RISK FACTORS

*A purchase of Tokens involves a high degree of risk, including the risk of a total loss of principal, volatility and illiquidity. A prospective investor should thoroughly review the confidential information contained in this Memorandum and the terms of the applicable Offering Documents, and carefully consider whether a purchase of the Tokens or receipt of Tokens is suitable to such prospective investor's financial condition and goals. The following risks entail circumstances under which the Platform, the 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. See "**Risk Factors**" below.*

UNLESS EXPRESSLY SET OUT HEREIN, THE COMPANY SPECIFICALLY DOES NOT REPRESENT AND WARRANT AND EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION MATERIALS, THE 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 COMPANY DOES NOT REPRESENT OR WARRANT THAT TOKENS ARE RELIABLE, CURRENT, OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN THE TOKENS WILL BE CORRECTED. THE COMPANY CANNOT AND DOES NOT REPRESENT OR WARRANT THAT TOKENS OR THE DELIVERY MECHANISM FOR THE TOKENS IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

A significant amount of further work may be required in order for the Company to integrate the Tokens into the Platform 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 Company. The success of the Tokens is reliant upon the Company (i) raising sufficient resources to fund the ongoing development of the Tokens; and (ii) complying with ongoing funding, reserve and/or regulatory requirements (as relevant) related to the proposed creation and operation of the Tokens (collectively, the "**Regulatory and Funding Requirements**").

There is a significant risk that the Tokens are not developed as envisaged herein. The Company, in the sole and absolute discretion of the Company's governing board or committee (the "**Committee**"), [1] [2] reserves the right to modify, extend, reduce, eliminate, add and/or substitute the scale, scope, business lines, operations, and any other characteristics of the Tokens in order to address any actual or perceived commercial, legal, regulatory or other matters that the Committee, in its sole and absolute discretion, considers relevant at any time.

The Company may issue Tokens even if there are material changes to the scale, scope, business lines, operations, and any other characteristics of the Tokens or the Platform or if the Company 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 Tokens. No promises of future performance or value are or will be made with respect to the Tokens, including no promise of inherent

value, no promise of continuing payments, and no guarantee that the Tokens will hold any particular value.

The Company is developing the Tokens to be used with respect to the Platform. Subject to applicable law and the cautionary statements and risk factors contained in this Memorandum, upon the Token Integration Event, the Platform will accept any duly presented Tokens in exchange for privileges and other benefits related to such Tokens from time to time on the Platform.

The precise terms of the privileges and other benefits of the Tokens will be determined by the Company as the owner of the Platform 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 Token Integration Event and may be amended thereafter at any time and without notice to, or consent from, any holder of Tokens. Any such determination or amendment shall not be a breach of the terms of this Offering.

The 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 Token is free of defects, vulnerabilities, merchantable, fit for a particular purpose or non-infringing. Any use of the Tokens shall be at your own risk. In no event shall the Company 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 Tokens or its operation or use or be under any obligation to support, develop or otherwise maintain or promote the use of the Platform or the integration of the Tokens into the Platform.

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

GENERAL RISK FACTORS

We may fail to implement our business plan.

We have a short operations record on which you can evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses, and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, lack of brand and/or name recognition, product obsolescence or inventory loss, theft or destruction, limited access to additional sales and management talent, and limited access to software and technology development experts, among other factors. We cannot guarantee that we will be successful in executing our business plan, and we may then be forced to cease operations, in which case you may lose your entire investment.

Investor Status and Claims Risk

Investors in the Tokens will not acquire any equity, debt, or other ownership interest in the Company or its affiliates. Holding Tokens does not confer any right to vote, receive dividends, participate in profits, or

claim any assets of the Company. Investors should not expect to have any recourse against the Company, its officers, directors, or affiliates for any losses incurred in connection with the Tokens.

There can be no assurance that the Company's business plan will be profitable, and there is no assurance of any returns.

The expenses we incur to expand the business could result in operating losses for the foreseeable future. There is no assurance that we will ever have net income sufficient to cover our expenses. No assurance can be made that any investor [3] will not lose his, her or its entire investment.

As we have a limited operating history, we are subject to business development risks.

The Company has only a limited history upon which an evaluation of its prospects and future performance can be made. Our proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties, complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Company could sustain losses in the future. There can be no assurance that our efforts will result in continued successful commercialization or further development of our operations, that our marketing efforts will be successful, or that we will ever achieve significantly higher revenues. Failure to do so could result in investors losing part or all of their money invested.

Our advisors and management have other business interests and obligations to other entities, some of which may conflict with their responsibilities to the Company.

Members of our management and other advisors of the Company may provide services to us on a non-exclusive basis. Such persons are required to provide us with such amount of their time and efforts as they deem necessary to run the business and operations of the Company in a reasonable manner. We are dependent on our team to successfully execute our business plan. Their other business interests and activities could divert time and attention from operating our business. We cannot assure you that some or all of such persons will be able to provide the Company with a sufficient amount of their time or efforts to take advantage of all opportunities that may be available to the Company. Moreover, some of the other entities in which such persons have a material financial interest may enter into agreements with the Company in which there is a potential conflict of interest.

Key man risk and the risk that we may be unable to retain experienced management and personnel could impair our ability to execute on our business strategy and growth plan. Although we intend to recruit additional talent over time, competition for qualified personnel is intense and there can be no assurance that we will be able to retain our personnel or attract additional qualified personnel. We also rely on consultants for systems, software and technology development that we believe are a critical part of our growth strategy as well as our finance functions. We may not be able to continue to attract or retain qualified personnel in the future, and the loss of key members of our team would have a material adverse effect on our business. Any inability to fill vacancies in our management team on a timely basis could impair our ability to implement our business strategy, which would harm our business, results of operations, and the value of your investment.

The Company may engage in business transactions with companies affiliated with one or more members of the management team.

The Company may engage in business transactions with businesses that are affiliated with one or more of the members of the Company's management team. Any such business transactions may or may not be the result of arms-length negotiations and could result in potential conflicts of interest.

We cannot assure you that we will be able to forge and maintain required beneficial relationships with third parties.

We are generally dependent on relationships with strategic partners and vendors, and we may enter into future potential strategic alliances. Our success requires that we secure and maintain beneficial third party relationships. There can be no assurance that such third parties may regard their relationship with us as important to their own business and operations, that they will not reassess their commitment to the business at any time in the future, or that they will not develop their own competitive services or products, either during their relationship with us or after it expires. Accordingly, there can be no assurance that our existing relationships or future relationships will result in sustained business partnerships, successful service offerings, or significant revenues for us.

We may incur business disruptions.

We take measures to reduce the risks of disruptions at our facilities. However, the occurrence of a natural disaster, such as a hurricane, tropical storm, earthquake, tornado, flood, fire, or other unanticipated problems, such as illness of any member of our management or any other employee, contractor or advisor, labor difficulties (including work stoppages or strikes), vendor shortages, equipment failure or unscheduled maintenance, could cause operational disruptions and could materially adversely affect our business, earnings and cash flows. Any losses due to these events may not be covered by our existing insurance policies or may be subject to certain deductibles.

Rapid growth may strain our resources.

Significant and rapid growth in the scope and complexity of our business would place a significant strain on our management team and our financial and other resources. Such growth, if experienced, may expose us to greater costs and other risks associated with growth and expansion. We may be required to hire a broader range of additional employees and outsource certain functions to contractors in order to sustain our operations. We may be unsuccessful in these efforts, or we may be unable to project accurately the rate or timing of these increases. Our ability to manage our growth effectively will require us to continue to improve our operations, to improve our financial and management information systems, and to train, motivate, and manage our future employees. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage our business, or the failure to otherwise manage growth effectively, could have a materially adverse effect on our business, financial condition, and results of operations. In addition, difficulties in effectively managing the budgeting, forecasting, and other process control issues presented by such a rapid expansion could result in our inability to maintain quality standards or otherwise harm our business, financial condition, and results of operations.

Our risk management efforts may not be effective which could result in unforeseen losses.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, regulatory risk, and other market-related risks, as well as operational risks related to our business, assets and liabilities. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks to which we may be exposed, mitigate the risks that we have identified or identify additional risks to which we may be subject in the future.

The Company may require additional capital to support its business objectives, and this capital might not be available on acceptable terms, or at all.

At any time, the Company may accept funds from additional lenders, investors, and others to support the growth of its business. Accordingly, it is expected that we will need to engage in additional debt and equity-based financings to secure additional funds. Financial market disruption, the ability to attract business partners and clients, the ability to identify and attract financiers, and general economic conditions in which the credit markets are severely constrained may make it difficult for us to obtain additional financing on terms favorable to us, if at all. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to obtain adequate financing, or financing on terms satisfactory to us, when we require it, our ability to continue to support the growth of our business and to respond to business challenges could be significantly impaired. If we are unsuccessful in raising capital when needed, you could lose your entire investment. Any issuance of equity will dilute the ownership stake of current equity investors.

General tax risks.

Items of income and loss will be determined by the Company's management in consultation with the Company's tax advisors. Adjustments, if any, resulting from any audit of the Company, should the Company ever be audited, might result in corresponding adjustments of Company items of income and loss reflected on your own tax returns. In addition, the Company's management has primary responsibility for Company level matters involving the Company's taxation, including the power to extend the statute of limitations for all persons holding an interest in the Company, including, without limitation, you, as to Company items of income and loss.

It may be difficult to enforce a U.S. judgment against us, our officers and directors, or to assert U.S. securities laws claims or serve process on our officers and directors.

We are incorporated in Switzerland. Most of our assets are located outside the United States. Therefore, it may be difficult to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws against us or any of these persons in a U.S. or Swiss court, or to affect service of process upon these persons in the United States.

Additionally, it may be difficult for an investor, or any other person or entity, to assert U.S. securities law claims in original actions instituted in Switzerland. This is for two principal reasons: 1) because the Swiss courts may regard the U.S. law in question to be a penal, revenue or public law and therefore, under Switzerland, not capable of direct or indirect enforcement in the Swiss courts, or 2) because the Swiss court may stay the claim on the grounds Switzerland is not an appropriate forum. If U.S. law is found to

be applicable to a claim which the Swiss court can and is prepared to hear, the content of applicable U.S. law must be proved as a fact by expert witnesses, which can be a time-consuming and costly process. If proceedings were to be brought in Switzerland, all procedural matters would be governed by Switzerland. There is little case law addressing the matters described above that would be binding case law in a Swiss court. As a result, an investor may lose its entire investment.

Jurisdiction and Enforcement Risk

The Company is incorporated in Switzerland and conducts the majority of its operations outside the United States. As a result, it may be difficult or impossible for investors to enforce U.S. legal rights or judgments against the Company, its officers, directors, or affiliates. Investors may have limited or no recourse in any jurisdiction and could lose their entire investment.

The Company's ability to succeed depends on the Company's ability to grow.

The introduction of new products and services and expansion of the Company's customer base will contribute significantly to the Company's operational results. The Company's future operational success will depend on a number of factors, including, but not limited to:

- The Company's ability to manage costs;
- The level of competition in the Company's industry;
- The Company's ability to provide efficient, timely and cost-effective products and services;
- The efficiency and effectiveness of the Company's sales and marketing efforts in signing up new customers, expanding business with existing customers, and building product, services and brand awareness;
- The level of consumer acceptance of the Company's products and services; and
- General economic conditions and consumer confidence.

The Company may not be successful in executing its growth strategy. Failure to successfully execute any material part of the Company's growth strategy would significantly impair the Company's future growth and its ability to attract and sustain investments in the Company's business.

SECURITIES OFFERING RISK FACTORS

RISK FACTORS RELATED TO THE SECURITIES BEING OFFERED

Risk of an illiquid market for Tokens.

There may never be any marketplace for Tokens. There are currently no exchanges upon which the 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 Tokens. To the extent that any third party ascribes an external exchange value to 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 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 Tokens are not offered by the Company or its affiliates on an investment basis.

Inability to fund development or maintenance.

The Company may not be able to fund development of the Tokens in the manner that it was intended.

Risk of uninsured losses.

Unlike bank accounts or accounts at some other financial institutions, the 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 or private insurance arranged by us, to offer recourse to you.

Risk of lack of adoption or use of the Tokens.

While the Tokens should not be viewed as an investment, they may have value over time. That value may be limited or non-existent if the Tokens lack acceptance, use, and adoption on the Platform.

Risk of dissolution of the Tokens.

It is possible that, due to any number of reasons, including development issues with the Tokens, the failure of business relationships, lack of public interest, lack of funding, or competing intellectual property claims, the Platform and/or 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 Tokens.

Risk of malfunction in the Tokens.

It is possible that the Tokens or the Platform malfunctions in an unfavorable way, including one that results in the loss of the Tokens.

Tax risks relating to the Tokens.

The tax characterization of the Tokens is uncertain. You must seek your own tax advice in connection with acquisition, storage, transfer and use of the Tokens, which may result in adverse tax consequences to you, including, without limitation, withholding taxes, transfer taxes, value added taxes, income taxes, capital taxes and similar taxes, levies, duties or other charges and tax reporting requirements.

The Company may be required to register as a money services business or money transmitter and to comply with the requirements of the Bank Secrecy Act and applicable state requirements.

The Bank Secrecy Act, among other things, regulates the issuance, administration and exchange of "virtual currencies." Any entity performing any of those activities may be a money services business, required to register with the United States Treasury Department, as well as state and foreign government administrative bodies, and to engage in continued practices of "know your customer" and anti-money laundering reporting. If the Company were to be subject to Bank Secrecy Act requirements, the Company is likely on a continuing basis to require recipients of Tokens to provide certain personal information as a condition of their receipt of Tokens. In some instances, the Company could be required to prohibit transactions, thereby interfering with the activity in any marketplace that may develop for the Tokens. Additionally, the Company may be required to issue suspicious activity reports upon detecting any

"suspicious" transaction. Guidance on what constitutes a suspicious transaction is unclear, and failure to comply may result in severe civil and criminal penalties. Almost all states in the United States have some form of similar regulations, each of which may require obtaining a separate license, which can be an expensive and time consuming process. Compliance with the Bank Secrecy Act and any applicable state regulations would, if required, be a continuing, material expense, which if the Company cannot afford, would result in suspension of any marketplace that the Company develops that would in turn adversely affect demand for the Tokens.

A violation of privacy or data protection laws could have a material adverse effect on the Company's activities.

A wide variety of state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of data, including personal data. These data protection and privacy-related laws and regulations are varied, evolving, can be subject to significant change, may be augmented or replaced by new or additional laws and regulations and may result in ever increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. Foreign data protection, privacy and other laws and regulations are often more restrictive than those in the United States, such as the General Data Protection Regulations, effective in the European Union. Certain states in the United States have also introduced broad rules, which may or may not anticipate and be consistent with rules expected to be adopted by the U.S. federal government. The Company expects that the cost of compliance with these laws may be high in terms of both money and attention. The Company's failure to comply with all applicable privacy and data protection laws, regulations, standards and codes of conduct could result in enforcement actions against the Company, including fines, imprisonment of Company officials and public censure, claims for damages by affected individuals, demands that the Company modify or cease existing practices, damage to the Company's reputation and loss of goodwill, any of which could have a material adverse effect on the level of demand for Tokens.

Risk of litigation and/or third-party claims.

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

Risk of alternative, unofficial platforms.

Following the issuance of the 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 Tokens. The Tokens may have no intrinsic value with respect to such alternative applications. The Tokens may compete with these alternative, unofficial token-based applications, which could potentially negatively impact the Tokens.

Assertions by third parties of infringement or other violation by Us of their intellectual property rights could harm our ability to develop the Platform and the 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 Platform. 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.

Token Integration risk and risk of insufficient interest in the platform.

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

Risk that the Tokens will not meet expectations.

Any expectations or assumptions regarding the form and functionality of the Tokens (including participant behavior) held by the Company 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 Tokens. Moreover, the Company may not be able to retain full and effective control over how other participants will use the Platform, what products or services will be offered through the Platform by third parties, or how third-party products and services will utilize Tokens (if at all). This could create the risk that the 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 Tokens into the Platform will experience malfunctions or otherwise fail to be

adequately maintained, which may negatively impact the Platform and Tokens, and the potential utility of the Tokens within the Platform.

Further innovations in the crypto asset industry may cause the tokens to lose value.

The development and acceptance of the cryptographic and algorithmic protocols governing the issuance of, and transactions in, crypto assets are 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 asset industry include, among other things, the continued worldwide adoption of crypto assets; governmental and quasi-governmental regulation of crypto assets and/or crypto asset 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 asset industry, the value of holding Tokens may also be negatively affected.

Risks associated with incomplete information regarding the Tokens.

You will not have full access to all the information relevant to the Company and the Tokens. The Company is not required to update you on the progress of the Tokens. You are responsible for making your own decision in respect of the acquisition of the Tokens. The Company does not provide you with any recommendation or advice in respect of the acquisition of the Tokens. You may not rely on the Company to provide you with complete or up-to-date information.

Purchasers will not be in any fiduciary, partnership, trustee, agency, or similar relationship with the Company or any of its Affiliates and will not be owed any fiduciary duty by the Company or any of its Affiliates.

The Purchasers have no direct management, equity, voting, or similar rights in the Company or any of its affiliates. However, without limitation to the above, the Company 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 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 Company or its affiliates to apply to or affect the Company or its affiliates, the Tokens, the Company 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 Tokens. In addition, the Company may take such steps as it considers necessary or convenient where it believes or suspects the 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 Tokens are no longer viable.

Risks Associated with Potential Public Listings of Tokens Could Negatively Impact Their Price.

The Company may, in the future, list Tokens on digital asset trading platforms. Any such listing could negatively impact the price of Tokens, especially if there is significant selling activity on any such exchange. Lockups applicable to any securities purchased in this Offering may prevent participants in this Offering from selling their stake in Tokens while such Tokens remain subject to a lock-up.

RISK FACTORS RELATED TO TOKENS, CRYPTOCURRENCY, AND OTHER DIGITAL ASSETS

Risks associated with third party contractors.

Development of the Tokens may require third-party contractors with particular expertise in blockchain technology. The availability of such contractors is limited. There may not be sufficient (or any) such contractors available on terms deemed acceptable by the Company. The costs associated with any such contractors may be significantly greater than currently estimated. Furthermore, the quality, reliability and timely delivery of services by such contractors may vary significantly.

Risk associated with licensed third-party technology.

The Tokens are created solely for purposes of operating and integrating with the Platform.

We may invest or spend the proceeds of this Offering in ways with which you may not agree or in ways which may not yield a return.

Our management will have broad discretion in determining how the proceeds of the sale of our Tokens will be used, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. Notwithstanding our current business plan, future events including, but not limited to, the problems, expenses, difficulties, complications and delays, as well as changes in the economic climate or changes in governmental regulations, may make the reallocation of funds necessary or desirable. Any such reallocation will be at the sole discretion of the Company. If we do not use the proceeds that we receive effectively, our business, financial condition, results of operations and prospects could be harmed. Further, the sale of Tokens will require intensive computing resources. The demand for these resources may exceed the Company's estimates. Ultimately, the Company's resources may prove inadequate to support the sale of our Tokens, which may affect the distribution and/or utility of the Tokens.

No guarantee that tokens will be released.

Many factors could influence the success of the Company and the Tokens, some of which are out of the Company's control, and there can be no guarantee that the Company will ultimately be successful in deploying and delivering the Tokens. The Company may change its plans for issuing the Tokens for a variety of reasons, including a change in business plan, technological challenges, lack of perceived demand, or other reasons. Finally, if the Company 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 a liquidation or winding up, it may never issue the Tokens.

Risk of losing access to tokens due to wallet incompatibility.

Your cryptocurrency wallet must be compatible and possess technical infrastructure that is compatible with the receipt, storage, and transfer of the Tokens. Non-compatible wallet addresses will not be accepted, and any attempt to transfer Tokens to a non-compatible wallet address may result in the loss of such 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 Company reserves the right to prescribe additional conditions relating to specific wallet requirements at any time, acting in its sole discretion.

Risks associated with the overarching blockchain industry in which the Platform 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 restriction 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 the 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 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 Tokens. If you give us the incorrect address to which to send your Tokens, we are not responsible for any loss of 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 Tokens.

The Token balances are associated with the Purchasers' respective wallets with the Purchasers' respective token public keys, which in turn are associated with 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 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 Tokens will result in the loss of the Purchasers' Tokens. The Company 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 Tokens. The Company has no control over such attacks and cannot stop hackers from stealing private keys of users. The Company 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 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 Tokens purchased hereunder.

Risk of theft and hacking.

Smart contracts, software applications, and the Tokens may be exposed to attacks by hackers or other individuals, groups, organizations, or countries that interfere with the availability of the 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 Tokens, adversely impacting the ability to further derive any usage or functionality from Tokens. The Company 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 Tokens employ open-source software, there is a risk that a third party or a member of the Company's team may intentionally or unintentionally introduce weaknesses or defects into the core infrastructure of the Token and negatively affect it.

You acknowledge, understand, and accept that if your private key or password gets lost or stolen, the 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 Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store Tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your Tokens, for which the Company shall have no liability.

Risk of mining attacks.

As with other cryptocurrencies, the blockchain used for the Smart Contract System is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and rare condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of token transactions, and expected proper execution and sequencing of contract computations. The network of miners will ultimately be in control of the distribution of the Tokens via the Smart Contract System, and a majority of miners could agree at any point to make changes, updates, modifications to, or effect a deletion or destruction of the Smart Contract System, and that such a scenario could lead to the Tokens losing intrinsic value and/or functionality.

Risk of security weaknesses in the Tokens.

The Tokens consists, 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 Company or other third parties may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructural elements of the Tokens to interfere with the use of or cause the loss of 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 Tokens) by rendering ineffective the cryptographic consensus mechanism that underpins the Tokens, which could result in the theft, loss, or decreased utility of the 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 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 Tokens.

Technology relied upon by the Company for the design and maintenance of the Tokens, which is critical to the Token use case, may not function properly.

The technology relied upon by the Company for the design and periodic software updating and maintenance and functionality of the Tokens may not function properly, which would have a material impact on the Company's business, operations and financial conditions. Problems with the functionality of the software design of the Tokens would also have a direct, material adverse effect on the demand for Tokens.

Risk of incompatible wallet service.

The wallet or wallet service provider used to receive the Tokens must conform to the ERC20 token standard in order to be technically compatible with the Tokens. The failure to ensure such conformity may have the result that Purchaser will not gain access to his, her or its Tokens.

Tax risks relating to tokens, cryptocurrency, and other digital assets.

The regulatory regime governing blockchain technologies, cryptocurrencies, digital assets, digital exchanges and offerings of digital assets is uncertain, and new regulations or policies may materially adversely affect the development and the value of the Company's business.

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 Tokens or their associated smart contract system and, therefore, may result in substantial modifications to the Tokens and such smart contract systems, including its termination and the loss of 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 Platform and 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 Tokens. Regulatory actions could negatively impact the 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 Company 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 Tokens could be impacted by any regulatory inquiries or actions, including restrictions on the use, sale, or possession of digital tokens like the Tokens, which restrictions could impede, limit, or end the development of the Tokens and increase legal costs.

The cryptocurrency exchange market, any token listing and trading market, initial coin offerings, and by extension the 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 Tokens could be enacted, which could impact the utility of the Tokens in the Platform. Additionally, users of the Platform are subject to or may be adversely affected by industry-specific laws and regulations or licensing requirements. If any of these parties fails 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 Tokens, including the utility of Tokens with respect to the Platform, including any applications that are built in connection with the Platform.

The Company 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 development of the Tokens and/or the Company's ability to issue the Tokens.

Long-term viability of crypto assets.

Crypto assets, including those like the 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 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 are volatile and the Tokens may be hard to sell. Further, the value of Tokens may decrease over time, which may impact interest in, or the success of, the Platform. The Company does not control any of these factors, including the ability of the Tokens to maintain their value over time.

The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate.

The growth of the blockchain industry in general, as well as the blockchain networks on which the Company's business and Tokens will rely, is subject to a high degree of uncertainty. The factors affecting the further development of blockchain networks and cryptocurrencies, include, without limitation:

- worldwide growth in the adoption and use of cryptocurrencies and other blockchain technologies;
- government and quasi-government regulation of cryptocurrencies and other blockchain 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 cryptocurrency 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;
- general economic conditions and the regulatory environment relating to cryptocurrencies; and
- a decline in the popularity or acceptance of cryptocurrencies or other blockchain-based tokens that would adversely affect the Company's business and results of operations.

The cryptocurrency and blockchain 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 development of the Company's business. Finally, the Company can give no assurance that technical advances, such as the development of quantum computing, will not present challenges to blockchain technology by rendering ineffective the cryptographic consensus mechanisms that underpin blockchain protocols.

Risk associated with underlying technology.

There can be no guarantee that the technology required for operation of the Platform 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 Company 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 Platform and may have a material adverse impact on 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 Company cannot anticipate. Further risks may materialize as unanticipated combinations or variations of the discussed risks or the emergence of new risks.

RISK FACTORS RELATED TO A NETWORK

No guarantee on when or if the Token Integration Event will occur.

There are no guarantees as to the timing of the Token Integration Event or the release of the Tokens, each of which is dependent on many factors, including many outside the Company's control. If the Token Integration Event does not occur or for other reasons the Company does not issue the Tokens as planned,

Purchasers will not receive some or all of their Tokens. The Company has sole discretion to determine when, or if, the Token Integration Event occurs.

Risk of Tokens being deemed a futures contract or swap.

Given the time period between the close of this Offering and delivery of the 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 Company's obligation to deliver Tokens shortly after the Token Integration Event to Purchasers who represent and warrant that they are Platform users not purchasing with speculative intent and who are otherwise prohibited from transferring the Tokens before the Token is launched.

The value of the Tokens will be affected by the success of the platform.

Because the Tokens are intended for use on the Platform, a failure to maintain the Platform would negatively affect the value of the Tokens. There is no guarantee that the Network, including its use of the Tokens will develop as planned or become successful in the marketplace.

Risks associated with issuance of additional tokens.

Tokenholders may collectively determine it is in the best interest of the Network to adjust the supply of Tokens either upward or downward in the future. Further, if and when the Company enables staking, additional Tokens may be issued. If such events occur, the value of Tokens may be adversely impacted and a tokenholder's Token holding may also be diluted as a result.

RISK FACTORS RELATED TO A PROTOCOL

The Token Integration Event may not be adopted.

Insofar as the Protocol is not operated by the Company but by an independent community of participants around the world, the community may have discretion to adopt or not to adopt the Token Integration Event recommendation. Therefore, the Company cannot guarantee that a Token Integration Event will occur.

Risk of Protocol attacks and forks.

As with other blockchains, the Protocol could be susceptible to consensus-related attacks, including but not limited to double-spend attacks, majority validation power attacks, censorship attacks, byzantine behavior in the consensus algorithm or be subject to hard or soft forks. Any successful attack or fork presents a risk to the Protocol, the expected proper execution and sequencing of Token-transactions, the expected proper execution and sequencing of contract computations as well as the token balances in any investor's wallet.

Risk of mining attacks.

As with other cryptocurrencies, the blockchain used for the Smart Contract System is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and rare condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of token transactions, and expected proper execution and sequencing of contract computations. The network of miners will ultimately be in control

of the distribution of the Tokens via the Smart Contract System, and a majority of miners could agree at any point to make changes, updates, modifications to, or effect a deletion or destruction of the Smart Contract System, and that such a scenario could lead to the Tokens losing intrinsic value and/or functionality.

Risk associated with other applications.

The Protocol may give rise to other, alternative projects, promoted by unaffiliated third parties, under which Tokens will have no intrinsic value. This means that competitors may produce platforms that compete with our business model and project and may not accept our Tokens as payment for services within such platforms. Further, such platforms may become more popular and have greater success than our business model and project. In addition, the utility of Tokens depends on the success of our business model and project, if developed. Our business model and project may not be popular or widely used. In the long term, our business model and project may fail to attract a critical mass of users. Our business model and project may be merged with other projects. Various circumstances, including technical advancement and competitors, may render our business model and project obsolete.

Risk of withdrawing partners.

The feasibility of the Protocol as a whole depends strongly on the collaboration of front-end providers and other crucial partners. There is no assurance that the Protocol as a whole will be successfully developed and deployed.

Risk of abandonment / lack of success.

The creation of the Protocol may be abandoned for a number of reasons including, but not limited to, lack of interest from the public, lack of funding, incapacitation of key developers and project members, force majeure (including pandemics) or lack of commercial success or prospects. There are no assurances, even if the Protocol was partially or fully developed and launched that any investors will receive any benefits through the Tokens held by it.

Tax risks related to the Protocol.

Regulation of digital assets, cryptocurrencies, blockchain technologies and cryptocurrency exchanges is currently undeveloped and likely to rapidly evolve as government agencies take greater interest in them. Regulation varies significantly among international, federal, state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future adopt laws, regulations or guidance, or take other actions, which may directly or indirectly affect a digital asset network. Such authorities may also restrict the right to acquire, own, hold, sell, convert, trade or use digital assets, or to exchange digital assets for either fiat currency or other virtual currency, thus severely impacting the permissibility or use of the Tokens. Such regulatory changes may be contrary to the current setup of the Smart Contract System and may, inter alia, result in substantial modifications to the Smart Contract System and/or the Protocol, including its termination and the loss of Tokens for investors. Additionally, regulation of proposed activities of the Protocol is presently uncertain. It is not known what regulatory framework the proposed Protocol and associated activities will be subject to, the nature and obligations that will be imposed on the Company in order to comply with any such regulatory framework or when/if the Company will even be able to apply to be regulated, or successfully obtain the required licenses so that it may lawfully carry out its proposed business activities. The

Company may cease operations in a jurisdiction in the event that 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.

RISK FACTORS RELATED TO LAYER 1 BLOCKCHAIN NETWORKS

Risks associated with the blockchain platforms.

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

Proof-of-stake blockchains are a relatively recent innovation and have not been subject to as widespread use or adoption over as long of a period of time as traditional proof-of-work blockchains.

Certain digital assets, such as bitcoin, use a "proof-of-work" consensus algorithm. The genesis block on the Bitcoin blockchain was mined in 2009, and the Bitcoin blockchain has been in operation since then. Many newer blockchains enabling smart contract functionality, including the current Ethereum Network following the completion of the "Merge" in 2022, use a newer consensus algorithm known as "proof-of-stake." While their proponents believe that they may have certain advantages, the "proof-of-stake" consensus mechanisms and governance systems underlying many newer blockchain protocols, including our Network, and its associated digital assets, such as the Tokens – have not been tested at scale over as long of a period of time or subject to as widespread use or adoption as, for example, the Bitcoin blockchain's proof-of-work consensus mechanism has. This could lead to these blockchains, and their associated digital assets, having undetected vulnerabilities, structural design flaws, suboptimal incentive structures for network participants (e.g., validators), technical disruptions, or a wide variety of other problems, any of which could cause these blockchains not to function as intended, lead to outright failure to function entirely causing a total outage or disruption of network activity, or to suffer other operational problems or reputational damage, leading to a loss of users or adoption or a loss in value of the associated digital assets, including the Tokens. Over the long term, there can be no assurance that the proof-of-stake blockchain on which our business model relies will achieve widespread scale or adoption or perform successfully; any failure to do so could negatively impact the value of the Tokens and our business.

Digital asset networks face significant scaling challenges and efforts to increase the volume and speed of transactions may not be successful.

Many digital asset networks, including our Network, face significant scaling challenges due to the fact that public blockchains generally face a tradeoff between security and scalability. One means through which public blockchains achieve security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization generally means a given digital asset network is less susceptible to manipulation or capture. Achieving decentralization may mean that every single node on a given digital asset network is responsible for securing the system by processing every transaction and every single full node is responsible for maintaining a copy of the entire state of the network. However, this may involve tradeoffs from an efficiency perspective, and impose constraints on throughput. A digital asset network may be limited in the number of transactions it can process by the fact that all validators participate in validating in each

block and the capabilities of each single fully participating node. Many developers are actively researching and testing scalability solutions for public blockchains that do not necessarily result in lower levels of security or decentralization, such as off-chain payment channels. Off-chain payment channels would allow parties to transact without requiring the full processing power of a blockchain.

As corresponding increases in throughput lag behind growth in the use of digital asset networks, average fees and settlement times may increase considerably. Increased fees and decreased settlement speeds could preclude certain uses for our Network and could reduce demand for, and the price of, our Token, which could adversely impact its value.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of our Network transactions will be effective, or how long these mechanisms will take to become effective, which could adversely impact the value of the Tokens.

The rapid development of other competing scalability solutions, such as those which would rely on handling the bulk of computational work relating to transactions or smart contracts and DApps outside of our Network, may cause alternatives to sharding to emerge. “Layer 2” is a collective term for solutions which are designed to help increase throughput and reduce transaction fees by handling or validating transactions off our Network (known as “**Layer 1**”) and then attempting to take advantage of the perceived security and integrity advantages of our Layer 1 Network by uploading the transactions validated on the Layer 2 protocol back to the Layer 1 Network. The details of how this is done vary significantly between different Layer 2 technologies and implementations and could cause issues with our Network.

Many developers are actively researching and testing scalability solutions for public blockchains. However, there is no guarantee that any of the mechanisms in place or being explored for increasing speed and throughput of settlement of the Network transactions will be effective, which could cause the Network to not adequately resolve scaling challenges and adversely impact the adoption of Tokens and our Network and the value of the Tokens. There is no guarantee that any potential scaling solution, whether a change to our Layer 1 Network like sharding or the introduction of a Layer 2 solution like rollups, state channels or side chains, will achieve widespread adoption. It is possible that proposed changes to our Layer 1 Network could divide the community, potentially even causing a hard fork, or that the decentralized governance of our Network causes network participants to fail to coalesce overwhelmingly around any particular solution, causing our Network to suffer reduced adoption or causing users or validators to migrate to other blockchain networks. It is also possible that scaling solutions could fail to work as intended, could suffer from centralization concerns, or could introduce bugs, coding defects or flaws, security risks, or other problems that could cause them to suffer operational disruptions. Alternatively, if a widely-used Layer 2 network were to fail, it could reduce demand for Tokens because it would eliminate a source of demand for using Tokens to record transactions from the Layer 2 onto our Layer 1 Network. Any of the foregoing could adversely affect the price of Tokens.

The value of the Tokens relates directly to its price. The price of the Tokens may be highly volatile and subject to fluctuations due to a number of factors, including the successful development and acceptance of our Network.

Digital assets such as the Tokens were only introduced within the past 15 years, and the medium to long term value of the Tokens is subject to a number of factors over time relating to the capabilities and development of blockchain technologies, such as the recentness of their development, their dependence on the internet and other technologies, their dependence on the role played by users, developers validators and the potential for malicious activity. Our Token itself was only recently conceived and first sold. For example, the realization of one or more of the following risks could materially adversely affect the value of the Tokens: digital asset networks, and the software used to operate them are in the early stages of development. Given the recentness of the development of digital asset networks, digital assets may not function as intended and parties may be unwilling to use digital assets, which would dampen the growth, if any, of digital asset networks. Because the Token is a digital asset, the value of the Tokens is subject to a number of factors relating to the fundamental investment characteristics of digital assets, including the fact that digital assets are bearer instruments and loss, theft, compromise, or destruction of the associated private keys could result in permanent loss of the asset.

- An increase in the global Token supply or a decrease in global Token demand;

- Digital assets, including Tokens, are controllable only by the possessor of both the unique public key and private key or keys relating to our Network address, or "wallet", at which the digital asset is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the digital asset held in such wallet. The loss, theft, compromise or destruction of a private key required to access a digital asset may be irreversible. If a private key is lost, stolen, destroyed or otherwise compromised and no backup of the private key is accessible, the owner would be unable to access the digital asset corresponding to that private key and the private key will not be capable of being restored by the digital asset network resulting in the total loss of the value of the digital asset linked to the private key;

- Forks in our Network, particularly where changes to our Network source code are either not well-received by key constituencies within our community or are not successfully executed or implemented and fail to achieve the functionality such changes were intended to bring about;

- Our Network's protocol is informally overseen by a collective of core developers who, along with members of our community, can introduce proposals for updating our Network. The core developers evolve over time, largely based on self-determined participation. A Network client ("**Network Client**") is a software application that implements our Network specification and communicates with our Network. A "node" is a computer or other device that has downloaded the Network Client and is connected to other computers also running the Network Client software, together forming our Network. To the extent that node operators update their individual Network Client to new specifications, our Network could be subject to changes that may adversely affect the value of the Tokens. In addition, if a digital asset network has high-profile contributors, a perception that such contributors will no longer contribute to the network could have an adverse effect on the market price of the related digital asset;

- Increased competition from other blockchain networks combining smart contracts, programmable scripting languages, and an associated runtime environment, with blockchain-based recordkeeping, particularly where such other blockchain networks are able to offer users access to a larger consumer user base, greater efficiency, reliability, or processing speed, or more economical transaction processing fees than our Network fees associated with processing a Token transaction and the speed at which Token transactions are settled;

- The ability for our Network to attract and retain validators to secure and confirm transactions accurately and efficiently;

- The acceptance of software patches or upgrades by some, but not all, nodes, users and validators in a digital asset network, such as our Network, could result in a "fork" in our Network, resulting in the operation of multiple separate networks;

- A lack of consensus or clarity on the governance of our Network, which may stymie our Network's utility and ability to grow and face challenges. In particular, it may be difficult to find solutions or martial sufficient effort to overcome any future problems on our Network, especially long-term problems;

- Digital asset validator operations have evolved from individual users to "professionalized" validating operations using proprietary hardware or sophisticated machines. If the profit margins of digital asset validating operations are not sufficiently high, including due to a decrease in transaction fees, validators are more likely to immediately sell tokens earned by validating, resulting in an increase in liquid supply of that digital asset, which would generally tend to reduce that digital asset's market price;

- To the extent that any validators cease to record transactions that do not include the payment of a transaction fee in solved blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on our Network blockchain until a block is validated by a validator who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays in the recording of transactions could result in a loss of confidence in a digital asset network;

- Software applications running on top of our Network (often referred to as "decentralized applications" or "DApps", whether or not decentralized in fact) and smart contract developers depend on being able to obtain Tokens to be able to run their programs and operate their businesses. In particular, decentralized applications and smart contracts require Tokens in order to pay the gas fees needed to power such applications and smart contracts and execute transactions. As such, they represent a significant source of demand for Tokens. Our Tokens' price volatility (particularly where the Token prices increase), or our Network's wider inability to meet the demands of decentralized applications and smart contracts in terms of inexpensive, reliable, and prompt transaction execution (including during congested periods), or to solve its scaling challenges or increase its throughput, may discourage such decentralized application and smart contract developers from using our Network as the foundational infrastructure layer for building their applications and smart contracts. If

decentralized application and smart contract developers abandon our blockchain for other blockchain or digital asset networks or protocols for whatever reason, the value of the Tokens could be negatively affected;

- In the past, bugs, defects and flaws in the source code for digital assets have been exposed and exploited, including flaws that may or have disrupted our Network, Network Clients, or DApp and smart contract operations or disabled related functionality for users, exposed users' personal information and/or resulted in the theft of users' digital assets. The cryptography underlying our Network or our Tokens as an asset could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to compromise the security of our Network, which would adversely affect the value of the Tokens. Moreover, normal operations and functionality of our Network may be negatively affected Such losses of functionality could lead to our Network losing attractiveness to users, nodes, validators, or other stakeholders, thereby dampening demand for the Tokens. Even if another digital asset other than the Tokens were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect the value of the Tokens.

Competition from central bank digital currencies and emerging payments initiatives involving financial institutions could adversely affect the value of the Tokens and other digital assets.

Central banks in various countries have introduced digital forms of legal tender ("**CBDCs**"). Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replace, the Tokens and other cryptocurrencies as a medium of exchange or store of value. Central banks and other governmental entities have also announced cooperative initiatives and consortia with private sector entities, with the goal of leveraging blockchain and other technology to reduce friction in cross-border and interbank payments and settlement, and commercial banks and other financial institutions have also recently announced a number of initiatives of their own to incorporate new technologies, including blockchain and similar technologies, into their payments and settlement activities, which could compete with, or reduce the demand for, the Tokens. As a result of any of the foregoing factors, the value of the Tokens could decrease, which could adversely affect the value of an investment in the Tokens.

Mathematical or technological advances could undermine our Network's consensus mechanism.

Our Network relies on cryptographic algorithms for various operations, including address generation, transaction verification and smart contract execution. It is possible that mathematical or technological advances, such as the development of quantum computers with significantly more power than computers presently available, could undermine or vitiate the cryptographic consensus mechanism underpinning our Network. Quantum computing technology is an emerging phenomenon which, because it is still developing, makes it difficult to predict its ultimate effect on the future value of Tokens and other digital assets. However, recent announcements by computer technology companies have suggested that quantum

computing technology may be advancing faster than previously anticipated. For example, in February 2025, Microsoft announced its Majorana 1 chip, which is claimed to have the potential to support a one-million-qubit quantum computer. If quantum computing technology is able to advance and significantly increase its capacity relative to the capacity of today's leading quantum computers, it could potentially undermine the viability of many of the cryptographic algorithms used across the world's information technology infrastructure, including the cryptographic algorithms used for digital assets like the Tokens. If quantum computing is able to advance in that way, there is a risk that quantum computing could result in the cryptography underlying our Network becoming ineffective, which, if realized, could compromise the security of our Network, or allow a malicious actor to compromise the wallets holding Tokens owned on our Network, which would result in losses to Shareholders. While various actors in the our community are taking steps to enable the uses of cryptographic algorithms that would be resistant to advanced quantum computers, there is no guarantee that new quantum-proof architectures will be built and appropriate transitions will be implemented across the network at scale in a timely manner; any such changes could require the achievement of broad consensus within our Network community and a fork (or multiple forks), and there can be no assurance that such consensus would be achieved or the changes implemented successfully. If any of the foregoing were to occur, it could result in losses to Shareholders. Moreover, normal operations and functionality of our Network may be negatively affected. Such losses of functionality could lead to our Network losing attractiveness to users, nodes, validators, or other stakeholders, thereby dampening demand for the Tokens. Even if another digital asset other than the Tokens were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect the value of the Tokens.

Smart contracts, including those relating to DeFi applications, are a new technology and their ongoing development and operation may result in problems, which could reduce the demand for the Tokens or cause a wider loss of confidence in our Network, either of which could have an adverse impact on the value of the Tokens.

Smart contracts are programs that run on our Network that execute automatically when certain conditions are met. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming can have damaging effects. For example, in June 2016, a vulnerability in the smart contracts underlying the DAO, a distributed autonomous organization for venture capital funding on the Ethereum Network, allowed an attack by a hacker to syphon approximately $60 million worth of ether from The DAO's accounts into a segregated account. In the aftermath of the theft, certain core developers and contributors pursued a "hard fork" of the Ethereum Network in order to erase any record of the theft. Despite these efforts, the price of ether reportedly dropped approximately 35% in the aftermath of the attack and subsequent hard fork. In addition, in July 2017, a vulnerability in a smart contract for a multi-signature wallet software developed by Parity led to a reportedly $30 million theft of ether, and in November 2017, a new vulnerability in Parity's wallet software reportedly led to roughly $160 million worth of ether being indefinitely frozen in an account. Furthermore, in April 2018, a batch overflow bug was found in many Ethereum-based ERC20-compatible smart contract tokens that allows hackers to create a large number of smart contract tokens, causing multiple crypto asset platforms worldwide to shut down ERC20-compatible token trading. Similarly, in March 2020, a design flaw in the MakerDAO smart contract caused forced liquidations of crypto assets at significantly discounted prices, resulting in millions

of dollars of losses to users who had deposited crypto assets into the smart contract. In another example, in February 2022, a vulnerability in a smart contract for Wormhole, a bridge between the Ethereum Network and Solana Network led to a $320 million theft of ether. While persons associated with Solana Labs and/or the Solana Foundation are understood to have played a key role in bringing the network back online, the broader community also played a key role, as Solana validators coordinated to upgrade and restart the network. Other smart contracts, such as bridges between blockchain networks and decentralized finance ("**DeFi**") protocols have also been manipulated, exploited or used in ways that were not intended or envisioned by their creators such that attackers syphoned over $3.8 billion worth of digital assets from smart contracts in 2022. Problems with the development, deployment, and operation of smart contracts may have an adverse effect on the value of the Tokens, just as they have for other digital assets like ether.

In some cases, smart contracts can be controlled by one or more "admin keys" or users with special privileges, or "super users". These users may have the ability to unilaterally make changes to the smart contract, enable or disable features on the smart contract, change how the smart contract receives external inputs and data, and make other changes to the smart contract. Furthermore, in some cases inadequate public information may be available information asymmetries may exist, even with respect to open-source smart contracts or applications; certain participants may have hidden informational or technological advantages, making for an uneven playing field. There may be opportunities for bad actors to perpetrate fraudulent schemes and engage in illicit activities and other misconduct, such as exit scams and rug pulls (orchestrated by developers and/or influencers who promote a smart contract or application and, ultimately, escape with the money at an agreed time), or Ponzi or similar fraud schemes.

Insofar as DeFi applications become deployed on our Network, smart contracts relating to DeFi applications may in the future constitute a significant source of demand for the Tokens. DeFi applications may achieve their investment purposes through self-executing smart contracts that may allow users to invest digital assets in a pool from which other users can borrow without requiring an intermediate party to facilitate these transactions. These investments may earn interest to the investor based on the rates at which borrowers repay the loan, and can generally be withdrawn by the investor. For smart contracts that hold a pool of digital asset reserves, smart contract super users or admin key holders may be able to extract funds from the pool, liquidate assets held in the pool, or take other actions that decrease the value of the digital assets held by the smart contract in reserves. Even for digital assets that have adopted a decentralized governance mechanism, such as smart contracts that are governed by the holders of a governance token, such governance tokens can be concentrated in the hands of a small group of core community members, who would be able to make similar changes unilaterally to the smart contract. If any such super user or group of core members unilaterally make adverse changes to a smart contract, the design, functionality, features and value of the smart contract, its related digital assets may be harmed. In addition, assets held by the smart contract in reserves may be stolen, misused, burnt, locked up or otherwise become unusable and irrecoverable. Super users can also become targets of hackers and malicious attackers. If an attacker is able to access or obtain the super user privileges of a smart contract, or if a smart contract's super users or core community members take actions that adversely affect the smart contract, users who transact with the smart contract may experience decreased functionality of the smart contract or may suffer a partial or total loss of any digital assets they have used to transact with the smart contract. Furthermore, the underlying smart contracts may be insecure, contain bugs or other

vulnerabilities, or otherwise may not work as intended. Any of the foregoing could cause users of the DeFi application to be negatively affected, or could cause the DeFi application to be the subject of negative publicity. Because DeFi applications may be built on our Network and represent a significant source of demand for the Tokens, public confidence in our Network itself could be negatively affected, such sources of demand could diminish and the value of the Tokens could decrease. Similar risks apply to any smart contract or decentralized application, not just DeFi applications.

Digital assets may have concentrated ownership and large sales or distributions by holders of such digital assets, or any ability to participate in or otherwise influence a digital asset's underlying network, could have an adverse effect on the market price of such digital asset.

Ownership of our Tokens is presently concentrated to a limited number of wallets. Moreover, it is possible that other persons or entities control multiple wallets that collectively hold a significant number of Tokens, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. As a result of this concentration of ownership, large sales or distributions by such holders could have an adverse effect on the market price of the Tokens. Competition from other consortia or private blockchains could have a negative impact on the price of the Tokens and adversely affect an investment in them.

The price of Tokens may be affected due to stablecoins (including Tether and USDC), the activities of stablecoin issuers and their regulatory treatment.

The price of the Tokens may be exposed to risks that stablecoins pose for the market for our Tokens and other digital asset markets. Stablecoins are digital assets designed to have a stable value over time as compared to typically volatile digital assets, and are typically marketed as being pegged to a fiat currency, such as the U.S. dollar, at a certain value. Although the prices of stablecoins are intended to be stable, their market value may fluctuate. This volatility may, as it has for other tokens, impact the price of the Tokens. Stablecoins are a relatively new phenomenon, and it is impossible to know all of the risks that they could pose to participants in the Token market. In addition, some have argued that some stablecoins, particularly Tether, are improperly issued without sufficient backing in a way that, when the stablecoin is used to pay for Tokens, could cause artificial rather than genuine demand for the Tokens, artificially inflating the price of the Tokens, and also argue that those associated with certain stablecoins may be involved in laundering money. On February 17, 2021 the New York Attorney General entered into an agreement with Tether's operators, including Bitfinex, requiring them to cease any further trading activity with New York persons and pay $18.5 million in penalties for false and misleading statements made regarding the assets backing Tether. On October 15, 2021, the CFTC announced a settlement with Tether's operators, Tether Holdings Limited, Tether Operations Limited, Tether Limited, and Tether International Limited, in which they agreed to pay $42.5 million in fines to settle charges that, among others, Tether's claims that it maintained sufficient U.S. dollar reserves to back every Tether stablecoin in circulation with the "equivalent amount of corresponding fiat currency" held by Tether were untrue.

Bitfinex also agreed to pay the CFTC a $1.5 million fine to settle charges that Bitfinex offered off-exchange leveraged, margined, or financed transactions involving cryptocurrencies, including Solana, with U.S. customers who were not eligible contract participants and accepted funds (including in the form

of Tether stablecoins) and orders in connection with such illegal off-exchange transactions, triggering an obligation to register with the CFTC, which the CFTC order asserts it violated. The CFTC previously fined Bitfinex in 2016 on similar charges.

USDC is a reserve-backed stablecoin issued by Circle Internet Financial that is commonly used as a method of payment in digital asset markets. While USDC is designed to maintain a stable value at 1U.S. dollar at all times, on March 10, 2023, the value of USDC fell below $1.00 for multiple days after Circle Internet Financial disclosed that US$3.3 billion of the USDC reserves were held at Silicon Valley Bank, which had entered FDIC receivership earlier that day. Stablecoins are reliant on the U.S. banking system and U.S. treasuries, and the failure of either to function normally could impede the function of stablecoins, and therefore could adversely affect the value of the Tokens.

Given the foundational role that stablecoins play in global digital asset markets, their fundamental liquidity can have a dramatic impact on the broader digital asset market, including the market for Tokens. Because a large portion of the digital asset market still depends on stablecoins such as Tether and USDC, there is a risk that a disorderly de-pegging or a run on Tether or USDC could lead to dramatic market volatility in digital assets more broadly. Volatility in stablecoins, operational issues with stablecoins (for example, technical issues that prevent settlement), concerns about the sufficiency of any reserves that support stablecoins or potential manipulative activity when unbacked stablecoins are used to pay for other digital assets (including Tokens), or regulatory concerns about stablecoin issuers or intermediaries, such as exchanges, that support stablecoins, or the removal or migration of prominent stablecoins away from our Network, could impact individuals' willingness to trade on trading venues that rely on stablecoins, reduce liquidity in the Token market, and affect the value of the Tokens, and in turn impact an investment in the Tokens.

If the digital asset award or transaction fees for recording transactions on our Network are not sufficiently high to incentivize validators, or if certain jurisdictions continue to limit or otherwise regulate validating activities, validators may cease expanding validating power or demand high transaction fees, which could negatively impact the value of the Tokens.

If the digital asset awards for validating blocks or the transaction fees for recording transactions on our Network are not sufficiently high to incentivize validators, or if certain jurisdictions continue to limit or otherwise regulate validating activities, validators may cease expending validating power to validate blocks and confirmations of transactions on the our Network could be slowed. For example, the realization of one or more of the following risks could materially adversely affect the value of the Tokens:

- A reduction in the processing power expended by validators on our Network could increase the likelihood of a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtaining control. Our Network could be vulnerable to attacks on transaction finality and consensus processes, which could adversely affect the value of the Tokens;

- Validators have historically accepted relatively low transaction confirmation fees on most digital asset networks. If validators demand higher transaction fees for recording transactions

in our Network or a software upgrade automatically charges fees for all transactions on our Network, the cost of using Tokens may increase and the marketplace may be reluctant to accept Tokens as a means of payment. Alternatively, validators could collude in an anti-competitive manner to reject low transaction fees on our Network and force users to pay higher fees, thus reducing the attractiveness of our Network. Higher transaction confirmation fees resulting through collusion or otherwise may adversely affect the attractiveness of our Network and the value of the Tokens;

- To the extent that any validators cease to record transactions that do not include the payment of a transaction fee in blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on our Network blockchain until a block is validated by a validator who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays or disruptions in the recording of transactions could result in a loss of confidence in our Network and could prevent holders of our Tokens from completing transactions thereon;

- During the course of ordering transactions and validating blocks, validators may be able to prioritize certain transactions in return for increased transaction fees, an incentive system known as "Maximal Extractable Value" or MEV. For example, in blockchain networks that facilitate DeFi protocols in particular, such as our Network, users may attempt to gain an advantage over other users by increasing offered transaction fees. Certain software solutions, such as Flashbots, have been developed which facilitate validators in capturing MEV produced by these increased fees. The MEV incentive system may lead to an increase in transaction fees on our Network, which may diminish its use. Users or other stakeholders on our Network could also view the existence of MEV as unfair manipulation of decentralized digital asset networks, and refrain from using DeFi protocols or our Network generally. In addition, it's possible regulators or legislators could enact rules which restrict the use of MEV, which could diminish the popularity of our Network among users and validators. Any of these or other outcomes related to MEV may adversely affect the value of the Tokens.

Validators may suffer losses due to staking, or staking may prove unattractive to validators, which could make our Network less attractive.

Validation on our Network requires Tokens to be transferred into smart contracts on the underlying blockchain networks. If our Network source code or protocol fail to behave as expected, suffer cybersecurity attacks or hacks, experience security issues, or encounter other problems, such assets may be irretrievably lost. As part of the "activating" and "de-activating" or "cooling down" processes of staking, staked Tokens will be inaccessible for a variable period of time determined by a range of factors, resulting in potential inaccessibility during those periods. "Activation" is the funding of a validator to be included in the active set, thereby allowing the validator to participate in our Network's proof-of-stake consensus protocol. "De-activating" is the request to exit from the active set and no longer participate in our Network's proof-of-stake consensus protocol. As part of these "activating" and "de-activating" processes of staking on our Network, any staked Tokens will be inaccessible for a period of time. The duration of activating and exiting periods are dependent on a range of factors. However, depending on demand, un-staking can take between one to several epochs to complete.

Our Network requires the payment of base fees and the practice of paying prioritization fees is common, and such fees can become significant as the amount and complexity of the transaction grows, depending on the degree of network congestion and the price of the Tokens. Any cybersecurity attacks, security issues, hacks, penalties, slashing events, or other problems could damage validators' willingness to participate in validation, discourage existing and future validators from serving as such, and adversely impact our Network's adoption or the price of the Tokens. Any disruption of validation on our Network could interfere with network operations and cause our Network to be less attractive to users and application developers than competing blockchain networks, which could cause the price of the Tokens to decrease. The limited liquidity during the "activation" or "de-activation" processes could dissuade potential validators from participating, which could interfere with network operations or security and cause our Network to be less attractive to users and application developers than competing blockchain networks, which could cause the price of the Tokens to decrease.

Operational cost may exceed the award for validating transactions, and increased transaction fees may adversely affect the usage of our Network.

If transaction confirmation fees become too high, the marketplace may be reluctant to use our Network. This may result in decreased usage and limit expansion of our Network in the retail, commercial and payments space, adversely impacting investment in the Tokens. Conversely, if the reward for validators or the value of the transaction fees is insufficient to motivate validators, they may cease to validate transactions. Ultimately, if the awards of new costs of validating transactions grow disproportionately, validators may operate at a loss, transition to other networks, or cease operations altogether. Each of these outcomes could, in turn, slow transaction validation and usage, which could have a negative impact on our Network and could adversely affect the value of the Tokens.

Anonymity and illicit financing risk.

Although transaction details of peer-to-peer transactions are recorded on our Network, a buyer or seller of digital assets on a peer-to-peer basis directly on our Network may never know to whom the public key belongs or the true identity of the party with whom it is transacting. Public key addresses are randomized sequences of alphanumeric characters that, standing alone, do not provide sufficient information to identify users. In addition, certain technologies may obscure the origin or chain of custody of digital assets. The opaque nature of the market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops and pump-and-dump schemes. Digital assets have in the past been used to facilitate illicit activities. If a digital asset were used to facilitate illicit activities, businesses that facilitate transactions in such digital assets could be at increased risk of potential criminal or civil liability or lawsuits, or of having banking or other services cut off, and such digital asset could be removed from digital asset platforms. Any of the aforementioned occurrences could adversely affect the price of the relevant digital asset, the attractiveness of the respective blockchain network and an investment in the Tokens. If a holder of Tokens were to transact with a sanctioned entity, such Holder – or even the Company – could be at risk of potential criminal or civil lawsuits or liability.

If validators exit the Solana Network, it could increase the likelihood of a malicious actor obtaining control.

Validators exiting the network could make our Network more vulnerable to a malicious actor obtaining control of a large percentage of staked Tokens, which might enable them to manipulate our Network by censoring or manipulating specific transactions. If our Network suffers such an attack, the price of the Tokens could be negatively affected, and a loss of confidence in our Network could result. Any reduction in confidence in the transaction confirmation process or staking power of our Network may adversely affect an investment in the Tokens.

RISK FACTORS SPECIFIC TO THE COMPANY

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 New York's BitLicense regulatory framework does not apply to our offer and sale of the Tokens. 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 Network or the offer and sale of the Tokens.

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 Network or the Tokens 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 the Tokens, including its further development, or the value of the 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 Platform 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 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 Platform, the Tokens, suspensions in the operation of the Platform, the Network, the Tokens or certain of its components, changes in how the 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 Tokens. It could also lead to a decrease in value of Tokens. In addition, a regulator could take action against us if it views our activity regarding the Platform or the Tokens as a violation of existing law. Any of these outcomes would negatively affect the value of the Tokens and/or could cause the Company to cease operations in certain states or nationwide.

Operating history.

The Company has little operating history in the blockchain industry, which continues to be evolving and may not develop as expected. The Company's historical performance does not necessarily reflect future performance or the likelihood of the success of the Tokens. A significant amount of work was required in order to create the Tokens and implement the Token into the Platform and much of that work is reliant on the input or consent of other persons not under the control of the Company. Assessing the business and future prospects of the Company is challenging in light of the risks and difficulties the Company 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 Tokens;
- implement new products and services;
- successfully execute the Company'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 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.

Misconduct and errors risks.

The Company 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 Platform, whom the Company 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 Company cannot control developers or uses of the Platform. The precautions the Company 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 Company's diminished ability to operate the business and develop the Platform, inability to attract future developers and users, regulatory intervention, and financial harm which could negatively impact the Company, the growth of the Company, and the value of Tokens.

Representation by legal counsel.

Certain counsel (the "***Law Firm***") represents the Company 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 Company as to which the Law Firm has been neither retained nor consulted. The Law Firm does not

undertake to monitor compliance by the Company and its affiliates with the guidelines and procedures set forth in this Memorandum, nor does the Law Firm monitor compliance by the Company 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 Company. Furthermore, the Law Firm is not providing any advice, representation, warranty, or other assurance of any kind as to any matter to any prospective investors of the Tokens. No separate counsel has been engaged by the Company to represent any investors with respect to a purchase of the Tokens.

The Company 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 Company may determine that the continued development of the Tokens is not feasible. Accordingly, there is a material risk that the Company and its affiliates may not successfully continue to develop, market, and operate the Tokens.

Violation of policies risks.

Any violation of Company policies and terms and conditions of use, including misuse of the Platform and Tokens, by users and tokenholders, may result in unforeseeable adverse impact to the Platform out of the Company's control, which may in turn potentially affect the value of Tokens.

Risk of competitors.

The Company believes that other organizations are or may be working to develop decentralized application systems for scalable and interoperable solutions for Web3 developers or other novel technologies that may be competitive with the technology of the Company. Some or all of these organizations that may have technology similar to the Company, may have substantially greater technological expertise, experience with blockchain technologies and/or financial resources than the Company has, and many of them may be attempting to patent technologies that may be competitive with or similar to the technology the Company has developed, or attempting to reverse engineer the Company's technology, which may be possible as a substantial portion of the software underlying the Platform is open source software that is generally available to the public.

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 Platform users are likely to be under the age of eighteen. As a result, the Company may have difficulty enforcing the terms of service and other agreements entered into with such individuals that are under the age of eighteen in connection with the operation of the Company's business, the Platform, and the distribution of Tokens.

RISK FACTORS SPECIFIC TO THIS OFFERING

No specific use of proceeds.

At present, and other than as set out herein, no proceeds have been allocated for any particular purposes, and management expects to use the net proceeds from this offering for working capital and to promote the development, security, maintenance, and distribution of the Platform, regardless of whether all of the Tokens under this Offering are sold. Management may also use a portion of the net proceeds to acquire,

license, and invest in complementary products, technologies, or businesses in the ordinary course of business. However, management will have broad discretion over the use of proceeds and reserves the right to change the use of proceeds on other than working capital and general corporate purposes should the circumstances change, or future research and development opportunities arise and could spend the proceeds from the offering in ways with which Purchasers may not agree with or that do not yield a favorable return, if at all. If management does not use the proceeds of this offering in ways that benefit the Tokens, the future value and utility of Purchasers' Tokens may be adversely affected.

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 TPA or a portion thereof may be modified, waived, or amended without your consent consistent with its terms.