

PARTICIPATION IN COOPERATIONS AND PROJECTS OF THE SWISS BLOCKCHAIN COOPERATIVE

Overview:

As issuer of the Smart Contract, the Swiss Blockchain Cooperative (hereinafter SBG, issuer or cooperative) issues a digital token with the contact address 0x2e85CA4C2f39F4e3A79FA0e515b53cCe0B401951 on the Ethereum Blockchain for a total quantity of one billion units. The minimum participation in a project of SBG is 500 Euro.

Revenue:

The token entitles the owner to participate in the value enhancement of SBG's cooperations and/or projects. This means that the owner of the digital token is entitled a) if he/she has joined SBG as an active member, to a share of all distributed profits from SBG and b) to the exit proceeds if there is an IPO or an exit of SBG cooperations or projects. The issue of the digital token is based on current DCF valuations.

Period of validity:

The minimum term is set at 30.06.2021. From this date the member has a unilateral right of termination. If this right of termination is exercised, the member will receive back the amount invested, plus 5% interest p.a. retroactively.

If there is neither a termination nor an exit during the next five years, the invested amount will also earn 5% interest p.a. retroactively and be repaid.

No loss participation:

The digital tokens only contain profit rights. Members do not participate in any losses of SBG. There is no obligation to make additional contributions. However, there is a risk of total loss should UBS not be able to repay the members' investments at the end of the term.

Ranking:

The tokens are subordinated unsecured liabilities of the issuer, which contain a pre-insolvency enforcement block. The Member may not demand satisfaction of its claims arising from the digital tokens if the Issuer is over-indebted or insolvent or is in danger of becoming so at the time the investor demands performance.

Transfer and membership management:

The administration of the digital token is made available free of charge on the assetbench.io platform and exclusively to members of the SBG. AssetBench Ltd. is the owner of the rights for the source codes, software and the programmed platform and is not entitled to collect the token. Each member has the right to send the digital tokens to a wallet or storage facility (blockchain, cold wallets, etc.) of their choice at any time. The necessary technical data is provided free of charge and can be viewed on the Ethereum Blockchain at the contract address 0x2e85CA4C2f39F4e3A79FA0e515b53cCe0B401951.

Taxation:

A member may receive income from capital assets if he/she*is a natural person with unlimited tax liability in Germany and holds the investment as private assets. Income from capital assets is currently taxed in Germany at 25% capital gains tax plus 5.5% solidarity surcharge and church tax, if applicable.

DISTRIBUTION OF THE TOKEN-BASED EQUITY



RISKS OF THE INVESTMENT

A. GENERAL RISKS

Maximum risk - risk of total loss

There is a risk of total loss of the investment amount, interest claims and claims to participate in profits and exit. The occurrence of individual risks or the cumulative interaction of various risks may have a significant adverse effect on the expected results of the Issuer, which could lead to its insolvency.

Individually, the member may suffer additional financial disadvantages, for example if the member finances the acquisition of the participation by means of a loan or if, despite the existing risk of loss, the member firmly plans to repay the participation amount, the interest claims and the claims to profit and exit participation from the participation to cover other obligations. Such additional financial disadvantages can, in the worst case, even lead to the private insolvency of the member. Therefore, the member should examine all risks taking into account his personal circumstances and, if necessary, seek individual professional advice. External financing of the participation (e.g. through a bank loan) is expressly discouraged.

The participation is only suitable as an admixture in an investment portfolio and only for members who could accept a resulting loss up to the total loss of their participation amount. This participation is not suitable for members with short-term liquidity needs and is not suitable for retirement provision.

Entrepreneurial risk in the event of insolvency

This means that the member will only be considered with his claims after full and final satisfaction of priority claims. The amount of the actual payments to this is therefore dependent on the amount of the insolvency estate. If the insolvency estate is not sufficient to make payments on all claims in the insolvency proceedings, this would result in the total loss of the investment amount for the member. The member therefore bears an entrepreneurial risk which is higher than the risk of a regular lender, e.g. a bank. By joining the issuer, the active member becomes a member of the issuer and acquires cooperative rights such as voting and participation rights. This is not a so-called gilt-edged participation, but an entrepreneurial financing with a liability function similar to equity.

Lack of collateralisation

Since the cooperative is unsecured so far, the member would not be able to satisfy its claim for repayment of the investment used, nor its interest payment claims or claims for profit and exit participation from collateral in the event of the issuer's insolvency. In the event of insolvency, this could lead to the fact that the claims of the individual members cannot be enforced or can only be enforced to a lesser extent. This could lead to the fact that interest payments, repayment of the participation amount as well as payments of the profit and exit participation cannot be made or cannot be made in time or that it comes to the partial or complete loss of the invested capital.

Final maturity of the redemption

The total amount of the members' participation should be repaid at the end of the term at the latest. Should the Issuer not be able to generate the capital required for redemption from its current business activities by that time / or should it not then receive the necessary follow-up financing from investors or banks, there is a risk that the final redemption cannot take place or cannot take place at the planned time.

Saleability (fungibility), availability of invested capital, long-term commitment

The digital token is provided with a fixed term. Currently, there is no liquid secondary market for this type of digital token. Although a sale of the tokens by the member is in principle legally possible, the possibility to sell them is not guaranteed due to the small market size, available trading venues and trading volumes. It is also possible that an assignment cannot be made at face value, that a buyer is found or that the sale can only be made at a lower price than desired. The invested capital of the participation can therefore be tied up until the beginning of the ordinary termination right for the members.

Possible extension of the capital commitment

The participation may only be repaid if this would not lead to insolvency and/or over-indebtedness of the issuer (pre-insolvency enforcement block). If this would be the case, the term of the participation would be automatically extended until such time as this condition would no longer exist. Participation is therefore not recommended, for example, for members who are dependent on getting their money back exactly at the planned end of the term. If the economic imbalance of the Issuer were not remedied, there could be a partial or total loss of the invested assets and of the interest and repayment claims as well as of the claims to profit and exit participation.

Loss of the private key

A token is issued via the participation, which represents the participation in cooperations and projects of SBG. Thereby the tokens become tradable.

The digital tokens are allocated to the respective wallets of the members. Once issued and registered in the Wallets, the tokens are only accessible via their respective personal access to their Wallet or the contractual service provider/wallet provider. If the access data should fall into the hands of third parties, these third parties can misuse a member's Wallet and carry out unauthorized asset transactions. The loss of access data, even if they have simply been "forgotten", leads to the irretrievable loss of the tokens.

Technology risks

The block chain technology and all related technological components are still in an early stage of technical development. The token is created when the issuer generates the number of subscribed tokens on the block chain and then transfers them to the members' wallet addresses by assigning the tokens to the members' respective addresses. The blockchain technology can contain errors, which are not known at the moment, but which could have unforeseeable consequences in the future. The block chain technology may also be subject to technical difficulties which may affect its functionality. A partial or complete breakdown of the block chain may disrupt or make impossible the issuance of the token-based participation and the tradability of the tokens. In the worst case, this can lead to the irretrievable loss of the tokens and thus to the loss of the token-based participation.

Risk due to members' rights of withdrawal

If members make use of their statutory right of revocation, there is a risk that the issuer will experience a corresponding outflow of liquidity due to the resulting obligation of the issuer to repay already paid-in investment amounts. In this case, planned investments could not be made or not be made as planned. In such a case, the economic results of the Issuer could differ from the forecast.

No Participation Rights under Corporate Law

The tokens alone do not grant any participation rights under company law in the issuer, in particular no participation or voting rights in cooperative meetings. This requires a separate application for membership in the SBG, which is decided by the Presidium according to the statutes. Not all members thus have the possibility of influencing the realization of the entrepreneurial risk (in particular, they do not have the possibility of terminating loss-making business activities at the level of the Issuer before the contributed capital is consumed).

Dilution

There is a risk of economic dilution of the investment. This also indirectly dilutes the claims of the members from the participation. This would only be the case if SBG would issue more cooperative shares in the future than the number of shares currently held by the cooperative within the scope of a further capital requirement. In this respect the participation quota of the members and therefore also the percentage of profit and exit participation is reduced when new shares of SBG are issued.

B. RISKS AT THE LEVEL OF THE ISSUER

Business Risk of the Issuer

This is a corporate financing. The member bears the risk of an adverse business development of the Issuer. There is a risk that the Issuer may not have the necessary funds available in the future to meet the interest receivable, repayment of the investments and claims arising from the profit and exit participation. Neither the economic success of the Issuer's future business activities nor the success of the business strategy pursued by the Issuer can be predicted with certainty. The Issuer can neither assure nor guarantee the amount and timing of inflows.

Economic success depends on several influencing factors, in particular

1. the ability of the Issuer to implement the aforementioned plans for growth and monetisation within the planned cost framework. The success of the marketing measures may fail to materialize or the development of the corresponding software and/or products may take longer than planned.
2. the payment and performance of the Issuer's customers, cooperation partners and contractual partners
3. changes in the legal framework. Especially in the Fintech regulation on national and EU level

Various other factors, in particular changes in the economic situation, combined with changes in the purchasing power of the Issuer's future customers, changes in the competitive environment, planning errors, environmental risks, dependence on key personnel and changes in the legal and tax framework may have an adverse effect on the Issuer. As a result, it may not be possible to satisfy the claims arising from the investment, or not in the planned amount, up to the total loss of the investment.

Risk due to pandemics (Covid-19)

There is a risk that a global spread of diseases such as Covid-19, during which the planned exercise of investments or the business activities of the Issuer is permanently disrupted.

Default risk of the Issuer (Issuer Risk)

The Issuer may become insolvent or overindebted. This may be the case in particular if the Issuer has lower income and/or higher expenses than expected or if the Issuer is unable to obtain any follow-up financing for the projects and collaborations that may be required. The insolvency of the Issuer may lead to the loss of the participation and the interest as well as the claims based on the profit and exit participation, as the Issuer does not belong to any deposit insurance scheme.

Early phase of the company

The Issuer is an early stage company. The financing of such a young company is associated with specific risks. If a business idea does not succeed on the market or if the planned business development cannot be implemented as hoped, there is a total loss risk for members. The success of the company depends on various factors, such as financing, the team, specialists and consultants, the market environment, supplier relationships, technological developments, intellectual property rights, legal framework conditions, competitors and other factors.

Members who invest in an early-stage company are much more likely to lose their invested capital than to achieve a return on their invested capital.

Risks arising from the Issuer's business activities and the implementation of the Issuer's business strategy. Various risk factors may affect the Issuer's ability to meet its obligations under the terms and conditions of the Participation Agreement.

On the one hand, these are risks arising from the implementation of the business strategy pursued by the Issuer. The implementation of this strategy could be more complex than expected. Unexpected and / or higher implementation risks could occur and / or business

processes could involve more effort and costs than expected. Planning errors could become apparent or contractual partners of the Issuer could perform inadequately. Required approvals and / or licenses could not be granted. There could be delays in the planned process and/or problems in generating income in the planned amount or at the planned time. Legal requirements could change and this could require changes or additional measures in connection with the implementation of the Company's strategy, which could result in additional costs and/or delays. These and / or other risks could have a negative impact on the Company's net assets, financial position and results of operations, financial and earnings position of the Issuer. As a result, the Issuer may not have the necessary funds available in the future to meet its interest claims, repayment of the investment amount and claims based on the profit and exit participation of members.

On the other hand, the general business activities of the Issuer are associated with risks, such as market-related risks (e.g. decline in demand and sales; payment difficulties or insolvencies of customers; cost increases and capacity bottlenecks on the procurement side; political changes; interest rate and inflation developments; changes in the legal and tax framework of the Issuer's activities) and company-related risks (e.g., the risk of a decline in the value of the Issuer's shares, the risk of a decline in the value of the Issuer's shares or the risk of a decline in the value of the Issuer's shares). e.g. quality risks; product defects; financing and interest rate risks; risks from trademarks and industrial property rights; dependence on partner*internal companies and qualified personnel; risks from inadequate insurance cover, from the shareholder and/or group structure, from the internal organization, from asset valuations and back taxes).

These and / or other risks could have a negative impact on the Issuer's net assets, financial position and results of operations. As a result, the Issuer may not have the necessary funds available in the future to meet the interest claims or other repayment claims of the members and to repay the invested investment capital.

Capital structure risk

The Issuer may take up additional debt financing and thereby incur obligations which (irrespective of its income situation) must be serviced in addition to the claims of the members from the token-based investments.

Key Person Risk, Management

Due to a possible loss of competence*, there is a risk that the Issuer will no longer have access to specialist knowledge and that qualified investment and risk management can therefore no longer be fully guaranteed. The loss of such key personnel could have an adverse effect on the economic development of the Issuer. As a result, the amount of interest payments, redemption of the investment amount and payments due to the profit and exit participation to the members could be reduced or could be cancelled. Management errors at the level of the Issuer and / or key contractual partners* of the Issuer cannot be ruled out either. Errors of judgment may occur in technical, legal or economic terms. Also it cannot be ruled out that the cooperative structure may change into future changes and/or third parties could gain a controlling influence on the Issuer.

Regulatory Risk

There is a risk that the legal framework will be changed or that the issuer's activities will change in such a way that the issuer constitutes an investment fund within the meaning of the German Investment Code, which may lead to lower interest payments, repayments of the investment amount and payments due to the profit and exit participation to members, up to the total loss of the contribution.

Product risk

The loss of capital inflows due to a production or service stop of individual products or services may result in the Issuer being unable to meet the interest claims or claims based on the profit and exit participation of the members and to repay the invested investment capital.

Risks associated with entering additional business areas

A risk for the asset, financial and earnings situation of the Issuer may arise from the fact that the Issuer may in future enter into additional business areas which are not yet known at the time of publication of the token-based participation. If the Issuer should take up further business fields in the future, it will have to spend financial resources for this. The inclusion of further business segments may leave the Issuer with insufficient funds to successfully operate the original business segment, so that the inclusion of further business segments could adversely affect the Issuer's ability to meet interest or exit participation claims and to repay the invested investment capital.

Forecasting risk

Forecasts regarding the costs of implementing the business strategy, achievable earnings and other aspects could prove to be incorrect. Past market or business developments are not a basis or indicator for future developments.

Risk of legal changes

The presentation of the legal consequences of an investment in an investment in cooperations or projects of the Issuer is based on the beach of the law applicable at the time of the publication of the Terms and Conditions and the legal norms applied so far by authorities and courts. Similarly, future changes in legal norms could have negative consequences for the Issuer and its members.

Expansion Risks

The Issuer also intends to offer its products and services in other EU countries in the future. Should the Issuer not find suitable market access, this could lead to the Issuer not being able to expand as planned. This could result in the Issuer not generating the necessary inflow of capital to meet members' claims for interest payments or payments based on profit and exit participation.

New Competitors

In the business areas in which the Issuer is active, competitors* could enter the market and thus intensify competition. This competition could intensify significantly if more financially strong competitors enter the market. This could increase price pressure, reduce demand for the Issuer's products or have other conceivable adverse effects on the Issuer's business

development. Furthermore, it cannot be ruled out that competitors may develop and offer products or services that are superior to those of the Issuer and/or meet with greater market acceptance. In general, there is no guarantee that the Issuer will be successful in the current and future increasing competition. The occurrence of any of the aforementioned circumstances could have a material adverse effect on the Issuer's net assets, financial position and results of operations.

Natural Disasters and Force Majeure

Both the Members and the Issuer are subject to a general risk of natural disasters and force majeure. These may include earthquakes, volcanic eruptions, droughts, floods, forest fires, nuclear accidents, (civil) wars or war-like conditions or pandemics (hereinafter "Events").

These events need not necessarily occur in the region or location of the Issuer, but may occur elsewhere in the world. Due to the highly interconnected and globalized world, such events may have a negative impact on the business development of the Issuer. The events do not necessarily have to have a direct effect, but may also have an indirect effect, e.g. via official (protective) orders, on the business operations or the forecast of the business development (production, sales, turnover, cost development, revenue development, etc.). Such events may, for example, affect suppliers or partners of the Issuer and thus have an impact on supply chains and the maintenance of business operations.

Such events may also affect the ability of the Issuer to continue operations at the offices or production facilities of the Issuer. The ability of the Issuer and its business partners and suppliers to deal with such crisis situations, the size of storage capacity and alternative supply and procurement options could affect the extent of the impact of these types of risks as well as the immediate event itself.

C. RISKS AT MEMBER LEVEL

Debt financing risk

If the member finances the participation amount with outside capital, for example by taking out a private loan from a bank, the member's further assets may be endangered beyond the loss of the invested capital. In this case, the member's maximum risk is over-indebtedness, which in the worst case can lead to the member's personal insolvency. This can be the case if, with little or no returns from the investment, the member is financially unable to service the interest and repayment burden from his external financing. The issuer therefore strongly advises against external financing of the participation amount.

Risk of a change in the legal and tax framework

It cannot be excluded that participations are affected by future tax, company or other legal changes in such a way that a corresponding discount must be made on interest payments and payments due to the profit and exit participation and that the expected results for the member cannot (any longer) be achieved. There is also the risk that the acquisition, sale or repayment of the token-based participation will be taxed, which would result in additional costs for the Member. These costs would also have to be borne by the Member in the event of a total loss of the participation. The assumption of these costs could lead to a personal insolvency of the Member.

Note: Risk diversification, avoidance of risk concentration

Due to the risk structure, investing in a token-based investment should only be considered as one component of a diversified (mixed risk) investment portfolio. In principle, the higher the return or yield, the greater the risk of loss. By spreading the investment over several asset classes and projects, a better risk diversification can be achieved and "clusters of risk" can be avoided.

NOTES OF THE PLATFORM OPERATOR ASSETBENCH.IO ACTING AS CONTRACTUAL PARTNER OF THE ISSUER

a. Scope of the project appraisal by the platform operator

The platform operator only carries out a plausibility check before posting a project on the platform. Placing a project on the platform does not constitute a recommendation for investment. The platform operator does not assess the creditworthiness of the member and does not check the information provided by the member for truthfulness, completeness or topicality.

b. Activity profile of the platform operator

The platform operator does not carry out any consulting activities or provide any consulting services. In particular, no financing and/or investment advice or tax and/or legal advice is provided. The platform operator does not give members any personal recommendations for the purchase of products based on an examination of the personal circumstances of the respective member. Personal circumstances are only requested to the extent required by law under KYC regulations and only with the aim of providing the legally required advice, but not with the aim of making a personal recommendation to the Member to purchase a particular product.

c. Information content of the offer documents

These risk warnings do not claim to contain all information necessary for the assessment of the offered participation. Members should use the opportunity to ask the issuer questions, obtain information from independent sources and seek expert advice if they are unsure whether they wish to acquire a token-based investment. Since each member may pursue personal goals with the acquisition, the information and assumptions provided by the issuer should be carefully examined in light of the individual situation.