. Dilution

Expected dilution of existing shareholders (paid-in capital): 20%

**Overview of expected dilution of existing shareholders under the assumption that the existing shareholders do not subscribe to the Offering and that the Offering is otherwise fully subscribed to:**



	Ex-ante	% ex-ante ownership of existing voting shareholders	Ex-post	% ex-post ownership of existing voting shareholders
Number of class A voting shares	1,582,000,000	100%	1,582,000,000	100%
Number of class B non-voting shares	18,000,000	100%	418,000,000	4,3%
TOTAL	1,600,000,000	100%	2,000,000,000	80%

### 6.8. Buy-back program

The Issuer or any related entity may, subject to prior shareholder and/or relevant authority approval, initiate a buy-back program of the Securities via open market if and when the Securities are admitted to trading in accordance with Company Law Directive and Luxembourg Commercial Companies Act.

## 7. Corporate governance

### 7.1. Board of directors and Senior management

#### **Bernhard Blaha**

Bernhard Blaha is the CEO of Blocktrade SA based in Luxembourg. In this function, he leads the team behind the company towards common goals. Together with his employees, Bernhard Blaha defines structures and processes that correspond to Blocktrade's vision. At the same time, he builds development strategies that are oriented towards the needs of the community.

Bernhard Blaha has always seen himself right at the intersection between economy and technology. He has found his passion in incorporating existing technologies to make life easier and more enjoyable in an entrepreneurial way. Since founding his very first company at university, that passion has led him to found five companies in total. As the founder of herocoin.io and herosphere.egg, Bernhard Blaha has made a major contribution to creating legal and fiscal frameworks for Blockchain and iGaming companies. Later on, he co-created the Digital Asset Association Austria to improve the establishment of digital assets on the Austrian market.

Bernhard Blaha will be seconded by a second daily manager who will also act as chief compliance officer and will also be in charge of daily management. The Company is currently looking for this second daily manager whose hire should be finalised within the first few months of the launching of the activities of the Company.

#### **Aleksander Jerenko**

Aleksander Jerenko works as director of Cryptix d.o.o., a company based in Ljubljana, Slovenia. As a subsidiary of the Cryptix Group, a venture building company, Cryptix d.o.o. supports their parent company with services and expertise in technical implementation, as well as legal and operational support in the fields of fintech, blockchain and digital transformation.

When Aleksander Jerenko studied, computer science was still in its early stage. Even when he started working, lots of things were done manually in the banks, where Aleksander Jerenko spent quite a large part of his career. Over time, however, technology has evolved, as has his career. Aleksander worked at different Slovenian banks, in various management and executive positions. After more than 20 years of banking experience, he desired a change and joined an international retail services provider. At the end of 2018 Aleksander Jerenko joined the Cryptix Group with the desire to participate in the development of modern financial services.

#### **Hugo Vautier**

After a first experience in a well-known marketing research institute, Hugo joined the banking sector where he became Senior Corporate Team Leader within the Wealth Management department of a Top-Tier private bank in Luxembourg.

In 2012, Hugo joined the Luxembourg office of a Flemish financial group. His main responsibilities consisted in overseeing the internal organisation, operations and relationships with all stakeholders of their Private Equity investment fund. He was then appointed as conducting officer in charge of Finance and Operations, duly authorized by the CSSF, for the group's Wealth Management entity registered as a PSF in Luxembourg.

In 2017, Hugo had a short but valuable experience as General Secretary of an Alternative Investment Fund Manager before taking the opportunity to join Finimmo Luxembourg as Head of Fund Administration in 2018. He is in charge of managing the Central Administration and Transfer Agency teams and driving the growth of the Fund Administration department.

Hugo also serves as executive and non-executive director within the board of Luxembourg-based General Partners, as well as commercial, securitisation and holding companies.

### 7.2. Advisory board

#### **Bernhard Koch**

Bernhard Koch is the CEO and founder of the Cryptix Group, a multinational group of companies with sites in Switzerland, Austria, Liechtenstein and Slovenia. He represents the long-term vision, develops new ideas, brings them to life, then installs and leads a diverse, growth-oriented management team to take over. At the same time, Bernhard Koch scouts new startups that fit the Cryptix Group ethics and mission, integrates them, and supports their growth. On a social level, almost all his ventures touch on issues such as privacy, confidentiality and legality. To support these topics, Bernhard Koch initiated research projects with established partners.

Bernhard Koch started his entrepreneurial career at the age of 18, two years later his first company was one of the most successful and fastest growing IT software and hardware retailers in Austria. As a driving force for innovation Bernhard Koch introduced "Cashback" and loyalty systems in many industries and countries in Europe and Asia, founded dozens of companies, and created hundreds of jobs throughout this path. With a master's degree in business administration and a strong background in IT and sales, he consolidated all his entrepreneurial activities in Cryptix, a venture building company.

#### **Achim Jenner**

Achim Jenner is General Manager at Cryptix AG, a venture building company in Zug/Switzerland. In this function he provides oversight of relevant projects at group level and in subsidiaries. Achim Jenner also ensures a structured development of the organization and supports the board in strategic questions.

Achim Jenner studied law when the Internet was still in its infancy. Later, he started as Managing Director at international advertising agencies such as Lowe Worldwide and Jung von Matt and developed products and services that set digital standards. Finally, Achim Jenner built Europe's first academically accredited accelerator program together with PwC and from there switched to Cryptix AG, where he was able to give his passion, venture building, an even better platform. Throughout his entire career, integrity and honesty have been the most important qualities Achim Jenner has offered and demanded from employees. Working with people and achieving goals together is a strong ambition in his work.

#### **Luka Gubo**

In his role as CEO of Equito, the latest venture of the Cryptix Group, Luka Gubo is primarily responsible for leading and further developing the young and aspiring brand as fundraising service provider and consultancy for small and medium enterprises. By bringing SMEs closer to smaller investors, Equito is set up to create a new wave of investment opportunities available to everyone, making capital markets more democratic and equitable.

Luka Gubo is passionate about financial markets and has been professionally involved in them since 2007, first as a high-frequency trader at a small proprietary trading firm, then as a creator and manager of FT Quant, the first quantitative fund in the region. For the past three years Luka Gubo led a small and dedicated team on a mission to disrupt the European capital markets. Throughout his career he published several books and academic research papers and has spoken about financial topics as guest lecturer at various universities and public speaker at diverse events.

#### **Alexandre Horvat**

Alexandre Horvath acts as Chief Information Security Officer (CISO) and Data Protection Officer (DPO) at Cryptix AG. In this role, he is responsible for the development of data protection goals for mission-critical assets and devices, their cyber threats, and cyber risks. Additionally, Alexandre Horvath carries out risk assessments and business impact analyses as well as simulated crisis scenarios, including the participation of the top management. On top, he ensures compliance with data protection and privacy regulations.

Alexandre Horvath has a strong background in IT security and risk management, with over a decade of leadership experience, covering the areas from strategic and operational management to project management in multinational organizations such as Allianz Suisse, DHL and Credit Suisse. His strengths also include service management, risk remediation and delivery of projects to the global market. In his leadership, he successfully manages the triangle of cost, quality, and speed, while ensuring that strategy and emerging security needs are covered.

### **7.3. Overview of administrative, management and supervisory bodies and senior management**

<b>Board of directors and Senior Management</b>		
<b>Person</b>	<b>Function</b>	<b>Business address</b>
Bernhard Blaha	Chief Executive Officer and Member of the Board of Directors	5 Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg
Aleksander Jerenko	Member of the Board of Directors	Ameriška ulica 8, 1000 Ljubljana, Slovenia
Hugo Vautier	Member of the Board of Directors	18 Rue Robert Stümper, L-2557 Luxembourg, Grand Duchy of Luxembourg

Advisory board		
Person	Function	Business address
Bernhard Koch	Member of the Advisory board	Cryptix AG, Gotthardstrasse 26, 6300 Zug, Switzerland
Achim Jenner	Member of the Advisory board	Cryptix AG, Gotthardstrasse 26, 6300 Zug, Switzerland
Luka Gubo	Member of the Advisory board	Cryptix d.o.o., Ameriška ulica 8, 1000 Ljubljana, Slovenia
Alexandre Horvat	Chief Information Security Officer	Cryptix AG, Gotthardstrasse 26, 6300 Zug, Switzerland

None of the above persons are related nor have any other family relationship amongst them.

**7.3.1. Names of companies of which above persons have been members of the administrative, management or supervisory bodies in the last 5 years ex. subsidiaries thereof**

Bernhard Blaha:

- Physiobox OG – Executive Partner – 2015, Vienna, Austria
- Byte heroes GmbH – COFO & Shareholder – 2017-2020, Vienna, Austria

Aleksander Jerenko:

- Cryptix d.o.o. - Managing director - 2019 – present, Ljubljana, Slovenia
- Nova KBM d.d. - deputy director for retail banking - 9/2016-9/2017, Maribor, Slovenia
- Postbank Slovenia d.d. - director of Retail banking – 4/2001-8/2016, Maribor, Slovenia

Hugo Vautier :

- Finimmo Luxembourg – Head of Fund Administration – 5/2018 – present, Luxembourg
- Europe Capital Partners – General Secretary – 10/2017 – 5/2018, Luxembourg
- Leeward Ventures Group – Chief Financial Officer 6/2012 – 6/2016, Luxembourg

**7.3.2. Convictions in relation to fraudulent offences of above persons in the last 5 years**

None.

**7.3.3. Details of any official public incrimination and/or sanctions of above persons by statutory or regulatory authorities (incl. designated professional bodies) and whether such person has ever been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of the issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous 5 years**

None.

**7.4. Remuneration**

From 6.10.2020 (date of incorporation) to the date of this Prospectus, the members of the administrative, management and/or supervisory bodies, and any senior manager who is relevant to establishing that the issuer has the appropriate expertise and experience for the management of the issuer's business have received no compensation of any kind, in cash or otherwise, including options, deferred, contingent or in-kind compensation.

The Issuer has not accrued or set aside any funds for retirement, pension or similar benefits.

**Remuneration for the period 6.10.2020 - 30.11.2020 (in EUR)**



Member of the Management	Base salary, gross	Cash bonus, gross	Stock bonus, gross, fair market value when granted	Stock options, gross, fair market value when granted	Other compensation, incl. deferred, contingent, and in-kind, gross	Total, gross, 2020
Bernhard Blaha	0	0	0	0	0	0
Aleksander Jerenko	0	0	0	0	0	0
Hugo Vautier	0	0	0	0	0	0

### 7.5. Shareholdings and stock options

No above persons have any direct or indirect ownership in the Issuer, nor any outstanding options or warrants, nor any convertible securities or derivatives thereof.