

LoyalCoin RISK FACTORS

You should carefully consider and evaluate each of the following risk factors and all other information contained in the Terms before deciding to participate in the LoyalCoin Token Generation Event (the "TGE"). To the best of Appsolutely Inc.'s (the "Company") knowledge and belief, all risk factors which are material to you in making an informed judgement to participate in the TGE have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, the business, financial position and/or results of operations of the Company and the maintenance and level of usage of the LoyalCoin platform and the LYL Tokens could be materially and adversely affected.

RISKS RELATING TO PARTICIPATION IN THE TOKEN GENERATION EVENT

There is no prior market for LYL Tokens and the TGE may not result in an active or liquid market for the LYL Tokens

Prior to the TGE, there has been no public market for the LYL Tokens. Although the Company will use reasonable endeavors to seek the approval for availability of the LYL Tokens for trading on a cryptocurrency exchange, there is no assurance that such approval will be obtained. Furthermore, even if such approval is granted by a cryptocurrency exchange, there is no assurance that an active or liquid trading market for the LYL Tokens will develop or if developed, be sustained after the LYL Tokens have been made available for trading on such cryptocurrency exchange. There is also no assurance that the market price of the LYL Tokens will not decline below the original purchase price (the "Purchase Price"). The Purchase Price may not be indicative of the market price of the LYL Tokens after they have been made available for trading on a cryptocurrency exchange.

A LYL Token is not a currency issued by any central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets or other credit. The Company is not responsible for nor does it pursue the circulation and trading of LYL Tokens on any market. Trading of LYL Tokens will merely depend on the consensus of its value between the relevant market participants. Neither is anyone obliged to purchase any LYL Token from any holder of the LYL Token, including the purchasers, nor does anyone guarantee the liquidity or market price of LYL Tokens to any extent at any time. Accordingly, the Company cannot ensure that there will be any demand or market for LYL Tokens, or that the Purchase Price is indicative of the market price of LYL Tokens after they have been made available for trading on any exchange.

Future sales or issuance of the LYL Tokens could materially and adversely affect the market price of LYL Tokens

Any future sale or issuance of the LYL Tokens would increase the supply of LYL Tokens in the market and this may result in a downward price pressure on the LYL Token. The sale or

distribution of a significant number of LYL Tokens outside of the TGE (including but not limited to the sales of LYL Tokens undertaken after the completion of the initial crowdsale, issuance of LYL Tokens to persons other than purchasers for purposes of community initiatives, business development, academic research, education and market expansion and issuance of LYL Tokens as a reward to users of the LoyalCoin platform), or the perception that such further sales or issuance may occur, could adversely affect the trading price of the LYL Tokens.

Negative publicity may materially and adversely affect the price of the LYL Tokens

Negative publicity involving the Company, LoyalCoin (the LoyalCoin project's operating entity organized in the Philippines), the LoyalCoin platform, the LYL Tokens or any of the key personnel of the Company or LoyalCoin, and/or regulation of cryptocurrencies in the US or worldwide, may materially and adversely affect the market perception or market price of the LYL Tokens, whether or not it is justified.

We may not be able to pay any anticipated rewards in the future

There is no assurance that there will be sufficient engagement in the LoyalCoin platform such that you will receive any rewards anticipated to be distributed to active users of the LoyalCoin platform. Further, even in the event there is substantial engagement and interactions among the users and the LoyalCoin platform, there is no assurance you personally will receive any part of the rewards. This is because the ability of the Company to pay any reward to you will depend on the future results of operations and the future business and financial condition of the Company and/or LoyalCoin and there is no assurance of the future results of operations and the future business and financial condition of the Company or LoyalCoin

There is no assurance of any success of LoyalCoin Platform or any Future Business Line

The value of, and demand for, the LYL Tokens hinges heavily on the performance of the LoyalCoin platform and the continuous active engagement of its users and success of its contemplated business lines. There is no assurance that the LoyalCoin platform will gain traction after its launch and achieve any commercial success. Furthermore, there is no assurance that any of the business lines contemplated by LoyalCoin will be launched and generate sufficient customer traction. Such contemplated business lines currently include but are not limited to: (a) create an immutable ledger for all customer loyalty related data via the LoyalCoin platform, (b) offer rewards points for customer loyalty programs and related services and supplies through LYL Tokens, and (c) organize and unite global customer loyalty programs through LoyalCoalition. Although LoyalCoin has performed several market studies testing the demand for LoyalCoin platform with relatively positive results, the LoyalCoin platform has not been fully developed and finalized and is subject to further changes, updates and adjustments prior to its launch. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, possibly due to the

failure to meet users' preconceived expectations based on the beta version, and hence impact its success. While the Company has made every effort to provide a realistic estimate, there is also no assurance that the cryptocurrencies raised in the TGE will be sufficient for the development of the LoyalCoin platform and/or for the proper structuring and licensing of the anticipated LoyalCoin future anticipated business lines. For the foregoing or any other reason, the development of the LoyalCoin platform and launch of the anticipated LoyalCoin future business lines may not be completed and there is no assurance that it will be launched at all. As such, distributed LYL Tokens may hold little worth or value.

The funds raised in the Token Generation Event are exposed to risks of theft

The Company will make every effort to ensure that the funds received from the TGE will be securely held in an escrow wallet, which is a multi-signature address with access thereto by private keys held by reputable and trusted parties. Further, upon receipt of the funds from the Company, LoyalCoin will make every effort to ensure that the funds received by it from the Company will be securely held through the implementation of security measures. Notwithstanding such security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on the TGE website, in the smart contract(s) on which the escrow wallet and the TGE relies, on the Ethereum or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the TGE is completed, the Company or LoyalCoin may not be able to receive the cryptocurrencies raised and LoyalCoin may not be able to use such funds for the development of the LoyalCoin platform and/or for launching any future business line, including but not limited to the structuring and licensing of the LoyalCoin future business lines. In such case, the launch of the LoyalCoin platform and the structuring and licensing of the LoyalCoin future business lines might be temporarily or permanently curtailed. As such, distributed LYL Tokens may hold little worth or value.

RISKS RELATING TO THE ESCROW WALLET

The private keys to the escrow wallet may be compromised and the cryptocurrencies may not be able to be disbursed

The escrow wallet is designed to be secure. Each of the holders of the three (3) private keys to the escrow wallet will use all reasonable efforts to safeguard their respective keys, but in the unlikely event that any two (2) of the three (3) keys to the escrow wallet are, for any reason whatsoever, lost, destroyed or otherwise compromised, the funds held by the escrow wallet may not be able to be retrieved and disbursed, and may be permanently unrecoverable. In such event, even if the TGE is successful, the Company will not be able to receive the funds raised and LoyalCoin will not be able to use such funds for the

development of the LoyalCoin platform and the structuring and licensing of the LoyalCoin future business lines. As such, distributed LYL Tokens may hold little worth or value.

RISKS RELATING TO LOYALCOIN

The LoyalCoin platform is developed, operated and maintained by LoyalCoin. Any events or circumstances which adversely affect LoyalCoin or any of its successor operating entities (collectively referred to herein as "LoyalCoin ") may have a corresponding adverse effect on the LoyalCoin platform and any future business line, including but not limited to structuring and launch of the LoyalCoin future business lines. Such adverse effects would correspondingly have an impact on the utility, liquidity, and the trading price of the LYL Tokens.

LoyalCoin may be materially and adversely affected if it fails to effectively manage its operations as its business develops and evolves, which would have a direct impact on its ability to maintain the LoyalCoin platform and/or launch any future business lines

The financial technology, customer loyalty, and blockchain industries in which LoyalCoin competes have grown rapidly over the past four years and continue to evolve in response to new technological advances, changing business models, shifting regulations and other factors. As a result of this constantly changing environment, LoyalCoin may face operational difficulties in adjusting to the changes, and the sustainability of LoyalCoin will depend on its ability to manage its operations and ensure that it hires qualified and competent employees, and provides proper training for its personnel. As its business evolves, LoyalCoin must also expand and adapt its operational infrastructure. LoyalCoin's business relies on its blockchain-based software systems, e-wallets or other related token storage mechanisms, blockchain technology and smart contract technology, and efficient real estate management. All of these systems, tools, and skillsets represent complex, costly, and rapidly changing technical infrastructure. In order to demonstrate continued ability to effectively manage technical support infrastructure for the LoyalCoin platform, LoyalCoin will need to continue to upgrade and improve its data systems and other operational systems, procedures and controls. These upgrades and improvements will require a dedication of resources, are likely to be complex and increasingly rely on hosted computer services from third parties that LoyalCoin does not control. If LoyalCoin is unable to adapt its systems and organization in a timely, efficient and cost-effective manner to accommodate changing circumstances, its business, financial condition and results of operations may be adversely affected. If the third parties whom LoyalCoin relies on are subject to a security breach or otherwise suffer disruptions that impact the services LoyalCoin uses, the integrity and availability of its internal information could be compromised, which may consequently cause the loss of confidential or proprietary information, and economic loss. The loss of financial, labor or other resources, and any other adverse effect on LoyalCoin's business, financial condition and operations, would have a direct adverse effect on LoyalCoin's ability to maintain the LoyalCoin platform and/or to structure and license the anticipated LoyalCoin future business lines. Any adverse

effects affecting LoyalCoin's business or technology are likely to also adversely impact the utility, liquidity, and trading price of the LYL Tokens.

LoyalCoin may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect LoyalCoin's infrastructure network, and/or the LoyalCoin platform

LoyalCoin is not able to anticipate when there would be occurrences of hacks, cyber-attacks, distributed denials of service or errors, vulnerabilities or defects in the LoyalCoin platform, the smart contracts on which the Company, LoyalCoin, or the LoyalCoin platform relies or on the Ethereum or any other blockchain. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. LoyalCoin may not be able to detect such hacks, cyber-attacks, distributed denials of service errors vulnerabilities or defects in a timely manner, and may not have sufficient resources to efficiently cope with multiple service incidents happening simultaneously or in rapid succession.

LoyalCoin's network or services, which would include the LoyalCoin platform and, if successfully structured, licensed, and launched, the LoyalCoin future business lines, could be disrupted by numerous events, including natural disasters, equipment breakdown, network connectivity downtime, power losses, or even intentional disruptions of its services, such as disruptions caused by software viruses or attacks by unauthorized users, some of which are beyond LoyalCoin's control. Although LoyalCoin has taken steps against malicious attacks on its appliances or its infrastructure, which are critical for the maintenance of the LoyalCoin platform, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, that LoyalCoin's enhanced security measures will be effective. LoyalCoin may be prone to attacks on its infrastructure intended to steal information about its technology, financial data or user information or take other actions that would be damaging to LoyalCoin and/or holders of the LYL Tokens. Any significant breach of LoyalCoin's security measures or other disruptions resulting in a compromise of the usability, stability and security of the LoyalCoin platform may adversely affect the utility, liquidity and/or trading price of the LYL Tokens.

We are dependent in part on the location and data center facilities of third parties

LoyalCoin's current infrastructure network is in part established through servers which it owns and houses at the location facilities of third parties, and servers that it rents at data center facilities of third parties. If LoyalCoin is unable to renew its data facility lease on commercially reasonable terms or at all, LoyalCoin may be required to transfer its servers to a new data center facility, and may incur significant costs and possible service interruption in connection with the relocation. These facilities are also vulnerable to damage or interruption from, among others, natural disasters, arson, terrorist attacks, power losses, and telecommunication failures. Additionally, the third party providers of such facilities may suffer a breach of security as a result of third party action, employee error, malfeasance or otherwise, and a third party may obtain unauthorized access to the

data in such servers. As techniques used to obtain unauthorized access to, or to sabotage systems change frequently and generally are not recognized until launched against a target, LoyalCoin and the providers of such facilities may be unable to anticipate these techniques or to implement adequate preventive measures. Any such security breaches or damages which occur which impact upon LoyalCoin's infrastructure network and/or the LoyalCoin platform may adversely impact the utility, liquidity, and/or trading price of the LYL Tokens.

General global market and economic conditions may have an adverse impact on LoyalCoin's operating performance, results of operations and cash flows

LoyalCoin has been and could continue to be affected by general global economic and market conditions. Challenging economic conditions worldwide have from time to time, contributed, and may continue to contribute, to slowdowns in the information technology industry at large. Weakness in the economy could have a negative effect on LoyalCoin's business, operations and financial condition, including decreases in revenue and operating cash flows, and inability to attract future equity and/or debt financing on commercially reasonable terms. Additionally, in a down-cycle economic environment, LoyalCoin may experience the negative effects of a slowdown in trading and usage of the LoyalCoin platform and may delay or cancel the structuring, licensing, and launch of the anticipated LoyalCoin future business lines. Suppliers on which LoyalCoin relies for servers, bandwidth, location and other services could also be negatively impacted by economic conditions that, in turn, could have a negative impact on LoyalCoin operations or expenses. There can be no assurance, therefore, that current economic conditions or worsening economic conditions or a prolonged or recurring recession will not have a significant adverse impact on LoyalCoin's business, financial condition and results of operations and hence the LoyalCoin platform and/or ability to structure, license and launch the LoyalCoin future business lines. Any such circumstances would then correspondingly negatively impact the utility, liquidity, and/or trading price of the LYL Tokens.

The Company, LoyalCoin or the LYL Tokens may be affected by newly implemented regulations

Numerous regulatory authorities across jurisdictions have been outspoken about considering the implementation of regulatory regimes which govern cryptocurrency or cryptocurrency markets. The Company or the LYL Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, including having to take measures to comply with such regulations, or having to deal with queries, notices, requests or enforcement actions by regulatory authorities, which may come at a substantial cost and may also require substantial modifications to the LoyalCoin platform and/or the anticipated LoyalCoin future business lines. This may impact the appeal of the LoyalCoin platform and the anticipated LoyalCoin future business lines for users and result in decreased usage of the LoyalCoin platform and the LYL Tokens. Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a



certain threshold, maintaining the LoyalCoin platform and structuring, licensing, and launching the LoyalCoin future business lines may no longer be commercially viable and the Company or LoyalCoin may opt to discontinue the LoyalCoin platform, the anticipated LoyalCoin future business lines and/or the LYL Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the LoyalCoin platform, the anticipated LoyalCoin future business lines and the LYL Tokens. The Company or LoyalCoin may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. In scenarios such as the foregoing, the utility, liquidity, and/or trading price of LYL Tokens will be adversely affected or LYL Tokens may cease to be traded.

There may be unanticipated risks arising from the LYL Tokens

Cryptographic tokens such as the LYL Tokens are a relatively new and dynamic technology. In addition to the risks included in the above discussion of Risk Factors, there are other risks associated with your purchase, holding and use of the LYL Tokens, including those that the Company and LoyalCoin cannot anticipate. Such risks may further appear as unanticipated variations or combinations of the risks discussed above.