



# Growth Prospectus

Public offering of up to  
110,000,000 Class B  
non-voting shares

**Prospectus dated 21.02.2024**

**Blocktrade SA, a public limited liability company governed by Luxembourg laws**



Growth Prospectus

Public offering of up to 110,000,000 Class B non-voting shares

Blocktrade S.A., a public limited liability company governed by Luxembourg laws

This Prospectus (hereinafter referred to as the "**Prospectus**") is produced as a single document, and relates to the offering of up to 110,000,000 class B shares without nominal value (hereinafter referred to as 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 B248375 (hereinafter referred to as the "**Issuer**" or the "**Company**" or "**Blocktrade S.A.**").

The Issuer is considered an SME (small and medium-sized enterprise) within the meaning of Article 2(f) of the Regulation (EU) 2017/1129 (hereinafter referred to as the "**Prospectus Regulation**") given 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 referred to as the "**Luxembourg Prospectus Regulation Implementation Law**"), and has been approved by the CSSF Luxembourg (Commission de Surveillance du Secteur Financier, hereinafter referred to as the "**CSSF**") in its capacity as competent authority under the Luxembourg Prospectus Regulation Implementation Law and Prospectus Regulation on 21.02.2024 and is valid until 20.02.2025. 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 the 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 based on 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 can evaluate 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 (Finantsinspektsioon (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 offense 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 using 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 minor 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 deciding 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.

## Contents

Information incorporated by reference .....	6
1. Specific summary.....	8
1.1. Introduction.....	8
1.1.1. Name and international securities identification number of the Securities.....	8
1.1.2. Identity and contact details of the Issuer, including its legal entity identifier .....	8
1.1.3. Identity and contact details of the competent authority that approved the Prospectus.....	8
1.1.4. Date of approval of the EU Growth Prospectus .....	8
1.1.5. Warnings.....	8
1.2. Key information of the Issuer .....	8
1.2.1. Who is the Issuer of the Securities? .....	8
1.2.2. What is the key financial information regarding the Issuer? .....	9
1.2.3. What are the key risks that are specific to the Issuer? .....	10
1.2.3.1. Risks in relation to start-up companies and business plan execution.....	10
1.2.3.2. Risks related to market conditions .....	10
1.2.3.3. Risks related to regulatory environment.....	10
1.2.3.4. Risks related to competition.....	10
1.3. Key information on the Securities .....	10
1.3.1. What are the main features of the Securities? .....	10
1.3.2. Where will the Securities be traded? .....	11
1.3.3. Is there a guarantee attached to the Securities? .....	11
1.3.4. What are the key risks that are specific to the Securities? .....	11
1.3.4.1. Risks related to voting power .....	11
1.3.4.2. Potential risk of dilution .....	11
1.3.4.3. Risks in relation to liquidity of Securities.....	11
1.4. Key information on the offer of Securities to the public .....	11
1.4.1. Under which conditions and timetable can I invest in this Security? .....	11
1.4.2. Why is this EU Growth prospectus being produced?.....	13
1.4.3. Who is the offeror and/or the person asking for admission to trading? .....	13
2. Persons responsible, third-party information, experts' reports and competent authority approval	14
2.1. Responsibility for the information provided .....	14
2.2. 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 .....	14
2.3. Reasons for the Offer, use of proceeds and expenses of the Offering .....	15
2.4. Additional information .....	16



3.	Strategy, performance and business environment .....	17
3.1.	Issuer .....	17
3.1.1.	Legal and commercial name.....	17
3.1.2.	Registration .....	17
3.1.3.	Incorporation.....	17
3.2.	Business Overview.....	17
3.2.1.	Strategy and Objectives.....	17
3.2.2.	Principal Activities .....	17
3.2.3.	Principal Markets.....	18
3.3.	Business Plan .....	18
3.3.1.	Growth objectives .....	18
3.3.2.	Marketing activities .....	22
3.3.3.	Educational content .....	23
3.3.4.	Short- and medium-term plans .....	23
3.3.5.	Key individuals, competitions, customers and suppliers, assets not owned by the Issuer	24
3.3.5.	The extent to which the Issuer’s business is dependent upon any key individuals, and identification of the individuals concerned, if material .....	24
3.3.5.	Current and expected market competitors.....	24
3.3.5.	Dependence on a limited number of customers or suppliers.....	25
3.3.5.	Assets necessary for production not owned by the Issuer .....	26
3.4.	Issuer’s financing structure and changes thereof .....	26
3.4.1.	Changes in the Issuer’s borrowings and funding structure during the last financial year	26
3.4.2.	Description of expected financing of Issuer’s activities .....	26
3.4.3.	Summary of any material limitations on the Issuer’s method of financing .....	26
3.5.	Industry, business, services overview, regulatory environment.....	26
3.5.1.	Services overview .....	26
3.5.1.	Digital assets trading platform (exchange services) .....	26
3.5.1.	Virtual asset custody (safekeeping and administration of virtual assets).....	27
3.5.1.	Education & support platform.....	27
3.5.2.	Regulatory environment.....	27
3.5.2.	Overview.....	27
3.5.2.	Prospects .....	27
3.5.3.	Organisational structure.....	28
3.5.3.	Group ownership structure .....	28
3.5.3.	Internal organizational structure.....	29

3.6. Investments .....	29
3.7. Trend information .....	29
For as long as the fundamental technologies (cryptography, networks, zero-knowledge proofs) remain unaffected, then the market trend, while volatile, is broadly upwards.....	30
3.8. Profit forecast and estimates .....	30
3.9. Working capital statement.....	30
3.9.1. Assessment of Current Working Capital Position.....	30
3.9.2. Timing of Anticipated Shortfall.....	30
3.9.3. Quantification of Projected Shortfall .....	30
3.9.4. Action Plan.....	30
3.9.5. Detailed Implications of Plan Failure.....	31
4. Risk factors .....	33
4.1. Risk factors affecting the Issuer .....	33
4.1.1. Risks in relation to start-up companies and business plan execution .....	33
4.1.1.1. Risk of lack of funding, including lack of working capital .....	33
4.1.1.2. Risk of inability to attract new traders .....	33
4.1.2. Internal financial stability risks affecting the Issuer .....	34
4.1.2.1. Risks of stability of the Issuer’s balance sheet .....	34
4.1.2.2. Risks relating to Issuer’s ability to continue operations .....	35
4.1.2.3. Risks related to the capital erosion .....	35
4.1.3. General market risks affecting the Issuer.....	35
4.1.3.1. Risks related to market conditions.....	35
4.1.3.2. Risk of significant changes in valuation.....	35
4.1.3.3. Risks related to trading liquidity on the Platform .....	36
4.1.4. General technology risks affecting the Issuer .....	36
4.1.4.1. Risks related to software failure .....	36
4.1.4.2. Risks related to hardware failure .....	36
4.1.5. General regulatory risk affecting the Issuer .....	36
4.1.5.1. Risks related to regulation of digital assets.....	36
4.1.6. General legal risks affecting the Issuer.....	37
4.1.6.1. Risks related to legal liability .....	37
4.1.7. General business risks affecting the Issuer .....	37
4.1.7.1. Risks related to competition .....	37
4.1.7.2. Risks related to banks.....	37
4.1.7.3. Risks related to external vendors and/or material contracts .....	38
4.1.7.4. Risks related to key employees .....	38

4.1.8.	Risks related to blockchain technology .....	38
4.2.	Risk factors affecting the Securities of this Offering .....	38
4.2.1.	Risks related to voting power .....	38
4.2.2.	Potential risk of dilution .....	38
4.2.3.	Risks in relation to liquidity of Securities .....	39
4.2.4.	Risks in connection with applicable law .....	39
5.	Terms and conditions of the Securities .....	40
6.	Details of the Offering .....	43
6.1.	Conditions to which the Offering is subject .....	43
6.2.	Distribution and allotment .....	45
6.3.	Subscription process.....	46
6.4.	Placement and underwriting arrangements .....	46
6.5.	Paying agent(s) / Depositary agent(s) .....	47
6.6.	Admission to trading and dealing arrangements .....	47
6.7.	Dilution .....	47
6.8.	Buy-back program .....	47
7.	..... Corporate governance	48
7.1.	Board of directors.....	48
7.2.	Overview of administrative, management and supervisory bodies and senior management .	48
7.2.1.	Board of Directors .....	48
	Person.....	49
	Function.....	49
	Business address .....	49
7.2.2.	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
7.2.3.	Convictions in relation to fraudulent offences of above persons in the last 5 years....	50
7.2.4.	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 .....	50
7.3.	Remuneration.....	50
7.4.	Shareholding and stock options .....	50
8.	Financial statements and key performance indicators (KPIs) .....	52
8.1.	Current statements .....	52
8.2.	Accounting policies and explanatory notes to the financial statements .....	53

8.3. Auditor’s report on financial statements contained in this section.....	55
8.4. Issuer’s KPIs .....	56
8.5. Dividend policy .....	57
8.6. Significant change in the Issuer’s financial position since the end of the last financial period	57
9. Shareholder information .....	58
9.1. Shareholder structure .....	58
9.2. Legal and arbitration proceedings.....	60
9.3. Potential conflicts of interests.....	60
9.4. Related-party transactions .....	60
9.5. Memorandum and Articles of Association.....	60
9.6. Material contracts .....	61
10. Additional documents available .....	62
11. Definitions .....	63
12. Signature page.....	67

## 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.

Unless otherwise indicated all pages in the referenced documents are relevant.

This Prospectus should be read in conjunction with:

Document	URL	Cross-reference to information relevant for this Prospectus	Referred sections in this Prospectus
Articles of association	<a href="https://blocktrade.com/wp-content/uploads/2024/01/Blocktrade-S.A.-Articles-consolidated-version-1.pdf">https://blocktrade.com/wp-content/uploads/2024/01/Blocktrade-S.A.-Articles-consolidated-version-1.pdf</a>	Provisions regarding: <ul style="list-style-type: none"> <li>• Authorized capital (p. 2)</li> <li>• Preferential subscription rights (p. 3)</li> </ul>	p. 11, p. 12, p. 13, p. 38, p. 42, p. 45, p. 58, p. 59, p. 60, p. 62, p. 63
Audited financial statements with auditor's opinion (2021)	<a href="https://blocktrade.com/wp-content/uploads/2024/02/2023.04.14-Audit-Report-BDO-Blocktrade-SA-ACCOUNTS-2020-2021-scannable-1.pdf">https://blocktrade.com/wp-content/uploads/2024/02/2023.04.14-Audit-Report-BDO-Blocktrade-SA-ACCOUNTS-2020-2021-scannable-1.pdf</a>	Financial statements: <ul style="list-style-type: none"> <li>• Balance sheet (p. 6)</li> <li>• Income statement (p. 6)</li> </ul> Notes to the financial statements (p. 8) Auditor's opinion (p. 3)	p.8, p.14, p.52
Audited financial statements with auditor's opinion (2022)	<a href="https://blocktrade.com/wp-content/uploads/2024/01/FS-BLOCKTRADE-SA-311222-IFRS-WITH-AUDIT-REPORT.pdf">https://blocktrade.com/wp-content/uploads/2024/01/FS-BLOCKTRADE-SA-311222-IFRS-WITH-AUDIT-REPORT.pdf</a>	Financial statements: <ul style="list-style-type: none"> <li>• Balance sheet (p. 5)</li> <li>• Income statement (p. 6)</li> <li>• Cash flow statement (p. 8)</li> </ul> Notes to the financial statements (p. 9) Auditor's opinion (p. 2)	p.9, p.14, p.52

Non-mentioned parts/sections of the above documents, incorporated by reference, are either not relevant for the investor or covered elsewhere in the Prospectus.

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 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

**Issuer:** Blocktrade S.A., a 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 number B248375, with its Legal Entity Identifier (hereinafter referred to as “**LEI**”) 48510028XA7C085L4X50, (hereinafter referred to also as the “**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 110,000,000 Class B non-voting shares offered by the Issuer (hereinafter referred to as the “**Offering**”). Only information contained within this Prospectus is relevant for the 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 21.02.2024 and is valid until 20.02.2025. 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 of 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 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 18 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 (hereinafter referred to as the “**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 (hereinafter referred to as “**KYC**”) module, order management system, trade execution with a matching engine, custody solution integration, transaction monitoring system, compliance module, gamification system with levels and rewards, and other relevant parts and integrations. The Platform was first developed by a Liechtenstein-based software development company and ultimately acquired on 15 November 2020 by the Issuer on the basis of a purchase and licensing agreement, which is set up to be operated by the **subsidiary** of the Company for the operation of the Platform, 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 (hereinafter referred to as the “**Operator**”) to offer a secure, user-friendly and reliable trading environment to its end-users. The Issuer has developed and intends to develop further its Platform to keep up with the market requirements, stay a major player in the crypto industry and expand its user base.

**Chief Executive Officer:** Christian Niedermüller, 5, Place de la Gare. L-1616, Luxembourg.

**Controlling shareholders:** As of the date of approval of this Prospectus, Blocktrade S.A. is under a direct control of Web3 Investco AG, shareholder of the Issuer holding all class A shares bearing voting rights. Web3 Investco AG is managed by its board of directors, whose members are Anja Frauwallner and Christian Niedermüller and who are appointed by its shareholders, being Bernhard Koch and Christian Niedermüller. There is no indirect controlling or owning shareholder of the Issuer other than Web3 Investco AG.

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

Blocktrade S.A. was incorporated on 6 October 2020. Financial data as of 31 December 2022 has been prepared in accordance with IFRS as further specified in Regulation (EC) No 1606/2002 and Law of 10 August 1915 on Commercial Companies, as amended (“Luxembourg Commercial Register and Accounting Act”). The financial information presented below has been audited by a qualified auditor (HACA Partners S.à r.l. [R.C.S. number: B204968]), having its registered office at 35E, Avenue John F. Kennedy, L-1855 Luxembourg) receiving disclaimer of opinion. The basis for the disclaimer of opinion lies in the lack of impairment assessment, as the audit revealed that Blocktrade S.A.'s intangible assets, primarily its cryptocurrency trading platform valued at EUR 3,226,161.23, did not undergo an impairment assessment. This omission raises critical questions about the asset's recoverable value versus its carrying amount, indicating potential uncertainties in the financial statements. Additionally, the auditor encountered difficulties in verifying the accuracy of recorded gains and losses on crypto assets, which represent a significant portion of the company's assets. This uncertainty complicates the assessment of whether audit report adjustments or reclassifications are needed. The audit did not concern other information than the below financial information.

Financial data as of 31 December 2021 has been prepared in accordance with Luxembourg Generally Accepted Accounting Principles (“GAAP”), and have been audited by BDO Audit, SA (R.C.S. number: B147570), having its registered office at 1, rue Jean Piret, BP 351, L-2013 Luxembourg, as further specified in Law of 19 December 2002 and Law of 10 August 1915 on Commercial Companies. The financial information presented below has been restated under IFRS scope by HACA Partners S.à r.l, in the report for the financial year ended 31 December 2022 but, has not been audited within such IFRS scope for the financial period ended 31 December 2021.

#### Financial information - Profit & loss statement

<i>in EUR</i>	2021 (unaudited)	2022
Net turnover (+)	9,613,988.36	616,883.95
Profit (+) or loss (-) after taxation	-8,491,404.81	-9,774,918.02

#### Balance sheet

Assets	Value as of 31.12.2021 (unaudited)	Value as of 31.12.2022	Equity and liabilities	Value as of 31.12.2021 (unaudited)	Value as of 31.12.2022
Cash at bank and in hand	8,390,332.58	688,545.68	Subscribed capital	22,335,129.10	22,335,129.10
Other current assets (other debtors)	3,482,962.14	590,138.67	Profit or loss for the financial year	-8,491,404.81	-9,774,918.02
			Retained earnings		-8,491,404.81
Inventories	634,787.04	454,417.38			
<b>Total current assets</b>	<b>12,508,081.76</b>	<b>1,773,101.73</b>	<b>Total Capital and Reserves</b>	<b>13,843,724.29</b>	<b>4,068,806.27</b>
Tangible assets	20,324.16	20,335.85	Trade creditors	4,000,446.12	907,922.97
Intangible assets	5,332,101.31	3,229,218.73	Employee benefits	29,885.82	67,276.07
Financial assets	0.00	53000.00			
Others non-current assets	13,549.00	8349.00	<b>Total Creditors</b>	<b>4,030,331.94</b>	<b>975,199.04</b>
<b>Total non-current assets</b>	<b>5,365,974.47</b>	<b>3,310,903.58</b>			
<b>TOTAL ASSETS</b>	<b>17,874,056.23</b>	<b>5,044,005.31</b>	<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	<b>17,874,056.23</b>	<b>5,044,005.31</b>

Financial information is sourced from audited financial statements with auditor’s opinion (2022) (incorporated by reference to this Prospectus).

#### Non-Financial KPIs

**Number of users as of 31 December 2022:** 41,958

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

**Yearly trading volume on the Platform as of 31 December 2022:** EUR 555,594,494

Trading volume is defined as the value of all executed trades across all trading pairs and coins listed on the Issuer's Platform in the given period.



### 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 therefore.

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 current change in the digital assets regulations had the group refocusing on Mica regulation compliance strategy and opt for the future CASP license, rather than extending than extending the number of VASP licenses throughout the EEA.

The Company's business may be negatively impacted by a completely revisited regulatory framework under MicaR. Such changes in the regulatory requirements might imply heavy costs to be invested in the development of the infrastructure, especially in regards to cybersecurity and general compliance risk of a CASP services provider.

#### 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?

<b>Type and class</b>	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").
<b>Form</b>	Registered form, the Issuer alone bears the responsibility for the maintenance of the shareholder registry.
<b>Voting power</b>	Securities do not have voting powers attached.
<b>Rights attached to the Securities</b>	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.
<b>Transfer restrictions</b>	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.
<b>Currency of the Securities' issue</b>	EUR
<b>Nominal value</b>	Without nominal value
<b>Subscription price</b>	EUR 0.24
<b>Maximum share in total equity if fully subscribed</b>	5.32%
<b>Term</b>	Perpetual
<b>Seniority</b>	Pari-passu to all other existing share classes (with the exception of voting rights, which the Securities carry none), each share accounts for the same proportion and corresponding amount in the equity capital.
<b>Dividend policy</b>	Pari-passu to all other existing share classes (with the exception of voting rights, which the Securities carry none).

Each share accounts for the same proportion and corresponding amount in the equity capital
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### 1.3.2. Where will the Securities be traded?

Upon issuance, the Securities 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, the general meeting of shareholders authorises the board of directors of the Issuer to increase the capital, on one or more occasions, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) (of which up to 110,000,000 Securities 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. 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 a over-the-counter, i.e., off-trading venue (hereinafter referred to as "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:** 110,000,000 Securities

**Nominal value:** without nominal value

**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 unrestricted.

Subscription process is made in two parts as follows:

First part of Subscription process – open to existing shareholders of same type and class, and VIP users	
<b>Period:</b>	from 21.02.2024 – 13.03.2024
<b>Offering size:</b>	110,000,000 Securities
<b>Minimal Subscription:</b>	1,000 Securities
<b>Maximal Subscription:</b>	n/a
<b>Oversubscription policy:</b>	Securities will be allotted to existing shareholders of same type and class in proportion that corresponds to their previous proportion and corresponding amount in the class B share capital. Securities neither subscribed nor allotted to existing shareholders of same type and class will be allotted to VIP users pro rata in proportion to their individual subscriptions.
<b>Undersubscription policy:</b>	Any Securities which remain unsubscribed by the end of the first part of Subscription process, will be in the second part of the Subscription process offered to all Investors.
<b>Subscription price:</b>	EUR 0.216 per Security

Second part of Subscription process – open to all Investors	
<b>Period:</b>	from 14.03.2024 – 15.07.2024
<b>Offering size:</b>	Remaining amount of unsubscribed securities from first part of subscription period
<b>Minimal Subscription:</b>	1,000 Securities

<b>Maximal Subscription:</b>	n/a
<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 fiduciary bank account of the Placement Agent (“ <b>Bank account</b> ”).
<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 0.24 per Security

**VIP user is a user of the Platform that fulfils at least one of the following conditions:**

- The User has had a trading volume on the Platform of at least € 100,000 (one hundred thousand euros) in the last 12 months;
- The User is actively promoting Blocktrade on his/her social media and sharing Blocktrade’s posts or reaches a minimum of 30 (thirty) completed referrals, under the scope Referral Program ([https://referral.blocktrade.com/terms\\_and\\_conditions](https://referral.blocktrade.com/terms_and_conditions));
- The User has deposited €100,000 (one hundred thousand euros) in Fiat or its equivalent amount in crypto assets to the Platform which he/she intends to trade;
- The User has been onboarded and been trading on the Platform prior to 1 January 2020;
- The User is a shareholder of the Company holding a minimum of 1,000 class A or class B shares;
- The User is an active member of an affiliated partner club;
- The User needs to reach level 30 (thirty) or Zeus 3 in Blocktrade’s gamification level system (as defined in the Terms of Blocktrade available at: <https://blocktrade.com/terms-of-use/>)

**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, cancelation or suspension of the Offering, excess funds will be returned to investors within one month after such revocation, cancelation 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.

**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 [equity@blocktrade.com](mailto:equity@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 and will communicate such result to the CSSF within the same timeframe.

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

**Estimated costs of this Offering:** The Estimated costs of the Offering (amounting up to EUR 1,211,400) are composed of the performance-based fee of the Placement Agent (up to 3.75% or EUR 999,000 of the total value of subscribed capital and paid-in financial instruments), as well as legal fees (lawyer, notary...), between EUR 10,000 and EUR 15,000, translation fees, between EUR 7,000 and EUR 8,400, administrative fees (CSSF regulatory filing, other filings), between EUR 16,300 and EUR 20,000 and marketing fees (PR Agency, Copyright content, social media advertisement...), between EUR 146,00 and EUR 178,000.

**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, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) (of which up to 110,000,000 Securities 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.

**Expected maximum dilution of the existing shareholders:** 5.32% if the total amount of Offering size of Securities in this Offering is Subscribed to.

**Preferential subscription right of existing shareholders:** All existing shareholders of same type and class have a preferential right. Existing shareholders of same type and class will be able to participate in the first part of Subscription process and will be allotted the Securities in proportion that corresponds to their previous proportion and corresponding amount in the share capital. Preferential subscription rights are not transferable to other persons. The board of directors has not withdrawn the preferential subscription right for this Offering. Class A shareholders have irrevocably waived their preferential subscription rights for this Offering.

**Preferential subscription right of VIP users:** Securities neither subscribed nor allotted to existing shareholders of both share classes in the first part of Subscription process will be allotted to VIP users pro rata in proportion to their individual subscriptions.

**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 strides relating to blockchain and its role in financial industry, the Issuer has decided to pursue further development of its Platform, expand its service offering internationally and enable the Blocktrade community to participate in the growth 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 %)
Human resources	8,893,500.00 € (35%)
Product development and gaming integration	6,860,700.00 € (27%)
Marketing and communications	4,827,900.00 € (19%)
Mergers and acquisitions	3,557,400.00 € (14%)
Regulatory and compliance	1,270,500.00 € (5%)

The Issuer estimates the total proceeds of this Offering to be up to EUR 26.4 million while to costs are estimated at up to EUR 1,211,400 and composed of the performance-based fee of the Placement Agent (up to 3.75% or EUR 999,000 of the total value of subscribed capital and paid-in financial instruments), as well as legal fees (lawyer, notary...), between EUR 10,000 and EUR 15,000, translation fees, between EUR 7,000 and EUR 8,400, administrative fees (CSSF regulatory filing, other filings), between EUR 16,300 and EUR 20,000 and marketing fees (PR Agency, Copyright content, social media advertisement...), between EUR 146,00 and EUR 178,000.

#### Description of any material conflicts of interest pertaining to the offer or the admission to trading:

Bernhard Franz Koch owns 27.5% of shares of Major Shareholder, who owns 100% of class A shares (voting) of the Issuer and 2.2% of class B shares (non-voting) of the Issuer.

Bernhard Franz Koch owns 100% of cryptix Holding AG, with registered address at Bundesstrasse 5, 6300 Zug, Switzerland, and business registry number CHE-454.673.260, who owns 100% of Placement Agent.

Even though placement services and associated fees between the Issuer and the Placement agent have been negotiated and set at an arm's length, Bernhard Franz Koch could be seen as having a conflict of interest in the success of this Offering. Such conflict could manifest itself in biased representation, limited disclosure and transparency, selective investor engagement, over- or undercharging for services rendered etc.

To mitigate these concerns the following measures have been undertaken: placement services and associated fees between the Issuer and the Placement agent have been negotiated and set at an arm's length and in line with industry standards, Placement agent acts only as an agent and intermediary for subscription of Securities.

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

Securities in this Offering are offered by Issuer and by Equito, brokerage company, Ltd, a limited company incorporated in Slovenia, operated under the laws of Slovenia, with its registered address and principal place of business at Ameriška ulica 8, 1000 Ljubljana, Slovenia, entered into Slovenian commercial registry under the number 9125108000, with its Legal Entity Identifier (LEI) 48510004DAWP3SMI4S38, duly licensed to perform investment services in accordance with ZTFI-1 and is regulated by the Slovenian Securities Market Agency (ATVP) based on approval No.40210-2/2022-13.

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.

## 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 auditors**

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 agréé*), for the financial year ending on 31 December 2021.

The Issuer has appointed HACA Partners S.à r.l., having its registered office at 6, route d'Esch, L-1470 Luxembourg (R.C.S. number: B47771), as the Company's statutory auditor (*réviseur d'entreprise agréé*), for the financial year ending on 31 December 2022

#### **Issuer**

Blocktrade S.A., a 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 LEI number 48510028XA7C085L4X50.

#### **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 XY and valid until XY. 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 the Prospectus Regulation.

### 2.2. 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

Bernhard Franz Koch owns 27.5% of shares of Major Shareholder, who owns 100% of class A shares (voting) of the Issuer and 2.2% of class B shares (non-voting) of the Issuer.

Bernhard Franz Koch owns 100% of cryptix Holding AG, with registered address at Bundesstrasse 5, 6300 Zug, Switzerland, and business registry number CHE-454.673.260, who owns 100% of Placement Agent.

Even though placement services and associated fees between the Issuer and the Placement agent have been negotiated and set at an arm's length, Bernhard Franz Koch could be seen as having a conflict of interest in the success of this Offering. Such conflict could manifest itself in biased representation, limited disclosure and transparency, selective investor engagement, over- or undercharging for services rendered etc.

To mitigate these concerns the following measures have been undertaken: placement services and associated fees between the Issuer and the Placement agent have been negotiated and set at an arm's

length and in line with industry standards, Placement agent acts only as an agent and intermediary for subscription of Securities.

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

In order to take advantage of favourable regulatory strides relating to blockchain and its role in financial industry, the Issuer has decided to pursue further development of its Platform, expand its service offering internationally and enable the Blocktrade community to participate in the growth 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 by developing its Platform, related products and applicable IP rights. The largest estimated expense will be related to maintaining and developing its team of specialists, while developing new products and features to boost revenues and acquiring a large number of customers through marketing activities, sales and business development. The Issuer will also dedicate a significant 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
Human resources	8,893,500.00 € (35%)	Growing and maintaining the number of employees of the Company to support its activities.
Product development and gaming integration	6,860,700.00 € (27%)	Purchase or licensing or development and implementation of new software features to enhance the user experience on the Blocktrade platform, such as, but not limit to new coin listings, yield-generating products and gamified investment opportunities.
Marketing and communications	4,827,900.00 € (19%)	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.
Mergers and acquisitions	3,557,400.00 € (14%)	Acquisition of complementary partner platforms to accelerate user growth, product development and community outreach. No binding agreement at the time of this Prospectus exists with any potential target company.
Compliance and security	1,270,500.00 € (5%)	The Company will comply with all applicable laws when providing its services, including applying for any necessary registration or authorisations with relevant authorities.

The Issuer estimates the total proceeds of this Offering to be up to EUR 26.4 million, of which up to 3.75% are the cost of this Offering. This cost is performance-based, and represents placement fee, which

is paid to the Placement agent for the provision of services of placement without firm commitment and associated administrative support of this Offering. Additional minor costs relating to the notary services for the capital increase will arise. Estimated costs of the Offering shall be laid out as follows:

Placement Agent fees:

- 3.75% total value of subscribed capital and paid-in financial instruments (between EUR 0 and EUR 10 million)
- 3.5% total value of subscribed capital and paid-in financial instruments (between EUR 10 and EUR 20 million)
- 3% total value of subscribed capital and paid-in financial instruments (above EUR 20 million)
- The Placement Agent fees can be up to EUR 990,000 in accordance with the above schedule.

Legal fees (lawyer, notary, other diverse legal fees):

- EUR 10,000 to EUR 15,000

Prospectus summary translation fees:

- EUR 7,000 to EUR 8,400

Administrative fees (CSSF regulatory filing, other filings...):

- EUR 16,300 to EUR 20,000

Banking Fees

- N/A

Marketing (PR Agency, Copyright content such as video, motion graphics and translations,

Advertisement on social media...)

- EUR 146,00 to EUR 178,000

## 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 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.

#### 3.1. Issuer

Blocktrade S.A., a public limited liability company (société anonyme) incorporated in Luxembourg and operating under the laws of Luxembourg, registered with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) under 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.

##### 3.1.1. Legal and commercial name

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

##### 3.1.2. Registration

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

##### 3.1.3. Incorporation

The Issuer was incorporated on 6 October 2020.

#### 3.2. Business Overview

##### 3.2.1. Strategy and Objectives

Blocktrade's vision is to provide a single platform for users to perform cryptocurrencies trading and play games. Blocktrade seeks to unlock a combination never seen before to capitalise on underappreciated overlaps between the crypto and gaming markets.

Blocktrade will create a best-in-class cryptocurrency exchange serving an international client base. Unlike typical exchanges on the market, Blocktrade will incorporate an opinionated theme, centred around entertainment. The platform will utilise novel amounts of gamification, granting all users of the platform an avatar with levels and rewards.

##### 3.2.2. Principal Activities

Developing a high-quality cryptocurrency exchange platform that enables great user experiences and is compliant with relevant regulations. The platform is currently crypto specific but will soon incorporate precious metals and tokenised securities.

To best use the available resources, the Issuer will work with external partners and agencies in addition to its internal engineering resources.

Issuer is generating revenues from trading fees, price premiums, service fees, credit card fees and other non-retail investor fees, such as listing fees for new projects and more in the future.



### 3.2.3. Principal Markets

The Company can 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 in EEA countries.

## 3.3. Business Plan

### 3.3.1. Growth objectives

Sustainable growth can only be achieved through sustainable investment. Thus, the Offering is to be considered a long-term investment rather than a quick win. The Issuer aims to reinvest most of the proceedings in further developing its software solutions and, together with the Operator, grow the number of end-users and trading volume on the Platform.

The Issuer aims to achieve a positive EBIT no earlier than 2025 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 assets digitalization and expects this market to grow for years to come. It is well-positioned to benefit from this trend, offering a user-friendly Platform for Virtual Asset custody and exchange. With a strong brand, clear marketing plan, and valuable educational content, the Issuer expects high user and trading volume growth, directly impacting its revenues.

The Issuer aims to gain market share through effective marketing expending, as detailed in the **Marketing activities** section. A growth-focused strategy might temporarily decrease short-term profitability in favour of boosting revenues, making the platform more appealing to other traders and establishing a sustainable business model.

This strategy is generally — as is the case here — employed for high growth companies in a market that is, to a certain extent, already considered established and competition-heavy. The Issuer considers this approach necessary to become a significant player in the rapidly evolving and challenging market.

The Company has several strategic objectives to support its growth. Those can be summarized as such:

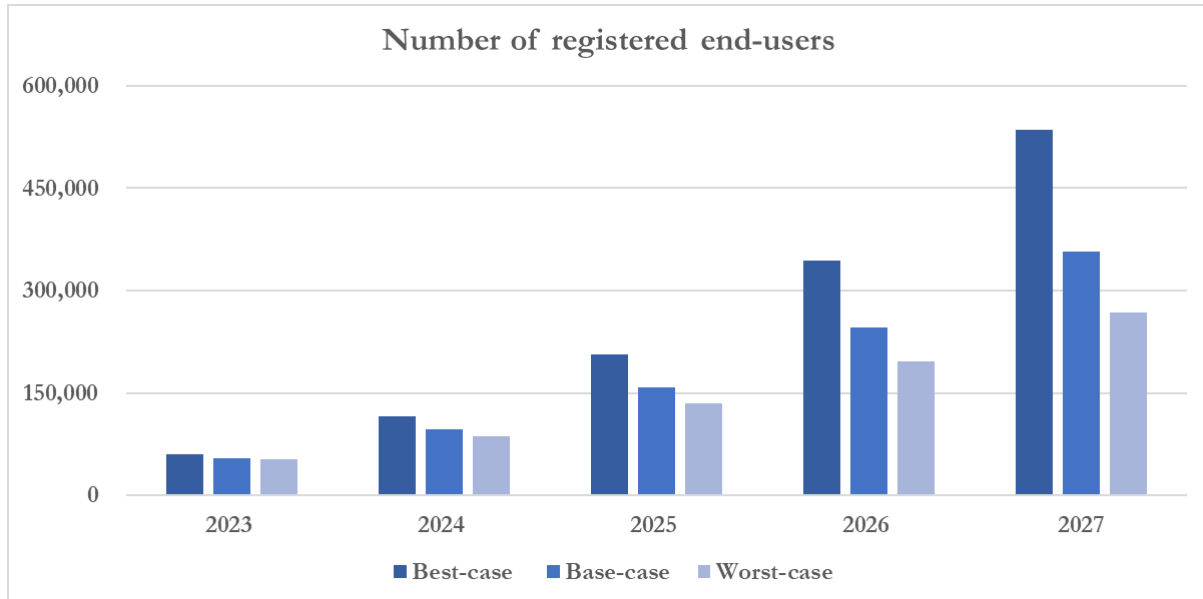
- Increasing the number of users on the Platform through different marketing activities,
- Increasing the trading volumes on the Platform by making it easy for users to buy and sell Virtual Assets,
- Developing new functionalities on the Platform to make it more attractive compared to other Virtual Asset trading platforms, while not being forced into lowering average trading fees due to competition,
- Ensuring new features are fully compliant with relevant laws and regulations, 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 mistakes, while expanding brand awareness, lowering user acquisition cost, and increasing average trading volume per user.

Developing high-quality software that provides great user experience and is compliant with relevant regulations requires a strong team, which is why the Company aims to increase its headcount in the following years.

Together with the marketing activities explained below, the forward-looking strategy will enable the Platform to reach a compelling market share in the following years. The Company and the Operator estimate that, by the end of 2023, the Platform will have 55,000 registered end-users. This figure is expected to grow at an increased pace for the next 4 years, reaching over 350,000 by 2027. The Company considers this as a base plan; however, the best- and worst-cases are also provided in the table below:

Registered users	2023	2024	2025	2026	2027
<b>Best-case</b>	60,500	115,400	206,300	344,200	534,700
<b>Base-case</b>	55,000	96,200	158,700	245,900	356,500
<b>Worst-case</b>	52,200	86,500	134,800	196,700	267,300

*Table 3.3.1.1: projected number of registered users per year*



*Chart 3.3.1.2: projected number of registered users per year*

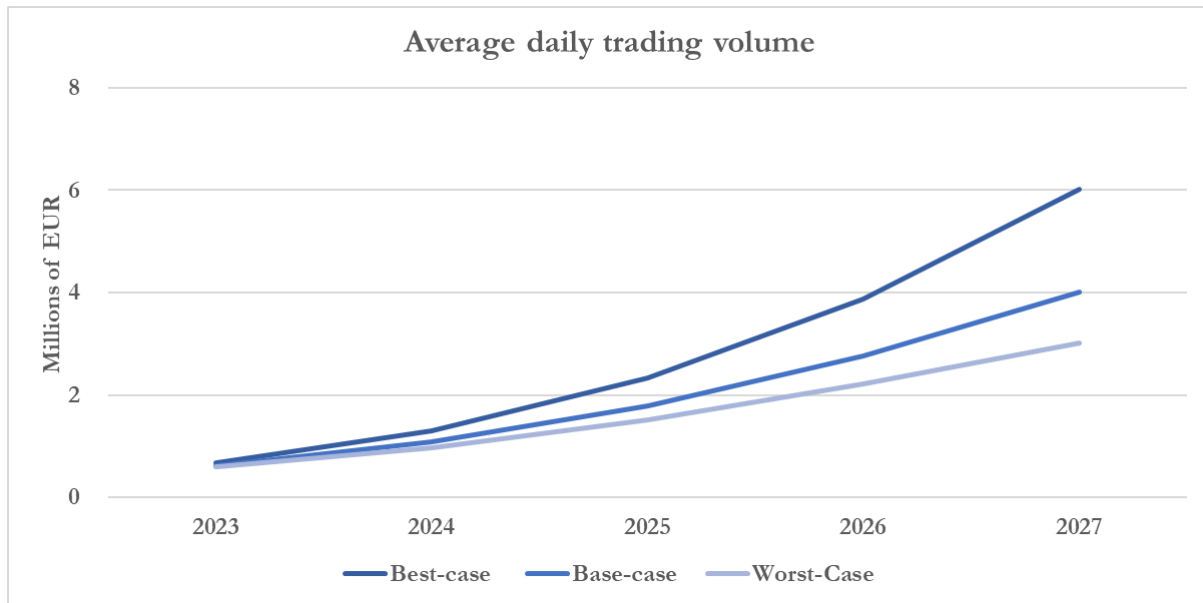
The estimated number of registered end-users on the Platform is derived from the combined marketing and sales activities of the Company and the Operator, which will be focused on paid end-user acquisition, brand awareness, unique user experience, user retention activities, referral programs and more.

Average daily trading volume on the Platform is expected to follow end-user base growth and exceed 4 million EUR within 4 years (base-case scenario). The expected average daily trading volume in each year is presented in the table below. The best-case considers the possibility that the overall market or the industry could grow substantially faster than anticipated. On the other hand, the Company knows that adverse market conditions or industry developments could lead to slower Platform growth.

In addition, unfavorable regulatory frameworks could also impact the Platform's expected end-user and trading volume growth. From this perspective, the Company has taken the worst-case scenario into consideration as well. In comparison, the average daily trading volume of key market players is currently more than 350 million EUR, which is still growing noticeably year-over-year.

Average daily trading volume	2023	2024	2025	2026	2027
<b>Best-case</b>	680,838	1,299,782	2,323,361	3,878,226	6,025,101
<b>Base-case</b>	618,944	1,083,152	1,787,201	2,770,161	4,016,734
<b>Worst-case</b>	587,997	974,837	1,519,121	2,216,129	3,012,550

*Table 3.3.1.3: projected average daily trading volume per year (in Euros)*



*Chart 3.3.1.4: projected average daily trading volume per year (in Euros)*

The Issuer has identified four main variables that have a direct influence on its business performance, namely:

- Number of registered users,
- Average user acquisition cost,
- Average monthly trading volume per registered user, and
- Effective trading fee.

The Issuer also ran a sensitivity analysis on the above metrics to see their impact on long-term profitability. The study assumptions are presented below:

- The number of registered users in 2026 — when the Issuer expects to be profitable — is taken from the estimates for base-case, best-case and worst-case scenarios, as described above,
- The average user acquisition cost in 2026 is assumed to be 13.42 EUR, with best- and worst-case scenarios deviating 39% lower and higher, respectively,
- The average monthly trading volume per registered user in 2026 is assumed to be 343 EUR, with a deviation of 15%, as shown below,
- The effective trading fee in 2026 is assumed to be 0.74%, with a deviation of 30%, as shown below.

The aim of the sensitivity analysis is to examine the change in the long-term profit margin should any of the above parameters fluctuate by a certain percentage. The numbers at the centre represent the profit margin impact compared to the base-case. In the best-case scenario, the long-term profit margin would be 2.38 times (or 138%) higher; in the worst-case scenario, 0.45 times (or 55%) lower.

**Base-case** long-term profit margin sensitivity to the **average trading volume** and **effective trading fee** variables is displayed in the table below. Other parameters (number of registered users and average user acquisition cost) were also taken from base-case assumptions:

Average monthly trading volume per registered user in 2026 (EUR)

<i>Base-case</i>	-15%	-10%	-5%	343	+5%	+10%	+15%	
<b>-30%</b>	-0.67	-0.53	-0.38	<b>-0.24</b>	-0.09	0.05	0.20	
<b>-20%</b>	-0.32	-0.15	0.01	<b>0.18</b>	0.34	0.51	0.67	
<b>-10%</b>	0.03	0.22	0.40	<b>0.59</b>	0.78	0.96	1.15	
<b>Effective trading fee</b>	<b>0.74%</b>	<b>0.38</b>	<b>0.59</b>	<b>0.80</b>	<b>1.00</b>	<b>1.21</b>	<b>1.42</b>	<b>1.63</b>
<b>+10%</b>	0.74	0.96	1.19	<b>1.42</b>	1.65	1.87	2.10	
<b>+20%</b>	1.09	1.34	1.58	<b>1.83</b>	2.08	2.33	2.58	
<b>+30%</b>	1.44	1.71	1.98	<b>2.25</b>	2.51	2.78	3.05	

The bottom-right result of 3.05 — which corresponds to a 15% higher average monthly trading volume per user and a 30% higher effective trading fee — denotes 3.05 times (or 205%) higher long-term profit margins compared to the starting values.

In the **best-case scenario**, the **number of registered users** and **average user acquisition cost** are taken from above best-case assumptions (40% higher and 39% lower than base-case, respectively). The starting **average monthly trading volume per user** and **effective trading fee** remain the same:

Average monthly trading volume per registered user in 2026 (EUR)

<i>Best-case</i>	-15%	-10%	-5%	343	+5%	+10%	+15%	
<b>-30%</b>	0.04	0.24	0.44	<b>0.64</b>	0.85	1.05	1.25	
<b>-20%</b>	0.53	0.76	0.99	<b>1.22</b>	1.46	1.69	1.92	
<b>-10%</b>	1.02	1.28	1.54	<b>1.80</b>	2.06	2.32	2.58	
<b>Effective trading fee</b>	<b>0.74%</b>	<b>1.51</b>	<b>1.80</b>	<b>2.09</b>	<b>2.38</b>	<b>2.67</b>	<b>2.96</b>	<b>3.25</b>
<b>+10%</b>	2.01	2.32	2.64	<b>2.96</b>	3.28	3.60	3.92	
<b>+20%</b>	2.50	2.85	3.19	<b>3.54</b>	3.89	4.24	4.58	
<b>+30%</b>	2.99	3.37	3.74	<b>4.12</b>	4.50	4.87	5.25	

The long-term profit margin increases by a factor of 5.25 (or 425%) compared to the base-case when achieving a 15% higher average monthly trading volume per user and a 30% higher effective trading fee. A negative change in both variables would also decrease the profit margin by 96%, as shown in the top-left corner.

**Worst-case scenario** assumes a 20% lower **number of registered users** and a 39% higher **user acquisition cost** when compared to the base-case:

Average monthly trading volume per registered user in 2026 (EUR)

<i>Worst-case</i>	-15%	-10%	-5%	343	+5%	+10%	+15%	
<b>-30%</b>	-0.89	-0.77	-0.66	<b>-0.54</b>	-0.42	-0.31	-0.19	
<b>-20%</b>	-0.61	-0.47	-0.34	<b>-0.21</b>	-0.08	0.06	0.19	
<b>Effective trading fee</b>	<b>-10%</b>	-0.33	-0.18	-0.03	<b>0.12</b>	0.27	0.42	0.57

<b>0.74%</b>	<b>-0.04</b>	<b>0.12</b>	<b>0.29</b>	<b>0.45</b>	<b>0.62</b>	<b>0.78</b>	<b>0.95</b>
<b>+10%</b>	0.24	0.42	0.60	<b>0.78</b>	0.97	1.15	1.33
<b>+20%</b>	0.52	0.72	0.92	<b>1.11</b>	1.31	1.51	1.71
<b>+30%</b>	0.80	1.02	1.23	<b>1.45</b>	1.66	1.88	2.09

With the same **average monthly trading volume per user** and **effective trading fee**, this model yields a 55% lower long-term profit margin.

Additional assumptions for the negative-case scenario include the limitation to provide VASP Services across different jurisdictions based on specific regulatory requirements and national laws (especially registrations in EU/EEA member states), which would impact marketing activities and user outreach.

The results above show that all mentioned variables (number of registered users, average trading volume per user, effective trading fee, and average user acquisition cost) play a fundamental role in the Issuer's long-term profit margin. Consequently, its primary focus lies in increasing the number of users through strategic marketing activities and maintaining the Platform competitiveness to justify higher trading fees, while educating users to reduce the average acquisition cost and improve the average trading volume per user in the long run.

### 3.3.2. Marketing activities

The Issuer plans to reach the objectives outlined above by using a combination of paid performance marketing and organic marketing, aided by a public relations strategy aimed at increasing brand awareness.

Performance marketing focuses on measuring user acquisition costs (UAC), which represent the amount paid per user onboarded on the Platform. The average UAC serves as the best approximation of the total cost of acquiring a new user. It encompasses total advertising costs — including marketing campaigns, promotions, and referral programs — along with the salaries of marketing and sales employees, all divided by the number of users acquired within a specific time frame.

The UAC is expected to gravitate to 15 EUR in the following years, and it is largely influenced by word-of-mouth, strong brand presence, and organic growth. However, it may also deviate from these expectations depending on various factors:

- Volume of users onboarded
- Currently active sign-up bonus
- Appeal of marketing campaigns
- Seasonality
- Competition on ad platforms (most ad spaces are determined in a bidding process)
- Funnel optimization
- Market temperature

Marketing campaigns can be placed on numerous platforms, including search engines, social media or more precisely targeted spaces such as crypto-related news outlets.

To best use the available resources, the Issuer will work with external partners and agencies in addition to its internal marketing team. The budget for such activities will vary depending on spending efficiency (i.e., lower when the UAC is higher).

Generally, the campaign contents aim to attract users by outlining the Platform advantages. Those will be determined based on ongoing market analyses and may include low trading fees, ease of use, security, or other factors appealing to the target audience.

In addition to the general marketing efforts, the Issuer will explore and potentially adopt more specialized approaches that have proven effective with competitors, such as loyalty programs offering reduced trading fees, gamification mechanics and other community-building mechanisms.

To establish a trustworthy, compliant, and socially sustainable image, the Issuer strives to build a reputation that will gradually attract new users. Moreover, the Issuer already allocates a fixed budget for public relations activities, which involve frequent articles in media outlets and participation in panel discussions and presentations on related topics by various internal experts.

While none of these measures can reach their best performance without the others, the Issuer anticipates acquiring 85% of new users through performance marketing, 9% through organic marketing, and 6% directly from public relations efforts. Educational activities will reinforce all three categories by providing added value to users participating in the educational programs.

### 3.3.3. Educational content

Research indicates that Europeans exhibit higher risk aversion towards investing compared to their American peers, primarily due to a lack of financial literacy or comprehensive understanding of financial markets and assets.

The Issuer firmly believes that empowering users with knowledge can lead to greater financial independence in their lives. Moreover, investing with a strong foundation of financial literacy helps mitigate risks associated with uninformed investment decisions.

Since the Issuer expects Virtual Assets to play a significant role in financial markets — including their potential tokenization use-cases —, the Issuer aims to provide helpful and timely materials to its users. This initiative will strengthen their comprehension of financial markets, reduce the likelihood of errors, and encourage longer-term engagement on the platform, ultimately benefiting the Issuer's revenues.

At no point will the Issuer give any investment advice to its users. Instead, the focus will be solely on publishing educational content, guiding users on risk assessment, understanding market movements, risk mitigation, and building well-diversified portfolios. Reports on key facts about certain Virtual Assets may also be provided, but without any recommendations, investment advice, or asset management.

In the long run, the Issuer believes that an educated user base will contribute to the Platform's market share growth through improved brand awareness, lower average user acquisition costs, and higher average trading volumes.

### 3.3.4. Short- and medium-term operational plans

In the coming year, the Company will prioritize expanding its customer base and enhancing the Platform's features, user interface, stability, and performance. Beyond 2024, the focus will be shifted toward gaining market share and improving the digital assets offering, along with developing new revenue streams focused on gaming and payment services.

As the Company strives to become a major player in the industry, it will implement regulatory developments regarding digital assets, including AML/CFT laws under MiCAR, before its full entry into force in November 2024. The Operator holds VASP licenses in Estonia, Slovenia and its direct subsidiary in Italy. These entities have annual accounts that are independently audited by accredited firms.

Further to an extensive campaign of VASP (Virtual Asset Service Provider) registration reviews and inquiries in Estonia, the FIU (Estonian VASP Regulator) has cancelled numerous VASP registrations. From more than 400 companies holding a VASP registration, only 18 registrations were renewed (around 60 are still under review). Blocktrade Operations OÜ's registration was extended and renewed indefinitely on 22 May 2023.

The business model of the group relying on that AML registration ("VASP registration"), securing this registration allowed Blocktrade Operations OÜ to secure a better position on the crypto market and have more visibility for the subsequent financial year. This puts the group in a much better position to keep the scope of its current activity and product scope alive, while already working tirelessly to implement features and additional policies to be already compliant with MICA regulations even before the time it fully enters into force in November 2024.

The CASP license issued under MICA will allow the group to diversify its activities and put itself as a pioneer in the crypto and gaming integration advisory services. Based on all of these facts, the Board of Directors is quite confident that the Company and the group as a whole, can be sustainable and grow in the coming financial year ending on 31 December 2024.

### 3.3.5. Short- and medium-term plans regarding financial sustainability and liquidity position

In 2023, the Crypto market has become again more stable and sustainable, following a long Crypto winter, which played out in vast parts of 2022 and cumulated in the collapse of the centralized crypto exchange FTX in November 2022.

In May 2023, the Company's financial situation changed significantly to the better further to its subsidiary (BlocktradeOperations OÜ) issuing its own token "BTEX". BTEX sales through different investment rounds, allowed BlocktradeOperations OÜ, to raise EUR 5.6 mio over four months (February till June 2023). This allowed the group to lift liquidity, develop and become more sustainable. The Token has been listed on Blocktrade platform, additionally since September 2023 the BTEX token has as well been listed on Bit2me and Coinstore allowing the Company to gain more potential buyers and also make it possible for BTEX to be indexed by Coinmarketcap (CMC).

BTEX revenue and cost allocation regarding the year ended 31 December 2023 is still under implementation. The Company has sought for legal advice services in regard to the taxation of the group is expected to implement these before year end.

Revenue of the group picked up again mid-2023 and are since then constantly in line with our projections.

The liquidity of the companies is expected to render the group sustainable in 2024.

The next positive capital impact for further product, platform and expansion development plans will be coming from the next equity fundraiser planned for early 2024. The Company will issue additional class B shares and the public offering thereof is expected to take place during H1 2024.

Although subject to the regulatory approval, the Company expects the approval of the offering in H1 2024. If the offering would theoretically not be approved, the Company would opt for an EU Crowdfunding Initiative, which would also enable the Company to raise enough funds to carry the company at least until 31 December 2024. Preparations for this backup solution run in parallel to the public offering.

On 30 March 2023, the Company entered into a loan agreement with BlocktradeOperations OÜ for an amount of EUR 1,000,000.00 to provide sufficient funds to ensure the smooth running of its operational activities.

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

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

To the best of the Issuer's knowledge, there are no key individuals on whom the business of the Issuer significantly depends.

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

The number of Virtual Assets Service Providers has witnessed substantial growth in recent years. While some entities operate under the supervision of financial regulators, many others function without any regulatory oversight. Unregulated VASPs often employ strategies such as decentralization and incorporation in lightly regulated jurisdictions to avoid compliance requirements, exclusively providing Virtual Asset to Virtual Asset trading functionality.

In contrast, the Issuer prioritizes regulated Virtual Asset services and offers a fiat on-ramp to enhance user convenience. Consequently, the competition analysis focuses on comparing regulated VASPs in

jurisdictions with similar and stricter regulatory frameworks, particularly those providing fiat to Virtual Asset trades.

**Overview of current competition (VASPs with significant operations in North America and selected EU/EEA countries):**

Country	Exchange	Avg. daily trading volume (EUR)	Coins	Pairs
<b>United States</b>	Coinbase	2,744,618,268	238	395
	Kraken	1,107,455,369	231	667
	Gemini	65,540,397	73	102
	Binance US	21,368,825	159	178
	itBit	6,107,607	9	10
<b>Estonia</b>	Coinsbit	679,615,924	87	142
	Coinmetro	664,760	81	172
	BitBNS	183,485	151	183
<b>Luxembourg</b>	Bitstamp	223,389,075	81	182
<b>Netherlands</b>	Bitvavo	276,903,832	204	204
<b>Switzerland</b>	Dcoin	33,508,188	17	20
<b>United Kingdom</b>	EXMO	58,594,402	50	150
	CEX.IO	9,800,377	125	393
	Blockchain.com	317,653	32	62
	<b>Average</b>	<b>373,433,440</b>		

*Data retrieved from CoinGecko ([coingecko.com](https://coingecko.com)) as of 31.12.2023*

Exchanges offering Virtual Assets trading against fiat currencies recorded an average daily volume of over 350 million EUR in the last 30 days ending on December 31, 2023. The global daily volume, which ranged between 50 and 110 billion EUR in 2023, includes exchanges dealing solely with Virtual Asset trading (excluding fiat currencies) and highly leveraged Virtual Asset derivatives. Additionally, wash trading could artificially inflate these figures. Considering its target user base, the Issuer regards the above list as the closest approximation of existing competition.

The Issuer anticipates limited new competition in the following month due to stricter regulatory requirements for exchange operators in EEA and North America, especially considering the approved MiCAR requirements. Existing exchanges are more likely to register as Virtual Asset Service Providers to continue offering services legally in Europe. A similar scenario is expected in North America.

**3.3.5. Dependence on a limited number of customers or suppliers**

The Issuer relies on third parties to provide essential services to the Platform Operator and its end-users, including:

- Enterprise wallet solution for custody of Virtual Asset,
- Payment services via authorized banking partners and credit card processors using an integrated fiat gateway,



- Identity and proof of address verification technologies,
- AML screening and transaction monitoring systems,
- Cloud server hosting provider.

Any interruption in these services may significantly impact the Issuer, leading to potential additional costs or decreased projected revenue. However, the Issuer can implement alternative service or technology providers promptly to mitigate severe negative effects on its business operations.

### *3.3.5. Assets necessary for production not owned by the Issuer*

The Issuer uses Fireblocks, an enterprise-grade digital assets custody platform, to safekeep Virtual Assets. Fireblocks provides multi-signature Virtual Asset wallets, where keys are distributed among multiple owners to manage risk. This wallet solution infrastructure is integrated into the Platform and operated by the Operator, facilitating the custody of Virtual Assets for end-users.

Over the years, numerous companies have advanced in developing alternative virtual wallet solutions, expanding the market for such services. Consequently, the Issuer believes that implementing alternative virtual wallet service or technology providers is feasible if the need arises to mitigate risk or restructure the existing custody concept solution.

The Platform allows trading with Virtual Assets, both internally and externally, through different venues and market makers, which allows the Operator to bring additional liquidity to its order book and reduce dependency on one single provider. Internal matching of orders is also possible on the Platform. When a buy order aligns with a corresponding sell order, the Operator can execute these orders internally as an intermediary and collect its corresponding fees.

## 3.4. Issuer's financing structure and changes thereof

### 3.4.1. 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 amounts to EUR 22,335,129.10.

### 3.4.2. 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.

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

No limitations presently known.

## 3.5. Industry, business, services overview, regulatory environment

### 3.5.1. Services overview

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

The Platform software, including source code and associated intellectual property rights, 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.

The operation 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 while the Company holds the intellectual property rights of the Platform, by way of a business cooperation agreement entered into as of 16 December 2020. 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 are performed by BlocktradeOperations OÜ.

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.

#### *3.5.1. 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.

#### *3.5.1. 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.

### 3.5.2. Regulatory environment

#### *3.5.2. 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.

Blocktrade SA confirms the withdrawal of the VASP license application in Luxembourg. Blocktrade SA has, on 21 October 2022 acquired BlocktradeOperations OÜ (100% ownership) a VASP licensed entity regulated by the FIU in Estonia. Such a license allowed to provide for VASP under the scope of freedom to provide services under the European Union law. Blocktrade SA is still the owner of the IT platform necessary to operate VASP operations and provides it to its subsidiary. Blocktrade SA acts thus as the holding of the group but also provides IT development services to its subsidiary. The current change in the digital assets regulations had the group refocusing on Mica regulation compliance strategy and opt for the future CASP license, rather than extending the number of VASP licenses throughout the EEA.

#### *3.5.2. Prospects*

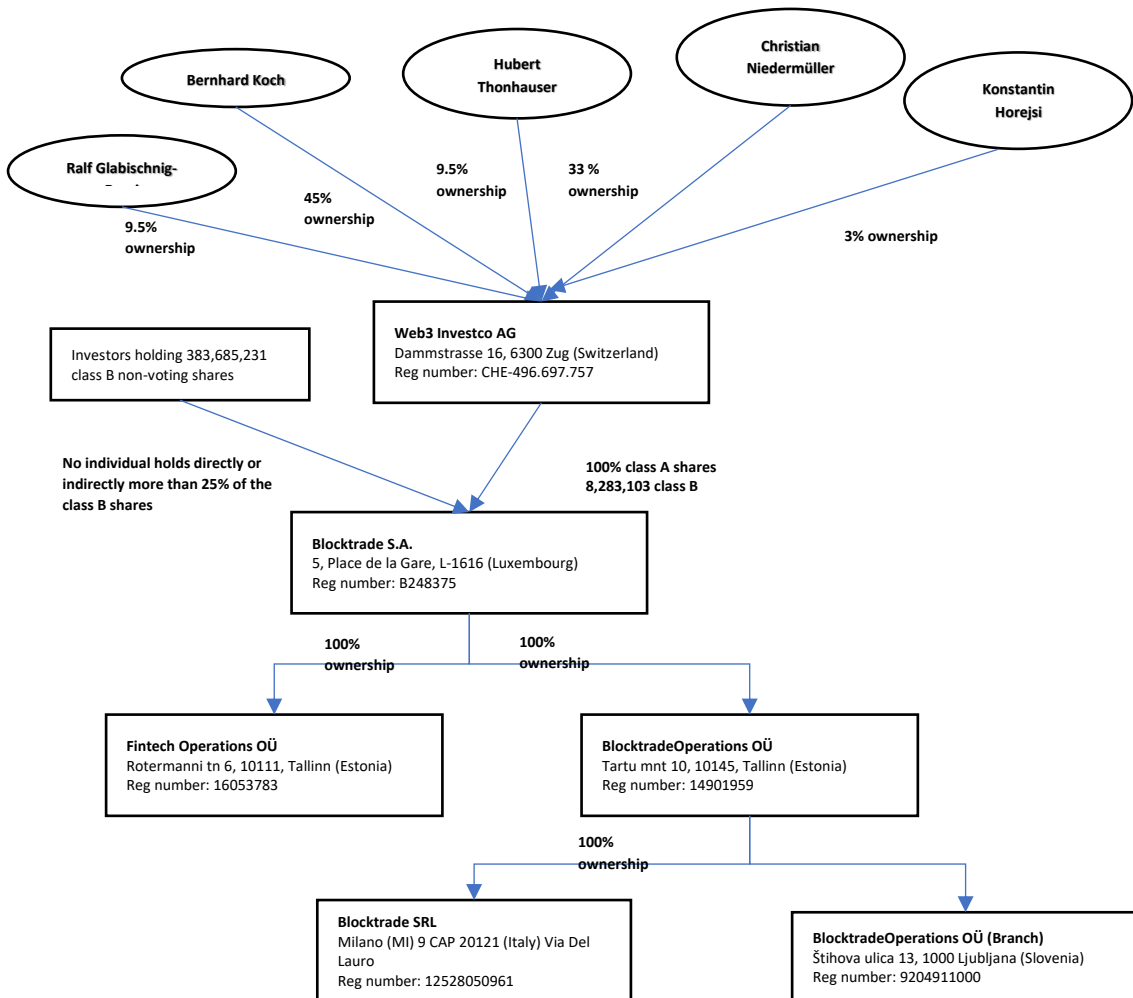
Recently, the European Commission approved the Markets in Crypto Assets Regulation (hereinafter referred to as "**MiCAR**"). MiCAR lays the foundation for comprehensive regulation of virtual assets throughout EEA, custody thereof, issuance, secondary markets and ownership, which will fully enter into force in December 2024. 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 provides that such service providers will 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.

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.

### 3.5.3. Organisational structure

#### 3.5.3. Group ownership structure



#### Summary information on group entities

Web3 Investco AG: a company governed by Swiss law, having its registered office at Dammstrasse 16, 6300 Zug, Switzerland, registered with the Zug business register under number CHE-496.697.757, incorporated on 9 August 2022

Fintech Operations OÜ: a private limited company governed by Estonian law, having its registered office at Tartu mnt 10, 10145 Tallinn, Estonia, registered with the Centre of Registers and Information Systems of Estonia under number 16053783, incorporated on 15 September 2020

BlocktradeOperations OÜ: a private limited company governed by Estonian law, having its registered office at Tartu mnt 10, 10145 Tallinn, Estonia, registered with the Centre of Registers and Information Systems of Estonia under number 14901959, incorporated on 31 January 2020

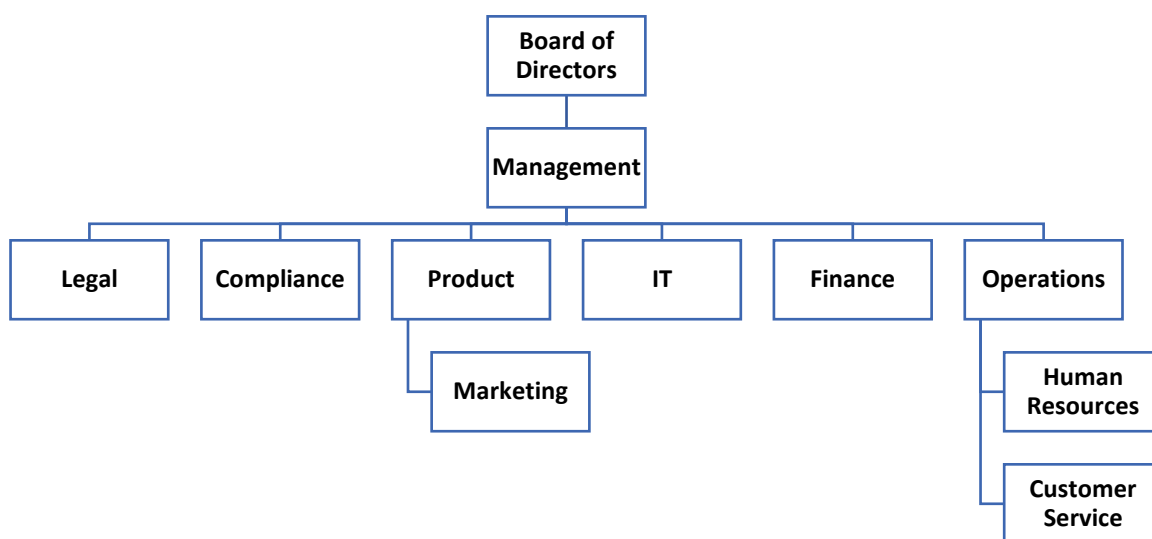
BlocktradeOperations OÜ (branch): branch of BlocktradeOperations OÜ governed by Slovenian law, having its registered office at Štíhova ulica 13, 1000 Ljubljana, Slovenia, registered in Slovenian Business Register and Court Register under number 9204911000, incorporated on 19 August 2022

Blocktrade SRL: a private limited liability company governed by Italian law, having its registered office at Piazza Luigi Vittorio Bertarelli, 1, 20122 Milano MI, Italy, registered with the Italian Business Register under number 12528050961, incorporated on 5 August 2022

### Statement on operational dependence

The Issuer is dependent on services provided by the Operator.

#### 3.5.3. Internal organizational structure



The Company and its affiliates have a total number of 36 members of staff as of 30 June 2022, which is planned to increase to a number of 50 by end of 2023. The Company has one director & CEO permanently present at the level of the Company and in charge of daily management. The board of directors is composed of four members.

#### 3.6. Investments

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

#### 3.7. Trend information

##### Market level trends

Throughout 2022 the market took a significant downturn due to many influential players going insolvent, including 3 Arrows Capital, Terra Labs and the FTX Group. The collapse of FTX has become international news and has certainly had a negative effect on the crypto markets.

However, although the crypto market is suffering from recent upsets, it's important to note that in spite of the actions of a few individuals, it is expected to expand at a compound annual growth rate (CAGR) of 12.5% from 2023 to 2030.<sup>1</sup>

For as long as the fundamental technologies (cryptography, networks, zero-knowledge proofs) remain unaffected, then the market trend, while volatile, is broadly upwards.

### 3.8. Profit forecast and estimates

The Issuer does not provide profit forecast and estimates.

### 3.9. 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 3.3. of this Prospectus.

As part of our commitment to full transparency in alignment with the EU Growth Prospectus guidelines, this section presents an in-depth analysis of the Issuer's current working capital situation. This detailed overview is crucial for potential investors, providing a clear understanding of our financial position, anticipated challenges, and our strategic approaches to mitigate these challenges.

#### 3.9.1. Assessment of Current Working Capital Position

Following an exhaustive review of our financial statements and projections, the Issuer acknowledges a current shortfall in working capital, which is insufficient to sustain our operational needs over the next 12 months. This assessment is based on a thorough evaluation of our cash flow, existing liabilities, and projected expenses, including payroll, administrative costs, research and development expenditures, marketing activities, and capital investments.

#### 3.9.2. Timing of Anticipated Shortfall

Issuer's financial models, considering current revenue streams and expenditure patterns, indicate a working capital shortfall emerging in mid-2024. This timeframe provides a critical window for the implementation of our mitigation strategies, as detailed below.

#### 3.9.3. Quantification of Projected Shortfall

The projected shortfall is estimated to be 6.13 million EUR. This figure is calculated based on a detailed analysis of our monthly operational costs, including:

- Employee salaries and benefits;
- Rent and utility expenses for our facilities;
- Ongoing production and operational costs;
- Marketing and sales expenses;
- Research and development costs;
- Other miscellaneous expenses.

This comprehensive evaluation underscores the urgent need for additional funding and cost management.

#### 3.9.4. Action Plan

In response to this impending shortfall, we have devised an extensive action plan, consisting of multiple layers of strategy:

**Enhanced Debt and Equity Financing Efforts:** Proactively engage with current and potential investors for additional equity funding and/or private debt funding. The timing of the action item is immediately after the potential realisation of an unsuccessful public offering or end of Q2 latest in the case the

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<sup>1</sup> <https://www.grandviewresearch.com/industry-analysis/cryptocurrency-market-report>

shortfall was not resolved. The Issuer has a mid-level of confidence that the action item will resolve the shortfall.

**Rigorous Cost Optimization Program:** Undertake a detailed review of all operational expenses to identify areas for cost savings, including renegotiating supplier contracts, implementing all around cost-saving measures, adopting more efficient technologies, putting software development of new features on hold, not proceeding with any potential acquisitions, revising the marketing and sales strategies. The timing of the implementation of cost cutting measures is immediately after the potential realisation of an unsuccessful public offering or end of Q2 latest in the case the shortfall was not resolved. The Issuer has a high-level of confidence that the action item will resolve the shortfall as the costs can be reduced significantly.

**Sale of Non-Core Assets:** Conduct a thorough assessment of all company assets to identify and sell non-core assets, thereby generating immediate cash inflows, which could include parts of the software developed to operate the crypto assets trading platform. The assessment would be done in Q3 in the case that the shortfall still exists, in combination with the previous two action items. The Issuer has a low-level of confidence that the sale of non-core assets will resolve the shortfall.

**Revenue Diversification and Business Model Adaptation:** Aggressively pursue opportunities for revenue diversification, including the launch of new products or services that do not require large budgets in the second half of the year after implementing some of the items on this action plan. Since implementation of a different business model would take significant amount of time the Issuer has a low-level confidence that it would resolve the shortfall in time.

**Strategic Restructuring:** Consider organizational restructuring to streamline operations, improve efficiency, and reduce overhead costs. Similar to the cost optimisation measures the restructuring would start after realisation of unsuccessful public offering. Restructuring would probably not resolve the shortfall as an action item by itself which is why only low-level confidence has been put to it.

**Stakeholder Engagement and Communication Plan:** Maintain open lines of communication with all stakeholders, including employees, investors, customers, and suppliers, to ensure transparency and build trust during this period. Similar to other action items the engagement and communication activities would start immediately after realisation that the public offering would not be successful. Although it is of crucial importance this action item would not resolve the shortfall which is why it has a low-level confidence.

**Exploration of Government and Industry Support:** Actively seek out and apply for relevant government grants, subsidies, and industry-specific financial support programs. In combination with other items in the action plan, support by the government and industry would be sought in second half of the year with a low-level confidence of successfully resolving the shortfall.

#### 3.9.5. Detailed Implications of Plan Failure

Should our comprehensive action plan and fundraising efforts fail to resolve the working capital shortfall, the following implications are anticipated:

**Severe Operational Limitations:** A failure to secure additional funds may result in significant reductions in operational capacity, including scaling back or halting certain projects and business functions.

**Insolvency and Legal Consequences:** An increased risk of insolvency would necessitate legal proceedings, potentially leading to the liquidation of assets and restructuring under judicial oversight.

**Workforce Impacts:** Necessary workforce reductions could be implemented, adversely affecting employee morale and potentially leading to a loss of key talent.

**Brand and Market Position Erosion:** Our inability to fulfill financial obligations and maintain operations could lead to a decline in customer and market confidence, damaging our long-term brand value and market position.



Stakeholder and Investor Relations: The failure of our plan could lead to strained relations with all stakeholders, potentially affecting future investment and partnership opportunities.

## 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 3.3. 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 3.3. may not occur and may lead to a significant loss in investors invested capital.

##### *4.1.1.1. Risk of lack of funding, including lack of working capital*

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.

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. In case of unsuccessful Offering of Securities under this Prospectus, the risk of continued operations under the assumption of "going concern" might be jeopardized. The management might have to introduce measures to avoid illiquidity and/or insolvency of the Company, which might negatively affect the value of Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

##### *4.1.1.2. 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.

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.

#### 4.1.2. Internal financial stability risks affecting the Issuer

##### 4.1.2.1. *Risks of stability of the Issuer's balance sheet*

The Issuer's intangible assets include the cryptocurrency trading platform with a carrying amount of EUR 3,226,161.23, constituting over 64% of the total assets as of 31 December 2022. Furthermore, the Issuer's inventory consists of crypto assets totalling EUR 454,417.38 representing 9% of the total assets as of December 31, 2022. Such balance sheet structure brings significant financial stability risks in relation to (i) Issuer's ability to properly measure recoverable amount of these assets and (ii) easily liquidate these assets without significant losses to estimated carrying value if necessary. These assets are relatively illiquid and as present a significant risk that their carrying amount and achievable value in the event of liquidation significantly diverge.

Non-marketable assets, such as the cryptocurrency trading platform, are difficult to value and thus assess their recoverable amount and/or liquidation value. Several factors contribute to this problem, namely absence of a primary and/or secondary market (absence of reference price to base the valuation on), illiquidity (difficulty of converting an asset into cash without significantly affecting its value, necessitating an, somewhat arbitrary, illiquidity discount), complex valuation methodologies (valuation of non-marketable assets relies on complex financial modelling, the assumptions for which can be arbitrary and can greatly influence the value), and unique factors (even if there are comparable transactions to base the valuation on, these assets are unique, thus such comparison is of limited value).

Even if the assets are marketable, such as the crypto holdings, the ability to easily liquidate these assets without incurring significant losses is dependent on the existence of a deep and liquid market. A secondary market that is neither liquid nor deep is of limited value for establishing a fair value for the assets in question. A discount, accounting for the market depth, would theoretically have to be applied to the market price in order to establish a fair value, however such discount is necessarily arbitrary. Crypto markets are generally characterized by lower liquidity and market depth compared to the traditional markets, as well as general absence of dedicated liquidity providers, especially for less well-known coins.

While the Issuer believes that current carrying amounts of these assets are appropriate, there is a significant risk of financial losses that are not reflected in current balance sheet due to nature of assets that represent the majority of the Issuer's balance sheet. Any such financial loss would also negatively affect the value of Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

#### *4.1.2.2. Risks relating to Issuer's ability to continue operations*

During the financial year ended 31 December 2022, the Issuer suffered material losses and had to readjust its strategy to ensure further operations. Future generation of income and necessary cash to support the recurrent expenses are dependent on the success of further efforts and ability of the Company to enter into additional revenue-generation contracts and the continued support of its shareholders to finance its operations. There is uncertainty relating to the Issuer's ability to continue normal operations without a successful Offering of Securities, as described in section 3.9. of this Prospectus. In case of unsuccessful Offering of Securities under this Prospectus, the risk of continued operations under the assumption of "going concern" might be jeopardized. The management might have to introduce measures to avoid illiquidity and/or insolvency of the Company, which might negatively affect the value of Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

#### *4.1.2.3. Risks related to the capital erosion*

As of 31 December 2022, the net assets of the Company are less than half of the subscribed capital. The In accordance with Luxembourg Commercial Companies Act the management of the Issuer shall set out the causes of that situation and shall justify its proposals in a special report which must be made available to the shareholder. The management shall also convene a general meeting of shareholders which shall decide whether to continue the activities. Such erosion of the Issuer's capital may jeopardize Issuer's continued operations under the assumption of "going concern", and force management to introduce measures to avoid insolvency. Furthermore, voting shareholders may vote to cease operations as described above. Any of these outcomes would significantly negatively affect the value of Securities. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

### 4.1.3. General market risks affecting the Issuer

#### *4.1.3.1. 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 therefore.

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.

Throughout 2022 the market took a significant downturn due to many influential players going insolvent, including 3 Arrows Capital, Terra Labs and the FTX Group. This exacerbates the above-stated cyclical risk and may invite a more severe or prolonged downturn of the global digital asset/crypto markets and would pose a risk to the business development efforts/expectations of the Company.

#### *4.1.3.2. Risk of significant changes in valuation*

The Company operates in an industry, which is subject to significant market cycles. Additionally, the Platform is retail-focused, which further exacerbates the problem of significant changes in trading activity, profitability, and thus the value of Securities over a business cycle.

Digital currencies lack intrinsic value and are thus subjected to significant variability in investor interest to trade and/or hold. With stagnant or negatively trending prices for a prolonged period of time, it is expected that investor interest and thus trading volume would decline. On the other hand, with positively

trending prices, it is expected that investor interest and thus trading volume would significantly increase, causing significant variability in Issuer's fair value. This variability is translated into value of Securities, whose value and price may vary considerably. The Issuer estimates the probability of occurrence as well as impact of this specific risk as relatively high.

#### *4.1.3.3. 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.

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

##### *4.1.4.1. 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.

##### *4.1.4.2. Risks related to hardware failure*

The Platform utilizes dedicated cloud 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.

#### 4.1.5. General regulatory risk affecting the Issuer

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.

##### *4.1.5.1. Risks related to regulation of digital assets*

A substantial part of the Issuer's business is licensing the operation of the Platform to the Operator (and after successful VASP registration mainly operating the Platform itself) which generates revenue based on the trading volumes of digital assets on the Platform. Operator is a registered VASP in Estonia in

accordance with Money Laundering and Terrorist Financing Prevention Act (Rahapesu ja terrorismi rahastamise tõkestamise seadus; Estonian AML Act)

Regulation pertaining to virtual assets is evolving. Additional regulatory burdens will 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.

#### 4.1.6. General legal risks affecting the Issuer

##### *4.1.6.1. 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.

#### 4.1.7. General business risks affecting the Issuer

##### *4.1.7.1. 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.

##### *4.1.7.2. 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.

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 the Operator 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.

#### 4.1.7.3. 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.

#### 4.1.7.4. 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.

#### 4.1.8. 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 of 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 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, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) (of which up to 110,000,000 Securities 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. 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.

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 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.

## 5. Terms and conditions of the Securities

**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. A shareholders' register of the Company (including in a dematerialized or electronic version) shall be kept at the registered office of the Company, where it will be available for inspection by any shareholder upon their request (the "Shareholders Register"). The Shareholders Register shall set forth the name of each shareholder, his residence or elected domicile, the number of shares held by him, the amounts paid in on each such share, and the transfer of shares and the dates of such transfers. Nevertheless, ownership of shares will be established by the entry in the Shareholders' Register of the Company.

**Securities Registry and Settlement:** The shareholder registry is held through digital representation of the shares, with the Software, provided by Blocktrade's SaaS, Global Shares. Blocktrade has over 5,000 shareholders and all of them are managed through the Software. The Software is the primary and actual share registry of Blocktrade S.A (the "Registry").

The process for making entries in the register is as follows:

1. Blocktrade sends the Share Transfer Agreement ("STA") to the selling party and the purchasing party;
2. Once the agreement is signed by all the parties and Blocktrade, the signed document is forwarded to the staff in charge of making entries in the Registry (the "Registry Team");
3. The Registry Team creates an account into Global Shares (if the shareholder is a non-existing one) by sending an invite to the purchasing party (the "New Shareholder") address;
4. The New Shareholder accepts the invite to make the account active;
5. Once the account is active the Registry Team makes the entries of the New Shareholder in the Register;
6. Once the Registry Team has made the entries and the New Shareholder can check the Registry and its stakes in Blocktrade, at all time.

NB: For transfer of shares to an existing shareholder, the process starts at step 5.

NB 2: Upon request to Blocktrade, from a shareholder, Blocktrade can issue a traditional paper-based or electronically signed certificate of shares. Such certificates are signed by the legal representative in accordance with ongoing Articles or delegation(s) of power.

**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:** 5.32% of total equity capital if fully Subscribed

**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 second part of Subscription process.

**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, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) (of which up to 110,000,000 Securities 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.

**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, the general meeting of shareholders authorises the board of directors of the Issuer to increase the capital, on one or more occasion, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) (of which up to 110,000,000 Securities 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:** Blocktrade S.A., a 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).

**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):** Issuer is not subject to Directive 2014/59/EU (BRRD).

Nonetheless, the final result of the Offering to the public will also be communicated to the CSSF upon closing thereof.

## 6. Details of the Offering

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

**Total Offering size:** 110,000,000 Securities

**Nominal value:** without nominal value

**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 unrestricted.

Subscription process is made in two parts as follows:

First part of Subscription process – open to existing shareholders of same type and class, and VIP users	
<b>Period:</b>	from 21.02.2024 – 13.03.2024
<b>Offering size:</b>	110,000,000 Securities
<b>Minimal Subscription:</b>	1,000 Securities
<b>Maximal Subscription:</b>	n/a
<b>Oversubscription policy:</b>	Securities will be allotted to existing shareholders of same type and class in proportion that corresponds to their previous proportion and corresponding amount in the class B share capital. Securities neither subscribed nor allotted to existing shareholders of same type and class will be allotted to VIP users pro rata in proportion to their individual subscriptions.
<b>Undersubscription policy:</b>	Any Securities which remain unsubscribed by the end of the first part of Subscription process, will be in the second part of the Subscription process offered to all Investors.
<b>Subscription price:</b>	EUR 0.216 per Security

Second part of Subscription process – open to all Investors	
<b>Period:</b>	from 14.03.2024 – 15.07.2024
<b>Offering size:</b>	Remaining amount of unsubscribed securities from first part of subscription period
<b>Minimal Subscription:</b>	1,000 Securities
<b>Maximal Subscription:</b>	n/a
<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 fiduciary bank account of the Placement Agent (herein referred to as the “ <i>Bank account</i> ”).
<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 0.24 per Security

**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.

**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 [equity@blocktrade.com](mailto:equity@blocktrade.com) and Placement Agent at [info@equito.co](mailto:info@equito.co) 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 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 and will communicate such result to the CSSF within the same timeframe.

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 (paid-in capital): 5.32%**

**Estimated costs of this Offering:** the Estimate costs of this Offering will be up to EUR 1,211,400 and shall be laid out as follows:

Placement Agent fees:

- 3.75% total value of subscribed capital and paid-in financial instruments (between EUR 0 and EUR 10 million)
- 3.5% total value of subscribed capital and paid-in financial instruments (between EUR 10 and EUR 20 million)
- 3% total value of subscribed capital and paid-in financial instruments (above EUR 20 million)
- The Placement Agent fees can be up to EUR 990,000 in accordance with the above schedule.

Legal fees (lawyer, notary, other diverse legal fees):

- EUR 10,000 to EUR 15,000

Prospectus summary translation fees:

- EUR 7,000 to EUR 8,400

Administrative fees (CSSF regulatory filing, other filings...):

- EUR 16,300 to EUR 20,000

Banking Fees

- N/A

Marketing (PR Agency, Copyright content such as video, motion graphics and translations, Advertisement on social media...)

- EUR 146,00 to EUR 178,000

**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, 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, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) (of which up to 110,000,000 Securities 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:** Existing shareholders of same class and type have a preferential right. Existing shareholders of same class and type will be able to participate in the first part of Subscription process and will be allotted the Securities in proportion that corresponds to their previous proportion and corresponding amount in the share capital. Preferential subscription rights are not transferable to other persons. The board of directors has not withdrawn the preferential subscription right for this Offering. Class A shareholders **have irrevocably waived** their preferential subscription rights for this Offering.

**Preferential subscription right of VIP users:** Securities neither subscribed nor allotted to existing shareholders of both share classes in the first part of Subscription process will be allotted to VIP users *pro rata* in proportion to their individual subscriptions.

## 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 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.

**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 the 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:** With the exception of existing shareholders with preferential right to acquire Securities, no investor group will receive preferential treatment in this Offering.

**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, completing the Subscription form during the Subscription period and making the appropriate payment. These actions can be performed exclusively via the internet platform of the Placement Agent accessible at: [invest.equito.co](https://invest.equito.co).

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 without a firm commitment by Equito brokerage company, Ltd. a limited company incorporated in Slovenia, operated under the laws of Slovenia, with its registered address and principal place of business at Ameriška ulica 8, 1000 Ljubljana, Slovenia, entered into Slovenian commercial registry under the number 9125108000, with its Legal Entity Identifier (LEI) 48510004DAWP3SMI4S38, duly licensed to perform investment services in accordance with ZTFI-1 and is regulated by the Slovenian Securities Market Agency (ATVP) based on approval No.40210-2/2022-13.

## 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): 5.32%

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 Major shareholder	% ex-ante ownership of other existing shareholders	Ex-post	% ex-post ownership of existing Major shareholder	% ex-post ownership of other existing shareholders
<b>Number of class A voting shares</b>	1,582,000,000	100%	0%	1,582,000,000	100%	0%
<b>Number of class B non-voting shares</b>	373,968,334	2.2%	97.8%	483,968,334	1.71%	98.29%
<b>TOTAL</b>	1,955,968,334	81.3%	18.7%	2,065,968,334	76.98%	23.02%

Ex post this Offering and assuming full subscription, Web3 Investco AG will own a minimum of 76.98% of all shares and 100% of the class A shares.

## 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

#### **Christian Niedermüller**

Christian has a strong finance background, spent 15+ years in banking and private equity in several leadership roles, co-founded the DAAA (Digital Asset Association Austria / still board member), co-founded several companies, a venture capital fund in the digital asset space and has been in the space now for more than 7 years. He is acting as the CEO of Blocktrade since February 2022.

#### **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.

#### **Oliver Stauber**

Oliver is an experienced Chief Legal Officer and qualified Lawyer with a demonstrated history of working in the legal services and FinTech industry for more than 7 years. He is skilled in Corporate/M&A, Corporate Finance, Legal Compliance, Tax Law, Capital Markets and regulatory challenges actually focusing on FinTech, Blockchain, ICOs and Cryptocurrencies. Oliver established an award-winning CLO-Area in Austria's first Fintech-Uncorn. and is actually serving as CLO of Glassnode AG in Switzerland. Oliver is a strong legal professional with a Master's degree focused in Law and a Master's degree in Management & International Business from Karl-Franzens-Universität Graz. He is a founding member and still board member of the Digital Asset Association Austria and former Member of Austria's FinTech Advisory Board of the Federal Ministry of Finance, and as such actively involved in the legal and regulatory development of ICOs, STOs, cryptocurrencies, Digital Assets and VASPs in Austria. Last but not least, Oliver is Fit & Proper for Managing Director's roles for MiFID II Investment Firms and PSP II / e-Money licensed financial institutions in Austria (FMA).

#### **Konstantin Horejsi**

Konstantin has a decades-long track record of developing products in aerospace, aircraft, automotive and material science applications, from concept to serial production. He is in the crypto space as an investor and startup angel. He is the acting Chief Product Officer of Blocktrade since July 2022.

### 7.2. Overview of administrative, management and supervisory bodies and senior management

#### 7.2.1. Board of Directors

Person	Function	Business address
Christian Niedermüller	Chief Executive Officer and Director	5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg
Hugo Vautier	Director	18, Rue Robert Stümper, L-2557 Luxembourg, Grand Duchy of Luxembourg
Oliver Stauber	Director	5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg
Konstantin Horejsi	Director	5, Place de la Gare, L-1616, Luxembourg, Grand Duchy of Luxembourg

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

7.2.2. 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

Christian Niedermüller

- SMAPE Capital Fund Management GmbH – Managing Director – 4/2022 – present, Hamburg/Germany
- SMAPE Capital Verwaltungs GmbH – Managing Director – 3/2021 – present, Hamburg/Germany
- Web3 Investco AG – Board Member ‘Verwaltungsrat’ – 07/2022 – present, Zug/Switzerland
- BTEX Sunrise OÜ – Management board member – 12/2022
- BlocktradeOperations OÜ – Management board member – 06/2022 - present
- Blocktrade SRL – Director – 08/2022 - present

Hugo Vautier

- Opprtunity Financial Services SA – 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

Oliver Stauber

- Jan. 2018 – Mar. 2019 - Attorney at law and Partner Jarolim Partner Rechtsanwälte GmbH, Vienna, Austria (sole representator)
- Apr. 2019 – Dec. 2019 - Attorney at law and Partner Stadler Völkel Rechtsanwälte GmbH, Vienna, Austria (sole representator)
- Jan. 2020 – June 2022 - Chief Legal Officer Bitpanda GmbH, Vienna, Austria (authorized officer with single signatory rights)
- Mar. 2021 – June 2022 - Managing Director Bitpanda Financial Services GmbH (joint signatory rights / fit & proper with Austrian FMA)
- Mar. 2021 – June 2022 - Managing Director Bitpanda Asset Management GmbH, Frankfurt, Germany (joint signatory rights / fit & proper with German BaFin)
- Mar. 2021 – July 2022 - Managing Director Bitpanda Teknoloji AS, Istanbul, Turkey (sole signatory rights)
- May 2022 – June 2022 - Managing Director Bitpanda Payments GmbH, Vienna, Austria (joint signatory rights / fit & proper with Austrian FMA)



Konstantin Horejsi

- Blocktrade SA. - Director - 09/22- present
- Isovolta AG – Vice President Technology – 01/2019 - 06/2022, Austria
- Supervisory Board University of Klagenfurt – Chair of Cyberphysical Systems 06/2019-06/2022, Austria
- Managing Director GSA – Iskra Mehanizmi d.o.o, Slovenia - 2018 - 2019
- FACC AG – Director R&D –01/2015 - 12/2017, Austria

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

None.

7.2.4. 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.

### 7.3. Remuneration

From 01.01.2022 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 01.01.2022 – 31.12.2022 (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, 2022
Christian Niedermüller	205,787.79	0	0	0	15.000 (benefit in kind, rent compensation)	220.787,99
Hugo Vautier	6,000.00	0	0	0	0	6,000.00
Oliver Stauber	3,000.00	0	0	0	0	3,000.00
Konstantin Horejsi	59.990,00	0	0	0	0	59.990,00

### 7.4. Shareholding and stock options

Mr. Christian Niedermüller has an indirect ownership in the Issuer and currently holds 17.5% of the shares of Web3 Investco AG.



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

## 8. Financial statements and key performance indicators (KPIs)

The Issuer's financial year ends on 31.12. each year. The Issuer prepares its financial statements in accordance with IFRS as further specified in Regulation (EC) No 1606/2002 and Luxembourg Commercial Register and Accounting Act.

The Issuer prepared its financial statements for FY 2021 in accordance with Luxembourg Generally Accepted Accounting Principles ("GAAP") as further specified in Law of 19 December 2002 and Law of 10 August 1915 on Commercial Companies, and for FY 2022 in accordance with IFRS as further specified in Regulation (EC) No 1606/2002 and Luxembourg Commercial Register and Accounting Act. For the purposes of this Prospectus, the financial statements for FY 2021 have been restated from Luxembourg GAAP to IFRS.

### 8.1. Current statements

The Issuer had no investments that would require consolidation of financial statements as of 31 December 2022, therefore only stand-alone statements are presented. Financial data as of 31 December 2022 has been prepared in accordance with IFRS as further specified in Regulation (EC) No 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 (HACA Partners S.à r.l. [R.C.S. number: B204968]), having its registered office at 35E, Avenue John F. Kennedy, L-1855 Luxembourg) receiving disclaimer of opinion. The basis for the disclaimer of opinion lies in the lack of impairment assessment, as the audit revealed that Blocktrade S.A.'s intangible assets, primarily its cryptocurrency trading platform valued at EUR 3,226,161.23, did not undergo an impairment assessment. This omission raises critical questions about the asset's recoverable value versus its carrying amount, indicating potential uncertainties in the financial statements. Additionally, the auditor encountered difficulties in verifying the accuracy of recorded gains and losses on crypto assets, which represent a significant portion of the company's assets. This uncertainty complicates the assessment of whether financial statement adjustments or reclassifications are necessary. The audit did not concern other information than the below financial information.

Financial data as of 31 December 2021 has been prepared in accordance with Luxembourg Generally Accepted Accounting Principles ("GAAP"), and have been audited by BDO Audit, SA (R.C.S. number: B147570), having its registered office at 1, rue Jean Piret, BP 351, L-2013 Luxembourg, as further specified in Law of 19 December 2002 and Law of 10 August 1915 on Commercial Companies. The financial information presented below has been restated under IFRS scope by HACA Partners S.à r.l, in the report for the financial year ended 31 December 2022 but, has not been audited within such IFRS scope for the financial period ended 31 December 2021.

#### Profit & loss statement

<i>in EUR</i>	2021 (unaudited)	2022
Net turnover (+)	9,613,988.36	616,883.95
Profit (+) or loss (-) after taxation	-8,491,404.81	-9,774,918.02

#### Balance sheet

Assets	Value as of 31.12.2021 (unaudited)	Value as of 31.12.2022	Equity and liabilities	Value as of 31.12.2021 (unaudited)	Value as of 31.12.2022
Cash at bank and in hand	8,390,332.58	688,545.68	Subscribed capital	22,335,129.10	22,335,129.10
Other current assets (other)	3,482,962.14	590,138.67	Profit or loss for the financial year	-8,491,404.81	-9,774,918.02

debtors)					
			Retained earnings		-8,491,404.81
<b>Inventories</b>	634,787.04	454,417.38			
<b>Total current assets</b>	<b>12,508,081.76</b>	<b>1,773,101.73</b>	<b>Total Capital and Reserves</b>	<b>13,843,724.29</b>	<b>4,068,806.27</b>
Tangible assets	20,324.16	20,335.85	Trade creditors	4,000,446.12	907,922.97
Intangible assets	5,332,101.31	3,229,218.73	Employee benefits	29,885.82	67,276.07
Financial assets	0.00	53000.00			
Others non-current assets	13,549.00	8349.00			
<b>Total non-current assets</b>	<b>5,365,974.47</b>	<b>3,310,903.58</b>	<b>Total Creditors</b>	<b>4,030,331.94</b>	<b>975,199.04</b>
<b>TOTAL ASSETS</b>	<b>17,874,056.23</b>	<b>5,044,005.31</b>	<b>TOTAL (CAPITAL, RESERVES AND LIABILITIES)</b>	<b>17,874,056.23</b>	<b>5,044,005.31</b>

Financial information is sourced from audited financial statements with auditor's opinion (2022) (incorporated by reference to this Prospectus).

## 8.2. Accounting policies and explanatory notes to the financial statements

BLOCKTRADE S.A. is a public limited liability company incorporated on 6 October 2020 and domiciled in Luxembourg, operated under the laws of Luxembourg. The address of its registered office is 5, Place de la Gare L-1616 Luxembourg.

The purpose of the Company is the acquisition and development of a digital assets exchange platform software with associated intellectual property rights, being the Platform. The Company may purchase, develop, use, reproduce, commercialise, distribute and/or make available an institutional-grade digital assets exchange software that combines the primary and secondary markets and that focuses on cutting-edge technologies and high security standards. These financial statements concern only the Company.

### Summary of significant accounting policies

The principal accounting policies applied in the presentation of these financial statements are set out below.

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are given effect in the period during which the estimate was revised and in the any future periods affected.

### Foreign currency translation

Functional and presentation currency: Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The functional currency of the Company is the EUR.

Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss for the year.

Foreign exchange gains and losses are presented net in the income statement within finance costs and finance income respectively, unless they are capitalised.

### **Intangible assets**

Trademarks, licences and customer contracts: Acquired trademarks and licences are shown at historical cost. Trademarks, licences and customer contracts acquired in a business combination are recognised at fair value at the acquisition date. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The Company amortises intangible assets with a limited useful life using the straight-line method over the following periods:

- Patents, trademarks and licences: 3-5 years

### **Trade and other payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **Share capital**

Shares are classified as equity when there is no obligation to transfer cash or other assets.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

### **Current and deferred income tax**

The tax expense for the year comprises of current tax. Tax is recognised in profit or loss.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company operate and generate taxable income. Management periodically evaluated positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided for, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used to determine deferred tax. Deferred tax assets are recognised to the extent that is probable that future taxable income is available against which the temporary differences can be utilised.

### **Provisions**

Provisions for legal claims are recognised when:

- The Company has a present legal or constructive obligation as a result of past events;
- It is probable that an outflow of resources will be required to settle the obligation; and
- The amount can be reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as finance cost.

### **Other expenses**

Expenses include legal, accounting, auditing and other fees. They are recognised in profit or loss in the period in which they are incurred (on an accruals basis).

### **Interest income and expense**

Interest income and expense are recognised within 'finance income' and 'finance costs' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalised as part of the cost of that asset.

### **8.3. Auditor's report on financial statements contained in this section**

Current financial statements (as presented above) have been audited in accordance with Directive 2006/43/EC ("Audit Directive") and Regulation (EU) 537/2014 ("Audit Regulation") by the qualified auditor and have been issued disclaimer of opinion in accordance with the applicable auditing standards. Auditor's report is available on the Website.

The qualified auditor provided a disclaimer of opinion which is reproduced in full below.

#### ***Disclaimer of Opinion***

*We were engaged to audit the financial statements of BLOCKTRADE S.A. (the "Company") which comprise the statement of financial position as at 31 December 2022, and the statement of comprehensive income, statement of changes in equity and statement of cashflows for the year then ended, and notes to the financial statements, comprising material accounting policies and other explanatory information.*

*We do not express an opinion on the accompanying financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.*

#### ***Basis for Disclaimer Opinion***

*The Company's intangible assets include the cryptocurrency trading platform with a carrying amount of EUR 3,226,161.23, constituting over 64% of the total assets as at 31 December 2022. We were not provided with an impairment assessment to substantiate that the recoverable amount of the asset exceeds its carrying value and therefore we were unable to ascertain whether any adjustments are required to be made in the financial statements as at the reporting date.*

*Furthermore, the Company's inventory consists of crypto assets totaling EUR 454,417.38 representing 9% of the total assets as of December 31, 2022. We were unable to obtain sufficient audit evidence over the completeness and accuracy of gains (EUR 185,924.83) and losses (EUR 266,976.87) recognized in the statement of comprehensive loss related to changes in fair value and the sale of crypto assets from transactions carried out during the financial year.*

*Consequently, we were unable to determine whether any adjustments and reclassification to or from these amounts were necessary to be recorded and disclosed in the financial statements as at 31 December 2022.*

#### ***Emphasis of matter – Basis of Accounting & Restriction on Use***

*We draw attention to Note 2.1 to the financial statements, which describes the basis of preparation. The financial statements are prepared in accordance with the financial reporting provisions and accounting policies set out in Note 2 to the financial statements, to assist the Company compile the prospectus for the public offering. As a result, the financial statements may not be suitable for another purpose.*

#### ***Material uncertainty related to going concern***

*We draw your attention to Note 2.1.1. of the financial statements, which states that during the financial year ended 31 December 2022, BLOCKTRADE S.A. suffered material losses and had to readjust its strategy to ensure further operations. Future generation of income and necessary cash to support the recurrent expenses are dependent on the success of further efforts and ability of the Company to enter into additional revenue-generation contracts and the continued support of its shareholders to finance its operations. The Company needs short-term liquidity and is launching a "Public Offering" which must be subject to approval by the CSSF (Note 22).*

*These conditions create material uncertainty about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.*

**Other matter relating to significant capital erosion**

*As at 31 December 2022, the net assets of the Company are less than half of the subscribed capital. In accordance with article 480-2 of the modified law of 10 August 1915 on commercial companies, the Board of Directors shall set out the causes of that situation and shall justify its proposals in a special report which must be made available to the shareholder. The Board of Directors shall also convene a general meeting of shareholders which shall decide whether to continue the activities of the Company.*

**Other matter relating to comparative information**

*We draw attention to the fact that the statement of financial position of the Company as at 31 December 2021, the statement of comprehensive income for the 15 months period ended 31 December 2021, the statement of changes in equity, the statement of cashflows and the related notes for the period then ended, have not been audited by us and we do not express an opinion on them.*

**Other matter relating to statutory accounts**

*The Company has prepared a separate set of financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts on which we issued a separate auditor's report to the shareholders of the Company dated 18 January 2024.*

**Responsibilities of the Board of Directors for the financial statements**

*The Board of Directors is responsible for the preparation of the financial statements in accordance with the financial reporting provisions and accounting policies set out in Note 2 to the financial statements, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.*

*In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.*

**Responsibilities of the "Réviseur d'entreprises agréé" for the audit of the financial statements**

*Our responsibility is to conduct an audit of the Company's financial statements in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF and to issue an auditor's report. However, because of matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.*

*We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the financial statements in Luxembourg, and we have fulfilled our other ethical responsibilities in accordance with these requirements.*

#### 8.4. Issuer's KPIs

**Number of users as of 31 December 2022:** 41,958

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

**Yearly trading volume on the Platform as of 31 December 2022:** EUR 555,594,494

Trading volume is defined as the value of all executed trades across all trading pairs and coins listed on the Issuer's Platform in the given period.

### 8.5. Dividend policy

From the annual net profits of the Company, five per cent (5%) shall be allocated to the reserve required by the Luxembourg Commercial Companies Act. This allocation shall cease to be required as soon as such legal reserve amounts to ten per cent (10%) of the capital of the Company as stated or as increased or reduced from time to time as provided in article 5 above.

The general meeting of shareholders of the Company shall determine how the remainder of the annual net profits shall be disposed of and it may alone decide to pay dividends from time to time, as in its discretion believes best suits the corporate purpose and policy.

Applicable to the Securities in this prospectus is the policy that their dividend shall be paid 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.

### 8.6. Significant change in the Issuer's financial position since the end of the last financial period

No significant changes in the Issuer's financial position since the end of the last financial period (audited financial statements as of 31 December 2022).



## 9. Shareholder information

### 9.1. Shareholder structure

The Issuer is a wholly owned subsidiary of Web3 Investco AG, a company governed by Swiss law, having its registered office at Dammstrasse 16, 6300 Zug, Switzerland, registered with the Zug business register under number CHE-496.697.757, holding 100% of voting power. Web3 Investco AG is managed by its board members, whose members are Anja Frauwallner and Christian Niedermüller and who are appointed by its shareholders, being Mr. Bernhard Koch, and Christian Niedermüller. There is no indirect controlling or owning shareholder of the Issuer other than Web3 Investco AG.

The founding shareholder of the Issuer, 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, had subscribed for 18,000,000 class B non-voting shares at incorporation of the Issuer.

EliteClub Foundation further transferred 8,283,103 class B non-voting shares to Web3 Investco AG and 9,716,897 class B non-voting shares to members of the Blocktrade community.

The Issuer has issued **355,968,334** class B non-voting shares based on the Prospectus approved 31.12.2020 with corresponding supplements.

The Issuer has issued class A voting shares and class B non-voting shares both without nominal value.

**Amount of share capital:** EUR 22,335,129.10

**Number of shares issued and fully paid:**

- Class A shares: 1,582,000,000 shares
- Class B shares: 373,968,334 shares

**Number of shares issued but not fully paid:** 0

**Nominal value per share:** without nominal value

**Total value of paid-in capital:** EUR 22,335,129.10

**Treasury shares (held by the Issuer or on behalf of the Issuer):** None (0)

**Outstanding convertible securities, exchangeable securities or securities with warrants:** None (0)

**Authorized but not issued capital:** 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, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*) (of which up to 110,000,000 Securities are offered under this Prospectus).

The board of directors may, at its sole discretion, increase the subscribed capital by an amount within the limits of the authorized share capital and is authorized and empowered to: (1) proceed to such increase in one or several successive tranches by issuing new shares against payment in cash or in kind with or without premium or by the issuing of convertible notes in the same limits; (2) determine the prices, dates, timescales and terms and conditions of each issuance and the conditions under which the securities issued pursuant to this authorization will be subscribed, paid up and delivered as well as the dividend entitlement date (which may be retroactive) of the new shares; and (3) remove or limit the preferential subscription right of the shareholders in case of issuance of shares against payment in cash or in kind.

The authorization granted to the board of directors to increase the subscribed capital by an amount within the limits of the authorized share capital is valid for a period of five (5) years starting 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), that is until 9.11.2025, and it may be renewed by a general meeting of shareholders deliberating in accordance with the requirements for amendments to the Articles of association.

Accordingly, the board of directors of the Company is proceeding with the increase of the Company's share capital by offering up to two hundred million (110,000,000) non-voting Class B Shares without nominal value for subscription to public within the limits of the Authorised capital and under the terms and conditions as set out under this Prospectus.

Apart from the Authorised capital as indicated above, there are not any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital, including warrants, convertible bonds or other outstanding equity-linked securities, or subscription rights granted.

**Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate:** No member of the group is holding any capital which is under option or agreed conditionally or unconditionally to be put under option.

**To the extent known to the Issuer, state whether the Issuer is directly or indirectly owned or controlled and by whom and describe the nature of such control and describe the measures in place to ensure that such control is not abused:** As of the date of filing of this Prospectus Blocktrade S.A. is under a direct control of Web3 Investco AG as shareholder all class A (voting) shares. To ensure equal treatment of all shareholders who find themselves in an identical situation with regard to participation and exercise of voting rights at the general meeting, including the shareholder's right to be furnished with sufficient information to enable the shareholder to exercise rights flowing from its shares, and which is directed to all shareholders in shares of that class. The Company shall comply with relevant provisions of Luxembourg Commercial Companies Act to ensure equal treatment of all shareholders who find themselves in an identical situation with regard to participation and exercise of voting rights at the general meeting.

**Description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in or prevent a change in control of the Issuer:**

We also confirm that, there are some legal arrangements in place that will include a change of control for Blocktrade in the near future and we herein already confirm changes, which have already been executed with three share purchase agreements, but don't yet appear in the commercial register:

- Marco Oreggia, will have 6.1% (six point one) of direct control of Blocktrade, representing 4.9% (four point nine) of the whole shares of Blocktrade, further to a share transfer agreement;
- Mario Oreggia, will have 6.1% (six point one) of direct control of Blocktrade, representing 4.9% (four point nine) of the whole shares of Blocktrade, further to a share transfer agreement;
- Michael Müller, will have 6.1% (six point one) of direct control of Blocktrade, representing 4.9% (four point nine) of the whole shares of Blocktrade, further to a share transfer agreement;
- After this share transfers to these three new individual shareholders, Web3 will still own in total 66.18% (sixty six point eighteen) of Blocktrade SA.

The share composition of Web3 and the respective rights regarding its class A shares will therefore also change in the near future and the capital of Blocktrade shall be laid out as follows thereafter:

- Bernhard Koch will have 45% (forty five percent) of the voting shares of Blocktrade and will own 29.78% of Blocktrade whole shares;
- Christian Niedermüller will have 33% (thirty three percent) of the voting shares of Blocktrade and will own 21.83% of Blocktrade whole shares;
- Ralf Glabischnig-Rossi will have 9.5% (nine point five percent) of the voting shares of Blocktrade and will own 6.29% of Blocktrade whole shares;

- Hubert Thonhauser will have 9.5% (nine point five percent) of the voting shares of Blocktrade and will own 6.29% of Blocktrade whole shares;
- Konstantin Horejsi will have 3% (three percent) of the voting shares of Blocktrade and will own 1.99% of Blocktrade whole shares;
- Marco Oreggia will have 6.1% (six point one percent) of the voting shares of Blocktrade and will own 4.9% of Blocktrade whole shares
- Mario Oreggia will have 6.1% (six point one percent) of the voting shares of Blocktrade and will own 4.9% of Blocktrade whole shares
- Michael Müller will have 6.1% (six point one percent) of the voting shares of Blocktrade and will own 4.9% of Blocktrade whole shares

## 9.2. Legal and arbitration proceedings

No governmental, legal or arbitration proceedings occurred, are ongoing or are expected to occur (including any such proceedings which are pending or threatened of which the Issuer is aware), during a period covering at least the previous 12 months which may have, or have had in the recent past significant effects on the Issuer and/or Group's financial position or profitability.

## 9.3. Potential conflicts of interests

**Potential conflicts of interests between any duties to the Issuer, and of the (i) members of the administrative, management and/or supervisory bodies, (ii) partners with unlimited liability, in the case of a limited partnership with a share capital, and (iii) 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; and their private interests and or other duties:** There are no conflicts of interests between any duties to the Issuer, of the (i) members of the administrative, management and/or supervisory bodies (Christian Niedermüller (CEO, member of the Board of Directors), Hugo Vautier (member of the Board of Directors), Oliver Stauber (member of the Board of Directors), Konstantin Horejsi (member of the Board of Directors)), (ii) partners with unlimited liability, in the case of a limited partnership with a share capital (n/a, the Issuer does not have partners with unlimited liability), and (iii) 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 (persons already mentioned under (i) of this paragraph), and their private interests.

## 9.4. Related-party transactions

The Issuer has entered into a Service/Business cooperation agreement with the Operator which performs relevant range of operational VASP Services as defined in the scope of services of Virtual Asset Service Providers as provided for in Articles 1(20c) and 7-1(1) of the Law of 12 November 2004 on the fight against money laundering and terrorist financing, in particular:

- exchange between virtual assets and fiat currencies, including the exchange between virtual currencies and fiat currencies;
- exchange between one or more forms of virtual assets;
- transfer of virtual assets;
- safekeeping and/or administration of virtual assets or instruments enabling control over virtual assets, including custodian wallet services.

## 9.5. Memorandum and Articles of Association

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.

## 9.6. Material contracts

The Issuer has entered or will enter the following material contracts with the direct and/or indirect members of the group on an arm's length principle:

- The Issuer has entered into Service/Business cooperation agreement between the Issuer and the Operator concerning the operation of the Platform;
- The Issuer has entered into business relationships with the Operator for the provision of marketing services;
- The Operator has become in 2022 a subsidiary fully owned by the Issuer.
- The Issuer has entered into a contract with the Placement agent for placement of Securities and ancillary services relating to this Offering. Placement agent will place the Securities without firm commitment in accordance with Directive 2014/65/EU Annex I Section A (7).

## 10. Additional documents available

For the term of the validity of this Prospectus the following documents are accessible and available to be inspected on dedicated section of the Website:

- the up-to-date Articles of association of the Issuer,
- all reports, letters, and other documents, valuations and statements prepared by any expert at the Issuer's request any part of which is included or referred to in the Prospectus, namely the Issuer's audited financial statements with auditor's opinion.

Indication of the Website on which the documents may be inspected:

- Articles of Association:  
<https://www.blocktrade.com/invest/>
- Audited financial statements with auditor's opinion  
<https://www.blocktrade.com/invest/><https://www.blocktrade.com/invest/>

## 11. Definitions

AMLD5	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
API	Application programming interface, a computing interface that defines interactions between multiple software intermediaries
Articles of association	Articles of association of the Issuer as amended on 2 August 2021
Authorised capital	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, up to EUR 50,000,000 (fifty million euros) in period of five years, as of the date of the publication of the extraordinary general meeting amending the articles of association of the Company, in the Luxembourg Trade and Companies Register ( <i>Registre de Commerce et des Sociétés</i> ) (of which up to 110,000,000 Securities are offered under this Prospectus). The Articles of association are accessible on the Website and at the registered office of the Issuer.
Bank account	Fiduciary bank account of the Placement Agent. IBAN: SI56 0400 0027 7065 988 Holder: Equito d.o.o., Ameriška ulica 8, 1000 Ljubljana, Slovenia Bank name: Nova KBM d.d., Ulica Vita Kraigherja 4, 2505 Maribor, Slovenia BIC/SWIFT: KBMASI2X
CASP	Crypto-asset service provider as defined in Article 3 (1) (15) of Regulation (EU) 2023/1114
Company	Issuer as defined below
CSSF	Commission de Surveillance du Secteur Financier, the Luxembourg financial regulator, and Luxembourg national competent authority within the meaning of Art. 31 of Prospectus Regulation
Company Law Directive	Directive (EU) 2017/1132 of the European Parliament and of the Council of 14 June 2017 relating to certain aspects of company law
EEA	the European Economic Area
Financial Instrument	a Financial Instrument as defined in Article 4(1) (15) of MIFID II
First Public Offering	the prior issuance of 355,968,334 class B shares without voting right (ISIN number LU2270551208) by the Issuer following the approval of a growth prospectus by the CSSF on 31 December 2020 ISIN number LU2270551208
IFRS	International Financial Reporting Standards, as issued, developed, and maintained by the IFRS Foundation and the International Accounting Standards Board (IASB)
IFRS Regulation	Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards

Issuer	Blocktrade S.A., a 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 and Companies Register (Registre de Commerce et des Sociétés) under the number B248375, with its Legal Entity Identifier (LEI) 48510028XA7C085L4X50
Luxembourg Law AML/CFT	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> )
Luxembourg Law Commercial Companies Act	Law of 10 August 1915 On Commercial Companies, as amended ( <i>Loi modifiée du 10 août 1915 concernant les sociétés commerciales</i> )
Luxembourg Law Commercial Register and Accounting Act	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> )
Luxembourg Law Prospectus Regulation Implementation	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 oeuvre 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> )
Luxembourg Law Takeover Act	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> )
Major Shareholder	Web3 Investco AG, a company governed by Swiss law, having its registered office at Dammstrasse 16, 6300 Zug, Switzerland, registered with the Zug business register under number CHE-496.697.757
MiCAR	Proposal for a Regulation of the European Parliament and of the Council on Markets in Crypto Assets Regulation
Offering	Public offering of up to 110,000,000 Securities offered by the Issuer under this Prospectus
Operator	The authorised service provider of the Company for the operation of the Platform, BlocktradeOperations OÜ, a limited 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 number

	FTV000299 and acquired by the Issuer on 21 October 2022.
Placement Agent	Equito brokerage company, Ltd a limited company incorporated in Slovenia, operated under the laws of Slovenia, with its registered address and principal place of business at Ameriška ulica 8, 1000 Ljubljana, Slovenia, entered into Slovenian commercial registry under the number 9125108000, with its Legal Entity Identifier (LEI) 48510004DAWP3SMI4S38, duly licensed to perform investment services in accordance with ZTFI-1 and is regulated by the Slovenian Securities Market Agency (ATVP) based on approval No.40210-2/2022-13.
Platform	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
Prospectus	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
Prospectus Regulation	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
Security	Class B non-voting shares without nominal value in accordance with Luxembourg Commercial Companies Act, with ISIN LU2270551208, issued by the Issuer
Subscription	Process of signing up and committing to invest in Securities
Subscription Amount	Subscription Price times the number of Securities individual investor subscribes to
Subscription Period	The periods set out in section 6.1 of this Prospectus during which Subscription to this Offering is possible
Subscription Price	Price per Security as defined in this Prospectus
Takeover Directive	Directive 2004/25/EC of the European Parliament and of the Council of 21 April 2004 on takeover bids
VASP	Virtual Assets Service Provider, as defined in the law of 12 November 2004 on the fight against money laundering and terrorism financing, as amended
VASP Services	<p>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:</p> <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</li> </ul>



	issuer's offer or sale of virtual asset.
VIP user	<p>User of the Platform that fulfils at least one of the following conditions:</p> <ul style="list-style-type: none"> <li>• The User has had a trading volume on the Platform of at least € 100,000 (one hundred thousand euros) in the last 12 months;</li> <li>• The User is actively promoting Blocktrade on his/her social media and sharing Blocktrade's posts or reaches a minimum of 30 (thirty) completed referrals, under the scope Referral Program (<a href="https://referral.blocktrade.com/terms_and_conditions">https://referral.blocktrade.com/terms_and_conditions</a>);</li> <li>• The User has deposited €100,000 (one hundred thousand euros) in Fiat or its equivalent amount in crypto assets to the Platform which he/she intends to trade;</li> <li>• The User has been onboarded and been trading on the Platform prior to 1 January 2020;</li> <li>• The User is a shareholder of the Company holding a minimum of 1,000 class A or class B shares;</li> <li>• The User is an active member of an affiliated partner club;</li> <li>• The User needs to reach level 30 (thirty) or Zeus 3 in Blocktrade's gamification level system (as defined in the Terms of Blocktrade available at: <a href="https://blocktrade.com/terms-of-use/">https://blocktrade.com/terms-of-use/</a>)</li> </ul>
Website	<a href="http://www.blocktrade.com">www.blocktrade.com</a>
ZTFI-1	Slovenian Market in Financial Instruments Act ( <i>Zakon o trgu finančnih instrumentov</i> (Official Gazette no. 77/18, 17/19 – amend., 66/19 and 123/21))

## 12. Signature page

**Christian Niedermüller as CEO & Director:**

**Konstantin Horejsi as a member of the board  
of Directors:**

Signature: \_\_\_\_\_

Signature: \_\_\_\_\_

date: \_\_\_\_\_

date: \_\_\_\_\_