

## RISK FACTORS

*A purchase of GAI Tokens involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Private Placement Memorandum and the Offering Documents, before making a decision to participate in this Offering. The following risks entail circumstances under which the GraphAI Framework, the GAI Tokens, and their related operations and prospects could suffer. They may also be harmed by additional risks and uncertainties not currently known or that we currently do not believe to be material.*

UNLESS EXPRESSLY SET OUT HEREIN, THE CORPORATION SPECIFICALLY DOES NOT REPRESENT AND WARRANT AND EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION MATERIALS, THE GAI TOKENS, EXPRESS, IMPLIED, OR STATUTORY, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR AS TO THE WORKMANSHIP OR TECHNICAL CODING THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT. THE CORPORATION DOES NOT REPRESENT OR WARRANT THAT GAI TOKENS ARE RELIABLE, CURRENT, OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN THE GAI TOKENS WILL BE CORRECTED. THE CORPORATION CANNOT AND DOES NOT REPRESENT OR WARRANT THAT GAI TOKENS OR THE DELIVERY MECHANISM FOR THE GAI TOKENS IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

A significant amount of further work may be required in order for the Corporation to integrate the GAI Tokens into the GraphAI Framework and much of that work may be subject to regulatory approval and otherwise reliant on the input or consent of other persons not under the control of the Corporation. The success of the GAI Tokens is reliant upon the Corporation (i) raising sufficient resources to fund the ongoing development of the GAI Tokens; and (ii) complying with ongoing funding, reserve and/or regulatory requirements (as relevant) related to the proposed creation and operation of the GAI Tokens (collectively, the “**Regulatory and Funding Requirements**”).

There is a significant risk that the GAI Tokens are not developed as envisaged herein. The Corporation, in the sole and absolute discretion of the Members, reserves the right to modify, extend, reduce, eliminate, add and/or substitute the scale, scope, business lines, operations, and any other characteristics of the GAI Tokens in order to address any actual or perceived commercial, legal, regulatory or other matters that the Members, in its sole and absolute discretion, considers relevant at any time.

The Corporation may issue GAI Tokens even if there are material changes to the scale, scope, business lines, operations, and any other characteristics of the GAI Tokens or the GraphAI Framework or if the Corporation or its affiliates have not satisfied (or are unlikely to satisfy) any regulatory and funding requirements or any other regulatory, commercial or legal requirements with respect to the GAI Tokens. No promises of future performance or value are or will be made with respect to the GAI Tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that the GAI Tokens will hold any particular value.

The Corporation is developing the GAI Tokens to be used for incentivizing contributors of the GraphAI Framework. Subject to applicable law and the cautionary statements and risk factors contained in this Private Placement Memorandum, upon the GAI Token Generation Event, the GraphAI Framework will accept any duly presented GAI Tokens in exchange for privileges and other benefits related to such GAI Tokens from time to time on the GraphAI Framework.

The precise terms of the privileges and other benefits of the GAI Tokens will be determined by the Corporation as the owner of the GraphAI Framework in its sole and absolute discretion from time to time. Such privileges and benefits will initially be determined by such person on or around the GAI Token Generation Event and may be amended thereafter at any time and without notice to, or consent from, any holder of GAI Tokens. Any such determination or amendment shall not be a breach of the terms of this Offering.

The GAI Tokens are provided on an “as is” and “as available” basis, without warranty of any kind, either expressed or implied, including, without limitation, warranties that the GAI Token is free of defects, vulnerabilities, merchantable, fit for a particular purpose or non-infringing. Any use of the GAI Tokens shall be at your own risk. In no event shall the Corporation be held liable in connection with or for any claims, losses, damages, or other liabilities, whether in contract, tort, or otherwise, arising out of or in connection with the GAI Tokens or its operation or use or be under any obligation to support, develop or otherwise maintain or promote the use of the GraphAI Framework or the integration of the GAI Tokens into the GraphAI Framework.

**While the GAI Tokens are available only to contributors that are not Prohibited Persons there is the possibility that GAI Tokens could be acquired over time or following changes in the regulatory landscape by persons in other jurisdictions currently restricted from acquiring GAI Tokens and, accordingly, the risk factors set out below may include certain risk factors specific to certain jurisdictions even though the Corporation will not at present make the GAI Tokens available at this time to persons from such jurisdictions.**

**BY PARTICIPATING IN ANY ACQUISITION OF TOKENS, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME ALL RISKS RELATED THERETO INCLUDING (WITHOUT LIMITATION) THE RISKS SET OUT BELOW.**

***No Guarantee that GAI Tokens Will be Released.*** Many factors could influence the success of the Corporation and the GAI Tokens, some of which are out of the Corporation's control, and there can be no guarantee that the Corporation will ultimately be successful in deploying and delivering the GAI Tokens. The Corporation may change its plans for issuing the GAI Tokens for a variety of reasons, including a change in business plan, technological challenges, lack of perceived demand, or other reasons. Finally, if the Corporation ceases operations, agrees to assign its assets and liabilities to a third party for the benefit of creditors in the case of insolvency, or engages in liquidation or winding up, it may never issue the GAI Tokens. If the Token Generation Event does not occur or for other reasons the Corporation does not issue the GAI Tokens as planned, Purchasers will not receive some or all of their GAI Tokens. The Corporation has sole discretion to determine when, or if, the Token Generation Event occurs.

***No Guarantee on When or if the Token Generation Event Will Occur.*** There are no guarantees as to the timing (if ever) of the Token Generation Event or the release of the GAI Tokens, each of which is dependent on many factors, including many outside the Corporation's control.

***Risk of Losing Access to GAI Tokens Due to Wallet Incompatibility.*** Your cryptocurrency wallet must be ERC-20-compatible and possess technical infrastructure that is compatible with the receipt, storage, and transfer of the GAI Tokens. Non-compatible wallet addresses will not be accepted, and any attempt to transfer GAI Tokens to a non-compatible wallet address may result in the loss of such GAI Tokens. In addition, your wallet address must not be associated with a third-party exchange or service that has custody over the private key. The Corporation reserves the right to prescribe additional conditions relating to specific wallet requirements at any time, acting in its sole discretion.

***Risks Associated with the Blockchain Platforms.*** Any malfunction, breakdown, abandonment, unintended function, unexpected functioning of, or attack on the platform upon which the GAI Tokens are issued may have an adverse effect on the GAI Tokens, including causing them to malfunction or function in an unexpected or unintended manner.

***Risks Associated with the Overarching Blockchain Industry in Which the GraphAI Framework Operates.*** The growth of the blockchain industry in general, is subject to a high degree of uncertainty regarding consumer adoption and long-term development. The factors affecting the further development of the cryptocurrency and crypto assets industry, as well as blockchain networks, include without limitation, the worldwide growth in the adoption and use of digital assets and other blockchain technologies; governmental and quasi-governmental

regulation of digital assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems; the maintenance and development of the open source software protocol of blockchain networks; changes in consumer demographics and public tastes and preferences; the availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using government-backed currencies or existing networks; the extent to which current interest in cryptocurrencies represents a speculative “bubble”; general economic conditions in the United States and the world; the regulatory environment relating to cryptocurrencies and blockchains; and a decline in the popularity or acceptance of cryptocurrencies or other block- based tokens. The digital assets industries as a whole have been characterized by rapid changes and innovations and are constantly evolving. Although they have experienced significant growth in recent years, the slowing or stopping of the development, general acceptance and adoption, and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of GAI Tokens.

***Risks Associated with Your Credentials.*** Any third party that gains access to or learns of your wallet login credentials or private keys may be able to dispose of your GAI Tokens. To minimize this risk, you should guard against unauthorized access to your electronic devices. Best practices dictate that you safely store private keys in one or more backup locations geographically separated from the working location. In addition, you are responsible for giving us the correct wallet address to which to send your GAI Tokens. If you give us the incorrect address to which to send your GAI Tokens, we are not responsible for any loss of GAI Tokens that may occur.

***Purchasers are Responsible for Securing and Maintaining their Private Keys and Otherwise Following Cybersecurity Best Practices. Failure to do so May result in the Loss of all the Purchaser’s GAI Tokens.*** The GAI Token balances are associated with the Purchasers’ respective wallets with the Purchasers’ respective token public keys, which in turn are associated with the Purchasers’ specific token private keys. Each Purchaser is responsible for knowing such Purchaser’s private key and keeping it safe and a secret. A private key, or a combination of private keys, is necessary to control and use GAI Tokens stored in a digital wallet or vault. The loss of one or more of a Purchaser’s private keys associated with such Purchaser’s digital wallet or vault storing the GAI Tokens will result in the loss of the Purchasers’ GAI Tokens. The Corporation will never ask for Purchasers’ private keys, and Purchasers should never share any private keys with anyone. Further, the Purchaser is responsible for becoming and staying educated on best practices for securely keeping private keys, protecting any relevant personally identifiable information, and on cybersecurity best practices more generally. Holders of crypto assets can be targeted by hackers in many ways which are out of our control. Holders’ private keys can also be stolen. Any third party that gains access to one or more of Purchaser’s private keys, including by gaining access to login credentials of a hosted wallet service used by the Purchaser, may be able to misappropriate Purchaser’s GAI Tokens. The Corporation has no control over such attacks and cannot stop hackers from stealing private keys of users. The Corporation will further accept no liability and will not reimburse the Purchaser for any theft of private keys or any malfunction of wallet software. As a result, any loss of the Purchaser’s GAI Tokens due to such theft or malfunction or unauthorized use of any private keys may be final and result in the complete loss of the Purchaser’s GAI Tokens purchased hereunder.

***Risk of Unfavorable Regulatory Action in One or More Jurisdictions.*** Blockchain technologies and cryptographic tokens have been the subject of scrutiny by various regulatory bodies around the world. Blockchain technology allows new forms of interaction, and it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology-based applications, which regulations may be contrary to the current setup of the GAI Tokens or their associated smart contract system and, therefore, may result in substantial modifications to the GAI Tokens and such smart contract systems, including its termination and the loss of GAI Tokens.

The regulatory status of cryptographic tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory authorities may apply existing regulations with respect to such technology and its applications, including specifically (but without limitation to) the GraphAI Framework and GAI Tokens. It is likewise difficult to predict how or whether any legislative or regulatory authorities may implement changes to law and regulation affecting distributed ledger technology and its applications, including specifically (but without limitation to) the GAI Tokens. Regulatory actions could negatively impact the GAI Tokens in various ways, including, for purposes of illustration only, through a determination that Tokens are a regulated financial instrument that requires registration, licensing, recordkeeping, reporting, or restriction. The Corporation 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. The functioning of the GAI Tokens could be impacted by any regulatory inquiries or actions, including restrictions on the use, sale, or possession of digital tokens like the GAI Tokens, which restrictions could impede, limit, or end the development of the GAI Tokens and increase legal costs.

The cryptocurrency exchange market, the token listing and trading market, initial coin offerings, and by extension the GAI Tokens, are or may be subject to a variety of federal, state, and international laws and regulations, including those with respect to KYC/AML and customer due diligence procedures, privacy and data protection, consumer protection, data security, foreign exchange controls money transmission, and others. These laws and regulations, and the interpretation or application of these laws and regulations, could change. In addition, new laws or regulations affecting the GAI Tokens could be enacted, which could impact the utility of the GAI Tokens in the GraphAI Framework. Additionally, users of the GraphAI Framework are subject to or may be adversely affected by industry-specific laws and regulations or licensing requirements. If any of these parties fail to comply with any of these licensing requirements or other applicable laws or regulations, or if such laws and regulations or licensing requirements become more stringent or are otherwise expanded, it could adversely impact the GAI Tokens, including the utility of GAI Tokens with respect to the GraphAI Framework, including any applications that are built in connection with the GraphAI Framework.

The Corporation may need to obtain approvals from one or more governmental authorities and there is a risk that securing such approvals may delay or prevent the Token Generation Event, the development of the GAI Tokens and/or the Corporation's ability to issue the GAI Tokens.

***We are not Licensed to Conduct a Virtual Currency Business in New York and do not Currently Intend to Become Licensed in any Other State. We Have Taken the Position that the New York's BitLicense Regulatory Framework does not Apply to our Offer and Sale of the Interests. It is Possible, however, that the New York State Department of Financial Services could Disagree with our Position.*** We are not licensed to conduct a virtual currency business in New York or any other state. We have, however, taken the position that the State of New York's BitLicense Regulatory Framework does not apply to the Offering or operation of the GraphAI Framework or the offer and sale of the Interests.

It is possible that the New York State Department of Financial Services could disagree with our position. If we were deemed to be conducting an unlicensed virtual currency business in New York, we could be subject to significant additional regulation and/or regulatory consequences and/or be required to no longer make the GraphAI Framework or the Interests available in New York or to New York residents. Other states may take a similar position in the future. Any of these outcomes may negatively affect GAI Tokens, including its further development, or the value of the GAI Tokens and/or could cause us to cease operations in New York or any other states requiring a license for our activity.

***We are not Licensed as a Money Transmitter under State Law or Registered as a Money Services Business under Federal Law, and our business may be adversely affected if we are required to do so.*** We believe that we are not a money transmitter under state law or a money services business under federal law in the United States when we offer the GraphAI Framework to developers. Further, we do not generally or specifically target U.S. Persons (as defined under the Securities Act) or residents to be users of the GraphAI Tokens. If we were deemed to be a money transmitter under state law and/or money services business under federal law, we would be subject to significant additional regulation and costs. This could lead to significant changes with respect to operations of the GraphAI Framework, the GAI Tokens, suspensions in the operation of the GraphAI Framework, the GAI Tokens or certain of its components, changes in how the GAI Tokens are structured, changes in how they are issued and other regulatory or business consequences and would greatly increase our costs in creating and facilitating transactions of the GAI Tokens. It could also lead to a decrease in value of GAI Tokens. In addition, a regulator could take action against us if it views our activity regarding the GraphAI Framework or the GAI Tokens as a violation of existing law. Any of these outcomes would negatively affect the value of the GAI Tokens and/or could cause the Corporation to cease operations in certain states or nationwide.

***Risk of GAI Tokens Being Deemed a Futures Contract or Swap.*** Given the time period between the close of this Offering and delivery of the GAI Tokens, there is a risk that any deferred delivery arrangement involving a commodity could be viewed as a futures contract or

swap transaction under U.S. commodities laws. We believe that this risk is generally a latent one that is mitigated by the Corporation's obligation to deliver GAI Tokens shortly after the Token Generation Event to Purchasers who represent and warrant that they are GraphAI Framework users not purchasing with speculative intent and who are otherwise prohibited from transferring the GAI Tokens before the GAI Token is launched.

***No Operation of the GraphAI Framework by the Corporation.*** Any deployed version of the protocol underlying the GraphAI Framework is neither operated or controlled by the Corporation or any natural or legal person and will be released under one or multiple open-source licenses. The GraphAI Framework may contain errors, technical defects or other technical problems that cannot be remedied and as a result GAI Tokens or other assets may be lost.

***Risk of Litigation and/or Third-Party Claims.*** From time to time, third parties may assert claims against the Corporation, its developers, and/or its underlying technology. Regardless of the merit of any legal action or claim, any action that reduces confidence in the Corporation's long-term viability or the ability of individuals to hold and transfer GAI Tokens may adversely affect the GraphAI Framework. Additionally, a meritorious claim could prevent developers from accessing the most up-to-date protocol code or holding or transferring their GAI Tokens.

***Risk of Alternative, Unofficial Platforms.*** Following the issuance of the GAI Tokens, it is possible that alternative applications or platforms could be established, which use the same or similar open-source code and protocol underlying the GAI Tokens. The GAI Tokens may have no intrinsic value with respect to such alternative applications. The GAI Tokens may compete with these alternative, unofficial token-based applications, which could potentially negatively impact the GAI Tokens.

***Assertions by Third Parties of Infringement or other Violation by Us of Their Intellectual Property Rights Could Harm our Ability to Develop the GraphAI Framework and the GAI Token.*** Third parties may in the future assert that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights, and as we face increasing competition, the possibility of intellectual property infringement claims against us grows. Various laws and regulations govern the copyright and other intellectual property rights associated with the GraphAI Framework. Existing laws and regulations are evolving and subject to different interpretations, and various legislative or regulatory bodies may expand current or enact new laws or regulations. We cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future. In addition, internet and technology companies are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Many companies in these industries, including many of our competitors, have substantially larger patent and intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for patent,

or other intellectual property infringement. By their nature, media platforms feature content protected by intellectual property laws and may be fora for the publication of content that has infringed upon the intellectual property rights of others.

It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, operating results, and financial condition. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay significant damages, which may be even greater if we are found to have willfully infringed upon a party's intellectual property; cease exploiting copyrighted content that we have previously had the ability to exploit; cease using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material effects on our business, operating results, and financial condition.

**GAI Token *Integration Risk and Risk of Insufficient Interest in the GraphAI Framework.***

There are no guarantees as to the timing of the GAI Tokens being integrated into the GraphAI Framework, which is dependent on many factors, including many outside the Corporation's control. Further, it is possible that there will be limited public interest in the GAI Tokens or that public interest in the GraphAI Framework may reduce over time. Such a lack of interest could negatively impact the GAI Tokens and their functionality in the GraphAI Framework.

***Operating History.*** The Corporation has little operating history in the blockchain industry, which continues to evolve and may not develop as expected. The Corporation's historical performance does not necessarily reflect future performance or the likelihood of the success of the GAI Tokens. A significant amount of work was required in order to create the GAI Tokens and implement the GAI Tokens into the GraphAI Framework and much of that work is reliant on the input or consent of other persons not under the control of the Corporation. Assessing the business and future prospects of the Corporation is challenging in light of the risks and difficulties the Corporation may encounter. These risks and difficulties include but are not limited to, their ability to:

- navigate complex and evolving regulatory and competitive environments;
- obtain the requisite regulatory and other licenses in the relevant jurisdictions;
- obtain and retain customers;
- successfully develop, maintain, and update internal controls to manage compliance within an evolving and complex regulatory environment;
- effectively identify and react to market trends;

- be involved in the successful development and deployment of the GAI Tokens;
- implement new products and services;
- successfully execute the Corporation's funding strategy;
- effectively compete with other companies;
- successfully navigate economic conditions and fluctuations in the market;
- effectively manage the growth of the business;
- continue to develop, maintain, and scale the GAI Tokens;
- effectively use finite personnel and technology resources;
- effectively maintain and scale financial and risk management controls and procedures;
- maintain the security of technology infrastructure and the confidentiality of the information provided and  
utilized therein; and
- attract, integrate, and retain qualified employees and contractors.

***Risk that the GAI Tokens Will Not Meet Expectations.*** Any expectations or assumptions regarding the form and functionality of the GAI Tokens (including participant behavior) held by the Corporation or by you may not be met, for any number of reasons, including, without limitation, mistaken assumptions or analysis, a change in the design and implementation plans, and changes in the execution of the GAI Tokens. Moreover, the Corporation may not be able to retain full and effective control over how other participants will use the GraphAI Framework, what products or services will be offered through the GraphAI Framework by third parties, or how third-party products and services will utilize GAI Tokens (if at all). This could create the risk that the GAI Tokens, as further developed and maintained, may not meet your expectations. Furthermore, despite our good faith efforts, it is still possible that the integration of the GAI Tokens into the GraphAI Framework will experience malfunctions or otherwise fail to be adequately maintained, which may negatively impact the GraphAI Framework and GAI Tokens, and the potential utility of the GAI Tokens within the GraphAI Framework.

***The Value of the GAI Tokens will be Affected by the Success of the GraphAI Framework.*** Because the GAI Tokens are intended for use on the GraphAI Framework, a failure to maintain the GraphAI Framework would negatively affect the value of the GAI Tokens. There is no guarantee that the GraphAI Framework, including its use of the GAI Tokens will develop as planned or become successful in the marketplace.

**Long-term Viability of Crypto Assets.** Crypto assets, including those like the GAI Tokens, are a new and relatively untested product. There is considerable uncertainty about their long-term viability, which could be affected by a variety of factors, including many market-based factors such as economic growth, inflation, and others. In addition, the success of crypto assets (including the GAI Tokens) will depend on the long-term utility and economic viability of blockchain and other new technologies related to crypto assets. Due in part to these uncertainties, the price of crypto assets is volatile and the GAI Tokens may be hard to sell. Further, the value of GAI Tokens may decrease over time, which may impact interest in, or the success of, the GraphAI Framework. The Corporation does not control any of these factors, including the ability of the GAI Tokens to maintain their value over time.

**Further Innovations in the Crypto Asset Industry may Cause the GAI Tokens to Lose Value.** The development and acceptance of the cryptographic and algorithmic protocols governing the issuance of, and transactions in, cryptoassets is subject to a variety of factors that are difficult to evaluate and predict. The use of crypto assets to, among other things, transact in goods and services is part of a new and rapidly evolving commercial practice that employs digital assets based on a computer-generated mathematical and/or cryptographic protocol. The growth of this commercial practice in general, and the use of crypto assets in particular is subject to a high degree of uncertainty. Factors affecting further development of the crypto assets industry include, among other things, the continued worldwide adoption of crypto assets; governmental and quasi-governmental regulation of crypto assets and/or crypto assets exchanges; changing consumer demographics, tastes, and preferences; sustained development and maintenance of open-source software protocols; the popularity and availability of alternative and/or new payment services; and general economic conditions. If these factors negatively affect or impede the development of the crypto assets industry, the value of holding GAI Tokens may also be negatively affected.

**Inability to Fund Development or Maintenance.** The Corporation may not be able to fund development of or maintain the GAI Tokens in the manner that it was intended.

**Risks from Taxation.** The tax characterization of the GAI Tokens is uncertain and subject to change, as described above, which may lead to inefficient tax outcomes for Purchasers and/or the Corporation and/or its affiliates. You must seek your own tax advice in connection with acquiring, holding, and disposing of GAI Tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes, and tax reporting requirements. The purchase of Interests may result in adverse tax consequences to Purchasers, including withholding taxes, income taxes, and tax reporting requirements. Additionally, subsequent transactions in crypto assets such as the GAI Tokens may cause Purchasers to incur tax liabilities. Further, any reward received in the form of, or through the use of, GAI Tokens may result in additional tax liability. Each Purchaser should consult with and must rely upon the advice of its own professional tax advisors.

***Risk of Theft and Hacking.*** Smart contracts, software applications, and the GAI Tokens may be exposed to attacks by hackers or other individuals, groups, organizations, or countries that interfere with the availability of the GAI Tokens in any number of ways, including denial of service attacks, sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks, or phishing, or other novel methods that may or may not be known. Any such successful attacks could result in theft or loss of GAI Tokens, adversely impacting the ability to further derive any usage or functionality from GAI Tokens. The Corporation must take appropriate steps to ensure the integrity of its smart contracts, systems, and other vectors of potential attack. You must take appropriate steps to satisfy yourself of the integrity and veracity of relevant websites, systems, and communications. Furthermore, because the GAI Tokens employ open-source software, there is a risk that a third party or a member of the Corporation's team may intentionally or unintentionally introduce weaknesses or defects into the core infrastructure of the GAI Token and negatively affect it.

You acknowledge, understand, and accept that if your private key or password gets lost or stolen, the GAI Tokens associated with your wallet address may be unrecoverable and permanently lost. Additionally, any third party that gains access to your private key, including by gaining access to the login credentials relating to your wallet, may be able to misappropriate your GAI Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store GAI Tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your GAI Tokens, for which the Corporation shall have no liability.

***Misconduct and Errors Risks.*** The Corporation is exposed to many types of operational risk, including the risk of misconduct and errors by our employees, former employees, and other third-party service providers, or by users and developers on the GraphAI Framework, whom the Corporation does not control, could be in a position to handle large amounts of sensitive and potentially proprietary information, whose exposure could result in significant liability. It is not always possible to identify and deter misconduct by employees or third-party providers, and the Corporation cannot control developers or uses of the GraphAI Framework. The precautions the Corporation takes to detect and prevent this activity, such as encryption of user data, may not be effective in controlling unknown or unmanaged risks or losses. Any of these occurrences could result in the Corporation's diminished ability to operate the business and develop the GraphAI Framework, inability to attract future developers and users, regulatory intervention, and financial harm which could negatively impact the Corporation, the growth of the Corporation, and the value of GAI Tokens.

***Risk of Security Weaknesses in the GAI Tokens.*** The GAI Tokens consist, at least in part, of open-source software that may, in turn, be based on other open-source software. There is a risk that the Corporation or other third parties may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructural elements of the GAI Tokens to interfere with the use of or cause the loss of GAI Tokens.

***Risk of Weaknesses or Exploitable Breakthroughs in the Field of Cryptography.*** Advances in cryptography, or technical advances such as the development of quantum computing, could present risks to cryptocurrencies (like GAI Tokens) by rendering ineffective the cryptographic consensus mechanism that underpins the GAI Tokens, which could result in the theft, loss, or decreased utility of the GAI Tokens. Smart contracts, blockchain application software, and blockchain platforms and protocols are still in an early development stage and relatively unproven. There is no warranty or assurance that the process for creating GAI Tokens will be uninterrupted or error-free and there is an inherent risk that the software could contain defects, weaknesses, vulnerabilities, viruses, or bugs causing, inter alia, the complete loss of contributions and/or GAI Tokens.

***Risk of Lack of Adoption or Use of the GAI Tokens.*** While the GAI Tokens should not be viewed as an investment, they may have value over time. That value may be limited or non-existent if the GAI Tokens lack acceptance, use, and adoption on the GraphAI Framework.

***Risk of an Illiquid Market for GAI Tokens.*** There may never be any marketplace for GAI Tokens. There are currently no exchanges upon which the GAI Tokens would trade. If exchanges do develop, they will likely be relatively new and subject to poorly understood regulatory oversight. They may, therefore, be more exposed to fraud and failure than established, regulated exchanges for other products and have a negative impact on the GAI Tokens. To the extent that any third party ascribes an external exchange value to GAI Tokens (e.g., as denominated in a crypto or fiat currency), such value may be extremely volatile and diminish to zero. If (despite your representations to us to the contrary) you are holding GAI Tokens as a form of investment on a speculative basis or otherwise, or for a financial purpose, with the expectation or desire that their inherent, intrinsic, or cash-equivalent value may increase with time, you assume all risks associated with such speculation or actions, and any errors associated therewith, and accept that the GAI Tokens are not offered by the Corporation or its affiliates on an investment basis.

***Risk of Dissolution of the GAI Tokens.*** It is possible that, due to any number of reasons, including development issues with the GAI Tokens, the failure of business relationships, lack of public interest, lack of funding, or competing intellectual property claims, the GraphAI Framework and/or GAI Tokens may no longer be viable as a business or otherwise and may dissolve or fail to maintain commercial or legal viability or be abandoned. There is no assurance that you will receive any benefits through the GAI Tokens.

***Risk of Malfunction in the GAI Tokens.*** It is possible that the GAI Tokens or the GraphAI Framework malfunctions in an unfavorable way, including one that results in the loss of the GAI Tokens.

***Risk Associated with Licensed Third-Party Technology.*** The GAI Tokens are created solely for purposes of operating and integrating with the GraphAI Framework.

***Risk Associated with Underlying Technology.*** There can be no guarantee that the technology required for operation of the GraphAI Framework will function as anticipated or function at all. This technology may malfunction because of internal problems or as a result of cyberattacks or security breaches or the Corporation might not be able to successfully develop the technology. Further, there may be no alternatives available if this technology does not work as anticipated. As a result, failure of this technology to work as intended may adversely affect the operation and growth of the GraphAI Framework and may have a material adverse impact on GAI Tokens.

***Risks Associated with Incomplete Information regarding the GAI Tokens.*** You will not have full access to all the information relevant to the Corporation and the GAI Tokens. The Corporation is not required to update you on the progress of the GAI Tokens. You are responsible for making your own decision in respect of the acquisition of the GAI Tokens. The Corporation

does not provide you with any recommendation or advice in respect of the acquisition of the GAI Tokens. You may not rely on the Corporation to provide you with complete or up-to-date information.

***The Holders of GAI Tokens will not be in any Fiduciary, Partnership, Trustee, Agency, or Similar Relationship with the Corporation or any of its Affiliates and will not be Owed any Fiduciary Duty by the Corporation or any of its Affiliates.*** The holders of GAI Tokens have no direct management, equity, membership, voting, or similar rights in the Corporation or any of its affiliates. However, without limitation to the above, the Corporation reserves all rights with respect to pursuing any form of decentralized governance should it so determine that doing so would be in the best interests of the holders of GAI Tokens from time to time.

In order to seek compliance with (or to seek to mitigate the impact of) any laws, statutes, ordinances, rules, regulations, judgments, injunctions, orders, treaties, administrative acts or decrees of any nation or government, any state or other political subdivision thereof, any entity exercising legislative, judicial or administrative functions of or pertaining to government, including, without limitation, any government authority, agency, department, board, commission or instrumentality, and any court, tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization believed by the Corporation or its affiliates to apply to or affect the Corporation or its affiliates, the GAI Tokens, the Corporation may in its sole and absolute discretion take such steps as it considers necessary or convenient to comply with such matters including, without limitation, the termination of the GAI Tokens. In addition, the Corporation may take such steps as it considers necessary or convenient where it believes or suspects the GAI

Tokens may be used, trafficked, or applied in the attempted furtherance of money laundering, terrorist financing, tax evasion, or other unlawful activity or where it believes the GAI Tokens are no longer viable.

Regulation of (i) tokens (including the GAI Tokens); (ii) cryptocurrencies; (iii) blockchain technologies; and (iv) cryptocurrency exchanges; is currently underdeveloped and is likely to evolve rapidly, vary significantly among international, national, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States, South Korea, China, Singapore, India, among other countries, are currently considering, or may in the future consider, laws, regulations, guidance, or other actions, which may severely impact the development and growth of the GAI Tokens and the Corporation. Other countries may adopt similar approaches. Failure by the Corporation or users of the GAI Tokens to comply with any laws, rules, and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines. New or changing laws and regulations or interpretations of existing laws and regulations would likely have numerous material adverse consequences on the Corporation and the GAI Tokens. Therefore, there can be no assurance that any new or continuing regulatory scrutiny or initiatives will not have a material adverse impact on the value of the GAI Tokens or impede the activities of the Corporation.

**Representation by Legal Counsel.** Certain counsel (the “**Law Firm**”) represents the Corporation solely with respect to the specific matters pertaining to the preparation of this Memorandum. Other matters may exist that could have a bearing on the Corporation as to which the Law Firm has been neither retained nor consulted. The Law Firm does not undertake to monitor compliance by the Corporation and its affiliates with the guidelines and procedures set forth in this Memorandum, nor does the Law Firm monitor compliance by the Corporation and/or its affiliates with applicable laws, unless in each case the Law Firm has been specifically retained to do so. The Law Firm does not investigate or verify the accuracy and completeness of information set forth in this Memorandum concerning the Corporation. Furthermore, the Law Firm is not providing any advice, representation, warranty, or other assurance of any kind as to any matter to any prospective purchasers of the GAI Tokens. No separate counsel has been engaged by the Corporation to represent any purchasers with respect to a purchase of the GAI Tokens.

The Corporation has the exclusive right, in its sole and absolute discretion, to address and remediate any of the operational, legal, or regulatory risks presented as of the date hereof or hereafter. In the exercise of such rights, it is possible that the Corporation may determine that the continued development of the GAI Tokens is not feasible. Accordingly, there is a material risk that the Corporation and its affiliates may not successfully continue to develop, market, and operate the GAI Tokens.

**Unanticipated Risks.** Cryptographic tokens are a relatively new and comparatively untested technology. In addition to the risks discussed herein, there are risks that the Corporation cannot

anticipate. Further risks may materialize as unanticipated combinations or variations of the discussed risks or the emergence of new risks.

**Violation of Policies Risks.** Any violation of Corporation policies and terms and conditions of use, including misuse of the GraphAI Framework and GAI Tokens, by users and GAI Token holders, may result in unforeseeable adverse impact to the GraphAI Framework out of the Corporation's control, which may in turn potentially affect the value of GAI Tokens.

**Risk of Competitors.** The Corporation believes that other organizations are or may be working to develop a layer 1 blockchain ecosystem, that facilitates a "safe haven" blockchain environment or other novel technologies that may be competitive with the technology of the Corporation. Some or all of these organizations that may have technology similar to the Corporation, may have substantially greater technological expertise, experience with blockchain technologies and/or financial resources than the Corporation has, and many of them may be attempting to patent technologies that may be competitive with or similar to the technology the Corporation has developed, or attempting to reverse engineer the Corporation's technology, which may be possible as a substantial portion of the software underlying the GraphAI Framework is open source software that is generally available to the public.

Given that such open-source software is generally available to the public, a person or company could establish software technology, and networks, built using the Corporation's publicly available software. It is possible that those products would be substantially similar to and competitive with the Corporation's software and technology. If this were to occur, it is possible that the value of the GraphAI Framework and GAI Tokens could decline.

**Risk of Underage Users.** In certain jurisdictions, persons under the age of eighteen (18) have the ability to repudiate or disaffirm contracts entered into by those individuals, and some of the GraphAI Framework users are likely to be under the age of eighteen. As a result, the Corporation may have difficulty enforcing the terms of service and other agreements entered into with such individuals who are under the age of eighteen in connection with the operation of the Corporation's business, the GraphAI Framework, and the distribution of GAI Tokens.

**Risks Associated with Issuance of Additional Tokens.** In addition to the GAI Tokens that may be issued to GAI Token holders that stake GAI Tokens if and when the Corporation enables staking, additional GAI Tokens may be issued in the future in the event the Corporation, or if GAI Token holders are provided governance rights, GAI Token holders collectively determine it is in the best interest of the GraphAI Framework to do so. If such an event occurs, the value of GAI Tokens may be adversely impacted, and a GAI Token holder token holding may also be diluted as a result.

***Risk Associated with Hiring and Retaining Personnel.*** Because the blockchain industry is a technologically cutting-edge field, the market for engineers and other non-technical talent familiar with the industry is competitive. It may be difficult to attract and retain qualified individuals with the expertise, and in the timeframe, required for the steady progress of the GraphAI Framework. If we were to lose some or all of our personnel, they would be difficult to replace, which in turn may present significant delays in the continued development of the GraphAI Framework. In addition, if any of our key personnel, retires or otherwise leaves the Corporation, we will need to have appropriate succession plans in place and to successfully implement such plans, which requires time and resources devoted towards identifying and integrating new personnel into leadership roles and other key positions. If we cannot attract and retain qualified personnel or effectively implement appropriate succession plans, it could have a material adverse impact on the operations of the GraphAI Framework, as well as the business and financial condition of the Corporation. We do not maintain key-person life insurance policies on our key personnel.

***There may be Occasions when Certain Individuals Involved in the Development of the GraphAI Framework may Encounter Potential Conflicts of Interest, such that such a Person may Avoid a Loss, or even Realize a Gain, when other Purchasers are Suffering Losses.*** There may be occasions when certain individuals involved in the development of the GraphAI Framework or the Corporation may encounter potential conflicts of interest in connection with the sale of GAI Tokens described herein, such that such person may avoid a loss, or even realize a gain, when other Purchasers in such sale are suffering losses. Purchasers may also have conflicting investment, tax, and other interests, which may arise from the terms of the Offering Documents, the GraphAI Framework and its code, or other factors. Decisions made by the Corporation on such matters may be more beneficial for some Purchasers than for others.

***Risks Associated with the Structure of Token Purchase Agreements.*** An investment in a TPA involves a significant amount of risk and is suitable only for sophisticated Purchasers: (i) of substantial means who have no immediate need for liquidity in the amount invested; (ii) for whom such investment does not constitute a complete investment program; (iii) that fully understand, and are willing to assume and have the financial resources necessary to withstand, the risks involved in investing in a TPA; and (iv) that can bear the potential loss of all of their investment in a TPA. There is no assurance as to whether an investment in a TPA will be profitable. Any Investment made in a TPA may result in a loss of all or part of a Purchaser's Investment. The Token Purchase Agreement or a portion thereof may be modified, waived, or amended without your consent consistent with its terms.

***Risks Associated with Potential Public Listings of GAI Tokens Could Negatively Impact Their Price.*** The Corporation may, in the future, list GAI Tokens on digital asset trading platforms (aka. "***Exchanges***"). Any such listing could negatively impact the price of GAI Tokens, especially if there is significant selling activity on any such exchange. Lockups applicable to any Interests purchased in this Offering may prevent participants in this Offering from selling their stake in GAI Tokens while such GAI Tokens remain subject to a lock-up.

***Risks Associated with Fluctuations in the Price of Digital Assets.*** The price of digital assets is subject to fluctuation that could materially and adversely affect the value of the GAI Tokens. The prices of cryptocurrencies, such as Bitcoin, Ethereum, and other digital assets, have historically been subject to significant fluctuations in price and are highly volatile. Accordingly, the market price of the GAI Tokens may also be highly volatile. In addition, there is not yet sufficient information to determine whether the performance of any digital asset will be sustainable and/or how the digital asset market will react in the short- or long-term to the proliferation of digital assets currently taking place.

Several factors may influence the market price, if any, of the GAI Tokens, including, but not limited to:

- the ability of the GAI Tokens to trade in a secondary market, if at all;
- the acceptance of GAI Tokens on a trading platform for digital assets;
- global digital asset and security token supply and demand;
- continued public and governmental acceptance of digital assets as a viable medium for trade and investment;
- changes in the software, software requirements, or hardware requirements underlying the GAI Tokens;
- changes in the rights, obligations, incentives, or rewards for the various holders of GAI Tokens;
- currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- government-backed currency withdrawal and deposit policies of digital asset exchanges;
- interruptions in service from, or failures of, any securities or token trading platform on which other digital assets, security tokens, or the GAI Tokens are traded;
- investment and trading activities of large purchasers, including private and registered funds, that may directly or indirectly invest in the GAI Tokens, securities tokens, or other digital assets;
- monetary policies of governments, trade restrictions, currency devaluations and

reevaluations;

- regulatory measures, if any, that affect the use of digital assets, security tokens, and/or the GAI Tokens; and
- expectations among potential digital assets sellers and purchasers that the value of GAI Tokens or other digital assets

will soon change.

A decrease in the price of a single digital asset may cause volatility in the entire digital asset and security token industry and may affect other digital assets including the GAI Tokens. For example, a security breach that affects purchaser or user confidence in Bitcoin or Ethereum may affect the industry as a whole and may also cause the price of the GAI Tokens and other digital assets to fluctuate. Such volatility in the price of the GAI Tokens may result in significant loss over a short period of time.

***Risks Associated with Single Point of Failure.*** The Corporation is an ownerless entity organized pursuant to the laws of the Republic of Panama and operated by its Members. All other services are provided to the Corporation pursuant to contractual relationships, where persons performing material functions for the Corporation are not employees of the Corporation. As a result, there is a heightened risk of a single point of failure if the Corporation's Members are unable to fulfill their duties.

***Risks Associated with Contractual Relationships.*** The Corporation is an ownerless entity organized pursuant to the laws of the Republic of Panama, and all other services are provided to the Corporation pursuant to contractor relationships, where persons performing material functions for the Corporation are not employees of the Corporation but are instead contractors. The Corporation relies heavily on contractors to perform many significant and material functions of the Corporation. In the event that any of the contractors cease to provide services to the Corporation, the Corporation may not be able to fully operate or execute on its strategic and/or business objectives.