

SCHEDULE 2

RISK DISCLOSURES: CERTAIN RISK FACTORS

ACQUIRING TOKENS INVOLVES A HIGH DEGREE OF RISK. PROSPECTIVE PURCHASERS SHOULD CONSIDER CAREFULLY THE RISKS DESCRIBED HEREIN, TOGETHER WITH ALL OF THE OTHER INFORMATION CONTAINED IN THESE T&Cs AND THE INFORMATION MATERIALS BEFORE MAKING A DECISION TO ACQUIRE TOKENS. THE FOLLOWING RISKS ENTAIL CIRCUMSTANCES UNDER WHICH, THE BUSINESS, FINANCIAL CONDITION, RESULTS OR OPERATIONS AND PROSPECTS OF THE ISSUER GROUP COULD SUFFER. THE FOLLOWING IS NOT AN EXHAUSTIVE LIST AND DOES NOT NECESSARILY REFLECT THE RELATIVE IMPORTANCE OF THE VARIOUS RISKS FACTORS. NO MEMBER OF THE ISSUER GROUP OWNS, OPERATES OR CONTROLS THE PLATFORM OR THE PLATFORM OPERATOR.

OTHERWISE THAN AS 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 PLATFORM AND 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 precise terms of the privileges and other benefits of the Tokens will be determined by the Platform Operator in its sole and absolute discretion from time to time. Such privileges and benefits may be amended thereafter by the Platform Operator at any time and without notice to, or consent from, any holder of Tokens, or the Company, in the sole and absolute discretion of the Platform Operator. Any such determination or amendment shall not be a breach of the terms of the Tokens.

While the Tokens are available only to purchasers that are not Prohibited Persons (which therefore excludes sales to U.S. Persons) there is the possibility that Tokens could be acquired over time or following changes in the regulatory landscape by U.S. Persons and/or 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.

The Platform, while not owned, operated, developed or otherwise controlled by the Company, is in beta stage, which means that the Platform and all related software are experimental. The Platform is provided on an “as is” and “as available” basis, without warranty of any kind, either expressed or implied, including, without limitation, warranties that the Platform is free of defects, vulnerabilities, merchantable, fit for a particular purpose or non-infringing. Any use of the Platform shall be at your own risk. In no event shall the Company or the owner of the Platform 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 Platform 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.

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.

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

You should carefully consider the risks described below before deciding to purchase the Tokens. If any of these risks occurs, our business, financial condition or results of operations may suffer. As a result, you could lose part or all of your investment. The following risks entail circumstances under which, the business, financial condition, results or operations and prospects of the Company could suffer. The following is not an exhaustive list and does not necessarily reflect the relative importance of the various risk factors. We use the terms “we,” “us,” “our” or the “Company” in this Schedule 2 to refer to ITGR Holdings Ltd. (as the issuer of the Tokens) or to JEY Labs Inc. (as the owner and operator of the Platform) as the case may be and the terms “you” or “your” to refer to you as a holder of one or more Tokens.

Risks Related to Our Business

We are an early development stage company, with limited operating history, and the purchase of digital assets like Tokens from early-stage companies like the Company involves a high degree of risk.

We have limited operations and no operating revenue to date. The likelihood of the success of the Company must be considered in light of the considerable problems, expenses, difficulties, complications and delays frequently encountered by early-stage companies, and the Company is not immune to these. The markets in which the Company operates are highly competitive and the percentage of companies that survive and prosper is small. Early-stage companies often experience unexpected problems in areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved. In addition, start-ups may require substantial amounts of financing, which may not be available.

The Company may not be able to successfully develop its decentralized smart contract protocol and related ecosystem.

The Company is developing a decentralized smart contract protocol algorithm called OB-AMM (Order-Book Automated Market Makers), sometimes referred to as the “Protocol.” There can be no assurance that the Company will be able to fully develop its product offerings or generate revenues, that future revenues will be significant, that any sales will be profitable or that the Company will have sufficient funds available to complete its product development objectives, support its marketing programs, leverage its pre-existing relationships with carriers and manufacturers or to market any new products or services which it may develop. There is no assurance that the Company will be successful in its efforts to develop, build and operate the decentralized smart contract protocol or the related ecosystem. Even if the Company successfully meets all of these objectives and begins operations, there is no assurance that the Company will generate revenue or cash flows or achieve profitable operations, or maintain them, if achieved, and that the Tokens will appreciate in value or will not depreciate in value. If the decentralized smart contract protocol becomes operational, there is still no guarantee that the Company will be able to generate revenues. Failure to generate or maintain revenue, cash flows or profitability will impair the Company’s ability to meet its objectives which could result in a loss of your investment in the Tokens.

The Company has limited operating history in an evolving industry that may not develop as expected. The Company has not previously completed the development and implementation of a digital protocol similar to the decentralized smart contract protocol, or the broader ecosystem the Company believes is necessary for its long-term success does not currently exist, and it is possible that such ecosystem may never exist or function as Company anticipates. Assessing its business and future prospects, and, therefore, any potential future value of the Tokens, is challenging in light of the risks and difficulties the Company may encounter. These risks and difficulties include the Company's ability to:

- a. navigate complex and evolving regulatory and competitive environments;
- b. obtain and retain customers;
- c. increase the effectiveness of its ability to identify market trends;
- d. successfully develop and deploy the decentralized smart contract protocol;
- e. continue to develop, maintain and scale the decentralized smart contract protocol and related ecosystem;
- f. successfully maintain its funding strategy;
- g. favourably compete with other companies;
- h. successfully navigate economic conditions and fluctuations in the market;
- i. successfully expand and effectively manage the growth of its business;
- j. effectively use limited personnel and technology resources;
- k. effectively maintain and scale its financial and risk management controls and procedures;
- l. maintain the security of its technology infrastructure and the confidentiality of the information provided and utilized across its technology infrastructure;
- m. successfully maintain and evolve internal controls to manage compliance with an evolving and complex regulatory environment; and
- n. attract, integrate, and retain qualified employees and contractors.

Reliance on key personnel.

The success of the Company depends significantly upon the skill and expertise of its key personnel. Such professionals may not continue to be associated with the Company and a departure or resignation of key personnel could have an adverse impact on the performance of the Company.

The Company's officers and directors make all management decisions. No shareholder, in its capacity as such, may take part in the management or conduct of the business or affairs of the Company or transact any business in the name of or otherwise for or on behalf of the Company. As a result, the success of the Company, and the decision as to whether to proceed with the Purchase will depend solely on the judgment of the Company's officers and directors. The Company could be adversely affected if, because of illness, resignation or other factors, any or all of the Company's officers and directors were not available to provide their services to the Company for any significant period of time.

Dependence upon creation and release of the Tokens.

The Company's success will depend on the ability to develop and issue the Tokens with sufficient market adoption, minimization of regulatory risks, and acquisition of sufficient operating capital in the form of investment from Purchasers in the Tokens or otherwise. There can be no assurances that

sufficient capital will be raised or that even if the Company has enough capital it will be able to successfully develop and implement the Protocol and that you will not lose your entire investment.

Risks involved with creation of a new distributed ledger network and ecosystem.

The Tokens and the decentralized smart contract protocol rely on new, unproven technology and the management team of the Company has not created a product like this before. Throughout the course of development, the Company may have to make changes to the specifications of the Tokens and the decentralized smart contract protocol, which may significantly increase the time to market. Further, the decentralized smart contract protocol, even if successfully developed and maintained, may not garner sufficient investor or user interest such that the decentralized smart contract protocol or Tokens are sustainable.

Insufficient capital to execute our business plan could result in a total loss of your investment.

The success of the Company depends on its ability to raise sufficient capital to develop and release the decentralized smart contract protocol prior to its launch. If the Company is unable to raise sufficient capital to undertake and perform its proposed activities, the Company may not succeed with its plans and Purchasers could lose part of or all of their investments.

The Company may rely on certain third-party service providers.

The Company may rely on certain third-party service providers in the course of its business. The future success and competitive position of the Company may depend in part upon its ability to maintain these relationships with third-party service providers or obtain new third-party service providers at an acceptable rate of compensation. If the Company plans cannot be implemented or are disrupted, the ability of the Protocol to operate as expected or future holders of the Tokens to be able to use the Tokens could be materially adversely affected. In addition, the Company cannot assure the Purchasers that any such third-party service provider will be able to successfully provide their services or in furtherance of development and operation of the decentralized smart contract protocol or the Tokens.

The digital asset market is extremely competitive, and other networks and digital assets have been and may be developed that are the same or similar to the decentralized smart contract protocol and Tokens.

The Company is developing technology in a highly competitive and increasingly saturated industry. It is possible that competitive networks could be established or developed that utilize the same or similar open-source code and protocol underlying the Tokens and attempt to implement services that are materially similar to those offered by the decentralized smart contract protocol. The decentralized smart contract protocol may be forced to compete with these competitive protocols, which could negatively impact the adoption of Tokens, which would likely adversely impact the value of the Tokens, the adoption of the decentralized smart contract protocol and your investment in the Tokens.

The decentralized smart contract protocol or Tokens may not be widely adopted and may have limited users.

It is possible that the decentralized smart contract protocol or Tokens will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the decentralized smart contract protocol is intended to generate) more generally or distributed applications to be used with the decentralized smart contract protocol or Tokens. Such a lack of use or interest could negatively impact the development of the decentralized smart contract protocol and therefore the potential utility of the Tokens and the value of your investment.

The Company may be forced to cease operations or take actions that result in a dissolution event.

It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the value of cryptographic and fiat currencies, the inability by the Company to launch the decentralized smart contract protocol or the Tokens' utility, the failure of commercial relationships, or intellectual property ownership challenges, the Company may no longer be viable to operate and the Company may dissolve or take actions that result in a dissolution event. The Company may be unsuccessful in developing, marketing and launching the decentralized smart contract protocol and the Tokens and Purchasers lose their investments.

The Company may become subject to litigation and other claims.

The Company, as an independent legal entity, may become subject to lawsuits or proceedings initiated by government entities or private parties. Any legal expenses and/or liabilities would be borne by the Company and could have a negative impact on the value of the Company and your Interests.

The Company may be accused of infringing intellectual property rights of third parties.

The Company has not evaluated whether its technology does not or will not infringe upon the intellectual property rights of any third party, and may be subject to claims of alleged infringement of the intellectual property rights of third parties. Such claims, even if not meritorious, may result in significant expenditure of financial and managerial resources, payment of damages or settlement amounts, and reduced confidence in the decentralized smart contract protocol and the Tokens and the ability of users to hold and transfer Tokens in the future. Additionally, the Company may become subject to injunctions prohibiting them from using software, business processes, trademarks or other intellectual property that they currently use or may need to use in the future, or requiring the Company to obtain licenses from third parties when such licenses may not be available on feasible or acceptable terms.

A successful intellectual property claim that might prevent the Company from accessing the Tokens network or utilizing the decentralized smart contract protocol or Tokens could force the Company to terminate development of the Protocol and liquidate the Company.

There are risks associated with developing a new technology.

The decentralized smart contract protocol will use new technology. There can be no assurance that such technology will be bug-free or accepted by the marketplace. Thus, even should the decentralized smart contract protocol become operational Tokens may be subject to the risk of theft, loss, malfunction, or reputational risk, any of which can significantly degrade their value.

The Company's assets may be subject to cybersecurity risk.

The Company's information systems and the deployment of the decentralized smart contract protocol could be vulnerable to hacking and other security vulnerabilities which could lead to theft of the assets of the Company.

Purchaser information may be subject to cybersecurity risk.

The Company utilizes a substantial amount of electronic information. This includes transaction information and sensitive personal information of the Purchasers. The service providers used by the Company may also use, store, and transmit such information. A breach of the Company's information systems may cause information relating to the transactions and Purchasers to be compromised to unauthorized third-parties.

Purchaser information may be subject to privacy risk.

The Company may require the Purchasers to provide it with certain personal information before the Company will accept their purchase of the Tokens in order to comply with anti-money laundering, know-your-customer, or other laws and regulations. The Company may be compelled to disclose personal information about a Purchaser or Purchasers to federal, state or international government regulators or taxation authorities. Accordingly, certain information concerning Purchasers may be shared outside of the Company.

The Company's directors and officers have a broad operating mandate.

The Company's charter documents do not impose significant restrictions on the Company's operations. Under current market conditions, the Company will focus on the business and activities described herein. The directors and officers, however, may engage in other business and activities from time to time (either in lieu of or in addition to the business and activities described herein) to take advantage of changing market conditions, regulatory restrictions and other opportunities, without notice to its investors. There can be no assurance that pursuing additional business or activities, either in lieu of or in addition to the business and activities described herein, would be successful to any extent.

Risks Associated with an Investment in the Tokens

Purchasers may suffer a total loss of their investments.

The Company may, directly or indirectly, use all of the Purchaser's investment to develop the Tokens and the decentralized smart contract protocol. The Tokens and the decentralized smart contract protocol have not yet been fully developed and there is no guarantee that the Company will be able to develop the Tokens and the decentralized smart contract protocol that are operational. As such, Purchasers may lose the entirety of their investments in the event that Tokens and the decentralized smart contract protocol do not become operational. Thus, Purchasers are putting capital at risk without any certainty that they will ever receive any return on their investment.

There are no guarantees that the Tokens will have any value, retain any value or increase in value. Accordingly, the value of any investment in the Tokens may vary substantially over time and is subject to loss, including possible loss of the entire amount invested. Accordingly, Purchasers should only invest if they can afford to lose 100% of their investment.

Purchasers need independent advice.

The Company has consulted with legal counsel, accountants and other experts regarding the incorporation and operations of the Company, as well as the entry into of the Subscription Agreements and the issue of the Tokens. Each prospective Purchaser should consult their own legal, tax and financial advisors regarding the desirability of an investment in the Tokens.

Lack of registration.

The Tokens in the Company have not been registered under the Securities Act of 1933, as amended (the "**Securities Act**") nor under the securities or "blue sky" laws of any U.S. state or any foreign jurisdiction and, therefore, are subject to transfer restrictions under such laws. In connection with your purchase of Tokens, you must represent that you are purchasing the Tokens for investment purposes only and not with a view toward resale or distribution. The Company does not have any plans nor has it assumed any obligation to register these Tokens. Accordingly, the Tokens may not be transferred without an opinion of counsel to the Company, as the case may be, that the transfer will not involve a violation of the registration requirements of the Securities Act or of the laws of the foreign jurisdiction in which you are located. Ordinarily, this means that transfers will be restricted to instances of death, gift, or passage by operation of law. However, the Company does not make any representation as to the status of such Tokens as a security (or otherwise) and restrictions on the sale or transfer of such Tokens.

Holders of Tokens may lack information for monitoring their investments.

As a non-public private company, the Company is not required to provide all material information regarding its operations to the holders of the Tokens or other persons. The holders of Tokens may not be able to obtain all the information they would want regarding the Company, the Tokens or the decentralized smart contract protocol on a timely basis or at all. It is possible that a holder of Tokens may not be aware on a timely basis of material adverse changes that have occurred with respect to their investments. While the Company has made efforts to use open-source development for the decentralized smart contract protocol and the Tokens, this information may be highly technical by nature. As a result of these difficulties, as well as other uncertainties, a holder of Tokens may not have accurate or accessible information about the Tokens or the Protocol.

The Company will not have an obligation to provide reports to Purchasers, including with respect to the development and operation of the decentralized smart contract protocol or the Tokens or the financial performance of the Company.

There are risks associated with the Ethereum network protocol.

The Tokens and the decentralized smart contract protocol are based on the Ethereum network protocol. Accordingly, any malfunction, breakdown or abandonment of the Ethereum network protocol may have a material adverse effect on the Tokens and the Protocol, and, thus, on our business, as described in further detail below.

If we are unable to develop the decentralized smart contract protocol and the Tokens, you may lose your entire investment.

The decentralized smart contract protocol and the Tokens have not yet been fully developed and will require significant capital funding, expertise of management and time and effort in order to develop and successfully launch the decentralized smart contract protocol and the Tokens. The Company may also have to make changes to the specifications of the decentralized smart contract protocol or the Tokens for any number of legitimate reasons or it may be unable to develop the decentralized smart contract protocol or the Tokens in a way that realizes those specifications or any particular form of functionality. The decentralized smart contract protocol or the Tokens, if successfully developed and maintained, may not meet user expectations. Furthermore, despite good faith efforts to develop and launch the decentralized smart contract protocol it is still possible that the decentralized smart contract protocol or the Tokens will experience malfunctions or otherwise fail to be adopted by nodes or other third parties which may negatively impact the decentralized smart contract protocol or the Tokens and our business.

The Company will use the proceeds of sale of the Tokens to make significant investments to develop and launch a viable decentralized smart contract protocol through which users can realize utility. The Company may not have or may not be able to obtain the technical skills and expertise needed to successfully develop the decentralized smart contract protocol or the Tokens and progress to a successful decentralized smart contract protocol launch and offering. While we have sought to retain and continue to competitively recruit experts, there is a general scarcity of management, technical, scientific, research and marketing personnel with appropriate training to develop and maintain the decentralized smart contract protocol or the Tokens. If we are not successful in our efforts to demonstrate to users the utility and value of the Tokens or the decentralized smart contract protocol, there may not be sufficient demand for the Tokens to proceed to a decentralized smart contract protocol launch or successful Offering. If, as a result, a decentralized smart contract protocol launch and successful Offering does not occur, Purchasers may lose the entirety of their investment.

The Ethereum network may not be widely adopted and may have limited users.

It is possible that the Ethereum network will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed networks (such as the Ethereum network) more generally or distributed applications to be used on the Ethereum network. Such a lack of use or interest could negatively impact the

development of the Ethereum network and therefore the potential utility and value of the decentralized smart contract protocol and the Tokens.

Alternative networks may be established that compete with or are more widely used than the Ethereum network.

It is possible that alternative networks could be established that utilize the same or similar open-source code and protocol underlying the Ethereum network and attempt to facilitate services that are materially similar to the Ethereum network's services. The Ethereum network may be unable to compete with these alternative networks, which could negatively impact the Ethereum network and the viability of the decentralized smart contract protocol and the Tokens.

The Ethereum network may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of Tokens. If the Ethereum network's security is compromised or if the Ethereum network is subjected to attacks that frustrate or thwart a user's ability to access the Ethereum network, their Tokens or the Ethereum network products and services, users may cut back on or stop using the Ethereum network altogether, which could seriously curtail the utilization of the decentralized smart contract protocol and Tokens and cause a decline in the value of the Tokens.

The Ethereum network's structural foundation, the open-source protocol, the software application and other interfaces or applications built upon the Ethereum network are still in an early development stage and are unproven, and there can be no assurance that the Ethereum network and the operation of the decentralized smart contract protocol and the creation, transfer or storage of the Tokens will be uninterrupted or fully secure, which may result in a complete loss of a user's Tokens or an unwillingness of users to access, adopt and utilize the Ethereum network or the decentralized smart contract protocol and the Tokens. Further, the Ethereum network may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software or the Ethereum network which may result in the loss or theft of Tokens. For example, if the Tokens and the Ethereum network are subject to unknown and known security attacks, this may materially and adversely affect the Ethereum network. In any such event, if a launch of the decentralized smart contract protocol does not occur or if the Ethereum network is not widely adopted, the value of the Tokens may disappear and Purchasers may lose all of their investments.

Risks Related to Blockchain Technologies and Digital Assets

The regulatory regime governing blockchain technologies such as the Ethereum network, cryptocurrencies, and cryptocurrency tokens is uncertain, and new regulations or policies may materially adversely affect the development of the Ethereum network and the utility of the Tokens.

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

impede the Company's activities or have a material adverse impact on the value of the Tokens and, thus, the value of Company's business and your investment in the Tokens.

The Company has the exclusive right, in its sole 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 launch of the decentralized smart contract protocol and the Tokens by the Company is not feasible. Accordingly, there is a material risk that the Company may not successfully develop, market and launch the Tokens and the decentralized smart contract protocol.

The regulation of blockchain assets is uncertain. The United States Commodity Futures Trading Commission (the "CFTC") has publicly taken the position that certain blockchain assets are commodities, and the SEC has issued a public report stating federal securities laws require treating some blockchain assets as securities. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the Ethereum network and the Tokens may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions such as the European Union, China, South Korea and Russia. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Ethereum network and/or the Tokens. Such laws, regulations or directives may conflict with those of the United States or may directly and negatively impact the business of the Company. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the Ethereum network and the adoption and utility of the Tokens.

New or changing laws and regulations or interpretations of existing laws and regulations, in the United States and other jurisdictions, may materially and adversely impact the value of the Tokens, the liquidity of the Tokens, the ability to access marketplaces or exchanges on which to trade the Tokens, and the structure, rights and transferability of Tokens.

Laws regulating utility tokens and money services businesses.

Tokens that by their design are integral to the functionality of a cryptographic protocol, system or distributed, decentralized network ("**Utility Tokens**") generally are not regulated or are lightly regulated in most countries.

In the future, one or more countries, including the United States (which tends to view Utility Tokens as securities) may take regulatory actions that severely restrict the right to acquire, own, hold, sell, transfer or use such Utility Tokens. The regulatory treatment of Utility Token-based protocols and services by certain U.S. regulatory agencies, such as the Financial Crimes Enforcement Network ("**FinCEN**"), the Commodity Futures Trading Commission ("**CFTC**"), the SEC, and state regulatory agencies is evolving rapidly. Currently, neither the CFTC nor the SEC has formally asserted regulatory authority over Utility Tokens, although the SEC has indicated that it views most Utility Tokens as securities governed by applicable U.S federal securities laws.

To the extent that Utility Tokens and, specifically, the Company's Tokens are determined to be a security, commodity future or other regulated asset, or to the extent that a U.S. or foreign government or quasi-governmental agency exerts regulatory authority over the Tokens when they are issued, the Company, and, thus, your investment in the Tokens, may be adversely affected.

Various foreign jurisdictions may, in the future, adopt laws, regulations or directives that affect Utility Token networks and their users, particularly digital currency exchanges and service providers that fall within such jurisdictions' regulatory scope. Such laws, regulations or directives may conflict with those of the United States and may negatively impact the acceptance of Tokens by users, merchants and service providers outside of the United States and may therefore impede the development of products and services that rely on such technology. The effect of any future

regulatory change on the Company is impossible to predict, but any such changes could be substantial and adverse and could result in Purchasers losing all or part of their investment.

Risks Specific to the Tokens That Could Impact the Value of the Company If and When the Tokens are Issued

The Tokens have not yet been created or minted.

The Tokens have no usage, consumption or operating history. The purchase of Interests should be evaluated on the basis that the Company or any third party's assessment of the prospects of the Company's business and the decentralized smart contract protocol may not prove accurate, and that the Company may not achieve its objectives. Past performance of the Company or any similar token or protocol, is not predictive of future results of the Company.

The issuance of Tokens may constitute the issuance of a "security" under U.S. federal securities laws.

On July 25, 2017, the SEC issued a Report of Investigation under Section 21(a) of the Exchange Act (the "**Report**") describing a SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO Tokens to raise capital. The SEC applied existing U.S. federal securities laws to this new paradigm, determining that DAO Tokens were securities. The SEC stressed that those who offer and sell securities in the United States are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. The SEC's announcement, and the related Report, may be found here: <https://www.sec.gov/news/press-release/2017-131>. The SEC has issued similar statements since the Report reinforcing its securities law analysis with respect to tokens.

The Company has not received any opinion from an international, national, federal, state or local regulator that the Tokens, when issued, will not be securities.

If the Tokens are considered securities then their offer and sale must be registered unless an exemption is available, which also could significantly inhibit adoption and the value of the Tokens, as well as increase the compliance costs of the Company. Depending on what regulatory classification(s) may be made, there may be other securities law issues under the Exchange Act, the Investment Advisers Act of 1940, the Investment Advisers Act of 1940, the Commodity Exchange Act, or other state, federal or international statutes or regulations.

Even if the Tokens are ultimately issued, it is possible that regulatory authorities will prevent the transfer or sale of such Tokens in accordance with applicable law regarding restrictions on the transfer of unregistered securities. The disposition of Tokens under U.S. securities law is evolving rapidly, and there is a significant risk that changes in the treatment of Tokens may significantly impact the value of the Company.

The results of defending and resolving any and all such possible disputes are impossible to predict but could amount to millions of dollars in defense costs alone. The amounts of damages or other cash awards payable in resolving such disputes are likewise impossible to predict but could conceivably amount to the entirety of the funds raised by the Company, and more. Sanctions other than rescission and awards of actual damages could include injunctions and other equitable relief, plus, particularly in the case of claims brought by the government, civil money penalties, fines and exemplary or punitive damages.

Regulatory determinations may make the Tokens illegal in certain jurisdictions or for certain categories of Purchasers.

It is possible that current or future regulations could make the activities of the Company, the Tokens themselves or the activities of a third party implementing the decentralized smart contract protocol illegal in some jurisdictions, or for some categories of Purchasers, which could possibly result in a

winding down of the Company, or a decrease in any future value of the Tokens. Because the Tokens have not formally been classified by regulatory agencies, it is possible that subsequent determinations by regulators may prevent certain individuals or entities from using or holding one or more of the Tokens in the future. Such a determination could materially reduce the functionality and demand for the Tokens. In addition, certain jurisdictions may require the Company, the Tokens and/or any third party implementing the decentralized smart contract protocol to be registered within that jurisdiction or to otherwise comply with specific requirements within that jurisdiction. Such registration or other compliance requirements may be financially burdensome, time-consuming or simply impossible to comply with which could make the relevant activities within that jurisdiction illegal and/or cause a decrease in value of the Company's business and your investment in the Tokens.

Compliance with laws and misuse of Tokens.

In order to seek compliance with (or to seek to mitigate the impact of) any law, regulation, regulatory guidance or policy, governmental statement, decree, order or judicial decision of any jurisdiction, court or authority believed by the Company to apply to or affect the Company (or its directors or representatives), its business or 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. In addition, the Company may take such steps as it considers necessary or convenient where the Company 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.

The system implemented to hold and transfer of Tokens may enable or lead to their loss.

The Tokens are intended to be accessible only by a party who possesses both the unique public and private keys relating to the local or online digital wallet in which such Tokens are held. To the extent private keys holding Tokens are lost, destroyed or otherwise compromised, the Company may be unable to access the related Tokens and such private keys are not capable of being restored. Any loss of private keys relating to digital wallets used to store the Tokens could materially adversely affect such Tokens and the Company generally. Further, digital tokens are typically transferred digitally, through electronic media not controlled or regulated by any entity. To the extent Tokens are transferred erroneously to the wrong destination, a holder of the Tokens may be unable to recover the Tokens or their value.

Tokens may be subject to hacking, physical theft and loss.

Even if you follow all guidelines to secure your ownership of Tokens, your use or possession of Tokens may be vulnerable to hacking or unauthorized physical possession of your digital wallet, and other security vulnerabilities, which could lead to theft of your Tokens.

Token transactions will be generally irrevocable.

One of the values of distributed ledger and blockchain technology is that they create a permanent, public record of token transactions. The potential drawback to this, however, is that even if a transaction turns out to have been in error, or as a result of theft of Tokens, such a transaction is not reversible. Holders of the Tokens will be solely liable for erroneous transactions involving Tokens, and the theft or loss of Tokens, and the Company will not replace missing Tokens or provide reimbursement for any erroneous transfer or theft of Tokens.

The threat that bad actors or hackers may compromise the decentralized smart contract protocol or steal Tokens may increase our costs and impair our ability to develop or sustain the success of our decentralized smart contract protocol.

Bad actors or hackers may launch attacks to steal, compromise, or secure Tokens, such as by attacking decentralized smart contract protocol source code, launching fake websites that mirror

those of the Company, attacking exchange servers, third-party platforms, cold and hot storage locations or software, or Tokens transaction history, or by other means.

Once the decentralized smart contract protocol is fully developed and begins to be adopted, it may become a more appealing target of hackers, malware, cyberattacks or other security threats. An attack or a breach of security could result in a loss of private data, unauthorized trades, an interruption of the decentralized smart contract protocol for an extended period of time, violation of applicable privacy and other laws, significant legal and financial exposure, damage to reputation, and a loss of confidence in security measures, any of which could have a material adverse effect on the Company and the value of the Tokens. Any such attack or breach could adversely affect the ability of the Company to operate, which could indirectly materially adversely affect the value of your investment in the Tokens. Any breach of data security that exposes or compromises the security of any of the private digital keys used to authorize or validate transactions, or that enables any unauthorized person to generate any of the private digital keys, could result in unauthorized transactions and would have a material adverse effect on the Company and, potentially, the value of your investment in the Tokens. Further, because transactions with the decentralized smart contract protocol settle on the trade date and generally are irrevocable it would likely be impossible to reverse unauthorized transactions. As a result, the Company will undertake efforts to secure and safeguard the Tokens in its custody from theft, loss, damage, destruction, malware, hackers or cyberattacks, which may add significant expenses to the operation of the Company. There can be no assurance that such security measures will be effective. Additionally, there exists the possibility that when issuing Tokens, the Company unknowingly engages in transactions with bad actors who are under the scrutiny of government investigative agencies. As such, the Company's systems or a portion thereof may be taken offline pursuant to legal process such as the service of a search and/or seizure warrant on the Company. Such action could result in the loss of Tokens previously under the Company's control, impair the Company's reputation, or subject the Company to lawsuits from holders of Tokens. Any of these or other adverse results would have a deleterious effect on the value of your investment.

Digital assets, including the Tokens are subject to manipulation.

Bad actors can use a number of manipulative trading strategies such as spoofing, wash trading and trading in coordination with other bad actors to artificially influence the price of digital assets such as the Tokens. Bad actors can also attack one or more digital asset exchanges. If an exchange is taken offline, it would likely result in reduced liquidity making it easier to manipulate the price of one or more digital assets. It is possible that one or more actors may manipulate the price of the Tokens, which may adversely impact the value of the Tokens.

The tax treatment of the Tokens is uncertain and there may be adverse tax consequences to holders of Tokens upon certain future events.

The tax characterization of the Tokens is uncertain, and each holder of the Tokens will have to seek its own tax advice in connection with a future acquisition or disposition of Tokens. The purchase of Tokens may result in adverse tax consequences, including withholding taxes, income taxes and tax reporting requirements.

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.