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Only the German language version of the securities prospectus is binding and authorized for the public offering of the token-based bonds and can be downloaded here:

<https://www.bitbondsto.com/files/bitbond-sto-prospectus-de.pdf>

SECURITIES PROSPECTUS

of BITBOND FINANCE GMBH, BERLIN

**for the public offering of qualified subordinated token-based bonds
with a maximum total nominal amount of EUR 100,000,000.00,-**

at a nominal value of EUR 1 each and a term ending on June 30, 2029

Date: January 30, 2019

The BB1 tokens (the, "securities") have been and will be offered only outside of the United States to non-U.S. persons, pursuant to the provisions of Regulation S of the U.S. Securities Act of 1933, as amended. The securities will not be registered under the Securities Act, and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements

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1. Summary of the Prospectus

Summaries consist of information necessary for satisfying disclosure requirements known as "disclosures." These disclosures are numbered in sections A - E (A1 - E7).

This summary contains all the information that are required in a summary for this type of securities and this issuer. As some information need not be included, gaps may appear in the numbering of the information.

Where a disclosure is required for this type of security and this issuer yet no relevant information can be provided with respect to it, a brief description of the disclosure is given preceded by "not applicable."

Section A - Introduction and warnings

A.1	Warnings	<p>The summary should be read as an introduction to this Prospectus.</p> <p>The investor should base any decision to invest in the qualified subordinated token-based bonds on an assessment of the Prospectus as a whole.</p> <p>If claims are brought before a court based on the information contained in this Prospectus, the investor acting as plaintiff may, under the individual national laws of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus before the commencement of legal proceedings.</p> <p>Those persons who have assumed responsibility for the summary, including any translations thereof, or from whom the summary emanates may be held liable, but only in the event that the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus or does not provide all the necessary key information when read together with the other parts of the Prospectus.</p>
A.2	Consent of the Issuer to the use of the Prospectus by financial intermediaries	Not applicable. The Issuer has ordered no finance intermediary with operations

Section B – Issuer

B.1	Legal and commercial name of the Issuer	The name of the issuing company is Bitbond Finance GmbH. The commercial name of the Issuer is Bitbond Finance GmbH.
B.2	Registered office and legal form of the Issuer	The Issuer is a limited liability company under German law. The Issuer is registered with the Local Court Berlin Charlottenburg under the no. HRB 198270 B. The registered office of the Issuer is in Berlin.
B.4b	Trends	Not applicable. Known trends affecting the Issuer and the industries in which it operates do not exist.

B.5	Description of the Group and Position of the Issuer within the Group	As of the Prospectus Date, Bitbond GmbH, headquartered in Berlin, is the sole shareholder of the Issuer with 100% of the share capital held. A control and profit transfer agreement does not exist.																																																																							
B.9	Profit forecasts or estimates	Not applicable. The Issuer does not make any profit forecasts or estimates.																																																																							
B.10	Limitations in the confirmation note to the historical financial information	Not applicable. The Audit Opinion was issued without qualification.																																																																							
B.12	Selected historical financial information, Prospects of the Issuer and description of material changes in the financial situation or trading positions	<p>The following selected historical financial information was prepared and audited in accordance with the provisions of the German Commercial Code (HGB).</p> <p>Opening balance as of July 13, 2018</p> <table><thead><tr><th colspan="2">ASSETS</th><th colspan="2">LIABILITIES</th></tr></thead><tbody><tr><td>A. Current assets</td><td></td><td>A. Shareholders' equity</td><td></td></tr><tr><td>1. Bank balances</td><td>25,000.00</td><td>1. Subscribed capital</td><td>25,000.00</td></tr><tr><td>Total ASSETS</td><td><u>25,000.00</u></td><td>Total LIABILITIES</td><td><u>25,000.00</u></td></tr></tbody></table> <p>Interim balance as of October 31, 2018</p> <table><thead><tr><th colspan="2">ASSETS</th><th colspan="2">LIABILITIES</th></tr></thead><tbody><tr><td>A. Fixed assets</td><td></td><td>A. Shareholders' equity</td><td></td></tr><tr><td>I. Intangible Assets</td><td>23,352.68</td><td>I. Subscribed capital</td><td>25,000.00</td></tr><tr><td>II. Financial assets</td><td>520.00</td><td>II. Net loss for the year</td><td>4,809.41-</td></tr><tr><td>B. Current assets</td><td></td><td>B. Provisions</td><td>2,500.00</td></tr><tr><td>I. Cash on hand,</td><td>13,817.91</td><td>C. Liabilities</td><td>15,000.00</td></tr><tr><td>Bundesbank balances, bank balances and checks</td><td></td><td>- of which with a remaining term of up to one year EUR 15,000.00</td><td></td></tr><tr><td>Total ASSETS</td><td><u>37,690.59</u></td><td>Total LIABILITIES</td><td><u>37,690.59</u></td></tr></tbody></table> <p>Income statement from July 13, 2018 to October 31, 2018</p> <table><thead><tr><th></th><th>EUR</th></tr></thead><tbody><tr><td>1. Write-offs</td><td>667.33</td></tr><tr><td>a) on intangible fixed assets and property, plant and equipment</td><td></td></tr><tr><td>2. Other operating expenses</td><td>4,142.08</td></tr><tr><td>3. Profit after tax</td><td>4,809.41-</td></tr><tr><td>4. Annual deficit</td><td><u>4,809.41</u></td></tr></tbody></table> <p>Cash Flow Statement from July 13, 2018 to October 31, 2018</p> <table><thead><tr><th></th><th>EUR</th></tr></thead><tbody><tr><td>Cashflow from operating activities</td><td>1,642.08-</td></tr><tr><td>Cashflow from investing activities</td><td>24,540.01-</td></tr><tr><td>Cashflow from financing activities</td><td>15,000.00</td></tr><tr><td>Cash and cash equivalents at the end of the period</td><td>13,817.91</td></tr></tbody></table> <p>No annual financial statements had been published and audited at the reporting date of the audited interim financial statements as at October 31, 2018.</p> <p>The issuer's prospects have not significantly deteriorated since the reporting date of the audited interim financial statements, i.e. October 31, 2018.</p> <p>There have been no material changes in the financial position or trading position of the Issuer after the period covered by the historical financial information (July 13, 2018 to October 31, 2018).</p>		ASSETS		LIABILITIES		A. Current assets		A. Shareholders' equity		1. Bank balances	25,000.00	1. Subscribed capital	25,000.00	Total ASSETS	<u>25,000.00</u>	Total LIABILITIES	<u>25,000.00</u>	ASSETS		LIABILITIES		A. Fixed assets		A. Shareholders' equity		I. Intangible Assets	23,352.68	I. Subscribed capital	25,000.00	II. Financial assets	520.00	II. Net loss for the year	4,809.41-	B. Current assets		B. Provisions	2,500.00	I. Cash on hand,	13,817.91	C. Liabilities	15,000.00	Bundesbank balances, bank balances and checks		- of which with a remaining term of up to one year EUR 15,000.00		Total ASSETS	<u>37,690.59</u>	Total LIABILITIES	<u>37,690.59</u>		EUR	1. Write-offs	667.33	a) on intangible fixed assets and property, plant and equipment		2. Other operating expenses	4,142.08	3. Profit after tax	4,809.41-	4. Annual deficit	<u>4,809.41</u>		EUR	Cashflow from operating activities	1,642.08-	Cashflow from investing activities	24,540.01-	Cashflow from financing activities	15,000.00	Cash and cash equivalents at the end of the period	13,817.91
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B.13	Results from the recent period of the Issuer's business activity which are highly relevant to the assessment of its solvency	Not applicable. There are no events of high relevance to the assessment of the Issuer's solvency which have occurred during the recent period of the Issuer's operations.
B.14	Dependence on other Group companies	<p>Bitbond GmbH is the sole shareholder (100%) of the Issuer. Bitbond GmbH is thus in a position to pass all resolutions falling within the competence of the shareholders meeting at the shareholders meeting of the Issuer and to issue instructions to the management by shareholder resolution. Bitbond GmbH can thus exercise significant influence over the Issuer.</p> <p>A control and profit transfer agreement does not exist.</p> <p>The Issuer uses Bitbond GmbH's resources (personnel, business premises and office equipment) in the course of its business operations on the basis of contractual agreements. To this extent, the Issuer is also dependent on the provision of these resources and the performance of the contracts.</p> <p>The Issuer is also dependent on Bitbond GmbH's business activities because of its intended business activities and the correlation with Bitbond GmbH's activities.</p>
B.15	Description of the main activities of the Issuer	<p>Cryptocurrency lending</p> <p>The main intended activity of the Issuer is to grant loans over cryptocurrencies such as Bitcoin or Stellar Lumens (hereinafter also referred to as 'cryptocurrency loans', 'loans in kind' or 'loans') to various companies of different sizes and self-employed persons. The granting takes place over the online brokerage platform operated by Bitbond GmbH ("Bitbond Platform"), on which potential borrowers are listed with the desired loan amount and the loan conditions (interest rate, term).</p> <p>Within the scope of its business activities, Bitbond GmbH assumes operative functions for its customers, such as addressing potential cryptocurrency borrowers, checking the creditworthiness of traders who request the placement of a cryptocurrency loan over the Bitbond Platform, identifying customers of the Bitbond Platform in terms of anti-money laundering law, organizing payment processing over cryptocurrencies, customer support and dunning. The Issuer will base its decision as to whether to finance certain cryptocurrency loans on Bitbond GmbH's credit assessment and rating. The Issuer may inspect the identification documents of individual cryptocurrency borrowers for verification purposes. Bitbond GmbH shall provide the Issuer with a cryptocurrency account ("cryptocurrency account") for the use of the Bitbond Platform, through which the Issuer may invest in cryptocurrency loans. If one or more requests for cryptocurrency loans are listed on the Bitbond Platform that meet the Issuer's investment criteria, these cryptocurrency loans will be financed by the Issuer. A cryptocurrency loan contract mediated over the Bitbond Platform on-line comes off thereby directly between the borrower and lender (in the following also investor). The cryptocurrency loans are repaid over constant monthly rates from interest and redemption with offered running times of 3, 6 or 12 months.</p> <p>The offered loans denominate either in cryptocurrencies (e.g., Bitcoin, Ether, Stellar Lumens) or Fiat currencies (EUR, USD etc.). The latter form of loan is called an exchange rate pegged loan (ERP loan). In both cases the lender owes exclusively the provision of the agreed cryptocurrency and interest and redemptions are made only in this cryptocurrency.</p> <p>When an ERP loan is concluded, however, the loan proceeds as well as repayments and interest payments are denominated in a fiat currency and are linked to the current fiat/crypto exchange rate. This means that the lender and borrower owe a variable amount of the agreed cryptocurrency that corresponds to the fixed claims in the relevant fiat currency at the respective due date. The current exchange rate (Fiat/cryptocurrency) published on the Internet page www.cryptocompare.com is authoritative for the conversion. There, a pricing means (<i>Kursmittel</i>) of the relevant fiat/crypto trading venues,</p>

		<p>weighted in real time according to the trading volume, is made available. For late payments after the due date, the exchange rate published at that time is decisive. If that www.cryptocompare.com is technically unavailable or the use of www.cryptocompare.com becomes unacceptable to the Issuer from an economic point of view (e.g., due to a substantial fee increase), the Issuer is entitled to determine a comparable online platform established on the market, the currently published exchange rate of which is decisive for the conversion.</p> <p>Sale of receivables and acquisition of junior notes</p> <p>Moreover, the Issuer reserves the right to sell acquired claims from cryptocurrency loans concluded over the Bitbond Platform to third parties as part of structures for securitizing receivables.</p> <p>The acquirer of such cryptocurrency loan receivables (claims) may be special-purpose vehicles (SPVs), similar to traditional loan securitization structures, which finance the acquisition of the receivable by issuing securities. The securities issued are secured by the receivables acquired (asset-backed securities, ABS) and are often structured in stages. This means that securities tranches with different loss risks and interest rates are issued to investors. If losses occur, the holders of the relatively high-interest first tranche (junior note or first loss piece, FLP) must first bear the losses incurred. The holders of the lower-interest securities of the second tranche (mezzanine tranche) are used next, and the holders of the comparatively lower-interest third tranche (senior note) of the securities are used last to cover losses. In such constructions, the Issuer would assume the junior note in addition to the sale of its own receivables to an SPV.</p> <p>Concrete plans, structures or agreements for such securitization, in which the Issuer could participate, do not yet exist.</p> <p>Granting loans to the Bitbond GmbH</p> <p>Finally, the Issuer will also grant cash loans and/or loans over cryptocurrencies to the Bitbond GmbH. The loans are granted at normal market conditions. The loans can have fixed or variable (variable) interest rates so as to enable the Issuer to participate in the economic success of the company. No collateral is provided for the loans.</p>
B.16	Control relationships	The sole shareholder of the Issuer is Bitbond GmbH, which holds 100% of the Issuer's share capital.
B.17	Rating	Not applicable. A rating has not been performed and is not planned.

Section C – Securities

C.1	Description of type and class of the securities offered, including any security code	<p>The Issuer shall issue unsecuritized qualified subordinated token-based bonds.</p> <p>The issue volume amounts to EUR 100,000,000.00.</p> <p>100,000,000 token-based bonds with equal rights and a denomination of EUR 1 each will be issued.</p> <p>The minimum subscription amount is EUR 1.</p> <p>Investors receive a number of tokens generated by the Issuer (Bitbond1 or BB1-Tokens) that correspond to the subscription amount of the bonds which represent the rights arising from the bonds.</p> <p>A BB1-Token is equivalent to EUR 1.</p> <p>WKN/ISINs do not exist.</p>
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C.2	Currency of the securities issue	<p>The issue currency is euro. The settlement currency is Stellar Lumens (XLM).</p> <p>The bonds will be issued against payment of EUR to the Issuer's business account or for transfer of cryptocurrencies (Stellar Lumens, Bitcoin or Ether).</p> <p>The number of bonds issued is equal to the whole euro amount paid in by the creditor or the EUR equivalent of the cryptocurrency paid (Stellar Lumens (XLM), Bitcoin (BTC) or Ether (ETH)). The exchange rate published on the website www.cryptocompare.com (EUR-cryptocurrency) controls. If www.cryptocompare.com is technically unavailable or the use of www.cryptocompare.com becomes unacceptable to the Issuer from an economic point of view (e.g., due to a substantial increase in fees), the Issuer may appoint a comparable online platform that is established on the market, the currently published exchange rate of which is then decisive for the conversion. In accordance with § 16 of the Bond Terms & Conditions, the Issuer will immediately present information regarding any such change by publishing such on its website, www.bitbondsto.com.</p> <p>The historical daily average rate published on the calendar day of the <u>incoming</u> payment will always be applied.</p> <p>Interest payments and redemptions will be made in the cryptocurrency Stellar Lumens.</p>
C.5	Description of limitations for the free Transferability of securities	<p>Partial transfer of a bond is not permitted.</p> <p>The assignment of the rights from a bond requires the transfer of the BB1-Tokens representing the bond (so-called limited prohibition of transfer). The transfer of BB1-Tokens shall occur exclusively via the Stellar Blockchain. A transfer of the bond outside the blockchain is not permitted.</p>
C.8	Description of the rights attached to the securities (including the ranking and limitations on those rights)	<p>Rights attached to the securities</p> <p>The securities offered are token-based bonds which grant the creditor a claim against the Issuer for redemption of the invested capital at the end of the term and interest during the term. Redemption and interest payments due during the term will be made exclusively in the Stellar Lumens cryptocurrency corresponding to the subscribed nominal (principal) amount of the token-based bonds. For this purpose, the EUR value at 12:00 CET (Central European Time) corresponding to the due date of an interest payment or the redemption of the bonds will be converted into XLM using the EUR - XLM exchange rate displayed on the website www.cryptocompare.com (or a comparable platform selected by the Issuer as described in Section C.2 of this Summary) and then immediately paid to the Stellar address of the holders of the BB1-Token. The Issuer will make payments to the person listed as the holder of the token in the register maintained on the Stellar Blockchain at 12:00 CET on the due date. Payments are made to the blockchain address (wallet) specified in the respective register.</p> <p>Investors are not entitled to premature ordinary termination. Extraordinary termination is possible if good cause is present. The holders of bonds and BB1-Tokens do not have participation, influence or voting rights.</p> <p>Order of precedence</p> <p>The token-based bonds confer equal rights on the creditors of the token-based bonds and subordinate rights on the creditors of the Issuer in relation to the claims of other creditors of the Issuer. If the Issuer is liquidated, dissolved or insolvent or any proceedings to avert the Issuer's insolvency are initiated, the rights attached to the token-based bonds shall rank second (qualified subordination) to all of the Issuer's other existing and future non-subordinated liabilities pursuant to Sect. 39 German Insolvency Code (InsO). The creditors of the token-based bonds may not assert their subordinated claims against the Issuer if and to the extent that their satisfaction would lead to the Issuer's insolvency under Sect. 17 InsO or to over-indebtedness under Sect. 19 InsO. The time bar against the portion of the claims that cannot be asserted will be suspended during this period of time.</p>

		<p>The subordinated claims of the creditors of the token-based bonds can only be settled from existing or future annual net profits, from any existing or future liquidation surplus or from the Issuer's other free assets.</p> <p>Restrictions on these rights</p> <p>Moreover, there are no restrictions on the rights from the qualified subordinated token-based bond.</p>
C.9	Nominal interest rate, interest rate, maturity dates, redemption, due date, return details, name of the representative of the debtor	<p>Redemption</p> <p>The token-based bonds will mature on the first business day following June 30, 2029 for redemption to the creditors.</p> <p>The Issuer has the right to redeem (terminate) the token-based bonds prior to maturity subject to three months' notice, for the first time on December 31, 2021 and thereafter annually on December 31 (ordinary redemption/termination right).</p> <p>Interest payment</p> <p>The token-based bonds bear interest at their nominal value at a fixed interest rate of 4.00 percent per annum (base rate). The interest periods for the base rate run from July 1 of each year to June 30 of each subsequent year (inclusive). The first interest period begins on July 1, 2019.</p> <p>In addition to the base rate, the token-based bonds are subject to annual variable interest (variable interest). The interest periods for the variable interest are the respective financial year of the Issuer (calendar year). The first interest period begins on January 1, 2019. The variable interest rate for an interest period is the percentage rate resulting from the fact that 60 percent of the – to the extent available – profit before tax (excluding the variable interest rate) for the financial year before the interest payment date for the variable interest period is divided by the total nominal value of the outstanding token-based bonds in accordance with the Issuer's approved and audited annual financial statements preceding the interest payment date for the variable interest period..</p> <p>The Issuer shall calculate all interest (calculation agent).</p> <p>The base rate of an interest period is payable in four equal installments on October 1 of each year and on January 2, April 1 and July 1 of the following year (each an "interest payment date"). The first base rate payment is made on October 1, 2019. The base rate payment ends with the end of the term of the bond on June 30, 2029. The last base rate payment is made on July 1, 2029. If an interest payment date is not a business day, the interest payment will be made on the next following business day.</p> <p>The variable interest is payable retroactively as of and for the first time on July 31, 2020. The variable interest ends on December 31, 2027. The last variable interest payment will be made on July 31, 2028. If July 31 is not a business day in a particular year, the interest payment will be made on the next following working day. If the Issuer's annual financial statements for the preceding financial year have not been finally approved by July 31 in any given year, the variable interest will be payable seven business days after the annual financial statements are approved.</p> <p>If the Issuer does not redeem the token-based bonds at maturity, interest will be payable on the outstanding principal (nominal) amount of the bonds from the Maturity Date (inclusive) until the actual Redemption Date (exclusive) at the statutory default interest rate.</p> <p>If interest is calculated for a period of less than one year (e.g., in the event of default), it will be calculated to the day using the act/act method.</p> <p>Payment procedure</p> <p>Redemption and interest payments due during the term will be made exclusively in the cryptocurrency Stellar Lumens corresponding to the subscribed nominal amount of the bond. For this, the EUR value at 12:00 CET (Central European Time) corresponding to the due date of an interest payment or bond redemption will be converted into XLM using the EUR - XLM exchange rate displayed on the website www.cryptocompare.com (or a comparable platform selected by the Issuer as described in Section C.2 of this summary) and then immediately paid to the Stellar address of the holders of the BB1-Token. The</p>

		<p>Issuer will make payments to the person listed as the holder of the token in the register maintained on the Stellar Blockchain at 12:00 CET on the due date. Payments will be made to the blockchain address (wallet) specified in the respective register.</p> <p>Return</p> <p>The return (ROI) is primarily dependent on the amount of the respective annual variable interest rate for the bond. For this reason, the possible return of a creditor cannot be calculated using a recognized interest calculation method.</p> <p>Representatives of the bond holders</p> <p>Not applicable. No representative of the bond holders has been appointed.</p>
C.10	Derivative component in the interest payment	Not applicable. The Terms of Issue provide no derivative components in the interest return on the token-based bonds.
C.11	Application for admission to trading on a regulated market or another equivalent market	<p>Not applicable. The token-based bonds shall not be admitted to or included in trading on a regulated market as meant by Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014, or on any other equivalent market. As of the Prospectus Date, the Issuer has not applied for admission of the token-based bonds to trading on a regulated market or any other equivalent market and will not do so in the future.</p> <p>It cannot be excluded that token holders may transfer BB1-Tokens directly to other parties and/or BB1-Tokens may be listed at the request of investors or others on an unregulated online trading platform for cryptocurrencies.</p>

Section D – Risks

D.2	Central information on the central risks inherent in the issuer	<p>The occurrence of any or more than one of the following risks working in consort may have a material adverse effect on the Issuer's business, asset, financial or earnings situation and prospects, such that the Issuer will be unable or only partially able to meet its agreed interest and principal obligations under the qualified subordinated token-based bonds. The Issuer may become insolvent in the worst case. The investor is exposed to the risk of a total loss of its investment.</p> <p>Counterparty default risk or credit risk</p> <p>The investments (capital expenditures) intended by the Issuer are risky transactions. The risk exists that the Issuer's counterparties may fail to meet their (financial) obligations to the Issuer in whole or in part, or fail to do so in a timely manner. The Issuer bears the full risk of counterparty insolvency and default. Collateral in favor of the Issuer will not be furnished.</p> <p>Blind Pool Risks</p> <p>The exact investments of the Issuer have not yet been determined at the Prospectus Date of the token-based bonds. For that reason, the investors may not review their investment decisions. There is a risk that the Issuer will not be able to identify or sufficiently identify suitable investment objects and thus the capital raised cannot be invested or cannot be invested in full.</p> <p>Dependence on the Bitbond GmbH</p> <p>As a result of its planned investment activity, the economic success of the Issuer depends primarily on the economic success of the Bitbond GmbH.</p> <p>Transaction and investment costs</p> <p>The exchange of various cryptocurrencies used as part of the intended investment activity may bring about transaction costs which reduce the investment volume of the Issuer that is available. When granting loans in cryptocurrencies over the online platform of the Bitbond GmbH, the Issuer shall pay compensation to Bitbond GmbH for interest and redemption payments received, where said compensation is</p>
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		<p>dependent on such payments. This also reduces the investment capital available for investments.</p> <p>Issuer risk with EUR tokens The Issuer bears the insolvency risk of the issuer of the Euro Token (EURT) that it has purchased.</p> <p>Attacks by hackers and sabotage There is a risk of hacker attacks on the IT infrastructure, essential networks and technologies that are used by the Issuer. As a result, the Issuer may be partially or completely prevented from performing its business activities in the short or long term. There is a risk of sabotage of the IT systems by employees of the Issuer and/or Bitbond GmbH and by third parties, which may lead to the failure of hardware and/or software systems of the Issuer and/or Bitbond GmbH.</p> <p>Personnel and Management Risks There is a risk of management errors at the level of the Issuer and Bitbond GmbH as its parent company. The risk exists that expertise will cease being available due to the loss of employees with appropriate key qualifications (both at the Issuer and Bitbond GmbH level). If the key personnel cannot be permanently replaced by qualified employees, this can have a significant negative impact on the economic development of the Issuer and/or the Bitbond GmbH.</p> <p>Conflict of interests The Issuer and Bitbond GmbH are legally, economically and personally interlinked. Bitbond GmbH is the sole shareholder of the Issuer. The issuer's management is thus subject in fact to the instructions of the shareholders meeting of Bitbond GmbH. Mr. Radoslav Albrecht is also a shareholder and the managing director of Bitbond GmbH and managing director of the issuer. This may result in conflicts of interest.</p> <p>Interest rate risk Adverse changes in base or market interest rates may have a negative impact on the business activities which the Issuer intends. The risk exists that the credit institution with which the Issuer maintains its business account may charge negative interest on the Issuer's account balances.</p> <p>Currency or exchange rate risk When crypto and fiat currencies are exchanged, the issuer may suffer exchange rate losses.</p> <p>Regulatory risks, changes in supervisory practice The risk exists that existing legal regulations may be amended and/or new legal regulations created which de facto or legally restrict or render impossible the Issuer's and/or Bitbond GmbH's intended business. Such risks may also arise due to changes in the supervisory practices of authorities - in particular the Federal Financial Supervisory Authority (BaFin) - regarding both the activities of the Issuer and the business activities of Bitbond GmbH. In the future, BaFin could assume that the Issuer will require a regulatory permit for its business activities, which the Issuer currently does not have.</p> <p>Risks associated with blockchain technology The Issuer uses Blockchain technology in various ways. Blockchain technology is a relatively young and little rehearsed and tested technology. The Issuer bears the risk that this technology may be subject to technical difficulties or that its functionality may be impaired by external influences. A partial or complete collapse of a blockchain or one or more cryptocurrencies would make it impossible to implement the business model.</p> <p>Competitive reactions The risk exists that competitors to the Issuer and/or Bitbond GmbH may establish themselves in the market and that the Issuer and/or Bitbond GmbH may not be able to compete.</p> <p>Financing of business activities The amount of funds actually raised is not known at the Prospectus Date. There is no minimum capital that will be raised. There is no guarantee of placement (placement</p>
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		<p>risk). If the Issuer is unable to raise the targeted issue volume, the Issuer will only be able to invest less. There is a risk of a capital shortfall for the Issuer. Moreover, issue costs remain independent of the amount of capital raised; this will increase the total expense ratio in relation to the investment capital raised. The risk exists that in this case the Issuer will not achieve its intended investment objectives and will not be able to meet its obligations under the token-based bonds.</p> <p>Early-subscriber discounts The Issuer will offer investors the possibility to avail themselves of early subscription discounts at the beginning of the issue. This may result in the Issuer having less capital available for investment in relation to the target (nominal) total issue size. Investors who are granted early-subscription discounts will be entitled to interest and redemption claims equal to the nominal (principal) amount of the token-based bonds issued, despite lower deposits. Consequently, the Issuer must, with the investment capital available to it, nevertheless generate all interest and redemption claims of all investors.</p> <p>Equity base of the issuer The Shareholder of the Issuer (the Bitbond GmbH) has no contractual obligation to provide equity capital, if the Issuer requires further equity capital for establishing and expanding its business activities and/or the maintenance thereof.</p> <p>Issue costs The capital raised through the issue is also used to offset the costs associated with the offering that is the object of the Prospectus (issue costs) and is thus not available in its entirety for investment. The Issuer may incur higher costs if it becomes necessary for the Issuer to intensify its sales activities. This would adversely affect the ratio of issue costs to issue proceeds. This also applies if the issue is closed prematurely or placed less than expected on the Prospectus Date. As a result, there is a risk that the Issuer will not be able to carry out its planned business activities and meet its obligations to investors under the token-based bonds.</p> <p>Changes in the tax environment Future changes in tax laws and differing interpretations of laws by tax authorities and courts cannot be precluded. The Issuer will operate with different cryptocurrencies within the scope of its intended business activities. The tax treatment of cryptocurrencies and transactions with such currencies has yet to be clarified. This brings about considerable risks regarding the tax treatment of the Issuer's business activities.</p> <p>Lending to foreign borrowers When granting loans in cryptocurrencies to foreign borrowers, it cannot be ruled out that foreign law will apply. This foreign law may be more unfavorable to the Issuer as a lender than treatment under national regulations. Moreover, the enforcement of interest and repayment claims abroad may entail increased difficulties and costs. It may also be uncertain whether it is at all possible to realize or enforce existing claims.</p> <p>Legal risks associated with the sale of receivables and securitization structures A variety of legal risks are created by the complexity of selling and/or securitizing loan receivables. These depend above all on the legal framework under which such transactions are assessed. For example, special purpose vehicles used for securitizing loan receivables are often structured in accordance with Luxembourg law. The legal situation in the various countries may also differ considerably within Europe. This results in considerable uncertainties regarding possible risks for the Issuer. These uncertainties cannot be conclusively assessed as of the Prospectus Date and thus cannot be fully and conclusively described in the Prospectus.</p> <p>No influence and participation rights The Issuer will not be able to exert any influence on its business partners or their management as part of its planned business activities, meaning that legal transactions and measures can also be carried out against the Issuer's will.</p> <p>Litigation Risks Litigation may arise with respect to both the Issuer's and Bitbond GmbH's business activities. The related litigation costs may adversely affect the Issuer's and/or Bitbond</p>
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		<p>GmbH's business model. Negative effects may also result from adverse court decisions.</p> <p>Liquidity risks The risk exists that the Issuer may not have sufficient liquidity to meet its obligations.</p>
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D.3	Key information on the central risks inherent in the securities	<p>Qualified subordinated token-based bonds are associated with significant risks. Risks may arise individually or cumulatively and, in the most unfavorable case, the investor may suffer a total loss of the capital it has invested.</p> <p>Rights arising from token-based bonds</p> <p>Token-based bonds shall only create claims against the Issuer under the law of obligations and shall not grant any participation, influence and/or voting rights on/in the shareholders meeting of the Issuer.</p> <p>No deposit guarantee and no government supervision</p> <p>Token-based bonds are not deposits and are not subject to any statutory or voluntary deposit guarantee. The use of the proceeds from the token-based bonds is not subject to any government or voluntary supervision.</p> <p>Return risk</p> <p>The risk exists that the investor's expected return (ROI) on the token-based bonds may be lower than the amount the investor would have earned had it invested in another financial instrument with the same maturity. The risk also exists that there will be no return at all.</p> <p>Credit or issuer risk</p> <p>The economic success of the Issuer depends to a large extent on the economic success of Bitbond GmbH due to its planned investment activity on the Bitbond GmbH platform and the intended direct lending to Bitbond GmbH. The redemption of the capital provided by the investors and the interest payments depend directly on the economic success and liquidity of the Issuer. Investors bear the full risk of the Issuer's illiquidity, i.e. the risk that the Issuer is temporarily or permanently unable to meet its interest and redemption obligations towards investors from the token-based bonds in a timely manner.</p> <p>No ordinary right of termination for creditors</p> <p>The token-based bonds have a fixed maturity. The creditors have no ordinary right of termination. Thus, the risk exists for creditors with short-term capital requirements that a sale at the desired time and at the expected or required price is not possible.</p> <p>Early redemption</p> <p>If the Issuer exercises its right to call and redeem the token-based bonds prematurely, investors are exposed to the risk that the token-based bonds will yield a lower return than expected by the Maturity Date. A reinvestment risk also exists in the event of early redemption by the Issuer.</p> <p>Fungibility risks</p> <p>The token-based bonds may only be transferred together with the BB1-Token representing the bonds. Investors should be aware that the bonds or the BB1-Tokens may not be available for sale before the maturity term of the token-based bonds. A transfer of the bonds and the BB1-Tokens is possible, however there is no regulated market for trading the bonds or the BB1-Tokens.</p> <p>Debt Financing</p>
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	<p>If an investor decides to finance the acquisition of the token-based bonds with debt capital, the investor's risk of loss increases.</p> <p>Reducing and closing options</p> <p>The Issuer may at any time prematurely close the offer and/or reduce subscriptions to the token-based bonds. In this respect, the risk exists that investors will not be allocated the subscribed number of bonds. If the Issuer discontinues the placement of the bonds prior to subscription of the entire issue volume, the Issuer will not have the entire capital used in the calculations available for investments. As a result, the Issuer may not be able to make the interest payments and may not have generated the amounts required to repay the capital raised and the token-based bonds may have a lower return than expected at the time of subscription.</p> <p>Tax Risks</p> <p>The actual tax treatment of the token-based bonds has not been clarified as of the Prospectus Date.</p> <p>Qualified subordination of token-based bonds</p> <p>The investors' redemption claim with respect to the invested capital and payment of interest is subject to a qualified subordination. As a result, an investor bears an entrepreneurial risk higher than that of a regular lender. Thus, investors only have a claim against the Issuer for payment of interest and redemption of the capital to the extent that the assertion of the claim would not lead to insolvency of the Issuer (insolvency, imminent insolvency or over-indebtedness). This may result in payments to investors being delayed or even canceled altogether. Furthermore, in the event of the Issuer's insolvency or liquidation, the investor's claims under the token-based bonds will be subordinated to the claims of all other creditors of the Issuer which be serviced with priority. The total loss of the invested capital may result from this.</p> <p>Foreign exchange risks</p> <p>In addition to the euro, token-based bonds may also be subscribed in cryptocurrencies. If an investor does not have cryptocurrencies and cannot/does not wish to make a Euro transfer, it would have to exchange fiat money or other existing cryptocurrencies for a subscription over corresponding trading venues. If the investor intends to exchange received XLM from interest and redemptions back into fiat money or other cryptocurrencies, the risk of exchange rate losses exists. Cryptocurrencies are subject to high exchange rate fluctuations. The investor must carry the transaction costs that result from the change from cryptocurrencies into fiat money or other cryptocurrencies.</p> <p>Wallet and private key</p> <p>If BB1-Tokens are transferred to an incompatible wallet, normally the investor will no longer be able to access and dispose of the BB1-Tokens. This will mean a total loss of its investment for the investor. The investor bears full responsibility regarding the decision on the correct (compatible) wallet. The investor alone is also responsible for the secure storage of the private key of its wallet necessary to receive and dispose of tokens. The loss or theft of the Private Key is equivalent to the loss of all tokens assigned to the wallet.</p> <p>Programming errors in the script for interest and redemption payments</p> <p>So as to occasion interest payments and repayments (redemption) of the bond, the Issuer uses a script (computer-programmatic description of payment transactions) that executes these payments semi-automatically. There is a risk of programming errors in the script used, which could make the script faulty. This may result in payments not being executed or not being executed on time or in-full contrary to the Bond Terms & Conditions and/or payments owed by the Issuer being lost or no longer being available.</p> <p>DDoS Attacks</p> <p>By a so-called Distributed Denial of Service (DDoS) attacks, attackers can overload a network or a blockchain with a high number of requests and/or transactions and (temporarily) render the network or the corresponding blockchain unusable. If a critical</p>
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		<p>transaction number is exceeded for a longer period of time due to a DDoS attack, token holders would not be able to receive interest payments or transfer their tokens.</p> <p>Risk of criminal offenses Due to the system, security token offerings are subject to increased susceptibility to fraud, money laundering and terrorist financing.</p> <p>Qualified advice The information contained in this brochure is not intended to replace any qualified advice that may be required from a specialist.</p>
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Section E – Offer

E.2b	Reasons for the offer and earmarking of proceeds, if these proceeds are not for generating profit and/or hedging certain risks.	<p>The Issue will be used to raise up to EUR 100,000,000.00. The issue proceeds, net of the issue-related costs ("net issue proceeds") from the issue of the token-based bonds, will be used by the Issuer to fund its general business activities. According to the Issuer's planned business model, the volume of issues raised will also be used to promote the business activities of Bitbond GmbH.</p> <p>The (fixed) issue-related costs comprise legal fees for preparing the concept of a token-based bond and the implementation (including prospectus) thereof, auditing and closing costs, marketing and other costs for the Issuer's own sales, software development costs for the Issuer's website and related infrastructure for the BB1-Token. Moreover, an interest expense exists for pre-financing the issue costs as a result of a loan agreement that will be concluded with Bitbond GmbH in the future.</p> <p>Moreover, variable distribution costs may be incurred as the Issuer maintains an affiliate program. The program provides that affiliate partners acting as tipsters will refer to the Issuer's offer over the Issuer's website, whereas subscription itself is only possible over the Issuer's website. The Issuer has not granted the Affiliate Partners permission to use the Prospectus. Each Affiliate receives rewards of 5 percent of the respective subscription amount for a successful "tip". As the targeted total issue volume is EUR 100 million, the costs for the Issuer from the affiliate program thus amount to a maximum of EUR 5 million.</p> <p>The total issue-related costs are thus expected to amount to:</p> <p>120,000 EUR Legal advice</p> <p>400,000 EUR Marketing and sale</p> <p>1,785 EUR Audit and acquisition costs</p> <p>80,000 EUR Software development</p> <p>8,000 EUR Interest expense for pre-financing</p> <p>5,000,000 EUR (max. rewards for Affiliate Partners)</p> <p>-----</p> <p>5,609,785 EUR TOTAL</p> <p>After deduction of the expected issue-related costs of a maximum of EUR 5,609,785.00, the net proceeds from the issue of the token-based bonds will probably amount to EUR 94,390,215.00. The net proceeds of the issue will be sufficient to finance the purposes set out in the Prospectus. There is no provision for a division and restriction of the use of the issue proceeds for certain purposes.</p>
E.3	Description of the offer conditions	<p>Public offer</p> <p>The Issuer offers the qualified subordinated token-based bonds in Germany with a total nominal amount of EUR 100,000,000. The Issuer reserves the right to offer the token-based bonds to the public in other EU countries as well.</p>

	<p>The minimum subscription amount is EUR 1.</p> <p>The Offer Period within which purchase offers may be submitted is expected to begin on March 11, 2019 and end on May 10, 2019. The Issuer reserves the right to extend this period once by 8 weeks. Offers for subscription may be made over the Issuer's online subscription process on its website during this period. The Issuer may at any time close the Offer prematurely and/or reduce subscriptions of the bonds.</p> <p>The Offer does not apply to investors subject to US or Canadian tax laws. The bonds have not been and will not be registered under the US Securities Act of 1933, as amended, and may not, subject to certain exceptions, be offered, sold given away, inherited or delivered within the United States of America.</p> <p>The token-based bonds are subject to German law.</p> <p>Anyone wishing to subscribe to the bonds and receive BB1-Tokens requires a wallet that is compatible with Stellar Assets. The Issuer cannot accept subscription orders without specifying a Stellar address (so-called Public Key) in the online subscription process.</p> <p>Purchase price and payments</p> <p>The bonds and the corresponding number of BB1-Tokens will be issued against payment of euros or against the provision of cryptocurrencies (Stellar Lumens, Bitcoin or Ether). The number of token-based bonds issued is equal to the amount of the whole Euro paid in by the creditor or the EUR equivalent of the amount of cryptocurrencies paid (XLM, BTC or ETH) at the time of payment per the exchange rate (EUR - cryptocurrency) published on the website www.cryptocompare.com (or a comparable platform selected by the Issuer as described in Section C.2 of this Summary). The historical daily average rate published on the calendar day of receipt of payment will always be applied.</p> <p>With respect to cryptocurrencies, a payment is deemed to have been received if at least one (1) confirmation has been received on the respective blockchain of the cryptocurrency.</p> <p>A premium is not charged.</p> <p>Early subscription discounts</p> <p>The Issuer grants early-subscription discounts, which are dependent on both time period and volume. The purchase price is reduced until the end of a defined period or until defined issue proceeds are generated, whichever occurs first. The purchase price for investors is reduced as follows:</p> <table><tr><td>Period</td><td>Price</td></tr><tr><td>11.03. (12:00:00 CET) - 01.04. (11:59:59 CET) OR when EUR 1.0 million of issue proceeds are generated earlier.</td><td>EUR 0.70</td></tr><tr><td>02.04. (12:00:00 CET) - 08.04. (11:59:59 CET) OR when EUR 3.0 million of issue proceeds are generated earlier.</td><td>EUR 0.90</td></tr><tr><td>09.04. (12:00:00 CET) - 15.04. (11:59:59 CET) OR when EUR 5.0 million of issue proceeds are generated.</td><td>EUR 0.95</td></tr><tr><td>16.04. (12:00:00 CET) - 22.04. (11:59:59 CET) OR when EUR 9.0 million of issue proceeds are generated.</td><td>EUR 0.97</td></tr><tr><td>23.04. (12:00:00 CET) - 10.05. (11:59:59 CET)</td><td>EUR 1.00</td></tr></table> <p>Token generation and token output</p> <p>Once the subscription is accepted in the online subscription process over the Issuer's website and upon receipt of the payment (EUR or cryptocurrencies), a number of BB1-Tokens corresponding to the payment amount of the bonds will be generated and immediately credited to the Wallet of the relevant investor after the end of the Offer Period.</p>	Period	Price	11.03. (12:00:00 CET) - 01.04. (11:59:59 CET) OR when EUR 1.0 million of issue proceeds are generated earlier.	EUR 0.70	02.04. (12:00:00 CET) - 08.04. (11:59:59 CET) OR when EUR 3.0 million of issue proceeds are generated earlier.	EUR 0.90	09.04. (12:00:00 CET) - 15.04. (11:59:59 CET) OR when EUR 5.0 million of issue proceeds are generated.	EUR 0.95	16.04. (12:00:00 CET) - 22.04. (11:59:59 CET) OR when EUR 9.0 million of issue proceeds are generated.	EUR 0.97	23.04. (12:00:00 CET) - 10.05. (11:59:59 CET)	EUR 1.00
Period	Price												
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09.04. (12:00:00 CET) - 15.04. (11:59:59 CET) OR when EUR 5.0 million of issue proceeds are generated.	EUR 0.95												
16.04. (12:00:00 CET) - 22.04. (11:59:59 CET) OR when EUR 9.0 million of issue proceeds are generated.	EUR 0.97												
23.04. (12:00:00 CET) - 10.05. (11:59:59 CET)	EUR 1.00												

E.4	Description of all (possible) conflicts of interest and interests material to the issue.	<p>Bitbond GmbH has a significant interest in the success of the issue, as according to the Issuer's planned business model, the issue volume acquired will be invested in cryptocurrency loans, among other things, using the Bitbond GmbH platform. The higher the capital invested on the platform, the higher the Bitbond GmbH's fees for these services. Moreover, Bitbond GmbH intends to subscribe to the token-based bonds offered here up to an amount of EUR 5,000,000. This also results in a considerable interest on the part of Bitbond GmbH in the success of the issue.</p> <p>Bitbond GmbH holds 100 percent of the Issuer's shares and thus has a significant influence on the Issuer's management. The issuer's managing director, Mr. Radoslav Albrecht, is both shareholder and managing director of Bitbond GmbH. Mr. Radoslav Albrecht is responsible for executing the issue and simultaneously holds an indirect interest in the Issuer. Thus, Mr. Radoslav Albrecht has a considerable self-interest in the success of the issue.</p> <p>It cannot be ruled out that, when weighing up different, possibly conflicting interests, participants may not reach the decisions they would make if there were no interdependencies. Such decisions may not be in the interest of the Issuer and may have a negative effect on the financial position, results of operations and net assets of the Issuer.</p>
E.7	Estimate of expenses to be charged by the Issuer to the investor	Not applicable. No expenses, costs or fees will be charged by the Issuer to the investor in connection with the acquisition of these token-based bonds that are offered here.

2. Risk factors

Investors should carefully and fully read and take into account the following risk factors, together with the other information contained in this Prospectus, when deciding whether to purchase the Issuer's offered qualified subordinated token-based bonds. This does not suffice to replace the advice that may be required by professional advisors and the assessment of whether the investment meets the needs, objectives, experience and/or knowledge and personal circumstances of the investor.

The actual and legal risks, which may arise from the business activities of the Issuer as well as from the acquisition of the offered qualified subordinated token-based bond and which are material from the Issuer's point of view, are presented in the following

The order of the listed risks allows no conclusions to be drawn regarding possible probabilities of occurrence or the extent that a negative event might occur. Retrospectively, it cannot be ruled out that other material risks may arise from the investor's individual situation which are presently unknown or have not been classified as material.

The occurrence of any or all of the following risk factors may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects, entailing that the Issuer will be unable or only partially able to meet its agreed interest and redemption obligations under the token-based bonds. The Issuer may become insolvent in the worst case. The investors' redemption claim with respect to the invested capital and payment of interest is subject to a qualified subordination. As a result, an investor bears an entrepreneurial risk that is higher than the risk of a regular lender. The investor risks total loss of its investment.

2.1 Risk factors relating to the Issuer

2.1.1 Operating risks

2.1.1.1 Counterparty default or credit risk

The investments intended by the Issuer are risky transactions. The risk exists that counterparties of the Issuer may fail to meet their (financial) obligations to the Issuer in whole or in part, or fail to do so in a timely manner. The Issuer bears full insolvency and default risk with respect to its counterparties. No collateral has been provided to the benefit of the Issuer.

With respect to loan agreements to be concluded in the future by the Issuer as lender, default may occur after the loan agreement are concluded, if borrowers fail to meet the Issuer's repayment and interest payment claims in whole or in part or fail to do so in a timely manner.

If the Issuer sells loan receivables to third parties, there is also a risk that the purchaser may fail to meet all or part of its obligations under the purchase agreement or fail to do so in a timely manner. If, as part of the securitization of the receivables sold to an SPV, the Issuer takes over a security issued by the SPV in the form of a junior note (first loss piece), the Issuer also bears the risk of default on the loan agreements to the extent of the obligation assumed. The Issuer's claims arising from the junior note will only be satisfied once the claims of the senior creditors have been met. Thus, a partial default of the loan receivables alone will have a direct negative effect on the Issuer.

The risk exists that errors will be made in evaluating and assessing contractual partners (in particular borrowers) regarding their creditworthiness and ability to meet their contractual obligations towards the Issuer. This may increase the risk that the Issuer will default on its claims due resultant to incorrect decisions.

2.1.1.2 Blind pool risks

The exact investments of the Issuer have not yet been determined as of the Prospectus Date of the token-based bonds. Thus, investors may not review their investment decisions. The risk exists that the Issuer will not be able to identify or sufficiently identify suitable investment properties and that the capital raised will thus cannot be invested or invested in full.

To the extent that the Issuer reserves the right to sell to third parties its own loan receivables from the loan agreements to be concluded and to the extent that the Issuer may under certain circumstances acquire securities in the form of a junior note (first loss piece) as part of the securitization of such receivables, it is uncertain whether this investment activity can in fact be realized. The structures for such a sale of receivables and the securitization of receivables have not been determined as of the Prospectus Date. This means that investors

cannot review these. The often complex contracts concluded as part of such securitization structures can give rise to further legal and tax risks for the Issuer which cannot yet be foreseen on the Prospectus Date.

Investors have no influence on the investment strategy of the Issuer. If the Issuer opts for investments other than those intended on the Prospectus Date, there is a risk that the chosen alternatives may be less profitable than the intended investments.

2.1.1.3 Dependence on the Bitbond GmbH

The economic success of the Issuer depends to a large extent on the economic success of Bitbond GmbH due to the Issuer's planned investment activity on the Bitbond GmbH platform and the intended direct lending to Bitbond GmbH.

For investments in loans in cryptocurrencies offered on the online brokerage platform operated by Bitbond GmbH, the Issuer is dependent on Bitbond GmbH succeeding in acquiring a sufficient number of loan offers for the platform and at the same time creating sufficient demand on the part of the lenders for investment opportunities. The risk exists that the Bitbond GmbH will not succeed in this. This would have a direct negative impact on the economic success of the Issuer and its intended investment activity. The Issuer is thus also exposed to the risks of Bitbond GmbH's business activities and is dependent on Bitbond GmbH's strategic decisions.

The Issuer is particularly dependent on the economic success of Bitbond GmbH due to the intended granting of loans to Bitbond GmbH. Because the loans are not secured, a default on the loans will lead directly to the loss of the capital provided by the Issuer. In the event of the insolvency of Bitbond GmbH and the discontinuation of its business model, the Issuer will not be able to implement its intended investment strategy, and the Issuer will suffer losses.

Presently, the Bitbond GmbH has the permission of the German Federal Financial Supervisory Authority (BaFin) to act as an investment intermediary pursuant to Sect. 32 of the German Banking Act (KWG) for the online platform it operates. If BaFin revokes the license (e.g., in the case of sustained violations of the law by Bitbond GmbH or managers who are no longer sufficiently qualified) or restricts the license or consider it to be no longer sufficient in terms of Bitbond GmbH's business activities, it may be the case that Bitbond GmbH will temporarily or even permanently be unable to exercise its business model, thereby making the Issuer's intended investments on the Bitbond GmbH platform impossible.

The Issuer is also dependent on the technical and actual functionality and accessibility of the online brokerage platform of Bitbond GmbH as a result of the planned investment activity.

2.1.1.4 Transaction and investment costs

The exchange of various cryptocurrencies used as part of the intended investment activity may result in transaction costs which reduce the available investment volume of the Issuer.

The Issuer shall also pay Bitbond GmbH a remuneration dependent on these payments for interest and redemption payments received for the intended lending in cryptocurrencies over Bitbond GmbH's online platform. This also reduces the investment capital available for investments.

These costs can have an impact on the profitability of the planned business model.

2.1.1.5 Issuer risk with EUR tokens

The Issuer intends to exchange part of the capital raised through issuing so-called EUR tokens (EURT) via a partner of Bitbond GmbH (currently TEMPO France S.A.S.) or comparable providers in the future (a platform for the exchange of cryptocurrencies). A EURT represents one euro and gives the EURT holder the right to request that the EURT issuer redeem it for other cryptocurrencies or fiat money in the future. The Issuer bears the insolvency risk of the EURT issuer. If the EURT issuer become insolvent, the EURTs are worthless.

2.1.1.6 Attacks by "hackers" and sabotage

There is a risk of hacker attacks on the IT infrastructure used by the Issuer and essential networks and technologies. As a result, the Issuer may be partially, temporarily or even permanently prevented from carrying out its business activities.

In the case involving the proof-of-work consensus mechanisms in Bitcoin and Ethereum, an attacker succeeds in providing more than 50% of the blockchain miners in a so-called 51% attack and thus takes control of the network (the blockchain). Using more than 50% of the mining power (hash power), the attacker will always represents the majority, meaning that it can enforce its version of the blockchain. This is in principle also possible

with less than 51% of the mining power. Once the attacker has gained control over the network, it would be able to reverse or redirect transactions that it initiated itself, so that it would become possible to "double spend" (i.e., conduct multiple transactions of the same coin or token). The attacker could also block others' transactions by denying them confirmation. Moreover, the attacker could also block other miners in order to enjoy the corresponding rewards itself. Rewards are remunerations that miners receive for updating the blockchain.

It cannot be excluded that other hacker attacks on the system of cryptocurrencies, the blockchain technology, the software and/or hardware used by the Bitbond GmbH and/or the Issuer may occur.

In addition to hacker attacks, there is risk that employees of the Issuer and/or Bitbond GmbH or third parties may sabotage the IT systems, which may lead to the failure of hardware and/or software systems of the Issuer and/or Bitbond GmbH. This may also have a negative impact on the Issuer's business activities.

2.1.2 Personnel risks

2.1.2.1 Personnel and management risks

There is a risk of management errors at the level of the Issuer and the Bitbond GmbH as its parent company. These may result in unforeseeable losses and costs which could adversely affect the results of the Issuer and/or the Bitbond GmbH and lead to the insolvency of the Issuer and/or the Bitbond GmbH. The economic success of the Issuer depends to a large extent on the abilities of the management of the Issuer and/or the Bitbond GmbH. The loss of employees with appropriate key qualifications (both at Issuer and Bitbond GmbH level) may result in the risk that expertise is no longer available. If the key personnel cannot be permanently replaced by qualified employees, this may have a significant adverse effect on the economic development of the Issuer and/or the Bitbond GmbH (so-called key personnel risk).

The ongoing and dynamic changes in the market for cryptoassets and blockchain technologies require both the Issuer and Bitbond GmbH to make permanent adjustments to their structures - both in terms of personnel and technical infrastructure. This entails the risk of making wrong decisions in terms of organizational and personnel development. This also results in a strong dependency on the available personnel and their level of training. Intense competition on the personnel market for managers and skilled personnel exists, which can lead to higher personnel costs. Moreover, competitors may attempt to entice away managers or other skilled personnel.

2.1.2.2 Conflicts of interest

Legal, economic and personnel ties exist between the Issuer and the Bitbond GmbH.

The Bitbond GmbH is the sole shareholder of the Issuer. The management of the Issuer is thus indirectly and effectively subject to the instructions of the Shareholders Meeting of Bitbond GmbH.

Moreover, Mr. Radoslav Albrecht is both shareholder and managing director (managing director) of Bitbond GmbH and managing director of the Issuer. This may result in conflicts of interest. It cannot be ruled out that, taking possible different conflicting interests into consideration, participants may not reach the decisions they would make if there were no interdependencies to exist. Such decisions may not be in the interest of the Issuer and may have a negative effect on the financial position, results of operations and net assets of the Issuer.

2.1.3 Market-related risks

2.1.3.1 interest rate risk

Adverse changes in base or market interest rates may have a negative impact on the business activities which the Issuer intends. It may then be the case that the Issuer will only be able to grant loans at low interest rates. Low interest rates result in lower income and earnings. There is also a risk regarding the potential intended sale of receivables and the assumption of a junior note tranche as part of a securities issue.

The risk exists that the credit institution with which the Issuer maintains its business account may charge negative interest on the Issuer's account balances. This would increase the Issuer's running costs and reduce the capital available for investment correspondingly.

2.1.3.2 Exchange rate or exchange rate risk

The Issuer will use various cryptocurrencies (XLM, ETH, BTC, EURT) and fiat currencies (USD, EUR, etc.) as part of its intended investment activity. Cryptocurrencies in particular are often subject to high exchange rate fluctuations. During the respective exchange processes, the Issuer may incur currency or exchange rate losses.

2.1.3.3 Regulatory risks, changes in supervisory practice

The risk exists that existing legal regulations may be amended and/or new legal regulations created which de facto or legally restrict or render impossible the Issuer's and/or Bitbond GmbH's intended business.

Such risks may also arise due to changes in the supervisory practices of authorities - in particular the Federal Financial Supervisory Authority (BaFin) - regarding both the activities of the Issuer and the business activities of Bitbond GmbH. In the future, BaFin could assume that the Issuer will require a regulatory permit for its business activities, which the Issuer currently does not have.

Similarly, business models using distributed ledger technology (e.g., blockchain) could in general become subject to stricter regulation.

2.1.3.4 Risks associated with blockchain technology

The Issuer uses blockchain technology in various ways. Blockchain technology is a relatively young and little rehearsed and tested technology. The Issuer bears the risk that this technology may be subject to technical difficulties or that its functionality may be impaired by external influences. A partial or complete collapse of a blockchain or one or more cryptocurrencies would make it impossible to implement the business model.

2.1.3.5 Competitive reactions

The risk exists that competitors to the Issuer and/or Bitbond GmbH may establish themselves in the market and that the Issuer and/or Bitbond GmbH may not be able to compete. This may have a material adverse effect on the Issuer's net assets, financial position and results of operations.

2.1.4 Financing risks

2.1.4.1 Financing of business activities

The Issuer requires sufficient financial means to establish and expand its business activities. The Issuer intends to raise these funds exclusively through the issuance of the token-based bonds that are offered here. With the exception of the conclusion of a loan agreement with Bitbond GmbH to pre-finance the issue costs, which is planned after approval of the Prospectus, no plans exist to raise debt capital from third parties.

The amount of funds that is actually raised is not known at the Prospectus Date. There is no minimum capital that will be raised. There is no guarantee of placement; on the contrary the risk exists that the token-based bonds will not be fully subscribed (placement risk).

If the Issuer is unable to raise the targeted issue volume, the Issuer will only be able to invest less. There is a risk of a capital shortfall for the Issuer. Moreover, issue costs remain independent of the amount of capital raised; this will increase the total expense ratio in relation to the investment capital raised. The risk exists that in this case the Issuer will not achieve its intended investment objectives and will not be able to meet its obligations under the token-based bonds.

2.1.4.2 early-subscription discounts

The Issuer will offer investors the possibility of early subscription discounts at the beginning of the issue. This may result in the Issuer having less capital available for investment with respect to the target (nominal) total issue size. Investors who are granted early-subscription rebates will be entitled to interest and redemption claims equal to the principal (nominal) amount of the token-based bonds issued, despite lower deposits. Consequently, the Issuer must, with the investment capital available to it, nevertheless generate all interest and redemption claims of all investors.

2.1.4.3 Equity base of the Issuer

The shareholder of the Issuer (the Bitbond GmbH) has no contractual obligation to provide equity capital, if the Issuer requires further equity capital for establishing and expanding its business activities and/or the maintenance

thereof. As a result, it is not guaranteed that the Issuer will increase its share capital in this case. This could have a negative effect on the Issuer's equity base and its asset, financial and income position.

2.1.4.4 Issue costs

The capital raised through the issue is also used to offset the costs associated with the offering that is the object of the Prospectus (issue costs) and is thus not available in its entirety for investment. The Issuer may incur higher costs if it becomes necessary that the Issuer intensify its sales activities. This would adversely affect the ratio of issue costs to issue proceeds. This also applies if the issue is closed prematurely or placed less than planned on the Prospectus Date. As a result, there is a risk that the Issuer will not be able to carry out its planned business activities and meet its obligations to investors under the token-based bonds.

2.1.5 Legal and tax risks

2.1.5.1 Changes in the tax environment

Future changes in tax laws and differing interpretations of laws by tax authorities and courts cannot be precluded. To this extent, adverse changes in tax law may have a negative impact on the Issuer's and Bitbond GmbH's business activities and/or results of operations.

The Issuer will use different cryptocurrencies in the course of its intended business activities. The tax treatment of cryptocurrencies and transactions with such currencies has not yet been clarified.

This brings about considerable risks regarding the tax treatment of the Issuer's business activities. Due to the unclarified tax treatment - in the case of a different valuation by the tax authorities and courts for the tax treatment of the Issuer - subsequent tax claims against the Issuer cannot be excluded.

2.1.5.2 Lending to foreign borrowers

When granting loans in cryptocurrencies to foreign borrowers, it cannot be ruled out that foreign law will apply. This foreign law may be more unfavorable to the Issuer as a lender than under national regulations. Moreover, the enforcement of interest and redemption claims abroad may entail increased difficulties and costs. It may also be uncertain whether it is at all possible to realize or enforce existing claims

2.1.5.3 Legal risks associated with the sale of receivables and securitization structures

Various legal risks are created by the complexity of selling and/or securitizing loan receivables. These depend above all on the legal framework under which such transactions are assessed. For example, special purpose vehicles used for securitizing loan receivables are often structured in accordance with Luxembourg law. The legal situation in the various countries may also differ considerably within Europe. This results in considerable uncertainties regarding possible risks for the Issuer. These uncertainties cannot be conclusively assessed as of the Prospectus Date and thus cannot be fully and conclusively described in the Prospectus.

The planning and structuring of receivable sales and securitization structures are often determined by commercial, tax and regulatory standards. It must be clarified how such structures affect the Issuer's balance sheet e.g. from a commercial law perspective. Legal risks may also come about due to the tax treatment of the securitization. In such a case, the Issuer and special purpose vehicle (SPV) may be liable for income tax and value-added tax, which can entail large expenses if the SPV is located abroad. The regulatory treatment of such structures is also often uncertain and there is a risk that supervisory authorities may require regulatory licenses for such structures due to the role of the Issuer, thereby potentially making business activity impossible. Thus, it cannot be excluded that the Issuer will not be able to implement this business activity.

2.1.5.4 No influence or participation rights

The Issuer will not be able to exert any influence on its business partners or their management as part of its planned business activities, meaning that legal transactions and measures can also be implemented against the will of the Issuer.

2.1.5.5 Litigation risks

The Issuer and/or the Bitbond GmbH may be involved in court proceedings or comparable litigation both domestically and abroad. Legal disputes may arise with respect to both the Issuer's and the Bitbond GmbH's

business activities. The related litigation costs may adversely affect the Issuer's and/or Bitbond GmbH's business model. Negative effects may also result from adverse court decisions.

2.1.6 Liquidity risks

The Issuer must have sufficient liquidity at the relevant maturity dates to pay interest and repay capital that it has employed require. The risk exists that the Issuer will not have sufficient liquidity for the obligations it has assumed.

2.2 Risk factors relating to the security

Qualified subordinated token-based bonds are associated with significant risks. Risks may arise individually or cumulatively and, in the most unfavorable case, the investor may suffer a total loss of the capital it has invested.

2.2.1 Rights attaching to qualified subordinated token-based bonds

Token-based bonds shall only create claims against the Issuer under the law of obligations and shall not grant any participation, participation and/or voting rights in or in the shareholders meeting of the Issuer. Shareholders resolutions may be passed at the Issuer's shareholders meeting which may be detrimental to individual creditors. The creditors have no possibility to influence the Issuer's business activities. This also applies regarding the use of the capital raised through the issue of the bond. The creditors have no influence on this and are thus particularly dependent on the decisions of the management and the resolutions of the shareholders meeting.

2.2.2 No deposit guarantee and no government supervision

Token-based bonds are not deposits and are not subject to any statutory or voluntary deposit guarantee.

The use of the proceeds from the token-based bonds is not subject to any government or voluntary supervision. It is not guaranteed that the contractually agreed interest and/or redemption claims of the creditors of the token-based bonds will be satisfied.

2.2.3 Return risk

The risk exists that the investor's expected return on the token-based bonds may be lower than the amount the investor would have earned had it invested in another financial instrument with the same maturity. The risk also exists that there will be no return at all.

2.2.4 Creditworthiness or issuer risk

The economic success of the Issuer depends to a large extent on the economic success of Bitbond GmbH due to its planned investment activity on the Bitbond GmbH platform and the intended direct lending to Bitbond GmbH. The redemption of the capital provided by investors and the interest payments depend directly on the economic success and liquidity of the Issuer. Investors bear the full risk of the Issuer's illiquidity, i.e., the risk that the Issuer is temporarily or permanently unable to meet its interest and redemption obligations towards investors from the token-based bonds in a timely manner. In the event of the Issuer's insolvency, the insolvency administrator may demand that the investors repay the interest and principal paid by the Issuer.

2.2.5 No ordinary right of termination for creditors

The creditors of the bond cannot demand the return of their invested capital from the Company at short notice. The token-based bonds have a fixed maturity. The creditors have no ordinary right of termination. Thus, the the

risk exists for creditors with short-term capital requirements that a sale at the desired time and at the expected or required price is not possible

2.2.6 Early redemption

Subject to a notice period of three months, the Issuer is granted the right in the Bond Terms & Conditions to call the bonds prior to expiry of the term, the first option being on December 31, 2021, and thereafter annually on 31 December (ordinary right of termination). If the Issuer exercises its right to call and redeem the token-based bonds prematurely, investors are exposed to the risk that the token-based bonds will yield a lower return than expected by the Maturity Date. To this extent, in the event of termination, no further interest payments would be made after the termination takes effect and the total interest payments over the term would be lower than at the end of the original term. Furthermore, if the Issuer calls the bonds prematurely, a lower redemption amount could be realized than if a private resale of the token-based bonds were to occur at a price above the nominal amount.

A reinvestment risk also exists in the event of early redemption by the Issuer. This means there is no guarantee that the investment amount can be invested at the same interest rates as the token-based bond being offered here.

2.2.7 Fungibility risks

The token-based bonds may only be transferred together with the BB1-Token representing the bonds. Investors should be aware that the bonds or the BB1-Token may not be able to be sold before the maturity of the token-based bonds. A transfer of the bonds and the BB1-Token is possible, but there is no regulated market for trading the token-based bonds or the BB1-Token.

A listing of the BB1-Token for trading on one or more trading platform(s) for cryptocurrencies is in principle possible and can be applied for by the Issuer, any token holder or at the request of investors or others. The respective applicant thereof has the discretion to set the conditions under which such an application could be made. However, the decision to admit the BB1-Token to trading lies exclusively with the respective trading platform. The token holders do not have a claim against the Issuer or the relevant trading platform that the BB1-Token will be admitted to trading.

Even if the BB1-Token is included in trading on one or more trading platforms, it is uncertain whether trading of the BB1-Token or the token-based bonds will in fact develop. Often traded tokens are subject to large price fluctuations. The investor alone bears the risk that it will not find a buyer for the BB1-Token or will only be able to sell at a price which it considers too low. The BB1-Token may also turn out to be completely illiquid.

It is possible that trading platforms for cryptocurrencies are not be subject to supervisory regulation. This means that compliance with legal (in particular investor-protection) regulations is not guaranteed. If a trading platform requires, but does not have, a regulatory permit, there is a risk that supervisory authorities may intervene against the trading platform and potentially prohibit its business model.

2.2.8 Debt financing

If an investor decides to finance the acquisition of the token-based bonds with debt capital, the investor's risk of loss increases. Even in the event of a **total loss** of the investment, the investor must service the interest payments associated with the financing and repay the capital raised, irrespective of any interest payments by the Issuer.

2.2.9 Reducing and closing options

The Issuer may at any time prematurely close the offer and/or reduce subscriptions to the token-based bonds. In this respect, the risk exists that investors will not be allocated the subscribed number of bonds.

If the Issuer discontinues the placement of the bonds prior to subscription of the entire issue volume, the Issuer will not have the entire capital used in the calculations available for investments. As a result, the Issuer may not be able to make the interest payments and may not have generated the amounts required to repay the capital raised and the token-based bonds may have a lower return than expected at the time of subscription

2.2.10 Tax risks

Information in this Prospectus relating to the tax treatment of the qualified subordinated token based bonds and creditors is general in nature and does not suffice to replace individual legal and/or tax advice. The actual tax treatment of the token-based bonds has not been clarified as of the Prospectus Date. It cannot be excluded that the tax authorities and courts may arrive at a different opinion from than one contained in the Prospectus. This may result in higher taxation for the creditor and have a negative effect on the net return of the token-based bonds. Changes in tax laws and tax administration practices cannot be excluded as a whole.

2.2.11 Qualified subordination of token-based bonds

The investors' redemption claim with respect to the invested capital and payment of interest is subject to a qualified subordination. As a result, an investor bears an entrepreneurial risk higher than that of a regular lender. Thus, investors only have a claim against the Issuer for payment of interest and redemption of the capital (principal) invested to the extent that the assertion of the claim would not lead to insolvency of the Issuer (insolvency, imminent insolvency or over-indebtedness). This may result in payments to investors being delayed or even canceled altogether. Furthermore, in the event of the Issuer's insolvency or liquidation, the investors' claims under the token-based bonds will be subordinated to the claims of all other creditors of the Issuer which be serviced with priority. The subordinated claims of the creditors of the token-based bonds may only be settled from existing or future annual net profits, any existing or future liquidation surplus or other free assets of the Issuer. The total loss of the invested capital may result from this.

If Issuer makes a payment which violates a payment prohibition, the Issuer may demand repayment of the amount received from the payee and to assert this claim in court.

2.2.12 Foreign exchange risks

In addition to the euro, token-based bonds may also be subscribed in cryptocurrencies. If an investor does not have cryptocurrencies and cannot/does not wish to make a Euro transfer, it would have to exchange fiat money or other existing cryptocurrencies for a subscription over corresponding trading venues. If the investor intends to exchange received XLM from interest and redemptions back into fiat money or other cryptocurrencies, the risk of exchange rate losses exists. Cryptocurrencies are subject to high exchange rate fluctuations.

The investor must carry the transaction costs resulting from the change from cryptocurrencies into fiat money or other cryptocurrencies. The investor also carries the risk that such a change is at all possible and an appropriate market for it is present.

2.2.13 Wallet and private key

The wallet required by the investor must be compatible with Stellar Lumens Assets. If BB1-Tokens are transferred to an incompatible wallet, normally the investor will no longer be able to access and dispose of the BB1-Tokens. This will mean a total loss of its investment for the investor.

The investor bears full responsibility regarding the decision on the correct (compatible) wallet. The investor alone is also responsible for the secure storage of the private key of its wallet necessary to receive and dispose of tokens. The loss or theft of the Private Key is equivalent to the loss of all tokens assigned to the wallet.

2.2.14 Programming errors in script for interest and redemption payments

The BB1-Token is created by the Issuer generating the number of subscribed BB1-Tokens on the Stellar Blockchain at the end of the subscription period and then transferring them to the wallet addresses of the investors, in the sense that the BB1-Tokens are assigned to the respective addresses of the investors.

For interest payments and the redemption of the token-based bond, the Issuer uses a script (computer-programmatic description of payment transactions) that executes these payments semi-automatically. The EUR - XLM exchange rate is first automatically retrieved over an interface (API) from a source specified by the Issuer when a payment is due. The XLM equivalent of the EUR-based payment is then calculated. The script then downloads a list of all Stellar addresses and the corresponding BB1-Token account balances from the Stellar Blockchain at the relevant time of payment, calculates which pro-rata part of the total payment each

investor receives based on the respective BB1-Token holdings, and pays the corresponding amount to XLM taking into account the required tax withholdings.

The script automates all the steps described. However, the Issuer manually executes the running of the script

There exists a risk of programming errors in the script used, which could make the script faulty. This may result in payments not being made or not being made in a timely manner or in full contrary to the Bond Terms & Conditions and/or payments owed by the Issuer being lost or no longer being available.

There is also the risk that the execution of the script may be delayed or not at all initiated by employees of the Issuer.

2.2.15 DDoS attacks

By a so-called Distributed Denial of Service (DDoS) attacks, attackers can overload a network or a blockchain with a high number of requests and/or transactions and (temporarily) render the network or the corresponding blockchain unusable. The maximum number of transactions per second on the Stellar Blockchain used by the Issuer is currently approx. 1,000. If a critical transaction number is exceeded for a longer period of time due to a DDoS attack, token holders would not be able to receive interest payments or transfer their tokens.

2.2.16 Risk of criminal offences

Due to the system, security token offerings are subject to increased susceptibility to fraud, money laundering and terrorist financing. This increases the investor's risk of losing the capital it has invested, also due to necessary measures taken by the authorities against the operators or other persons involved in such illegal transactions.

2.2.17 Qualified advice

The information contained in this brochure does not replace any qualified advice that may be required from a third party. An investment decision should not be made solely on the basis of the information in this section or prospectus, as the information contained herein cannot replace advice and information tailored to the needs, objectives, experience and knowledge and circumstances of the individual investor. Otherwise, there is a risk that the investor may acquire an investment that is unsuitable for him.

3. General information

3.1 Responsibility for the content of the Prospectus

The Bitbond Finance GmbH (as already defined above as the "Issuer"), having its registered office in Berlin and its business address at Strelitzer Str. 60, 10115 Berlin accepts responsibility for the contents of this Prospectus and declares that, to the best of its knowledge, the information contained in this Prospectus is accurate and that no material matters have been omitted.

The Issuer declares that, in preparing this Prospectus, it has taken all reasonable care to ensure that, to the best of its knowledge, the information contained in the Prospectus is correct and does not omit any facts that could likely affect the statements made in the Prospectus.

If claims are brought before a court based on the information contained in this Prospectus, the investor acting as plaintiff may, under the individual national laws of the Member States of the European Economic Area, have to bear the costs of translating the Prospectus before the commencement of legal proceedings.

3.2 Notes on information provided by third parties

No information from third parties has been included in this Prospectus. Information on the market environment, market developments, growth rates, market trends and the competitive situation in the areas in which the Issuer is active are estimates of the Issuer. These are based on an evaluation of third-party sources and empirical

values. They cannot be substantiated by external sources. These estimates of the Issuer may differ from those of competitors or from those of future independent sources.

3.3 Forward-looking statements

This Prospectus contains forward-looking statements. The forward-looking statements are based on current estimates and assumptions made by the Issuer to the best of its knowledge. Such estimates and assumptions may prove to be incorrect. In this context, please refer to the comments on risk factors.

3.4 Viewable documents

During the term of this Prospectus, copies of the following documents may be inspected free of charge in paper form at the business premises of the Issuer, Strelitzer Str. 60, 10115 Berlin, during business hours:

- the Articles of Association of the Issuer,
- this Prospectus and any supplements thereto,
- the Issuer's historical financial information (Opening Balance Sheet and Interim Financial Statement as of October 31, 2018 including Balance Sheet, Income Statement, Cash Flow Statement and Notes)

These documents are also available on the following website during the term of this Prospectus:

www.bitbondsto.com

All content that can be accessed over the Internet addresses that is reproduced in this Prospectus does not automatically become part of this Prospectus by virtue of it having been accessed.

3.5 No US registration, no illegal offer

The bonds have not been and will not be registered under the US Securities Act of 1933, as amended, or with the securities regulatory authorities of any state of the United States of America and, subject to certain exceptions, may not, directly or indirectly, be offered, sold, given away, inherited or delivered in the United States of America.

This Prospectus does not constitute an offer in any jurisdiction in which such offer would be unlawful. The Offer does not apply to investors to whom U.S. or Canadian tax laws apply. Persons who come into possession of this Prospectus must comply with the distribution rules applicable in their respective country.

4. Auditor

The name and address of the Issuer's auditor who was responsible for the period covered by the historical financial information are as follows:

Baker Tilly Loco Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft

Valentinskamp 88, 20355 Hamburg;

Membership in the Chamber of Auditors, Rauchstr. 26, 10787 Germany

5. Selected historical financial information

The historical financial information has been audited.

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The issuer has prepared an Opening Balance Sheet as of July 13, 2018, pursuant to the principles of the German Commercial Code (HGB). The Opening Balance Sheet was audited. The auditor issued an unqualified audit opinion.

The Opening Balance Sheet and the Audit Opinion on the Opening Balance Sheet are printed in Section "10. Financial Information on the Issuer's Net Assets, Financial Position and Results of Operations." Annual financial statements has not yet been prepared as of the Prospectus Date.

The Opening Balance Sheet is as follows:

Opening balance as of July 13, 2018

Bitbond Finance GmbH

ASSETS		LIABILITIES	
A. Current assets		A. Shareholders' equity	
1. Bank balances	25,000.00	1. Subscribed capital	25,000.00
Total ASSETS	25,000.00	Total LIABILITIES	25,000.00

Interim financial information on October 31, 2018 is presented in the following. The interim financial information was audited. The auditor issued an unqualified audit opinion.

The Interim Balance Sheet, the Income Statement, the Cash Flow Statement and respective Notes as well as the Audit Opinion on the Interim Financial Statements are reproduced in Section "10. Financial Information on the Issuer's Net Assets, Financial Position and Results of Operations." The Issuer has not yet commenced operations. Changes to the Opening Balance Sheet mainly relate to formation, audit and publication costs.

The Interim Balance Sheet is as follows:

Interim balance as of October 31, 2018

Bitbond Finance GmbH

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ASSETS		LIABILITIES	
A. Fixed assets		A. Shareholders' equity	
I. Intangible Assets	23,352.68	I. Subscribed capital	25,000.00
II. Financial assets	520.00	II. Net loss for the year	4,809.41-
B. Current assets		B. Provisions	
I. Cash on hand, Bundesbank balances, bank balances and checks	13,817.91	C. Liabilities	15,000.00
		- of which with a remaining term of up to one year EUR 15.000,00	
Total ASSETS	37,690.59	Total LIABILITIES	37,690.59

Income Statement from July 13, 2018 to October 31, 2018

	EUR
1. Write-offs	667.33
a) on intangible fixed assets and property, plant and equipment	
2. Other operating expenses	<u>4.142.08</u>
3. Profit after tax	4.809,41-
4. Annual deficit	<u>4,809.41</u>

Cash Flow Statement from July 31, 2018 to October 31, 2018

	EUR
Cashflow from operating activities	1,642.08-

Cashflow from investing activities	24,540.01-
Cashflow from financing activities	15,000.00
Cash and cash equivalents at the end of the period	13,817.91

There have been no material changes in the financial position or trading position of the Issuer since the reporting date of the last audited interim financial statements of the Issuer.

6. Information about the Issuer

6.1 Business history and development of the Issuer

6.1.1 Legal and commercial name of the Issuer

The legal and commercial name of the Issuer is "Bitbond Finance GmbH."

6.1.2 Issuer's place of registration of the and Commercial Register Number

The Issuer is registered in the commercial register of the local court of Berlin-Charlottenburg under the Commercial Register Number HRB 198270 B.

6.1.3 Formation and duration of the Issuer

The Issuer was established on October 31, 2018 and entered in the commercial register on October 31, 2018. The duration of the Issuer's existence is unlimited.

6.1.4 Registered office and legal form of the Issuer; legal system and business address

The Issuer is organized in the legal form of MEGA (Loco). The registered office of the Issuer is Germany. The Issuer was incorporated under the Deutschland and is subject to the laws of the Federal Republic of Germany. The business address of the Issuer is

Bitbond Finance GmbH
Strelitzer Straße 6ß
10115 Berlin, Germany

The Issuer can be reached at the following telephone number +49 30 5884 9219 and per email under invest@bitbondsto.com.

6.1.5 Share capital

The share capital of the Issuer amounts to EUR 25,000 on the Prospectus Date and is divided into 25,000 shares of EUR 1 each. The Bitbond GmbH holds all shares and thus 100 percent of the share capital. The share capital is fully paid up.

The shares convey the same and equal in right shareholder rights and embody neither preferential rights nor special benefits. A share gives a shareholder a claim to a proportional share of the Issuer's profits (Sect. 29,

para. 3 German Private Limited Company Act (GmbHG) and a claim to any liquidation proceeds in proportion to the shares (Sect. 72 GmbHG). In accordance with the Articles of Association the subscription rights of a shareholder are neither limited nor excluded, if the share capital of the Issuer increases. Moreover, a shareholder may convene and participate in the Issuer's shareholders' meetings, contest shareholders' resolutions (Sect. 243 German Stock Corporation Act (AktG) analogously), and has information and inspection rights (Sect. 51a GmbHG).

Resolutions on the Issuer's affairs are passed by a majority of the votes cast, whereby each euro of a share in the Issuer confers one vote (Sect. 47 GmbHG). There are no different voting rights for individual shares.

6.1.6 Articles of Association and Bylaws of the Company

The Articles of Association of the Issuer may be inspected at the Commercial Register of the Local Court of Berlin-Charlottenburg under the Commercial Register Number HRB 198270 B.

The Issuer's objectives are set out in § 2 (Object of the Company) of the Articles of Association. The purpose of the Issuer's business is to provide loans in kind financed by equity and the issue of subordinated registered bonds and comparable debt capital products on the basis of accounting units such as Bitcoin or Ether and other digital cryptocurrencies; in each case excluding activities requiring a permit under the German Banking Act, the German Investment Code, the German Payment Services Supervision Act or the German Legal Services Act.

The Issuer may conduct any business that may directly or indirectly serve the purpose of the Company.

It may set up branches and participate in similar or similar enterprises. The Issuer may also invest in companies whose object is the operation of an online platform for the brokerage of Bitcoin loans and loans in other digital and cryptocurrencies between lenders and borrowers, including associated services.

6.1.7 Recent events in the Issuer's business activities

No recent events in the Issuer's business have taken place which are materially relevant to the assessment of the Issuer's solvency.

6.2 Capital expenditures (investments)

6.2.1 Significant capital expenditures since the date of the last audited interim financial statements

No capital expenditures have been made since the reporting date of the most recently audited interim financial statements as of October 31, 2018.

6.2.2 Key future, binding capital expenditures of the Issuer

The Issuer has not made any binding resolutions regarding future capital expenditures, but rather only has intentions regarding possible future investments in terms of its intended business activities.

6.3 Business overview

6.3.1 Main activities of the Issuer

The Issuer has not yet commenced operations. Future investments (capital expenditures) have only been planned, but not yet specified in detail. The Issuer is expected to commence operations during the subscription period for these token-based bonds, but no later than the close of the subscription period.

6.3.1.1 Cryptocurrency loans

Crypto-currency lending

The main intended activity of the Issuer is to grant loans via cryptocurrencies such as Bitcoin or Stellar Lumens (hereinafter also referred to as "cryptocurrency loans", "loans in kind" or "loans") to various companies of different sizes and self-employed persons. The granting takes place over the online brokerage platform operated by Bitbond GmbH ("Bitbond Platform"), on which possible cryptocurrency borrowers (hereinafter also referred to as "borrowers") are listed with the desired loan amount and the loan conditions (interest rate, term). Access to the Bitbond Platform is granted after registration of the Issuer over the Bitbond GmbH website at www.bitbond.com. The granting of loans over the Bitbond Platform is subject to the General Terms and Conditions of Bitbond GmbH, which can be downloaded from the Issuer's website.

The Bitbond GmbH serves the Issuer as a platform through which the Issuer invests in cryptocurrency loans. Within the scope of its business activities, Bitbond GmbH assumes operational functions for its customers and the Issuer, such as contacting potential cryptocurrency borrowers, checking the creditworthiness of traders who request the brokerage of a cryptocurrency loan over the Bitbond Platform, identifying customers of the Bitbond Platform in terms of money laundering law, organizing payment processing over cryptocurrencies, customer support and dunning.

The Bitbond GmbH is a regulated financial service institution and thus obligated in the sense of the German Money Laundering Act ("GwG"). Each customer of the Bitbond Platform is identified under money laundering law by Bitbond GmbH or one of its partners.

The Issuer will base its decision as to whether to finance certain cryptocurrency loans on the credit assessment and credit rating of the Bitbond GmbH. The Issuer may inspect the identification documents of individual cryptocurrency borrowers for verification purposes. Bitbond GmbH performs the credit assessment of the borrowers primarily using the following data: Bank account transactions and transactions on borrowers' business accounts such as seller accounts on platforms such as eBay or Amazon for the validation of sales and other payment services such as PayPal or Stripe. Moreover, ratings are also used on online platforms such as Yelp or Tripadvisor (in each case depending on the industry sector of the cryptocurrency borrower).

In order to use the Bitbond Platform, Bitbond GmbH provides the Issuer with a cryptocurrency account ("cryptocurrency account") through which the Issuer can invest in cryptocurrency loans. The cryptocurrency account also enables the Issuer to call up reporting information on individual cryptocurrency loans as well as aggregated information on its entire portfolio. In order to invest in crypto-currency loans on the Bitbond Platform, the Issuer must have the necessary amount of the relevant crypto-currency for each loan. This must be paid into the cryptocurrency account set up at Bitbond GmbH for each user of the Bitbond Platform. For this purpose, the Issuer will exchange the investment capital raised for cryptocurrencies and so-called EUR tokens (EURT) over corresponding providers such as bit4coin BV and/or TEMPO France S.A.S or comparable providers (platforms for the exchange of cryptocurrencies). A EURT represents one Euro and gives the Issuer the right to exchange the EURT for fiat money or other cryptocurrencies against the Issuer of the EURT at any time. The Issuer will exchange the amount of EURT intended for investments in cryptocurrency loans into the cryptocurrency required for the granting of the loan and thus fill its cryptocurrency account.

If one or more requests for cryptocurrency loans are listed on the Bitbond GmbH platform that meet the Issuer's investment criteria (e.g., credit rating, term, loan amount, country of origin of the cryptocurrency borrower), these cryptocurrency loans are financed by the Issuer. A cryptocurrency loan agreement brokered online over the Bitbond Platform is concluded directly between the borrower and the lender (hereinafter also referred to as the "investor"). As soon as loan agreements are concluded, the cryptocurrency account is debited according to the investment amount and the corresponding amount is transferred to the cryptocurrency account of the borrower. The cryptocurrency borrower is informed about the successful financing by e-mail and can retrieve its cryptocurrency loan.

The cryptocurrency loans are repaid over constant monthly installments from interest and redemption with offered terms of 3, 6 or 12 months. When an installment becomes due, the Bitbond GmbH sends a reminder to the borrower to load its cryptocurrency borrower account accordingly. As soon as the borrower account shows a corresponding coverage of cryptocurrencies, the rate is collected and automatically credited to the investor. Interest payments and repayments are credited to the issuer's cryptocurrency account in accordance with the agreed repayment schedule. If someone is in default, Bitbond GmbH takes over the dunning process.

The loans offered on the Bitbond platform denominate either in cryptocurrencies (e.g. Bitcoin, Ether, and Stellar Lumens) or Fiat currencies (EUR, USD etc., so-called exchange rate pegged/ERP loan). In both cases the lender owes only the transfer (surrender) the agreed cryptocurrency; and also interest and repayments (redemption) take place only in this cryptocurrency.

When an ERP loan is concluded, however, the loan proceeds as well as repayments and interest payments are denominated in a fiat currency and are linked to the current fiat/crypto exchange rate. This means that the lender and borrower owe a variable amount of the agreed cryptocurrency that corresponds to the fixed claims in the relevant fiat currency at the respective due date. The current exchange rate (Fiat/cryptocurrency) published on

the Internet page www.cryptocompare.com is authoritative for the conversion. There, a pricing means (*Kursmittel*) of the relevant fiat/crypto trading venues, weighted in real time according to the trading volume, is made available. For late payments after the due date, the exchange rate published at that time is decisive. If that www.cryptocompare.com is technically unavailable or the use of www.cryptocompare.com becomes unacceptable to the Issuer from an economic point of view (e.g., due to a substantial fee increase), the Issuer is entitled to determine a comparable online platform established on the market, the currently published exchange rate of which is decisive for the conversion.

Default

If the respective borrower fails to fulfill at least two successive redemptions (repayments) under the agreed Redemption Schedule, the Issuer may, after unsuccessful request, terminate the loan agreement extraordinarily stating a termination date. If the Borrower has been in default for more than 90 days, the Issuer shall assign its claims against the Borrower to Bitbond GmbH for collection in accordance with the General Terms and Conditions of Bitbond GmbH. Bitbond GmbH may assign its claims to a collection agency. If partial repatriations occur, the incoming cryptocurrencies will first be offset against the costs of legal proceedings against Bitbond GmbH, then against the redemption claim and finally against the interest claim of the Issuer.

If the Bitbond GmbH or the collection agency commissioned do not collect against claims of the Issuer, the Issuer will be notified accordingly. At the same time, the Borrower's contact details are transmitted to the Issuer in order to enable the Issuer to take further collection action against the Borrower. The Issuer has full discretion in making this decision.

Fees for the Bitbond GmbH

For each installment (total of interest and repayment) that a Borrower repays the Issuer under the agreed Redemption Schedule, the Bitbond GmbH retains a certain percentage from the Issuer as the redemption fee for settling the loan. This redemption fee is present as a general rule 1.0 percent for all loan term, unless otherwise agreed.

6.3.1.2 Sale of receivables and acquisition of junior notes

Moreover, the Issuer reserves the right to sell acquired claims from cryptocurrency loans concluded over the Bitbond Platform to third parties as part of structures for securitizing receivables.

Such structures can be structured very differently. In conventional loan securitization, the loan receivables are acquired from special-purpose vehicles (SPVs) established specifically for the purpose of acquiring the receivables. The SPVs are only capitalized with a minimum contribution and are as insolvency-proof as possible and are customarily set up abroad for tax reasons. Because the SPVs have neither employees nor working capital, their functions are assumed by third parties. The so-called servicing, i.e. administration, monitoring and collection of receivables, is the responsibility of the so-called servicer. As a rule, this function is performed by the seller of the receivables (originator), for which the originator receives a corresponding fee.

The SPVs finance the acquisition of receivables by issuing securities. Generally, these are bearer bonds (bonds), which are predominantly offered to professional investors. The securities issued are secured by the receivables acquired (asset-backed securities - ABS) and are often structured in stages. This means that securities tranches with different loss risks and interest rates are issued to investors. If losses occur, the holders of the relatively high-interest first tranche (junior note or first loss piece, FLP) must first bear the losses incurred. The holders of the lower-interest securities of the second tranche (mezzanine tranche) are used next and the holders of the comparatively lowest-interest third tranche (senior note) of the securities last to cover losses.

As of January 1, 2019, a general legal framework for securitizations will apply in accordance with the European Union with Regulation (EU) 2017/2402 of December 12, 2017.

If the Issuer were to participate in a securitization, it would not only sell selected loan receivables to an SPV but would also assume the junior note in the securities issue. Concrete plans, structures or even agreements for such securitization, in which the Issuer could participate, do not exist to date.

6.3.1.3 Lending to the Bitbond GmbH

Finally, the Issuer will also grant cash loans and/or loans over cryptocurrencies directly to the Bitbond GmbH. The loans will be granted at arm's length conditions only. The loans can have fixed or variable interest rates so as to enable the Issuer to participate in the economic success of Bitbond GmbH. No collateral is provided for the loans. Details of such a loan grant have not yet been determined.

6.3.2 Secondary Activities of the Issuer

In addition to the principal activities set out above, further secondary activities may be conducted in the future which originate in the Issuer's operating activities.

6.4 Key markets

As part of its business activities, the Issuer intends to potentially grant cryptocurrency loans to all "categories" of borrowers listed on the Bitbond GmbH online platform. These are borrowers with different risk profiles and countries of origin and loans with different loan values, interest rates and maturities.

In principle, borrowers can have their place of business anywhere in the world. The Issuer does not intend to restrict lending on a regional basis. In the Issuer's opinion, the most important markets in which Bitbond GmbH acquires borrowers are Great Britain, French, Spain, Kenya and Italy. Moreover, Bitbond GmbH has already financed borrowers from nearly 80 other countries around the world, each representing a smaller proportion of its total business. In Kenya, Bitbond GmbH has a partnership with the e-commerce marketplace Jumia. Jumia refers to Bitbond GmbH's offer when an online retailer operating on Jumia needs financing. Bitbond GmbH is planning further similar partnerships in order to win customers globally as borrowers.

For the Issuer's business activities, it is of decisive that there be a sufficient number of loan offers on the Bitbond Platform, each with an appropriate interest rate in relation to the default risks assumed. The nominal interest rate of the cryptocurrency loans offered on the Bitbond Platform is currently between 10 and 35 percent p.a. When determining interest rates, the Bitbond GmbH takes into account the debtor's individual default risk on the one hand and the market level in the debtor's country on the other. The interest rate market depends on macroeconomic factors, the monetary policy of the respective central bank and the competitive situation for SME (small and medium-sized enterprises) loans in the respective country. Interest rates tend to be higher in regions with less competition. Moreover, interest rates depend on the return expectations of the Bitbond GmbH's lenders (hereinafter also referred to as "investors"). Investors form an opinion about the borrower's risk. They form a return expectation for themselves based on the risk and the general interest rate level. The Bitbond GmbH is in discussion with the investors and regularly adjusts the interest level on the platform according to the risk of the debtors, the respective market level and the return expectations of the investors.

When granting cryptocurrency loans on the Bitbond Platform, Bitbond GmbH treats the Issuer in the same way as any other investor. This means that if the Issuer wishes to grant a cryptocurrency loan which also meets the investment criteria of other investors, a random selection will be made by the Bitbond GmbH which investor will be awarded the loan. The selection takes place however in such a way that investors are alternately selected and thereby can develop themselves an appropriate portfolio.

However, in the future it may be possible for institutional investors to appear on the Bitbond Platform, which have lower return expectations, than momentarily is the case, or which are ready to pay higher fees than presently customary. In this case, Bitbond GmbH may prefer such investors to the Issuer in order to protect its interests. As a consequence, the Issuer may not have access to sufficient investment opportunities or may have to adjust its expected return and willingness to pay fees.

To the extent that the Issuer also retains the option to sell parts of its cryptocurrency loan portfolio to third parties and to acquire junior note tranches as part of the securitization of receivables, it will attempt to implement such securitization structures in various countries around the world and seek suitable business partners worldwide.

Moreover, the market environment for so-called security token offerings (STOs) plays a role for the Issuer, as the Issuer wishes to raise capital for its investment activities over the token-based bonds offered here. According to the Issuer, the STO market is growing steadily.

6.5 Organizational structure

The sole shareholder of the Issuer is Bitbond GmbH, which holds all 25,000 shares and thus 100 percent of the share capital of the Issuer. A domination and profit transfer agreement does not exist. The managing director of the Issuer, Mr. Radoslav Albrecht, is also the managing director and shareholder of Bitbond GmbH. The Issuer is thus particularly dependent on Bitbond GmbH and Mr. Radoslav Albrecht.

Bitbond GmbH is a German Private Limited Company (*Gesellschaft mit beschränkter Haftung* (GmbH)) organized under the laws of the Federal Republic of Germany with its registered office in Berlin. Under its Articles of Association, the corporate purpose of Bitbond GmbH is to operate an online platform for brokering Bitcoin loans

and digital and cryptocurrencies between lenders and borrowers, including associated services. Bitbond GmbH holds a permit for investment brokerage (§ 32, para. 1, sent. 1 of the German Banking Act (KWG)).

The Issuer uses Bitbond GmbH's resources (personnel, business premises and office equipment) in the course of its business operations on the basis of contractual agreements. In this respect, the Issuer is also dependent on the provision of these resources and the fulfilment of the contracts.

The Issuer is also dependent on the activities of the Bitbond GmbH because of its intended business activities and the correlation with the activities of the Bitbond GmbH.

6.6 Administrative, management and supervisory bodies

The issuer's executive bodies are the management and the shareholders meeting. The duties of these bodies are governed by the GmbH Act and the Issuer's Articles of Association. Mr. Radoslav Albrecht is currently the sole managing director. The Issuer has no other administrative and/or supervisory bodies.

Mr. Radoslav Albrecht is also shareholder and managing director of Bitbond GmbH, whose sole subsidiary is the Issuer. It cannot be ruled out that, when weighing up different, possibly conflicting interests, participants may not reach the decisions they would make if there were no interdependencies.

Mr. Radoslav Albrecht can be reached at the business address of the Issuer (Bitbond Finance GmbH, Strelitzer Straße 60, 10115 Berlin).

6.7 Trend information

No material adverse changes in the Issuer's prospects have occurred since the reporting date of the most recently audited Interim Financial Statements as of October 31, 2018.

The Issuer is not aware of any information about known trends, uncertainties, demand, obligations or events that are likely to have a material effect on its prospects, at least in the current financial year.

6.8 Profit forecasts or estimates

The Issuer makes no profit forecasts and no profit estimates.

6.9 Management practices

The Issuer has not formed any advisory board or appointed any committees. As a German private limited company (GmbH), the Issuer is not subject to the requirements and recommendations of the "Government Commission on the German Code of Corporate Governance". The Code of Corporate Governance is thus not being applied (not even voluntarily).

6.10 Key contracts

6.10.1 Pre-financing Agreement with the Bitbond GmbH

After the Prospectus is approved, the Issuer plans to conclude a loan agreement with Bitbond GmbH for pre-financing the issue costs amounting to EUR 300,000. The interest rate of the pre-financing is 8 percent p.a. The term of the pre-financing is 4 months and can be extended, as necessary. The pre-financing can be repaid in full or in part at any time. The Issuer assumes that it will be able to repay the pre-financing within four months and thus calculates an interest expense of EUR 8,000.

6.10.2 Service Level Agreement with the Bitbond GmbH

The Issuer has entered into a Management Service Agreement on August 1, 2018 with Bitbond GmbH for the provision of marketing, administrative, customer service and technological services. These services will be invoiced to the Issuer at market prices. The services will be provided on the basis of the needs indicated by the Issuer to Bitbond GmbH with respect to the respective services and are not expected to exceed EUR 500,000.00 with respect to the implementation of the issue. The Issuer will continue to make use of the services of Bitbond GmbH in accordance with the Management Service Agreement, also after the issue (offering) is concluding.

6.11 Court and arbitration proceedings

There are no governmental, legal or arbitration proceedings (including those pending or threatened to be instituted to the Issuer's knowledge) at the level of the Issuer which existed or have been completed during the last twelve months or more and which have – or recently have had - a material effect on the Issuer's financial position or profitability.

7. Securities note

7.1 Basic information

7.1.1 Interests of natural and legal persons involved in the issue/offer

The Bitbond GmbH has a significant interest in the success of the issue, because according to the Issuer's planned business model, the volume of the issue acquired should also serve to promote the business activities of the Bitbond GmbH.

Moreover, Bitbond GmbH intends to subscribe for the qualified subordinated token-based bonds being offered here up to an amount of EUR 5,000,000. This also results in a considerable interest on the part of Bitbond GmbH in the success of the issue.

Bitbond GmbH holds 100 percent of the Issuer's shares and thus has a significant influence on the Issuer's management.

The issuer's managing director, Mr. Radoslav Albrecht, is also the managing director of Bitbond GmbH. Mr. Radoslav Albrecht is the key decision-maker with regards to carrying out the issue and also holds an indirect stake in the Issuer. This results in a considerable self-interest of Mr. Radoslav Albrecht in the success "of the issue.

It cannot be ruled out that, when weighing up different, possibly conflicting interests, participants may not reach the decisions they would take if there were no interdependencies. Such decisions may not be in the interest of the Issuer and may have a negative effect on the Issuer's financial position, results of operations and net assets.

7.1.2 Reasons for offering and use of proceeds

The issue will be used to raise funds of up to EUR 100,000,000. The Issuer will use the Issue proceeds, net of the issue-related costs ("net issue proceeds") arising from the issue of the Token-based bonds to fund its general business (see § 6.3 of this Prospectus for an overview of its business). Under the Issuer's proposed business model, the issue volume that is generated will also be used to promote the Bitbond GmbH's business activities.

The (fixed) issue-related costs are composed of legal fees for preparing the concept of a token-based bond and its implementation (including prospectus), audit and closing fees, marketing and other costs for the Issuer's own distribution, costs for the software development of the Issuer's website and the related infrastructure for the BB1-Token. Moreover, an interest expense exists for the pre-financing of the issue costs from a loan agreement that will be concluded with Bitbond GmbH in the future.

Moreover, because the Issuer maintains an affiliate program, variable distribution costs may be incurred. The program provides that Affiliate Partners acting as tipsters will refer to the Issuer's offer over the Issuer's website, whereas subscription itself is only possible over the Issuer's website. The Issuer has not granted the Affiliate

Partners permission to use the Prospectus. Each Affiliate receives rewards of 5 percent of the respective subscription amount for a successful "tip". As the targeted total issue volume is EUR 100 million, the costs for the Issuer from the affiliate program thus amount to a maximum of EUR 5 million..

The issue-related costs are thus expected to total:

120,000 EUR Legal advice

400,000 EUR Marketing and sales

1,785 EUR Audit and acquisition costs

80,000 EUR Software development

8,000 EUR Interest expense for pre-financing

5,000,000 EUR (max. rewards for Affiliate Partners)

5,609,785 EUR TOTAL

After deduction of the expected issue-related costs of a maximum of EUR 5,609,785.00, the net proceeds from the issue of the token-based bonds will probably amount to EUR 94,390,215.00. The net proceeds of the issue will be sufficient to finance the purposes set out in the Prospectus. There is no provision for a division and restriction of the use of the issue proceeds for certain purposes.

7.2 Information on the securities to be offered or admitted to trading

7.2.1 Type / WKN and ISIN

As part of a public offering, the Issuer will issue 100,000,000 token-based bonds with a nominal amount of EUR 1 each, which will be equal in right to each other. Securitization is excluded. For this reason, a certificate is not deposited with a custodian bank.

For each bond issued, a BB1-Token is issued by the Issuer to the investor.

BB1-Token are based on the Stellar Blockchain and represent the rights arising from the bond.

WKN/ISIN do not exist.

7.2.2 Basis of securities

German law shall govern the form and content of the token-based bonds as well as the Bond Terms & Conditions and all rights and obligations of creditors and the Issuer. The token-based bonds are governed by the Bond Terms & Conditions.

7.2.3 Currency of issue

The issue currency of the securities is the euro.

The token-based bonds are issued against payment in euros or against the provision of cryptocurrencies (Stellar Lumens, Bitcoin or Ether).

The settlement currency in which interest payments and redemptions are made is the cryptocurrency Stellar Lumens.

7.2.4 Ranking of securities

The token-based bonds confer equal rights on the creditors of the token-based bonds and subordinate rights on the creditors of the Issuer in relation to the claims of other creditors of the Issuer. If the Issuer is liquidated, dissolved or insolvent or any proceedings to avert the Issuer's insolvency are initiated, the rights attaching to the token-based bonds shall rank second (qualified subordination) to all of the Issuer's other existing and future non-subordinated liabilities pursuant to Sect. 39 InsO. The creditors of the token-based bonds may not to assert their subordinate claims against the Issuer if and to the extent that their satisfaction would lead to the Issuer's insolvency under Sect. 17 InsO or to over-indebtedness under Sect. 19 InsO. The time bar against the portion of the claims that cannot be asserted will be suspended during this period of time.

The subordinated claims of the creditors of the token-based bonds can only be settled from existing or future annual net profits, from any existing or future liquidation surplus or from the Issuer's other free assets.

The payment of the redemption amount and the interest is not a technically automated event and can only be triggered by the Issuer, if the necessary liquidity is available.

7.2.5 Creditors rights

The securities offered are token-based bonds which give the creditor a claim against the Issuer for redemption of the invested capital at the end of the term and payment of interest during the term.

Redemption (repayment) and interest payments due during the term will be made exclusively in the cryptocurrency Stellar Lumens corresponding to the subscribed nominal (principal) amount of the token-based bonds. For this purpose, the EUR value at 12:00 noon CET (Central European Time) corresponding to the due date of a respective interest payment or redemption (repayment) of the token-based bonds is converted into XLM using the EUR - XLM exchange rate displayed on the website www.cryptocompare.com and then paid out to the Stellar address of the holders of the BB1-Token without undue delay. If www.cryptocompare.com is technically unavailable or the use of www.cryptocompare.com becomes unacceptable to the Issuer from an economic point of view (e.g., due to a substantial fee increase), the Issuer may specify a comparable online platform established on the market, the currently published exchange rate of which is then decisive for the conversion. In accordance with § 16 of the Bond Terms & Conditions, the Issuer will immediately inform the investor of such a change by publishing it on its website www.bitbondsto.com.

The EUR - XLM exchange rate is freely formed on crypto exchanges and corresponding marketplaces according to supply and demand. These markets are influenced by various factors. On the one hand, there are currency-specific factors, including in particular the number of transactions carried out on Stellar Blockchain and the number of persons and companies using Stellar Blockchain as a technology platform. The higher the transaction volume, the higher the demand for Stellar Lumens (XLM), since the transaction fees on Stellar have to be paid in XLM. In addition to the currency specific factors, the Ether and Bitcoin exchange rates also play a role in the EUR - XLM exchange rate. Bitcoin and Ether are currently the largest cryptocurrencies due to their market capitalization. Other cryptocurrencies such as XLM show a tendency to behave similarly in their price development to the larger cryptocurrencies after market capitalization.

The Issuer will make payments to the person listed as the token holder in the Stellar Blockchain register on the due date, 12:00 noon CET, according to the respective due dates. Payments will be made via transactions to the blockchain address (wallet) of a token holder specified in the respective register. In order to be able to make payments, the Issuer will download a publicly accessible list of all holders of the BB1-Token that are listed on the Stellar Blockchain over a Stellar Block Explorer at the time of maturity. The respective list contains all Stellar Wallet addresses holding BB1-Tokens as well as the corresponding holdings of BB1-Tokens on the respective due date. The Issuer will make interest and redemption payments in the form of XLM transactions in the amount due from the Stellar Wallet address of the Issuer to the Stellar Wallet addresses of the token holders.

The investors are not entitled to premature ordinary termination. Extraordinary termination is possible for good cause. The holders of the Bonds and BB1-Token do not have participation, influence or voting rights.

7.2.5.1 Interest payments

The token-based bonds bear interest at their nominal value at a fixed interest rate of 4.00 percent p.a. (base rate). The interest periods for the base rate run from July 1 of each year to June 30 of each subsequent year (inclusive). The first interest period begins at July 1, 2019.

In addition to the base rate, the token-based bonds are subject to annual variable interest (variable interest). The interest periods for the variable interest rate are the respective financial year of the Issuer (calendar year). The first interest period begins on January 1, 2019. The variable interest rate for an interest period is the percentage rate resulting from the fact that 60 percent of the pre-tax profit for the year (excluding the variable interest rate), if any, is divided by the total nominal value of the outstanding token-based bonds according to the approved and audited annual financial statements of the Issuer for the financial year preceding the interest payment date for the variable interest period.

Interest is calculated by the Issuer (calculation agent).

The base interest of an interest period is payable in four equal installments on October 1 of each year and on January 2, April 1 and July 1 of the following year (each an "interest payment date"). The first basic interest payment is made on October 1, 2019. The base interest rate ends at the end of the term of the bond at June 30, 2029. The last base interest payment is made on July 1, 2029. If an interest payment date is not a business day, the interest payment is made on the next following business day.

The variable interest is payable retroactively on July 31, for the first time on July 31, 2020. The variable interest payment ceases on December 31, 2027. The last variable interest payment is made on July 31, 2028. If the July 31 is not a business day in a year, the interest payment is made on the next following business day. If the annual financial statements of the Issuer for the previous financial year have not been finally adopted/approved by July 31 in any year, the variable interest will be payable seven business days after the adoption of the annual financial statements.

If the Issuer fails to redeem the token-based bonds at maturity, interest will be payable on the outstanding principal amount of the bonds from the Maturity Date (inclusive) until the actual Redemption Date (exclusive) at the statutory default interest rate.

If interest is to be calculated for a period of less than one year (e.g., in the event of default), it will be calculated to the day using the act/act method.

7.2.5.2 Redemption

The bond has a term until June 30, 2029 (inclusive). Unless previously redeemed or purchased in whole or in part, the token-based bonds will be redeemed at their redemption amount on the first business day following June 30, 2029. The redemption amount in respect of each bond corresponds to its nominal (principal) amount.

The issuer is granted the right in the Bond Terms & Conditions of the token-based bonds to redeem these before the end of the term subject to a three months notice period to first end at latest on December 31, 2021 date and at latest on December 31 in each year thereafter (ordinary right of redemption).

7.2.5.3 Limitation period for interest payments and redemption claims

The statute of limitations according to §§ 195, 199 German Civil Code (hereinafter BGB) shall apply.

7.2.5.4 Creditors termination rights

The creditors have no ordinary right of termination. If there is good cause, each creditor may terminate its bonds without observing a period of notice and demand their redemption at par (nominal) plus any interest accrued up to the date of redemption (exclusive). Good cause is present if, in particular

1. the Issuer fails to pay principal or interest within 30 days of maturity. A right of termination does not exist if the Issuer is not obliged to pay due to the agreed qualified subordination according to § 6 or if the creditors are not allowed to assert their claims; or
2. if the Issuer generally announces its insolvency in writing or generally suspends its payments; or
3. insolvency proceedings are initiated against the assets of the Issuer and are not lifted or suspended within 30 days of such proceedings being initiated or applied for by the Issuer or insolvency proceedings are dismissed for lack of assets; or
4. the Issuer fails to perform or observe any material obligation, condition or agreement with respect to the token-based bonds and the failure to perform or observe such obligation, condition or agreement continues for more than 30 days after the Issuer has received notice from the creditor to whom the breach of obligation relates that the Issuer is required by the creditor to perform or to observe such obligation, condition or agreement; or
5. the Issuer enters into liquidation, unless this occurs in connection with measures under company law (e.g., a merger or another form of merger with another company), provided that this other company is an

affiliated company of the Issuer as meant by Sections 15 et seq. of the German Stock Corporation Act (AktG) and assumes all obligations entered into by the Issuer in connection with the Bonds.

Notice of termination by the creditor must be served by registered letter and in such a way that the creditor returns to the Issuer all BB1-Tokens belonging to it by transferring them to the wallet address of the Issuer. The notice of termination will be addressed to the Issuer, Strelitzer Str. 60, 10115 Berlin.

The right of termination expires if the reason for termination has been cured before the right is exercised.

7.2.5.5 Early redemption by the Issuer

The Issuer may terminate (call) the outstanding bond in its entirety before the end of the term by giving three months notice to first end at latest on December 31, 2021 and at latest on December 31 in each case thereafter. Upon the termination taking effect, the token-based bonds will be redeemed in the amount of their nominal (principal) amount.

7.2.5.6 Information obligations of the Issuer

The issuer must prepare its annual financial statements at the end of a financial year in accordance with the provisions of the German Commercial Code (HGB) at latest by 31 March of the following calendar year at the latest and make them available to creditors by posting them on its website (www.bitbondsto.com).

7.2.5.7 Debt security holder representative

No representative of the bond holders was appointed.

7.2.6 Issue date

The placement of the token-based bonds will commence one business day after the publication of the Prospectus. The expected issue date is the first business day after the publication of the Prospectus, which is expected to be March 11, 2019. Otherwise, the issue date is not the same as the delivery date of the token-based bonds.

7.2.7 Statement of the resolutions, authorizations and approvals by virtue of which the securities have been or will be created and/or issued

The Issuer's shareholders meeting resolved on the September 24, 2018, to issue token-based bonds and offer them to the public.

7.2.8 Transferability of securities

A partial transfer of a token-based debt security is not permitted. The assignment of the rights arising from the bond requires the transfer of the BB1-Token representing the bond (so-called limited prohibition of assignment). The transfer of the BB1-Token takes place exclusively over the Stellar Blockchain. A transfer of the bond outside the blockchain is not permitted. Thus, the transfer can only take place jointly with the BB1-Token.

7.2.9 Information on return

The return is largely dependent on the amount of the respective annual variable interest rate for the bond. For this reason, the possible return of a creditor cannot be calculated using a recognized interest calculation method. For the calculation of the individual return of a creditor, individual transaction costs must also be taken into account, which may arise, e.g., when sending the required amount of cryptocurrencies or for the wallet used by the investor.

7.3. Terms and conditions for the Offer

7.3.1. Conditions to which the Offer is subject

The bonds have not been and will not be registered under the US Securities Act of 1933, as amended, or with the securities regulatory authorities of any state of the United States of America and, subject to certain exceptions, may not, directly or indirectly, be offered, sold, given away, inherited or delivered in the United States of America.

This Prospectus does not constitute an offer in any jurisdiction in which such offer would be unlawful. The Offer does not apply to investors to whom U.S. or Canadian tax laws apply. Persons who come into possession of this Prospectus must comply with the distribution rules applicable in their respective country.

Anyone wishing to subscribe to the bonds and receive BB1-Tokens requires a wallet that is compatible with Stellar Assets. The Issuer cannot accept subscription orders without specifying a Stellar address (so-called Public Key) in the online subscription process. A smartphone or a computer with internet access is necessary to receive a wallet. A wallet is a sort of electronic pocketbook. A wallet always consists of a pair of addresses given by a long sequence of letters and numbers. This is a public key (also called an "address") that is passed on to receive payments and a "private key" that belongs to this address and is needed to transfer tokens (or other cryptoassets). Thus, the wallet itself does not contain the tokens, but rather the public key and a corresponding private key. The "token owner" is thus the one whose Stellar address (public key) is assigned to the tokens present on the Stellar Blockchain. "Transfer" thus does not mean physical transfer, but the transaction of rights to dispose of the token. The transfer from one address on the Stellar Blockchain to another address takes place thereby. Anyone can be trace the transaction over the Stellar Blockchain. An investor's wallet must be able to store assets that are issued and transferred on the Stellar Blockchain. Wallets that are compatible with Stellar Assets are listed at <https://www.stellar.org/lumens/wallets/>. Wallets such as Lobstr and interstellar are suitable for receiving BB1-Tokens. Once the investor has set up a Stellar Wallet, it must set up a so-called trustline to the BB1-Token. This means that the wallet is technically set up in such a way that it can receive and send BB1-Tokens by the investor searching for the asset code (here BB1) in its wallet and then adding it to the list of assets that the investor wishes to receive with its wallet.

The investor should inform itself in advance about possible fees for a wallet.

7.3.2 Total issue amount

The Issuer issues unsecuritized token-based bonds with a total nominal amount of EUR 100,000,000.00 in the form of a public offering.

7.3.3 Purchase price

The purchase price for each token-based bond is 100 per cent of the nominal amount.

The Issuer will not charge the investor any costs or fees for the issue of the token-based bonds, in particular no premium will be charged.

However, the investor bears the costs associated with the wallet belonging to it, e.g., fees and transaction costs incurred associated with providing cryptocurrencies/cryptoassets to the Issuer in connection with the subscription of the bonds. The same applies to the costs associated with transfers of Fiat Money to the Issuer. The investor shall bear these costs as well. The Issuer will not charge such fees and charges to the investor, but rather third parties.

The Issuer grants early-subscription discounts, which are dependent on both time period and volume. The purchase price is reduced until the end of a defined period or until defined issue proceeds are generated, whichever occurs first. The purchase price for investors is reduced as follows:

Period	Price
11.03. (12:00:00 CET) - 01.04. (11:59:59 CET) OR when EUR 1.0 million of issue proceeds are generated earlier.	EUR 0.70
02.04. (12:00:00 CET) - 08.04. (11:59:59 CET) OR when EUR 3.0 million of issue proceeds are generated earlier.	EUR 0.90
09.04. (12:00:00 CET) - 15.04. (11:59:59 CET) OR when EUR 5.0 million of issue proceeds are generated.	EUR 0.95

16.04. (12:00:00 CET) - 22.04. (11:59:59 CET)
OR when EUR 9.0 million of issue proceeds are generated.

EUR 0.97

23.04. (12:00:00 CET) - 10.05. (11:59:59 CET)

EUR 1.00

7.3.4 Minimum and/or maximum subscription amount

The minimum subscription amount for the token-based bonds is EUR 1. There is no maximum subscription amount with respect to subscriptions.

7.3.5 Offer procedure and delivery of securities

The Offer Period during which purchase offers may be made for the token-based bonds is expected to begin on March 11, 2019 and end on May 10, 2019. The Issuer reserves the right to extend this period once by 8 weeks. The Issuer reserves the right to shorten this period (especially in the case of a full placement).

The token-based bonds may be subscribed for during the Offer Period by submitting a purchase application (subscription form) to the Issuer as part of an online subscription process on the website of the Issuer. The investor must register to subscribe for the bonds over www.bitbondsto.com and complete the subscription form online. In addition to personal data, the investor must provide the intended amount of BB1-Token that it wishes to subscribe for and its Stellar Wallet address to which its BB1-Token is to be transferred. The token-based bonds will be issued outside the blockchain ("Off-Chain") by accepting the subscription agreement as part of this online subscription process.

The investor shall pay Euro or cryptocurrencies to the bank account specified by the Issuer or to the wallet address specified in accordance with the number of tokens subscribed by the investor. The Issuer's receipt of payment will be confirmed to the investor by e-mail by the Issuer. Upon acceptance of the subscription and upon receipt of the "payment" (EUR or cryptocurrencies), a number of BB1-Tokens corresponding to the payment amount of the bonds will be generated and immediately credited to the wallet of the relevant investor after the end of the Offer Period. One BB1-Token corresponds to EUR 1 of the subscribed bonds.

"Payment" means the payment of Euro or provision of cryptocurrencies (Stellar Lumens, Bitcoin or Ether) by the investor. The number of token-based bonds issued is equal to the amount of the whole euro paid in by the creditor or the EUR equivalent of the amount of cryptocurrencies paid (XLM, BTC or ETH) at the time of payment according to the exchange rate (EUR - cryptocurrency) published on the website www.cryptocompare.com (or a comparable platform selected by the Issuer as described in § 7.2.5 of this Prospectus. The historical daily average rate published on the calendar day of receipt of payment will always be applied. With respect to cryptocurrencies, a payment is deemed received if at least one (1) confirmation has been received on the respective blockchain of the cryptocurrency.

After the end of the Offer Period, the respective amount of BB1-Token corresponding to the number of bonds purchased by the investor will be credited immediately to the wallet of the respective investor. For this purpose, the Issuer shall create a so-called "Stellar Asset Issuer Account" and link it to its Internet domain www.bitbondsto.com. In this way, a recipient of BB1-Tokens knows that it is receiving "real" BB1-Tokens issued by the Issuer, i.e., they are not tokens of another issuer. The tokens generated by the Issuer on the Stellar Blockchain are transferred to the respective Stellar address (public key) provided by the investor. From this point on, an investor may dispose of the BB1-Token. The respective transaction is traceable for everyone over the Stellar Blockchain and the BB1-Token can be clearly assigned to an investor or its public key over the Stellar Blockchain.

7.3.6 Subscription reduction and refund of overpayments

The Issuer reserves the right to reject or reduce individual subscriptions without providing reasons. In particular, over-subscriptions may result in reductions. In the event of reductions or rejections of subscriptions, amounts paid in excess or cryptocurrencies will be transferred immediately by transfer to the investor's account to be designated by the investor or to the wallet notified by the investor. The Issuer will bear any costs incurred in connection with this. Investors themselves may not reduce their subscription.

7.3.7 Potential investors, takeover commitments and preferential rights

It is intended that the token-based bonds will be offered for subscription to both private and institutional investors. A public offer will be made in the Federal Republic of Germany. Moreover, the Issuer reserves the right to offer the token-based bonds to the public in other European countries.

There is no preferential subscription right for token-based bonds. However, the Bitbond GmbH intends to subscribe for token-based bonds with a nominal value of up to EUR 5,000,000.

7.3.8 Calculation agent

The calculation agent is the Issuer.

7.3.9 Offer coordinator

The Issuer functions as the offer coordinator.

7.3.10 Underwriting agreement

An underwriting agreement was not concluded, nor is it intended that one will be concluded.

7.3.11 Disclosure of the Offer

The Issuer will announce the results of the Public Offer on its website at www.bitbondsto.com no later than three business days after the end of the Offer Period

7.4 Admission to trading and trading rules

As of the Prospectus Date, the Issuer has not applied for admission of the token-based bonds to trading on a regulated market as meant by Directive 2014/65/EU of the European Parliament and European Council of 15 May 2014 or any other equivalent market and will not do so in the future. There is no binding commitment by an intermediary for secondary trading.

It cannot be ruled out that token holders may transfer the BB1-Token directly to other parties and/or list the BB1-Token at the request of investors or others on an online trading platform for cryptocurrencies.

7.5 Additional disclosures

No information in this Prospectus has been audited by the Issuer's auditors with the exception of the Opening Balance Sheet and other historical financial information,

The Prospectus contains no statements or report of any person acting as an expert.

A public rating has not been prepared for either the Issuer or the token-based bonds.

8. Taxes

The following description is a summary of selected aspects of the tax treatment of investors with unlimited tax liability in Germany who acquire, hold or dispose of the qualified subordinated token based bonds.

The following description cannot reflect all aspects relevant to an investor. Moreover, aspects relating to an investor's individual circumstances cannot be addressed. Thus, the following presentation does not constitute individual tax consultation; it is rather merely a general description of investor-related aspects from a German income and turnover tax perspective. Every investor should consult its own tax advisor regarding the tax consequences of its investment in the token-based bond.

The tax treatment of the acquisition, holding and sale of token-based bonds has not yet been clarified and an administrative practice hereto must be established. There is no case law on the taxation of investments in token-based bonds. From the point of view of the tax authorities, announcements have so far only been made on sub-areas of the taxation of cryptocurrencies or "virtual" currencies. The tax authorities have not yet taken a position on the tax classification of investments within the scope of a security token offering/ticket sales and on the treatment of income or capital gains from cryptographic tokens issued within the scope of such a security token offering/ticket sales. The statements made in this securities prospectus are thus not backed by case law and only in a few areas by the tax authorities.

The tax bases may change during the term of the token-based bonds. Changes may also be retrospective. The Issuer is not obliged to inform investors of changes in the tax framework.

8.1. Unlimited tax liability in Germany

Natural or legal persons who are tax resident in Germany (in particular persons who have their domicile, habitual residence, registered office or place of management in Germany) are subject to unlimited taxation in Germany with income tax (tax rate up to 45 %) or corporation tax (15 %), in each case plus solidarity surcharge of 5.5 %, as well as church tax and municipal trade tax, as applicable. Tax is levied on worldwide income, regardless of its source, including income and capital gains from bonds.

8.2. Tax consequences of investment

The subscription of the token-based bond may have tax consequences for the investor if the investor acquires the token-based bond not against payment of euro, but by transferring the cryptocurrencies Stellar Lumens (XLM), Bitcoin (BTC) or Ether (ETH). In the opinion of the tax authorities, cryptocurrencies are not to be classified as money for income tax purposes, but as other assets. Even the conversion of cryptocurrencies into token-based bonds can thus constitute a taxable disposal process which leads to taxation without inflow of liquidity (so-called dry taxation).

With respect to cryptocurrencies held as private assets, the exchange for the token-based bond within one year of the purchase of the cryptocurrency represents a private sale transaction (Sect. 23. para. 1, sent. 1, no. 2 German Income Tax Act (EStG)). The tax authorities generally wish to apply the FIFO method ("first in, first out"), so that the Bitcoin or coins of other cryptocurrencies acquired first are deemed to have been sold or exchanged first. Profit or loss is the difference between the selling price on the one hand and the acquisition costs and income-related expenses on the other. The profit is realized with the inflow of the proceeds. When exchanging the cryptocurrency for the token-based bonds, the sale price is the EUR equivalent of the token-based bonds received; the profit is realized when the exchange is completed (surrender of the cryptocurrency; booking of the BB1-Token in the wallet).

Losses from private sales transactions may only be offset against gains from private sales transactions in the same calendar year. Moreover, only income from the immediately preceding or following investment period may be offset.

If the cryptocurrency exchanged for the bond is attributable to an investor's business assets of (e.g., because the investor has mined it through commercial mining or acquired it through commercial trading), all positive and negative income generated through the exchange is subject to taxation either with income tax or with corporation tax, in each case plus solidarity surcharge, as well as municipal trade tax. The law does not provide for tax exemptions for the sale of cryptocurrencies held over a certain period of time.

8.3 Current interest income

It is presumed that the current and variable interest from the token-based bonds represent income from capital assets for an investor holding the bond as private assets (Sect. 20 (1) no. 4 EStG). The tax liability arises with the inflow of interest. Income from capital assets and thus also the interest payments from the token-based bonds are subject to the so-called final withholding tax (Sect. 32d EStG). This amounts to 25% of the interest income plus the solidarity surcharge and church tax, if applicable.

Taxpayers with a lower personal income tax rate than the final withholding tax rate of 25% have the option of making use of an assessment option (favorable assessment) (Sect. 32d (6) EStG). At the investor's request, income from interest can also be taxed at the personal tax rate if the personal tax rate is less than 25%. The investor must exercise this option as part of its assessment. When determining the tax, the tax office ex officio checks whether the application of the general rule leads to a lower tax assessment.

The investment income remains tax-exempt if, together with other investment income of the investor, it does not exceed the savings lump sum. Single and separately assessed spouses can currently receive up to EUR 801.00 (saver lump sum) of capital income tax-free each year; married couples assessed together can receive up to EUR 1,602.00.

For investors holding token-based bonds as business assets, interest payments are regular operating income that is taxable as commercial income (Sect. 20 (8) EStG). Natural persons must pay tax on commercial income at their personal tax rate (up to 45%) and corporations at the corporate income tax rate (15%), plus the solidarity surcharge in each case. Moreover, natural persons and corporations are taxed with trade tax, whereby the tax rate depends on the respective municipal rate of assessment.

8.4 Capital gains tax

Owing to the variable interest component, a tax deduction (capital gains tax) is made on all interest payments by the Issuer and paid to the tax authorities (Sect. 43 para. 1 sentence 1 no. 3 EStG). Capital gains tax amounts to 25% of interest income plus solidarity surcharge (5.5% of capital gains tax). If the investor is subject to church tax, the church tax is levied as a surcharge on the capital gains tax, provided that the identity (i.e. name, address) of the investor is known to the Issuer and the investor has not objected to the retrieval of data on religious affiliation from the Federal Central Tax Office (prohibition note). With respect to a blocking notice, the investor must state its income from capital assets for church tax purposes in its tax return. The same applies if the Issuer does not know the identity of the investor (e.g., because it has acquired the token-based bond by transfer).

If a sufficient exemption order or non-assessment certificate is issued to the Issuer, the tax deduction will not be made. A non-assessment certificate (hereinafter also referred to as "non-assessment certificate") must be applied for at the relevant tax office. It is issued to persons who are deemed not to be eligible for income tax assessment, e.g., because their overall income is below the tax liability limit. Both the exemption order and the non-assessment certificate must be submitted to the Issuer.

The income tax of the investor holding the bond as private assets is generally settled with the tax deduction, so that it no longer has to disclose the income from the capital assets in its income tax return (Sect. 43, para. 5 EStG). With respect to token-based bonds held as business assets, the withheld capital gains tax has no compensatory effect, but represents an advance payment on the income tax or corporation tax liability and is credited or refunded against the tax liability as part of the tax assessment (Sect. 36, para. 2, no. 2 EStG).

The Issuer assumes responsibility for withholding taxes at source.

8.5 Capital gains

Gains or losses on the disposal of token-based bonds, calculated as the difference between the proceeds from the disposal after deduction of expenses directly related to the disposal transaction and the acquisition costs, also qualify as positive or negative income from capital assets (Sect. 20, para. 2, sent. 1, no. 4 EStG). If the token-based bonds are redeemed, repaid, assigned or hidden in a corporation instead of sold, such a transaction is treated as a sale. Capital gains tax is not levied on capital gains.

With respect to token-based bonds held as private assets, capital gains are subject to the final withholding tax rate of 25% plus the solidarity surcharge. Losses from capital assets may not be offset against income from other types of income. If there is no other positive income from capital assets, losses from capital assets reduce the income generated from capital assets in subsequent assessment periods.

Capital gains from token-based bonds/BB1-Token held as business assets are regular operating income that is subject to income tax, corporate income tax and trade tax.

8.6. Inheritance and gift tax

The acquisition of token-based bonds by death or by a gift among living persons is generally subject to inheritance and gift tax. The amount of inheritance or gift tax payable depends primarily on the amount of the

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transfer of assets, the degree of relationship to the testator or donor and the amount of the tax-free amount applicable to the purchaser.

9. Bond Terms & Conditions

§ 1 DEFINITIONS

The "settlement currency" is Stellar Lumens.

"BB1-Token" are the tokens generated by the Issuer which have a smart contract that is implemented on the Stellar Blockchain.

"Calculation agent" means the Issuer through which the interest is calculated.

"Issuer" means the Bitbond Finance GmbH, Berlin, Federal Republic of Germany, registered in the commercial register Berlin-Charlottenburg under the registration number HRB 198270 B.

The "issue currency" is the Euro.

"EUR equivalent" means the equivalent in Euro of a number of cryptocurrency units (XLM, BTC or ETH) pursuant to the exchange rate between EUR and the relevant cryptocurrency published on the website www.cryptocompare.com. If www.cryptocompare.com is technically unavailable or the use of www.cryptocompare.com becomes unacceptable to the Issuer from an economic point of view (e.g., due to a substantial fee increase), the Issuer may specify a comparable online platform established on the market. The currently published exchange rate of which shall then be decisive for the conversion.

"Creditor" means the person designated in the Register as the token holder at the relevant time. Any reference in these Bonds Conditions to "creditors" in the plural is deemed to be a reference to "creditors" in the singular as well.

"Profit before tax" is a profit before tax reported in the balance sheet prepared for the Issuer pursuant to §

Sect. 242 HGB and before consideration of a variable interest rate to be paid by the Issuer to the creditors pursuant to § 7 para. 1 as a positive difference of income and expenses from the income statement prepared under Sect. 275, para. 2, no. 17 or para. 3, no. 16 HGB, as evidenced by the approved and audited annual financial statements of the Issuer.

The "act/act method" is an interest calculation method in which the number of days for the interest period and the number of days of a year are taken as real (calendar) days, so that the days of a year are 365 or 366 (leap year).

"Register" means the register assigned to the smart contract of the BB1-Token on the Stellar Blockchain from which all token transfers and a list of addresses holding the respective BB1-Token can be taken.

A "smart contract" is a program code that represents the payment obligations arising from the bond by setting out "if-then rules". If certain conditions are met, payments are automatically made to the respective token holder under the agreed maturity dates, whereby claims arising from the bond are satisfied thereby.

The "token holder" is the person whose Stellar address (Public Key) of its wallet is assigned to the BB1-Token present on the Stellar Blockchain.

"interest payment date" shall mean a date determined in accordance with § 7 (2) on which the base interest and the variable Interest are payable.

§ 2 EMISSION AND ACCOUNTING CURRENCY, NUMBER, MINIMUM SUBSCRIPTION AMOUNT AND FORM

(1) Currency of issue, nominal amount and minimum subscription amount.

The Issuer issues this series of token-based bonds for a total nominal amount of EUR 100,000,000.00 (in words Euro one hundred million) (issue currency). 100,000,000 equal token-based bonds with a nominal amount of EUR 1 each will be issued. The minimum subscription total is EUR 1.

(2) Interest payments and redemption will be made in the cryptocurrency Stellar Lumens (settlement currency).

(3) Form.

The token-based bonds are not securitized. Neither a global certificate nor individual certificates or interest coupons will be issued.

The Issuer will generate a number of BB1-Tokens equal to the number of bonds issued. One BB1-Token corresponds to EUR 1 of the issued bonds. The BB1-Tokens represent the creditors rights under the bonds set out in these Bond Terms & Conditions and are issued to the creditors in accordance with the respective number of token-based bonds they have subscribed.

§ 3 ISSUE

The bonds and the corresponding number of BB1-Tokens will be issued against payment of euros or against the provision of the following cryptocurrencies: Stellar Lumens (XLM), Bitcoin (BTC) or Ether (ETH). The number of token-based bonds issued will equal to the number of whole euro paid-in by the creditor or the equivalent in euro of the number of cryptocurrency units (XLM, BTC or ETH) transferred at the time of surrender in accordance with the exchange rate between EUR and the relevant cryptocurrency (EUR equivalent) published on the website www.cryptocompare.com. The EUR equivalent is determined on the basis of the historical daily average exchange rate published on the calendar day on which the payment was received. If www.cryptocompare.com is technically unavailable or the use of www.cryptocompare.com becomes unacceptable to the Issuer from an economic point of view (e.g., due to a substantial fee increase), the Issuer may determine a comparable online platform established on the market whose currently published exchange rate shall then be decisive for the conversion. In accordance with § 16, the Issuer shall immediately inform the public of any such change by publication on its website www.bitbondsto.com.

With respect to cryptocurrencies, a transfer is deemed to have occurred when at least one confirmation of transfer has been issued on the respective blockchain of the cryptocurrency.

A premium (agio) is not charged.

§ 4 REGISTER

A register is assigned to the smart contract of the BB1-Token on the Stellar Blockchain from which all token transfers and a list of addresses holding the respective BB1-Token can be taken (the "register"). The creditors are not entered in the register by name but through their respective blockchain addresses (public key of the wallet), which can be viewed in the block explorer, <https://steexp.com/>.

§ 5 TRANSFER

The transfer of the token-based bond requires agreement between the previous creditor and the new creditor on the assignment of the rights resulting from the bond (Sect. 398 BGB) as well as the entry of the blockchain address of the new creditor in the register.

An entry in the register is made if the previous creditor transfers the BB1-Token assigned to its wallet, which represents the bonds to be transferred, to the wallet of the new creditor.

A transfer of the token-based bonds outside the blockchain and thus without an entry in the register is not permitted.

§ 6 CREDITOR STATUS, QUALIFIED SUBORDINATION, ISSUER'S BAN ON PAYMENT, BAN ON OFFSETTING

The token-based bonds confer equal rights on the creditors of the bond and subordinate rights in relation to the claims of other creditors of the Issuer. In the event of liquidation, dissolution or insolvency of the Issuer and in the event of any proceedings to avert the insolvency of the Issuer, the rights attaching to the token-based bonds shall rank behind all other existing and future non-subordinated liabilities of the Issuer pursuant to Sect. 39 InsO (qualified subordination). The creditors of the token-based bonds are obliged not to assert their subordinate claims against the Issuer if and to the extent that their satisfaction would lead to insolvency of the Issuer pursuant to Sect. 17 InsO or to over-indebtedness pursuant to Sect. 19 InsO. During this time, the limitation period of the portion of the claims that cannot be asserted will be suspended.

The subordinated claims of the creditors of the token-based bonds may only be settled from existing or future annual net profits, from any existing or future liquidation surplus or from other free assets of the Issuer.

If the Issuer makes a payment that violates a payment prohibition, the Issuer may demand repayment of the amount received from the payee and assert this claim in court.

No creditor may set off any claim arising out of the token-based bonds against any claim of the Issuer.

No security of any kind will be provided by the Issuer or any third party to the creditors for their rights under the bonds, nor will such security be provided at any time thereafter.

§ 7 INTEREST PERIOD, INTEREST RETURN, MATURITY, END OF INTEREST PERIOD, DEFAULT

(1) Interest rate, interest period

The token-based bonds bear interest at their nominal value at a fixed interest rate of 4.00 percent per annum (base rate). The interest periods for the base rate run from July 1 of each year to June 30 of each subsequent year (inclusive). The first interest period begins on July 1, 2019.

In addition to the base rate, the token-based bonds are subject to annual variable interest (variable interest). The interest periods for the variable interest are the respective financial year of the Issuer (calendar year). The first interest period begins on January 1, 2019. The variable interest rate for an interest period is the percentage rate resulting from the fact that 60 percent of the – to the extent available – profit before tax (excluding the variable interest rate) for the financial year before the interest payment date for the variable interest period is divided by the total nominal value of the outstanding token-based bonds in accordance with the Issuer's approved and audited annual financial statements preceding the interest payment date for the variable interest period.

Interest is calculated by the Issuer (calculation agent).

(2) Maturity, end of interest period

The base rate of an interest period is payable in four equal installments on October 1 of each year and on January 2, April 1 and July 1 of the following year (each an "interest payment date"). The first base rate payment is made on October 1, 2019. The base rate payment ends with the end of the term of the bond on June 30, 2029. The last base rate payment is made on July 1, 2029. If an interest payment date is not a business day, the interest payment will be made on the next following business day.

The variable interest is payable retroactively as of and for the first time on July 31, 2020. The variable interest ends on December 31, 2027. The last variable interest payment will be made on July 31, 2028. If July 31 is not a business day in a particular year, the interest payment will be made on the next following working day. If the Issuer's annual financial statements for the preceding financial year have not been finally approved by July 31 in any given year, the variable interest will be payable seven business days after the annual financial statements are approved.

(3) Default

If the Issuer does not redeem the token-based bonds at maturity, interest will be payable on the outstanding principal (nominal) amount of the bonds from the Maturity Date (inclusive) until the actual Redemption Date (exclusive) at the statutory default interest rate.

(4) Interest calculation method for interest during the year

If interest is calculated for a period of less than one year (e.g., in the event of default), it will be calculated to the day using the act/act method.

§ 8 PAYMENTS

The redemption and interest payments due during the term are made exclusively in the cryptocurrency Stellar Lumens corresponding to the subscribed nominal amount of the bond. For this purpose, the EUR value at 12:00 noon CET (Central European Time) corresponding to the due date of an respective interest payment or redemption (repayment) of the token-based bond is converted into XLM using the EUR - XLM exchange rate published on the website www.cryptocompare.com (or a comparable platform selected by the Issuer pursuant to § 3) and the resulting XLM quantity is transferred to the holder of the BB1-Token without undue delay. The Issuer will transfer the XLM to the person who is listed as the token holder in the Register maintained on the Stellar Blockchain on the due date, 12:00 noon CET. The token will be transferred to the blockchain address (wallet) specified in the respective register. A transfer is deemed to have taken place if it has been confirmed at Stellar Blockchain.

§ 9 TERM AND REPAYMENT

The bond has a term until June 30, 2019 (inclusive). The creditors have no right to ordinary termination.

Unless previously redeemed or purchased in whole or in part, the token-based bonds will be redeemed at their redemption amount on the first business day following the June 30, 2019. The redemption amount in respect of each bond will be equal to the nominal amount of the token-based bonds.

§ 10 EARLY TERMINATION RIGHT OF THE ISSUER

(1) Ordinary right of termination

The Issuer may terminate (call) the outstanding bond in its entirety before the end of the term by giving three months notice to first end at latest on December 31, 2021 and once a year at latest on December 31 in each case thereafter (ordinary right of termination).

(2) Notice of termination

The notice of termination by the Issuer will be served by sending to the wallet addresses of all creditors holding BB1-Token at the time of the notice of termination a quantity of 0.00001 Stellar Lumens with the adjusted memo (text) "Kuendigung SchVer zum 1.1.YY". (Termination Bond as of 1(D).1(M).YY)

Moreover, the Issuer will publish the notice on the exercise of the ordinary right of termination on its website at www.bitbondsto.com.

The creditors of the Bonds must check their wallet and the website of the Issuer at least once a year on 1 October to determine whether the ordinary right of termination has been exercised by the Issuer.

(3) Redemption

Upon termination taking effect, the token-based bonds will be redeemed at their nominal (principal) amount.

Outstanding base interest will be paid out at the redemption amount in accordance with § 7 (2).

Any outstanding variable (variable) interest will be paid out retroactively as of 31 July of the year in which the ordinary notice of termination takes effect in accordance with § 7 (2).

Otherwise, § 8 shall apply mutatis mutandis.

§ 11 TERMINATION RIGHTS OF THE CREDITORS

The creditors have no ordinary right of termination.

Every creditor may terminate its token-based bonds for good cause without notice and demand their redemption at the nominal (principal) amount plus any interest accrued up to the Redemption Date (exclusive). Good cause is present if, in particular

1. the Issuer fails to pay principal or interest within 30 days of maturity. A right of termination does not exist if the Issuer is not obliged to pay due to the agreed qualified subordination according to § 6 or if the creditors are not allowed to assert their claims; or
2. if the Issuer generally announces its insolvency in writing or generally suspends its payments; or
3. insolvency proceedings are initiated against the assets of the Issuer and are not lifted or suspended within 30 days of such proceedings being initiated or applied for by the Issuer or insolvency proceedings are dismissed for lack of assets; or
4. the Issuer fails to perform or observe any material obligation, condition or agreement with respect to the token-based bonds and the failure to perform or observe such obligation, condition or agreement continues for more than 30 days after the Issuer has received notice from the creditor to whom the breach of obligation relates that the Issuer is required by the creditor to perform or to observe such obligation, condition or agreement; or
5. the Issuer enters into liquidation, unless this occurs in connection with measures under company law (e.g., a merger or another form of merger with another company), provided that this other company is an affiliated company of the Issuer as meant by Sect. 15 *et seq.* of the German Stock Corporation Act (AktG) and assumes all obligations entered into by the Issuer in connection with the Bonds.

Notice of termination by the creditor must be served by registered letter and in such a way that the creditor returns to the Issuer all BB1-Tokens belonging to it by transferring them to the wallet address of the Issuer. The notice of termination will be addressed to the Issuer, Strelitzer Str. 60, 10115 Berlin.

The right of termination expires if the reason for termination has been cured before the right is exercised.

§ 12 Calculation agent

The Issuer is the calculation agent.

§ 13 TAXES

(1) Deduction of capital gains tax

The Issuer will withhold and pay to the tax authorities capital gains taxes on interest payments due during the term at the rates applicable at the time. For this purpose, the Issuer, on order of the creditor hereby granted, will convert the portion of the creditor's interest payment claim corresponding to the withholding tax rate applicable at

the time (capital gains tax plus solidarity surcharge and, if applicable, church tax) as a percentage from Stellar Lumens into euros and withhold the corresponding euro amount and pay it to the tax office.

(2) Tax certificate

At the creditor's request, the Issuer shall issue a certificate of the withheld and paid capital gains tax to the creditor. If a creditor who has acquired token-based bonds by transfer pursuant to § 5 requests the issuance of a certificate of capital gains tax, it must notify the Issuer of its name and address and also provide evidence of how many token-based bonds it held on the relevant interest payment date. For the purposes of proof, the Issuer will send a quantity of Stellar Lumens 0.00001 with an individualized numerical code as a memo (text) to the wallet address of the creditor who requested a tax certificate to be sent; the creditor may provide proof of ownership by informing the Issuer of the numerical code sent to him in addition to name and address.

(3) Fulfillment

By withholding tax in accordance with paragraph 1, the Issuer fulfills the Creditor's interest payment claim in the amount of the Stellar Lumens equivalent of the withheld and paid capital gains tax plus solidarity surcharge and, if applicable, church tax, irrespective of whether the Issuer is legally obliged to withhold and pay capital gains tax.

§ 14 SUBSTITUTION

(1) Substitution

The Issuer may at any time, provided that it is not in default with any principal (nominal) or interest payment on the token-based bonds, without the creditors' consent, use an affiliate (as defined below) of the Issuer as its principal debtor (the "successor debtor") for all obligations arising out of and relating to this issue, if:

- (a) the successor debtor assumes all obligations of the Issuer in respect of the token-based bonds;
- (b) subordination to the obligations assumed by the successor debtor in respect of the token-based bonds is established on terms consistent with the conditions of the token-based bonds.

For the purposes of this § 14, "affiliated company" means an Affiliated Company as meant by Sect. 15 AktG.

(2) Announcement

Each replacement shall be announced in accordance with § 16.

(3) Change of references

In the event of a substitution, any reference in these Bond Terms & Conditions to the Issuer shall, from the date of substitution, be construed as a reference to the successor debtor and any reference to the country in which the Issuer has its registered office or tax residence shall, from that date, be construed as a reference to the country in which the successor debtor has its registered office or tax residence.

§ 15 PURCHASES

The Issuer may at any time purchase token-based bonds at any price.

§ 16 NOTIFICATIONS

Notices to the creditor may be given by e-mail, over the messaging services Telegram or Facebook-Messenger or as a message in a Stellar Lumens transaction to the creditors listed in the register and by publication on the website of the Issuer at www.bitbondsto.com.

§ 17 APPLICABLE LAW AND PLACE OF JURISDICTION

(1) Applicable law

The form and content of the token-based bonds and the rights and obligations of the creditors and the Issuer is governed in all respects by German law to the exclusion of private international law. German jurisprudence (*Rechtsverständnis*) applies.

(2) Place of jurisdiction

The Regional Court (*Landgericht*) Berlin shall not have exclusive jurisdiction over any claims or other proceedings ("litigation") arising in connection with the token-based bonds.

§ 18 LANGUAGE


These Bond Terms & Conditions have been prepared in the German language.

10. Net assets, financial position and results of operations

The following financial information has been audited.

10.1. Opening balance as of July 13, 2018

10.1.1. Opening balance

Eröffnungsbilanz zum 13. Juli 2018 der Bitbond Finance GmbH i.Gr., Berlin		ANLAGE I	
	13.07.2018	13.07.2018	
AKTIVA	PASSIVA		
A. Umlaufvermögen	A. Eigenkapital		
1. Guthaben bei Kreditinstituten	1. Gezeichnetes Kapital	25.000,00	25.000,00
Summe AKTIVA	Summe PASSIVA	25.000,00	25.000,00
	Berlin, 13.07.2018		 Radoslav Albrecht

10.1.2 Independent auditors report



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E. WIEDERGABE DES PRÜFUNGSVERMERKS DES WIRTSCHAFTSPRÜFERS UND SCHLUSSBEMERKUNG

Wir haben der als Anlage I beigefügten Eröffnungsbilanz folgenden unter dem heutigen Datum unterzeichneten uneingeschränkten Prüfungsvermerk erteilt:

„PRÜFUNGSVERMERK DES WIRTSCHAFTSPRÜFERS

an die Bitbond Finance GmbH, Berlin:

Wir haben die beigefügte Eröffnungsbilanz der Bitbond Finance GmbH, Berlin, zum 13. Juli 2018 einschließlich der dazugehörigen Angaben geprüft.

Die gesetzlichen Vertreter der Bitbond Finance GmbH, Berlin, sind verantwortlich für die Aufstellung der Eröffnungsbilanz einschließlich der dazugehörigen Angaben. Diese Verantwortung umfasst, dass diese Eröffnungsbilanz nach den für Kapitalgesellschaften geltenden deutschen handelsrechtlichen Vorschriften aufgestellt wird und unter Beachtung der Grundsätze ordnungsmäßiger Buchführung eine sachgerechte Gesamtdarstellung der Vermögenslage der Gesellschaft vermittelt. Die gesetzlichen Vertreter sind auch verantwortlich für die internen Kontrollen, die sie als notwendig erachten, um die Aufstellung einer Eröffnungsbilanz einschließlich der dazugehörigen Angaben zu ermöglichen, die frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Angaben ist.

Unsere Aufgabe ist es, auf der Grundlage unserer Prüfung ein Urteil zu dieser Eröffnungsbilanz einschließlich der dazugehörigen Angaben abzugeben. Wir haben unsere Prüfung unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Danach haben wir die Berufspflichten einzuhalten und die Prüfung so zu planen und durchzuführen, dass hinreichende Sicherheit darüber erlangt wird, ob die Eröffnungsbilanz einschließlich der dazugehörigen Angaben frei von wesentlichen falschen Angaben ist.

Eine Prüfung umfasst die Durchführung von Prüfungshandlungen, um Prüfungsnachweise für die in der Eröffnungsbilanz enthaltenen Wertansätze einschließlich der dazugehörigen Angaben zu erlangen. Die Auswahl der



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Prüfungshandlungen liegt im pflichtgemäßen Ermessen des Wirtschaftsprüfers. Dies schließt die Beurteilung der Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Angaben in der Eröffnungsbilanz einschließlich der dazugehörigen Angaben ein. Bei der Beurteilung dieser Risiken berücksichtigt der Wirtschaftsprüfer das interne Kontrollsystem, das relevant ist für die Aufstellung einer Eröffnungsbilanz einschließlich der dazugehörigen Angaben, die eine sachgerechte Gesamtdarstellung der Vermögenslage vermittelt. Ziel hierbei ist es, Prüfungshandlungen zu planen und durchzuführen, die unter den gegebenen Umständen angemessen sind, jedoch nicht, ein Prüfungsurteil zur Wirksamkeit des internen Kontrollsystems des Unternehmens abzugeben. Eine Prüfung umfasst auch die Beurteilung der angewandten Rechnungslegungsmethoden, der Vertretbarkeit der von den gesetzlichen Vertretern ermittelten geschätzten Werte in der Rechnungslegung sowie die Beurteilung der Gesamtdarstellung der Eröffnungsbilanz einschließlich der dazugehörigen Angaben.

Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und angemessen sind, um als Grundlage für unser Prüfungsurteil zu dienen.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht die Eröffnungsbilanz einschließlich der dazugehörigen Angaben in allen wesentlichen Belangen den für Kapitalgesellschaften geltenden deutschen handelsrechtlichen Vorschriften und stellt die Vermögenslage der Gesellschaft zum 13. Juli 2018 in allen wesentlichen Belangen sachgerecht dar.“

Den vorstehenden Bericht über die Prüfung der Eröffnungsbilanz zum 13. Juli 2018 der Bitbond Finance GmbH, Berlin, erstatten wir in Übereinstimmung mit den gesetzlichen Vorschriften und den deutschen Grundsätzen ordnungsmäßiger Berichterstattung bei der Prüfung von Finanzaufstellungen (IDW PS 490) und der Prüfung von Eröffnungsbilanzwerten im Rahmen von Erstprüfungen nach IDW PS 205 einen uneingeschränkten Prüfungsvermerk.




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Für Veröffentlichungen oder die Weitergabe der Eröffnungsbilanz in einer von der testierten Fassung abweichenden Form (einschließlich der Übersetzung in andere Sprachen) bedarf es zuvor unserer erneuten Stellungnahme, sofern hierbei unser Bestätigungsvermerk zitiert oder auf unsere Prüfung hingewiesen wird; wir weisen insbesondere auf die Bestimmungen des § 328 HGB hin.

Hamburg, den 20. September 2018

Baker Tilly GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft


Martina Hertwig
- Wirtschaftsprüferin -


Christian Rüdiger
- Wirtschaftsprüfer -

10.2. Interim financial statements (balance sheet, income statement, cash flow statement and notes) as of October 31, 2018

10.2.1 Interim balance sheet as of October 31, 2018

ZWISCHENBILANZ zum 31. Oktober 2018

Bitbond Finance GmbH, 10115 Berlin

AKTIVA			PASSIVA		
	31.10.2018 EUR	30.09.2018 EUR		31.10.2018 EUR	30.09.2018 EUR
A. Anlagevermögen			A. Eigenkapital		
I. Immaterielle Vermögensgegenstände	23.352,68	0,00	I. Gezeichnetes Kapital	25.000,00	25.000,00
II. Finanzanlagen	<u>520,00</u>	0,00	II. Jahresfehlbetrag	4.539,41-	0,00
	23.572,68		B. Rückstellungen	2.500,00	0,00
B. Umlaufvermögen			C. Verbindlichkeiten		
I. Kassenbestand, Bundesbankguthaben, Guthaben bei Kreditinstituten und Schecks	13.817,31	25.000,00	gegenüber Gesellschaftern	15.000,00	0,00
			• davon mit einer Restlaufzeit bis zu einem Jahr		
			EUR 15.000,00		
	<u>37.690,59</u>	<u>25.000,00</u>		<u>37.690,59</u>	<u>25.000,00</u>

ANLAGE I

10.2.2 Income statement as of October 31, 2018

GEWINN- UND VERLUSTRECHNUNG vom 13.07.2018 bis 31.10.2018ANLAGE II

Bitbond Finance GmbH, 10115 Berlin

	EUR
1. Abschreibungen	
a) auf immaterielle Vermögens- gegenstände des Anlage- vermögens und Sachanlagen	667,33
2. sonstige betriebliche Aufwendungen	<u>4.142,08</u>
3. Ergebnis nach Steuern	<u>4.809,41-</u>
4. Jahresfehlbetrag	<u><u>4.809,41</u></u>

10.2.3 Notes as of October 31, 2018

ANHANG zum 31.10.2018

ANLAGE III
Blatt 1

Bitbond Finance GmbH, 10115 Berlin

Anhang

Allgemeine Angaben zum Zwischenabschluss

Der Zwischenabschluss wurde nach den Vorschriften der §§ 242 ff. HGB unter Beachtung der ergänzenden Bestimmungen für kleine Kapitalgesellschaften aufgestellt.

Angaben zur Identifikation der Gesellschaft laut Registergericht

Firmenname laut Registergericht:	Bitbond Finance GmbH
Firmensitz laut Registergericht:	Berlin
Registereintrag:	Handelsregister
Registergericht:	Berlin (Charlottenburg)
Register-Nr.:	198270

Angaben zu Bilanzierungs- und Bewertungsmethoden

Bilanzierungs- und Bewertungsgrundsätze

Erworbene immaterielle Anlagewerte wurden zu Anschaffungskosten angesetzt und um planmäßige Abschreibungen vermindert.

Die planmäßigen Abschreibungen wurden nach der voraussichtlichen Nutzungsdauer der Vermögensgegenstände linear vorgenommen.

Die Finanzanlagen wurden zu Anschaffungskosten ausgewiesen.

Das Guthaben bei Kreditinstituten wurde zum Nennwert angesetzt.

Die sonstigen Rückstellungen wurden für alle ungewissen Verbindlichkeiten gebildet. Dabei wurden alle erkennbaren Risiken berücksichtigt.

Verbindlichkeiten wurden zum Erfüllungsbetrag angesetzt.

ANHANG zum 31.10.2018

ANLAGE III
Blatt 2

Bitbond Finance GmbH, 10115 Berlin

Angaben zur Zwischenbilanz

Angabe zu Restlaufzeitvermerken

Der Betrag der Verbindlichkeiten mit einer Restlaufzeit bis zu einem Jahr beträgt EUR 15.000,00.

Angaben zu Verbindlichkeiten gegenüber Gesellschaftern

Der Betrag der Verbindlichkeiten gegenüber Gesellschaftern beläuft sich auf EUR 15.000,00.

Sonstige Angaben

Konzernzugehörigkeit

Die Muttergesellschaft der Bitbond Finance GmbH, Berlin, ist die Bitbond GmbH, Berlin.

Durchschnittliche Zahl der während des Geschäftsjahrs beschäftigten Arbeitnehmer

Es wurden keine Arbeitnehmer beschäftigt.

Unterschrift der Geschäftsführung

Berlin,

Ort, Datum

Radoslav Albrecht

10.2.4 Cash flow statement as of October 31, 2018

Kapitalflussrechnung vom 13.07.2018 bis 31.10.2018

ANLAGE IV

Bitbond Finance GmbH, 10115 Berlin

	EUR
Periodenergebnis	4.809,41-
+ Abschreibungen auf Gegenstände des Anlagevermögens	667,33
+ Zunahme der Rückstellungen	2.500,00
Cashflow aus der laufenden Geschäftstätigkeit	1.642,08-
- Auszahlungen für Investitionen in das immaterielle Anlagevermögen	24.020,01
- Auszahlungen für Investitionen in das Finanzanlagevermögen	520,00
Cashflow aus der Investitionstätigkeit	24.540,01-
Einzahlungen aus der Begebung von Anleihen und der Aufnahme von (Finanz-)Krediten	15.000,00
Cashflow aus der Finanzierungstätigkeit	15.000,00
Zahlungswirksame Veränderungen des Finanzmittelfonds (Summe der Cashflows)	11.182,09-
+ Finanzmittelfonds am Anfang der Periode	25.000,00
Finanzmittelfonds am Ende der Periode	13.817,91

10.2.5 Independent auditors report



2. Wiedergabe des Bestätigungsvermerks

Wir haben dem Zwischenabschluss für das Geschäftsjahr vom 13. Juli 2018 bis 31. Oktober 2018 der Bitbond Finance GmbH, Berlin in der diesem Bericht als Anlage I – IV beigefügten Fassung den unter dem Datum vom 6. Dezember 2018 in Hamburg unterzeichneten Bestätigungsvermerk erteilt, der hier wiedergegeben wird:

„BESTÄTIGUNGSVERMERK DES UNABHÄNGIGEN ABSCHLUSSPRÜFERS

An die Bitbond Finance GmbH, Berlin

Prüfungsurteil

Wir haben den Zwischenabschluss der Bitbond Finance GmbH – bestehend aus der Bilanz zum 31. Oktober 2018, der Gewinn- und Verlustrechnung für das Geschäftsjahr vom 13. Juli 2018 bis zum 31. Oktober 2018, dem Anhang sowie der Kapitalflussrechnung vom 13. Juli 2018 bis zum 31. Oktober 2018 geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse entspricht der beigefügte Zwischenabschluss in allen wesentlichen Belangen den deutschen, für alle Kaufleute geltenden handelsrechtlichen Vorschriften und vermittelt ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Oktober 2018 sowie ihrer Ertragslage für das Geschäftsjahr vom 13. Juli 2018 bis zum 31. Oktober 2018.

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Zwischenabschlusses geführt hat.

Grundlage für das Prüfungsurteil

Wir haben unsere Prüfung des Zwischenabschlusses in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung durchgeführt. Unsere Verantwortung nach diesen Vorschriften und Grundsätzen ist im Abschnitt „Verantwortung des Abschlussprüfers für die Prüfung des Jahresabschluss“ unseres Bestätigungsvermerks weitergehend be-



schrieben. Wir sind von dem Unternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zum Zwischenabschluss zu dienen.

Verantwortung der gesetzlichen Vertreter für den Zwischenabschlusses

Die gesetzlichen Vertreter sind verantwortlich für die Aufstellung des Zwischenabschlusses, der den deutschen, für alle Kaufleute geltenden handelsrechtlichen Vorschriften in allen wesentlichen Belangen entspricht und vermittelt ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage der Gesellschaft zum 31. Oktober 2018 sowie ihrer Ertragslage für das Geschäftsjahr vom 13. Juli 2018 bis zum 31. Oktober 2018. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie in Übereinstimmung mit den deutschen Grundsätzen ordnungsmäßiger Buchführung als notwendig bestimmt haben, um die Aufstellung eines Zwischenabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Zwischenabschlusses sind die gesetzlichen Vertreter dafür verantwortlich, die Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, sofern dem nicht tatsächliche oder rechtliche Gegebenheiten entgegenstehen.

Verantwortung des Abschlussprüfers für die Prüfung des Zwischenabschlusses

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Zwischenabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, sowie einen Bestätigungsvermerk zu erteilen, der unser Prüfungsurteil zum Zwischenabschluss beinhaltet.

Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung



durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Zwischenabschlusses getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus:

- identifizieren und beurteilen wir die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Zwischenabschluss, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unser Prüfungsurteil zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können;
- gewinnen wir ein Verständnis von dem für die Prüfung des Zwischenabschlusses relevanten internen Kontrollsystem, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieses Systems der Gesellschaft abzugeben;
- beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben;
- ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die bedeutsame Zweifel an der Fähigkeit der Gesellschaft zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen Angaben im Zwischenabschluss auf-



merksam zu machen oder, falls diese Angaben unangemessen sind, unser Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen, dass die Gesellschaft ihre Unternehmenstätigkeit nicht mehr fortführen kann;

- beurteilen wir die Gesamtdarstellung, den Aufbau und den Inhalt des Jahresabschlusses einschließlich der Angaben sowie ob der Jahresabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse so darstellt, dass der Jahresabschluss unter Beachtung der deutschen Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft vermittelt.

Wir erörtern mit den für die Überwachung Verantwortlichen unter anderem den geplanten Umfang und die Zeitplanung der Prüfung sowie bedeutsame Prüfungsfeststellungen, einschließlich etwaiger Mängel im internen Kontrollsystem, die wir während unserer Prüfung feststellen.“

3. Gegenstand, Art und Umfang der Prüfung

Gegenstand unserer Prüfung waren die Buchführung, der Zwischenabschluss, bestehend aus Bilanz, Gewinn- und Verlustrechnung, Kapitalflussrechnung sowie Anhang der Gesellschaft. Der Zwischenabschluss ist nach den handelsrechtlichen Vorschriften über die Rechnungslegung von Gesellschaften mit beschränkter Haftung aufzustellen.

Im Bestätigungsvermerk sind die Verantwortung der gesetzlichen Vertreter für den Zwischenabschluss sowie die Verantwortung des Abschlussprüfers für die Prüfung des Zwischenabschlusses ausführlich beschrieben. In diesem Zusammenhang weisen wir darauf hin, dass die Prüfung der Einhaltung solcher gesetzlicher Vorschriften, die nicht die Rechnungslegung betreffen, nur insoweit zu den Aufgaben der Abschlussprüfung gehört, als sich aus diesen anderen Vorschriften üblicherweise Rückwirkungen auf den geprüften Zwischenabschluss ergeben. Unsere Prüfung hat sich zudem grundsätzlich nicht darauf zu erstrecken, ob der Fortbestand des geprüften Unternehmens oder die Wirksamkeit und Wirtschaftlichkeit der Geschäftsführung zugesichert werden kann.

Die Grundzüge unseres Prüfungsvorgehens stellen wir im Folgenden dar:



Entwicklung der Prüfungsstrategie

Erlangung eines Verständnisses des Unternehmens, seines Umfelds und seines rechnungslegungsbezogenen internen Kontrollsystems (IKS)

Festlegung von Prüfungsfeldern und Prüfungsschwerpunkten auf Basis unserer Risikoeinschätzung:

- Prüfung der Finanzanlagen
- Prüfung des Umlaufvermögens
- Prüfung des Eigenkapital
- Prüfung der Verbindlichkeiten

Festlegung der Prüfungsstrategie und des zeitlichen Ablaufs der Prüfung

Auswahl des Prüfungsteams und des Einsatzes von Spezialisten

Einzelfallprüfungen und analytische Prüfungen von Abschlussposten

Einzelfallprüfungen in Stichproben und Beurteilung von Einzelsachverhalten unter Berücksichtigung der ausgeübten Bilanzierungswahlrechte und Ermessensspielräume, u.a.

- Abgleich mit Kontenbelegen
- Abgleich mit Rechnungen

Gesamtbeurteilung der Prüfungsergebnisse und Berichterstattungen

Bildung des Prüfungsurteils sowie Berichterstattung

Berichterstattung in Prüfungsbericht und Bestätigungsvermerk

Mündliche Erläuterungen der Prüfungsergebnisse gegenüber dem Management

Wir haben unsere Prüfung in den Monaten November bis Dezember durchgeführt.

Von der Geschäftsführung und den von ihr beauftragten Mitarbeiterinnen und Mitarbeitern sind alle von uns erbetenen Aufklärungen und Nachweise erbracht und die berufsübliche schriftliche Vollständigkeitserklärung abgegeben worden. Darin wird insbesondere versi-



chert, dass in der Buchführung alle buchungspflichtigen Vorgänge und in dem vorliegenden Zwischenabschluss alle bilanzierungspflichtigen Vermögenswerte, Verpflichtungen und Abgrenzungen, außerdem sämtliche Aufwendungen und Erträge enthalten, ferner alle Wagnisse berücksichtigt sowie alle erforderlichen Angaben gemacht sind.

In einer ergänzenden Erklärung hat die Geschäftsführung zudem bestätigt, dass nach ihrer Auffassung die Auswirkungen von nicht korrigierten Prüfungsdifferenzen im Zwischenabschluss sowohl einzeln als auch insgesamt unwesentlich sind.

4. Feststellungen und Erläuterungen zur Rechnungslegung

4.1. Ordnungsmäßigkeit der Rechnungslegung

4.1.1. Buchführung und weitere geprüfte Unterlagen

Die Buchführung ist nach unseren Feststellungen ordnungsgemäß. Die den weiteren geprüften Unterlagen entnommenen Informationen sind ordnungsgemäß in Buchführung, Zwischenabschluss und Lagebericht abgebildet worden.

4.1.2. Zwischenabschluss

Der Zwischenabschluss der Gesellschaft zum 31. Oktober 2018 (Anlage I bis IV) entspricht nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse in allen wesentlichen Belangen den Rechnungslegungsvorschriften des HGB unter Beachtung der besonderen Vorschriften des GmbH-Gesetzes.

Der Zwischenabschluss wurde ordnungsgemäß aus der Buchführung und den weiteren geprüften Unterlagen abgeleitet. Die gesetzlichen Vorschriften zur Gliederung, Bilanzierung und Bewertung, zur Kapitalflussrechnung sowie zum Anhang wurden eingehalten.

Die ergänzenden Bestimmungen des Gesellschaftsvertrags zur Rechnungslegung wurden befolgt.

Die Gesellschaft ist eine Kleinstkapitalgesellschaft i. S. d. § 267 a Abs. 1 HGB. Die Gesellschaft macht von allen größenabhängigen Erleichterungen von kleinen Kapitalgesellschaften i. S. d. § 267 Abs. 1 HGB (§§ 274a, 276, 288 HGB) zu Recht Gebrauch.

4.2. Gesamtaussage des Zwischenabschlusses

4.2.1. Feststellungen zur Gesamtaussage des Zwischenabschlusses



Der Zwischenabschluss vermittelt insgesamt, d.h. aus dem Zusammenwirken von Bilanz, Gewinn- und Verlustrechnung, Kapitalflussrechnung und Anhang, unter Beachtung der Grundsätze ordnungsmäßiger Buchführung ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage der Gesellschaft.

Zum besseren Verständnis der Gesamtaussage des Zwischenabschlusses gehen wir nachfolgend pflichtgemäß auf die wesentlichen Bewertungsgrundlagen und den Einfluss, den Änderungen in den Bewertungsgrundlagen und sachverhaltsgestaltende Maßnahmen insgesamt auf die Gesamtaussage des Zwischenabschlusses haben, ein.

4.2.2. Wesentliche Bewertungsgrundlagen und deren Änderungen

Hinsichtlich der Darstellung der Bilanzierungs- und Bewertungsmethoden wird auf die Ausführungen im Anhang verwiesen.

5. Schlussbemerkung

Den vorstehenden Bericht über die Prüfung des Zwischenabschlusses für das Geschäftsjahr vom 13. Juli 2018 bis zum 31. Oktober 2018 haben wir in Übereinstimmung mit den gesetzlichen Vorschriften und den deutschen Grundsätzen ordnungsmäßiger Berichterstattung bei Abschlussprüfungen erstattet.

Hamburg, den 6. Dezember 2018

Baker Tilly GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Martina Hertwig
- Wirtschaftsprüferin -

Christian Rüdiger
- Wirtschaftsprüfer –

11. Glossary

ABS	Asset-backed securities are tradable securities that securitize receivables from an issuer and are collateralized by certain assets, in particular receivables.
Application Programming Interface (API)	Programming interface that enables a program connection to a software system.
BaFin	Federal Financial Supervisory Authority (BaFin).
Calculation agent	Interest is calculated by the Issuer.
BGB	German Civil Code (<i>Bürgerliches Gesetzbuch</i>)
Bitbond1 (BB1-Token)	The cryptographic tokens generated by the Issuer and issued to investors
Blockchain	A blockchain is a continuously expandable list of data records, called "blocks", which are linked together by cryptographic methods. Each block typically contains a cryptographically secure hash (scatter value) of the preceding block, a time stamp and transaction data.
BTC	Abbreviation for the cryptocurrency Bitcoin.
Central European Time (CET)	Central European Time.
DDoS	Abbreviation for Distributed Denial of Service. With so-called DDoS attacks, attackers can overload a network or a blockchain with a high number of requests and/or transactions and (temporarily) render the network or the corresponding blockchain unusable.
(German) Code of Corporate Governance	A set of rules that sets out rules for the management and supervision of German listed companies containing recommendations for appropriate corporate governance. (<i>Regierungskommission Deutscher Corporate Government Kodex</i>)
ETH	Abbreviation for the cryptocurrency Ether.
EUR	Euro.
EUR Token (EURT)	Tokens that represent the value of one euro per unit (coin) and grant the holder the right to request the Issuer / issuer to exchange them for a cryptocurrency or fiat currency. EURT is the abbreviation for EUR tokens.
EStG	Income Tax Act (<i>Einkommensteuergesetz</i>).
Fiat	A payment means issued by the central bank of a State and considered to be an officially recognized and legitimate means of exchange.
FLP	First loss piece (also referred to as junior note) is the term used in credit securitization structures to describe the securities tranche that is used first to cover loss in the event of a negative development and as consideration returns a higher rate of interest than the subsequent securities tranches.
Business year	Period for which a company's annual financial statements must be prepared. Per Sect. 240, para. 2 German Commercial Code (HGB), the duration of a financial year may not exceed twelve months.
GmbH	German private limited company (<i>Gesellschaft mit beschränkter Haftung</i>).

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GwG	Money Laundering Act (Geldwäschegesetz).
Hashpower (Miningpower)	Processing power of miners.
HGB	German Commercial Code (Handelsgesetzbuch).
InsO	German Insolvency Code (Insolvenzordnung).
ISIN	International Security Identification Number. The internationally standardized identification number of all securities. It consists of a country code, e.g., for Germany DE, and a 10-digit number.
Cash flow statement	An accounting instrument used to assess the financial position of a company. It shows the origin and use of various funds having an impact on liquidity.
SME	Small and medium-sized enterprises.
cryptoasset	Object of value which is digitally represented by means of cryptographic-technical procedures, e.g., a coin of a cryptocurrency or a token.
cryptocurrency	Virtual currency based on cryptographic tools (e.g., blockchains). The value of cryptocurrencies is not created or guaranteed by a central bank or authority, but by a decentralized, cryptographically secured system designed to ensure user confidence. Examples of cryptocurrencies are Bitcoin, Ether, or Stellar Lumens.
KWG	Banking Act (Kreditwesengesetz)
Messenger	A messenger makes it possible to communicate with other participants using software.
Act/act Method	Interest calculation method that counts the number of days in a calendar. The interest year thus comprises 365 days, or 366 days (leap year) in one year. Interest is calculated on the last but not on the first investment day.
Mining	Mining describes the process by which people make their computing power available in order to update and verify the transactions of cryptocurrencies and receive a reward in return.
Nominal amount	The investment and, if applicable, redemption amount of an investment. As a rule, the nominal amount is also used to calculate the interest amount.
Script	A sequence of commands executed by a program. Scripts are used to automate processes.
SPV	Special Purpose Vehicle is a company established for a specific purpose, e.g., for the purchase of receivables financed by the issue of securities.
STO	Abbreviation for Security Token Offering. A Security Token Offering is an offer in which investors receive token-based securities from an issuer for the payment of fiat or cryptocurrencies. The issuer issues cryptographic tokens that "embody" the rights arising from the securities and the underlying contractual terms.
Telegram	A cloud-based messenger service
USD	US-Dollar.
Wallet	A wallet is a software program that functions as a "digital purse" with the aim of storing cryptoassets such as cryptocurrencies or tokens by storing the so-called private keys of the wallet owner. With the wallet you can view your account balance of cryptoassets and receive and send transactions. When cryptoassets are sent,

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	the transactions are signed with the private key stored in the wallet, thereby providing proof of ownership of the respective cryptoasset.
German Securities Code Number (Wertpapierkennnummer , WKN)	The German securities code number (WKN) is a six-digit code used to identify securities.
WpPG	Securities Prospectus Act. (Wertpapierprospektgesetz)
XLM	Abbreviation for the cryptocurrency Stellar Lumens.



Supplement No. 1

pursuant to § 16 (1) of the German Securities Prospectus Act (Wertpapierprospektgesetz).

Bitbond Finance GmbH, Berlin

from April 1, 2019

to the

SECURITIES PROSPECTUS

of January 21, 2019

**for the public offering of qualified subordinated token-based bonds
with a maximum total nominal amount of EUR 100,000,000.00**

with a nominal value of EUR 1 each and a term ending June 30, 2029

ADVERTISEMENT

Please note, that this non-binding English convenience translation of the securities prospectus is for advertisement purposes only and does not constitute a binding offer nor a solicitation of an offer to purchase token-based bonds.

Only the German language version of the securities prospectus is binding and authorized for the public offering of the token-based bonds and can be downloaded here:

<https://www.bitbondsto.com/files/bitbond-sto-prospectus-de.pdf>

Pursuant to Section 16, Para. 3 of the German Securities Prospectus Act, investors who have made a declaration of intent to purchase or subscribe the securities prior to publication of the supplement have the right to revoke such declaration within a period of two working days after publication of the supplement if the new circumstance or inaccuracy as defined by Section 16, Para. 1 of the German Securities Prospectus Act have emerged prior to the final closing of the public offering or prior to delivery of the securities.

The revocation does not have to contain a reason yet must be stated in writing to Bitbond Finance GmbH, Strelitzer Str. 60, 10115 Berlin, Germany, e-mail: invest@bitbondsto.com; timely dispatch of the revocation is decisive for meeting the deadline.

By virtue of the shareholder resolution dated February 15, 2019, Mr Michael Keith Pinkus has been appointed as the issuer's second managing director. This managing director appointment has not yet been entered in the commercial register at the date of this Supplement.

By virtue of the notarised resolution dated March 12, 2019, the Issuer's shareholders meeting decided to execute a capital increase against cash contribution of EUR 6,800 and thus increase the Issuer's share capital to EUR 31,800. Mr. Michael Keith Pinkus acquired 2,800 shares, Mr. Henning Franken 2,000 shares and Mr. Jaroslaw Igor Nowotka 2,000 shares of the 6,800 newly created shares of EUR 1 each. The new shareholders have paid a total of EUR 6,800 into the Issuer's business account as share capital for unencumbered use by the Issuer. The amendment to the Articles of Association concerning the amount of share capital has not yet been entered in the commercial register at the date of this Supplement.

As a result of the aforementioned events, Bitbond Finance GmbH announces the following changes with regard to the securities prospectus already published on January 30, 2019:

1. Amendment to the "Summary" section

In the section **"Summary"**, which begins on page 5 of the Prospectus, in **B.5** "Description of the Group and Position of the Issuer within the Group" on page 5, the first sentence "As of the Prospectus Date, Bitbond GmbH, headquartered in Berlin, is the sole shareholder of the Issuer with 100% of the share capital held." shall be replaced by the following:

"Since March 12, 2019, Bitbond GmbH, Berlin, has held an 78.6 percent interest in the share capital of the issuer, Michael Keith Pinkus 8.8 percent, and Henning Franken and Jaroslaw Igor Nowotka 6.3 percent each."

2. Amendment to the "Summary" section

In the section **"Summary"**, which begins on page 5 of the Prospectus, the first sentence "Bitbond GmbH is the sole shareholder (100%) of the Issuer" is added in **B. 14** "Dependence on other companies of the Group" on page 7. shall be replaced by the following:

"Bitbond GmbH holds a 78.6 percent interest in the Issuer as a shareholder."

3. Amendment to the "Summary" section

In the section **"Summary"**, which begins on page 5 of the Prospectus, the sentence "The sole shareholder of the Issuer is Bitbond GmbH, which holds 100% of the Issuer's share capital" in **B. 16** "Control Relationships" on page 8 shall be replaced by the following:

"Bitbond GmbH is a shareholder of the issuer with a 78.6 percent interest in the share capital of the issuer. In addition, Michael Keith Pinkus with 8.8 percent and Henning Franken and Jaroslaw Igor Nowotka with 6.3 percent each of the share capital held are shareholders of the Issuer."

4. Amendment to the "Summary" section

In the section **"Summary"**, which begins on page 5 of the Prospectus, in **D. 2** on page 12, the entire section under the heading "Conflicts of Interest" is replaced by the following:

"Legal, economic and personnel ties exist between the Issuer and Bitbond GmbH. Bitbond GmbH is a shareholder of the issuer with a 78.6 percent interest in the share capital of the issuer. In addition, Michael Keith Pinkus with 8.8 percent, and Henning Franken and Jaroslaw Igor Nowotka with 6.3 percent each are shareholders of the issuer. The issuer's management is thus subject in fact to the instructions of the shareholders meeting of Bitbond GmbH. Mr. Radoslav Albrecht is also a shareholder and managing director of Bitbond GmbH and managing director of the issuer. This may result in conflicts of interest. Mr. Michael Keith Pinkus, the issuer's new shareholder and managing director, is also a salaried employee of Bitbond GmbH as its Chief Financial Officer of (without management authority for Bitbond GmbH). As new shareholders of the Issuer, Mr. Henning Franken and Mr. Jaroslaw Igor Nowotka are also employees of Bitbond GmbH. This may also result in conflicts of interest. "

5. Amendment to section "2.1.2.2 Conflicts of interest".

In section **"2.1.2.2 Conflicts of Interest"** on page 21, the first two paragraphs and the first and second sentences of the third paragraph "Legal, economic and personnel ties exist between the Issuer and the Bitbond GmbH. The Bitbond GmbH is the sole shareholder of the Issuer. The management of the Issuer is thus indirectly and

effectively subject to the instructions of the Shareholders Meeting of Bitbond GmbH. Moreover, Mr. Radoslav Albrecht is both shareholder and managing director (managing partner) of Bitbond GmbH and managing director of the Issuer. This may result in conflicts of interest." shall be replaced by the following:

"Legal, economic and personnel ties exist between the Issuer and Bitbond GmbH. *Bitbond GmbH is a shareholder of the issuer with a 78.6 percent interest in the share capital of the issuer. In addition, Michael Keith Pinkus with 8.8 percent, and Henning Franken and Jaroslaw Igor Nowotka with 6.3 percent each are shareholders of the issuer.* The issuer's management is thus subject in fact to the instructions of the shareholders meeting of Bitbond GmbH. Mr. Radoslav Albrecht is also shareholder and managing director of Bitbond GmbH and managing director of the issuer. This may result in conflicts of interest. *Mr. Michael Keith Pinkus, the issuer's new shareholder and managing director, is also a salaried employee of Bitbond GmbH as its Chief Financial Officer (without management authority for Bitbond GmbH). As new shareholders of the Issuer, Mr. Henning Franken and Mr. Jaroslaw Igor Nowotka are also employees of Bitbond GmbH. This may also result in conflicts of interest.*"

6. Amendment to the "Summary" section

In the section "**Summary**", which begins on page 5 of the Prospectus, in **D.2** on page 13, the entire section under the heading "Equity base of the issuer" is replaced as follows:

"Bitbond GmbH as shareholder of the Issuer and the shareholders of the Issuer, Messrs Michael Keith Pinkus, Henning Franken and Jaroslaw Igor Nowotka, have no contractual obligation to provide such equity capital to the extent that the Issuer requires further equity capital for the establishment and expansion of its business activities and/or the maintenance thereof,"

7. Amendment to Section "2.1.4.3 Equity base of the issuer".

In section "**2.1.4.3 Equity base of the issuer**" on page 22, the first sentence "The shareholder of the Issuer (the Bitbond GmbH) has no contractual obligation to provide equity capital, if the Issuer requires further equity capital for establishing and expanding its business activities and/or the maintenance thereof." shall be replaced by the following:

"Bitbond GmbH as shareholder of the Issuer and the shareholders of the Issuer, Messrs Michael Keith Pinkus, Henning Franken and Jaroslaw Igor Nowotka, have no contractual obligations to provide such equity capital to the extent that the Issuer requires further equity capital for the establishment and expansion of its business activities and/or the maintenance thereof."

8. Change in the "Summary" section

In the section "**Summary**", which begins on page 5 of the Prospectus, in **E. 4** "Description of all (possible) conflicts of interest and interests material to the issue" on page 18, the second paragraph "Bitbond GmbH holds 100 percent of the Issuer's shares and thus has a significant influence on the Issuer's management. The issuer's managing director, Mr. Radoslav Albrecht, is both shareholder and managing director (managing partner) of Bitbond GmbH. Mr. Radoslav Albrecht is responsible for executing the issue and simultaneously holds an indirect interest in the Issuer. Thus, Mr. Radoslav Albrecht has a considerable self-interest in the success of the issue" will be replaced as follows:

"Bitbond GmbH holds 78.6 percent of the issuer's shares and thus has a significant influence on its management. The issuer's managing director, Mr. Radoslav Albrecht, is both shareholder and managing director (managing partner) of Bitbond GmbH. Mr. Radoslav Albrecht is the key decision maker on the execution of the issue and also holds an indirect interest in the Issuer. As a result, Mr. Radoslav Albrecht has a considerable self-interest in the success of the issue. Mr. Michael Keith Pinkus as Managing Director of the Issuer also has a significant influence on the execution of the issue and the business activities of the Issuer. At the same time he is an employee of Bitbond GmbH. Due to the position of Mr. Michael Keith Pinkus, there is a considerable self-interest in the success of the issue. Mr. Henning Franken and Mr. Jaroslaw Igor Nowotka, as new shareholders of the Issuer and employees of Bitbond GmbH, also have a significant self-interest in the success of the issue."

9. Amendment to section '7.1.1 Interests of natural and legal persons involved in the issue/offer'.

In section "**7.1.1 Interests of natural and legal persons involved in the issue/offer**" on page 37, the third and fourth paragraphs "Bitbond GmbH holds 100 percent of the shares of the issuer and thus has a significant influence on its management. The issuer's managing director, Mr. Radoslav Albrecht, is also both a shareholder and managing director of Bitbond GmbH. Mr. Radoslav Albrecht is the key decision maker on the execution of the issue and also holds an indirect interest in the Issuer. This results in considerable self-interest of Mr. Radoslav Albrecht in the success of the issue." shall be replaced by the following:

"Bitbond GmbH holds 78.6 percent of the issuer's shares and thus has a significant influence on its management. The issuer's managing director, Mr. Radoslav Albrecht, is both shareholder and managing director (managing partner) of Bitbond GmbH. Mr. Radoslav Albrecht is the key decision maker on the execution of the issue and also holds an indirect interest in the Issuer. As a result, Mr. Radoslav Albrecht has a considerable self-interest in the success of the issue. Mr. Michael Keith Pinkus as Managing Director of the Issuer also has a significant influence on the execution of the issue and the business activities of the Issuer. At the same time he is an employee of Bitbond GmbH. Due to the position of Mr. Michael Keith Pinkus, there is a considerable self-interest in the success of the issue. Mr. Henning Franken and Mr. Jaroslaw Igor Nowotka, as new shareholders of the Issuer and employees of Bitbond GmbH, also have a significant self-interest in the success of the issue."

10. Change in section "6.1.5 Share capital".

In section **"6.1.5 Share capital"** on page 31, the first paragraph "The share capital of the Issuer amounts to EUR 25,000 on the Prospectus Date and is divided into 25,000 shares of EUR 1 each. The Bitbond GmbH holds all shares and thus 100 percent of the share capital. The share capital is fully paid up" shall be replaced by the following:

"The share capital of the issuer amounts to EUR 31,800 on the supplementary date and is divided into 31,800 shares of EUR 1 each. 25,000 shares and thus 78.6 percent of the share capital are held by Bitbond GmbH. Mr. Michael Keith Pinkus holds 2,800 shares and thus 8.8 percent of the share capital. Mr. Henning Franken and Mr. Jaroslaw Igor Nowotka each hold 2,000 shares and thus 6.3 percent each of the issuer's share capital. The share capital is fully paid up. "

11. Change in section "6.5 Organisational structure".

In section **"6.5 Organizational Structure"** on page 35, the first paragraph "The sole shareholder of the Issuer is Bitbond GmbH, which holds all 25,000 shares and thus 100 percent of the share capital of the Issuer. A control and profit transfer agreement does not exist. The managing director of the Issuer, Mr. Radoslav Albrecht, is also the managing partner of Bitbond GmbH. The Issuer is thus particularly dependent on Bitbond GmbH and Mr. Radoslav Albrecht" shall be replaced by the following:

"Bitbond GmbH is a shareholder of the issuer, which holds 25,000 shares and thus 78.6 percent of the issuer's share capital. No control and profit transfer agreement does not exist. Mr. Michael Keith Pinkus holds 2,800 shares and thus 8.8 percent of the share capital. Mr. Henning Franken and Mr. Jaroslaw Igor Nowotka each hold 2,000 shares and thus 6.3 percent each of the issuer's share capital. Mr. Michael Keith Pinkus is also Managing Director of the Issuer and Chief Financial Officer of Bitbond GmbH without management authority. The further managing director of the issuer, Mr. Radoslav Albrecht, is also managing partner of Bitbond GmbH. The Issuer is therefore particularly dependent on Bitbond GmbH and Mr Radoslav Albrecht. "

12. Amendment to section '6.6 Administrative, management and supervisory bodies'.

In section **'6.6 Administrative, management and supervisory bodies'**, which begins on page 36, the three paragraphs under the heading are replaced in full by the following:

*"The issuer's executive bodies are the management and the shareholders meeting. The duties of these bodies are regulated in the GmbH Act and in the Articles of Association of the issuer. The *current managing directors* are Mr. Radoslav Albrecht and Mr. Michael Keith Pinkus. The Issuer has no other administrative and/or supervisory bodies.*

Mr. Radoslav Albrecht is also managing partner of Bitbond GmbH, whose subsidiary is the issuer, of which Bitbond GmbH has a 78.6 percent interest. Mr. Michael Keith Pinkus is managing partner of the issuer with a share of 8.8 percent in the share capital and also Chief Finance Officer of Bitbond GmbH as a salaried employee without management authority. This may give rise to potential conflicts of interest. It cannot be precluded that, when weighing up different and possibly conflicting interests, the parties involved may not arrive at the decisions they would take if there were no interdependence.

Mr. Radoslav Albrecht and Mr. Michael Keith Pinkus can be reached at the business address of the Issuer (Bitbond Finance GmbH, Strelitzer Straße 60, 10115 Berlin)."

Further changes:

13. Correction in Section "7.2.5.5 Early Redemption by the Issuer" not relevant to this Supplement

In Section "**7.2.5.5 Early Redemption by the Issuer**" on page 38 of the Prospectus, the date indicated for the possible first redemption of the Bonds as December 13, 2021 by the Issuer is corrected as follows and thus adjusted to the date indicated in Section 10, Para. 1 of the Terms and Conditions of the Bonds:

"to first end at latest on December 31, 2021."

The Prospectus dated 30 January 2019 to which the Supplement relates has been published and is available on the website www.bitbondsto.com.

This supplement will be published on the website of Bitbond Finance GmbH www.bitbondsto.com and is available to investors there.

Berlin, April 1, 2019

Bitbond Finance GmbH