

## **Risk Factors**

### **Risk of Losing Access to Tokens Due to Loss of Private Key(s), Custodial Error or Client Error**

- A private key, or a combination of private keys, is necessary to control and dispose of Tokens stored in your digital wallet or vault. Accordingly, loss of requisite private key(s) associated with the client's digital wallet or vault storing Tokens will result in loss of such Tokens.
- Any third party that gains access to such private key(s), including by gaining access to login credentials of a hosted wallet service that clients use, may be able to misappropriate the clients' Tokens.
- Any errors or malfunctions caused by or otherwise related to the digital wallet or vault the clients choose to receive and store Tokens, including the clients' own failure to properly maintain or use such digital wallet or vault, may also result in the loss of Tokens.
- The client's' failure to precisely follow the procedures set forth for buying and receiving Tokens, including, for instance, if the client provides an incorrect Token Receipt Address, or provide an address that is not ERC-20 compatible, may result in the loss of Tokens.

### **Risks Associated with the Ethereum Protocol**

- Because Tokens and the Ecosystem are partially based on the Ethereum protocol, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on the Ecosystem or Tokens.
- Advances in cryptography, or technical advances such as the development of quantum computing, could present risks to the Tokens and the Ecosystem, including the utility of the Tokens for obtaining Services, by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol.

### **Risk of Mining Attacks**

- As with other decentralized cryptographic tokens based on the Ethereum protocol, the Tokens are susceptible to attacks by miners during the validating process of Token transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the Ecosystem and the Tokens, including, but not limited to, accurate execution and recording of transactions involving Tokens.

### **Risk of Hacking and Security Weaknesses**

- Hackers or other malicious groups may attempt to interfere with the Ecosystem or the Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, smurfing and spoofing.
- Because the Ecosystem is based on open-source software, there is a risk that a third party or a member of the Token team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Ecosystem, which could negatively affect the Ecosystem and the Tokens, including the utility of the Tokens for obtaining Services.

### **Risk of Theft**

- Notwithstanding security measures, there is no assurance that there will be no theft of the cryptocurrencies because of hacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on the Website, in the smart contracts on which the Escrow Wallet and the ICO rely, on the Ethereum or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the ITS is completed, Token may not be able to receive the cryptocurrencies raised and may not be able to utilize such funds for the development of the Ecosystem. As such, distributed Token may hold little worth or value, and this would impact its trading price.

### **Risks Associated with Markets for Tokens**

- The Tokens are intended to be used solely within the Ecosystem and Token will not support or otherwise facilitate any secondary trading or external valuation of Tokens. This restricts the contemplated avenues for using Tokens to the provision or receipt of Services and could therefore create illiquidity risk with respect to any Tokens you own.
- Even if secondary trading of Tokens is facilitated by third-party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to fraud or manipulation.
- Third parties may ascribe an external exchange value to Tokens (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

### **Risk of Future Sales or Issuance of Token**

- Future sales or issuance of Token could materially and adversely affect the market price of Token. Any future sale or issuance of Token would increase the supply of Token in the market and this may result

in a downward price pressure on Token. The sale or distribution of a significant number of Token outside of the ICO (including but not limited to the sales of Token undertaken after the ICO, issuance of Token to persons other than Participants for purposes of community initiatives, business development, education and market expansion and issuance of Token as a reward to users of the Ecosystem), or the perception that such further sales or issuance may occur, could adversely affect the trading price of the Tokens.

#### **Risk of Uninsured Losses**

- Unlike bank accounts or accounts at some other financial institutions, Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer, such as the Federal Deposit Insurance Corporation, or private insurance arranged by Token, to offer recourse to you.

#### **Risks Associated with Uncertain Regulations and Enforcement Actions**

- The regulatory status of the Tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulation with respect to such technology and its applications, including the Ecosystem and the Tokens.
- It is likewise difficult to predict how or whether legislatures or regulatory agencies may implement changes to law and regulation affecting distributed ledger technology and its applications, including the Ecosystem and the Tokens. Regulatory actions could negatively impact the Ecosystem and the Tokens in various ways, including, for purposes of illustration only, through a determination that the purchase, sale and delivery of the Tokens constitutes unlawful activity or that the Tokens are a regulated instrument that require registration or licensing of those instruments or some or all the parties involved in the purchase, sale and delivery thereof. Token may cease operations in a jurisdiction if regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

#### **Risks Arising from Taxation**

- The tax characterization of Tokens is uncertain. You must seek your own tax advice in connection with purchasing Tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.

#### **Risk of Competing Ecosystems**

- It is possible that alternative Ecosystems could be established that utilize similar protocols underlying the Ecosystem and attempt to facilitate services that are materially like the Services. The Ecosystem may compete with these alternatives, which could negatively impact the Ecosystem and Tokens, including the utility of the Tokens for obtaining Services.

#### **Risk of Insufficient Interest in the Ecosystem**

- It is possible that the Ecosystem will not be used by many individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed Ecosystems in general. Such a lack of use or interest could negatively impact the development of the Ecosystem and therefore the potential utility of the Tokens, including the utility of the Tokens for obtaining Services.

#### **Risks Associated with the Development and Maintenance of the Ecosystem**

- The Ecosystem is still under development and may undergo significant changes over time. Although we intend for the Tokens and Ecosystem to function as described in the White Paper and intend to take commercially reasonable steps toward those ends, we may have to make changes to any timelines announced in the White Paper, on the Website or any other official channel of Token, or the specifications of the Tokens or Ecosystem for any number of legitimate reasons. This could create the risk that the Tokens or Ecosystem, as further developed and maintained, may not meet your expectations at the time of purchase.

#### **Risk of an Unfavourable Fluctuation of USD**

- If the value of USD fluctuates unfavourably during or after the ICO and despite our effort to hedge the proceeds of the ICO, we may not be able to fund development, or may not be able to develop or maintain the Ecosystem in the manner that is intended.
- There are several potential events which could exacerbate the risk of unfavourable fluctuation in the value of USD; or significant security incidents or market irregularities at one or more of the major cryptocurrency exchanges.

#### **Risk of Dissolution of Token or the Ecosystem**

- It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the value of ETH, BTC, USD (or other cryptographic and fiat currencies), decrease in the Tokens' utility (including their utility for obtaining Services), the failure of commercial relationships,

intellectual property ownership challenges, insolvency, or the liquidation of Token, the Ecosystem may no longer be viable to operate. The Participants may lose parts or all their Token purchasing price.

#### **Risks Arising from Lack of Governance Rights**

- Because Tokens confer no governance rights of any kind with respect to the Ecosystem or Token, all decisions involving Token's products or services within the Ecosystem or Token itself will be made by Token at its sole discretion, including, but not limited to, decisions to discontinue its products or services, to create and sell more Tokens for use on the Ecosystem, or to sell or liquidate Token. These decisions could adversely affect the Ecosystem and the utility of any Tokens you own, including their utility for obtaining Services.

#### **Risks Associated with business partners**

- Especially at the start, Token relies on business partners to provide certain Services, especially for Services that require licenses as financial service institutions. While we have legally-binding agreements with business partners and are already in talks with further potential partners, we cannot guarantee that business partners won't terminate their cooperation for whatever reason or that we can close new agreements with potential partners. The provision of certain Services might therefore be interrupted, delayed or cannot be offered at all.

#### **Risks Associated with Markets for Token**

- Token are intended to be used solely in the Ecosystem, and Token will not support or otherwise facilitate any secondary trading or external valuation of Token. This restricts the contemplated avenues for using Token to obtain Services or access the Ecosystem and could therefore create illiquidity risk with respect to Token you hold.
- Even if secondary trading of Token is facilitated by third party exchanges, such exchanges may be relatively new and subject to little or no regulatory oversight, making them more susceptible to market-related risks.
- Third-parties may ascribe to an external exchange value to Token (e.g., as denominated in a digital or fiat currency), such value may be extremely volatile and diminish to zero.

#### **Risks of Data Centre Facilities of Third Parties**

- Token's infrastructure is established through servers that it rents at data centre facilities of third parties. If Token is unable to renew its data facility lease under commercially reasonable terms or at all, Token may be required to transfer its servers to a new data centre facility and may incur significant costs and possible service interruption in connection with the relocation.
- These facilities are also vulnerable to damage or interruption from, among others, natural disasters, arson, terrorist attacks, power losses, and telecommunication failures.
- Additionally, the third-party providers of such facilities may suffer a breach of security because of third party action, employee error, malfeasance or otherwise, and a third party may obtain unauthorized access to the data in such servers.
- As techniques used to obtain unauthorized access to, or to sabotage systems change frequently and generally are not recognized until launched against a target, Token and the providers of such facilities may be unable to anticipate these techniques or to implement adequate preventive measures. Any such security breaches or damages which occur which impact upon Token's infrastructure network and/or the Ecosystem may adversely impact the price of Token.

#### **Risks of Economic Conditions**

- Token has been and could continue to be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy could have a negative effect on Token's business, operations and financial condition, including decreases in revenue and operating cash flows.
- In a down-cycle economic environment, Token may experience the negative effects of increased competitive pricing pressure and a slowdown in commerce and usage of the Ecosystem.
- Suppliers on which Token relies for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on Token's operations or expenses.
- There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on Token's business, financial condition and results of operations and hence the Ecosystem, which would correspondingly impact the trading price of Token.

**Unanticipated Risks**

- Cryptographic tokens such as Tokens are a new and untested technology. In addition to the risks included in this Annex, there are other risks associated with your purchase, possession, and use of the Tokens, including unanticipated risks. Such risks may further materialize as unanticipated variations or combinations of the risks discussed in this Annex.

**Responsibility and indemnification**

- For the avoidance of doubt, we expressly disclaim any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from: (i) reliance on any information contained in the White Paper, (ii) any error, omission or inaccuracy in any such information, (iii) any action resulting therefrom, or (iv) usage or acquisition of products, available through the website.
- You acknowledge and agree that you are not purchasing Tokens for purposes of investment, speculation, as some type of arbitrage strategy, for immediate resale or other financial purposes.

**Forward looking statements**

- Some of the statements in the White Paper include forward-looking statements that reflect our current views with respect to execution roadmap, financial performance, business strategy and future plans, both with respect to our and the sectors and industries in which we operate. Statements which include the words "expects", "plans", "believes", "projects", "anticipates", "will", "aims", "may", "would", "could", "continue" and similar statements are of a future or forward-looking nature. All forward-looking statements address matters that involve risks and uncertainties.
- Any forward-looking statements in the White Paper reflect our current views with respect to future events and are subject to these and other risks, uncertainties and assumptions relating to our operations, results of operations and growth strategy.
- These forward-looking statements speak only as of the date of the White Paper. Prospective buyers of Tokens should specifically consider the factors identified in the White Paper and the Token Sale Agreement that could cause actual results to differ before making a purchase decision. No statement in the White Paper is intended as a profit forecast and no statement in the White Paper should be interpreted to mean that our earnings for the current or future years would be as may be implied in the White Paper.