



**Information Memorandum**  
**RELATING TO THE VNX UTILITY TOKENS**

December 2019

## Table of Content

1. Executive Summary	3
2. Market Overview: investments into entrepreneurship	4
3. VNX Solution	8
VNX issuing and tokenization platform, marketplace and ecosystem	9
Role of blockchain	10
DCRs on VNX Platform and Marketplace	11
4. VNX Platform Architecture	12
Information Security	14
5. VNX Platform Roadmap	15
6. Business model	16
7. VNX ecosystem	18
8. VNX Utility Tokens	19
VNX Token use cases	19
Token circulation model	20
VNX Utility Tokens Risk Profile	20
9. VNX Team	21
Top management	21
VNX Advisors and Partners	22
Disclaimers and risks	23
ANNEX 1: Glossary	25
ANNEX 2: VNX UTILITY TOKENS TERMS AND CONDITIONS	27
ANNEX 3: VNX UTILITY TOKENS RISK FACTORS	37

## 1. Executive Summary

VNX Exchange is a one-stop solution to raise capital in efficient way through issuance of the asset backed tokens (tokens backed by monetary proceeds, shares etc.) with the intention to create secondary market. The vision is to create the platform that would combine all the expectations of Investors, asset managers and ecosystem

- Fully digital end-to-end platform operating 24/7
- Automated KYC and AML solutions for customer onboarding
- Blockchain payment methods– making full use of smart contracts functionality
- A number of none traditional tokenized asset classes
- Primary issuance and secondary trading platform (if developed) for digital assets

It should provide the clients the new way to operate:

- For issuers - a turnkey solution to make a successful fundraising, from advisory to post-digital assets issuance activities
- For Investors - simple and straightforward investment process into verified/vetted digital assets
- Transparent, EU compliant, efficient and secure operations in blockchain and smart contracts

VNX is the gamechanger as it:

- ✓ Offers the Platform for digital assets open to broad base of Investors
- ✓ Ready frameworks
- ✓ Standardized reporting
- ✓ Offers different payments methods
- ✓ Transparent and secure transaction environment for secondary deals (if developed)

## 2. Market Overview: investments into entrepreneurship

Entrepreneurs drive both global and local economies further as they not only create new jobs but also establish more efficient ways and technologies as well as completely new products. This process is known as innovation process.

The number of entrepreneurs was 400 million in 2013 and is expected to reach 1 billion in 2020. All these people will launch new businesses, will look for new strategies and, and at the same time will both require funds for expansion and will want to monetize their efforts by selling a part or full business.

As for now there are several ways to fund the business:

- To borrow money from financial institution like a bank
- To issue bonds and borrow money on open market
- To sell company's shares to partner or professional Investor, like VC
- To issue any derivative on above mentioned instruments. This type was emerging starting 2016-2017 in form of issuing and selling digital assets (tokens).

Taking into account the early stages of businesses, the 1<sup>st</sup> and 2<sup>nd</sup> options tend to be rather expensive or inaccessible. So, since the 1970s the industry of professional Investors in startups (Private Capital, incl. Venture Capitalists) became the major vehicle, that drives the entrepreneurship further on the developed markets. Later these companies also started to invest into emerging markets and now it is one of the most growing financial markets.

All the private markets are rapidly growing and have reached \$5.8 trillion<sup>1</sup> in 2018, including VC that has been growing since 2013 at a compounded average annual growth rate of 17.8% and achieved its all-time high in 2018 with \$182 billion invested in startups globally (vs \$180 billion in 2017)<sup>2</sup>.

### **Private Markets liquidity issue**

For years Private Markets as an industry have one key characteristics: investing in real assets and private entrepreneurs requires substantial time to generate returns. It normally takes up to ten years to see any returns. As a result, the industry has established an operating model where managing firms collect capital from Investors (usually called Limited Partners) for a period of 8-10 years (and now commonly extending it to 12 and further).

Capital lock-up, high risk and high "entry ticket" makes the private industry illiquid and restrictive as an asset class to most financial Investors.

<sup>1</sup> Source: <https://docs.preqin.com/reports/Preqin-Markets-in-Focus-Alternative-Assets-in-Europe-July-2019.pdf>

<sup>2</sup> Source: <https://www.cbinsights.com/research/report/venture-capital-q4-2017>

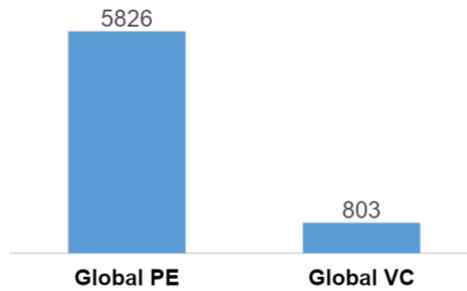


Fig 1. VC as a part of Global private capital, \$ bn

At the same time there is a decrease in, for example, in venture-backed exit activity (Fig. 4).

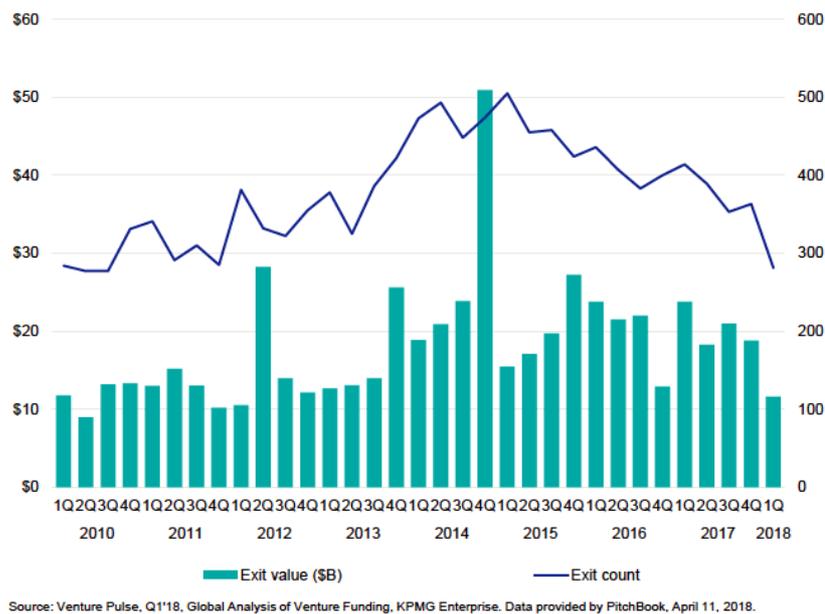


Fig 2. Global venture-backed exit activity 2010 - Q1'18

As a result, managing firms require more time to reach liquidity events, driving the issue of poor liquidity even further, when there are lots of investments without exit, waiting the moment and reaching the size to become interesting at public markets.

Altogether, this leads to a decline in the total amount of funded companies. According to PwC and CB Insights, the 2017 VC deal count was at its lowest level since 2012 while the total amount of dollars invested was at a 10-year high.<sup>3</sup>

As it was mentioned above the main issue for all types of investment into entrepreneurship, is a lack of liquidity to realize the economic value.

<sup>3</sup> Source: [Cblnsights - Venture capital Q4 2017](#)

1. **Funds** focused on acquiring different type of interests stay illiquid after the deals and, from the other point of view, they still stimulate projects to become public in order to exit from these investments.

One of the effects is that the volume of secondary transactions has been growing significantly in recent years and the number and sizes of specialized buyout funds has grown to an all-time high with notable players like Softbank group committing tens of billions to secondary deals.

2. **IPOs** - historically costly and time consuming process

- Traditional stock exchange requirements are often too difficult to comply with;
- Legal terms of some start-ups have a number of restrictions that make them not easily compatible with public market requirements.

Thus, the illiquid or almost-illiquid market is increasing every year.

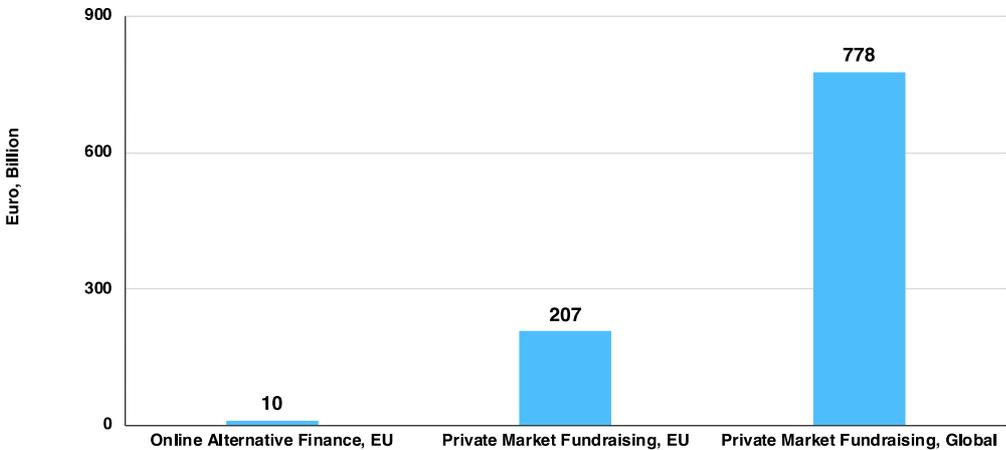
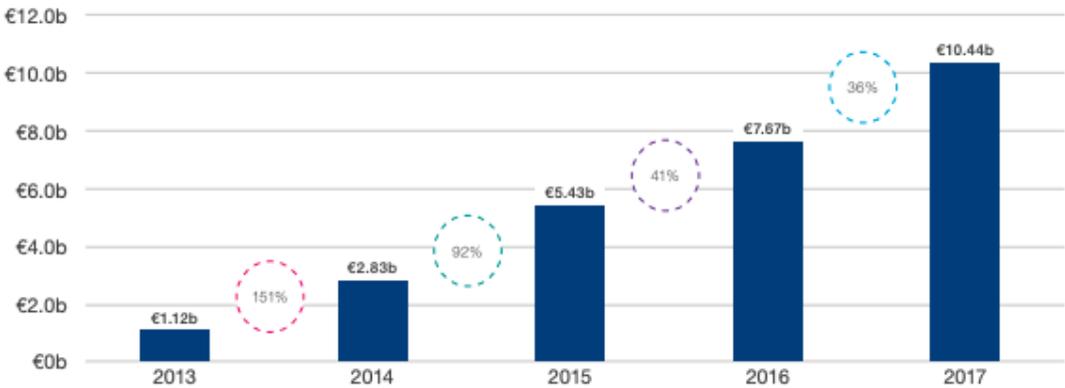
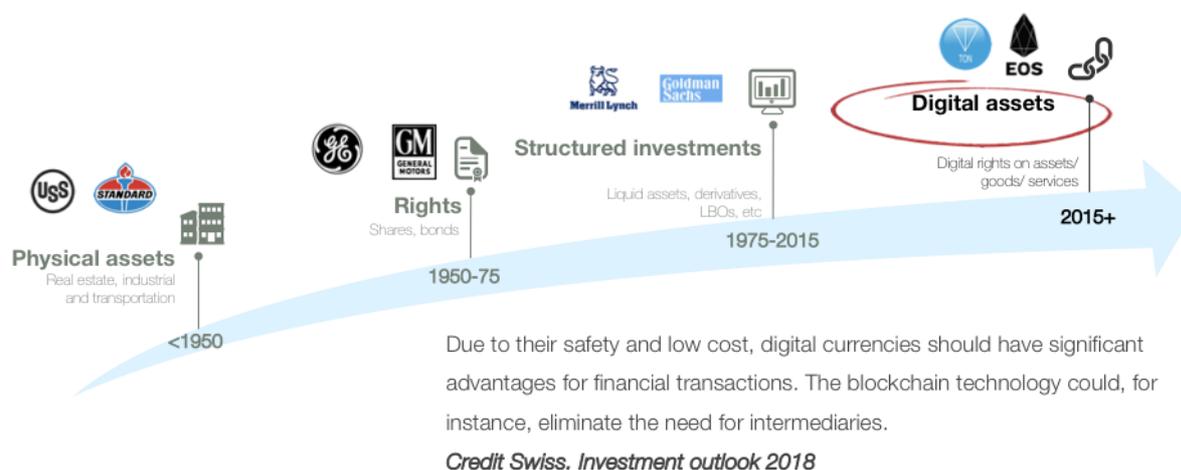


Fig. 3 Target Markets Size

The actual both side effect and reason is that entrepreneurs together with financial market professionals were also looking for the other instrument of getting funds and reinvented the fundraising in form of digital assets – tokens.



**Fig. 4 European Online Alternative Finance Market Volumes 2013-2017 in €billion  
(Including the UK)**



**Fig. 5 Evolution of investment vehicles (VNX viewpoint)**

## Digital assets

Issuing digital assets as an investment vehicle has several benefits:

1. **Fractional ownership** - traditional assets are usually defined by a high price per unit. Digitalization of an asset offers an efficient path to fractionalize its value.
2. **Enhanced trust** – the transparency and immutable nature of distributed ledger technology as well as asset programmability reduce the reliance on a single party or authority to execute transaction and reduces counterparty risks.
3. **Programmable compliance** – many aspects of the compliance process (such as KYC/AML) can be automated within the architecture of an asset or underlying protocol with the application of a world leading KYC/AML customer on-boarding and monitoring systems.
4. **Accessibility** – a digital/crypto wallet can be opened online almost instantaneously, without the need to go to a bank or open an account with a broker, this makes digital assets more accessible than traditional financial market instruments. This is why digital assets have become the first financial investment in their lifetime.
5. **Improved transferability** – reduced transaction costs by removing intermediaries from the transaction settlement processes.

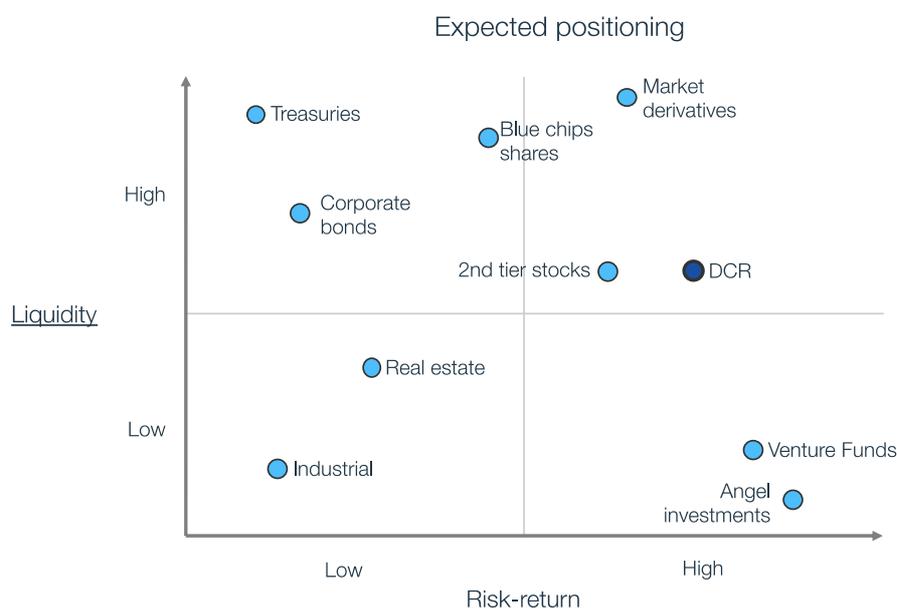
### 3. VNX Solution

A Luxembourg-based fintech company, VNX Exchange is on a mission to transform private capital market through tokenizing of assets and making them available for trading on its secondary market (if developed).

The idea behind VNX is to help alleviate the current issues existing in the private capital industry. By tokenizing assets and creating a liquid marketplace, VNX will:

- reduce capital lock and mobilize capital by improving its velocity;
- open different asset classes to a broader global Investor base represented by both institutions and individuals
- improve transparency and competitiveness in the private capital industry;
- as a result, improve the availability of capital for entrepreneurs.

By combining the high return profile of the underlying assets with secondary market liquidity, VNX is introducing a new “digital” asset class, which has a better risk & yield profile compared to direct startup investing or investing into VC funds as in a traditional limited partner model.



**Fig. 6 Positioning of digital asset vs other asset classes**

VNX developed a unique solution - Digital Claim Receipts (“DCRs”). The solution is a combination of both technological and legal know-hows. It is a digital asset (a token issued and recorded on blockchain) representing claim of the holders over assets that may include venture capital fund’s investment portfolios, limited partner interest in the venture capital funds, a particular start-up company and broad range of other assets.

As a result, venture capital would be redefined as a more liquid asset class, giving a broader Investor base the ability to seamlessly invest in high-growth emerging technology companies.

VNX is ready to offer its packaging solutions for different types of assets and purposes.

## VNX issuing and tokenization platform, marketplace and ecosystem

VNX created a digital asset issuance Platform that brings together and connects Inventory Providers and Liquidity Providers. VNX also plans to develop the VNX Marketplace with the digital assets’ secondary market functionality (under development, if developed) . Inventory Providers can use VNX services (advising, structuring, transactional documents working out, etc.) and issue DCRs while Investors may potentially buy and sell digital assets on the VNX Marketplace (if developed).

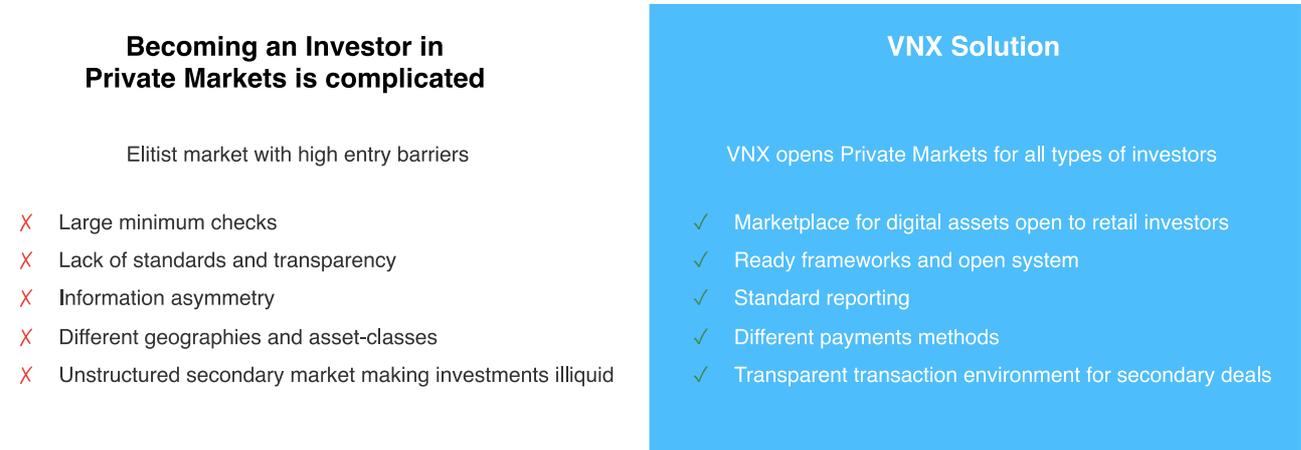


Fig. 7 VNX positioning

In order to bring liquidity to the private markets, VNX aims to control several parts of the value chain, including issuance of tokens, structuring, providing legal framework and regulatory support, marketing and technological solution both for initial offerings (private or public) and secondary trading (if developed).

VNX solution is a combination of different features that are designed to provide the best service to all market players, including LPs, GPs and Investors:

**1. Simple and cost effective DCR issuance process.** One of the key priorities in designing the VNX Platform is to make the DCR issuance process as simple as possible. In order to achieve this, VNX developed a standard technical solution for DCR smart-contract and for the process of tokenizing assets. VNX partnered with the University of Luxembourg’s Interdisciplinary Centre for Security, Reliability and Trust (SnT), a leading center of expertise in the EU on blockchain and cybersecurity, to design the most secure solution.

**2. Legal framework.** VNX Exchange has developed the regulatory and transactional framework and will assist Inventory Providers in performing all the necessary steps. Before being able to offer DCRs to the

Liquidity Providers, Inventory Providers will pass through a thorough admission process, which will include among other mandatory steps legal due diligence and independent confirmation of valuations. To increase the protection of the Liquidity Providers, the DCR issuance structure and transactional documents conform to the leading markets standards. To provide the best customer service, VNX Exchange engages top-tier law firms.

**3. Support of new technologies.** Government of Luxembourg focuses on support of new technologies and innovations. It is one of the leading European actors in the emerging decentralized economy with licensed crypto exchanges Bitstamp and Bitflyer. The emerging decentralized economy has also received support from the blockchain community facilitated by LHOFT, a government backed FinTech accelerator. For these reasons, Luxembourg was a natural choice as jurisdiction for VNX.

**4. Facilitation of interaction.** VNX works in several directions in order to facilitate interaction between sellers and buyers. VNX aims to become a known player in the financial markets. In order to achieve this, VNX became a member of the major Luxembourg financial association - ABBL (The Luxembourg Bankers' Association).

**5. Modern experience.** VNX has chosen to implement the most important attributes on the platform:

- Customer experience. One of the key objectives of the VNX Platform design is to ensure ease of use for Liquidity Providers - both professionals with prior investment and trading experience, as well as those who are new to investing. In addition, it is expected that VNX Marketplace (if developed) will offer an API to facilitate third-party trading app developers and service providers to integrate with the VNX Marketplace.
- Service Ecosystem. In order to enable the formation of a new market, VNX will invest a substantial portion of its resources and efforts into establishing a robust ecosystem that will provide Investors (Liquidity Providers) and Inventory Providers all the necessary support services. The services may potentially include professional service providers that are specialized in legal, audit and portfolio valuation as well as information and rating agencies, investment banking firms, investment brokers, marketing and PR agencies, market makers, custodial services, financial advisors and trading services.
- Acceptance of cryptocurrencies. VNX Platform partnered with the regulated crypto exchanges and brokers to convert crypto currencies for the Investors in a fully legal and cost-effective manner.
- 24/7 access to the VNX Platform regardless of location (except for restricted locations).

**As a result of these efforts VNX will become a bridge between all types of Investors – from traditional private markets to blockchain projects and from institutional Investors to general public.**

## **Role of blockchain**

A key component of the VNX proposition is the ability to reduce transaction costs and improve the overall efficiency on how assets are issued and traded. This is largely achieved through the use of blockchain and asset tokenization. Creating a unique opportunity to issue assets (DCRs) and, potentially, to trade them in a digital environment has a number of benefits compared to how traditional capital markets operate:

- Gradually eliminate intermediaries and financial structures
- Tap wealth currently stored in crypto assets as well as raise new capital in crypto;

- Enhanced security and transparency enabled by the immutable distributed ledger;

The outcome and results are that the transaction, compliance and administration costs are reduced, whilst a significant part of the processes involved in the transactions between different parties becomes more efficient, secure and faster (e.g. transaction settlement will take minutes instead of days, reporting and owner registries can be generated in a single click).

VNX has developed several solutions in order to maximize effectiveness:

- Transparency of the offering by Bidding Smart Contract
  - The bids are anonymized and recorded on public Blockchain - currently Ethereum
  - The Investor may verify his own bids
- Minimum intermediaries in the functionality of DCR Smart Contract
  - ERC-20 utility token with built-in measures to ensure that only compliant clients can trade DCRs
  - No need in intermediaries
- Utility token VNXLU
  - Standard ERC-20 utility token that is used to pay for VNX Platform services.

## DCRs on VNX Platform and Marketplace

After the purchase DCR holders may choose between two options:

- Keep DCRs in their portfolios long term in anticipation of future returns, or
- Keep DCRs in their portfolios short term and sell on the VNX Marketplace\* (under some conditions).

### Key functions of VNX Platform include:

#### 1. Counterparty Risk Management:

- Full pre-depositing of funds and assets to protect both transacting sides;
- Risk and compliance checks (fraud, conflicts of interest, insider trading risks, confirmation of the qualified Investor status, country eligibility, etc.);

### Key functions of VNX Marketplace\* will include:

- KYC/AML checks of all market participants;
- Transparent Execution Rules/Marketplace Integrity;
- Online DVP (Delivery Versus Payment) settlement;
- Anti-manipulation, anti-collusion, fraud prevention and other monitoring rules.

*\* subject to development of the VNX Marketplace, if developed.*

# 4. VNX Platform Architecture

The main components of the VNX Platform are as follows.

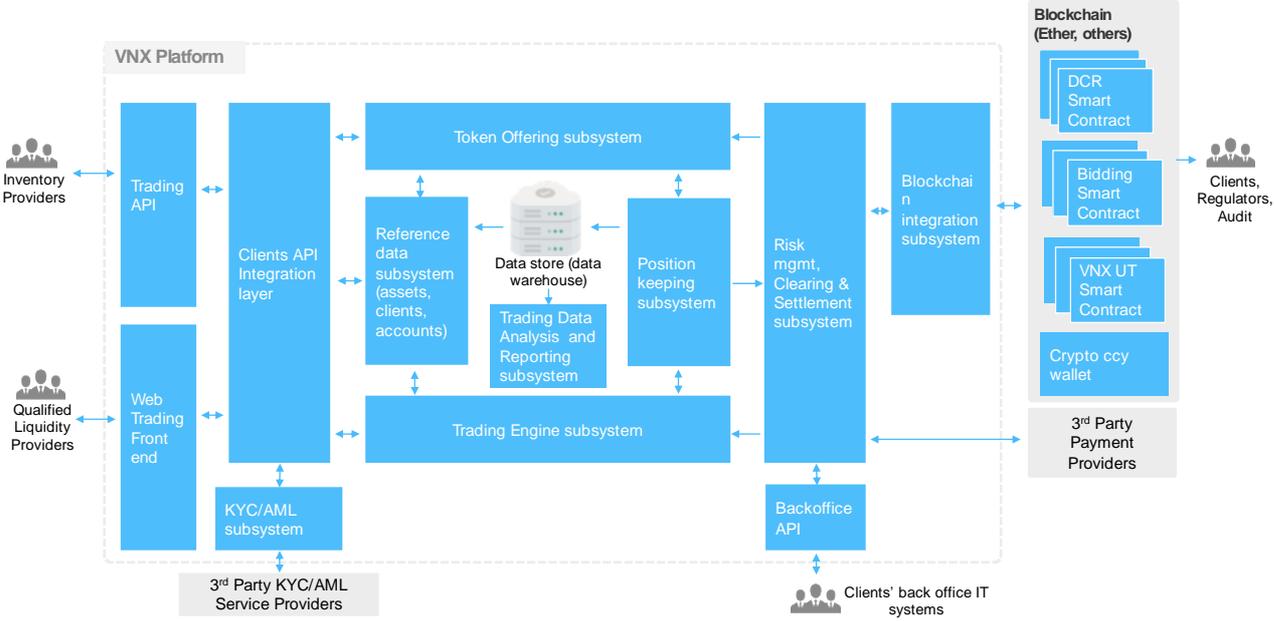


Fig. 8 VNX Platform

**1. Trading API, Web trading Front-end and Clients API Integration layer:** To access the platform from the internet, a set of APIs and web applications are implemented. Both program APIs and interactive web applications interact with Platform’s subsystems through the same integration layer API that allows unified access control, simplification of Platform architecture and Front-end testing automation. Trading APIs will allow our clients to develop their own trading algorithms and applications, so in order not to limit the functionality of client applications, the APIs will have to support both push and pull methods of delivering data to the clients.

In the future, we plan to develop mobile trading applications for all major mobile platforms that will also use the same client integration layer API to interact with the Platform.

**2. Token offering subsystem:** the set of microservices that implement the business process of offering of tokenized assets (Digital claim rights, DCRs) to potential Investors, accepting Bids from Investors and performing the electronic auction to determine a set of winners. Investor

**3. Trading engine subsystem (to be developed):** the set of microservices that automate secondary market for trading of DCR tokens in the form of electronic limit order book or some other form and provide APIs for submission of orders and distribution of trades and market data back to the clients. The architecture will support the ability to run multiple trading engines working in parallel so that the incoming flow of orders can be distributed evenly between all active trading engines, with trading data, such as order statuses, shared between all these engines. Such architecture allows both horizontal scalability and fault tolerance in case of one or several trading engine failures. In order to implement shared memory

functionality, some standard distributed in-memory grid solution should be used, like Hazelcast or the likes.

**4. Position keeping subsystem (to be developed):** the set of microservices responsible for real time calculation, updates and notification of subscribers about the changes in client positions (the balances of client accounts) in currencies and DCRs traded on the Platform. Positions change as a result of the trades originating in Trading engine subsystem. When recalculating client positions, Position keeping service must take into account the hierarchy of client accounts, provided by Reference data subsystem.

Similar to the architecture of Trading engine subsystem, Position keeping subsystem must allow to simultaneously run multiple position keeping services, with the workload of all position's calculation distributed between these services on the basis of different sets of client accounts being assigned to different position keeping services.

**5. Reference data subsystem:** the set of microservices that reliably store and manage data dictionaries that are used throughout the Platform, including, but not limited to, the dictionary of the assets being traded on the Platform and the list of the clients of the Platform and the hierarchy of their accounts in the Platform. Reference data subsystem must be able to synchronize with the external sources of information for its data dictionaries, should such sources exist. Reference data subsystem provides web interface for Platform administrators to manage (add, update, disable) reference data records.

**6. KYC/AML and Due Diligence subsystem:** integrated data room technology to ensure all documents, review checklists, progress tools and due diligence reports are available on the platform. VNX Platform integrates with a reputable 3<sup>rd</sup> party provider of such services in order to perform KYC/AML checks in an automated manner.

**7. Risk management, clearing and settlement subsystem (to be developed). Backoffice API:** the set of microservices to automate clearing and settlement of trades and provide APIs for integration with external payment and accounting systems, including clients' back-office IT systems. The main job of Risk and clearing subsystem is to calculate margin requirements, net claims and obligations for each client that are to be settled. In order to perform the settlement, Clearing and settlement subsystem will interact with Blockchain integration subsystem and 3<sup>rd</sup> party providers of payment services. In addition to support of DvP settlement mode today, in the future VNX Platform may need to support other settlement modes and settlement dates, such as T+2 settlement.

Backoffice web-based API is provided by VNX Platform so that the clients could implement automated STP processing of their trading activity and automated reconciliation of trades and positions between VNX and them.

**8. Data warehouse, Trading data analysis and reporting subsystem (to be developed):** the set of microservices and databases that reliably keep all transactional data that originated from the Platform. Furthermore, they provide various post-trade value add services that need the history of transactions. This set of services and detailed requirements for them will be designed later as VNX platforms gets traction with the clients and we'll have better understanding of their needs.

At the moment we envision that at the very least we'll need to provide a set of dashboards and visual analytical reports, probably using some 3<sup>rd</sup> party BI framework, in order for the clients to visualize and get insights on their trading activity.

**9. Blockchain integration subsystem:** the set of microservices that allows creation, deployment and maintenance of smart contracts on the public Ethereum blockchain, as well as on other blockchains in the future. Also, Blockchain integration subsystem is responsible for the management of private keys of VNX platform and, possibly, its clients. In order to ensure security of private keys, a 3<sup>rd</sup> party solution can be used.

The following 3 main types of smart contracts have been developed to support VNX Platform operations:

- DCR token smart contract for the tokenization of investment portfolios of the Issuers. Each investment portfolio will have a separate DCR smart contract.
- Bidding smart contract where all client bids will be stored as hash values of client bid parameters. One smart contract per each token offering process will be issued to guarantee the transparency and allow for independent audit of the bidding process.
- VNX Utility Token - ERC-20 smart contract that will be used to pay for VNX Platform services and to develop its ecosystem.

## Information Security

VNX will use encryption to ensure that the data is protected and safe. VNX will have a multilayer wallet security system where prepayments and tokens will be secured in a system of “hot” multi-signature and “cold” offline wallets. In addition, 3<sup>rd</sup> party crypto custody solutions are being considered to be used to mitigate possible risks.

## 5. VNX Platform Roadmap

VNX has developed full stack solution automating the processes of DCR issuance.. VNX also plans to develop solution for automating the processes of DCR trading. For this purpose, VNX plans to develop the functionality in accordance with the following roadmap, however, no assurance can be given, that VNX will be successful in solving technical challenges in a timely manner or in obtaining regulatory approval, which might be vital for the project:

Stage	Main focus	Key components to be developed	When
Stage 1	Initial DCR offering platform	<ul style="list-style-type: none"> <li>- bidding and auction platform</li> <li>- KYC/AML and compliance back-end and 3rd party integration</li> <li>- blockchain integration and token issuance v1</li> <li>- basic wallet management</li> <li>- basic clearing and settlement back-end</li> </ul>	Done
Stage 2	Secondary market platform with limited functionality	<ul style="list-style-type: none"> <li>- trading marketplace platform</li> <li>- advanced blockchain wallet management &amp; token issuance</li> <li>- basic trading web interface</li> <li>- basic trading back-office functionality</li> <li>- integrations with banks and other PSPs (for currency exchange)</li> </ul>	2020
Stage 3	Main Trading platform	<ul style="list-style-type: none"> <li>- centralized matching engine and order routing</li> <li>- advanced back-office functionality</li> <li>- advanced trading web interface</li> <li>- trading and back-office APIs for brokers and banks</li> </ul>	2021
Stage 4	End-client solutions	<ul style="list-style-type: none"> <li>- mobile trading app</li> <li>- advanced functionality for professional brokers</li> <li>- enhanced charting and visualization tools</li> <li>- VC portfolio analysis solution</li> <li>- machine learning module integrated in the platform for VC portfolio analysis</li> </ul>	2022
Stage 5	Platform automations	<ul style="list-style-type: none"> <li>- automated customer support and communication tools</li> <li>- advanced data APIs and services</li> <li>- advanced risk management tools</li> <li>- integration with 3rd party trading platforms</li> </ul>	2022
Stage 6	Platform automations 2	<ul style="list-style-type: none"> <li>- DCR offering process automation, including roadshow and Investor communication tools</li> <li>- market making automation tools</li> </ul>	2023

Stage 7	SDKs and developer tools	<ul style="list-style-type: none"> <li>- SDKs for app developers (trading robots, portfolio management etc.)</li> <li>- big data analytics and reporting</li> </ul>	2023
Stage 8	Enhanced blockchain development	<ul style="list-style-type: none"> <li>- advanced digital asset custody solutions</li> <li>- advanced digital asset lifecycle management</li> </ul>	2023

## 6. Business model

VNX solution provides a combination of the processes and services to Liquidity and Inventory Providers.

### Types of the revenue streams (subject to change in the sole discretion of VNX)

#### 1. Preparation of assets to be issued

- **Application Fees.** A fixed fee is charged to the Inventory Provider when applying to the VNX Platform. This is a flat fee meant to cover VNX's cost for processing the application, for example, reviewing KYC information, performing initial assessment of the suitability and eligibility of the prospective client for the service, assessing client's risk level, etc.
- **Initial Admission Fees.** A fixed admission fee that the Inventory Provider pays to VNX prior to commencement of due diligence and evaluation of the assets. This fee will cover the due diligence and evaluation services (e.g. approval by Big Four auditor of the evaluation report provided by an Inventory Provider) required to be performed with respect to the DCR issuance.
- **Marketing Fees.** A variable and voluntary service paid by the Inventory Provider. If Inventory Provider wants to outsource the marketing of a new DCR, VNX will engage professional firms offering marketing services to the client. VNX assist in building interest and awareness on the new DCR and create a marketing campaign for the Inventory Provider. Finally, the roadshow to potential Investors to build interest and raise the profile on the DCR will be arranged.
- **Packaging Fees (discretionary).** A variable fee that VNX and Inventory Provider will agree upon. The fee is based upon VNX's administration and consulting time to tokenize an asset.
- **Annual Listing Fees.** *May be applicable on later stages.* This fixed annual fee is paid to VNX by the Inventory Provider. This fee covers VNX cost for the maintenance of DCRs, to ensure the DCR remain tradable on the marketplace.

#### 2. Initial DCR offering/placement

- **Success Fees.** Subject to a successful DCR placement, VNX will charge Inventory Provider a success fee calculated as a percentage of a premium over the minimum target DCR price.

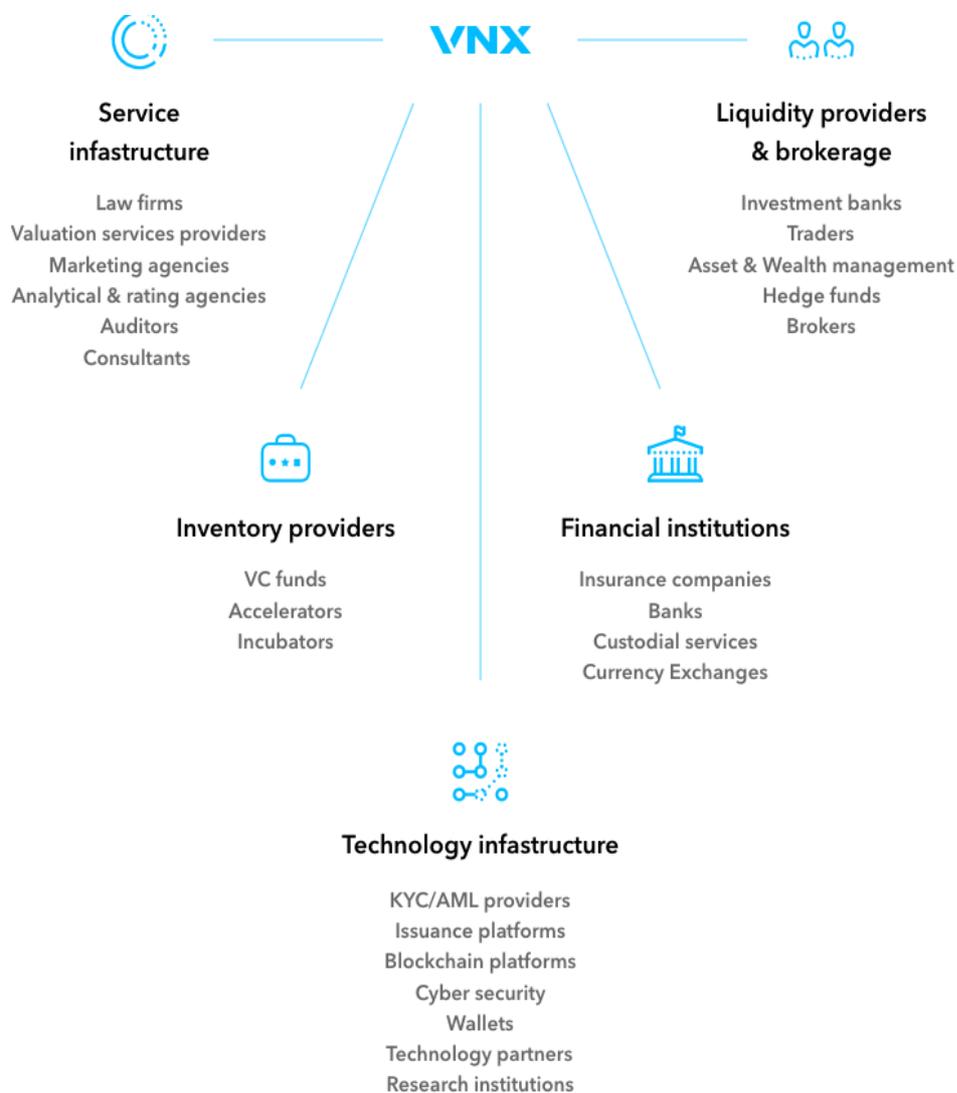
#### 3. Marketplace (secondary deals, if available)

- **Transaction Fees.** VNX will take a small percentage on every trade a liquidity provider executes on the VNX Marketplace.
- **Forex Fees.** VNX will take a commission on fx- and crypto-exchange trades that it will execute on behalf of liquidity and inventory providers.

**4. Other services** — as the platform grows more data is collected on operations, VNX is planning to provide analytics on the performance of assets and the market itself. Other services to be provided also includes consulting services in addition to those described above.

## 7. VNX ecosystem

An ecosystem is a key component to the success of the VNX Platform that will enable its sustainable development.



**Fig. 9 VNX Ecosystem**

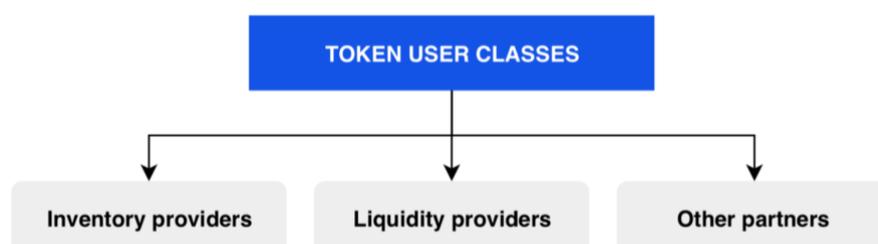
One of VNX's main priorities is to attract advisors and partners which will form the core of the VNX community.

## 8. VNX Utility Tokens

VNX Exchange issued VNX Utility Tokens (VNXLU) to develop its ecosystem and facilitate platform operations. The VNX Utility Tokens can be considered as prepayments or advance payments in digital form allowing token holders to pay for VNX financial services. VNX token is designed to enhance the platform ecosystem.

VNX Utility Tokens cannot be used and do not serve as means of payment to acquire and pay for DCR tokens.

### VNX Token use cases



VNX tokens may be used (if applicable) for the following purposes:

By Investors (Liquidity Providers):

- Pay VNX trading fees;
- Receive discounts on trading fees;
- On later stages - access premium services, such as in-depth trading and company analytics and research, new listings alerts, push notifications on important events in the VCs' assets, access to Investor update calls with VCs.
- Minimum required amount of VNX tokens is fixed at 400 VNX Utility Tokens (equivalent of EUR 100 in nominal value) for the individual Investors granting access to bidding process and securing the mandatory fee for the purchase orders or Bids (in case of auction model) of DCR (5% from the invested amount)\*.
- Minimum required amount of VNX tokens for the institutional and qualified Investors is fixed at 400,000 VNX Utility Tokens (equivalent of EUR 100,000 in nominal value) granting access to the platform and securing the mandatory fee for the purchase orders or Bids (in case of auction model) of DCR (5% from the invested amount)\*.

*\* Please note that the amount of VNX tokens is subject to review at the sole discretion of VNX at any time in course of the platform development. The VNX Utility tokens for payment of the mandatory fees, as a general rule, will be accepted at a nominal value, until specified by VNX otherwise in particular DCR offering documentation.*

By Inventory Providers:

- Pay admission application fees;
- Pay listing fees;

- Pay annual subscription fees

By platform partners (brokers etc.):

- Pay data and API fees.

Different features will be introduced at different times in accordance with the VNX Platform development roadmap.

*Token supply:*

Total token supply of VNX Utility Tokens is set at 80 million tokens with nominal value of EUR 0.25.

## **Token circulation model**

VNX Utility Tokens may be purchased by Investors either directly from VNX or crypto exchanges where VNX Utility Tokens are traded . Transfers of purchased VNX Utility Tokens are not restricted.

Tokens accepted as payment for VNX services will be allocated to a reserve fund and frozen. Tokens can be released from the reserve fund and be put into circulation at a later stage.

**VNX does not consider issuance of VNX Utility Tokens as a fundraising mean, thus emphasizing its main application purpose – payment of fees on the VNX Platform.**

For the initial period of operations VNX will be distributing VNX Utility Tokens in the quantities that are closely linked to the amounts of fees payable in VNX Tokens for purchasing the DCRs issued on the platform and payment of associated fees.

## **VNX Utility Tokens Risk Profile**

Utility Tokens have a set of risks inherent to digital assets which includes among other things insufficient Utility Token security and possible attacks on the Utility Token smart contract, risks relating to highly speculative trading price, Utility Tokens may have no value, negative publicity risks, blockchain and software related risks, risks relating to the platform development and functionality, risks relating to regulatory uncertainty, risks relating to ineffective management of VNX as the Utility Token issuer, competitive environment risks, risks relating to global market and economic conditions and other relevant risks which are set out in more detail in Annex 3 and 4 hereto.

## 9. VNX Team

VNX SA has formed an industry leading team of more than 15 professionals with vast experience in building and running multi-billion-dollar public companies.

### Top management



**Vladimir Khanumyan** [LinkedIn](#)

Member of the Board, Chairman

Former COO of CTC Media — the largest Russian private media company which he led to a successful IPO on NASDAQ.



**Dominique Valschaerts** [LinkedIn](#)

Member of the Board

Former CEO of Brussels Stock Exchange, former member of the executive committee of the Luxembourg Stock Exchange



**Alexander Tkachenko** [LinkedIn](#)

Member of the Board, CEO

Founder of 2be.lu VC fund. Serial entrepreneur. Business angel. MBA London Business School and Columbia University



**Eugene Gavrilov**

CTO

Evgeny has two decades of experience in IT. He held several leadership technology roles at the Moscow Exchange and premier global investment organizations including Sberbank CIB, Troika Dialog and Deutsche Bank.

## VNX Advisors and Partners



### **Michael Jackson**

Founding team member and former COO of Skype and partner of one of the major European venture funds – Mangrove Capital. Board member: Volvo Cars, AXA Insurance, and two of the world's leading software companies: Blockchain and Kneip Communications



### **Fabrice Croiseaux**

Currently the Chairman of the Board of Directors at Infracchain, CEO of InTech SA and a leader of the Blockchain working group of the Fédération des Tiers de Confiance Numérique.

## Disclaimers and risks

This Information Memorandum, including, but not limited to calculations, formulas, numbers, forecasts (the “Presentation”) is prepared by VNX S.A. (hereinafter – “we”, “us” or the “Company”).

The Presentation contains our estimates, assessments, adjustments, judgments and forward-looking statements, which have not been verified by an independent expert. Market information provided in the Presentation, therefore, unless otherwise attributed exclusively to a third-party sources, is to a certain degree subjective. While the Company believes that its own estimates, assessments, adjustments, judgments and forward-looking statements are reasonable and that the market information prepared by the Company appropriately reflects the industry and the markets in which it operates, there is no assurance that the Company’s own estimates, assessments, adjustments, judgments and forward-looking statements are appropriate for making any determinations, conclusions and/or decisions.

The Presentation may contain description of issues that might be assessed in different ways. There is no warranty of suitability and/or fitness for purpose of the information set out in the Presentation. The Presentation shall not replace and/or be used as a substitute of Investors obligation to research, due diligence and collect/analyze/verify information about the Company, its business, etc. prior to making any decision.

No Investor and/or third party shall rely on the Presentation and make any conclusions or decisions on the basis of the Presentation alone. Investor shall use the Presentation solely at its own risk provided that we VNX does not assume any liability for damages of any kind that may be suffered in connection with the use of the Presentation, including direct, indirect, incidental or consequential damages. Investor shall have no right to state any claims arising out of or in connection with the Presentation.

The Presentation is provided as a good will gesture and without any representations or warranties. By its consent to review and proceeding with review the Presentation YOU UNCONDITIONALLY AGREE TO INDEMNIFY AND HOLD VNX S.A., ITS AFFILIATES, OFFICERS, DIRECTORS, ADVISERS AND EMPLOYEES HARMLESS FROM ANY DAMAGES OF ANY NATURE (ACTUAL, THREATENED, DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, ETC.) ARISING OUT OF OR IN CONNECTION WITH THE PRESENTATION, INCURRED BY (OR THREATENED TO BE INCURRED BY) YOU AND/OR ANY OF ITS REPRESENTATIVES, AFFILIATES, AGENTS AND/OR CLIENTS.

This Presentation is confidential and does not constitute or form part of, and should not be construed as an offer to sell or issue or the solicitation of an offer to buy or acquire securities, tokens or similar instruments of the Company or any of its subsidiaries in any jurisdiction or an inducement to enter into investment activity in any jurisdiction.

Matters discussed in this document may constitute forward-looking statements. Forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts.

The forward-looking statements in the Presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation: management’s examination of trends; data contained in Company’s records; and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are

beyond the Company's control. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not materialise. You should be aware that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements.

When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which the Company operates. Such forward-looking statements speak only as at the date on which they are made.

Accordingly, except to the extent required by law, neither the Company, nor any of its respective agents, employees or advisors intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained or incorporated by reference in this document, whether as a result of new information, future events or otherwise. We do not make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario.

The Company and its respective agents, employees or advisors do not intend to, and expressly disclaim any duty, undertaking or obligation to make or disseminate any supplement, amendment, update or revision to any of the information, opinions or forward-looking statements contained in this Presentation.

## ANNEX 1: Glossary

**ABBL** - The Luxembourg Bankers' Association.

**ALFI** - Association of the Luxembourg Fund Industry.

**Bid** - a bid submitted by Investor in the course of the Bidding Process.

**Bidding Process** - the process of the Bids submission by Investors in the offering in case of auction model price discovery model.

**Bottom Price** - means the minimum price of the offering that shall be determined based on an independent appraisal, funds portfolio estimates and after soft commitments are collected from the prospective Investors, and which shall be set out in the Bidding Process announcement to Liquidity Providers, who expressed interest to participate in the Bidding Process.

**Digital asset** - anything that exists in a binary format and comes with the right to use, in this document usually refers to assets in digital format, including the DCRs.

**Digital Claim Receipts (DCR)** – digital assets (tokens issued and recorded on blockchain) representing indirect claim of the DCR holders over part of the potential future tokenized monetary proceeds (economic rights) originating from the underlying assets that may include venture capital fund's investment portfolios, limited partner interest in the venture capital funds, a particular start-up company or broad range of other assets.

Proceeds represent cash flows deriving from distributions and dividends of the underlying company, repayment of capital, disposal of the underlying company (for example in case of IPO or M&A transactions) or from any other cash flows (such as, liquidation proceeds arising from the liquidation of an underlying portfolio company or proceeds relating to corporate reorganisations (e.g. merger) of the underlying portfolio companies). Such proceeds will be distributed to DCR holders (pro rata to number of DCRs held) by the Inventory Provider through the VNX Platform, upon the occurrence of a liquidity event on the terms of the legally binding documents applicable to each particular DCRs issue. Specific terms and conditions may apply to DCRs and potential purchasers of DCRs shall refer to transactional documents governing DCRs' issues in each case.

Depending on the kind of the underlying assets tokenized, the tokens may be called as Limited Partner Digital Claim Receipt (for tokenized venture capital fund's limited partners), Shares Digital Claim Receipt (for tokenized proceeds claims linked to shares of a specific company) or any other name reflecting the nature of the underlying asset, however, for the purposes of this Information Memorandum we use a generic name - Digital Claim Receipt.

**Financial services** – the main business of VNX that consists of the following services: application, review and customer on-boarding, issuance of DCRs on the VNX Platform (including all the preparation), trading services (technical and transactional) (upon development), accepting liquidity (fiat and crypto).

**Inventory Providers (IP)** (or Issuers) - VC funds, limited partners of VC funds, startup accelerators, owners of start-up companies and other types of assets' holders who passed all the qualification procedures of VNX and issued DCRs.

**IPO** (Initial Public offering) - a type of public offering in which shares of a company are sold to institutional Investors and usually also retail (individual) Investors.

**KYC/AML** - Know Your Customer (KYC) and Anti-Money Laundering (AML) - refers to due diligence activities to ascertain relevant information from their clients for the purpose of doing business with them.

**Listing** – a process of admission of the DCRs to trading on the VNX Marketplace.

**Liquidity** - availability of liquid assets to a market or Company.

**Liquidity Providers** (or **Investors**) - Investors (both professional institutions and individuals as well as retail Investors) which are buying (including participating in the offering process of DCRs), holding and selling DCRs on the VNX Platform.

**Secondary buyout** – a transaction in which a financial sponsor or private equity firm sells its investment in a company to another financial sponsor or private equity firm.

**Smart contract** - a computer protocol intended to digitally facilitate, verify, or enforce the negotiation or performance of a contract. Smart contracts allow the performance of credible transactions without third parties. These transactions are trackable and irreversible. Smart contract functionality that will enforce automatic execution of the token offering terms, such as automated payouts of exit proceeds to token holders.

**User Account** – means a user account of Investor on the VNX Platform.

**VNX Utility Tokens (VNX tokens)** – the utility token issued by VNX to enable the operation of VNX Platform and to provide token holders with the right to access the services on the platform and pay VNX service fees.

**VNX** means VNX S.A., a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, with registered office at 9, rue du Laboratoire L-1911 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Trade and Companies under number B228646.

**VNX Marketplace** means the module part of the VNX Platform on which the DCRs will be listed and traded after their issuance (upon launch, if developed).

**VNX Platform** means the ecosystem developed by VNX and supporting the bidding procedure, issuance, and custody of DCRs, as well as utilization of the Utility Tokens.

**Website** – means the Internet website [www.vnx.io](http://www.vnx.io) with all related sub-domains.

## ANNEX 2: VNX UTILITY TOKENS TERMS AND CONDITIONS

Please note that the VNX Utility Tokens Terms and Conditions in this Informational Memorandum are subject to possible changes without further notifications (including by way of publishing on the official web-site of VNX). Each person purchasing or otherwise transacting with VNX Utility Tokens will be deemed to have read and accepted the Terms and Conditions (as might be amended) before proceeding with any actions.

THE VNX UTILITY TOKENS ARE NOT INTENDED TO CONSTITUTE FINANCIAL INSTRUMENTS, SECURITIES, PAYMENT INSTRUMENTS, DEBENTURES OR INTERESTS IN A COLLECTIVE INVESTMENT SCHEME IN ANY JURISDICTION. THESE TERMS DO NOT CONSTITUTE A PROSPECTUS OR OFFER DOCUMENT OF ANY KIND AND ARE NOT INTENDED TO FACILITATE AN OFFER OF OR A SOLICITATION FOR INVESTMENT IN FINANCIAL INSTRUMENTS, SECURITIES, PAYMENT INSTRUMENTS, DEBENTURES OR COLLECTIVE INVESTMENT SCHEMES IN ANY JURISDICTION.

FOR AVOIDANCE OF ANY DOUBT, THE VNX UTILITY TOKENS DO NOT PROVIDE TO THE INVESTOR ANY RIGHTS OF ANY LEGAL NATURE WITH RESPECT TO THE TOKEN ISSUER OR ITS EQUITY, REVENUES OR ASSETS, DIVIDENDS, LIQUIDATION SHARE, INCLUDING BUT NOT LIMITED TO ANY VOTING, DISTRIBUTION, REDEMPTION, LIQUIDATION, PROPRIETARY (INCLUDING ALL FORMS OF INTELLECTUAL PROPERTY), SUBSCRIPTION OR OTHER RIGHTS OF SHAREHOLDERS OR STOCKHOLDERS OF THE TOKEN ISSUER CONFERRED BY VIRTUE OF THE APPLICABLE LAWS OR CHARTERS, BY-LAWS OR OTHER INTERNAL DOCUMENTS OF THE TOKEN ISSUER, DO NOT REPRESENT A LOAN TO THE TOKEN ISSUER; AND DO NOT PROVIDE INVESTOR WITH ANY EQUITY, OWNERSHIP, STOCK OR OTHER INTEREST IN THE TOKEN ISSUER.

VNX UTILITY TOKENS MAY BE EXCHANGEABLE ON CRYPTOGRAPHIC TOKEN EXCHANGES. HOWEVER, THE TOKEN ISSUER GIVES NO WARRANTIES OR REPRESENTATIONS THAT THE VNX UTILITY TOKENS WILL BE EXCHANGEABLE ON SUCH EXCHANGES.

**BY ACCEPTING THESE TERMS OR BY PURCHASING OR OTHERWISE RECEIVING THE VNX UTILITY TOKENS, YOU AGREE TO BE LEGALLY BOUND BY THESE TERMS, ACKNOWLEDGE THAT YOU HAVE CAREFULLY REVIEWED THESE TERMS AND FULLY UNDERSTAND THE RISKS, COSTS, AND BENEFITS OF PURCHASING OR OTHERWISE RECEIVING THE VNX UTILITY TOKENS. IF YOU ARE IN ANY DOUBT AS TO THE VNX UTILITY TOKENS, THE RISKS INVOLVED OR THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR LEGAL AND/OR OTHER SPECIALIST ADVISOR. IF YOU DO NOT AGREE TO THESE TERMS, PLEASE DO NOT ACCEPT THESE TERMS OR AGREE TO INVEST IN OR RECEIVE THE VNX UTILITY TOKENS.**

The headings in these Terms and the sequence of sections and paragraphs shall not be taken into account in construing these Terms. Unless the context otherwise requires, words (including words defined herein) denoting the singular shall include the plural and vice versa.

### 1. ELIGIBILITY REQUIREMENTS FOR THE VNX UTILITY TOKENS ACQUISITION

1.1. To be eligible to purchase the VNX Utility Tokens, Investor shall (i) have full legal capacity to enter into a contract; and (ii) if individual, be at least 18 years old or, if different, of the legal capacity age in your jurisdiction.

1.2. Investor shall represent and warrant to VNX that the Investor is not acting on behalf of or for the benefit of a third person.

1.3. VNX may restrict or refuse to sell the VNX Utility Tokens to Investors from certain countries, territories, or jurisdictions. Investor shall represent and warrant that it/he/she is located in the territory or country which it/he/she has indicated during the registration on the VNX Platform.

1.4. An authorized representative of a legal entity shall represent and warrant that: (i) she/he is properly authorized to bind that entity by these Terms, and (ii) that entity has agreed to be bound by and bear liability arising out of and/or in connection with actions/inaction of the representative in connection with the VNX Utility Token purchase hereunder.

1.5. Investor shall not attempt to purchase the VNX Utility Tokens if there are applicable legal restrictions in the Investor's country of residence or domicile. It is Investor's sole responsibility to ensure that it's/his/her purchase of the VNX Utility Tokens is not prohibited under the applicable legal restrictions in the relevant country of residence or domicile.

1.6. If Investor purchases the VNX Utility Tokens in breach of compliance procedures (including provision of unreliable or fraudulent information) or for resale to not eligible persons, then such Investor does so on an unlawful, unauthorized and fraudulent basis. In such case any transactions and operations in respect of the VNX Utility Tokens shall be null and void. VNX shall not be bound by a transaction or operation specified in this clause and may, in its sole discretion, take all necessary and appropriate actions to apply and enforce the consequences of the void transactions and operations; notify relevant authorities; retain all the funds paid by such Investor and freeze them until the situation is resolved by the relevant financial authority. Investor shall bear sole liability, indemnify, defend and hold harmless VNX from any losses and expenses incurred by VNX arising out of and/or in connection with such unlawful acquisition of the VNX Utility Tokens.

## 2. PURCHASE OF THE VNX UTILITY TOKENS

Investor can purchase the VNX Utility Tokens on the Website or on the relevant crypto exchange, where VNX Utility Tokens are traded. If Investor chooses to purchase the VNX Utility Tokens on the Website, VNX at its sole discretion may either execute the request through sale and delivery of the VNX Utility Tokens from its own reserve or purchase VNX Utility Tokens on a third-party crypto-exchange where the VNX Utility Tokens are traded at the price available at the moment of execution of the Investor's instruction, but within the upper limit of the price indicated by Investor in the instruction. In case of submission of the request to purchase the VNX Utility Tokens via the VNX Platform, the Investor:

- confirms that it has the relevant EUR balance (or equivalent in other currency) on the User Account on the VNX Platform, sufficient to purchase the relevant amount of the VNX Utility Tokens and, if the transaction is performed via third party crypto-exchange, at the upper threshold price as Investor set out in the VNX Utility Token purchase request;
- instruct VNX to withdraw the relevant amount of EUR or equivalent in other currency from the User Account and transfer it to the relevant VNX account to purchase the VNX Utility Tokens for Investor;

In case of purchase on a crypto currency exchange:

- appoint VNX to be Investor's agent in the VNX Utility Token purchase for Investor at Investor's expense;
- instruct VNX to purchase for Investor the number of the VNX Utility Tokens as Investor set out in the request on a crypto exchange;
- authorize VNX to choose the crypto exchange for the purchase of the VNX Utility Tokens based on the best execution principle (taking into account price, costs and other applicable factors);
- instruct VNX to purchase the VNX Utility Tokens for Investor at the price available on the crypto exchange at the time of the purchase but which shall not exceed the threshold purchase price (upper level) indicated by Investor in the request;
- instruct VNX to fulfil the request within 24 hours from the request submission date (requests are accepted within normal business hours on normal business days and subject to normal operation of the relevant crypto exchanges and normally are executed within 2 hours from the receipt of the request during the VNX business hours);
- agree that the request shall be automatically cancelled upon expiration of the 24 hours period from the request submission date if due to price fluctuations on the relevant crypto exchange it is impossible to fulfil the request at the price which shall not exceed the threshold purchase price indicated by Investor in the request and within the time period;
- instruct VNX to credit the VNX Utility Tokens balance to the User Account on the VNX Platform with the number of the VNX Utility Tokens purchased at the request;
- instruct VNX to credit the EUR balance to the User Account on the VNX Platform with amount of EUR not used for the VNX Utility Token purchase (if any) less applicable agency fee.

VNX reserves the right to refuse to sell the VNX Utility Tokens if it has reasonable grounds to believe that Investor may be involved in an illegal activity (e.g. money laundering, terrorism financing, etc.). In addition, VNX is authorized to use any possible means for preventing money laundering and terrorism financing, including blocking Investor's User Account, disclosing any information about such Investor to the state authorities, etc.

### 3. ACCEPTED FUND CATEGORIES, PRICE, PAYMENT AND TOKEN DISTRIBUTION PROCEDURE

3.1 VNX may accept the following crypto and fiat currencies as consideration for the purchase of the VNX Utility Tokens:

- (a) Ether ("**ETH**");
- (b) Bitcoin ("**BTC**");
- (c) EUR;
- (d) USD; and
- (e) other funding methods approved by VNX.

3.2 VNX shall sell the VNX Utility Tokens at the price as set out on the VNX Platform (the "**Token Price**").

3.3 If Investor pays the Token Price in ETH or BTC, then at the request of the Investor VNX may procure the conversion services and instruct the crypto conversion service provider (e.g. crypto exchange), to convert the amount of cryptocurrencies credited to VNX's crypto wallet at the relevant crypto conversion service provider into its equivalent in the Bidding Process currency at the then prevailing exchange rates

of a cryptocurrency exchange at the time when payment is validated and verified on the relevant blockchain and credit the funds into VNX's account. Any fractional number of VNX Utility Tokens shall be rounded down to the nearest whole number.

3.4 Investor shall pay the Token Price nominated in acceptable fiat currencies or cryptocurrencies to the relevant bank account or cryptocurrency wallets specified by VNX.

3.5 If any time between acceptance of the Terms by Investor and the VNX Utility Tokens sale to such Investor VNX reveals that there is a threat of or intention or attempt by the Investor to deceive VNX, which without limitation may include attempted double-spending on the blockchain or circumvention of the Terms or violation of any applicable laws and regulations, or payments for the VNX Utility Tokens in violation of any applicable laws or regulations, Investor hereby acknowledges and agrees that regardless of whether any such transactions are reflected as validated and/or verified on the relevant blockchain, that:

(a) VNX shall have no obligation to provide and Investor shall have no right to claim / receive, any refund for any payment made by Investor and received by VNX;

(b) VNX shall not be obliged to deliver the VNX Utility Tokens to Investor and shall have no obligations in any form or manner whatsoever to such Investor; and

(c) Investor hereby waives all rights, claims and/or courses of action (present or future) under the applicable laws or contract against VNX arising out of or in connection with such transaction, and shall further indemnify and hold harmless, VNX from and against any and all losses, damages, taxes, liabilities and expenses that may be incurred by VNX in connection with or arising from such transaction.

3.6 If Investor pays the Token Price in cryptocurrency, the Token Price shall be deemed to be paid on the time and date when the transaction has been added to a block within the respective ledger and has survived the consensus process among the validating nodes in the whole respective network for at least 6 times for BTC and 12 times for ETH.

3.7 If Investor pays the Token Price in fiat currencies, the Token Price shall be deemed to be paid on the time and date when the funds have been credited to the relevant bank account indicated by VNX.

3.8 For the purpose of the VNX Utility Token purchase Investor shall provide to VNX an accurate address of a crypto wallet that supports the standard for receipt of the VNX Utility Tokens (the «**Crypto Wallet**»).

Investor hereby acknowledges that the transfer of the VNX Utility Tokens to Investor's Crypto Wallet is subject to payment of the Token Price by Investor.

#### 4. OBLIGATION TO ESTABLISH AND MAINTAIN CRYPTOCURRENCY WALLET AND ADDRESS AND BANK ACCOUNT IF TOKENS ARE PURCHASED VIA VNX PLATFORM (AS APPLICABLE)

4.1 For the purpose of payment of the Token Price:

(a) If Investor pays the Token Price in cryptocurrency, Investor shall keep the Crypto Wallet (compatible with the VNX Utility Token standard) and maintain it fully operational, secure and valid.

(b) If Investor pays the Token Price in fiat currency (EUR or USD), Investor shall keep EUR or USD bank account and maintain it fully operational and valid.

(c) If Investor pays the Token Price partially in crypto and partially in fiat currency, then such Investor shall fulfill the requirements set out in clauses (a) and (b) above.

4.2 For the purpose of receipt of the VNX Utility Tokens Investor shall keep the Crypto Wallet compatible with the VNX Utility Token standard and maintain it fully operational, secure and valid as well as the address of the Crypto Wallet and keys to such Crypto Wallet. Investor shall provide VNX with the Crypto Wallet address and evidence of Investor's ownership of such address by signing such address with the same private key of the Crypto Wallet.

4.3 In the event of any loss, hack or theft of cryptocurrencies or the VNX Utility Tokens from the Investor's Crypto Wallet, Investor hereby waives any right(s), claim(s) or causes of action in any way whatsoever against VNX.

4.4 Any obligation of VNX to refund an Investor is conditional upon fulfilment by Investor of obligations set out in clause 4.1 above.

6.5 Any obligation of VNX to deliver the VNX Utility Tokens is conditional upon fulfilment by Investor of obligations set out in clauses 4.2 and 4.3.

#### 5. DELIVERY OF THE VNX UTILITY TOKENS IF TOKENS ARE PURCHASED VIA VNX PLATFORM

5.1 VNX shall use all reasonable endeavours to deliver the VNX Utility Tokens to Investor within 7 days from receipt of the Token Price (as set out in clauses 3.6 and 3.7) and subject to satisfactory completion of the applicable identity verification and confirmation of Investor's ownership of the Crypto Wallet address. The VNX Utility Tokens shall be delivered to the relevant cryptocurrency address that has been provided by Investor.

5.2 The VNX Utility Tokens shall be delivered and accepted on "as is" basis without warranties of any kind by VNX. VNX hereby expressly disclaims all implied warranties in relation to the VNX Utility Tokens and the delivery thereof.

5.3 VNX does not restrict listing of the VNX Utility Tokens on cryptocurrency exchanges. VNX will make reasonable efforts to satisfactory complete due diligence efforts, provide documentation and share regulatory assumptions made as a part of preparing the VNX Project, as may be required and requested by cryptocurrency exchanges. However, Investors hereby acknowledge that there is no certainty that such availability, transferability or tradability will be successfully achieved, and no representations, warranties or undertakings in this respect is given in any way by VNX.

5.5. VNX may suspend or terminate delivery of the VNX Utility Tokens to Investor if:

- o Investor breaches the Terms;
- o VNX determines that Investor poses an unacceptable credit or fraud risk to VNX;
- o Investor provides or has provided false, incomplete, inaccurate, or misleading data/information (including without limitation any registration information) or otherwise engages in a fraudulent or illegal conduct;
- o VNX has security concerns, or suspects unauthorized, criminal or fraudulent behavior of Investor.

#### 6. WITHDRAWALS, CANCELLATIONS, REJECTIONS IF TOKENS ARE PURCHASED VIA VNX PLATFORM

6.1 Upon validation and verification of the Token Price payment by Investor and delivery of the VNX Utility Tokens to Investor:

- (a) such delivery shall be deemed to be final; and
- (b) unless otherwise required by the applicable laws, regulations or rules, Investor shall not be entitled to any withdrawals or cancellations, or any refunds.

6.2 VNX reserves the right, in its sole and absolute discretion, to reject the VNX Utility Token sale and delivery to Investor at any time after Investor accepts the Terms and until delivery of the VNX Utility Tokens to such Investor.

In the event of any such delivery rejection, Investor hereby acknowledges and agrees, regardless of whether such transactions are reflected as validated and/or verified on the relevant blockchain, that:

- (a) if the Token Price payment has been received by VNX pursuant to clauses 3.6 and/or 3.7 hereof, VNX shall provide a refund in full without interest and net of all administrative and/or third-party charges and/or other transaction fees (if any) that may be incurred in connection with such refund, in which case such administrative and/or third party charges and/or other transaction fees (if any) incurred or that may be incurred in the future in connection with such refund, shall be deducted from the amount of the refund;
- (b) other than the obligation of VNX to refund, VNX shall have no other obligations to Investor in any form or manner whatsoever in relation to such transaction; and
- (c) other than Investor's right to claim/receive such refund, Investor hereby waives all rights, claims and/or courses of action (present or future) under law or contract or otherwise against VNX in connection with or arising out of the transaction, and shall further indemnify, defend and hold harmless VNX from and against any and all losses, damages, taxes, liabilities and expenses that may be incurred by VNX in connection with or arising out of the transaction.

## 7. RIGHTS OF THE VNX UTILITY TOKEN HOLDERS

The VNX Utility Token holders have the right to redeem their VNX Utility Tokens for services provided by VNX or caused to be provided by VNX on the VNX Platform. The scope and detail of these services, prices and availability are wholly at the discretion of VNX. Certain potential regulated services will be subject to additional eligibility checks.

## 8. ASSUMPTION OF RISKS AND LIABILITIES

Acceptance of the Terms by Investor shall be deemed as Investor's consent to unconditionally assume all risks and liabilities (including without limitation, direct, indirect, incidental, consequential, ancillary and/or other) associated with the VNX Utility Tokens (including without limitation those set out in Annex 3 to this Information Memorandum).

## 9. REPRESENTATIONS AND WARRANTIES

By accepting the Terms (including by purchase or receipt of the VNX Utility Tokens), Investor represents and warrants to VNX as follows:

- (a) it has a basic degree of understanding of the operation, functionality, usage, storage, transmission mechanisms and other material characteristics of cryptocurrencies, blockchain assets and tokens including, the VNX Utility Tokens, blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology;

- (b) the Terms constitute legal, valid and binding and enforceable obligations for Investor to receive, use and hold the VNX Utility Tokens;
- (c) no consent, approval, order or authorisation of, or registration, qualification, designation, declaration or filing with, any regulatory authority in any jurisdiction is required for Investor in connection with purchase, receipt, possession, use, etc. of the VNX Utility Tokens, or where any approvals are required, such approvals have been timely obtained by Investor and remain valid and in full force and effect;
- (d) the cryptocurrencies or fiat funds to be used for payment of the Token Price have not been obtained through or derived from any acts in connection with money laundering, terrorism financing or any other acts in breach or contravention of any applicable law, regulation or rule;
- (e) Investor has read, understood, acknowledged and unconditionally and irrevocably agreed with the Terms;
- (f) the VNX Utility Tokens subject to the transaction upon receipt by Investor shall not be used for any illegal purpose including without limitation in connection with money laundering, terrorism financing, price manipulation or any other acts in breach or contravention of any applicable law or regulation;
- (g) Investor has acknowledged and agreed that the digital assets (including the VNX Utility Tokens) involve risks, which Investor has understood and has agreed to accept, which without limitation include the risk that (i) the technology associated with the VNX Platform will not function as intended; (ii) the VNX Platform will not be completed; (iii) the VNX Platform will fail to attract sufficient interest from key stakeholders; and (iv) VNX and/or the VNX Platform may be subject to investigation and/or punitive actions from governmental authorities. Investor has read, understood and accepted the risks related to the VNX Utility Tokens and usage of the VNX Platform which are set out herein and elsewhere in the documentation available on the Website and/or the User Account;
- (h) Investor understands that the value of the VNX Utility Tokens over time may experience extreme volatility or depreciate in full;
- (i) Investor has sufficient funds to fulfil the obligations hereunder; and
- (j) the representations and warranties as set out above are true, complete, accurate and non-misleading from the time of acceptance of the Terms by Investor.

## 10. DISCLAIMERS

10.1 To the extent permitted by applicable law and unless otherwise provided herein, VNX hereby expressly disclaims its liability for:

- o illegality of the cryptocurrency used for payment of the Token Price;
- o illegality of use of the VNX Utility Tokens by Investors;
- o failure or delay in the delivery of the VNX Utility Tokens;
- o failure, malfunction or breakdown of, or disruption to, the operation of the VNX Platform or any tools, systems and platforms relied upon by VNX due to occurrences of hacks, cyber-attacks, distributed denials of service, errors, vulnerabilities, defects, flaws in programming or source code or otherwise, regardless of when such failure, malfunction, breakdown, or disruption occurs;

- o failure, malfunction or breakdown of, or disruption to, the operation of any blockchain, any blockchain-based software systems or any blockchain technology in connection with the operations of VNX,
- o any virus, error, bug, flaw, defect or otherwise adversely affecting the operation, functionality, usage, storage, transmission mechanisms, transferability or tradability of the VNX Utility Tokens if and when the VNX Utility Tokens have been made available for trading on a cryptocurrency exchange, and other material characteristics of the VNX Utility Tokens;
- o decreases or volatility in traded prices or trading volume of the VNX Utility Tokens;
- o failure or unfitness of the VNX Utility Tokens for any specific purpose;
- o loss or destruction of the private keys to the Crypto Wallets by Investor;
- o failure or delay in the availability of the VNX Utility Tokens for trading on a cryptocurrency exchange or any rejection of trading by the VNX Utility Tokens by a cryptocurrency exchange;
- o any prohibition, restriction or regulation by any government or regulatory authority in any jurisdiction of the operation, functionality, usage, storage, transmission mechanisms, transferability or tradability or other material characteristics of the VNX Utility Tokens.

## 11. LIMITATION OF LIABILITY AND INDEMNIFICATION

### 11.1 To the extent permitted by the applicable law:

(a) VNX shall not be liable for any indirect, special, incidental, consequential or other damages and losses of any kind, in law, in tort, contract or otherwise (including but not limited to loss of revenue, income or profits, and loss of use or data), arising out of or in connection with the acquisition, use, receipt or holding of the VNX Utility Tokens by Investor;

(b) the aggregate liability of VNX per Investor, in tort, contract or otherwise, arising out of or in connection with the acquisition, use, receipt or holding of the VNX Utility Tokens shall be limited by the amount paid by the relevant Investor for the relevant number of the VNX Utility Tokens; and

(c) Investor hereby agrees to waive all rights to assert any claims under applicable law and Investor expressly states herein that it may only submit claims subject to and in accordance with the Terms.

11.2 To the extent permitted by applicable law Investor hereby undertakes to indemnify, defend, and hold harmless VNX and/or its subsidiaries, related companies, affiliates, directors, officers, employees, agents, successors, and permitted assignees (“**Indemnified Persons**”) from and against any and all claims, damages, losses, suits, causes of actions, demands, proceedings, expenses, and/or liabilities (including without limitation reasonable legal fees) filed and/or threatened to be filed by any third party against any of the Indemnified Persons arising out of or in connection with Investor’s breach of any warranty, representation, or obligation hereunder.

11.3. The Terms, the Information Memorandum, any other information provided by VNX or its’ representatives in writing or orally may include forward looking statements. In general, forward looking statements can be identified by the use of words such as "believes", "expects", "does not expect", "is expected", "targets", "outlook", "plans", "scheduled", "estimates", "forecasts", "intends", "anticipates" or

"does not anticipate" or variations of such words and phrases or statements in different languages that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of VNX to be materially different from any future results, performance or achievements express or implied by the forward-looking statements. Although VNX believes there is a reasonable basis for making such forward-looking statements, Investor shall not place undue reliance on such forward-looking statements. By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predictions, forecasts and other forward-looking statements will not occur.

## 12. NO ASSIGNMENT

Subject to the Terms, only Investor and no other person shall have the right to make any claim against VNX in connection with the VNX Utility Tokens. Investor shall not assign, trade or transfer, or attempt to assign, trade or transfer, its right to any such claim. Any such assignment or transfer shall not have any legal force whatsoever and no effect on VNX.

## 13. NO WAIVER

Any failure of VNX to enforce the Terms or to assert any right(s), claim(s) or causes of action against Investor (s) under the Terms shall not be construed as a waiver of the right of VNX to assert any right(s), claim(s) or causes of action against Investor(s).

## 14. TAXES

Investor shall be responsible for determining any and all taxes and duties, including without limitation, sales, use, transfer, value added, withholding, and other taxes and/or duties assessed, incurred, or required to be collected, paid, or withheld for any reason in connection with any transaction with the VNX Utility Tokens, or otherwise in connection with any action, inaction, or omission by Investor or an affiliate of Investor, or any of Investor's (including its affiliates) respective employees, agents, contractors, or representatives, in connection with the VNX Utility Tokens. VNX has no obligation to determine whether taxes or duties apply and shall not be responsible for calculating, collecting, reporting, or remitting any taxes or duties to any authority arising from any transaction with the VNX Utility Tokens.

## 15. GOVERNING LAW AND JURISDICTION

The Terms shall be governed by, and construed in accordance with, the laws of the Grand Duchy of Luxembourg. The courts of the Grand Duchy of Luxembourg shall have exclusive jurisdiction for all matters related to the Terms.

## 16. SEVERANCE AND PARTIAL INVALIDITY

If any portion of the Terms is held by a court of competent jurisdiction to be invalid or unenforceable, the remainder of the Terms shall remain in full force and effect and, the court of competent jurisdiction shall construe any invalid or unenforceable provisions hereof in a manner that most closely reflects the effect and intent of the original language. If such construction is not possible, the provision shall be taken out of the Terms and the remainder of the Terms shall remain in full force and effect.



## **ANNEX 3: VNX UTILITY TOKENS RISK FACTORS**

### **Price Change Risk Associated with Using Virtual Currencies**

Prices of virtual currencies fluctuate day by day. Any token or virtual currency price could surge or drop suddenly. Please note that there is a possibility that the price of a virtual currency could drop to zero. Prices of virtual currencies are prone to significant fluctuations, for example, due to announced proposed legislative acts, governmental restrictions, news related to cyber-crimes or other factors, causing potentially excessive market enthusiasm or disproportionate loss in confidence. Prices of virtual currencies can be manipulated. There is no assurance that Investor will be able to sell VNX Utility Tokens at any of the cryptocurrency exchanges or otherwise. The price of VNX Utility Token may decline, even to zero.

### **Liquidity Risk and the Nature of Virtual Currencies**

Virtual currencies and tokens, such as VNX Utility Token, are not legal tender and not backed by the government. Unlike fiat currencies, which are regulated and backed by local governments and central banks, virtual currencies are based only on technology and user consensus. In cases of massive manipulations or market panic, central governments will not take any corrective actions to guarantee stability, maintain liquidity or protect the value of a virtual currency.

There is a possibility that certain trades with VNX Utility Tokens cannot be settled or may be difficult to settle, or can be traded only at significantly adverse prices depending on the market situation and/or market volume for certain virtual currencies. Particularly during periods of high volume, illiquidity, fast movement or volatility in the marketplace, the execution price received in connection with a completed transaction may differ from the first quote provided.

There is also no assurance that a person who accepts a virtual currency as payment today will continue to do so in the future.

### **Force Majeure**

There is a risk that payments for VNX Utility Tokens or future transactions with VNX Utility Tokens may be affected by system failures resulting from adverse events, natural disasters and other emergencies and unforeseen significant changes in the external environment.

### **Regulatory Uncertainty**

Regulatory framework in relation to transactions with virtual currencies is still emerging. It is possible that transactions with VNX Utility Tokens are or may be in the future subject to various reporting, tax or other liabilities and obligations. Legislative and regulatory changes or actions at the country, regional or international level may adversely affect the use, transfer, exchange, and value of digital tokens, such as VNX Utility Tokens.

### **Commercial Risks of VNX**

There is no assurance of any success of VNX its products, platforms or services.

## RISKS CONNECTED TO VALUE OF THE VNX UTILITY TOKENS

### **No rights, functionality, or features other than set out herein.**

VNX Utility Tokens do not have any rights, uses, purpose, attributes, functionalities, or features, expressed or implied, including, without limitation, any uses, purpose, attributes, functionalities, or features on the VNX Platform, other than expressly set out herein.

### **Lack of Development of Market for Utility Tokens.**

VNX Utility Tokens holders may face limited to none liquidity, resulting that the token holder may be unable to sell or otherwise transact in the VNX Utility Tokens at any time.

**Risks Relating to Highly Speculative Traded Price.** The VNX Utility Tokens do not represent any ownership rights to VNX assets and, therefore, are not backed by any tangible asset. Traded price of the VNX Utility Tokens can fluctuate greatly within a short period of time. There is a high risk that a token holder could lose entire investment in the VNX Utility Tokens.

**VNX Utility Tokens May Have No Value.** VNX Utility Tokens may have no value and there is no guarantee or representation of liquidity for the VNX Utility Tokens. VNX as the VNX Utility Token issuer shall have no liability for the market value of the VNX Utility Tokens, the transferability and/or liquidity of the VNX Utility Tokens, and/or the availability of any market for the VNX Utility Tokens through third parties or otherwise.

**Tokens are Non-Refundable.** Unless expressly set out herein VNX as the VNX Utility Token issuer shall have no obligation to pay a refund to the VNX Utility Token holders for any reason, and VNX Utility Token holders shall not be entitled to claim any compensation relating to and/or arising out of their holding of the VNX Utility Tokens. No promises of future performance or price are or will be made in respect to the VNX Utility Tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that VNX Utility Tokens will have any particular value. Therefore, the recovery of investments may be impossible or may be subject to foreign laws or regulations, which may not be the same as the private law of the VNX Utility Token holder.

**Risks of Negative Publicity.** Negative publicity involving VNX as the VNX Utility Token issuer, the VNX Platform, the VNX Utility Tokens may materially and adversely affect the market perception or market price of the VNX Utility Tokens, whether or not it is justified.

**Use of VNX Utility Tokens in Restricted Activities by Third Parties.** Programs or websites banned or restricted in certain jurisdictions, such as gambling, betting, lottery, sweepstake, pornography, and otherwise could accept different cryptocurrencies or tokens in their operation. The regulatory authorities of certain jurisdictions could accordingly take administrative or judicial actions against such programs or websites or even the developers or users thereof. VNX as the VNX Utility Token issuer neither intends nor is able to act as a censor to scrutinize to any extent any program or website that uses VNX Utility Tokens with such goals. Therefore, any punishment, penalty, sanction, crackdown, or other regulatory effort made by any governmental authority may more or less frighten or deter existing or potential users away from using and holding the VNX Utility Tokens and could consequently materially adverse impact on the prospect of the VNX Utility Tokens.

**Risks Arising from Taxation.** The tax characterization of the VNX Utility Tokens is uncertain. Investors shall seek their own tax advice regarding the acquisition, storage, transfer, and use of the VNX Utility

Tokens, which may result in adverse tax consequences for an Investor, including, without limitation, withholding taxes, transfer taxes, value added taxes, income taxes, and similar taxes, levies, duties or other charges and tax reporting requirements.

## BLOCKCHAIN AND SOFTWARE RISKS

**Blockchain Delay Risk.** On most blockchains used for cryptocurrency transactions (e.g., Ethereum, Bitcoin blockchains), timing of block production is determined by proof of work so block production can occur at random times. For example, the cryptocurrency sent as a payment for the VNX Utility Tokens in the final seconds of the VNX Utility Token sale may not get included into that period. The respective blockchain may not include the purchaser's transaction at the time the purchaser expects and the payment for the VNX Utility Tokens may reach the intended wallet address not in the same day the purchaser sends the cryptocurrency.

**Blockchain Congestion Risk.** The most blockchains used for cryptocurrency transactions (e.g., Ethereum, Bitcoin blockchains) are prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the network in an attempt to gain an advantage in purchasing cryptographic tokens. That may result in a situation where block producers may not include the purchaser's transaction when the purchaser wants or the purchaser's transaction may not be included at all.

**Risk of Software Weaknesses.** The token smart contract concept, the underlying software application and software platform (e.g. the Ethereum or other blockchains) are still in early development stages and are unproven. There are no representations and warranties that the process for creating the VNX Utility Tokens will be uninterrupted or error-free. There is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of the cryptocurrency and/or the VNX Utility Tokens.

**Risk of New Technology.** The VNX Platform, the VNX Utility Tokens, and other relevant matters set out herein are new and untested. Purchaser of the VNX Utility Tokens should not rely on the VNX Platform, the token smart contract, or the ability to receive the VNX Utility Tokens associated with the VNX Platform in the future. The VNX Platform might not function as intended, and VNX Utility Tokens may not have functionality that is desirable or valuable. Also, technology is changing rapidly, so the VNX Platform and the VNX Utility Tokens may become outdated.

## SECURITY RISKS

**Risk of Loss of Private Keys.** The VNX Utility Tokens may be held by token holder in his digital wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private keys associated with such token holder's digital wallet or vault storing the VNX Utility Tokens will result in loss of such VNX Utility Tokens, access to token holder's VNX Utility Token balance, and/or any initial balances in blockchains created by third parties. Moreover, any third party that gains access to such private keys, including by gaining access to login credentials of a hosted wallet or vault service the token holder uses, may be able to misappropriate the token holder's VNX Utility Tokens.

**Lack of Utility Token Security.** The VNX Utility Tokens may be subject to expropriation and or/theft. Hackers or other malicious groups or organizations may attempt to interfere with the token smart contract

which creates the VNX Utility Tokens or the VNX Utility Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing, and spoofing. Furthermore, because the blockchain platforms usually rest on open source software, there is the risk that smart contracts may contain intentional or unintentional bugs or weaknesses which may negatively affect the VNX Utility Tokens or result in the loss of VNX Utility Tokens and the loss of ability to access or control the VNX Utility Tokens. In the event of such a software bug or weakness, there may be no remedy and holders of the VNX Utility Tokens are not guaranteed any remedy, refund, or compensation.

**Attacks on Utility Token Smart Contract.** The blockchain used for the token smart contract (if any and if used) which creates the VNX Utility Tokens is susceptible to mining attacks, including double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the token smart contract, expected proper execution and sequencing of the VNX Utility Token transactions, and expected proper execution and sequencing of contract computations.

**Failure to Map a Public Key to Purchaser's Account.** Failure of a purchaser of the VNX Utility Tokens to map a public key to such purchaser's account may result in third parties being unable to recognize purchaser's VNX Utility Token balance on the blockchain when and if they configure the initial balances of a new blockchain based upon the VNX Platform.

**Risk of Incompatible Wallet Service.** The wallet or wallet service provider used for the acquisition and storage of the VNX Utility Tokens must be technically compatible with the VNX Utility Tokens. The failure to assure this may have the result that purchaser of the VNX Utility Tokens will not gain access to his/her VNX Utility Tokens.

## RISKS RELATING TO VNX

**Risks relating to Ineffective Management.** VNX as the Utility Token issuer may be materially and adversely affected if it fails to effectively manage their operations as its business develops and evolves, which would have a direct impact on its ability to maintain the VNX Platform and/or launch any future business lines.

**Risks Related to Highly Competitive Environment.** The financial technology and cryptocurrency industries and the markets in which VNX competes are highly competitive and have grown rapidly over the past years and continue to evolve in response to new technological advances, changing business models, and other factors. As a result of this constantly changing environment, VNX may face operational difficulties in adjusting to the changes, and its sustainability will depend on its ability to manage its operations and ensure that it hires qualified and competent employees and provides proper training for its personnel. As its business evolves, VNX must also expand and adapt its operational infrastructure. VNX in capacity of the Utility Token issuer cannot give any assurance that it will be able to compete successfully.

**Risks Relating to General Global Market and Economic Conditions.** Challenging and variable economic conditions worldwide may contribute to slowdowns in the information technology industry at large. Weakness in the economy could have a negative effect on VNX's business, operations and financial condition, including decreases in revenue and operating cash flows, and inability to attract future equity and/or debt financing on commercially reasonable terms. Additionally, in a down-cycle economic

environment, VNX may experience the negative effects of a slowdown in trading and usage of the VNX Platform.

**Risks of Non-Protection of Intellectual Property Rights.** VNX relies on patents and trademarks and unpatented proprietary know-how and trade secrets and employs commercially reasonable methods, including confidentiality agreements with employees and consultants, to protect know-how and trade secrets. However, these methods may not afford complete protection and VNX cannot give any assurance that third parties will not independently develop the know-how and trade secrets or develop better production methods.

**Risks of Infringement Claims.** The competitors of VNX, along with other entities and individuals, may own or claim to own intellectual property relating to products and solutions of VNX. Third parties may claim that the products, solutions, and underlying technology of VNX infringe or violate their intellectual property rights. VNX may not be aware of the intellectual property rights that third parties may claim over some or all of its products or technology.

## RISKS RELATING TO VNX PLATFORM DEVELOPMENT

**Risk Related to Reliance on Third Parties.** The VNX Platform will rely on third parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that third parties will complete their work, properly carry out their obligations, or otherwise meet the requirements, which may have a material adverse effect on the VNX Platform.

**Dependence of VNX Platform on Senior Management Team.** The ability of the senior management team which is responsible for maintaining competitive position of the VNX Platform to large extent depends on the services of each team member. The loss or diminution in the services of team members or an inability to attract, retain, and maintain top talent may have a material adverse effect on the VNX Platform.

**Dependence of VNX Platform on Various Factors.** The development of the VNX Platform may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

**Lack of Interest in the VNX Platform.** Upon launch of the VNX Platform, the ongoing success of the VNX Platform relies on the interest and participation of third parties. There can be no assurance or guarantee that there will be sufficient interest or participation in the VNX Platform.

**Changes to the VNX Platform.** The work on the development of the VNX Platform is in progress and design and/or other technical specifications of the platform may change materially over time. Although the intention is that the VNX Platform will have the features and specifications set forth herein, changes to such features and specifications can be made for a number of reasons, any of which may mean that the VNX Platform does not meet expectations of the Utility Token holder.

**Ability to Introduce New Technologies.** The blockchain technologies industry is characterized by rapid technological change and frequent introduction of new products, product enhancements, and new distribution methods, each of which can decrease demand for current solutions or render them obsolete.

**Risk Associated with Other Applications.** The VNX Platform may give rise to other, alternative projects promoted by third parties, which may have a material adverse effect on the VNX Utility Token value.

**Risk of Dissolution of VNX or VNX Platform.** For a number of reasons (e.g. deteriorating market conditions, technical reasons, deterioration of commercial relationships, challenge of IP rights, etc.), the VNX Platform may no longer be viable to operate and VNX may dissolve.

#### RISKS RELATING TO VNX BUSINESS

**Risk of Conflicts of Interest.** VNX may be engaged in transactions with related parties, including respective majority shareholder, companies under control or other affiliates, and may continue to do so in the future. Conflicts of interest may arise between VNX and its controlled companies and/or its affiliates, which may result in entering transactions not on “arm’s length” terms.

**Risks Related to Invalidation of Transactions.** Certain transactions of VNX may be subject to challenge which may create a risk of liability for VNX. As applicable legislation may subject to interpretation, VNX may not be able to successfully defend against such claims, and such liabilities if imposed on VNX may have a material adverse effect on VNX and the VNX Platform.

**Risk Arising from Emerging Markets.** VNX may operate on emerging markets. Emerging markets are subject to greater risks than more developed markets, including significant legal, economic, and political risks. Emerging economies are subject to rapid change and that the information set out herein may become outdated relatively quickly.

#### GOVERNMENTAL RISKS

**Uncertain Regulatory Framework.** The regulatory status of cryptographic tokens, digital assets and blockchain technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether governmental authorities will regulate such technologies. It is likewise difficult to predict how or whether any governmental authority may make changes to existing laws, regulations, and/or rules that will affect cryptographic tokens, digital assets, blockchain technology, and its applications. Such changes could negatively impact the Utility Tokens in various ways, including, for example, through a determination that the Utility Tokens are regulated financial instruments. VNX may cease distribution of the VNX Utility Tokens, the development of the VNX Platform, or cease operations in a jurisdiction in the event that governmental actions make it unlawful or commercially undesirable to continue to do so.

**Failure to Obtain, Maintain, or Renew Licenses and Permits.** Although at present there are no statutory requirements obliging VNX to obtain any licenses and permits necessary for the carrying out of its activity, there is the risk that such statutory requirements may be adopted in the future. In this case, VNX’s business will depend on the continuing validity of such licenses and permits and its compliance with their terms. Regulatory authorities will exercise considerable discretion in the timing of license issuance and renewal and the monitoring of a licensee’s compliance with the license terms. Requirements which may be imposed by these authorities and which may require VNX to comply with numerous standards, employ qualified personnel, maintain necessary technical equipment and quality control systems, monitor its operations, maintain appropriate filings, and, upon request, submit appropriate information to the licensing authorities, may be costly and time-consuming and may result in delays in the commencement or continuation of operation of the VNX Platform. Third parties may intervene in the licensing process, including through filing court claims and/or political pressure. Accordingly, the licenses may not be issued

or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion, or may involve requirements which restrict VNX's ability to conduct its operations or to do so in an economically efficient way.

**Risk of Government Action.** The industry in which VNX operates is new, and it may be subject to tightened control and scrutiny, including investigations or enforcement actions. There can be no assurance that governmental authorities will not examine the operations of VNX and/or pursue enforcement actions against them. All of this may subject VNX to judgments, settlements, fines or penalties, or cause VNX to restructure its operations and activities or to cease offering certain products or services, all of which could harm VNX reputation or cause higher operational costs, which may in turn have a material adverse effect on the VNX Utility Tokens and/or the development of the VNX Platform.

**Risk of Burden of Applicable Laws, Regulations, and Standards.** Failure to comply with existing laws and regulations or the findings of government inspections or increased governmental regulation of VNX operations could result in substantial additional compliance costs or various sanctions, which could materially and adversely affect VNX business and the VNX Platform. VNX operations and properties are subject to regulation by various government entities and agencies, in connection with ongoing compliance with existing laws, regulations, and standards. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations, and standards. Respective authorities have the right to, and frequently do, conduct periodic inspections of VNX operations and properties. Any such future inspections may conclude that VNX has violated laws, decrees, or regulations, and VNX may be unable to refute such conclusions or remedy the violations. Failure of VNX to comply with existing laws and regulations or the findings of government inspections may result in the imposition of fines or penalties or more severe sanctions that require VNX to cease certain business activities, or it may result in criminal and administrative penalties applicable to respective officers. Any such decisions, requirements, or sanctions, or any increase in governmental regulation of respective operations, could increase VNX's costs and materially and adversely affect VNX business and the VNX Platform.

**Unlawful or Arbitrary Government Action.** Governmental authorities may have a high degree of discretion and, at times, act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary to a law or influenced by political or commercial considerations. Moreover, the government also has the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify, or terminate contracts. Unlawful, selective, or arbitrary governmental actions have reportedly included the denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions, and civil actions. Federal and local government entities have also used common defects in matters surrounding the token sale as pretexts for court claims and other demands to invalidate or to void any related transaction, often for political purposes. In this environment, VNX's competitors may receive preferential treatment from the government, potentially giving them a competitive advantage over VNX.

## UNANTICIPATED RISKS

Blockchain technologies and cryptographic tokens such as the VNX Utility Tokens are a relatively new and dynamic technology. In addition to the risks included above, there are other risks associated with your purchase, holding, and use of the VNX Utility Tokens, including those that the VNX cannot anticipate. Such risks may further appear as unanticipated variations or combinations of the risks discussed above.

