

# KEY INFORMATION DOCUMENT

## PURPOSE

This document provides you with key information about this investment product (financial instrument). 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

<b>PRODUCT NAME</b>	KRIPTOMAT Token
<b>LEGAL NATURE OF THE PRODUCT</b>	KRIPTOMAT Token is financial instrument issued by UAB Kriptomat
<b>ISSUER</b>	UAB Kriptomat, legal entity code 305160442, registered address Vilniaus str. 31, Vilnius, the Republic of Lithuania, e-mail <a href="mailto:hq@kriptomat.io">hq@kriptomat.io</a>
<b>WEBSITE OF THE ISSUER</b>	<a href="http://www.kriptomat.io/lt/">www.kriptomat.io/lt/</a>
<b>OFFERING DOCUMENT</b>	Publicly available at <a href="https://www.desico.io/lt/invest/kriptomat">https://www.desico.io/lt/invest/kriptomat</a>
<b>COMPETENT SUPERVISORY AUTHORITY</b>	Bank of Lithuania, address Žirmūnų g. 151, Vilnius, the Republic of Lithuania
<b>THIS DOCUMENT WAS PREPARED BY</b>	UAB Kriptomat
<b>DATE OF PRODUCTION</b>	The date of this Key Information Document is 16 May 2019

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

## WHAT IS THIS PRODUCT?

### TYPE

KRIPTOMAT Token is a financial instrument issued by UAB Kriptomat. KRIPTOMAT Token, as financial instrument, 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. KRIPTOMAT Token entitles to possible investment return: 8% of Kriptomat OÜ Earnings Before Tax and Interest (EBIT) every 6 months, and 4% of Kriptomat OÜ audited Net Profit every year.

## OBJECTIVES

By issuing KRIPTOMAT Token, the issuer UAB Kriptomat seeks to attract funds for the development of Kriptomat OÜ.

KRIPTOMAT Token possible investment return: 8% of Kriptomat OÜ Earnings Before Interest and Tax (EBIT) every 6 months, and 4% of Kriptomat OÜ audited Net Profit every year.

Kriptomat OÜ commits to pay out each half year to the KRIPTOMAT Token holders part of their Earnings Before Interests and Tax (EBIT) and annually part of their Net Profit.

1. The distribution of the 8% revenue (payment from Earning Before Interest and Tax (EBIT) [1]) shall be made according to the following schedule:

- for period 1.1.2020 - 30.6.2020, the latest on 30.8.2020,
- for period 1.7.2020 - 31.12.2020, the latest on 28.2.2021,
- for period 1.1.2021 - 30.6.2021, the latest on 30.8.2021.
- and so on.

2. The distribution of the 4% Net Profit shall be made according to the following schedule:

- for period 1.1.2020 - 31.12.2020, the latest on 30.8.2021[2],
- for period 1.1.2021 - 31.12.2021, the latest on 30.8.2022,
- and so on.

## IMPORTANT NOTICE

KRIPTOMAT UAB plans to initiate similar KRIPTOMAT Token offerings within the next 3 years in order to attract approximately EUR 16.000.000 in public and non-public offerings (160.000.000 KRIPTOMAT Tokens). In case less than 178.000.000 KRIPTOMAT Tokens is issued during all offerings of KRIPTOMAT Tokens, the total amount of payouts transferred to KRIPTOMAT Token holders (payouts from revenue and profit as described in detail above) will not be proportionally reduced.

**One the other hand, all investors should take into account that after the next KRIPTOMAT offerings, if any, investors who would purchase KRIPTOMAT Tokens during the next offering would share the same payouts that current investors in KRIPTOMAT UAB offering are entitled to (payouts from revenue and profit as described in detail above). For more information please refer to the Offering document.**

## REVOCACTION OF SECURITIES ISSUE

UAB Kriptomat has the right to revoke (cancel) the issue of securities in the period of 3 days from the official closing of the offering event in case the amount subscribed is equal or less than 1.000 000 EUR. Right to revoke event triggering is the sole discretion of UAB Kriptomat. UAB Kriptomat has unconditional right to decide to cancel the public offering of securities in case of right to revoke event. If UAB Kriptomat decides so, the funds collected shall be returned to the investors.

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[1] On the basis of half year results, payment from Earnings Before Interest and Tax (EBIT) is calculated as net company's income before profit tax expense and interest expenses have been deducted.

[2] NOTE: the distribution of profits shall begin for the financial year of 2020, and the distribution shall be made after the audited report of Kriptomat OU, which shall be submitted to the authority by June 30 each year.

KRIPTOMAT Token is transferable. **The trading of KRIPTOMAT Token on the secondary market is predicted in the future. It is planned that KRIPTOMAT Token will be transferable in a platform when such platform is technically prepared and licensed for secondary trading of KRIPTOMAT Token securities.**

## INTENDED RETAIL INVESTOR

The product (KRIPTOMAT Token) is aimed at retail clients (only natural persons). The KRIPTOMAT Token is a product for investors with good knowledge and/or experience with financial products. 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 KRIPTOMAT Token falls in risk category 7.

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

## MATURITY TERM OF THE PRODUCT

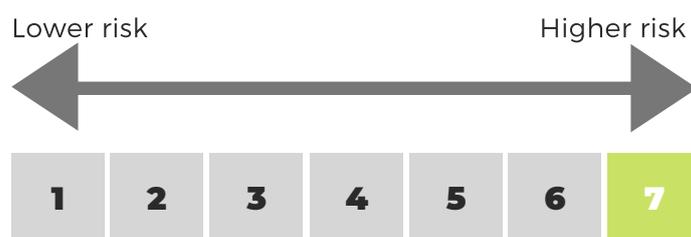
Maturity term of KRIPTOMAT Token is 20 years.

## KRIPTOMAT TOKEN BUYOUT

UAB Kriptomat reserves the right to redeem KRIPTOMAT Token from the investors at its own initiative at any time. In this case, UAB Kriptomat returns the invested amount to the investors and pays the bonus.

## 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 Kriptomat) are not able to pay you. We have classified this product (KRIPTOMAT Token) as 7 out of 7, which is the higher than average 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 KRIPTOMAT Token. The risks described below may adversely affect UAB Kriptomat (and/or Kriptomat OÜ) and, in extreme cases, lead to UAB Kriptomat (and/or Kriptomat OÜ) insolvency and violation of the obligations arising from the KRIPTOMAT Token.

KRIPTOMAT Token involve risks, all of which the investor fully and completely assumes, including, but not limited to:

- Counterparty risk: the likelihood of loss as a result of a counterparty failing to meet its contractual obligations in the future.
- Liquidity risk: a risk that investors may incur losses when seeking to sell within the shortest possible time frame, or not being able to sell the company's (UAB Kriptomat) securities for some time (secondary trade will take place only in the future). The company (UAB Kriptomat) may provide only a limited opportunity to redeem the securities before maturity. For this reason, the investor is exposed to the risk of finding a buyer for which he could be able to transfer the securities earlier than the redemption maturity date.
- Market risk: the risk that the company (UAB Kriptomat or Kriptomat OÜ) will suffer losses due to adverse changes in market variables (interest rates, etc.).
- Legal risk: includes the risk of fines imposed by the supervisory authorities, damage or loss caused by the buyers/intermediaries of services, the risk of operating restrictions and limitations, as well as settlement, litigation costs, and other risks. This is also the risk associated with possible changes in the acts regulating the UAB Kriptomat or Kriptomat OÜ activities, that could lead to changes in the UAB Kriptomat or Kriptomat OÜ business.
- Political risk: the likelihood that the policy maker will change its policy, which would adversely affect and severely undermine the state's investment climate, thus reducing the value of investments (UAB Kriptomat or Kriptomat OÜ).
- Behavioural risk: the risk that Investors will decide on investing in securities based on feelings rather than analysis of the information provided.

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

- Credit risk: the risk of the counterparty's inability to settle in accordance with the contractual arrangements due to insolvency issues or failure to fulfil obligations of Kriptomat OU against investors of Kriptomat UAB (the issuer).
- Liquidity risk: this is the risk that the company (UAB Kriptomat or Kriptomat OÜ) will not be able to meet its financial obligations on time; the likelihood that because of a lack of funds. It will become necessary to attract additional funds under unfavourable market conditions in order to meet the investors' obligations and thus to incur losses.

- Competition risk: risks arising from inadequate response to competitors' actions and changes in the competitive environment.
- Operational risk: the risk of loss due to inadequate, erroneous, internal and internal control processes that cannot be implemented, errors of staff and information systems or due to the influences of external events. The main sources of operational risk are: information systems (hardware and software, telecommunications systems, etc.); human influence (illegal actions of UAB Kriptomat or Kriptomat OÜ employees and non-company employees); working conditions (violation of safe working conditions, etc.); errors (entering incorrect data, inadequate management of collateral, inappropriate legal documents, etc.); loss of tangible assets (fire, terrorism, etc.). The definition of operational risk includes legal risk and reputational risk, as well as risks associated with adverse events.
- Strategic risk: this is the risk that strategic decisions taken by UAB Kriptomat or Kriptomat OÜ management may be wrong, unreasonable, or based on superficial information or rush. Strategic risk includes Kriptomat OÜ strategic goals, strategies to achieve these goals, resources needed for this, and the quality of implementation.
- Risk of income: the risk arising from inefficient management, failure to ensure sufficient long-term profitability of UAB Kriptomat or Kriptomat OÜ.
- Reputational risk is related to the negative impact on the UAB Kriptomat or Kriptomat OÜ brand and its overall reputation in the market. Adverse events include disasters and crises that endanger the institution's strategic assets, its ability to operate; This is a risk that may have a negative impact on the Kriptomat OÜ income and capital due to unfavourable opinion of the UAB Kriptomat or Kriptomat OÜ reputation formed by its customers, counterparties and investors.
- Tax risk: growth of taxes imposed by the government may reduce Kriptomat OÜ profits and, consequently, the return of investors.
- Economic risk: the likelihood of significant slowdown of economy across countries will reduce corporate profits, people's purchasing power, crediting, increase unemployment, which will also reduce the revenue and profit and the investment value of UAB Kriptomat or Kriptomat OÜ.

## PERFORMANCE SCENARIOS

Possible investment return is prescribed in Offering Document of KRIPTOMAT Token. However, investors should take into account that they could lose all invested amount.

## WHAT HAPPENS IF UAB KRIPTOMAT 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 (KRIPTOMAT Token), e.g. in the event of insolvency of UAB Kriptomat or Kriptomat OÜ. 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 Kriptomat (or Kriptomat OÜ) under the product.

## WHAT ARE THE COSTS?

Please notice that we did not take into consideration any applicable foreign exchange fees. The amounts shown here are the cumulative costs of the product itself. The figures assume you invest EUR 1000. The figures are estimates and may change in the future.

### COSTS OVER TIME

Investment EUR 1000	8 years (recommended minimum holding period)
Total costs	0 %
Impact on return (RIY) per year	0%

### 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%	The impact of the costs already included in the price. This includes the costs of distribution of your product.
	Exit costs	0%	The impact of the costs of exiting your investment when it matures or there is an event of buyout
Ongoing costs		0%	
Incidental costs		0%	

## HOW LONG SHOULD I HOLD IT AND CAN I TAKE MONEY OUT EARLY?

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

Recommended holding period: at least 8 years

## **HOW CAN I COMPLAIN?**

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Any complaint regarding the product or the service received can be submitted to UAB Kriptomat. You can address us in writing both by writing an e-mail to [hq@kriptomat.io](mailto:hq@kriptomat.io) or sending your complains to UAB Kriptomat, address Vilniaus str. 31, Vilnius, the Republic of Lithuania.

## **OTHER RELEVANT INFORMATION**

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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 KRIPTOMAT Token (which is publicly available at <https://www.desico.io/lt/invest/kriptomat>), obtain sufficient information in order to make an informed and knowledgeable decision to acquire KRIPTOMAT Token and satisfy yourself that you fully understand the risks relating to this product and seek professional advice as necessary.