



## FRY Token Sale

Last updated 21/08/2018

### 1. TOKEN SALE POLICY STATUS AND ACCEPTANCE

1.1. This Token Sale Policy (hereinafter referred to as the TSP) sets forth general rules and procedure of FRY Token Sale by the Website Owner and their purchase by User.

1.2. This TSP is inalienable part of ARFREYR (FRY) Token Sale Terms & Conditions (hereinafter T&C) that the User shall carefully read, understand and irrevocably accept. In terms not regulated by this TSP (including but not limited to intellectual property rights, dispute resolution etc.), the FRY Token Sale General Terms & Conditions shall apply to the relationships that arise hereunder.

1.3. The definitions set forth herein and mentioned with capital letter shall have the meaning as described in FRY Token Sale General Terms & Conditions.

1.4. Each User must carefully read and comply with all Accompanying Documents as specified in the ARFREYR (FRY) Terms & Conditions, Token Sale Policy carefully before participation in this Token Sale.

Note that Clause 9 of the T&C contains a binding arbitration clause and class action waiver, which, if applicable to you, affect your legal rights. If you do not agree to these terms of sale, do not visit the Website and Use the Tokens in any manner and also do not participate in the Sale of the Tokens.

1.5. It is understood and presumed per se that by the fact of the Website use and FRY Tokens purchase, the respective User fully read, understood and irrevocably accepted this Token Sale Policy. If any User does not agree with this TSP in general or any part of it, such User should withhold from using the Website and/or purchase of FRY Tokens.

### 2. Token Sale Period

2.1. Company will conduct sale of the Tokens (Token Sale), which will begin on September 01, 2018 (Sale Launch Date) and end on January 31, 2019

### 3. TOKEN PRICE AND PAYMENTS

3.1. During the Token Sale, the Token exchange rate will be as follows: 1 FRY = 0.00005 ETH

3.2. Payment for the Tokens shall be made in Cryptocurrency by transfer to the unique Cryptocurrency wallet address the details of which will be available in the Web Application as specified in Article 7.2 hereof.

3.3. Without prejudice to the provisions set out in Article 4.1 hereof, a transaction on payment for the Tokens is considered to be made on the following time and date (Disbursement Date) when Company receives from an intermediary payment service through which the transaction has been effected a notification confirming that such transaction has not been canceled or reversed by the respective blockchain ledger.

3.4. Not confirmed as it is described in Article 3.3 hereof, the transaction on payment for the Tokens will be deemed canceled and reversed by the respective blockchain ledger. In this case, the respective amount of payment made by a purchaser will be refunded to such purchaser without distribution to him of any Tokens.

3.5. In any case, the Disbursement Date shall occur within the Sale Launch Date till the Sale Expiration Date. If Buyer initiates the payment within the period from the Sale Launch Date (or earlier) till the Sale Expiration Date, however, for whatever reason, the Disbursement Date occurs on the date after the expiration of the Token Sale period, then Company will have the right, at its sole discretion, to:

3.5.1. refund the respective amount of payment to Buyer without distribution to him of any Tokens; or

3.5.2. accept the respective amount of payment partially or in full as if it was received on the last day of the Token Sale period and to distribute to Buyer the respective number of Tokens.

#### **4. TOKEN PURCHASED**

4.1. Within one purchase request during the Token Sale, at least an equivalent of 50 US Dollars shall be paid. If the amount of first payment made by Buyer during the Token Sale is not sufficient to pay for the said number of Tokens, Buyer is entitled to make additional payments during the Token Sale. The aggregate amount of the first payment and all of the additional payments shall be enough to pay for an equivalent of 50 US Dollars or more. The Disbursement Date within the Token Sale period is deemed to occur when the aggregate amount of all payments within one purchase request became sufficient to pay for at least an equivalent of 50 US Dollars. These rules shall apply to each of the subsequent purchase requests made within the Token Sale.

4.2. Should as of the Sale Expiration Date the aggregate amount paid by Buyer for the Tokens within one purchase request is not sufficient to pay for an equivalent of 50 US Dollars, then Company will have the right, at its sole discretion, to:

4.2.1. refund the respective amount of payment to Buyer without distribution to him of any Tokens; or

4.2.2. accept the respective amount of payment partially or in full as if it was received on the last day of the Token Sale period and to distribute to Buyer the respective number of Tokens.

4.3. Token is indivisible, therefore fractional share of a Token can't be purchased.

4.4. In the case the total amount of payments for the Tokens received by Company from different Buyers, the payments from whom was received on the last business day of the Token Sale period will receive the Tokens in number calculated proportional to the amount of their payments.

4.5. In order for the Token Sale to be successful, during the Token Sale period at least an equivalent 5 000 000 US Dollars shall be paid for the Tokens in accordance with the terms set out herein (Minimum Threshold). If the Minimum Threshold is not achieved, then all payments made by Refund Receivers shall be refunded to them in accordance with Article 11 hereof, and the respective Refund Receivers shall not receive any Tokens.

## 5. BONUS PROGRAMS

5.1. Depending on the date when the Disbursement Date occurs, Buyer may receive additional Tokens (Bonus Tokens) in the number calculated in accordance with the following rules:

5.1.1. Purchase time bonuses:

- a) +40% bonus in FRY will be given from September 01, 2018 till September 30, 2018;
- b) +30% bonus in FRY will be given from October 01, 2018 till October 31, 2018;
- c) +20% bonus in FRY will be given from November 01, 2018 till December 31, 2018;
- d) +10% bonus in FRY will be given from January 01, 2019 to till January 15, 2019;
- e) 0% bonus in FRY will be given from January 16, 2019 to till January 31, 2019;

Note: All bonuses are calculated against the purchased FRY tokens

5.2. Other than as stated in Article 5.1 hereof, Company may launch different bonus programs enabling different persons to receive the Bonus Tokens. Different bonus programs may be launched for the benefit of different persons.

5.3. In some cases, Bonus Tokens may be accrued when applying referral bonus codes. The same person can not use the referral bonus code which he has received as a result of the Token purchase, even if he uses different User Account.

5.4. Bonus programs stated in Articles 5.1-5.3 hereof may be additive, however, to the extent that applies to Buyers, the Bonus Tokens to be due within each such bonus program can be accrued only depending on the number of Tokens that was actually paid by a respective Buyer.

5.5. Bonus Token is indivisible, therefore fractional share of a Bonus Token can't be accrued.

5.6. Company reserves the right to amend the terms and conditions of bonus programs, at its sole discretion, at any time during the Token Sale.

## 6. BUYER'S WALLETS

6.1. To purchase the Tokens, Buyer must have certain token wallets established and operational. Specifically, Buyer must have:

6.1.1. a respective Cryptocurrency wallet if Buyer wishes to purchase the Tokens using any Cryptocurrency; and/or

6.1.2. an Ethereum wallet that supports the ERC20 token standard in order to receive the Tokens due to Buyer (Ethereum ERC20 Wallet).

6.2. Company reserves the right to prescribe additional guidance regarding specific wallet requirements.

## 7. PROCEDURES FOR BUYING AND RECEIVING TOKENS

7.1. At the Sale Launch Date, Company will make available at the Website a web application to facilitate the procedure of purchase and receipt of the Tokens (Web Application). Buyer must ensure that the URL of Buyer's web browser indicates that it is using a hypertext transport protocol secure connection (https) and that the domain name is correct.

7.2. To purchase the Tokens through the Web Application, Buyer shall:

7.2.1. undergo a registration procedure and obtain a personal user account available on the Website (User Account);

7.2.2. enter the Web Application using his User Account; and

7.2.3. follow the on-screen instructions.

7.3. Company reserves the right to refuse or cancel the Token purchase requests at any time at Company's sole discretion, including cases when the information provided by Buyer upon any requests is not sufficient, inaccurate or misleading, Buyer is deemed to be a Restricted Person, or Buyer has not complied with any of the requirements of the Web Application.

7.4. In the case specified in Article 7.3 hereof, Company may, at its sole discretion, either: 7.4.1. retain all the funds paid by the respective payer; or

7.4.2. refund to the payer of the funds in accordance with the Clause 11 hereof.

## 8. TOKENS CREATION AND DISTRIBUTION

8.1. Following the results of the Token Sale, Company will make a register containing the information on the number of Tokens paid by all Token purchasers during the Token Sale, and the number of the Bonus Tokens accrued in accordance with the terms and conditions hereof.

8.2. The information specified in Article 8.1 will be downloaded to the Token Smart Contract, which will then create the Tokens and distribute them among all interested parties.

8.3. Company anticipates that distribution of the Tokens from the Token Smart Contract to Token purchasers will occur within 30 calendar day from the Sale Expiration Date.

8.4. The total number of Tokens which will be created by the Token Smart Contract shall be equal to the sum of the following:

8.4.1. 70% of total number of Tokens which shall amount to the total number of the Tokens paid by all Buyers in accordance with the terms and conditions hereof and the total number of the Bonus Tokens accrued to all interested parties in accordance with the terms and conditions hereof. The aggregate number of such paid Tokens and Bonus Tokens, in any case, shall not exceed 3 825 000 000 FRY Tokens; and

8.4.2. 30% of total number of Tokens which shall amount to the total number of the additional Tokens distributed to Company ("Retained Tokens") and which will be calculated depending on the total number of Tokens specified in Article 8.4.1 hereof. The aggregate number of such Retained Tokens, in any case, shall not exceed 1 350 000 000 FRY Tokens.

For the avoidance of doubt, the maximum number of Tokens that may be created following the results of the Token Sale is 7 500 000 000 FRY Tokens. However, if, subject to due calculations performed in accordance with provisions of this Article 8.4, the Company initiates the creation of less Tokens, afterwards, it will not initiate the creation of the balance of Tokens to reach the said maximum number.

8.5. The Tokens specified in Article 8.4.1 hereof in the number due to each Buyer or the third party (if any), will be distributed by the Token Smart Contract to the address of respective person's Ethereum ERC20 Wallet.

8.6. The Retained Tokens in full will be distributed by the Token Smart Contract to Company. Company anticipates to use the Retained Tokens, at its sole discretion

8.7. Although it has no plans to do so, Company reserves the right to burn the Retained Tokens at any point after the Token Sale.

8.8. All Tokens will be of equal value and functionality.

## **9. STOP OF DISTRIBUTION PROCESS**

9.1. Company reserves a right to an emergency to stop the process of distribution of the Tokens in limited situations, such as, but not limited to:

9.1.1. serious security issue detected;

9.1.2. serious network performance issue, depriving all users of equal treatment;

9.1.3. any type of material attack on the Tokens, the Platform, the Website or Ethereum network.

## **10. REFUND OF PAYMENTS**

10.1. In the cases specified in this TSP, as well as in other cases at Company's sole discretion, Company can perform a refund of payment (partially or in full) made by a person in favour of Company in order to acquire the Tokens (Refund Receiver).

10.2. Company reserves the right to choose, at its sole discretion, the form of payment for the refund (Cryptocurrency or Fiat currency). The form of payment for the refund may not be the same as the Refund Receiver used when made a respective payment in favour of Company. Even if the Refund Receiver's payment was settled in Cryptocurrency, the refund may be performed in Fiat currency.

10.3. If initially paid by the Refund Receiver in the Cryptocurrency, Company, at its sole discretion, may:

10.3.1. refund to the Refund Receiver the same amount in the same Cryptocurrency, subject to deductions set out in Article 10.7 hereof; or

10.3.2. refund to the Refund Receiver the amount in any Cryptocurrency adjusted as it is set out in Article 10.4 hereof, subject to deductions set out in Article 10.6 hereof; or

10.3.3. refund to the Refund Receiver the amount translated into US Dollars at respective Cryptocurrency/US Dollar exchange rate set on Kraken Bitcoin Exchange (<https://www.kraken.com>) at 12:00 (noon) GMT either of the Disbursement Date or of the date when Company makes the refund (at Company's sole discretion), subject to deductions set out in Article 10.6 hereof.

10.4. In order to mitigate risks of exchange rates fluctuations, Company reserves the right to make adjustments to the amounts in Cryptocurrency refunded to the Refund Receivers. For such purposes, the following formula shall apply:

$R = Cr \times r1 \div r2$ , where:

R – amount refunded to the Refund Receiver, in Cryptocurrency;

Cr – amount received by Company from the respective Refund Receiver, in Cryptocurrency;

r1 – respective Cryptocurrency/US Dollar exchange rate set on Kraken Bitcoin Exchange (<https://www.kraken.com/>) at 12:00 (noon) GMT of the respective Disbursement Date, in US Dollars; and

r2 – respective US Dollars/Cryptocurrency exchange rate set on Kraken Bitcoin Exchange (<https://www.kraken.com/>) at 12:00 (noon) GMT of the date when Company makes the refund, in Cryptocurrency.

10.5. Each Refund Receiver shall, at Company's request, within 15 calendar days from such request, provide Company with details of his account for the funds transfer / remittance. Failure of the Refund Receiver to provide Company with the requested information will result in non-receiving or delay in receiving of the refund. Company will not be liable for any delay or failure to perform the refund where the delay or failure results from failure of the Refund Receiver to provide Company with the requested information.

10.6. Any refunds made in favour of the Refund Receiver will be reduced by an amount of any expenses that Company has incurred or may incur in future in this regard, including any exchange fees, bank fees, agency and brokerage fees, taxes, charges, fees for blockchain transactions, etc.

## 11. BUYER'S RESPONSIBILITY FOR THE TAXES

11.1. The purchase price that Buyer pays for the Tokens is exclusive of all applicable taxes. Buyer is solely responsible for determining what, if any, taxes apply to the purchase of the Tokens, including sales, use, value added, and similar taxes.

11.2. Buyer is responsible for withholding, collecting, reporting and remitting the correct taxes arising from the purchase of the Tokens to the appropriate tax authorities.

11.3. None of Company Parties bear liability or responsibility with respect to any tax consequences to Buyer arising from the purchase of the Tokens.

12.2. If, at any time, Company determine that We must or should comply with applicable law, regulations, or guidance for money services businesses operating in the United States or any other jurisdiction, We may be required to file details of account activity to the Financial Crimes Enforcement Network (FinCEN) from time to time. We may also be required to provide information as required by law to other state or federal agencies in the United States and other jurisdictions including, but not limited to, reporting suspicious transactions of 2 000 US Dollars or more to FinCEN, and maintaining records regarding transactions of 3 000 US Dollars or more (the Recordkeeping Requirements).

12.3. By agreeing to this TSP, You acknowledge and agree that that We maintain verification levels that require Buyer participation and verification to obtain, with levelled permissions based on user-supplied information, Our ability to verify it, and Our internal policies. You accept that You may not be able to achieve Your desired level of verification, and We reserve the right, at Our sole discretion, to determine the appropriate verification level for any User, as well as the right to downgrade Users without notice. We may, from time to time, implement policies restricting verification levels by nationality, country of residence, or any other factor. This may affect Your right to purchase FRY Tokens or withdraw FRY Tokens in your Account, and You indemnify Us against any losses associated with an inability to purchase, withdraw, or use FRY Tokens based on Your verification level.

### 13. AML POLICY

13.1. Sudesh Web Services Private Limited (and/or its delegate) (referred as ARFREYR, us, we) may request such evidence as is necessary to verify the identity and source of funds of a prospective token Buyer and to confirm the Anti- Money-Laundering (AML) status of any redeeming FRY Token holder. We shall not accept or repay any Contributed Amount and/or application for FRY Tokens and shall not pay any Reversion Proceeds until all information required for verification purposes has been provided.

13.2. ARFREYR prohibits acceptance of funds by any persons or entities that are

a) in contravention of any USA or international laws and regulations, including anti- money laundering regulations or conventions;

b) on behalf of terrorists or terrorist organisations, including those persons or entities that are included on the List of Specially Designated Nationals and Blocked Persons maintained by the U.S. Treasury Department's Office of Foreign Assets Control (OFAC), as such list may be amended from time to time;

c) for a senior foreign political figure, any member of a senior foreign political figure's immediate family or any close associate of a senior foreign political, unless the ARFREYR, after being specifically notified in writing that the Purchaser is such a person, conducts further due diligence, and determines that such acquisition shall be permitted;  
Such persons or entities in a) – d) are collectively referred to as Prohibited Persons.

13.3. To comply with the Record keeping requirements We aim to reasonably identify each prospective Buyer of FRY Tokens by cross-checking user data against governmental watch lists, including, but not limited to, the Specifically Designated Nationals and Blocked Persons List maintained by OFAC, as well as third-party identity verification and authentication services. If Your proposed purchase is flagged through Our internal controls, We may require additional proof of identification from You, and We have the right to not permit any Buyers until additional and verifiable proof of identity to our satisfaction is received and You have been approved as a prospective Buyer.

### 14. RISK DISCLOSURE

14.1. An acquisition of the Tokens involves a high degree of risk. User should carefully consider the following information about these risks before he decides to buy the Tokens. If any of the following risks actually occurs, Company Parties' business, the Platform, the value of the Tokens could be materially adversely affected.

14.2. Company has described the risks and uncertainties that its management believes are material, but these risks and uncertainties may not be the only ones Company Parties face. Additional risks and uncertainties, including those Company currently is not aware of or deem immaterial, may also materially adversely affect on Company Parties' business, the Platform, the value of the Tokens.

#### 14.3. RISKS CONNECTED TO THE VALUE OF TOKENS

14.3.1. No Rights, Functionality or Features. The Tokens do not have any rights, uses, purpose, attributes, functionalities or features, express or implied, except for which are strictly described in the Whitepaper.

14.3.2. Lack of Development of Market for Tokens. Because there has been no prior public trading market for the Tokens, the Token sale may not result in an active or liquid market for the Tokens, and their price may be highly volatile. Although applications have been made to the cryptographic token exchanges for the Tokens to be admitted to trading, an active public market may not develop or be sustained after the Token sale. If a liquid trading market for the Tokens does not develop, the price of the Tokens may become more volatile and token holder

d) for a foreign shell bank may be unable to sell or otherwise transact in the Tokens at any time.

14.3.3. Risks Relating to Highly Speculative Traded Price. The valuation of digital tokens in a secondary market is usually not transparent, and highly speculative. The Tokens do not hold any ownership rights to Company's assets and, therefore, are not backed by any tangible asset. Traded price of the Tokens can fluctuate greatly within a short period of time. There is a high risk that a token holder could lose his/her entire contribution amount. In the worst-case scenario, the Tokens could be rendered worthless.

14.3.4. Tokens May Have No Value. The Tokens may have no value and there is no guarantee or representation of liquidity for the Tokens. Company Parties are not and shall not be responsible for or liable for the market value of the Tokens, the transferability and/or liquidity of the Tokens and/or the availability of any market for the Tokens through third parties or otherwise.

14.3.5. Tokens are Non-Refundable. Company Parties are not obliged to provide the Token holders with a refund related to the Tokens for any reason, and the Token holders will not receive money or other compensation in lieu of the refund. No promises of future performance or price are or will be made in 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. Therefore, the recovery of spent resources may be impossible or may be subject to foreign laws or regulations, which may not be the same as the private law of the Token holder.

#### 14.4. BLOCKCHAIN AND SOFTWARE RISKS

14.4.1. Blockchain Delay Risk. On the most blockchains used for cryptocurrencies' transactions (e.g., Ethereum, Bitcoin blockchains), timing of block production is determined by proof of work so block production can occur at random times. For example, the Cryptocurrency sent as a payment for the Tokens in the final seconds of the Token sale may not get included into that period. The respective blockchain may not include the Buyer's transaction at the time Buyer expects and the payment for the Tokens may reach the intended wallet address not in the same day Buyer sends the Cryptocurrency.

14.4.2. Blockchain Congestion Risk. The most blockchains used for cryptocurrencies' transactions (e.g., Ethereum, Bitcoin blockchains) are prone to periodic congestion during which transactions can be delayed or lost. Individuals may also intentionally spam the network in an attempt to gain an advantage in purchasing cryptographic tokens. That may result in a situation where block producers may not include the Buyer's transaction when Buyer wants or the Buyer's transaction may not be included at all.

14.4.3. Risk of Software Weaknesses. The token smart contract concept, the underlying software application and software platform (i.e. the Ethereum, Bitcoin blockchains) are still in an early development stage and unproven. There are no representations and warranties that the process for creating the Tokens will be uninterrupted or error-free. There is an inherent risk that the software could contain weaknesses, vulnerabilities or bugs causing, inter alia, the complete loss of the Cryptocurrency and/or the Tokens.

14.4.4. Risk of New Technology. The Platform, the Tokens and all of the matters set forth in the Whitepaper are new and untested. The Platform and the Tokens might not be capable of completion, creation, implementation or adoption. It is possible that no blockchain utilizing the Platform will be ever launched. Buyer should not rely on the Platform, the token smart contract or the ability to receive the Tokens associated with the Platform in the future. Even if the Platform is completed, implemented and adopted, it might not function as intended, and any Tokens may not have functionality that is desirable or valuable. Also, technology is changing rapidly, so the Platform and the Tokens may become outdated.

#### 14.5. SECURITY RISKS

14.5.1. Risk of Loss of Private Keys. The Tokens may be held by token holder in his digital wallet or vault, which requires a private key, or a combination of private keys, for access. Accordingly, loss of requisite private keys associated with such token holder's digital wallet or vault storing the Tokens will result in loss of such Tokens, access to token holder's Token balance and/or any initial balances in blockchains created by third parties. Moreover, any third party that gains access to such private keys, including by gaining access to login credentials of a hosted wallet or vault service the token holder uses, may be able to misappropriate the token holder's Tokens.

14.5.2. Lack of Token Security. The Tokens may be subject to expropriation and or/theft. Hackers or other malicious groups or organisations may attempt to interfere with the token smart contract which creates the Tokens or the Tokens in a variety of ways, including, but not limited to, malware attacks, denial of service attacks, consensus-based attacks, Sybil attacks, smurfing and spoofing. Furthermore, because the Ethereum platform rests on open source software, there is the risk that Ethereum smart contracts may contain intentional or unintentional bugs or weaknesses which may negatively affect the Tokens or result in the loss of Tokens, the loss of ability to access or control the Tokens. In the event of such a software bug or weakness, there may be no remedy and holders of the Tokens are not guaranteed any remedy, refund or compensation.

14.5.3. Attacks on Token Smart Contract. The blockchain used for the token smart contract which creates the Tokens is susceptible to mining attacks, including double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and race condition attacks. Any successful attacks present a risk to the token smart contract, expected proper execution and sequencing of the Token transactions, and expected proper execution and sequencing of contract computations.

14.5.4. Risk of Incompatible Wallet Service. The wallet or wallet service provider used for the acquisition and storage of the Tokens, has to be technically compatible with the Tokens. The failure to assure this may have the result that Buyer will not gain access to his Tokens.

#### 14.6. RISKS RELATING TO PLATFORM DEVELOPMENT

14.6.1. Risk Related to Reliance on Third Parties. Even if completed, the Platform will rely, in whole or partly, on third parties to adopt and implement it and to continue to develop, supply, and otherwise support it. There is no assurance or guarantee that those third parties will complete their work, properly carry out their obligations, or otherwise meet anyone's needs, all of which might have a material adverse effect on the Platform.

14.6.2. Dependence of Platform on Senior Management Team. Ability of the senior management team which is responsible for maintaining competitive position of the Platform is dependent to a large degree on the services of each member of that team. The loss or diminution in the services of members of respective senior management team or an inability to attract, retain and maintain additional senior management personnel could have a material adverse effect on the Platform. Competition for personnel with relevant expertise is intense due to the small number of qualified individuals, and this situation seriously affects the ability to retain its existing senior management and attract additional qualified senior management personnel, which could have a significant adverse impact on the Platform.

14.6.3. Dependence of Platform on Various Factors. The development of the Platform may be abandoned for a number of reasons, including lack of interest from the public, lack of funding, lack of commercial success or prospects, or departure of key personnel.

14.6.4. Lack of Interest to the Platform. Even if the Platform is finished and adopted and launched, the ongoing success of the Platform relies on the interest and participation of third parties like developers. There can be no assurance or guarantee that there will be sufficient interest or participation in the Platform.

14.6.5. Changes to the Platform. The Platform is still under development and may undergo significant changes over time. Although the project management team intends for the Platform to have the features and specifications set forth in the White Paper, changes to such features and specifications can be made for any number of reasons, any of which may mean that the Platform does not meet expectations of holder of the Tokens.

14.6.6. Risk associated with Other Applications. The Platform may give rise to other, alternative projects, promoted by unaffiliated third parties, under which the Token will have no intrinsic value.

14.6.7. Risk of an Unfavorable Fluctuation of Cryptocurrency Value. The proceeds of the sale of the Tokens will be denominated in Cryptocurrency, and may be converted into other cryptographic and fiat currencies. If the value of cryptocurrencies fluctuates unfavorably during or after the Token sale, the project management team may not be able to fund development, or may not be able to develop or maintain the Platform in the manner that it intended.

#### 14.7. RISKS ARISING IN COURSE OF COMPANY PARTIES' BUSINESS

14.7.1. Risk of Conflicts of Interest. Company Parties may be engaged in transactions with related parties, including respective majority shareholder, companies controlled by him or in which he owns an interest, and other affiliates, and may continue to do so in the future. Conflicts of interest may arise between any Company Party's affiliates and respective Company Party, potentially resulting in the conclusion of transactions on terms not determined by market forces.

14.7.2. Risks Related to Invalidation of Company Parties Transactions. Company Parties have taken a variety of actions relating to their business that, if successfully challenged for not complying with applicable legal requirements, could be invalidated or could result in the imposition of liabilities on respective Company Party. Since applicable legislation may subject to many different interpretations, respective Company Party may not be able to successfully defend any challenge brought against such transactions, and the invalidation of any such transactions or imposition of any such liability may, individually or in the aggregate, have a material adverse effect on the Platform.

14.7.3. Risk Arising from Emerging Markets. Company Parties or some of them may operate on emerging markets. Emerging markets are subject to greater risks than more developed markets, including significant legal, economic and political risks. Emerging economies are subject to rapid change and that the information set out in this Agreement and the Whitepaper may become outdated relatively quickly.

#### 14.8. GOVERNMENTAL RISKS

14.8.1. Uncertain Regulatory Framework. The regulatory status of cryptographic tokens, digital assets and blockchain technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether governmental authorities will regulate such technologies. It is likewise difficult to predict how or whether any governmental authority may make changes to existing laws, regulations and/or rules that will affect cryptographic tokens, digital assets, blockchain technology and its applications. Such changes could negatively impact the tokens in various ways, including, for example, through a determination that the tokens are regulated financial instruments that require registration. Company may cease the distribution of the Tokens, the development of the Platform or cease operations in a jurisdiction in the event that governmental actions make it unlawful or commercially undesirable to continue to do so.

14.8.2. Failure to Obtain, Maintain or Renew Licenses and Permits. Although as of the date of starting of the Token sale there are no statutory requirements obliging Company to receive any licenses and permits necessary for carrying out of its activity, there is the risk that such statutory requirements may be adopted in the future and may relate to any of Company Parties. In this case, Company Parties' business will depend on the continuing validity of such licenses and permits and its compliance with their terms. Regulatory authorities will exercise considerable discretion in the timing of license issuance and renewal and the monitoring of licensees'

compliance with license terms. Requirements which may be imposed by these authorities and which may require any of Company Party to comply with numerous standards, recruit qualified personnel, maintain necessary technical equipment and quality control systems, monitor our operations, maintain appropriate filings and, upon request, submit appropriate information to the licensing authorities, may be costly and time-consuming and may result in delays in the commencement or continuation of operation of the Platform. Further, private individuals and the public at large possess rights to comment on and otherwise engage in the licensing process, including through intervention in courts and political pressure. Accordingly, the licenses any Company Party may need may not be issued or renewed, or if issued or renewed, may not be issued or renewed in a timely fashion, or may involve requirements which restrict any Company Party's ability to conduct its operations or to do so profitably.

14.8.3. Risk of Government Action. The industry in which Company Parties operate is new, and may be subject to heightened oversight and scrutiny, including investigations or enforcement actions. There can be no assurance that governmental authorities will not examine the operations of Company Parties and/or pursue enforcement actions against them. All of this may subject Company Parties to judgments, settlements, fines or penalties, or cause Company Parties to restructure their operations and activities or to cease offering certain products or services, all of which could harm Company Parties' reputation or lead to higher operational costs, which may in turn have a material adverse effect on the Tokens and/or the development of the Platform.

14.8.4. Risk of Burdensomeness of Applicable Laws, Regulations, and Standards. Failure to comply with existing laws and regulations or the findings of government inspections, or increased governmental regulation of Company Parties operations, Failure to comply with existing laws and regulations or the findings of government inspections, or increased governmental regulation of Company Parties operations, could result in substantial additional compliance costs or various sanctions, which could materially adversely affect Company Parties business and the Platform. Company Parties operations and properties are subject to regulation by various government entities and agencies, in connection with ongoing compliance with existing laws, regulations and standards. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards. Respective authorities have the right to, and frequently do, conduct periodic inspections of any Company Party's operations and properties throughout the year. Any such future inspections may conclude that any Company Party has violated laws, decrees or regulations, and it may be unable to refute such conclusions or remedy the violations. Any Company Party's failure to comply with existing laws and regulations or the findings of government inspections may result in the imposition of fines or penalties or more severe sanctions or in requirements that respective Company Party cease certain of its business activities, or in criminal and administrative penalties applicable to respective officers. Any such decisions, requirements or sanctions, or any increase in governmental regulation of respective operations, could increase Company Parties' costs and materially adversely affect Company Parties business and the Platform.

14.8.5. Unlawful or Arbitrary Government Action. Governmental authorities may have a high degree of discretion and, at times, act selectively or arbitrarily, without hearing or prior notice, and sometimes in a manner that is contrary a law or influenced by political or commercial considerations. Moreover, the government also has the power in certain circumstances, by regulation or government act, to interfere with the performance of, nullify or terminate contracts. Unlawful, selective or arbitrary governmental actions have reportedly included the denial or withdrawal of licenses, sudden and unexpected tax audits, criminal prosecutions and civil actions. Federal and local government entities have also used common defects in matters surrounding the Token sale as pretexts for court claims and other demands to invalidate or to void any related transaction, often for political purposes. In this environment, Company Parties' competitors may receive preferential treatment from the government, potentially giving them a competitive advantage over Company Parties.

**Note:**

All KYC approved investors/users will be allocated tokens after ICO is completed.

Restrictions: - Citizens of USA are restricted from participation in this ICO.