



## Investment in decentralised finance

### PIRES INVESTMENTS PLC

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#### Pires Investments plc

("Pires" or the "Company")

#### Investment in decentralised finance through DeTech Studio Limited

Pires Investments plc (AIM: PIRI), the investment company focused on next generation technology, is pleased to announce that it has conditionally entered into a share subscription agreement ("Subscription Agreement") to subscribe for 1,765 new ordinary shares in DeTech Studio Limited ("DeTech"), a newly incorporated company which is developing a decentralised finance technology platform ("YOP"). This investment will provide the Company with a 15% equity interest in DeTech.

Furthermore, in conjunction with the Subscription Agreement, the Company has entered into a YOP Token Purchase Agreement ("YOP Agreement") whereby the Company will also be issued with 4 million YOP tokens, representing 4.5% of the total 88 million YOP tokens to be issued, of which 3 million YOP tokens will be subject to lock-in provisions. In the event that the YOP tokens to be issued pursuant to the YOP Agreement are not delivered to the Company by 31 January 2021, the Subscription Agreement will be terminated.

Decentralised finance ("DeFi") is a fast-growing global network of products running on the Ethereum network. DeFi provides products for owners of cryptocurrency assets who wish to generate an investment return from their assets. Whilst cryptocurrency coins and tokens provide a decentralised store of value separate from any government-backed currency, DeFi creates decentralised financial instruments separate from traditional centralised institutions. With the successful adoption of cryptocurrencies led by Bitcoin, followed by the global rollout of smart contracts led by Ethereum, DeFi represents the next phase of development of the cryptocurrency market.

The total value locked ("TVL") into DeFi via Ethereum based smart contracts has grown significantly, with this value growing from less than US\$1 billion in May 2020 to over US\$12 billion in November 2020. This growth has been driven by investors depositing their cryptocurrency assets into smart contracts, which provide a return via a yield paid to investors in the form of "reward tokens". Some of these reward tokens have market valuations in excess of US\$500 million with significant liquidity. However, currently access to this market is not straightforward due to it being relatively technical and complex.

YOP is developing a platform that makes it easier for less technical users to engage with DeFi. This platform is expected to be operational in Q1 2021. YOP's primary focus is delivering access via a smartphone app (the "App"), which should make access to and interacting with DeFi services more straightforward and user-friendly. As part of this process, a new YOP token will be created, which will be issued to users to engage with the YOP platform. The token will form the basis of the YOP protocol, facilitating engagement with smart contracts on the Ethereum network. Investment returns are expected to be generated through fees from transactions and appreciation in the value of YOP tokens.

It is expected that the YOP platform will enable portfolio management, access to cryptocurrency market data and cryptocurrency investment products all from the convenience of a mobile phone, with desktop and tablet versions to follow. The Pires Directors believe that the YOP App is akin to the platform developed by Robinhood Markets, Inc ("Robinhood") in the US in 2013 which, at the time, was one of the first platforms to provide easy access to financial markets and low cost dealing, all from the convenience of a smart phone. Robinhood now has a multi-billion dollar valuation and is planning an IPO.

The Pires Directors believe that there is currently a limited range of competing products, none of which are believed to offer the potential functionality of the YOP platform and protocol.

Cryptocurrency is growing in size and profile. In particular, on 21 October 2020, PayPal Inc. ("PayPal") announced that it will allow customers to hold and shop using cryptocurrencies at the 26 million merchants on its network. PayPal has 346 million active accounts and processed US\$222 billion in payments in the second quarter of 2020. PayPal also said that it was working with central banks in relation to the use of cryptocurrencies. Furthermore, various central banks have also announced plans to create digital versions of their own currencies. This positive outlook has further accelerated growth and demand in DeFi platforms.

Further information on YOP can be found at <https://yop.finance>.

Completion of the Subscription Agreement and the YOP Agreement is conditional on the Company creating the appropriate cryptocurrency wallet to receive the YOP tokens as set out in the YOP Agreement, a further announcement in relation to the completion of the Subscription Agreement and the YOP Agreement will be made in due course.

There is no guarantee that the platform that is currently under development by DeTech will be completed in a timely manner or at all, or that the YOP tokens will increase in value nor that the platform and/or App developed by DeTech will generate revenues or profits.

The US\$200,000 consideration for this investment and the 4 million YOP tokens will be satisfied from the existing cash resources of Pires.

#### Peter Redmond, Chairman of Pires, commented:

"We are delighted to have found this new investment opportunity that is involved in a very exciting and fast-growing market. We believe that YOP offers opportunities for growth and could capture a significant portion of the DeFi market."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014 and the Directors of the Company take responsibility for this announcement.

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#### Notes to Editors

#### About Pires Investments plc

Pires Investments plc (AIM: PIRI) is an investment company providing investors with access to a portfolio of next generation technology businesses with significant growth potential.

The Company is building an investment portfolio of high-tech businesses across areas such as Artificial Intelligence ("AI"), Internet of Things ("IoT"), Cyber Security, Machine Learning, Augmented Reality and Virtual Reality ("AR/VR") and Big Data, which the Board believes demonstrate evidence of traction and the potential for exponential growth, due to increasing global demand for development in these sectors.

For further information, visit: <https://piresinvestments.com/>.

#### Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as "believe", "could", "should", "envisage", "estimate", "intend", "may", "plan", "potentially", "expect", "will" or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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