

# MiCA White Paper

## Virtuals Protocol

### (VIRTUAL)

Version 1.1  
Nov 2025

White Paper in accordance with Markets in Crypto Assets Regulation (MiCAR)  
for the European Economic Area (EEA).

Purpose: seeking admission to trading EEA.

Prepared and Filed by LCX.com

NOTE: THIS CRYPTO-ASSET WHITE PAPER HAS NOT BEEN APPROVED BY ANY COMPETENT AUTHORITY IN ANY MEMBER STATE OF THE EUROPEAN ECONOMIC AREA. THE PERSON SEEKING ADMISSION TO TRADING IS SOLELY RESPONSIBLE FOR THE CONTENT OF THIS CRYPTO-ASSET WHITE PAPER ACCORDING TO THE EUROPEAN ECONOMIC AREA'S MARKETS IN CRYPTO-ASSET REGULATION (MICA).

This white paper has been prepared in accordance with the requirements set forth in Commission Implementing Regulation (EU) 2024/2984, ensuring that all relevant reporting formats, content specifications, and machine-readable structures outlined in Annex I of this regulation have been fully mapped and implemented, particularly reflected through the Recitals, to enable proper notification under the Markets in Crypto-Assets Regulation (MiCAR).

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**01      DATE OF NOTIFICATION**

2025-11-17

**COMPLIANCE STATEMENTS**

- 02      This crypto-asset white paper has not been approved by any competent authority in any Member State of the European Economic Area. The offeror of the crypto-asset is solely responsible for the content of this crypto-asset white paper.

Where relevant in accordance with Article 6(3), second subparagraph of Regulation (EU) 2023/1114, reference shall be made to 'person seeking admission to trading' or to 'operator of the trading platform' instead of 'offeror'.

- 03      This crypto-asset white paper complies with Title II of Regulation (EU) 2023/1114 and, to the best of the knowledge of the management body, the information presented in the crypto-asset white paper is fair, clear and not misleading and the crypto-asset white paper makes no omission likely to affect its import.
- 04      The crypto-asset referred to in this white paper may lose its value in part or in full, may not always be transferable and may not be liquid.
- 05      Not Applicable
- 06      The crypto-asset referred to in this white paper is not covered by the investor compensation schemes under Directive 97/9/EC of the European Parliament and of the Council. The crypto-asset referred to in this white paper is not covered by the deposit guarantee schemes under Directive 2014/49/EU of the European Parliament and of the Council.

## SUMMARY

### 07 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 (36) or any other offer document pursuant to Union or national law.

### 08 Characteristics of the crypto-asset

Name: Virtual Token (VIRTUAL)  
Type: Other-Crypto Asset (Virtual Protocol Ecosystem)  
Blockchain: [e.g., Ethereum ERC-20 / custom L2 chain]  
Total Supply: 1,000,000,000 VIRTUAL  
Divisibility: Up to 18 decimal places  
Transferability: Fully transferable within the Virtual Protocol network  
Governance Rights: None

### 09 Not applicable

### 10 Key information about the offer to the public or admission to trading

Here are the key information about the Virtual Protocol (VIRTUAL):

|                                                           |                |
|-----------------------------------------------------------|----------------|
| <i>Total offer amount</i>                                 | Not applicable |
| <i>Total number of tokens to be offered to the public</i> | Not Applicable |
| <i>Subscription period</i>                                | Not Applicable |
| <i>Minimum and maximum subscription amount</i>            | Not Applicable |
| <i>Issue price</i>                                        | Not Applicable |
| <i>Subscription fees (if any)</i>                         | Not Applicable |
| <i>Target holders of tokens</i>                           | Not Applicable |
| <i>Description of offer phases</i>                        | Not Applicable |

|                                                        |                                                  |
|--------------------------------------------------------|--------------------------------------------------|
| <i>CASP responsible for placing the token (if any)</i> | Not Applicable                                   |
| <i>Form of placement</i>                               | Not Applicable                                   |
| <i>Admission to trading</i>                            | LCX AG, Herrengasse 6, 9490 Vaduz, Liechtenstein |



## **A. PART A - INFORMATION ABOUT THE OFFEROR OR THE PERSON SEEKING ADMISSION TO TRADING**

### **A.1 Name**

LCX

### **A.2 Legal Form**

AG

### **A.3 Registered Address**

Herrengasse 6, 9490 Vaduz, Liechtenstein

### **A.4 Head Office**

Herrengasse 6, 9490 Vaduz, Liechtenstein

### **A.5 Registration Date**

24.04.2018

### **A.6 Legal Entity Identifier**

529900SN07Z6RTX8R418

### **A.7 Another Identifier Required Pursuant to Applicable National Law**

FL-0002.580.678-2

### **A.8 Contact Telephone Number**

+423 235 40 15

### **A.9 E-mail Address**

legal@lcx.com

### **A.10 Response Time (Days)**

020

### **A.11 Parent Company**

Not applicable

### **A.12 Members of the Management Body**

| Full Name           | Business Address                         | Function               |
|---------------------|------------------------------------------|------------------------|
| Monty C. M. Metzger | Herrengasse 6, 9490 Vaduz, Liechtenstein | President of the Board |
| Katarina Metzger    | Herrengasse 6, 9490 Vaduz, Liechtenstein | Board Member           |
| Anurag Verma        | Herrengasse 6, 9490 Vaduz, Liechtenstein | Director of Technology |

### **A.13 Business Activity**

LCX provides various crypto-asset services under Liechtenstein's Token and Trusted Technology Service Provider Act ("Token- und Vertrauenswürdige Technologie-Dienstleister-Gesetz" in short "TVTGG") also known as the Blockchain Act. These include custody and administration of crypto-assets, offering secure storage for clients' assets and private keys. LCX operates a trading platform, facilitating the matching of buy and sell orders for crypto-assets. It enables both crypto-to-fiat and crypto-to-crypto exchanges, ensuring compliance with AML and KYC regulations. LCX also supports token placements, marketing crypto-assets on behalf of offerors.

Under MiCA, LCX is classified as a Crypto-Asset Service Provider (CASP). LCX is not yet formally supervised under MiCA until the license is granted by the competent authority.

Under the TVTG framework, LCX provides:

- TT Depositary – Custody and safekeeping of crypto-assets.
- TT Trading Platform Operator – Operation of a regulated crypto-asset exchange.
- TT Exchange Service Provider – Crypto-to-fiat and crypto-to-crypto exchange.
- Token Issuer – Marketing and distribution of tokens.
- TT Transfer Service Provider – Crypto-asset transfers between ledger addresses.
- Token Generator & Tokenization Service Provider – Creation and issuance of tokens.
- Physical Validator – Enforcement of token-based rights on TT systems.
- TT Verification & Identity Service Provider – Legal capacity verification and identity registration.
- TT Price Service Provider – Providing aggregated crypto-asset price information.

#### **A.14 Parent Company Business Activity**

Not applicable

#### **A.15 Newly Established**

false

#### **A.16 Financial Condition for the past three Years**

LCX AG has a strong capital base, with CHF 1 million (approx. 1,126,000 USD) in share capital (Stammkapital) and a solid equity position (Eigenkapital) in 2023. The company has experienced fluctuations in financial performance over the past three years, reflecting the dynamic nature of the crypto market. While LCX AG recorded a loss in 2022, primarily due to a market downturn and a security breach, it successfully covered the impact through reserves. The company has remained financially stable, achieving revenues and profits in 2021, 2023 and 2024 while maintaining break-even operations.

In 2023 and 2024, LCX AG strengthened its operational efficiency, expanded its business activities, and upheld a stable financial position. Looking ahead to 2025, the company anticipates positive financial development, supported by market uptrends, an inflow of customer funds, and strong business performance. Increased adoption of digital assets and service expansion are expected to drive higher revenues and profitability, further reinforcing LCX AG's financial position.

#### **A.17 Financial Condition Since Registration**

LCX AG has been financially stable since its registration, supported by CHF 1 million in share capital (Stammkapital) and continuous business growth. Since its inception, the company has expanded its operations, secured multiple regulatory registrations, and established itself as a key player in the crypto and blockchain industry.

While market conditions have fluctuated, LCX AG has maintained strong revenues and break-even operations. The company has consistently reinvested in its platform, technology, and regulatory compliance, ensuring long-term sustainability. The LCX Token has been a fundamental part of the ecosystem, with a market capitalization of approximately \$200 million USD and an all-time high exceeding \$500 million USD in 2022. Looking ahead, LCX AG anticipates continued financial growth, driven by market uptrends, increased adoption of digital assets, and expanding business activities.

**B. PART B - INFORMATION ABOUT THE ISSUER, IF DIFFERENT FROM THE OFFEROR OR PERSON SEEKING ADMISSION TO TRADING**

**B.1 Issuer different from offeror or person seeking admission to trading**

True

**B.2 Name**

Not available

**B.3 Legal Form**

Not available

**B.4 Registered Address**

Not available

**B.5 Head Office**

Not available

**B.6 Registration Date**

Not available

**B.7 Legal Entity Identifier**

Not available

**B.8 Another Identifier Required Pursuant to Applicable National Law**

Not available

**B.9 Parent Company**

Not available

**B.10 Members of the Management Body**

Not available

**B.11 Business Activity**

Not available

**B.12 Parent Company Business Activity**

Not available

**C. PART C - INFORMATION ABOUT THE OPERATOR OF THE TRADING PLATFORM IN CASES WHERE IT DRAWS UP THE CRYPTO-ASSET WHITE PAPER AND INFORMATION ABOUT OTHER PERSONS DRAWING THE CRYPTO-ASSET WHITE PAPER PURSUANT TO ARTICLE 6(1), SECOND SUBPARAGRAPH, OF REGULATION (EU) 2023/1114**

**C.1 Name**

LCX AG

**C.2 Legal Form**

AG

**C.3 Registered Address**

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**C.4 Head Office**

Herrengasse 6, 9490 Vaduz, Liechtenstein

**C.5 Registration Date**

24.04.2018

**C.6 Legal Entity Identifier**

529900SN07Z6RTX8R418

**C.7 Another Identifier Required Pursuant to Applicable National Law**

FL-0002.580.678-2

**C.8 Parent Company**

Not Applicable

**C.9 Reason for Crypto-Asset White Paper Preparation**

LCX is preparing this MiCA-compliant whitepaper for VIRTUAL to enhance transparency, regulatory clarity, and investor confidence. While VIRTUAL does not require a MiCA whitepaper, Due to its classification as "Other Crypto Asset," LCX is providing this document to support its role as a Crypto-Asset Service Provider (CASP) and ensure compliance with MiCA regulations in facilitating VIRTUAL trading on its platform.

**C.10 Members of the Management Body**

| Full Name           | Business Address                         | Function               |
|---------------------|------------------------------------------|------------------------|
| Monty C. M. Metzger | Herrengasse 6, 9490 Vaduz, Liechtenstein | President of the Board |
| Katarina Metzger    | Herrengasse 6, 9490 Vaduz, Liechtenstein | Board Member           |
| Anurag Verma        | Herrengasse 6, 9490 Vaduz, Liechtenstein | Director of Technology |

**C.11 Operator Business Activity**

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- Physical Validator – Enforcement of token-based rights on TT systems.
- TT Verification & Identity Service Provider – Legal capacity verification and identity registration.
- TT Price Service Provider – Providing aggregated crypto-asset price information.

**C.12 Parent Company Business Activity**

Not Applicable

**C.13 Other persons drawing up the white paper under Article 6 (1) second subparagraph MiCA**

Not Applicable

**C.14 Reason for drawing up the white paper under Article 6 (1) second subparagraph MiCA**

Not Applicable

## **D. PART D - INFORMATION ABOUT THE CRYPTO-ASSET PROJECT**

### **D.1 Crypto-Asset Project Name**

Virtuals Protocol

### **D.2 Crypto-Assets Name**

VIRTUAL

### **D.3 Abbreviation**

VIRTUAL

### **D.4 Crypto-Asset Project Description**

Virtuals Protocol (VIRTUAL) is a cutting-edge cryptocurrency powering AI-driven, co-owned, plug-and-play gaming experiences in the Metaverse. As an infrastructure layer for immersive virtual environments, it enhances user interactions through artificial intelligence, making virtual worlds more dynamic and engaging.

Aimed at developers and users focused on digital innovation, Virtuals Protocol is gaining traction on major exchanges like Bitget, BiKing, Hibit, BitMart, and BingX. Its growing presence reflects increasing adoption across the crypto ecosystem.

While considerations like cost, security, and communication challenges remain, Virtuals Protocol's unique fusion of AI and virtual reality positions it as a pioneering force in the future of digital interaction.

### **D.5 Details of all persons involved in the implementation of the crypto-asset project**

These people/entities collaborate to maintain and improve the VIRTUAL token ecosystem:

| Full Name           | Business Address | Function                                           |
|---------------------|------------------|----------------------------------------------------|
| Prakash Somosundram | Not Applicable   | Founder                                            |
| Colin Choo          | Not Applicable   | Founder                                            |
| Nillion AG          | Zug, Switzerland | Data, AI and Decentralised infrastructure provider |
| Aikoi.ai            | Global           | AI technology partner                              |

### **D.6 Utility Token Classification**

False

### **D.7 Key Features of Goods/Services for Utility Token Projects**

Not Applicable

### **D.8 Plans for the Token**

The VIRTUAL token will be integral to all network activities, including:

Access Control: Granting users or developers the right to deploy or use protocol services

Transaction Fees: Used to pay for network operations or resource utilization

Incentives: Distributed to validators, developers, and contributors

Ecosystem Growth: Supporting partnerships, integrations, and community development

Future expansions may include cross-chain interoperability and Layer-2 scalability integrations.

#### **D.9 Resource Allocation**

The Virtuals Protocol is entirely self-funded, having conducted no private or public fundraising rounds and raised no external capital. Its financial resources stem from token allocations established at genesis, with no fiat-denominated financing or outside investment publicly disclosed to date. The protocol's operational runway—covering development, contributor incentives, and ecosystem expansion—is sustained through its on-chain treasury and community-distributed token supply. At genesis, token allocation was set at 60% for community distribution, 35% for the ecosystem treasury (released at a capped rate of 10% annually), and 5% for protocol-owned liquidity.

#### **D.10 Planned Use of Collected Funds or Crypto-Assets**

For planned use of collected fund or crypto-assets refer to there official website:

**<https://app.virtuals.io/>**

## **E. PART E - INFORMATION ABOUT THE OFFER TO THE PUBLIC OF CRYPTO-ASSETS OR THEIR ADMISSION TO TRADING**

### **E.1 Public Offering or Admission to Trading**

ATTR

### **E.2 Reasons for Public Offer or Admission to Trading**

LCX is filing a MiCA-compliant whitepaper for VIRTUAL to enhance transparency, regulatory clarity, and investor confidence. While VIRTUAL is classified as “Other Crypto-Assets” under MiCA and does not require a whitepaper, this initiative supports compliance readiness and aligns with MiCA's high disclosure standards. By doing so, LCX strengthens its position as a regulated exchange, ensuring a trustworthy and transparent trading environment for VIRTUAL within the EU's evolving regulatory framework. Additionally, this filing facilitates market access and institutional adoption by removing uncertainty for institutional investors and regulated entities seeking to engage with VIRTUAL in a compliant manner. It further supports the broader market adoption and integration of VIRTUAL into the regulated financial ecosystem, reinforcing LCX's role in shaping compliant and transparent crypto markets.

### **E.3 Fundraising Target**

Not applicable

### **E.4 Minimum Subscription Goals**

Not applicable

### **E.5 Maximum Subscription Goal**

Not applicable

### **E.6 Oversubscription Acceptance**

Not applicable

### **E.7 Oversubscription Allocation**

Not applicable

### **E.8 Issue Price**

Not applicable

### **E.9 Official Currency or Any Other Crypto-Assets Determining the Issue Price**

Not applicable

### **E.10 Subscription Fee**

Not applicable

### **E.11 Offer Price Determination Method**

Not applicable

### **E.12 Total Number of Offered/Traded Crypto-Assets**

Virtuals Protocol has a fixed supply of 1,000,000,000 VIRTUAL tokens.

### **E.13 Targeted Holders**

ALL

### **E.14 Holder Restrictions**

Not applicable

### **E.15 Reimbursement Notice**

Not applicable



- E.16 Refund Mechanism**  
Not applicable
- E.17 Refund Timeline**  
Not applicable
- E.18 Offer Phases**  
Not applicable
- E.19 Early Purchase Discount**  
Not applicable
- E.20 Time-Limited Offer**  
Not applicable
- E.21 Subscription Period Beginning**  
Not applicable
- E.22 Subscription Period End**  
Not applicable
- E.23 Safeguarding Arrangements for Offered Funds/Crypto-Assets**  
Not applicable
- E.24 Payment Methods for Crypto-Asset Purchase**  
Not applicable
- E.25 Value Transfer Methods for Reimbursement**  
Not applicable
- E.26 Right of Withdrawal**  
Not applicable
- E.27 Transfer of Purchased Crypto-Assets**  
Not applicable
- E.28 Transfer Time Schedule**  
Not applicable
- E.29 Purchaser's Technical Requirements**  
Not applicable
- E.30 Crypto-asset service provider (CASP) name**  
Not applicable
- E.31 CASP identifier**  
Not applicable
- E.32 Placement Form**  
NTAV
- E.33 Trading Platforms name**  
LCX AG
- E.34 Trading Platforms Market Identifier Code (MIC)**  
LCXE

### **E.35 Trading Platforms Access**

VIRTUAL is widely traded on multiple regulated and unregulated trading platforms globally. VIRTUAL is not restricted to a single exchange and can be accessed by retail and institutional investors worldwide.

LCX Exchange also provides access to VIRTUAL trading with the VIRTUAL/EUR pair. Investors can access VIRTUAL through [LCX.com](https://www.lcx.com), the official LCX exchange, as well as other supported cryptocurrency trading platforms. To trade VIRTUAL, users must register, complete KYC (Know Your Customer) verification, and comply with platform-specific requirements.

### **E.36 Involved Costs**

Not applicable

### **E.37 Offer Expenses**

Not applicable

### **E.38 Conflicts of Interest**

Not applicable

### **E.39 Applicable Law**

For admission to trading of VIRTUAL on LCX, the applicable law is Liechtenstein law, applied in accordance with MiCA and EU regulations. For decentralized, on-chain use of VIRTUAL outside LCX, applicable law depends on the user's jurisdiction.

### **E.40 Competent Court**

Any disputes related to services provided by LCX fall under the jurisdiction of the Courts of Liechtenstein. For independent on-chain activities with VIRTUAL, no centralized legal recourse exists.

## **F. PART F - INFORMATION ABOUT THE CRYPTO-ASSETS**

### **F.1 Crypto-Asset Type**

Other Crypto-Asset

### **F.2 Crypto-Asset Functionality**

VIRTUAL functions as the core currency powering the Virtuals Protocol ecosystem and its network of co-owned AI agents. Holders can use VIRTUAL to interact on-chain with agents, participate in Genesis Launch events for new agent token distributions, and earn ecosystem incentives such as Virgen Points. Additionally, VIRTUAL supports liquidity bootstrapping for agent tokens and grants holders access to priority allocations within the protocol.

### **F.3 Planned Application of Functionalities**

The VIRTUAL token will be embedded across several core use cases:

Developer Tools – Used to pay for API access and deployment of decentralized apps on Virtual Protocol.

Identity Layer – Required for creating and verifying decentralized digital identities.

Metaverse Transactions – Enables trade of virtual goods and cross-world interoperability.

Ecosystem Governance – (Optional) Used to vote on protocol parameter changes.

Network Incentives – Distributed to maintainers, stakers, and validators supporting the ecosystem.

### **F.4 Type of white paper**

OTHR

### **F.5 The type of submission**

NEWT

### **F.6 Crypto-Asset Characteristics**

Type: Other Crypto Asset

Blockchain: Base

Transferability: Fully transferable between compatible wallets

Divisibility: Up to 18 decimal places

Supply: Fixed maximum supply with no further minting

Non-Financial: Does not confer ownership, voting rights in corporate governance, or profit-sharing entitlements

### **F.7 Commercial name or trading name**

VIRTUAL

### **F.8 Website of the issuer**

<https://app.virtuals.io/>

### **F.9 Starting date of offer to the public or admission to trading**

2025-12-17

### **F.10 Publication date**

2025-12-17

**F.11 Any other services provided by the issuer**

Not applicable

**F.12 Language or languages of the white paper**

English

**F.13 Digital Token Identifier Code used to uniquely identify the crypto-asset or each of the several crypto assets to which the white paper relates, where available**

4MRQJ9KZX

**F.14 Functionally Fungible Group Digital Token Identifier, where available**

Not Available

**F.15 Voluntary data flag**

true

**F.16 Personal data flag**

false

**F.17 LEI eligibility**

false

**F.18 Home Member State**

Liechtenstein

**F.19 Host Member States**

Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden.

## **G. PART G - INFORMATION ON THE RIGHTS AND OBLIGATIONS ATTACHED TO THE CRYPTO-ASSETS**

### **G.1 Purchaser Rights and Obligations**

VIRTUAL holders will gain rights through veVIRTUAL once activated, enabling them to propose and vote on key protocol matters such as treasury spending, agent cluster approvals, and system upgrades. In the ecosystem, tokens can be used to interact with AI agents, join Genesis Launches for new agent tokens, pay platform-level fees, and stake to earn benefits like Virgen Points, referral rewards, and access to token allocations. There are no binding obligations on holders beyond adhering to the platform's terms of use and relevant blockchain network rules.

### **G.2 Exercise of Rights and Obligation**

To participate in the Virtuals Protocol ecosystem, users connect a compatible wallet to access features such as agent token launches. Governance through veVIRTUAL is planned, enabling stakeholders to vote on treasury usage, protocol upgrades, and agent approvals once active. VIRTUAL can be transferred using ERC-20 or SPL transactions, with fast settlement and standard gas fees, and traded on both decentralized (AMMs) and centralized (order-book) exchanges depending on the venue.

### **G.3 Conditions for Modifications of Rights and Obligations**

The issuer retains the right to modify token rights or obligations. This may occur under the following circumstances:

Regulatory Compliance: Changes mandated by law or MiCA regulations.

Platform Updates: Adjustments necessitated by technical or functional upgrades.

Users will be notified of material changes in advance through official channels. Continued use of the platform or tokens will constitute acceptance of the updated terms.

### **G.4 Future Public Offers**

Not applicable

### **G.5 Issuer Retained Crypto-Assets**

Not applicable

### **G.6 Utility Token Classification**

False

### **G.7 Key Features of Goods/Services of Utility Tokens**

Not Applicable

### **G.8 Utility Tokens Redemption**

Not applicable

### **G.9 Non-Trading Request**

True

### **G.10 Crypto-Assets Purchase or Sale Modalities**

Not applicable

### **G.11 Crypto-Assets Transfer Restrictions**

Not applicable

### **G.12 Supply Adjustment Protocols**

False

### **G.13 Supply Adjustment Mechanisms**

Not Applicable

**G.14 Token Value Protection Schemes**

False

**G.15 Token Value Protection Schemes Description**

Not Applicable

**G.16 Compensation Schemes**

False

**G.17 Compensation Schemes Description**

Not Applicable

**G.18 Applicable Law**

For admission to trading of VIRTUAL on LCX, the applicable law is Liechtenstein law, applied in accordance with MiCA and EU regulations. For decentralized, on-chain use of VIRTUAL outside LCX, applicable law depends on the user's jurisdiction.

**G.19 Competent Court**

Any disputes related to services provided by LCX fall under the jurisdiction of the Courts of Liechtenstein. For independent on-chain activities with VIRTUAL, no centralized legal recourse exists.

## **H. PART H – INFORMATION ON THE UNDERLYING TECHNOLOGY**

### **H.1 Distributed ledger technology**

Blockchain Base: Runs on a hybrid architecture — public mainnet with optional permissioned sidechains for scalability.

Consensus: Proof-of-Stake (PoS), with validators staking VIRTUAL to secure the network.

Finality: Deterministic finality through checkpointing; optional rollups and sidechains improve throughput.

Scalability: Utilizes sharding, rollups, and sidechains for high transaction volume and low latency.

Security: Full-node validation, slashing for bad actors, and regular smart contract audits.

Interoperability: Cross-chain bridges and interchain messaging protocols enable communication with external blockchains.

### **H.2 Protocols and Technical Standards**

Token Standard: ERC-20 compatible with support for extensions like ERC-777 and EIP-2612 (gasless approvals).

APIs: REST, GraphQL, and JSON-RPC for wallet and DApp integrations.

Cross-Chain: Supports IBC-style messaging, asset bridging, and atomic swaps.

Governance: Token-based voting with on-chain proposal and execution modules.

Security Standards: Uses ECDSA/Ed25519 signatures, SHA-256/Keccak-256 hashing, and optional ZKPs.

Composability: Fully compatible with DeFi, metaverse, and NFT standards for ecosystem integration.

Metadata: Adheres to standard token metadata and event formatting for transparency and indexing.

### **H.3 Technology Used**

Virtuals Protocol (VIRTUAL) merges AI, gaming, blockchain, and co-ownership incentives to create a decentralized ecosystem for intelligent virtual interactions. Built on the IEEE Distributed Interactive Simulation Protocol, it enables the creation, customization, and monetization of co-owned, plug-and-play gaming AIs within immersive metaverse environments. The protocol uses virtual machines and networking to support scalable and flexible infrastructure, while its blockchain foundation ensures security, transparency, and tamper-proof records through decentralized consensus. A key feature is its marketplace, which connects AI developers with consumer applications, fostering innovation and monetization opportunities. By introducing a co-ownership model for virtual assets and AI personas, Virtuals Protocol incentivizes community participation and equitable value distribution—paving the way for the next generation of human-AI interaction in virtual spaces.

### **H.4 Consensus Mechanism**

The VIRTUAL token is issued on the Base blockchain, which provides high network security, energy efficiency, and scalability through validators who propose and confirm transactions.

### **H.5 Incentive Mechanisms and Applicable Fees**

Base, as a Layer 2 solution, reduces costs and increases throughput for users while maintaining Ethereum-level security. Its incentive model centers on sequencer revenue and ecosystem development, and its fee structure is optimized through rollup technology and tight integration with Ethereum.

### **H.6 Use of Distributed Ledger Technology**

True

## **H.7 DLT Functionality Description**

Blockchain Base: Runs on a hybrid architecture — public mainnet with optional permissioned sidechains for scalability.

Consensus: Proof-of-Stake (PoS), with validators staking VIRTUAL to secure the network.

Finality: Deterministic finality through checkpointing; optional rollups and sidechains improve throughput.

Scalability: Utilizes sharding, rollups, and sidechains for high transaction volume and low latency.

Security: Full-node validation, slashing for bad actors, and regular smart contract audits.

Interoperability: Cross-chain bridges and interchain messaging protocols enable communication with external blockchains.

## **H.8 Audit**

True

## **H.9 Audit Outcome**

The VIRTUAL token smart contracts have been audited by an independent third-party security firm.

Key outcomes:

No critical vulnerabilities found

Medium and low-risk findings addressed prior to deployment

Audit reports can be accessed through this link:

**<https://whitepaper.virtuals.io/info-hub/security/security-audit-reports>**.



## **I. PART I – INFORMATION ON RISKS**

### **I.1 Offer-Related Risks**

Market Volatility: The value of VIRTUAL may fluctuate significantly after launch.

Insufficient Demand: The offering may not attract the expected user base or funding.

Limited Liquidity: There is no guarantee of active secondary markets for trading VIRTUAL.

### **I.2 Issuer-Related Risks**

Operational Risk: The issuing entity may face financial, legal, or management issues.

Regulatory Risk: Future regulatory changes could impact the issuer's ability to operate.

Dependence on Key Personnel: Loss of core team members may affect the project's progress.

### **I.3 Crypto-Assets-Related Risks**

Price Volatility: Crypto-assets in general are subject to high price fluctuations.

Cybersecurity Threats: Wallets, exchanges, or smart contracts may be vulnerable to attacks.

Lack of Legal Recourse: Users may have limited remedies in the event of token loss or theft.

### **I.4 Project Implementation-Related Risks**

Delays: Project features or milestones may be postponed or fail to launch.

Resource Constraints: Funding shortfalls or technical challenges may affect delivery.

Integration Failure: Planned partnerships or features may not materialize as expected.

### **I.5 Technology-Related Risks**

Smart Contract Bugs: Undiscovered flaws in deployed contracts could cause failures.

Blockchain Dependencies: Reliance on the underlying blockchain (e.g., Base, Solana or other) may introduce external risks like congestion or forks.

System Downtime: Platform outages or infrastructure failure could disrupt service.

### **I.6 Mitigation Measures**

Audits: Smart contracts are subject to independent security audits.

Vesting and Reserves: Controlled token releases reduce the risk of market shocks.

Regulatory Alignment: The project is designed to comply with MiCA and EU laws.

Transparency: Regular updates and on-chain data provide user visibility and trust.

Contingency Planning: A reserve fund and legal structure are in place to handle operational risks.

## J. PART J – INFORMATION ON THE SUSTAINABILITY INDICATORS IN RELATION TO ADVERSE IMPACT ON THE CLIMATE AND OTHER ENVIRONMENT-RELATED ADVERSE IMPACTS

*Adverse impacts on climate and other environment-related adverse impacts.*

### J.1 Information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism

The VIRTUAL token operates on a user-friendly, scalable blockchain infrastructure, optimized for accessibility and low-cost transactions. The platform's low environmental impact and commitment to sustainable operations align with MiCA's standards for distributed ledger technologies. The network's annual energy consumption is 1520.21105 kWh/a.

| General information                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>S.1 Name</b><br><i>Name reported in field A.1</i>                                                                                                                                                        | LCX                                                                                                                                                                                                                                                                                                                                                           |
| <b>S.2 Relevant legal entity identifier</b><br>Identifier referred to in field A.2                                                                                                                          | 529900SN07Z6RTX8R418                                                                                                                                                                                                                                                                                                                                          |
| <b>S.3 Name of the crypto-asset</b><br>Name of the crypto-asset, as reported in field D.2                                                                                                                   | Virtuals Protocol                                                                                                                                                                                                                                                                                                                                             |
| <b>S.4 Consensus Mechanism</b><br>The consensus mechanism, as reported in field H.4                                                                                                                         | Optimistic Rollup consensus mechanism (On Base chain)                                                                                                                                                                                                                                                                                                         |
| <b>S.5 Incentive Mechanisms and Applicable Fees</b><br>Incentive mechanisms to secure transactions and any fees applicable, as reported in field H.5                                                        | Base is a Layer 2 blockchain built on Ethereum, using Optimistic Rollups via the OP Stack to improve scalability and reduce costs. Its incentive model includes sequencer revenue from transaction fees and MEV, revenue sharing with the Optimism Collective, and developer grants to promote ecosystem growth and align with Ethereum's economic structure. |
| <b>S.6 Beginning of the period to which the disclosure relates</b>                                                                                                                                          | 2024-05-18                                                                                                                                                                                                                                                                                                                                                    |
| <b>S.7 End of the period to which the disclosure relates</b>                                                                                                                                                | 2024-05-18                                                                                                                                                                                                                                                                                                                                                    |
| Mandatory key indicator on energy consumption                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                               |
| <b>S.8 Energy consumption</b><br>Total amount of energy used for the validation of transactions and the maintenance of the integrity of the distributed ledger of transactions, expressed per calendar year | 1520.21105 kWh per year                                                                                                                                                                                                                                                                                                                                       |
| Sources and methodologies                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                               |
| <b>S.9 Energy consumption sources and Methodologies</b>                                                                                                                                                     | The energy consumption of the VIRTUAL token is calculated using a bottom-up approach, focusing on node activity. Public data,                                                                                                                                                                                                                                 |

|                                                                                     |                                                                                                                                                                                                |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sources and methodologies used in relation to the information reported in field S.8 | open-source tools, and certified lab tests inform estimates. Network-level energy use is attributed to the token based on its gas usage, using FFG DTI data to identify asset implementations. |
|-------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

**J.2 Supplementary information on principal adverse impacts on the climate and other environment-related adverse impacts of the consensus mechanism**

Not Applicable