White paper On AQOS

Progress Malta Limited

2025.03

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1. Defined Terms & Abbreviations

Acquirer	Acquirer means a licenced financial institution that will provide Merchant with the Acquiring Services to allow Merchant to accept Card payments in terms of the Financial Institutions Act (Chapter 376 of the Laws of Malta).
Act	The Markets in Crypto Assets Act (Chapter 647 of the Laws of Malta);
Airdrop	An airdrop is a distribution of a Crypto Asset token for free to a certain wallet address;
AML/CFT	Anti-Money Laundering/Combating the Financing of Terrorism
Applicable law	Laws of Malta [Regulation (EU) 2024/2984: E.39/G.18 Applicable law]
Applicable Legislation	The Act and MiCAR;
AQOS	Abbreviation of the crypto-asset being issued by the Issuer by virtue of this white paper. [Regulation (EU) 2024/2984: D.3. Abbreviation]
AQOS Platform	The ecosystem featuring the AQOS Token Wallet, the server managing KYC, and the IDE, as described in Section 4 of this white paper. [Regulation (EU) 2024/2984: E.33. Trading Platforms Name]
AQOS Project	AQOS Project means research related to AQOS Token, design, development, enlightenment and operations of AQOS System. [Regulation (EU) 2024/2984: D.1 Crypto-asset project name]
AQOS Token(s)	The Crypto-asset being issued by the Issuer by virtue of this white paper; [Regulation (EU) 2024/2984: D.2. Crypto-asset name]

AQOS Token Holder	A client who has purchased AQOS Tokens.
Authorized Person	An employee of a crypto-asset service provider who sells or brokers the sale of AQOS Tokens and who is entrusted with managing customers and monitoring transactions.
CASP	The crypto-asset service provider which shall be in charge of placing the AQOS Token.
Crypto-assets	A digital representation of a value or of a right that is able to be transferred and stored electronically using distributed ledger technology or similar technology as per Article 2 of the Act;
DLT	Distributed Ledger Technology. A database system in which information is recorded, consensually shared, and synchronized across a network of multiple nodes as further described in the First Schedule of the Innovative Technology Arrangements and Services Act (Cap. 592 of the Laws of Malta), whether the same is certified under that Act or otherwise.
DLT Asset	A virtual token or a crypto-asset or electronic money or electronic money tokens or a financial instrument, which is intrinsically dependent on, or utilises DLT.
DLT Exchange	Any trading and/or Exchange platform or facility, whether in Malta or in another jurisdiction, on which any form of DLT Asset may be transacted in accordance with the rules of the platform or facility.
ECB	European Central Bank

Ecosystem	An ecosystem in the context of blockchains or protocols is a collection of projects, applications, and services that operate on a specific blockchain or protocol. The ecosystem includes not only the blockchain or protocol itself but also all the tools and platforms that interact with it.
EIB	European Investment Bank
EU	European Union
Fiat Currency	A currency that represents legal tender issued by a sovereign country and is considered to be backed up by the central bank of its government.
FIAU	Financial Intelligence Analysis Unit.
Founders	The Founders of the AQOS Project, being Mr. Yusuke Kaneko and Mr. Yuji Mataki.
GDPR	General Data Protection Regulation, Regulation (EU) 2016/679.
IDE	Integrated Development Environment.
IMF	International Monetary Fund
Issuer	Progress Malta Limited, a company registered under the Laws of Malta with company registration number C 101741 and its registered address situated at Level 1, Flat 2, Valletta Buildings, South Street, Valletta, VLT1103, Malta
KYC	Know Your Customer
MFSA	Malta Financial Services Authority
MiCAR	Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets.
MLRO	Money Laundering Reporting Officer
OTC	Over the Counter
Initial Offering/ Offer	The initial token offering of the AQOS Token;

Tranche	means securitized products classified by conditions such as risk level and yield. Sectioning according to specific conditions is called tranching, and each section is called a tranche. (Ref: 5.2. Features of Issue)
Peer-to-Peer	An architecture for communication between multiple computers, and means a communication method, model, or field of communication technology characterized by communication between equals.
PoS	Proof of Stake
PoW	Proof of Work
Prospective Holder	A client who is willing to purchase AQOS Tokens.
Public Offering Price	The Price at which new issues of AQOS Tokens are offered to investors;
Public Purchase Price, PPP	means the AQOS Issuance Mechanism, the price that is announced at the same time as the Offering Price and the number of issues for each issuance. (Ref: 5.3.2 AQOS Regulation 2 (Public Purchase Price)).
Regulation (EU) 2024/2984	Commission Implementing Regulation (EU) 2024/2984 of 29 November 2024 laying down implementing technical standards for the application of Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to forms, formats and templates for the crypto-asset white papers

Restricted Jurisdictions	Afghanistan, Algeria, Angola, Barbados, Bulgaria, Burkina Faso, Cambodia, Cameroon, Central African Republic, Democratic Republic of the Congo, Côte d'Ivoire, Cuba, Democratic People's Republic of Korea (DPRK), Eritrea, Gibraltar, Haiti, Iran, Iraq, Jamaica, Jordan, Kenya, Laos, Lebanon, Libya, Mali, Monaco, Morocco, Mozambique, Myanmar, Namibia, Nepal, Nigeria, Panama, Somalia, South Africa, South Sudan, Sudan, Syria, Tanzania, Trinidad and Tobago, Turkey, Uganda, Venezuela, Vietnam, Yemen, Zimbabwe. (As of March 2025)
SMB	Sanctions Monitoring Board.
SPV	Simple Payment Verification.
Stateless	Software that does not keep track of configuration settings, transaction information or any other data for the next session. A method in which the system does not hold any data or other information on the current state of the system and the output is determined only by the content of the input.
UX/UI Design	Responsible for designing customer experience through user-friendly system visuals.
VAT	Value Added Tax
Website	www.progress.mt, including all subdomains and all their respective pages and services as well as the documents published therein. [Regulation (EU) 2024/2984: F.8 Website of the issuer]
White paper	This document and any terms and conditions incorporated herein, including any other documents or terms and conditions included by way of reference.

Date of notification of the crypto-asset white paper to the competent authority: 2025-03-03 [Regulation (EU) 2024/2984: 01 Date of notification]
Publication date and Starting date of offer: 2025-03-20
[Regulation (EU) 2024/2984: F.9 Starting date of offer to the public, F.10 Publication date]

2. Executive Summary

This Summary is issued in accordance with the provisions of the Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937.

Warning
This summary should be read as an introduction to the crypto-asset white paper.

The Prospective Holder should base any decision to purchase this crypto–asset on the content of the crypto-asset white paper as a whole and not on the summary alone.

The offer to the public of this crypto-asset does not constitute an offer or solicitation to purchase financial instruments and any such offer or solicitation can be made only by means of a prospectus or other offer documents pursuant to the applicable national law.

This crypto-asset white paper does not constitute a prospectus as referred to in Regulation (EU) 2017/1129 of the European Parliament and of the Council or any other offer document pursuant to Union or national law.
[07 Warning in accordance with Article 6(7), second subparagraph, of Regulation (EU) 2023/1114]

2.1 Purpose and Significance

The development of Distributed Ledger Technology and smart contracts through blockchain has created an environment in which superior financial products can be created, backed by robust security.

As cross-border transactions expand with the digitization of finance, investors seeking anonymity pursue cryptocurrencies such as Bitcoin, and interest in crypto-assets has surged.

The Republic of Malta is also the first country in the world to legislate on crypto-asset, giving investors the opportunity to trade in a secure environment on a safe platform.

The AQOS project was set up to create a more user-friendly trading environment (platform) for investors who are not looking for anonymity in crypto-asset trading, but for investors looking for superior financial instruments who are willing to accept KYC.
AQOS Token is a DLT asset designed to comply with the law of EU and Malta.
AQOS Token falls under Title 2 of MiCAR, being a crypto-asset, other than asset-referenced token (ART) and e-money token (EMT).
[Regulation (EU) 2024/2984: F.1 Crypto-asset type]
[Regulation (EU) 2024/2984: F.4 Type of crypto-asset white paper]

2.2 Concept

While some seek cryptocurrencies for anonymity, many others seek price appreciation, much like stock trading.

Existing cryptocurrencies relied on the liquidity of speculators interested in cryptocurrencies.

In addition to investor liquidity, stock certificates increase in value as the issuer of the stock pays dividends, the issuer's own retained earnings, and purchases securities, but cryptocurrencies do not have these characteristics.

Some mechanisms have been devised to solve this problem, such as 'staking', which distributes incentives to cryptocurrency holders for holding cryptocurrencies, but this does not increase the intrinsic value of the cryptocurrency itself, which in turn depends on its liquidity.

It is not that a system that relies on liquidity is wrong, but that fiat currencies, for example, can be interpreted as liquidity itself, if taken to an extreme.

The difference between fiat currencies or securities and cryptocurrencies is the presence or absence of assets to collateralize them.

Then, just because there is an underlying asset does not necessarily mean that the price is linked to the price of the transaction itself, which is where the AQOS Token issuance mechanism was born.

2.3 Characteristics of the crypto-asset

An important Characteristic of the AQOS Tokens is its issuance mechanism. Taking into account supply and demand, the AQOS Tokens will be released in tranches, with clear, non-discretionary rules.

Issuance mechanism：
・Tokens are issued in multiple tranches, with the Offering Price and Public Purchase Price published for each issue.
A Public Purchase Price means a system whereby the issuer purchases a certain price from Internal Reserves as defined in “5.6.1 Internal Reserves” as one option for AQOS Holders to sell when trading with AQOS wallet.
・The next Public Offering Price must exceed the previous one.
・The next Public Purchase Price (PPP) must exceed the previous one.
・In case the the amount raised has not been reached, **THE NEW ISSUE FOR THAT TRANCHE WILL BE SUSPENDED** and extended until the amount is reached.

Discretionary market making entails risks and can be a breeding ground for unnatural price movements. Issuing with several Tranches prevents unnatural price fluctuations and creates stable value.

[Regulation (EU) 2024/2984: 08/F.6 Characteristics of the crypto-asset]

AQOS tokens provide clients with a reliable and steady store of value for their transactions and investments.
Blockchain technology enables to ensure transparent, auditable, and unchangeable transaction records, fostering trust and confidence.
[Regulation (EU) 2024/2984: F.2 Crypto-asset functionality]

2.4 Key information about the Initial Offering

Name of crypto-asset: AQOS Token
Abbreviation: AQOS
Maximum number of tokens to be issued
8,100,000,000 (eight billion, one hundred million) Token

1st Issue rate： 1 AQOS Token = 0.02 Euro (two euro cent)
1st Tranche: 1,400,000,000 (one billion four hundred million) Tokens
[Regulation (EU) 2024/2984: 10 Key information about the offer to the public or admission to trading:]
[Regulation (EU) 2024/2984: E.8 Issue price, E.9. Official currency or any other crypto-assets determining the issue price]

2.5 The Issuer

Progress Malta Limited (i.e., the Issuer of the crypto-asset) is a private limited liability company incorporated under the laws of Malta on 7 March 2022 with Legal entity identifier 5299001HMY05P4MACY53 for an indefinite period of time ('the Issuer'). The Issuer was established to execute the AQOS Project, and to plan and develop the underlying technology.

[Regulation (EU) 2024/2984: A.1/B.2 Name, A.2/B.3 Legal form, A3/B.4 Registered address, A.5/B.6 Registration date]
[Regulation (EU) 2023/1114: Annex I, Part A, point 5 Legal entity identifier or another identifier required pursuant to applicable national law]

The Issuer's principal activity is the planning, development and operation of the AQOS System (including software development, PR and marketing).
[Regulation (EU) 2024/2984: A.13 Business activity]

The Issuer may be contacted via email [support@progress.mt] where the Issuer will aim to reply within 5 working days.
[Regulation (EU) 2024/2984: A.9 E-mail address, A.10. Response time]

2.5.1 Board of administration

The Issuer's Board of Administration is currently composed of two (2) individuals, namely:

Yuji Mataki (Executive Director and CEO)
Yusuke Kaneko (Executive Director)
[Regulation (EU) 2024/2984: A.12 Members of the management body]

2.5.2 Financial conditions since registration

The Issuer has maintained capital reserves ensuring robust backing for its organisation. As the Issuer is start-up company, appropriate starting costs dominated the profit & loss account. Before that time revenue is not allowed before the registration is approved.

The year 2022: Revenue: € 0/ Expense € 31,213
The year 2023: Revenue: € 0/ Expense € 42,557

The financial statements 2022 and 2023 of Issuer are audited by Quazar Corporate Limited. There are no legal proceedings which could have any impact on the Issuer's financial position.
[Regulation (EU) 2024/2984: A.17 Financial condition since registration]

2.6 Companies involved in this project

2.6.1 Development Team

The Digital Abo Technologies Limited is a company registered under the laws of Malta bearing company registration number C 103387 with its registered office situated at Level 1, Flat 2, Valletta Buildings, South Street, Valletta, VLT1103, Malta and which is in charge of developing systems for the AQOS Platform.

The Director and Chief Technology Officer of Digital Abo Technologies have the following development backgrounds:
In 2004, the business model was to introduce dedicated dealer system (GL Trade) for retail customers, so the Middle system was developed to link the front and Back Office system, the first in Japan.
In 2007, the Back Office system (B2C) was developed in-house to introduce Deutsche Börse Group EUREX trading, the first in Japan.
In 2011, the Front System is for TSE (EQT), OSE (FUT/Options), TOCOM was developed.
In 2016, FIX Gateways for other brokers connecting system was developed.

2.6.2 IT Auditor

RNG Labs International Ltd. (“RNG”) is a private limited liability company registered under the laws of Malta since 15 November 2012 with company registration number C 58224 and its registered address situated at 46, Triq il-Parrocca, Santa Venera SVR 1260, Malta.

2.6.3 Financial Auditor

Quazar Corporate Limited (“Quazar”) is a private limited liability company registered under the laws of Malta since 11 February 2020 with company registration number C 94671 and its registered address situated at LEK Business Centre, Level 1, Triq l-Esportaturi, Zone 2, Central Business District, Birkirkara CBD 2040, Malta.

[Regulation (EU) 2024/2984: D.5 Details of all Natural or legal persons involved in the implementation of the crypto-asset project]

2.6.4 Crypto-asset service provider

The AQOS Token is initially offered to primary clients and can be further distributed by third parties like Crypto-asset service providers (CASPs) or equivalent Service Providers which are authorised to handle crypto-asset.

Primary clients are fewer than 150 natural or legal persons and applicable for exemptions outlined under Article 4 of the Markets in Crypto-Assets Regulation (Regulation (EU) 2023/1114)

A list of CASPs, supporting AQOS is available on the Website of the Issuer.
[Regulation (EU) 2024/2984: E.30 Crypto-asset service provider (CASP) name]

2.7 Conflicts of Interest

The shareholders of Issuer have the shares of the entity which will apply for CASP, however any conflicts of interest have been mitigated through a robust organisational structure that ensures independence of both companies.
[Regulation (EU) 2024/2984: E.38 Conflicts of interest]

3. AQOS Project

By operating strictly according to simple rules with thorough systemisation, low-cost and highly reliable Crypto-asset can be issued and operated.

Users who purchase AQOS tokens are expected to have a long-term stance rather than a short-term stance due to the nature of the issuance mechanism, so during that time, the funds raised will be used to support new development and expand the range of users. It is possible to do so. (Refer to "5.3 Pricing and Issuance Mechanism”.)

For more information on the AQOS token itself, please refer to section "5.1 Purpose of issue" and this section explains a summary of the various aspects of AQOS Development and Various Perspective.

The purpose of this section is to summarise the development items for a blockchain-based system for Initial Offering.

The Issuer intends to list the AQOS Token on multiple DLT Exchanges in the future, at its own discretion, provided that all legal and regulatory approvals would have been obtained.
[Regulation (EU) 2024/2984: D.4 Crypto-asset project description]

3.1 Project Roadmap

2021: The idea of AQOS Project is born. Technology development and the concept creation process accelerate. Development and business teams are formed.
2022 March: The founding of Progress Malta
2022 August: Conceptual design of the AQOS System is finalised. System development starts in earnest.
Q1 2023: The first draft of the white paper is produced.
Q1 2025: Progress Malta aims to register the white paper of AQOS Token in accordance with the MiCAR.

Q1 2025: The First AQOS Token's Offer is launched once MFSA approves and registers the white paper.
Q2 2025: The Second AQOS Token Offer is launched after the First Offer is sold out.
Q1/Q2 2026: Issuer seeks to list AQOS Token on a DLT Exchange.
[Regulation (EU) 2024/2984: D.8 Plans for the Token]
[Regulation (EU) 2024/2984: F.3 Planned application of functionalities]

4. The Underlying Technology

4.1 Kadena as the Platform

4.1.1 Blockchain

The AQOS System is built on the Kadena blockchain, a power-saving, high-performance blockchain platform which utilizes the technique of PoW to verify the accuracy of new transactions that are added to the blockchain, thereby ensuring the integrity of new data.

The Kadena blockchain was founded on the idea that blockchain could 'revolutionize how the world interacts and transacts'.

It offers a proprietary chain architecture and with the right tools to make blockchain work for business – in terms of speed, Scalability, Energy Efficiency at a level which was previously considered unachievable.

Technical Development Team of AQOS studied and tested multiple available Blockchain options to offer AQOS. There were several criteria for the right platform.

The first criterion was to opt for a blockchain which solves the 'Trilemma, Decentralized, Security and Speed' faced by Bitcoin, Ethereum.

Low Transaction cost for the Issuer, Scalability and Energy Efficiency were some of other key considerations. Another critical key

consideration was to look for a platform which, is continuously evolving and in all probability can host other functions which may be the need of the near future.

In short, the Issuer was looking for a platform which offers a futuristic ecosystem. And all these criteria lead to Kadena platform as a good initial starting platform.

The five key components of effective interoperability are integration, initiation, interchain, intrachain, and interchange.

Integration

Businesses may find it difficult and cumbersome to replace their existing applications with a new blockchain overnight; as such, the preferable option would be to integrate the new blockchain with their already-existing systems. Kadena is set to become the ultimate settlement platform which enables such a smooth transition. It was built from the ground up with finance, security, regulation, and new paradigms in mind.

Initiation

PACT, Kadena's smart contract language, can initiate a payment/ settlement smart contract using a wide variety of existing payment rails (off-chain via oracles) and other blockchains, ensuring that safe delivery is achieved and providing certainty that the payments have actually been effected.

Intrachain

The consensus protocol utilized by Kadena allows interchain applications and smart contracts to be deployed/executed across protocols-enabling solutions built on one token to easily connect to a solution on another platform such as Kadena mint on Cosmos or Kusama on Polkadot.

Interchain

Kadena addressed a major issue of current PoS interoperability systems by scaling Proof of Work and addressed the status quo with fundamental interoperability characteristics. Kadena's blockchain brings blockchain application development and interoperability into a stronger, more effective paradigm.

The Kadena blockchain possesses all these features. In terms of interoperability, this is highly dependent on the underlying blockchain, as well as the smart contracts and the relays being used.

Taking the above considerations into account, AQOS Tokens issued on the Kadena blockchain will benefit from all of these features.

Kadena blockchain have all these features. interoperability is the dependent on the underlying blockchain, the Smart contract and the relays being used.

AQOS Tokens on Kadena blockchain has all these features of enough throughput and interoperability.
[Regulation (EU) 2024/2984: H.1 Distributed ledger technology]
[Regulation (EU) 2024/2984: H.6 Use of distributed ledger technology - Yes]
[Regulation (EU) 2024/2984: H.7 DLT functionality description]

4.1.2 Chainweb

Chainweb, which is underlying blockchain from Kadena, is a new parallel-chain Proof-of-Work architecture comprised of braided chains that all mine the same native token and transfer liquidity between each other.
Chainweb is a braided, parallelized Proof Of Work consensus mechanism that improves throughput and scalability in executing transactions on the blockchain while maintaining the security and integrity.

Chainweb has twenty Ethereum-like blockchains that are all connected and run together side by side. What really makes this feature unique is how the blockchains are connected together.
The Kadena blockchain doesn't connect all blockchains directly together. If it did so, it would need to store the hash from every blockchain and every block. This would result in too much data to store in every single block.

Instead, Kadena as a blockchain is structure in such manner so that every chain connects to each other. Diagram 1 shows how ten blockchains are connected together. Each blue dot represents one blockchain and each blue dot only connects to three other blue dots.
The above means that one can get to any blockchain on this chart with only making three moves. As such, one is only three moves away from the farthest chain.

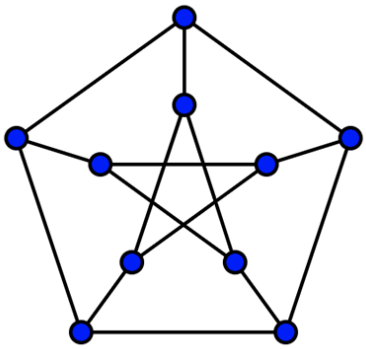


Diagram 1

Diagram 2 represents a twenty-chain architecture. As per the above, the farthest chain is only three chains away.

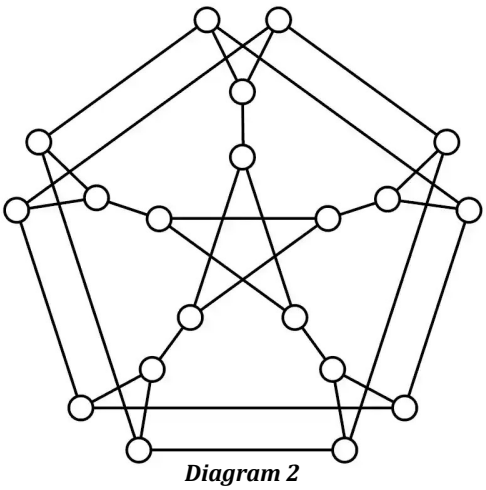


Diagram 2

Unlike existing Proof-of-Work architectures, Chainweb offers massive throughput without significantly increasing hash power.

Unlike existing PoW architectures, Chainweb offers massive throughput without significantly increasing hash power. It has the potential to expand to at least one thousand two hundred and fifty chains (1,250) executing more than ten thousand (10,000) transactions per second whilst still maintaining the unmatched resilience against fraud and censorship of PoW.
Chainweb was initially designed to implement Bitcoin's SPV capability to Kadena's smart contracts. The SPV is the simple mechanism which allows a wallet holder to confirm that a transaction has been successfully completed without having to run a full node on the wallet holder's own machine. In practice, this means that no mining is required to be done on the end-user's side.
[Regulation (EU) 2024/2984: H.4 Consensus mechanism]

4.1.3. Scalability

As previously explained, Chainweb is a braided, parallelized PoW consensus mechanism which improves scalability whilst maintaining security and integrity.

At present, this blockchain structure consists of blocks of twenty (20) chains (from 0 to 19, both inclusive). Initially, the blockchain comprised ten (10) chains only; however, in 2020, the blockchain performed a live network expansion from ten (10) to twenty (20) chains. This has doubled the throughput and proved the ability of the blockchain to scale the production to meet the growing demand. This blockchain has the ability to achieve higher transactions per second as more chains are added to the network.

With its revolutionary multi-chain structure, it is the only scalable layer PoW platform capable of scaling to settle the more than nine million (9,000,000) trades. Its structure also helps to avoid congestion and thereby avoiding a high cost to the consumer.

4.1.3 Information on the sustainability indicators in relation to adverse impact on the climate and other environment-related adverse impacts

The annual electricity consumption of the Kadena Blockchain used by AQOS Token might be about 0.028 TWh, although exact figures are difficult to calculate as daily transaction volumes and hash rates vary widely.

This figure is 6,153 times less than Bitcoin's estimated annual electricity consumption of 172.28 TWh, and 2,768 times less than Ethereum's estimated annual electricity consumption of 77.5 TWh.

In the case of Bitcoin, a single-chain network, all miners must direct their mining power to the same block. Since only one miner can win the block, the rest of the miners' energy is wasted.

Currently, Kadena, a multi-chain network consisting of 20 chains, has more blocks for miners to mine and process transactions. Kadena miners don’t have to compete for just one block but 20 different blocks, which means less energy from miners is wasted.

In concrete figures, the electricity consumption per transaction is as below;

Power of Transactions (KWh/TX)
- Bitcoin : 1,122.95
- Kadena 20-chains : 0.0041
- Kadena 100-chains : 0.00081
- Visa : 0.00075
- Mastercard : 0.00069
- Kadena 1,000-chains : 0.00020

With its high energy use and single-chain configuration, Bitcoin consumes a lot of power per transaction.

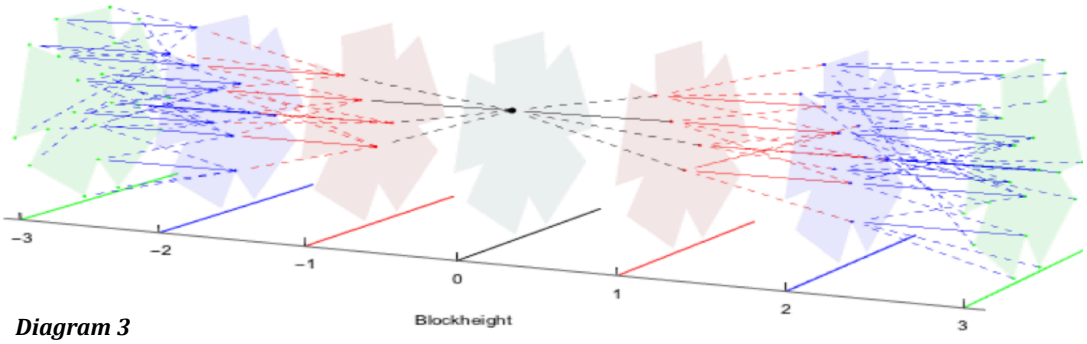


Diagram 3

In comparison, Kadena's power usage per transaction decreases significantly as the number of chains increases, showcasing superior energy efficiency, especially in the 100 chains and 1000 chains configurations.

Visa and Mastercard have much lower power per transaction, likely due to their non-blockchain infrastructure.

In view of the above, it can be inferred that the negative environmental impact of AQOS Token using the Kadena Blockchain is minor and that even if AQOS Token becomes widespread and trading becomes more active, it is highly unlikely to have a negative impact on the environment.
[Regulation (EU) 2024/2984: J.1: Adverse impacts on climate and other environment-related adverse impacts]

4.1.4 Speed

Now consider the Speed – to fathom the importance of speed of transaction – consider transaction speed of various blockchains – Bitcoin can do five transaction per sec globally.

Ethereum can do around fifteen transactions per second globally, Visa/master card does thousands of transactions per second globally.

Now consider Kadena- every chain of the 20 braided chains has a new block on average 30 seconds in between. Total is 20 blocks every 30 seconds. Which translates to 1.5 seconds theoretical block time.

Chainweb has the potential to grow to at least one thousand two hundred and fifty (1,250) chains executing upwards of ten thousand (10,000) transactions per second whilst still maintaining the unmatched resilience against fraud and censorship of Proof of Work.

Such a system significantly reduces the time it typically takes for the validation process, as such process will take reasonably less time. Ultimately, it all results in an energy-efficient system with economies of scale.

4.1.5 Security

Security is one of most important aspect of AQOS Token eco system. The first is of course the security of the underlying eco system and the the security of the AQOS Wallet.

First let's have a brief review of the underlying security mechanism first. In our analysis we consider the double-spend attack in which an adversary works in secret to construct an alternate version of the network, or braid, in which they has not spent their Token.

Even such an adversarial braid is generated it does not throw the system open to arbitrary changes, such as creating value out of thin air or taking money that never belonged to the adversary.
An adversary can only try to change one of her own transactions to take back money she recently spent.

A prudent recipient of Token will wait until at least z block height has been added to a chain before accepting confirmation of a transaction in a given block.

For a single chain this practice results in generation of z blocks; for a Chainweb braid this practice will result in the network generating a number of blocks equal to $\Omega \cdot z$ blocks, or a layer of the braid for every increase in block height.

A prudent recipient of a token should wait until at least ‘z block height’ has been added to a chain before accepting confirmation of a transaction within a given block. For a single chain, this practice results in the generation of ‘z blocks’. For a Chainweb braid, this practice will result in the network generating a number of blocks equal to $\Omega \cdot z$ blocks or, more simply, a layer of the braid for every increase in block height.
[Regulation (EU) 2024/2984: H.2 Protocols and technical standards]

4.1.6 Smart Contract

The smart contract is a computer programme running on the Kadena blockchain network. Wallet address, public keys, transactions, and wallet balance are stored into the Kadena blockchain network via the AQOS smart contract.

With PACT 4.0, Kadena has made the most productive smart contract language in the market. PACT 4.0 brings built-in cross-chain events and upgrade backward compatibility: PACT has the best cross-chain event of any smart contract language thanks to defpact, which automatically handle cross-chain transfers for any asset imaginable.

The Kadena chain Relay accepts and validates block headers from other blockchain platforms like Ethereum, Celo, or Terra and more and more blockchains are being connected with Kadena blockchain using PACT Smart contract.

PACT is the most secure smart contract language available, having built-in bug detection and being formally verifiable and human readable. It is a tried and tested smart contract, and is more than ten (10) years old. It has been designed from the ground-up with a safety-oriented design to support the unique challenges of developing solutions running on a blockchain.

It is designed from the ground up to support the unique challenges of developing solutions to run on a blockchain and with safety-oriented

design.

The smart contract comes equipped with a powerful validation tool suite in the form of formal verification.

By automatically detecting bugs, It frees the consumer from the exploits as might be faced on Ethereum and other unsafe platforms.

To understand how robust are these systems, note that Formal verification systems are often used in critical mission environments like nuclear power plants or air and space autopilot systems.

Smart Contract Calculations

All the transaction amounts to have double precision numbers with eight digits after decimal. Initially the digits after decimal should all be zero, but when the valuation of AQOS increases AQOS should be tradable in fractions as well. Even in that case the calculation logic will remain exactly same although different names could be given to the fractional units of AQOS (e.g., Satoshi in case of BTC etc.).
[Regulation (EU) 2024/2984: H.3 Technology used]

4.2 The Platform of AQOS System

The below Diagram 4 illustrates the components of the AQOS System and the interaction and interoperability between the different components.

AQOS System Architecture

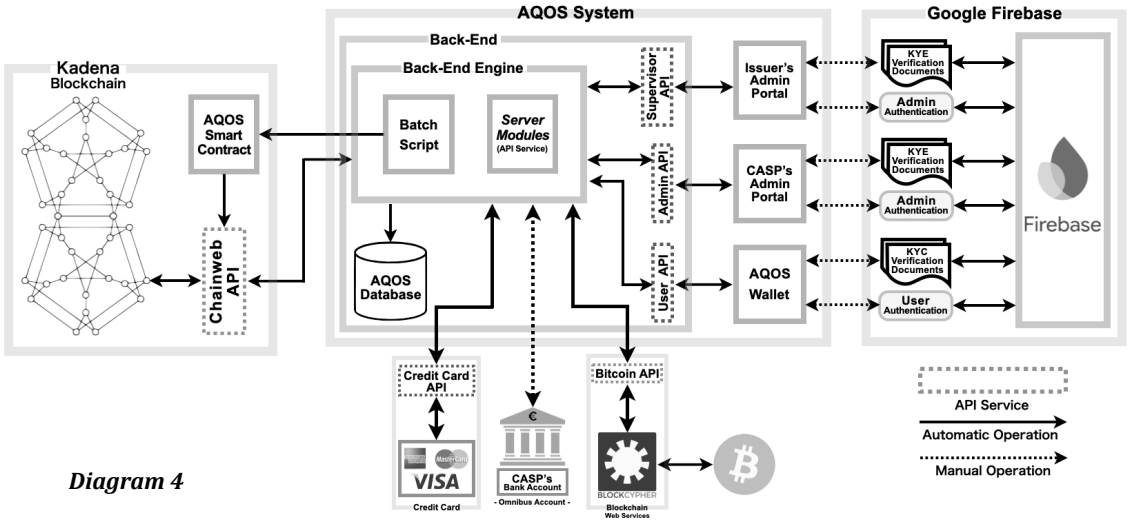


Diagram 4

PACT Batch Script:

PACT Batch Script is used for deploying AQOS Smart contract into Kadena Blockchain. PACT Batch Script uses Kadena Chainweb API to deploy the AQOS Smart Contract.

AQOS Database:

The AQOS database is used for storing and accessing any sort of data used in the AQOS System. The data stored will consist of, amongst others, user information, admin information, cash transactions, token transactions, and account balance.

User APIs:

User API is an RESTful application programming interface that conforms to the constraints of REST architectural style and allows for interaction with AQOS Server.
User APIs are stateless, meaning that each request from AQOS Wallet needs to include all the information necessary for processing it.

AQOS Server validates the firebase token attached with the requests from AQOS Wallet and process the request only if the request contains valid firebase token.

AQOS Wallet uses HTTP requests to communicate with User APIs to perform standard database functions like creating, reading, updating and deleting data.

Admin APIs:

Admin API is an RESTful application programming interface that conforms to the constraints of REST architectural style and allows for interaction with AQOS Server.

Admin APIs are stateless, meaning that each request from Admin Portal needs to include all the information necessary for processing it.

AQOS Server validate the firebase token attached with the request from Admin Portal and process the request only if the request contains valid firebase token.

Admin Portal uses HTTP requests to communicate with Admin APIs to perform standard database functions like creating, reading, updating and deleting data.

Google Firebase:

Google Firebase is a set of cloud-based development tools that helps app developers build, deploy and scale their apps. AQOS System uses Google APIs to communicate with Google Firebase.

AQOS System uses Google Firebase to Store User credentials, Admin credentials, KYC Documents and verify login credentials. Access Token returned by Google Firebase for the login request is used by AQOS Wallet and Admin Portal in all the HTTP requests send to AQOS Server. AQOS Server module uses Google Admin APIs to validate the access token before processing the API request.

The AQOS smart contract has been created with the following features:

Three (3) internal use wallet addresses:
- The Progress Master wallet address; and
- The Progress Buy wallet address.
- The wallet address of the CASP which the Issuer shall be collaborating with.

The Progress Master wallet address will be initialized with 8,100,000,000 AQOS Tokens.

The main functionalities of the AQOS smart contract are:

The ability to transfer configured AQOS Tokens in a tranche from the Progress Master address to the CASP address on each tranche release.
The validation of a user key before executing a transaction.
Transfer AQOS Token from CASP address to user address.
Maintaining the AQOS Token balance for each address.

4.2.1 Audit Outcome

The smart contract deployed by the Issuer was audited by RNG Labs International Ltd, a company registered under the laws of Malta with company registration number C 58224 and its registered office situated at 46, Triq il-Parrocca, Santa Venera SVR 1260, Malta.

Systems audit based on “Systems Auditor Control Objectives – Part C” (30th October 2018) as issued by the Malta Digital Innovation Authority and in line with “Assurance Engagements other than Audits or Reviews of Historic Financial Information” ISAE3000 (Revised).

During the performance of the procedures, the Auditor noted the following:

i. Forensic node could not be properly tested for transaction logging due to the Auditee not yet being operationally live.
The Forensic Node server is based in Malta and hosted by Netshop, which has been created to collect all the transaction logs. Requested and reviewed the IP address of the Forensic Node.

ii. Testing on objective numbers (1)Functionality code review, (2) Platform implementation, (28)Audit,Transparency and (51) Immutability revealed one low-severity issue which was rectified by Issuer during the course of the audit.
[Regulation (EU) 2024/2984: H.8 Audit - Yes, H.9 Audit outcome]

4.3 The AQOS Token Wallet

The Issuer has developed a wallet incorporating the following main features which will enable users to purchase and hold AQOS Tokens.

After registering for an email account, users will be required to submit their KYC information prior to purchasing AQOS Tokens and will undergo a screening process to determine their suitability for purchasing the AQOS Tokens.

4.3.1 Purchasing AQOS Tokens at the Initial Offering

AQOS Tokens may be purchasing during the Initial Offering with the fiat currency balance in the AQOS Wallet or, alternatively, with a credit card. The following process will be followed:

1. The AQOS Supervisor sends the terms of Initial Offering to the Initial Offering Module of the Back-End via the Supervisor API.

2. The Prospective Holder opens an account for the AQOS Wallet to send the KYC information via the User API.

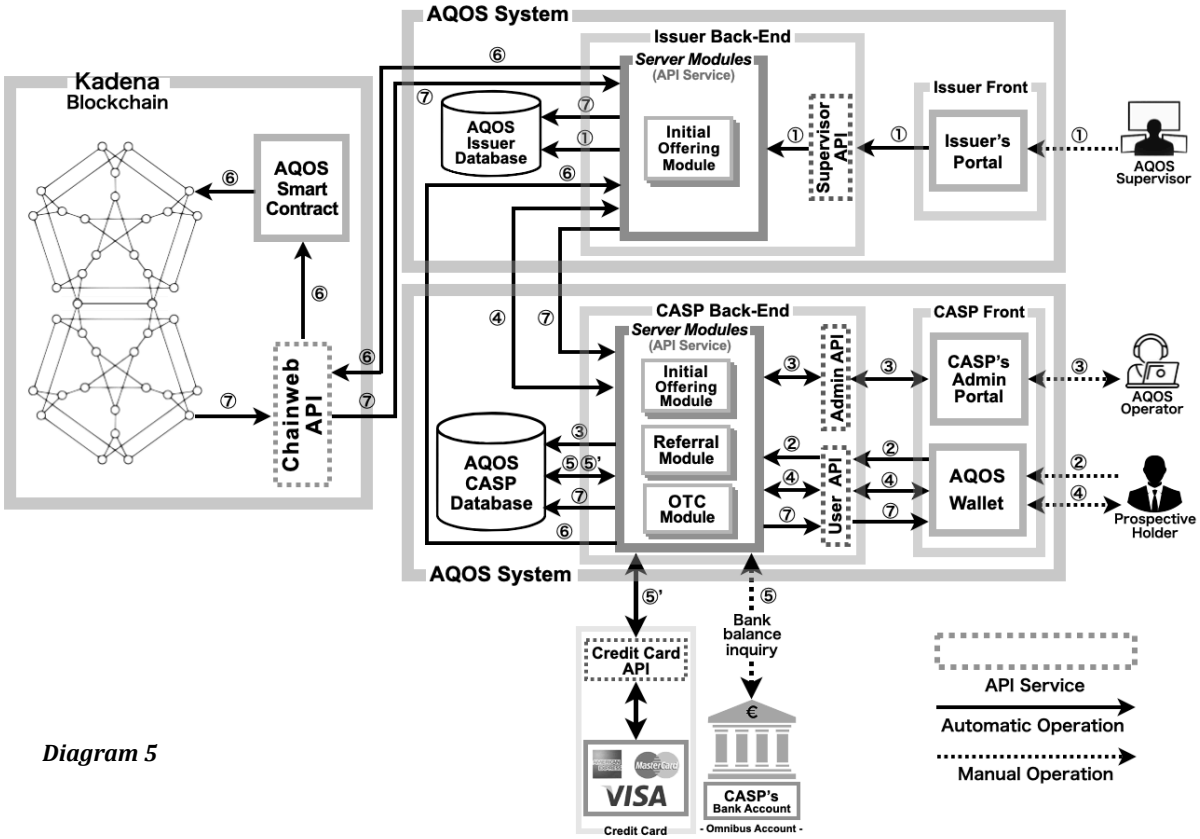


Diagram 5

3. The AQOS Operator verifies the KYC information of the Prospective Holder.

4. The Server Module of CASP Back-End gets the information from the Issuer Server Module and calculates the number of the AQOS Tokens that can be purchased, notifies the Prospective Holder. In case Referral Code is used, Referral Module calculates the Bonus Token needs to be granted to the referrer for this Buy order.

5. In case the Prospective Holder purchases the AQOS Token by cash (EURO) payment, the CASP Back-End check the Cash Balance in the AQOS CASP Database. If the balance is insufficient, the Prospective Holder transfers euros to the specified bank account to ensure the sufficient balance for the purchase, and record the balance to the AQOS CASP Database.

5'. In case the Prospective Holder purchases the AQOS Token by the credit card payment, the Prospective Holder uses the AQOS Wallet to input their credit card information via an Credit Card API provided by

the card acquirer and make the payment. After the payment, the CASP Back-End records the balance of euros to the AQOS CASP Database.

6. Once Initial Offering is sold out, the Initial Offering Module will execute and send a notification to the Kadena Blockchain via the Chainweb API and AQOS Smart Contract, transferring the AQOS Tokens to the Buyer's account.

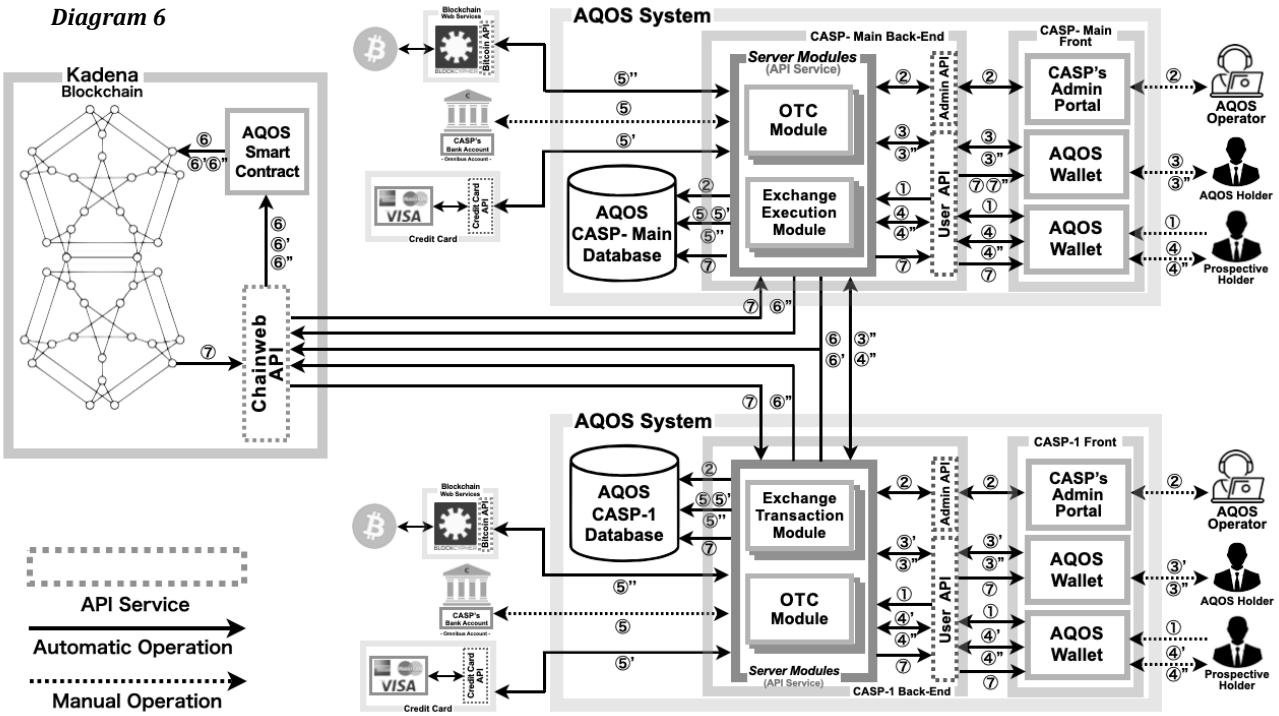
7. The issuance history of AQOS Tokens is recorded on the Kadena Blockchain and simultaneously recorded in the AQOS Issuer Database, and the AQOS Tokens will be distributed.

The Prospective Holders should note that the AQOS Tokens are stored on the Kadena blockchain. Other information, such as the cash balance and the KYC documents, are stored in the AQOS database.

4.3.2 OTC (Over the Counter) and Exchange Trading functions

Users can buy and sell AQOS Tokens and other crypto-assets, including Bitcoin, in OTC and Exchange Trading.

Diagram 6



1. The Prospective Holder opens an account for the AQOS Wallet to send the KYC information via the User API.

2. The AQOS Operator verifies the KYC information of the Prospective Holder, and record the KYC information to the AQOS CASP Database.

3. The AQOS Holder places a Sell order for AQOS Token from the AQOS Wallet, and this Sell order will be displayed on the Sell order list of the AQOS Wallet.

3'. The AQOS Holder places a Sell order on a Buy order in the Buy order list of the AQOS Wallet.

3". The AQOS Holder sends a Sell order on the Exchange Transaction Module via AQOS Wallet.

4. The Prospective Holder places a Buy order on a Sell order in the OTC Sell order list of the AQOS Wallet.

4'. The Prospective Holder places a Buy order for AQOS Token from the AQOS Wallet, and this Buy order will be displayed on the OTC Buy order list of the AQOS Wallet.

4". The Prospective Holder sends a Buy order on the Exchange Transaction Module via the AQOS Wallet.

5. In case the Prospective Holder purchases AQOS Token by cash (Euro) payment, the CASP Back-End check the Cash Balance in the AQOS CASP Database.

If the balance is insufficient, a Prospective Holder transfer Euros to the specified the bank account to ensure the sufficient balance for the purchase, and record the balance to the AQOS CASP Database.

5'. In case the Prospective Holder purchases AQOS Token by the credit card payment, the Prospective Holder uses the AQOS Wallet to

input their credit card information via an the Credit Card API provided by the card acquirer and make the payment.

After the payment, the CASP Back-End records the balance of Euros to the AQOS CASP Database.

5''. In case the Prospective Holder purchases AQOS Token by Bitcoin payment, the Prospective Holder uses the AQOS Wallet to input the wallet address via an Bitcoin API provided by the Blockchain Web Service and make the payment.

After the payment, the CASP Back-End records the balance of Bitcoin to the AQOS CASP Database.

6. Once the deal between a Buy order and a Sell order is done, the OTC Module sends a notification to the Kadena Blockchain via the Chainweb API and the AQOS Smart Contract, transferring AQOS Tokens from the Seller's account to the Buyer's account.

6'. Once the deal between a Buy order and a Sell order is done, Exchange Execution Module send a notification to Kadena blockchain via Chainweb API and AQOS Smart Contract, transferring AQOS Tokens from the Seller's account to the Buyer's account.

6". Once the deal between a Buy order and a Sell order is done within their own CASP , the OTC Module sends a notification to Kadena blockchain via Chainweb API and the AQOS Smart Contract, transferring AQOS Tokens from the Seller's account to the Buyer's account.

7. The transaction history of AQOS Tokens is recorded on Kadena Blockchain and simultaneously recorded in AQOS Issuer Database, and AQOS Tokens will be distributed.

Note; The AQOS Tokens are stored on the Kadena Blockchain, other information (Cash balance, KYC...) is stored in the AQOS Database.

4.3.3 Transfer of AQOS Tokens

Clients will also have the ability of transferring a certain number of AQOS Tokens to another client as a gift/free transfer. In this case the client receiving the AQOS Token will get them free of cost.

As of now free transferability of the crypto-assets being offered and the DLT exchanges/s on which they may be traded is applicable only for AQOS Wallet Holders.

Restrictions on the free transferability of AQOS Token: Once admitted to trading on one or more DLT Exchanges, AQOS Token shall be freely transferable provided that the prospective Token holder does not have their habitual residence or their seat of incorporation in a Restricted Area, and provided that all applicable AML and CFT rules are adhered to.
[Regulation (EU) 2024/2984: G.11 Crypto-assets transfer restrictions]

5. Initial Offering

5.1 Purpose of the Issue

In order for smart contracts to become widespread, not only technical progress, but inevitably settlement with legal tender must be facilitated.

Tokenomics by the AQOS project aims to develop and promote a new, more robust blockchain network, as well as considering unique mechanism(Refer "5.3 Pricing and Issuance Mechanism”) for issuing with Initial Offering, taking into account supply and demand.

The Issuer will launch the Initial Offering and raise funds to secure funds for the uses described in ”5.6 Allocation of AQOS Token”.

Other reasons behind the Initial Offering are as follows:

To ensure full transparency and compliance with EU regulations to protect investors' interests and well-being.

Admitting to trading of the AQOS Token on one or more DLT Exchanges to facilitate secondary market trading of the AQOS Token. [Regulation (EU) 2024/2984: E.2. Reasons for public offer]

5.2 Features of Issue

The Initial Offering for AQOS Tokens will be released in tranches.

The AQOS Token issuance mechanism is designed to increase both the offering price and the purchase price from the time of the previous issuance according to demand.

The tranche (Initial Offering) will be released according to the schedule published on the Website in advance with the price and quantity

created according to the rules described in “5.3 Pricing and Issuance Mechanism”.
[Regulation (EU) 2024/2984: 08/F.6 Characteristics of the crypto-asset]
[Regulation (EU) 2024/2984: G.4 Future public offers]

5.2.1 Hard Cap

The Hard Cap is the set maximum total amount of AQOS Tokens to be offered for sale during and for the purpose of the Initial Offering. The maximum circulating volume of AQOS Tokens has been set by the Issuer at 8,100,000,000 (eight billion, one hundred million). No AQOS Tokens will be issued by the Issuer once the Hard Cap is reached.
[Regulation (EU) 2024/2984: E.12 Total number of offered/traded crypto-assets]

5.2.2 Minimum Subscription Goal

The Minimum Subscription Goal is the minimum amount of AQOS Tokens which shall be issued in each tranche.

The set value and quantity of AQOS Tokens issued by Initial Offering shall be set for each issuance in accordance with “5.3.1 AQOS Regulation 1 (Offering Price)”, “5.3.2 AQOS Regulation 2 (Public Purchase Price)”, and “5.3.4 AQOS Regulation 4 (Issue Halving)”.

If the Minimum Subscription Goal for a new issue is not reached with applications, THE NEW ISSUE FOR THAT SESSION WILL BE SUSPENDED and extended until the Minimum Subscription Goal is reached.

Tranche 1: 1,400,000,000 (one billion four hundred million) Tokens
Minimum Subscription Goal is 23,380,000 (twenty-three million, three hundred eighty thousand) Euro in the 1st Tranche.
[Regulation (EU) 2024/2984: E.4. Minimum subscription goals]

For subsequent tranches, the Public Offering Price and the exact quantity of AQOS Tokens to be issued will be announced on the AQOS Wallet or the Website of the Issuer.

Prospective holders of the AQOS Tokens have right to be refunded any funds if the Minimum Subscription Goal is not reached by the end of the Initial Offering.

The user can cancel the order of Initial Offering until the Minimum Subscription Goal is reached. Refer to "6.6 Refund/Cancel" regarding Cancel policy”

Upon reaching the Minimum Subscription Goal, the AQOS Tokens will be transferred to the AQOS Wallet registered in the name of the purchasing user.

5.3 Pricing and Issuance Mechanism

The feature of the AQOS Issuance Mechanism is that it is repeatedly issued even after the Initial Offering, and the 'Public Purchase Price’ are announced at the same time as the Offering Price (Issue Price) and the number of issues for each issuance announced on the AQOS wallet and the website of The Issuer'.

AQOS Token will be issued in a sequence of 1st Tranche followed by 2nd Tranche, 3rd Tranche... and so on.

Request of acquisition will be accepted on a first-come, first-served basis, and will be closed when the maximum number of tokens to be issued is reached.
[Regulation (EU) 2024/2984: E.18 Offer phases]
[Regulation (EU) 2024/2984: G.12 Supply adjustment protocols]
[Regulation (EU) 2024/2984: G.13 Supply adjustment mechanisms]
There will be no bonuses which will apply for early purchasers and no AQOS Tokens will be issued for a discounted purchase price for early purchasers.

[Regulation (EU) 2024/2984: E.19 Early purchase discount]

5.3.1 AQOS Regulation 1 (Offering Price)

The distinctive of AQOS Issuance Mechanism is that 2nd Tranche issue price must be above or equal 1st Tranche issue price, and 3rd Tranche issue price must be above or equal the 2nd Tranche issue price.

$$\text{1st Offering Price (Issue Price)} \leqq \text{2nd Offering Price} \leqq \text{3rd Offering Price} \leqq \cdots\cdots$$

Diagram 7

5.3.2 AQOS Regulation 2 (Public Purchase Price)

Similarly, the 2nd Tranche Public Purchase Price must be above or equal the 1st Tranche Public Purchase Price, and the 3rd Tranche Public Purchase Price must be above or equal the 2nd Tranche Public Purchase Price.

$$\text{1st Public Purchase Price} \leqq \text{2nd Public Purchase Price} \leqq \text{3rd Public Purchase Price} \leqq \cdots\cdots$$

Diagram 8

The Public Purchase Price is the AQOS Issuance Mechanism, designed to ensure the liquidity of AQOS Token and maintain the price in a certain range.

A Public Purchase Price means a system whereby the issuer purchases a certain price from Internal Reserves as defined in “5.6.1 Internal Reserves” as one option for AQOS Holders to sell when trading with AQOS wallet.

The purchase under PPP is not in the security or nature of security for AQOS Tokens.
[Regulation (EU) 2024/2984: G.5 Issuer retained crypto-assets]

5.3.3 AQOS Regulation 3 (Calculation of PPP)

The issuer reserves part of the funds raised by Initial Offering as described in “5.6.1 Internal Reserves”. The initial stage of Initial Offering, which spans several rounds, is calculated based on the Internal Reserves accumulated by the issuer divided by the total number of issuances.

The subsequent determination of the Public Purchase Price shall be based on the liquidity of the AQOS Tokens and the issuer's ability to pay.

5.3.4 AQOS Regulation 4 (Adjustment Number of Issues)

If you continue Initial Offering in compliance with "5,3,1 AQOS Regulation 1 (Offering Price)", the total amount of issue price (Issue Price x Number of Issues) will gradually increase.

However, the number of issues will be adjusted to avoid a too large total amount of issuance, which would upset the supply-demand balance.

By adjusting the number of issuance, issuance can be continued while maintaining the balance between supply and demand and complying with "5,3,1 AQOS Regulation 1 (Offering Price)”.

5.3.5 AQOS Regulation 5 (Issue Restriction)

In the course of a series of issuances, the total issuance price may become higher and supply may exceed demand for AQOS Tokens.

If the Minimum Subscription Goal for a new issue is not reached with applications, the new Initial Offering for that session will be suspended and extended until the Minimum Subscription Goal is reached.

This is a measure to prevent excess supply from exceeding demand, and this concept aims to prevent unstable price movements (especially abnormal price falls).

5.3.6 AQOS Regulation 6 (Resale)

AQOS Tokens purchased by The Issuer from holders at the arbitrage price can be sold through CASP.

In doing so, the funds raised shall be allocated in the proportions presented in this chapter '5.7 Allocation at Resale'.

5.3.7 AQOS Regulation 7 (PPP Special Provisions)

If there are no responsive bids for new Initial Offering for 12 months, or if The Issuer has insufficient cash flow to sustain the AQOS ecosystem, it has the right to reduce the Public Purchase Price from the previous offer.
[Regulation (EU) 2024/2984: E.11 Offer price determination method]

5.3.8 Timeframe

The Initial Offering shall commence immediately after registration of this white paper in terms of the the Act and shall continue for the maximum duration allowed under the said the Act. The Issuer reserves the right to end the Initial Offering (public sale) prior to the end of the application period as herein indicated, at its own discretion notwithstanding that the Hard Cap may not have been reached. The Issuer shall make an announcement to such effect through its website and social media channels.
Additional New AQOS Token will be created by Issuer the above manner, which will then be transferred to CASP for distribution to clients, from time to time.

5.4 Targeted Holders

AQOS Tokens shall be available for purchase to all types of investors including retail or professional investors
[Regulation (EU) 2024/2984: E.13 Targeted holders]

5.5 Distribution and Delivery

An application for AQOS Token in terms of this Initial Offering shall be deemed complete upon the Prospective Holder having successfully completed KYC of all AML and CFT procedures and funds being received as described herein by AQOS or any third party to which AQOS may have delegated such function.

Initial Offering will commence immediately after registration of this white paper under the The Act and will be sold to prospective holders through CASP licensed under the Act.

The Issuer will transfer the AQOS Tokens to the purchaser's AQOS Wallet within a period of three (3) business days from the date the Minimum Subscription Goal is reached.

The allocated the AQOS Token are transferred to each user's AQOS Wallet and the user can confirm it by checking on their Wallet
[Regulation (EU) 2024/2984: E.27. Transfer of purchased crypto-assets]
[Regulation (EU) 2024/2984: E.28. Transfer time schedule]

5.6 Allocation of AQOS Token

The below describe the manner funds raised through the Initial Offering will be allocated.

5.6.1 Internal Reserve

55% : Internal Reserve

55% of the funds raised will be allocated to internal reserves calculated according to “5.3.3 AQOS Regulations 3”.

5.6.2 Founder

9% : Founder

9% of the issued AQOS Tokens in the first and second tranches of the Initial Offering will be allocated to the Founders of the AQOS Project.

4.5% of the issued AQOS Tokens and 4.5% of the funds raised in the third tranche and any subsequent tranches of the Initial Offering will be allocated to the Founders.

The intention of such token allocation is to lock in those tokens in the early stages of the project and prevent to reduce token price.

5.6.3 System Development

10% : System Development

10% of the funds raised will be allocated to the costs directly related to developing a system. This includes areas such as:

The software and product development (Blockchain development, cryptography, testing, cybersecurity, project management, UX/UI design and optimization) and product maintenance.

5.6.4 Referral Rewards

7.5% : Referral Rewards

Maximum 7.5% of issued AQOS Tokens will be allocated to Referral Rewards as a bonus to marketing.
However, if a Prospective Holder purchases AQOS Tokens without the mediation of any marketing person and without using a Referral Code, no promotional tokens will be distributed.

The remaining AQOS Tokens for Referral will be allocated to “5.6.1 Internal Reserves”.

Informing a wider audience about the project and solutions developed generates costs related to PR, marketing, and sales processes. These are crucial for client acquisition and for ensuring the proper rate of return for Token holders.

5.6.5 Ecosystem

13.5% : Ecosystem

13.5% of the funds raised will be allocated to the CASP to cover the costs.

5.6.6 Management

5% : Management

5% of the funds raised will be allocated to cover the following costs of the Issuer: management and administrative staff salaries; accounting and banking fees; external general advisory services; office rental and maintenance; purchase of supporting goods and services; business travel expenses; and general administrative costs.

5.7 Allocation at Resale

Funds obtained from the resale of AQOS Tokens purchased under '5.3.2 AQOS Regulation 2 (Public Purchase Price)' and resold under '5.3.6 AQOS Regulation 6 (Resale)' shall be allocated as follows.

5.7.1 Internal Reserve at Resale

55% of the funds raised will be allocated to internal reserves calculated according to “5.3.3 AQOS Regulations (Calculation of PPP)”.

The allocating to internal reserves means that an even higher PPP price can be calculated, which in turn is expected to generate higher liquidity.

5.7.2 System Development at Resale

2% of the funds raised will be used for system development.

5.7.3 Promotional Cost at Resale

1% of the funds raised will be used for promotional cost.

5.7.4 CASP at Resale

4% of the raised funds will be allocated to the CASP. The funds will be used for brokerage fees of the brokers who sold AQOS Tokens or DLT exchanges.

5.7.5 Management at Resale

38% of the funds raised will be used for management. Of this amount, 35% will be used for taxes on resale profits.
[Regulation (EU) 2024/2984: D.9. Resource allocation, D.10 Planned use of collected funds or crypto-assets]

5.8. Referral Programme

In order to attract potential new investors, the AQOS System will issue referral codes to users who wish to promote the AQOS Tokens (the

"Associators" or the "Progress Associators"). In return for promoting AQOS Tokens, the AQOS System will allocate AQOS Tokens to the Associators and Progress Associators as a reward.

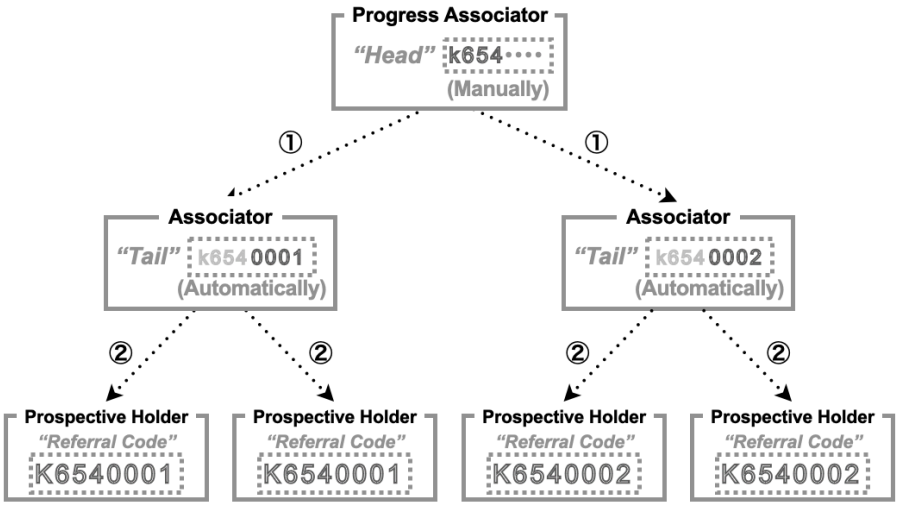
5.8.1 Referral Code

Associators are users who directly introduce the potential new investor. Progress Associators are users who introduce Associators.

Diagram 9 below shows the flow in which the referral codes will be issued by the AQOS System.

Referral Procedures in Initial Offering

Diagram 9



The below is a brief explanation of the Referral Programme:

・The Progress Associator gives his/her Referral Code to a prospective Associator. That person can become an Associator by registering as a user by inputting the Progress Associator's Referral Code. Associators are given a Referral Code.

・When the Associator finds a Prospective Holder for AQOS Tokens, the Associator will provide the Prospective Holder with Referral Code,

and the prospective purchaser will enter the Referral Code into the designated field before the Initial Offering purchase.

5.8.2 Progress Associator

Requirements to become a Progress Associator

In order for a user to become a Progress Associator, the user must satisfy the following requirements:

Prospective holders should note that no user may become a Progress Associator unless the application form is correctly and completely filled in, and all due diligence requirements are met.

In order for a user to apply to become a Progress Associator, the user must list one or more nominators.

Users may only become Progress Associators once their application is approved by the Issuer, and all due diligence requirements are satisfied.

Applying to become a Progress Associator

A user may apply to become a Progress Associator by using the application form found in the user's AQOS Wallet. The location of the application form within the AQOS Wallet will be provided to the potential applicant by the nominator.

Once the Issuer has approved the Progress Associator application, a Referral Code will be displayed in the user's AQOS Wallet.

5.8.3 Associator

Requirements to become an Associator

"Associator" is a natural person who has been assigned a Referral Code by the “Progress Associator” and can issue Referral Codes to distribute to the potential investors.

There is no limit to the number of referral codes that can be issued, and they can be distributed to any number of potential investors.

Issuance of the Referral Code for an Associator

To become an Associator, Prospective Holders must receive a Referral Code from a Progress Associator and enter the Referral Code when registering an account.

Users who enter a Referral Code from a Progress Associator at their user registration are automatically given a Referral Code as an Associator in their AQOS Wallet after completing KYC.

When the Associator finds a potential AQOS Token Holder, the Associator may give the Referral Code to the said potential holder. The potential holder will then be able to enter the Referral Code into the designated field in their AQOS Wallet during the Initial Offering purchase process in order to make a purchase reservation and place their order.

Architecture for Referral Procedure

Diagram 10 below shows the flow in which the referral codes and AQOS Tokens will be distributed and how cash payments will be made by the AQOS System.

During the Initial Offering order acceptance period, new customers may enter the Referral Code and place their order before purchasing AQOS Tokens. If a purchase of AQOS Tokens is conducted by a user who would have inputted a Referral Code, the following will occur after the Initial Offering is implemented, :

The Associator will be awarded AQOS Tokens equivalent to 5% of the AQOS Tokens purchased by the customer and;

The Progress Associator will be awarded AQOS Tokens equivalent to 2.5% of the AQOS Tokens purchased by the customer.

A valid Referral Code may only be used once for the customer's first purchase of AQOS Tokens during the Initial Offering.

Referral Procedures in Initial Offering

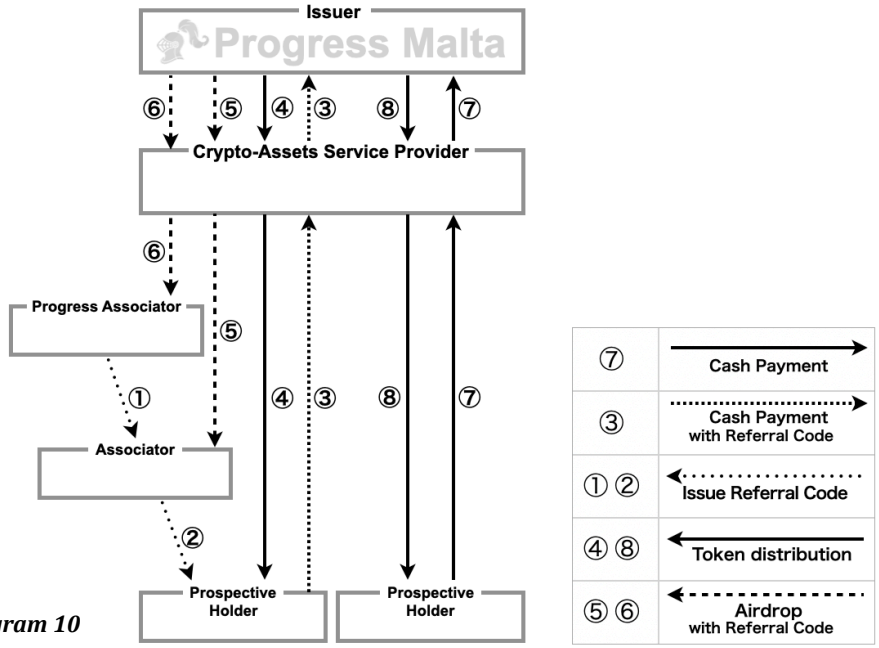


Diagram 10

When a user uses a Referral Code, it may only be used on his/her first Initial Offering purchasing. It cannot therefore be used for subsequent purchases.

If the first purchase is made across multiple tranches, the bonus to the Associator and the Progress Associator is only awarded for the tranche in which the first purchase is made.

Once a user has purchased tokens in a particular tranche of the Initial Offering using a Referral Code, that user cannot use a different

Referral Code to purchase tokens in another tranche of the Initial Offering.

5.8.4 Increase or Decrease in the Amount of Funding

The amount of funding raised at the Initial Offering will vary slightly depending on the use of referral codes.

Diagram 11 below shows an example of a first Initial Offering where no Referral Code was used at all.

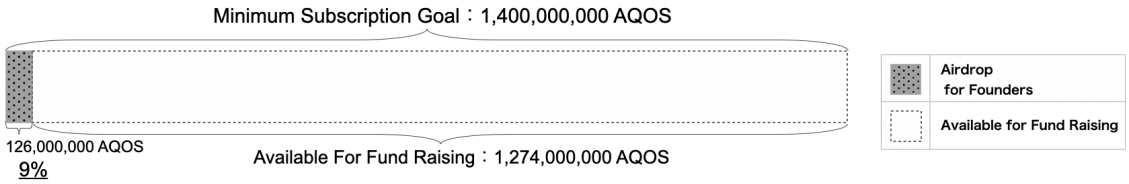


Diagram 11

The 1st tranche of the Initial Offering will be 1,400,000,000. The quantity of the second tranche and subsequent tranches will be published on the Issuer's website in advance.

1,274,000,000 AQOS Tokens will be offered to the public. This figure excludes the 126,000,000 AQOS Tokens which will be allocated to the Founders.

Diagram12 shows an example of a first Initial Offering when the Referral Code is used by all users. 88,883,667.6 AQOS Tokens, or 7.5% of the 1,274,000,000 AQOS Tokens offered for sale, excluding the allocation to the Founders, are eligible for airdrops to the Associators and the Progress Associators. After deducting this Airdrop, 1,185,116,332.4 AQOS Tokens will be eligible for funding.

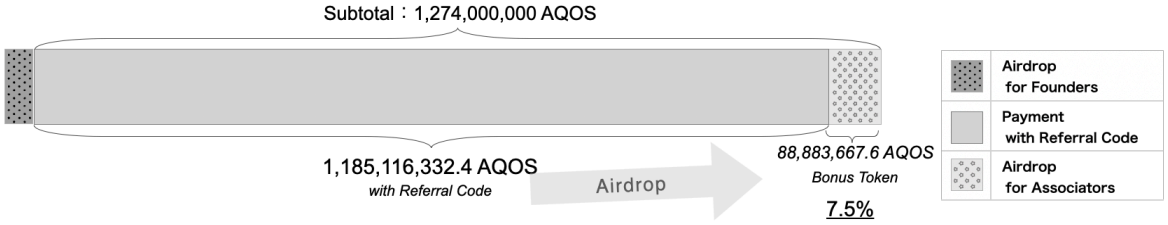


Diagram 12

Treatment of Fractions in Initial Offering

For the 1st Initial Offering, the minimum transaction unit is 100 and the minimum order amount is 1,000. As shown in Diagram 13 below, when there are 2,000 AQOS Tokens remaining, if an order without a Referral Code is placed for 1,200 AQOS Tokens, 800 AQOS Tokens remaining, the AQOS Wallet will accept an order for an amount below the minimum order quantity as an exception.

Customers ordering without a Referral Code are presented with 800 AQOS Tokens, while customers ordering with a Referral Code are presented with an order screen for 744.19 AQOS Tokens. (In this case, 55.81 AQOS Tokens, or 7.5% of 744.19 AQOS Tokens, will be allocated for airdrop to Associators and Progress Associators.)

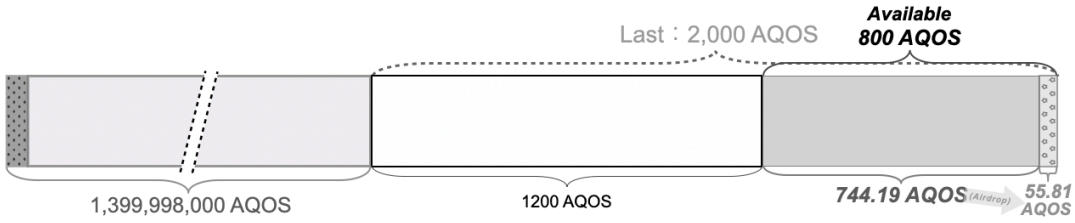


Diagram 13

6. Method of Purchasing AQOS Tokens

AQOS Tokens may be purchased in two ways:
- During the Initial Offering; and
- In OTC (Over the Counter) transactions or Exchange Trading through the services provided by a CASP.

6.1 User Registration & Onboarding Process

To purchase AQOS Tokens, Prospective Holders are to access the AQOS System and submit their KYC documentation to create a new

account. The Prospective Holder will be required to input his/her name, email address, password and Referral Code if applicable.

After the Multi-Factor Authentication, the user will be allowed to log into the account. All information provided by the user must be complete, accurate and truthful. Users must also update this information whenever it changes.

The KYC process will be deemed complete only if all mandatory items of information have been submitted by the user and approved by the Issuer's compliance team.

Once the above steps are completed, and the KYC documents are duly verified, the account holder will be entitled to purchase the AQOS Tokens.

All data and information submitted by the account holder will be stored on a secure and encrypted database in accordance with the requirements of the GDPR.

Each user will be responsible for managing his/her own account and for keeping the information and documents updated. Any change in a user's status in relation to, for example, nationality, address, or identification document, must be updated on the AQOS Wallet accordingly.
[Regulation (EU) 2024/2984: F.16 Personal Data Flag - Yes]

6.2 Method of deposit

The deposit screen will show the account information for bank transfers, which must be made by the users directly to the AQOS Wallet. Any applicable banking fees must be paid by the user and are the sole responsibility of the user.

Deposits to the AQOS Wallet will only be accepted if the bank account from which the remittance is made is registered in the user's own name.

Once the funds are remitted to the AQOS Wallet, the remittance information will be verified and confirmed by an Authorized Person. After the approval, the remittance information for each user will be uploaded onto the AQOS System.

All deposits must be remitted to the bank account which shall be indicated by the Issuer for this purpose, and must be made from a bank account pertaining to the Prospective Holder who has registered an account on the AQOS System and completed the full KYC procedures.

The AQOS System is owned by the Issuer. The Issuer will be giving the CASP with which it collaborates administrative rights to be able to manage the process.

CASP holds client funds must segregate them from their own operational accounts. CASP must establish the Safeguarding of Clients' Funds Policy.
[E.23 Safeguarding arrangements for offered funds/crypto-assets]

6.3 Method of Purchasing

6.3.1 Purchasing AQOS Tokens at the Initial Offering

Prospective Holder will be able to check the Initial Offering schedule and price on the AQOS Wallet or on the Website of the Issuer and, accordingly, to make a reservation to purchase AQOS tokens.

The minimum order amount at the Initial Offering is 1,000 AQOS Tokens. If the amount exceeds 1,000 AQOS Tokens, the AQOS Tokens can be purchased in units of 100 AQOS Tokens each.

Once the quantity is entered, the payment amount is automatically calculated and the quantity of tokens available for purchase is displayed.

6.3.2 Purchasing AQOS Tokens by OTC Transactions

Through the services of the CASP, the AQOS Wallet allows users to buy and sell tokens through OTC or Exchange Trading mainly in two ways:
・Users can select orders placed by other users from the OTC list.
・Users can place a limit order to sell or purchase AQOS Tokens.

Interested investors will be able to purchase AQOS Tokens through a CASP. For this purpose, the Issuer is currently seeking to establish a contractual relationship with a CASP in order to collaborate with the Issuer thereby enabling the purchase of AQOS Tokens by Prospective Holders. Details of the CASP authorised to receive and execute orders for the purchase of the AQOS Tokens will be published on the Issuer's website.
[Regulation (EU) 2024/2984: G.10. Crypto-assets purchase or sale modalities]

6.4 Methods of Payment

6.4.1 Methods of payment for purchase of AQOS Tokens at the Initial Offering

Prospective Holders of the AQOS Tokens may choose from the following two payment options in order to purchase AQOS Tokens at the Initial Offering:

・Payment from the AQOS Wallet's fiat currency balance.
・Payment by credit card.

Prospective Holders should note that the AQOS Tokens may only be purchased by fiat currency. The list of accepted fiat currencies may

increase or decrease depending on the requirements of CASP. Any such changes will be announced on the Website.
[Regulation (EU) 2024/2984: E.24 Payment methods for crypto-asset purchase]

6.4.2 Methods of payment for purchase of AQOS Tokens in OTC Transactions

Prospective Holders may choose from the following three payment options in order to sell/purchase AQOS Tokens in OTC Transactions:

・Payment from the AQOS Wallet's fiat currency balance.
・Payment by credit card.
・Exchange with the other Crypto-Assets.

Interested investors will be able to purchase AQOS Tokens through a CASP. For this purpose, the Issuer is currently seeking to establish a contractual relationship with a CASP in order to collaborate with the Issuer thereby enabling the purchase of AQOS Tokens by Prospective Holders. Details of the CASP authorised to sell the AQOS Tokens by the Issuer will be published on the Issuer’s website.

The list of accepted fiat currencies or cryptocurrencies may increase or decrease depending on a CASP. Any such changes will be announce on the Website.

6.5 Transaction Fees

Three types of fees need to be taken into account, mainly: payment fees (bank or credit card), gas fee and the payment to the CASP.

Bank charges for depositing fiat currency into the AQOS Wallet prior to transactions are to be covered by the Prospective Holder.

When payment for the purchase of the AQOS Tokens is remitted by credit card, the Prospective Holder is to cover any transaction fees applied by his/her bank or financial institution.

6.5.1 Fees Payable at Initial Offering

When the AQOS Token interact with the Kadena blockchain, gas fees will apply. The Issuer will cover the gas fees. However, if the gas fees on the Kadena blockchain increase significantly, a fee equivalent to the gas fee may be charged to users.

Any payments due to the CASP at the Initial Offering stage will be covered by the Initial Offering fund allocations. However, other fees may be charged in accordance with the terms and conditions of the CASP.

6.5.2 Fees Payable for OTC and Exchange Trading

Users are to cover any gas fees payable for OTC and Exchange Trading. However, gas fees on the Kadena Blockchain may be exempted until such gas fees increase significantly.

Users shall be responsible for the payment of any fees to the CASP in connection with OTC and Exchange Trading in accordance with the terms and conditions of the CASP.
[Regulation (EU) 2024/2984: E.36 Involved costs]

6.6 Reimbursement/Refund

Prospective Holders should note that, once an order to purchase AQOS Tokens has been made, such order cannot be amended. In case a Prospective Holder wishes to amend an order, the order must be cancelled and resubmitted.

Right of Withdrawal at the Initial Offering

Prospective Holders will have the right to withdraw their participation in Initial Offering during the Offering period. The period of withdrawal shall begin from the date of the agreements of the Prospective Holder to purchase the AQOS Tokens. No withdrawal rights will be available once the Minimum Subscription Goal of the Tranche is reached.

In the event of a cancellation, all payments received from the Prospective Holder including, if applicable, any charges, shall be reimbursed by no later than fourteen (14) days from the date on which the CASP is informed of the Prospective Holder's decision to withdraw from the agreement to purchase the AQOS Tokens.

Purchasers participating in the Initial Offering to the public of crypto-asset will be able to be reimbursed if the Minimum Target Subscription goal is not reached at the end of the offer to the public, if they exercise the right to withdrawal provided for in Article 13 of Regulation (EU) 2023/1114 of the European Parliament and of the Council or if the offer is cancelled.
[Regulation (EU) 2024/2984: E.15 Reimbursement notice]
[Regulation (EU) 2024/2984: E.26. Right of withdrawal]

Right of Withdrawal in OTC Transactions

A user can cancel OTC orders until a user of counterparty trade and settle this order.
Once an OTC transaction has been executed, it cannot be cancelled or amended.

Trade cancellations may incur a transaction fee of credit card payment or Crypto-Assets service provider, which is deducted from the amount refunded to the wallet balance.

The reimbursement will be carried out using the same means of payment as the initial purchase.

If the order is cancelled, the funds refunded to the fiat currency balance in the AQOS Wallet.

In the case of users who would have placed their order and paid by credit card, refunds will be made through the credit company.

If after cancellation, any reason arises that a refund cannot be made through the credit card company, the amount will be deposited into the fiat currency balance of user's Wallet.

The detail of refund mechanism and refund timeline is based on the Terms of conditions of CASP.
[Regulation (EU) 2024/2984: E.16 Refund mechanism, E.17 Refund timeline]
[Regulation (EU) 2024/2984: E.25 Value transfer methods for reimbursement]

6.7 Method of withdraw

If the user wants to withdraw the funds in the wallet to his/her bank account, he/she can make a withdrawal request from the Wallet.

To make a withdrawal request, the user must transfer at least 1 Euro at least once to the bank account of CASP. The withdrawal screen shows the accounts with a history of previous deposits, from which the user can choose to make a withdrawal.

When a withdrawal request is received, the person responsible for the CASP approves whether the withdrawal should be approved. This approval process is needed in terms of AML. After approval, the deposited funds are transferred to the bank account in the user's name selected by the user.

Bank transfer fees for withdrawals shall be the responsibility of the user.

6.8 Transferability of Tokens

Through the services provided by the CASP, users can transfer AQOS tokens from their AQOS Wallet to another user's AQOS Wallet. This may be done through the services of the CASP with which the Issuer shall collaborate.

Prospective Holders should be aware that, at the present time, free transferability of the AQOS Tokens will only be possible between AQOS Wallet Holders.

Once the AQOS Tokens are admitted to trading on one or more DLT Exchanges, AQOS Tokens shall be freely transferable provided that the Prospective Holder does not have his/her habitual residence or, if a company its seat of incorporation, in a Restricted Jurisdiction and provided further that all AML/CFT requirements and the rules of the relative DLT Exchange are fully adhered to.
[Regulation (EU) 2024/2984: E.14 Holder restrictions]

In the case of the decease of founders, the right to receive the allocation of Token shall be transferred to an entity, foundation or individual designated by the founder. The transferee can obtain the above rights by applying to Issuer.

6.9 Account Closure

Each user will have the option to close his/her account by contacting the Service Provider.
Once user close account, user will not be able to log in and all functions will no longer be available. User should ensure that all funds has been withdrawn.

If any reason for suspension or termination occurs, issuer reserves the right to suspend or terminate user’s access to your Wallet, or to all or part of the AQOS Services immediately, without notice.

The Issuer shall not be liable for any damage caused by the suspension or discontinuation of an account under the preceding paragraph.

7. The AQOS Wallet

7.1 User Registration & Open Account

Prospective Holders will be able to register for an account to be able to make use of the AQOS Wallet through the services of a CASP. Prospective Holders will also be able to enter the Referral Code if they are in possession of such code. Diagram 14 below shows the screen which will be visible to Prospective Holders for the registration of a new account.

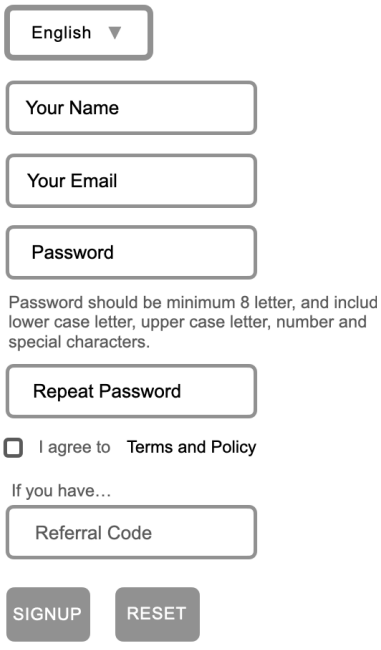


Diagram 14

Prospective Holders must submit their full name, date of birth, telephone number, country of residence, full address, nationality, a valid identity document (such as a passport), and an image of their own face. This KYC information must necessarily be submitted in order for Prospective Holders to be able to initiate transactions.

Once all mandatory items have been submitted and approved by the Issuer, the KYC process will be deemed completed.

7.2 Depositing Funds in the AQOS Wallet

The deposit screen in Diagram 15 shows the account information for bank transfers. Prospective Holders must make their own bank transfers and cover any applicable bank transfer fees.

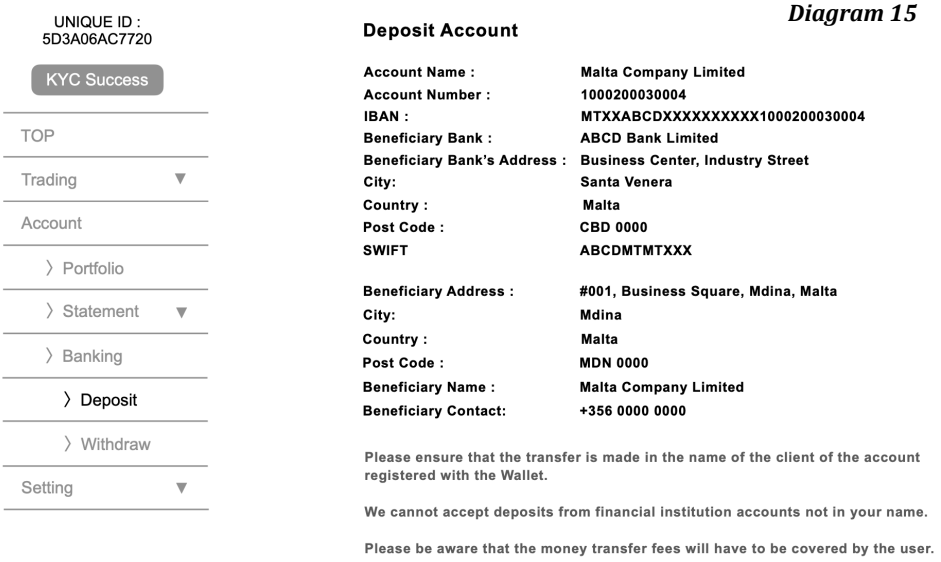


Diagram 15

When the deposit has been confirmed with the CASP, it is added to the fiat currency balance in the AQOS Wallet. The deposit and withdrawal history can also be viewed.

7.3 Ordering Tokens at the Initial Offering

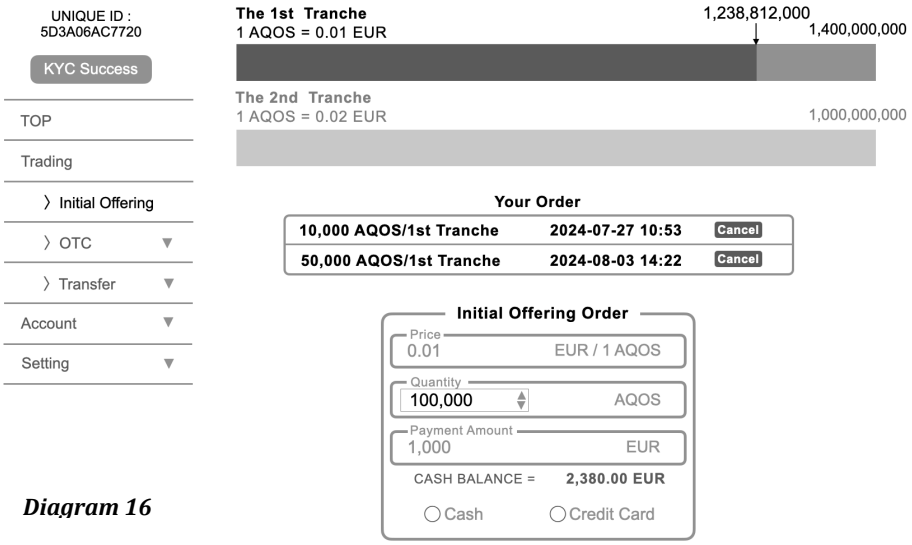


Diagram 16

The Diagram 16 shows the display screen of the offering price, Minimum Subscription Goal of current tranche and next tranches and quantity of current orders.

7.4 Finding the AQOS Wallet Address

The below Diagram 17 shows the display screen for the wallet address.

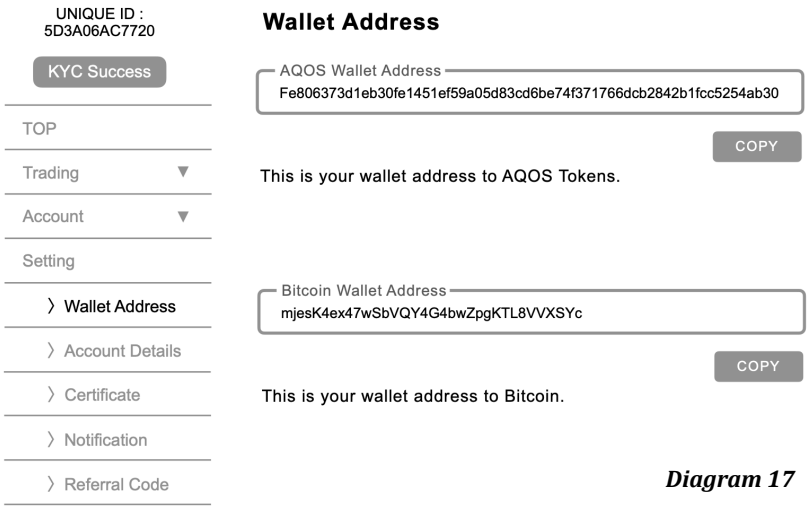


Diagram 17

7.5 How to create a bitcoin address in AQOS Wallet.

Go to [Accounts] -> [Bitcoin Wallet Application] page.

User will automatically see his name and email address registered in the AQOS Wallet, agree to the Terms and Conditions and press the [Apply] button. When the application is completed, the wallet address will automatically display the bitcoin address in the AQOS wallet.

8. Disclaimer

This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Union. The Issuer of the crypto-asset is solely responsible for the content of this crypto-asset white paper.
[02 Statement in accordance with Article 6(3) of Regulation (EU) 2023/1114]

The AQOS Token may lose its value in part or in full, may not always be transferable and may not be liquid and may not be exchangeable against the service promised in this white paper, especially in the case of a failure or discontinuation of the AQOS Project.
[04 Statement in accordance with Article 6(5), points (a), (b), (c), of Regulation (EU) 2023/1114]

The AQOS Token is not covered by the deposit guarantee scheme under Directive 2014/49/EU or by the investor compensation schemes under Directive 97/9/EC.
[06 Statement in accordance with Article 6(5), points (e) and (f), of Regulation (EU) 2023/1114][Regulation (EU) 2024/2984: G.16 Compensation schemes - No]

The white paper should be read in its entirety and considered as a whole before making any decision to purchase AQOS Token. The Initial Offering of AQOS Token do not constitute an offer or solicitation to sell financial instruments. If the Issuer decides to make any such offer or solicitation of financial instruments, it shall do so using a prospectus or other offering documentation in terms of any Applicable Law. The white paper does not purport to be all-inclusive and does not necessarily contain all the information that the prospective holders may desire in deciding whether or not to purchase the AQOS Token. If prospective holders are in any doubt about the contents of the white paper, they should consult their financial or other professional advisers.

Without prejudice to Article 15 of MiCAR, civil liability attaches to those persons who have tabled this white paper and have applied for the registration of this white paper, namely the Issuer. Thus, the Issuer is responsible for the information contained in the white paper, and to the best of its knowledge, it has taken all reasonable care to ensure that the information contained herein is in accordance with the facts and does not omit anything likely to affect the importance of such information. Nevertheless, the Issuer expressly disclaims any and all liability based on such information, errors in such information, or omissions in such information that are not the result of willful intent or gross negligence. In connection with the offer made in the white paper, no person is authorized to provide any information or make any representations other than those stated in the white paper and/or the Website.

The prospective holders should not construe the contents of the white paper as an investment, legal, business, accounting, tax, or other advice. In deciding to purchase AQOS Token, the prospective holders must rely on their examination of the Issuer and the terms of the offering, including the merits and risks involved. The prospective holders should consult their attorneys, business advisors, and/or tax advisors as to legal, business, accounting, tax, and related matters concerning the acquisition of AQOS Token.

All advisors to the Issuer, to the extent allowed by applicable law, have acted and are acting exclusively for the Issuer in relation to this offering of AQOS Token and have no contractual, fiduciary or other obligation or responsibility towards any other person, and will, accordingly, not be responsible to any Token holder or any other person whomsoever in relation to the transaction proposed in this white paper, neither shall such advisors be responsible for the contents of, and any information contained in this white paper, its completeness or accuracy or any other statement made in connection therewith.

This white paper as well as all and any agreements, acceptances, and contracts resulting therefrom shall be governed by the laws of Malta, unless the contrary is expressly stated, and any person purchasing any AQOS Token pursuant to this white paper shall submit to the exclusive jurisdiction of the courts of Malta, without limiting in any manner the right of the Issuer to bring any lawsuit or proceeding in any other competent jurisdiction, arising out of or in connection with any acquisition of AQOS Token, or agreement, acceptance or contract resulting here from, or the white paper as a whole.

The Issuer reserves the right to

(1) make changes to this white paper and any documents linked to the AQOS and/or holding, and use of the AQOS Token to ensure compliance with the applicable regulatory requirements, provided that such changes are carried out in line with applicable laws, and

(2) do all that is necessary to be in compliance with any regulatory requirements, including but not limited to, interrupting, suspending or ceasing the operations or trading of the AQOS, if deemed necessary at the Issuer's sole discretion, provided that any such measure shall be taken in accordance with applicable laws.

(3) Intellectual property rights associated with the offering and protection thereof

The AQOS System consists mainly of software. Software is a form of algorithm that can be installed and run in computers and other computer-like devices for the purpose of providing certain utilities to its users.

A software cannot be protected by the legal means available for patents, as it is a combination of technical and mathematical codes that give the effect of images, moving images, sound and content and it is considered as intellectual property.

Since intellectual property rights are considered to be obtained automatically upon the result of the creation of the intellectual work (usually a software) in order to be fully protected by means of deposition which serve as proof of its date of existence, which can be linked with a specific trademark which provides for an industrial property right.

The Issuer has made its best effort to safeguard its intellectual property rights on the AQOS Project. More specifically, its development team made use of open-source software for which the Issuer has obtained a license to Derivative Works. As software cannot be registered under the patent law, but it is considered to be automatically protected upon its creation, the only way to register any Derivative Works or original software works is by registering them under a specific trademark. The Issuer has executed all documents required to apply for, register, perfect, obtain or enforce any ownership and Intellectual Property Rights in or pertaining to any such Derivative Works, including, without limitation, any patent applications or copyright registrations, before starting the exploitation of such works with the signature of license agreements providing for specific remuneration rights (loyalties) limited in place, time, application or purchasing the whole ownership by the provision of a lump sum.

Any amendments to be made to this white paper shall be immediately informed to the public on the Website, along with a summary of the reasons for which it has been amended.
Competent Court is the Courts of Malta, except where provided otherwise by the Applicable Law.
[Regulation (EU) 2024/2984: E.40/G.19 Competent court]

9. Risks

The world of Crypto currency has its own set of risk factors. Some are internal and can be mitigated easily through careful considerations, planning and execution. Whereas there are some which are unpredictable and without precedence and is dependent of external factors and situations. In recent time, crypto currency market has experienced turbulence external threats like hacking etc. The Issuer is building in stringent security aspects to minimise the effect of such threats.

Accordingly, this section of the white paper discloses a non-exhaustive list of risk factors which, in the opinion of the Issuer, are considered to be material and should be taken into account in connection with the Initial Offering, the use of the AQOS System and any transactions in AQOS Tokens, including the acquisition and holding thereof.

As every project and every Crypto-Assets investment opportunity is burdened with risk. Every Prospective Holder should carefully consider This Section ‘Risks’ before making any decision on purchasing AQOS Token.

The following is a non-exhaustive disclosure of principal risk factors which are considered. Prospective holders of AQOS should consider these risk factors while investing in any Crypto Currency. In addition, prospective holders should be aware that the risks described herein may combine and thus intensify one another.

Prospective holders should consider these risk factors alongside all other information provided in the white paper and are advised to consult with their professional advisers (including their financial, accounting, legal, tax, technical, or other advisers and experts) before deciding to obtain AQOS Token.

In addition, prospective holders should be aware that the risks described herein may combine and thus intensify one another. The

Issuer believes that the following risk factors may even affect its own business, as well as any external valuation of the AQOS Token (which external valuation is beyond the scope and purpose of the reason behind the AQOS System and the Issuer's business). Most of these risk factors are contingencies that may or may not occur, and the Issuer is not in a position to predict the likelihood of such contingencies occurring. By purchasing, holding, and using AQOS Token, the Prospective Holder expressly acknowledges and assumes the following risks:

9.1 General Suitability of the Token Acquisition

The acquisition of AQOS Tokens from the Issuer is only suitable for financially sophisticated persons who are capable of evaluating the merits and risks of such an acquisition, or other persons who have been professionally advised with regard to token acquisition and who have sufficient financial resources to be able to bear any losses that may arise therefrom (which may be equal to the whole amount spent in connection with the token acquisition). Such an acquisition should not be seen as an investment or a financial instrument.
[Regulation (EU) 2024/2984: I.1 Offer-related risks]

9.2 Risk of Losing AQOS Token

In order to purchase, hold and dispose of AQOS Tokens, Prospective Holders must do so through the AQOS Wallet. Each Prospective Holder should be aware that he/she will be responsible for implementing reasonable measures to secure his/her login information of the AQOS Wallet.
[Regulation (EU) 2024/2984: G.1 Purchaser obligations]

Additionally, the Prospective Holder's failure to follow precisely the procedures set forth by the Issuer for purchasing and receiving AQOS Tokens, including, but not limited to, the provision of the wrong wallet address for receiving the AQOS Tokens, may also result in the loss of AQOS Tokens, in which case the Issuer shall not be held responsible.

9.3 Network Attack Risk

There is a risk that the entire local area network in which the user is operating is hacked. As a result, the user's password and other key information may be stolen by hackers.

The Issuer will implement robust security protocols. These measures will include strong security practices such as encryption, multi-factor authentication, and secure key management to safeguard system.

The AQOS Wallet requires users to provide multi-factor authentication.

The Issuer shall maintain and review user access logs regularly. The said logs will capture detailed information about access activities, including user ID, timestamp, and accessed resources.
[Regulation (EU) 2024/2984: I.5 Technology-related risks]

9.4 Internet Transmission Risk

Failure of hardware, software, and Internet connections, or other technologies on which the Chainweb or the use of AQOS Token relies, may happen. Such failures may result in disruptions in communication, errors, distortions or delays when using Chainweb, Chainweaver, Exchanges and AQOS Token.

The Issuer is creating detailed incident response policies and procedures that specify the actions to be taken in the event of a security breach or other incidents. This plan will cover communication strategies, recovery procedures, and remediation actions.

9.5 Hacking and Security Weakness Risk

Hackers or other groups or organizations may attempt to interfere with AQOS Token in several ways, including, but not limited to, Denial

of Service attacks, Sybil attacks, Spoofing, Smurfing, Malware attacks, and any such similar events which could have an impact on AQOS Token, the AQOS System and the services the Issuer may offer from time to time.

Cybersecurity is a very important part of the described solution. Following a thorough analysis of different mechanisms, the Issuer has opted to use the most secure cryptographic primitives public-key cryptography such as AES and ECDSA.

The communication between users of the AQOS Wallet and the AQOS Server is always encrypted. The main encryption protocol is TLS.

The AQOS System will provide secure, encrypted storage for private keys. The AQOS System will use AES cryptography to encrypt the Private Key and store it into the AQOS Database. Separate passwords will be used for each user to encrypt the Private Key. This will ensure the highest level of security for assets maintained through the AQOS Wallet and resistance to network and Blockchain fraud.

Breaking into someone's wallet would require finding the private key, public key and having access to the wallet address. This can only be done by breaking cryptographic solutions based on elliptic curves, which at the time of writing is very difficult. Transaction fraud could only happen by breaking the encrypted private key, which is also extremely difficult at the time of writing.

AQOS System only supports on-chain transactions. A transaction is considered valid when it is validated and authenticated by network participants. Details of this transaction are stored on the Blockchain, which makes the transaction irreversible.

9.6 Risk of Malfunction in the Kadena Blockchain or Any Other Blockchain and of Competing Platforms

AQOS Token could be interacting with malfunctions unfavorably, including, but not limited to, one that results in the loss of AQOS Token or prevents their use on the AQOS Platform. It is possible that alternative platforms could be established that utilize the same open-source code and protocol underlying the AQOS Platform and attempt to facilitate services that are materially similar to the AQOS Platform. The AQOS Platform may compete with these alternatives, which could negatively impact the AQOS Platform, including the utility of AQOS Token for the use on the AQOS Platform.

To mitigate this potential risk, Issuer continues to invest regularly in research and development of its own blockchain, independent of the Kadena blockchain.
[Regulation (EU) 2024/2984: I.4 Project implementation-related risks]

9.7 Risk of Low/No Liquidity

Risk of low/no liquidity - There are no warranties and/or guarantees that AQOS Token will be made available for exchange with other cryptographic tokens and/or fiat currencies. The Issuer does not give any warranties regarding any exchange services providers. Users, including the Prospective Holder, if applicable, might be exposed to fraud and failure affecting those exchanges.

To mitigate the said risk, the Issuer will focus on building a wide range of partnerships with CASPs to boost the acceptance and use of the AQOS Tokens.

9.8 Risk of Insufficient Interest in AQOS Token and AQOS System

AQOS Token and the AQOS Platform may stop being used by a large number of individuals, companies, and other entities, or there may be limited interest in the use of AQOS Token and the AQOS Platform. Such a lack of use or interest could negatively impact the development of the AQOS Platform and, therefore, the potential utility of AQOS Token.

To mitigate such risk, the Issuer will also launch targeted marketing campaigns and educational initiatives to raise awareness about AQOS and its benefits. These efforts aim to increase adoption and demand among potential users.
[Regulation (EU) 2024/2984: I.3 Crypto-assets-related risks]

9.9 Unfavourable Fluctuation Risk

Since pricing of any asset is a complex mechanism (with real-time considerations of liquidity, previous prices, bid-offer rates, value priority and time-priority etc.) there is a chance of unfavourable fluctuation in AQOS Token value.

Token holders are subject to such risk of eventual unfavourable fluctuation of AQOS Token' value as the value of AQOS Token may vary over time due to a number of factors affecting the value of Token holders' portfolios. In addition to the usual market forces, there are several potential events that could exacerbate the risk of unfavourable fluctuation in the value of AQOS Token, including significant security incidents or market irregularities at one or more of the significant cryptocurrency exchanges.

The issuance mechanism of AQOS Token is taking into account supply and demand, the AQOS Tokens will be released in tranches and it will mitigate the fluctuation risk.

9.10 Uninsured Losses Risk

Unlike bank accounts or accounts at some other financial institutions, AQOS Token are uninsured unless the Prospective Holder specifically obtains private insurance to insure them. Thus, in the event of loss of AQOS Token or loss of AQOS Token' value, there is no public insurer, such as the Investor Compensation Scheme or private insurance arranged by the Issuer to offer recourse to the Prospective Holder.

9.11 Issuer Dissolution Risk

It is possible that, due to any number of reasons, including, but not limited to, a decrease in AQOS Token's utility, the failure of commercial relationships, intellectual property ownership challenges, unfavourable market conditions and added compliance and regulatory obligations, the use of the AQOS Platform might no longer be viable to be offered or the Issuer may need to cease trading and be dissolved and liquidated.

To mitigate this risk, the Issuer shall implement robust risk management policies and conduct regular financial audits to ensure its financial stability and to identify potential credit risks.
[Regulation (EU) 2024/2984: I.2 Issuer-related risks]

9.12 Risk Arising from Lack of Governance Rights

Since AQOS Token do not represent or confer any ownership right or stake, share or security or equivalent rights, intellectual property rights or any other form of participation relating to the Issuer, all decisions involving the Issuer will be made by the Issuer at its sole discretion, including, but not limited to, decisions to transfer more AQOS Token or use, and to sell or liquidate the Issuer. These decisions could adversely affect the utility of the AQOS Token the Prospective Holder holds.

9.13 Enforcement Action Risk

As the enforcements actions for crypto-assets are evolving and at different levels and pace in different jurisdictions the unforeseen effect of any such enforcements actions may affect the legal status and transaction rights.

Given the innovative technology being used by the Issuer may be subject to heightened oversight and scrutiny, including investigations or enforcement actions, there can be no assurance that governmental authorities will not examine the operations of the Issuer and/or pursue

enforcement actions against the Issuer. Such governmental activities may or may not be the result of targeting the Issuer in particular. All of this may subject the Issuer to judgements, settlements, fines or penalties, or cause the Issuer to restructure its operations and activities or to cease offering certain products or services, all of which could harm the Issuer's reputation or lead to higher operational costs, which may in turn have a material adverse effect on the AQOS Tokens.

To mitigate this risk, the Issuer will establish a strong governance framework and uphold high ethical standards across all business activities, showing a commitment to responsible and reliable operations. Additionally, an effective risk management strategy should help mitigate any reputational risks.

9.14 Regulatory Risk and Market Risk

The Issuer and the operation of the AQOS Platform are subject to a variety of domestic and/or EU and international laws, regulation and directives, including those with respect to investments, privacy and data protection, consumer protection, data security, and others. These laws, regulations and directives, and the interpretation or application of these laws, regulations and directives, could change.

The regulatory status of cryptographic tokens, digital assets and blockchain technology is unclear or unsettled in several jurisdictions. It is difficult to predict how or whether governmental authorities will regulate such technologies. It is likewise difficult to predict how or whether any governmental authority may make changes to existing laws, regulations and/or rules that will affect cryptographic tokens, digital assets, blockchain technology and its applications. The Issuer may cease the distribution of the AQOS Tokens, the development of the AQOS Platform or cease operations in a jurisdiction in the event that governmental actions make it unlawful or commercially undesirable to continue to do so.

The operation of the AQOS Platform may constitute a licensable activity in Malta as well as in other jurisdictions. While the Issuer undertakes to take all reasonable steps to obtain any necessary authorisation to carry out licensable activities in targeted jurisdictions, whether itself or through related entities, the Issuer cannot guarantee that such authorisations will be granted and/or obtained.

The AQOS Token holder hereby accepts the risk that in some countries, the AQOS Tokens may be considered, now or in the future, a transferable security, security token, financial instrument, electronic money and/or some other form of regulated instrument. The AQOS Token holder further accepts the risk that the Issuer fails to obtain any necessary authorisations to be able to provide and operate the AQOS Platform in any one or more jurisdictions from the national competent authority thereof.

In this case, the Issuer gives no representations, warranties or guarantees that the AQOS Tokens are not considered to be a transferable security, security token, financial instrument or electronic money in all countries. In this respect, the AQOS Token holder acknowledges and accepts that the utility and possibility to avail of a AQOS Token in one jurisdiction may differ from the possibility to avail and/or utilise, if so possible, the AQOS Token in another jurisdiction.

Moreover, changes in laws, regulations and directives governing the Issuer's operations may adversely affect the Issuer's business and consequently the AQOS Platform. Any change in the Issuer's tax status, or in taxation legislation in relevant jurisdictions, could affect the value of its financial holdings, its business and the Issuer's ability to achieve its business objective and continual commitment to the development of the AQOS Platform.

To manage such risk, the Issuer intends to maintain open and transparent communication with relevant regulatory authorities and advisors. This approach will help the Issuer seek guidance and clarification on evolving rules and requirements, allowing for close

monitoring of regulatory changes and ensuring that any new rules affecting its operations are promptly addressed.

9.15 Other Inherent Risk

Prospective AQOS Token Holders are to understand and accept that there are risks which are inherent to the AQOS Tokens themselves, and which are not specifically covered in this white paper. Such risks can include: risks of money laundering as well as risk of fraud.

The Issuer provide regular training and educate employees in dealing with money laundering and financial fraud.
[Regulation (EU) 2024/2984: I.6 Mitigation measures]

9.16 Unanticipated Risk

Cryptographic tokens such as the AQOS Tokens as well as blockchain technology are a new and untested technology. In addition to the risks included in this section there are other risks associated with the AQOS holder's acquisition, holding and use of AQOS Tokens, including some that the Issuer cannot or may not anticipate. Such risks may further materialise as unanticipated variations or combinations of the risks discussed in this section.

10. Applicable Tax Regime

10.1 General

Prospective holders are urged to seek professional advice as regards both Maltese and any foreign tax legislation which may be applicable to them in respect of the AQOS Token, including their acquisition, holding, disposal and redemption for services. The following is a summary of the anticipated tax treatment applicable to token holders

in so far as taxation in Malta is concerned. This information does not constitute legal or tax advice and does not purport to be exhaustive.

The information below is based on an interpretation of tax law and practice relative to the applicable legislation, as known to the Issuer at the date of the white paper. Investors are reminded that tax law and practice and their interpretation as well as the levels of tax on the subject matter referred to in the preceding paragraph, may change from time to time.

This information is being given solely for the general information of prospective holders. The precise implications for prospective holders will depend, among other things, on their particular circumstances and on the classification of the Crypto-asset from a Maltese tax perspective as well their classification in the jurisdiction of the holder thereof, and professional advice in this respect should be sought accordingly.

10.1.1 General Tax Principles

The Commissioner for Revenue (CfR) has issued three sets of Guidelines in terms of the Income Tax Act (Chapter 123 of the laws of Malta), Value Added Tax Act, Chapter 406 of the laws of Malta and the Duty on Documents and Transfer Act (Chapter 364 of the laws of Malta) the Guidelines which set out the position on the income tax, VAT and duty treatment of transactions involving the use of distributed ledger technology (DLT). These Guidelines set out that income tax, VAT and duty treatment in relation to any transaction involving DLT assets is regulated by the current provisions of the Acts, taking into account jurisprudence and established principles and that each transaction needs to be analysed in the same way as any other transaction, i.e. by reference to the nature of the activities, the status of the parties and the specific facts and circumstances of the particular case.

The Guidelines clarify that DLT Assets whose utility, value or application is restricted solely to the acquisition of goods or services

either solely within the DLT platform itself, or in relation to which they are issued or within a limited network DLT platforms, including when they may be transferred on a peer to peer basis, are classified as Crypto-Assets as described in, and in terms of, the Guidelines. The AQOS Token have these characteristics and the information set out below is limited to the income tax, VAT and duty treatment of the acquisition, transfers and redemptions of Crypto-Assets as set out in the Guidelines.

10.2 Income Tax

10.2.1 Peer to Peer Transfers

To the extent that the Prospective Holder is not acting in the course of a trade or business in the transfer of the tokens, profits realized therefrom are not subject to income tax in Malta.

These profits are, however, chargeable to income tax in Malta where the Prospective Holder carries on a trade or business in the tokens and the said trade or business is carried on in and/or from Malta.

10.3 VAT Treatment

The VAT treatment of AQOS Token depends on a further classification in terms of the VAT Act.

The VAT Act defines the term 'Voucher' as an instrument where there is an obligation to accept it as consideration or part consideration for a supply of goods or services and where the goods or services to be supplied or the identifies of their potential suppliers are either indicated on the instrument itself or in related documentation, including the terms and conditions of use of such instrument. In addition, a 'voucher' is classified as 'single purpose' where the place of supply of the goods or services to which the voucher relates, and the VAT due on those goods or services, are known at the time of issue of

the voucher. Where the voucher is not single-purpose, it is then a multi-purpose voucher.

The AQOS Token is therefore a multi-purpose voucher as the place of supply of the services to which the token relates and the VAT due are unknown at the time of issue of the voucher.

10.3.1 Treatment of Initial Offering

In the case of the AQOS Tokens, Prospective Holders will be investing their funds at the Initial Offering stage against tokens that are issued as a means of collecting funds for the development of a future project. Therefore, such initial offering may not necessarily constitute a chargeable event for VAT purposes. At such point, no specific good or service is identified, nor may a corresponding price for a supply be fixed, nor would it be possible to determine whether the project undertaken would be realised whereby the investors could receive a return. In this respect, the Initial Offering will be out of scope for VAT purposes.

10.3.2 Redemption

The redemption of AQOS Token for services is a chargeable event for VAT purposes. The VAT treatment depends on a number of factors, including, whether the person redeeming the vouchers carries on an economic activity or is a final consumer, whether the said person is resident or established in an EU member State and the place of supply applicable to the particular service which in principle depends on the classification of the service.

10.4 Duty on Documents and Transfers

On the basis that the AQOS Token are classified as Crypto-Assets, the initial offering, transfers and redemption for services fall outside the scope of Chapter 364, the Duty on Documents and Transfer Act.

In terms of the Duty on Documents and Transfer Act (Chapter 364 of the laws of Malta), duty is chargeable inter alia on the transfer or transmission causa mortis of marketable securities. A marketable security is defined in the said legislation as "a holding of share capital in any company and any document representing the same". Consequently, the tokens should not be treated as constituting marketable securities within the meaning of the legislation and therefore, the transfer/transmission thereof should not be chargeable to duty in Malta.

10.5 Exchange of Information

Malta concluded a reciprocal Model 1A Inter-Governmental Agreement (IGA) for the automatic exchange of financial account information with the United States. It also ratified the multilateral Amended Convention on Mutual Administrative Assistance in Tax Matters (OECD) and adopted the provisions of EU Council Directive 2014/107/EU into national law. Entities that are classified as Reporting Malta Financial Institutions report to the CfR financial account information on persons resident in the US, EU Member States and Third Countries that are Reportable Jurisdictions. The CfR then submits the information to tax authorities of the relevant jurisdictions.

For as long as the AQOS Token are classified as Crypto-Assets, they do not constitute a financial account and accordingly are not reportable in terms of the applicable automatic exchange of financial account information regulations.

11. AML and CFT Policy

The Issuer will not commence or continue relationships with clients who give rise to suspicion of involvement with illegal activities such as money laundering and financing of terrorism. The Issuer will seek to terminate any client relationship where the client's conduct gives

reasonable cause to believe or suspect involvement with illegal activities such as money laundering and financing of terrorism. Any such termination may result in the reporting of the suspicion to the relevant authorities in accordance with the custom and practice to avoid any risk of committing a tipping-off offence.

The Issuer is aware that statutory and regulatory obligations to prevent money laundering are to be met in full and are to be applied as the minimum standard. The Issuer will do its utmost in order to minimise the risk of the Issuer's offering being abused for the purposes of laundering funds associated with criminal activity.

The management of the Issuer recognizes that the Issuer is required to comply with the necessary anti-money laundering and counter financing of terrorism (AML and CFT) obligations. As a result, the Issuer established the KYC and AML policy which details the obligations arising from the following laws, regulations and any ancillary documents:

the Prevention of Money Laundering Act, Chapter 373 of the Laws of Malta (PMLA);
the Prevention of Money Laundering and Funding of Terrorism Regulation, Subsidiary Legislation 373.01 of the laws of Malta (PMLFTR);
the Criminal Code, Chapter 9 of the laws of Malta; and
Implementing Procedures issued by FIAU (Financial Intelligence Analysis Unit)

The Issuer's documents shall be based on the regulatory framework and guidance issued by the MFSA and/or the FIAU and/or Sanctions Monitoring Board (SMB), as the case may be, and are in line with the relevant laws of Malta which may be amended from time to time.

AML and CFT measures shall be applicable to all prospective holders. Each Prospective Holder shall be subject to a customer risk assessment which will take into account various risk factors including

customer risk, countries or geographical areas, products, services, transactions and delivery channels. Subsequently, clients shall be subjected to Customer Due Diligence (CDD) measures. The purpose of such measures is to identify and verify the identity of the client and/or ultimate beneficial owners of legal persons and legal arrangements on the following occasions:

when establishing a business relationship;
when carrying out occasional transaction;
when the Issuer has knowledge or suspicion of proceeds of criminal activity, money laundering or the funding of terrorism; and
when doubts arise about the veracity or adequacy of the previously obtained client identification information.

Customer due diligence measures shall also be applied, at appropriate times, to existing clients on a risk-sensitive basis, including at times when the Issuer becomes aware that the relevant circumstances surrounding a business relationship have changed.

The Issuer shall apply enhanced due diligence in line with the identified risk. The following scenarios shall always warrant enhanced measures:

clients and/or ultimate beneficial owners who have been entrusted with prominent public function, a family member or a close associate of same;

activities or services that are determined to be of a high-risk;
clients and/or ultimate beneficial owners linked to restricted jurisdictions or non-reputable jurisdictions; and
any other scenario which shall be deemed as high-risk.

The AQOS Token will not offer to the Restricted Jurisdictions. The list of Jurisdictions will be updated based on international sources, such as the EU and FATF.

12. Statement

This crypto-asset white paper complies with Title II of MiCA. To the best of their knowledge of the management body, the information presented in this white paper is fair, clear and not misleading and the white paper makes no omission likely to affect its import.
[03 Compliance statement in accordance with Article 6(6) of Regulation (EU) 2023/1114]

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