

KEY INFORMATION DOCUMENT

Purpose

This document provides you with key information about this investment product. It is not marketing material. The information is required by law to help you understand the nature, risks, costs, potential gains and losses of this product and to help you compare it with other products.

Product

Product name	<i>DESI Tokens</i>
Legal nature of the product	<i>DESI Tokens are financial instruments issued by UAB DESICO</i>
Issuer	<i>UAB DESICO, legal entity code 304827865, registered address A. Rotundo g. 5-102, Vilnius, the Republic of Lithuania, e-mail hello@desico.io</i>
Website of the issuer	www.desico.io
Offering document	<i>publicly available at www.desico.io</i>
Competent supervisory authority	<i>Bank of Lithuania, address Žirmūnų g. 151, Vilnius, the Republic of Lithuania</i>
This document was prepared by	<i>UAB DESICO</i>
Date of production	<i>The date of this Key Information Document is 21 November 2018</i>

You are about to purchase a product that is not simple and may be difficult to understand.

What is this product?

Type. DESI Tokens are financial instruments issued by UAB DESICO. DESI Tokens, as financial instruments, fall within the scope of other transferable securities as defined in Article 3(52)(3) of the Law on Markets in Financial Instruments of the Republic of Lithuania and Article 4 (44)(c) of the Directive 2014/65/EU of the European Parliament and of the Council. DESI Tokens give rise to payouts determined by reference to revenues of DESI group companies.

Objectives. By issuing DESI Tokens, the issuer UAB DESICO seeks to attract funds for promoting, launching and operating the platform for security tokens (DESICO platform). UAB DESICO will operate under joint venture agreements with other companies from the DESICO group¹ ((a) an entity which is publicly listed on a list of crowdfunding platforms, (b) an entity with an e-money license, and (c) an entity with a brokerage license).

Payout for DESI Tokenholders: 12.5% of revenues of the DESICO group companies. DESICO plans to issue similar DESI Token offerings within the next 2 years in order to attract approximately EUR 37,552,454 (38,575,472 DESI Tokens) in public and non-public offerings. In case less than 38,575,472 DESI Tokens will be issued during all public and non-public offerings of DESI Tokens, the total amount of revenue transferred to DESI Tokens holders (12.5% of revenues of the DESICO group) will not be proportionally reduced. DESICO investors who hold DESI Tokens issued during any of the offerings, no matter how many DESI Tokens will be issued during all offerings, will have the right to share exactly 12.5% of revenues of the DESICO group and this percentage shall not be reduced

Please note that revenues of the DESICO group companies refers only to the total external revenues of the DESICO group, i.e. the revenues which DESICO group companies will receive from the services provided to their clients (excluding value added tax). Thus, any amounts that are distributed within the DESICO group companies will not be considered as DESICO group revenues: such internally distributed amounts will be deducted when calculating total DESICO group revenues as a basis to the DESI Tokens payouts).

DESI Tokens are transferable. **The trading of DESI Tokens on the secondary market will be limited until the platform for trading of DESI Tokens is fully developed.**

Intended Retail Investor. The product (DESI Tokens) is aimed at retail clients, who primarily are interested in FinTech innovations and development start-up companies. The DESI Tokens are a product for advanced investors with good knowledge and/or experience with financial products. The investor is be able to bear losses of the invested amount and puts no emphasis on capital protection. On a scale of risk ranging from 1 (security-oriented; very low to low return) to 7 (very high risk tolerance; highest return) the product DESI Tokens falls in risk category 7.

The investor understands that the investment in DESI Tokens relates to the long-term investment. The investor accepts that the entire amount invested may be lost.

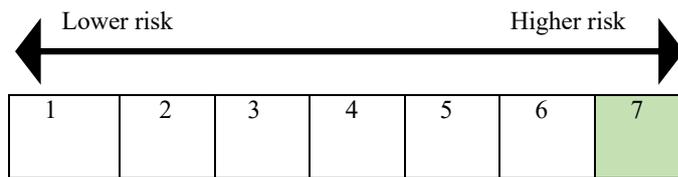
¹ please refer to the section "DESICO Group" in page 6 of the Offering Document.

Maturity term of the product. Maturity term of DESI Tokens is 30 years.

DESI Tokens buyout. UAB DESICO may redeem the DESI Tokens: not earlier than 5 years from the date of payment and delivery of the Tokens (on or about December 3rd, 2018).

What are the risks and what could I get in return?

Risk indicator



The summary risk indicator is a guide to the level of risk of this product compared to other products. It shows how likely it is that the product will lose money because of movements in the markets or because we (UAB DESICO) are not able to pay you. We have classified this product (DESI Tokens) as 7 out of 7, which is the highest risk class.

This product does not provide any protection against future market or business performance, so you may lose some or all of your invested amounts. If we are not able to pay you what is owed, you could lose your entire investment.

Risks

Please note, that information on risk factors provided below should not be considered as comprehensive and covering all aspects of the risk factors associated with DESI Tokens. The risks described below may adversely affect UAB DESICO (and/or DESICO group companies) and, in extreme cases, lead to UAB DESICO (and/or DESICO group companies) insolvency and violation of the obligations arising from the DESI Tokens.

The DESI Tokens involve risks, all of which the investor fully and completely assumes, including, but not limited to:

- **Counterparty risk.** The counterparty risk should be considered as a probability that UAB DESICO (and/or DESICO group companies) may become insolvent, bankrupt, its activities may be suspended or terminated and the result may be that it will be impossible to perform rights arising from DESI Tokens.
- **Liquidity risk.** When purchasing DESI Tokens, DESI Tokens holders take on the risk of liquidity, i.e. DESI Tokens holders can suffer losses by not being able to sell their existing DESI Tokens for a while or will be forced to sell them at unfavourable prices when DESI Tokens will become tradable on secondary market.
- **Market risk.** The situation on financial markets may affect the value of DESI Tokens. There is a risk that the value of issued DESI Tokens may fall.
- **Inflation risk.** It is a risk that in case of inflation, the depreciation of money may be higher than the yield on DESI Tokens.
- **Legal risk.** It is the potential risk of losses arising from the occurrence of amendments to laws, regulations and legal acts; the risk arising from the implementation of new legislation that may result in additional costs or a reduction in return on investment; this risk includes possible changes in the applicable tax assessment and changes in tax-based procedures. This may negatively affect DESICO group results.

The UAB DESICO (as well as DESICO group companies) also involve risks, all of which the investor fully and completely assumes, including, but not limited to:

- **Credit risk.** This is a potential loss that may arise due to the failure of UAB DESICO to fulfil its contractual obligations or improper fulfilment of them due to failure in UAB DESICO (and/or DESICO group companies) business or other factors.
- **Liquidity risk.** It is a risk to incur losses or higher costs due to the fact that the UAB DESICO (and/or DESICO group companies) cannot timely fulfil its payment obligations.
- **Competition risk.** Potential loss may result from improper response to competitors' actions and environmental changes.
- **Operational risk.** Risk to suffer losses due to inadequate or unenforced internal control processes of UAB DESICO (and/or DESICO group companies), employee errors and unlawful actions, technical and software malfunctions.
- **Strategic risk.** It is the risk arising from external and internal environmental factors that could negatively influence the achievement of the goals of UAB DESICO (and/or DESICO group companies), the consistency and continuity of operations.
- **Income risk.** These are the risks arising from inefficient management and the inability to ensure a sufficient long-term income of UAB DESICO (and/or DESICO group companies).
- **Reputational risk.** It is a risk that could adversely affect the UAB DESICO's (and/or DESICO group companies') income due to an unfavourable opinion about UAB DESICO (and/or DESICO group companies) reputation that may arise from counterparties, investors.

Performance scenarios

This table below shows the money you could get back over the next 10 years, under different scenarios, assuming that you invest EUR 10,000.00. The scenarios presented are based on the following assumptions (such assumptions are also used in the Offering Document prepared for issue of DESI Tokens):

- Number of STOs is based on number of startups (see https://files.pitchbook.com/website/files/pdf/PitchBook_2Q_2018_European_Venture_Report.pdf) and SMEs (see <https://ec.europa.eu/docsroom/documents/26563/attachments/1/translations/en/renditions/native>) in Europe.
- Average STO amount is based on early stage VC deals (up to 5m EUR) according to KPMG report (see <https://assets.kpmg.com/content/dam/kpmg/xx/pdf/2018/04/kpmg-venture-pulse-q1-2018.pdf>). Currently maximum amount raised from retail per 12 months is capped at 5m EUR, however we expect that projects will also raise part of required funding from institutional investors. Investment from institutional investors are not capped. Therefore, average raised amount in future years is expected to exceed 5m EUR.
- Expected fees are based on crowdfunding platforms fees such as Indiegogo, Seedrs, Crowdfunder and SeedInvest (5-9% of funds raised). DESICO expects to set a fee at 5% of funds raised.
- DESICO expects to take security tokens of other project raising funds via DESICO platforms as a part of its listing fee. This way DESICO expects to build a portfolio of other projects' security tokens that should generate cashflow in the future. Expected revenue include only cashflow from revenue sharing payment by STOs and does not take into account any sales or change in value of owned security tokens. DESICO expects that average STO will allocate 5% of its revenue to token holders. Average expected STO is expected to be an early stage high growth company that generates monthly revenue of 80k EUR. In forecasts we also set the expected bankruptcy rate of STOs at 35%.
- Security token exchange fees are based on crypto exchanges fees structure. DESICO expects to have 0.13% maker fee and 0.13% taker fee on average. Existing crypto exchanges such as Kraken, Binance, Huobi, Bitfinex and Hit BTC has fees from 0.10% to 0.26% (applied to maker and taker).
- Expected exchange annual volume is based on existing crypto exchanges turnover. DESICO expects to have annual trading volume at the level of existing Top 60-70 crypto exchanges (<https://coinmarketcap.com/rankings/exchanges/>).

What you get will vary depending on how the market performs and how long you keep the investment/product.

The conservative scenario shows what you might get back in poor market circumstances, and it does not take into account the situation where we are not able to pay you.

The figures shown include all the costs of the product itself, but may not include all the costs that you pay to your advisor or distributor. The figures do not take into account your personal tax situation, which may also affect how much you get back. Your maximum loss would be that you will lose all your investment.

Investment EUR 10.000,00		1 year	5 years	10 years
Scenarios	Average return each year	[+/-0%]	[+14%]	[+143%]
Conservative scenario	What you might get back after costs	EUR 0	EUR 7195	EUR 142957
	Average return each year	[+/-0%]	[+27%]	[+233%]
Rapid growth scenario	What you might get back after costs	EUR 0	EUR 13541	EUR 232618

What happens if UAB DESICO is unable to pay out?

You are exposed to the risk that the issuer might be unable to fulfil its obligations in respect of the product (DESI Tokens), e.g. in the event of insolvency of DESICO group companies. The product is not covered by any protection scheme. Thus, when the issuer is unable to pay out, you may not receive any amount from UAB DESICO (or DESICO group companies) under the product.

What are the costs?

Please notice that we did not take into consideration fees of investment brokerage firm or any applicable foreign exchange fees.

The amounts shown here are the cumulative costs of the product itself. The figures assume you invest EUR 10,000.00. The figures are estimates and may change in the future.

Costs over time

Investment EUR 10.000,00	5 years (recommended minimum holding period)
Total costs	0.00 %
Impact on return (RIY) per year	0.00 %

Composition of costs

The table below shows:

- The impact each year of the different types of costs on the investment return you might get at the end of the recommended holding period.
- What the different cost categories mean

This table shows the impact on return per year			
One-off costs	Entry costs	0.00 %	The impact of the costs already included in the price. This includes the costs of distribution of your product.
	Exit costs	0.00 %	The impact of the costs of exiting your investment when it matures or there is an event of buyout
Ongoing costs	0.0 %		
Incidental costs	<i>Please notice that we did not take into consideration fees of investment brokerage firm.</i>		
	None		

How long should I hold it and can I take money out early?

The trading of DESI Tokens on the secondary market will be limited until the platform for trading of DESI Tokens is fully developed. Also, the ability to sell DESI Tokens in future (when the platform for trading of DESI Tokens is fully developed) will depend on the factual demand of DESI Tokens. Therefore, you may not be able to sell DESI Tokens and cash in early.

Recommended holding period: at least 5 years.

How can I complain?

Any complaint regarding the product or the service received can be submitted to UAB DESICO. You can address us in writing both by writing an e-mail to hello@desico.io or sending your complains to UAB DESICO, address A. Rotundo g. 5-102, Vilnius, the Republic of Lithuania.

Other relevant information

The risks set out in this document highlight some, but not all, of the risks of investing in this product.

Prior to making any investment decision, you should carefully read the Offering Document of DESI Tokens (which is publicly available at www.desico.io), obtain sufficient information in order to make an informed and knowledgeable decision to acquire DESI Tokens and satisfy yourself that you fully understand the risks relating to this product and seek professional advice as necessary.