

# Signals Network

## ("Signals")

### SGN Token Sale Offering Memorandum

#### (1) Purchase Rights for Tokens pursuant to Simple Agreement for Future Tokens; and

#### (2) Public Sale of Tokens

This SGN Token Sale Offering Memorandum (this "**Memorandum**") has been prepared by Signals in respect of the offering by Signals of utility tokens to be developed, produced and distributed by Signals ("**SGN Tokens**").

The SGN Tokens are being offered to (1) prospective private purchasers ("**Private Purchasers**") under and pursuant to a simple agreement for future tokens ("**SAFT**") in the "**Private Sale**"; and (2) prospective public purchasers ("**Public Purchasers**") by way of the public SGN Token distribution event (the "**Public Sale**").

Unless the context requires otherwise, in this Memorandum the terms "**Signals**," "**the Company**," "**we**," "**us**" and "**our**" refer to Signals Network and its subsidiaries and all dollar (\$) amounts set forth herein refer to United States dollars.

This Memorandum has been prepared solely for use by (1) the Private Purchasers in the Private Sale and (2) the Public Purchasers in the Public Sale

Each Private Purchaser will be required to execute a SAFT (as amended, restated and/or otherwise modified from time to time) and a purchaser questionnaire to effect its future purchase of the SGN Tokens.

Each Public Purchaser will be required to execute a purchaser questionnaire to effect its purchase of the SGN Tokens.

This Memorandum contains links to the Company's White paper, the Terms of Sale and certain other documents referred to herein.

The summaries in this Memorandum do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant document, copies of which will be provided to each prospective purchaser upon request, or which can be accessed on the Company's website at <https://signals.network/>.

Each Private Purchaser should review the SAFT, which the Company has separately provided it with. Each Private Purchaser and Public Purchaser should review the Terms of Sale and such other documents referred to in this Memorandum for complete information concerning the rights, privileges and obligations of the Private Purchasers and the Public Purchasers.

If any of the terms, conditions or other provisions of the SAFT (as applicable), the Terms of Sale or such other documents referred to herein are inconsistent with or contrary to the descriptions or terms in this Memorandum, the SAFT (as applicable), the Terms of Sale or such other documents shall prevail.

The Company reserves the right to modify the terms of the Private Sale and the Public Sale, the SAFTs, the Terms of Sale and the SGN Tokens, and the SAFTs and the SGN Tokens are offered subject to the Company's ability to reject any commitment in whole or in part.

The SAFTs and the SGN Tokens have not been and will not be registered under any securities laws of the Cayman Islands or the laws of any other foreign jurisdiction. Purchasers of the SGN tokens will not be entitled to the protections afforded by any compensation scheme or consumer protection legislation.

The SAFTs may not be transferred or resold. Private Purchasers should be aware that they will be required to bear the financial risks of their participation in the SAFT and their purchase of the SGN Tokens for an indefinite period of time. Public Purchasers should be aware that they will be required to bear the financial risks of their purchase of the SGN Tokens for an indefinite period of time.

Participating in the SAFT and the purchase of SGN Tokens involves a high degree of risk, volatility and illiquidity. A prospective purchaser should thoroughly review the information contained and referred to herein and the SAFT (if applicable) and the Terms of Sale, and carefully consider whether a purchase of the SGN Tokens and / or participation in the SAFT is suitable to the purchaser's financial situation and goals.

No person has been authorized to make any statement concerning the Company, the participation in the SAFT or the sale of the SGN Tokens discussed herein other than as set forth in this Memorandum, the Terms of Sale or the documents referred to herein, and any such statements, if made, must not be relied upon.

Purchasers should make their own investigations and evaluations of the SAFT (if applicable), the Terms of Sale and the SGN Tokens, including the merits and risks involved in participating therein and a purchase thereof. Prior to any purchase, the Company will give purchasers the opportunity to ask questions of and receive answers and additional information from it concerning the terms and conditions of this offering and other relevant matters to the extent the Company possesses the same or can acquire it without unreasonable effort or expense.

Purchasers should inform themselves as to the legal requirements applicable to them in respect of the participation, acquisition, holding and disposition of the SAFTs (if applicable) and the SGN Tokens upon their delivery, and as to the income and other tax consequences to them of such participation, acquisition, holding and disposition.

**This Memorandum does not constitute an offer to sell, or a solicitation of an offer to buy, an interest in a SAFT or the SGN Tokens in any jurisdiction in which it is unlawful to make such an offer or solicitation. No regulatory authority in any country has approved a participation in the SAFT or the purchase or sale of the SGN Tokens. Furthermore, no authority has confirmed the accuracy or determined the adequacy of this Memorandum, nor is it intended that any authorities will do so.**

The SGN Tokens are denominated in ETH, and Purchasers may only tender ETH in exchange for participation in a SAFT and the purchase of any SGN Tokens. ETH is subject to fluctuation in valuation and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value, price or income of a purchase of SGN Tokens and/or a participation in a SAFT.

### **Cautionary Statements Regarding Forward-Looking Statements**

Certain statements in this Memorandum constitute forward-looking statements. When used in this Memorandum, the words "may," "will," "should," "project," "anticipate," "believe," "estimate,"

“intend,” “expect,” “continue,” and similar expressions or the negatives thereof are generally intended to identify forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives of the Company, involve known and unknown risks, uncertainties, and other important factors that could cause the actual results, performance, or achievements of the Company in its development of the Signals Platform to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements. No representation or warranty is made as to future performance or such forward-looking statements. All forward-looking statements in this Memorandum speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

Prospective purchasers are not to construe this Memorandum as investment, legal, tax, regulatory, financial, accounting or other advice, and this Memorandum is not intended to provide the sole basis for any evaluation of a participation in a SAFT or a purchase of SGN Tokens. Prior to entering into a SAFT and prior to purchasing SGN Tokens, a prospective purchaser should consult with its own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such participation and/or purchase.

THE PRIVATE SALE AND THE PUBLIC SALE (TOGETHER, THE "**OFFERING**") IS LIMITED SOLELY TO PERSONS OF ADEQUATE FINANCIAL MEANS WHO HAVE NO NEED FOR PRESENT LIQUIDITY WITH RESPECT TO A PURCHASE OF SGN TOKENS. PROSPECTIVE PURCHASERS SHOULD ONLY CONSIDER CONTRACTING FOR THE PURCHASE RIGHTS SET FORTH IN THE SAFT OFFERED HEREBY AND/OR A PURCHASE OF THE SGN TOKENS AFTER DUE CONSIDERATION BECAUSE: (I) A PARTICIPATION IN THE SAFT AND A PURCHASE OF THE SGN TOKENS BOTH INVOLVE A NUMBER OF SIGNIFICANT RISKS (SEE "RISK FACTORS"). NEITHER THE SAFTS NOR THE SGN TOKENS PROVIDE ANY EQUITY INTEREST IN THE COMPANY, DO NOT PROVIDE AN INTEREST IN THE ASSETS OF THE COMPANY AND ARE NOT TO BE CONSIDERED "SECURITIES" OR "EQUITIES" UNDER ANY APPLICABLE LAW.

## COMPANY OVERVIEW

### Overview of Signals Network

The Company is an exempted company with limited liability incorporated in the Cayman Islands and is not subject to supervision or regulation by the Cayman Islands Monetary Authority. The Company was co-founded by Pavel Nemeč and Pavel Volek.

The Company's current goal (subject to change in the absolute discretion of the Company) is to empower crypto currency traders with state of the art algorithms from the data science community, which will allow them to optimise their profits. The Signals Platform will provide these tools in a user-friendly way. From advanced charting and classic technical indicators to complex statistical models, crowd wisdom based inputs and machine learning algorithms based on media monitoring and sentiment analysis.

### Summary of the SGN Token

The SGN Tokens will be Ethereum digital assets that will exist as entries in a blockchain ledger that is part of the Signals Platform. The SGN Tokens will be fungible, and it is currently intended (although subject to change) that, in certain circumstances, they will be given or transferred as a reward to developers and data scientist users of the Signals Platform who, amongst other things, create powerful trading strategies and share useful knowledge (the "**Community Reward Programme**"). SGN Tokens will also be given or transferred as a reward to certain users who develop marketing initiatives and bug finding programs (the "**Bounty Reward Programme**").

The SGN Tokens will be consumed when users of the Signals Platform use them to access all paid features available on the Signals Platform. The SGN Tokens will be a key component of interactions that take place on the Signals Platform.

It is intended that the "**Signals Platform**" or "**Platform**" will be (subject to change in the absolute discretion of the Company) a decentralized blockchain-based computer network that will allow SGN Token holders to create fully customizable trading robots. The SGN Token holder can choose data, indicators and strategy inputs which the Platform will then assemble into an automated trading strategy using the "Signals Strategy Builder". Once a SGN Token

holder's trading strategy is up and running, they can connect it to their crypto exchange and start trading using the Company's cloud based solution.

### **Why the SGN Token?**

Signals is creating the SGN Tokens to enable holders to access the Signals Platform so that they may easily build powerful crypto trading strategies, augmented by crowd sourced wisdom.

### **Initial Launch of the SGN Token and the Signals Platform**

At the time of the Public Sale Launch Date, Signals' goal is for the Signals Platform to have the following functionality (the "**Minimum Viable Product**"):

- **Strategy Builder Framework** - the prototype of the Signals Strategy Builder Framework is an extremely useful tool for any crypto traders. This modular enterprise framework has basic infrastructure for assembling different strategies by combining various technical indicators into trading signals. The strategies can subsequently be backtested on historical data, and the environment it is built upon will serve as a base for the Strategy Builder feature which should be functional in the near term;
- **Strategy Builder UI Design** – this will allow users to form indicators into strategies in a visual interface, which is both easy to use and complex enough to offer extensive possibilities of customization. While the UI is intuitive for anyone, developers can edit the code and change anything they like when it comes to building strategies or creating indicators;
- **Strategy Marketplace** – within the Signals Strategy Marketplace developers and traders can list their trade strategies for copy trading and offer it to other users. This subscription based service will have users pay for receiving trading signals from their trading robot, which can then be traded through the Signals Platform. For each strategy, a report is generated whereby anybody can check its performance, level of risk and statistics of the strategy before they decide whether or not to copy the trade.

Please note that while an alpha version of the Signals Platform, and each of the above features, should be available at the time of the Public Sale Launch Date, the Signals Platform will not be fully developed by the time of the Public Sale Launch Date. The Company expects to have the Signals Platform fully developed and accessible by the end of 2019.

### **The Signals Team**

Signals' personnel possess significant expertise in business management, computer programming, economics and applied cryptography, among other disciplines. Please refer to the Directors and Management section for additional details.

### **Legal Proceedings**

There are currently no legal proceedings against the Company.

# Token distribution

The Company will mint 185 million SGN Tokens initially (the "Initial Mint"), and these will be allocated as follows:

- a. 20% of the SGN Tokens in the Initial Mint will be reserved for distribution as part of the Community Reward Programme (as defined above);
- b. 18% of the SGN Tokens in the Initial Mint will be allocated to the Company's reserve. This will represent a source of the Company's income and will be used to cover development and operation expenses;
- c. 10% of the SGN Tokens in the Initial Mint will be allocated to advisors and partners collaborating on the Signals Platform;
- d. 2% of the SGN Tokens in the Initial Mint will be distributed as part of the Bounty Reward Programme (as defined above); and
- e. 50% of the SGN Tokens will be distributed during the Private Sale and the Public Sale (together, the "Sale"). The SGN Tokens remaining in this pool (the "50% Pool") after the Sale is finished will, in summary, be distributed to all SGN Token holders and the Referral Program Participants (defined below). More particularly, the SGN Tokens from the 50% Pool will be used for following purposes:
  1. For distribution "as sold" basis in the Sale up to a maximum number of SGN Tokens with a value of US\$18.5 million calculated by reference to the ETH/dollar exchange rate which the Company will determine before 9.00 a.m. Cayman Islands time on the Public Sale Launch Date.
  2. To exchange (the "Exchange Process") for tokens previously sold by Signals Network s.r.o. (the "SRO Tokens"). The number of SGN Tokens exchanged in the Exchange Process will be based on the original number of SRO Tokens distributed, multiplied by the percentage change in the US\$ value of ETH between (a) the SRO Token Distribution Date and (b) the Public Sale Launch Date. For example, if the US\$ value of ETH at the Public Sale Launch Date is 2X the US\$ value of ETH at the SRO Token Distribution Date, then 2 SGN Tokens will be exchanged for each SRO Token. The SRO Tokens will then all be burned.
  3. For distribution to Referral Token Participants as part of the Company's referral programme (the "Referral Programme"). By way of summary, the Company's Referral Programme offers a certain amount of additional SGN Tokens to people who share a "referral link" to the Company's website, as well as to other individuals and entities at the Company's sole discretion (each, a "Referral Token Participant").
  4. The Rest of the SGN Tokens from the 50% Pool will be distributed to all SGN Token holders who purchased SGN Tokens in the Sale or who received SGN Tokens as a Referral Token Participant. They will receive the rest of the SGN Tokens from the 50% Pool, on a pro-rata basis and subject to any applicable SGN Token discount which was applied to their SGN Token purchase.

## DIRECTORS AND MANAGEMENT

### **Pavel Nemec, Director and Co-founder**

Pavel is an experienced full-stack developer with a passion for machine learning and data science. He obtained his Master's degree in computer science at Masaryk University in Brno, Czech Republic. During his studies, Pavel also studied at the French Engineering School of Informatics and Applied Mathematics, where he first met Signals co-founder, Pavel Volek. In addition to computer science, Pavel also possesses a deep interest in natural science, having completed his Master's thesis on computational geometry applied to protein structures.

Upon completion of his Master's degree, Pavel followed his passion for machine learning and joined a recommendation systems research project as a Ph.D. student at Masaryk University's Faculty of Science, where he spent the next two years carrying out research. Furthermore, Pavel has completed several significant online machine learning courses from Coursera, including Practical Machine Learning, R-Programming or a Machine Learning course led by Andrew Ng of the Baidu AI group.

### **Pavel Volek, Director and Co-founder**

Pavel is a software engineer with more than 13 years of experience. Throughout the time he has spent working in software development, Pavel has worked on a diverse collection of projects and has made use of a broad range of skills, including graphic design, software architecture, and frontend, backend and full-stack development. Some of his noteworthy projects include a [ASP.NET](#) MVC CRM system, customer portals and other web solutions built on PHP or NodeJS and Javascript, native and hybrid mobile apps, and Perl and Python extensions for Git. Pavel leads in-house teams of developers, as well as remote teams based in different countries. He has hands-on experience working with many languages, technologies, and architectures. He believes that having experience with a wide range of competencies is highly important not only for leading development teams, but also when mastering new technologies and techniques and making insightful decisions while designing new products.

The Company and the current directors may subsequently determine to bring in additional directors and management for operational or other requirements.

## TERMS OF THE PUBLIC SALE

The summary below describes the principal terms of purchase for SGN Tokens. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective purchasers should review the entirety of the Terms of Sale, available from the Company. The summary below is qualified in its entirety (save for the Token Sale Price) by reference to the actual text of the Terms of Sale.

Company: Signals Network, an exempted company incorporated in the Cayman Islands.

SGN Token Sale Price: The price of each SGN Token will be US\$0.36 payable in the equivalent value of ETH, as fixed at the ETH/dollar exchange rate which the Company will determine before 9.00 a.m. Cayman Islands time on the Public Sale Launch Date (the "**Exchange Rate**"), and subject to the Public Sale Discount.

The "**Public Sale Discount**" is the discount on the SGN Token Sale Price during the Public Sale, which will be calculated on a sliding scale from 15% to 0% from the purchase of the first SGN Tokens in the Public Sale to the purchase of the last SGN Token in the Public Sale

Form of Payment for SGN Tokens: The Company will only accept payment for the SGN Tokens in ETH. The minimum transaction amount will be 0.1 ETH.

Terms of Sale: Means the terms of sale in respect of the SGN Tokens, as promulgated on the Company's website at <https://signals.network/>, as amended from time to time.

Public Sale: Means a bona fide transaction or series of transactions, pursuant to which the Company will sell the SGN Tokens to the general public in a publicized product launch, currently expected to begin on February 26, 2018 (the "**Public Sale Launch Date**") and which will continue until the earlier of (1) four weeks from the Public Sale Launch Date or at the date decided by the Company based on circumstances; and (2) the date and time when the number of SGN Tokens have been sold with a value of US\$18 million at the Exchange Rate and not including the SGN Tokens



distributed pursuant to the Exchange Mint; provided, however, that the Company may, in its sole discretion, move the Public Sale Launch Date to such later date as the Company deems necessary.

## USE OF PROCEEDS

The Company intends that a substantial amount of all of the proceeds of the SGN Token sale will be used by the Company to originate and subsequently to progress the development of the Signals Platform. Of the raised funds:

Approximately 35% - Development and Infrastructure

- engaging UI/UX experts, enterprise solution architects and developers, machine learning developers, mobile app developers, testers;
- implementing cloud based platform, daily processing of terabytes of data, connections to decentralised cloud computing system and other blockchain services, exchange connections.

Approximately 15% - Data Science and Research

- utilizing machine intelligence experts;
- research is important to Signals - it helps to develop the Signals Platform as well as the collective data science knowledge;
- we plan to support Machine Learning research and contribute to it ourselves, using any new Machine Learning techniques available to deliver our users a more refined and optimized product.

Approximately 18% - Platform Operations & Security audits

- data storing and processing, computational power;
- SGN token listing on exchanges;
- purchasing of historical data sets;
- protecting user data, performing security audits;
- protecting customers' finances by continual quality assurance of the code and strategies.

Approximately 6% - Legal and Finance

- complying with legal obligations, with the regulatory environment;
- handling any legal and regulatory requirements to ensure we are in compliance with local laws in countries in which we operate.

Approximately 8% - Group Operations and Administration

- general operational overhead expenses and office space

Approximately 6% - Marketing and Sales

- development of revenue streams;
- acquiring new users to become a global automated trading platform.

Approximately 2% - Community Education

- organize meetups, educate people to be able to understand the trading patterns by their own.

Approximately 10% - ETH & Liquidity Reserve

- unexpected expenses reserve;
- crypto currencies including ETH are volatile; a reserves helps provide comfort that even if the value drops, the company will have enough resources to operate and develop.

Note that the Company reserves the right to modify its use of proceeds at its discretion, and all estimates provided as part of this Use of Proceeds section are subject to change.

## **IMPORTANT INFORMATION: RISK FACTORS TO CONSIDER**

The risk factors described below are some of the material risks that arise or may arise in respect of, in relation to and/or in connection with the technologies, products, services, business, platform and/or network of Signals, any affiliate or related entity, and any associated person or entity ("**Signals**"), as well as the issuance, use and/or value of the cryptocurrency for use on Signals known as **SGN Tokens**. It is not a comprehensive list of all possible risk factors, and in particular does not take into account the potential individual risk factors of any person other than Signals.

If any of the risks described below were to occur, the technologies, products, services, business, platform and/or network of Signals, and/or the SGN tokens, may not commence or be developed, progressed, established or completed.

This could result in the technologies, products, services, business, platform and/or network of Signals (including its business, financial condition, operating results and prospects), and/or the issuance, use and/or value of SGN tokens, being materially and adversely affected.

### **Risks Factors**

#### **The Signals business is not yet established, the Platform has not been completed, and no Platform user revenue has been generated.**

Signals is in the early start-up phase, with development of the Platform still being undertaken. The Platform is not expected to be completed until the various milestones set out in the Whitepaper have been achieved. Development and establishment of the services, network and customer base are likely to incur substantial upfront costs. We cannot assure you when or even if we will achieve sufficient start-up capital to enable us to continue to run our business and complete the fully developed Platform, and therefore provide utilisation for the SGN Tokens, in the future.

#### **We have no operating history which makes it difficult to predict our future operational success.**

As we have limited or no historical operating history, our ability to accurately forecast our future operations is limited and subject to a number of uncertainties. Going forward we will continue to encounter risks and uncertainties frequently experienced by growing companies in rapidly changing industries. We have made assumptions regarding these risks and uncertainties to plan our business. However, if these assumptions are incorrect or change due to changes in our markets or if we do not address these risks and uncertainties successfully, our operations and financial results could differ materially from our expectations and the business could suffer, and thus the ability to use the SGN Tokens could be adversely affected.

#### **We may not successfully develop, market and launch the Platform in part or in full as outlined in the Whitepaper.**

The Platform has not yet been fully developed by Signals and will require significant capital funding (including by the private sale of SAFT and public sale of SGN Tokens), the expertise of the Signals team management, and their time and effort in order to develop and successfully build out the Platform. Signals may have to make, or choose to make radical changes to the specifications, purposes and functionality of the Platform or SGN Tokens for any number of legitimate reasons or Signals may be unable to develop the Platform in a way that realizes the Whitepaper specifications or any form of a functioning Platform. It is possible that the SGN

Tokens and the Platform may not ever function or be developed in the way outlined by the Whitepaper.

**We will compete in markets that are likely to be or become highly competitive, and if we do not compete effectively, our ability to continue operating could be harmed and the utility of the SGN Tokens adversely affected.**

The markets in which Signals will compete in are evolving and likely to be competitive markets. As new technologies are developed we expect competition to intensify. Pricing pressures and increased competition generally could result in the failure of our services to achieve or obtain widespread acceptance and adversely affect the acceptance and utility of the SGN Tokens.

**If the market develops more slowly than we expect or declines, our business and the utility of the SGN Tokens could be adversely affected.**

The markets for Signals' business are not mature, and it is uncertain whether a service like ours will achieve and subsequently sustain consumer demand and market acceptance. The success of our business will depend on the attractiveness and adoption of our Platform.

The expansion of the markets depend on a number of factors including the cost, performance and perceived value associated with Signals and the SGN Tokens, as well as the ability of companies that provide such services to address security and privacy concerns. If we or other providers experience security incidents, losses of consumer data, tokens being subject to malicious attacks, disruptions in delivery or other such problems, the market for such services as a whole (including our services) may be negatively affected.

If Signals' business does not achieve widespread adoption caused by a lack of consumer acceptance, technological challenges, weakening economic conditions, security or privacy concerns, competing technologies and products, decreases in corporate spending or otherwise, it may result in decreased revenue, harm our growth rates and adversely affect our business and adversely affect the utility of the SGN Tokens.

**Our business depends on consumer uptake and consumers continuing to use our services. Failure to achieve adequate customer uptake or the continued use by our consumers may harm our business and the utility of the SGN Tokens**

In order to achieve our operating forecasts, it is important for consumers to adopt and continue to use the services. Our consumers have no obligation to use our services and we cannot assure you that consumers will continue to do so.

Retention rates may fluctuate as a result of a number of factors, including consumers' satisfaction or dissatisfaction with the services, the effectiveness of the consumer support services, the pricing, the prices of competing products or services, mergers and acquisitions affecting our consumer base, the effects of global economic conditions or reductions in our consumers' spending levels. If consumers do not adopt or continue to use the services, our business and the utility of the SGN Tokens may suffer.

**If we cannot provide successful enhancements, new features and modifications to our services, our business and the utility of the SGN Tokens could be adversely affected.**

The markets for Signals require rapid technological developments and new and enhanced applications and services. If we are unable to provide enhancements and new features for the proposed services that achieve market acceptance or that keep pace with rapid technological developments, our business could be adversely affected. Our success depends on several factors including the timely completion, introduction and market acceptance of such enhancements, features or services. Failure in this regard may significantly impair our revenue growth and adversely affect the value of the SGN tokens.

As our services are designed to operate on a variety of systems and networks, we will need to continuously modify and enhance our services to keep pace with changes in internet-related hardware, mobile operating systems, and other software, communication, browser and database technologies. We may not be successful in either developing these modifications and enhancements or in bringing them to market in a timely fashion. Furthermore, modifications to the proposed services and technologies will incur significant research and development expenses. Any failure of our services to operate effectively with future network platforms and technologies could reduce the demand for our services, result in consumer dissatisfaction, adversely affect our business and adversely affect the utility of the SGN tokens.

**Actual or perceived security vulnerabilities in our services or any breaches of our security controls and unauthorised access to a consumer's data or tokens could harm our business.**

Cyber-attacks and other malicious internet-based activity continue to increase in frequency and in magnitude. Token and content services have been targeted in the past. As we establish and build our consumer base and brand recognition, we may become more of a target for these third parties.

If our security measures are breached as a result of third-party action, human negligence and/or error, malfeasance, product defects or otherwise, and this results in the disruption of the confidentiality, integrity or availability of our consumers' data or SGN Tokens, we may incur significant liability to third parties and our business may suffer and our reputation may be damaged.

Techniques used to obtain unauthorised access to or to sabotage, systems or networks, change frequently and generally are not recognised until launched against a target. Therefore, we may be unable to anticipate these techniques, react in a timely manner or implement adequate preventive measures.

**Privacy concerns and laws and regulations may reduce the effectiveness of our services and harm our business.**

Our services will likely involve the storage of personal or identifying information. Various jurisdictions have adopted or are considering adopting laws and regulations regarding the collection, use and disclosure of personal information obtained from consumers and other individuals. The costs of compliance with and other burdens imposed by such laws and regulations may limit the use and adoption of our services and reduce overall demand for them. Compliance with current and proposed laws and regulations globally can be costly to comply with, can delay or impede the development of new products, result in negative publicity, increase operating costs, require significant management time and attention and expose us to claims, liabilities, fines or demands.

Furthermore, government agencies may seek to access sensitive information that is provided to or stored through the Signals systems, or restrict users' access to Signals operating platforms. Laws and regulations relating to government access and restrictions are evolving, and compliance with such laws and regulations could limit adoption of our services by users and create burdens on our business. Moreover, regulatory investigations into our compliance with privacy-related laws and regulations may increase costs and divert management attention.

**If we are unable to satisfy data protection, security, privacy, and other government and industry specific requirements, our business could be harmed.**

There are a number of data protection, security, privacy and other government and industry specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises experienced by our competitors, consumers or by us may lead to public disclosures which could harm our

reputation, erode consumer confidence in the effectiveness of our security measures, negatively impact our ability to attract new consumers, or cause existing consumers to elect not to use our services.

**Signals' operations are intended to integrate with a variety of operating systems and software applications that are developed by others, and if we are unable to ensure that our solutions interoperate with such systems and applications, our service may become less competitive, our business may be harmed and the utility of the SGN tokens may be adversely affected.**

We offer our services across a variety of operating systems and through the internet. We are dependent on the interoperability of our platform with third-party mobile devices, desktop and mobile operating systems, as well as web browsers that we do not control. Any changes in such systems, devices or web browsers that degrade the functionality of our services or give preferential treatment to competitive services could adversely affect usage of our services. In order to deliver high quality services, it is important that they work well with a range of operating systems, networks, devices, web browsers and standards that we do not control.

As a substantial number of our users are likely to access our services through mobile devices, we will likely be dependent on the interoperability of our services with mobile devices and operating systems. We may not be successful in developing relationships with key participants in the mobile industry or in developing services that operate effectively with these operating systems, networks, devices, web browsers and standards. In the event that it is difficult for our users to access and use our services, our user growth may be harmed, our business and operating results could be adversely affected and the utility of the SGN tokens may be adversely affected.

**We may choose to offer free SGN tokens as part our marketing or development strategy**

We may offer use of our service to users free of charge in order to promote usage, brand and product awareness, and adoption. Some users never convert from a consumer who only interacts while it is free, to a paid consumer. Our marketing strategy will likely depend in part on persuading users who have free access to the service to move to paying for the service. If such an offering is made and users do not become, or lead others to become, paying consumers, we will not realise the intended benefits of this marketing strategy, and our ability to grow and develop our business may be harmed.

We may offer SGN tokens to developers, officers, employees and service providers who assist in the launch, build-out and development of the Platform.

**If we fail to effectively manage our technical operations infrastructure, our consumers may experience service outages and delays in the further deployment of our services, which may adversely affect our business.**

We intend to maintain sufficient excess capacity in our operations infrastructure to meet the needs of all of our consumers. We also seek to maintain excess capacity to facilitate the rapid provisioning of new consumers. In addition, we need to properly manage our technological operations infrastructure in order to support changes in hardware and software parameters and the evolution of our services. We may experience website disruptions, outages and other performance problems. These problems may be caused by a variety of factors, including infrastructure changes, government interference, human or software errors, viruses, security attacks, fraud, spikes in consumer usage and denial of service issues. In some instances, we may not be able to identify the cause or causes of these performance problems within an acceptable period of time, which may harm our reputation, operating results and the utility of the SGN tokens.

If we do not accurately predict infrastructure requirements we may experience service outages which may lead to financial penalties, financial liabilities and consumer losses. If our operations infrastructure fails to keep pace with increased sales, consumers may experience delays as we seek to obtain additional capacity, which could adversely affect our reputation and our business operations.

**Interruptions or delays in service from our third-party providers may impair the delivery of our services and harm our business.**

We may use third party providers from time to time to provide or support various aspects of our products and services. Third party providers may cause or suffer from interruptions or delays for various reasons and this may cause interruptions or delays to our services. Any such interruptions or delays may adversely affect our reputation and our business operations.

**We depend on highly skilled personnel to grow and operate our business, and if we are unable to hire, retain and motivate our personnel, we may not be able to grow effectively.**

Our future success will depend upon our continued ability to identify, hire, develop, motivate and retain highly skilled personnel, including senior management, engineers, designers, product managers, sales representatives, consumer support representatives and other highly skilled personnel. Our ability to operate efficiently is dependent upon identifying, recruiting, training, integrating and retaining our employees and contractors. From time to time there may be changes in our senior management, design, marketing or development teams that may be disruptive to our business. If our senior management, design, marketing or development teams, including any new hires that we may make, fail to work together effectively and to execute on our plans and strategies on a timely basis, our business could be harmed. We may need to invest significantly to attract and retain new employees to contractors. If we are not able to effectively add and retain employees, our ability to achieve our strategic objectives will be adversely impacted, and our business will be harmed.

**We may be sued by third parties for alleged infringement of their proprietary rights.**

There is likely to be considerable intellectual property development activity in our markets. Our success depends on our not infringing upon the intellectual property rights of others. Our competitors, as well as a number of other entities, including non-practicing entities, and individuals, may own or claim to own intellectual property relating to our markets or consumer content.

We cannot provide any assurance that third parties will not allege infringement by us of third-party intellectual property or that prosecutions will not be brought against us. In the future, others may claim that our services, underlying technology or content stored, infringes or violates their intellectual property rights. However, we may be unaware of the intellectual property rights that others may claim cover some or all of our technology or services. Any claims or litigation could cause us to incur significant expenses and, if successfully asserted against us, could require that we pay substantial damages or ongoing royalty payments, prevent us from offering our services, or require that we comply with other unfavourable terms.

We may also be obligated to indemnify our consumers or business partners or pay substantial settlement costs, including royalty payments, in connection with any such claim or litigation and to obtain licenses, modify services, or refund fees, which could be costly. Even if we were to prevail in such a dispute, any litigation regarding our intellectual property could be costly and time consuming and divert the attention of our management and key personnel from our business operations.



**Any failure to protect our intellectual property rights could impair our ability to protect our proprietary technology and our brand.**

Our success and ability to compete will depend in part on our intellectual property. We primarily rely on copyright, trade secret, patent and trademark laws, trade secret protection and confidentiality or license agreements with our employees, contractors, consumers, partners and others to protect our intellectual property rights. However, the steps we take to protect our intellectual property rights may be inadequate.

In order to protect our intellectual property rights, we may be required to spend significant resources to monitor and protect these rights. Litigation brought to protect and enforce our intellectual property rights could be costly, time-consuming and distracting to management and could result in the impairment or loss of portions of our intellectual property. Furthermore, our efforts to enforce our intellectual property rights may be met with defences, counterclaims and countersuits attacking the validity and enforceability of our intellectual property rights. Accordingly, we may not be able to prevent third parties from infringing upon or misappropriating our intellectual property. Our failure to secure, protect and enforce our intellectual property rights could materially adversely affect our brand and adversely impact our business.

**We may need to rely on third parties for certain financial and operational services essential to our ability to manage our business. Any failure or disruption in these services could materially and adversely affect our ability to manage our business effectively.**

We may rely on third parties from time to time for certain essential financial and operational services. As a result, we depend upon these vendors providing us with services that are always available and are free of errors or defects that could cause disruptions in our business processes, which would adversely affect our ability to operate and manage our operations.

**We are intending to focus on product innovation and user engagement.**

We intend to focus heavily on product and service development and launching new and innovative products and features, as well as on improving the user experience for our services. We will also focus on consumer uptake of the services. We intend to prioritise innovation and growing our user base. We may make product and service decisions that reduce our short-term operational effectiveness if we believe that the decisions are consistent with our goals to improve the user experience and to develop innovative features that we feel our users desire. These decisions may not be consistent with the short-term expectations of revenue and may not produce the long-term benefits expected.

**If our services fail to perform properly to meet the needs of our consumers, our reputation could be adversely affected, our market share could decline and we could be subject to liability claims.**

Our services although simple for consumers to use are inherently complex and may contain material defects or errors. Any defects either in functionality or that cause interruptions in the availability of our services, as well as user error, could result in:

- loss or delayed market acceptance and sales;
- breach of warranty claims;
- loss of consumers;
- diversion of development and consumer service resources; and
- harm to our reputation.

The costs incurred in correcting any material defects or errors might be substantial and could adversely affect our operations results and the utility of the SGN tokens.

Because of the types of services provided, it is possible that hardware failures, errors in our systems or user errors could result in data loss or corruption that our consumers regard as significant. Furthermore, the availability or performance of our services could be adversely affected by a number of factors, including consumers' inability to access the internet, the failure of our network or software systems, security breaches or variability in consumer traffic for our services. We may be required to issue credits or refunds or otherwise be liable to our consumers for damages they may incur resulting from some of these events. In addition to potential liability, if we experience interruptions in the availability of our services, our reputation could be adversely affected, which could result in the loss of consumers. For example, our consumers access our services through their internet service providers. If a service provider fails to provide sufficient capacity to support our services or otherwise experiences service outages, such failure could interrupt our consumers' access to our services, adversely affect their perception of our services' reliability and consequently reduce our operational effectiveness.

Any errors and omissions insurance policies we may have at the time may be inadequate. In addition, any policy we have may not cover all claims made against us, and defending a lawsuit, regardless of its merit, could be costly and divert management's attention.

**If the prices we charge for our services are unacceptable to our consumers, our operational effectiveness will be harmed.**

As the market for our services matures, or as new or existing competitors introduce new products or services that compete with ours, we may experience pricing pressure and be unable to retain consumers or attract new consumers at prices that are consistent with our pricing model and operating budget.

**Sales internationally expose us to risks.**

Our services are to be provided to consumers around the world. Operating in multiple jurisdictions and markets requires significant resources and management attention and will subject us to multiple regulatory, economic, geographic and political risks. Risks involved in doing business internationally that may adversely affect our business, include (but are not limited to):

- the localisation and adaption our services for specific countries, including translation into foreign languages and associated expenses;
- data privacy laws that, among other things, could require that consumer data be stored and processed in a designated territory;
- difficulties in staffing and managing foreign operations;
- different pricing environments, longer sales cycles and longer accounts receivable payment cycles and collections issues;
- new and different sources of competition;
- differing levels of protection for intellectual property and other legal rights and practical difficulties in enforcing such;
- laws and business practices favouring local competitors;
- laws and business practices as to the use of cryptocurrencies or tokens;
- compliance challenges related to the complexity of multiple, conflicting and changing governmental laws and regulations, including employment, tax, privacy and data protection laws and regulations;
- increased financial accounting and reporting burdens and complexities;
- restrictions on the transfer of funds;
- adverse tax consequences; and
- unstable regional, economic and political conditions.

We will exchange our services for SGN tokens however operating expenses will be incurred in various crypto and fiat currencies. Therefore, fluctuations in the value of ETH and fiat currencies may impact our operations. We intend to monitor changes in the financial environment and seek to limit the risk of such fluctuations. However, any such fluctuations may affect the pricing of the services and the utility of the SGN Tokens which may adversely affect our business operations.

**If we are unable to maintain and promote our brand, our business and operations may be harmed.**

We believe that maintaining and promoting our brand is critical to expanding our consumer base. Maintaining and promoting our brand will depend largely on our ability to provide useful, reliable and innovative services, which we may not do successfully. We may introduce new features, products, services or terms of service that our consumers do not like, which may negatively affect our brand and reputation.

The actions of third parties may also affect our brand and reputation if consumers do not have a positive experience using third-party apps or other services that are integrated with our services. Maintaining and enhancing our brand may require us to make substantial investments, and these investments may not achieve the desired goals. If we fail to successfully promote and maintain our brand or if we incur excessive expenses in this effort, our business and operations could be adversely affected.

**Our growth may depend in parts on the success of strategic relationships with third parties.**

In order to grow our business, we anticipate that we may need to depend on relationships with third parties, such as alliance partners, distributors, system integrators and developers. Identifying partners and resellers, and negotiating and documenting relationships with them, requires significant time and resources. Also, we depend on our ecosystem of system integrators and developers to create applications that will integrate with our platform. Our competitors may be effective in providing incentives to third parties to favour their products or services, or to prevent or reduce subscriptions to our services. In addition, acquisitions of our partners by our competitors could result in a decrease in the number of current and potential consumers, as our partners may no longer facilitate the adoption of our services by potential consumers.

If we are unsuccessful in establishing or maintaining relationships with third parties, our ability to compete in the marketplace could be impaired and our operations may suffer. Even if we are successful, we cannot assure you that these relationships will result in increased consumer usage of our services.

Furthermore, if our partners and resellers fail to perform as expected, our reputation may be harmed and our business and operating results could be adversely affected leading to a decrease in the utility of the SGN tokens.

**We may depend on our ecosystem of system integrators and developers to create applications that will integrate with Signals' infrastructure.**

It is anticipated that an ecosystem of partners, system integrators and developers that may develop, applications, products and services that connect and/or integrate with our services and our platform. We will not be able provide any assurance that any such applications, products or services meet our quality standards. To the extent that they contain bugs or defects this may cause disruptions to our services or negatively affect our brand. We are unlikely to provide any support for third party applications and users may be left without support if these system integrators and developers do not provide adequate support for their applications. There is also an additional risk that these system integrators and developers may not possess the appropriate

intellectual property rights to develop and share their applications. Such risks are outside our control.

**Our services are likely to contain open source software, and we may license some of our software through open source projects, which may pose particular risks to our proprietary software, products, and services in a manner that could have a negative impact on our business.**

We may use open source software in our services. We may contribute software source code to open source projects under open source licenses or release internal software projects under open source licenses, and anticipate doing so in the future. The terms of many open source licenses have not been interpreted by many courts globally, and there is a risk that open source software licenses could be construed in a manner that imposes unanticipated conditions or restrictions on our ability to provide or distribute our services.

We may face claims from third parties claiming ownership of or demanding release of the open source software or derivative works that we developed using such software, which could include our proprietary source code, or otherwise seeking to enforce the terms of the applicable open source license. These claims could result in litigation and could require us to make our software source code freely available, purchase a costly license or cease offering the implicated services unless and until we can re-engineer them to avoid infringement. This re-engineering process could require significant additional research and development resources, and we may not be able to complete it successfully.

Use of certain open source software can lead to greater risks than use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of software. Additionally, because any software source code we contribute to open source projects is publicly available, our ability to protect our intellectual property rights with respect to such software source code may be limited or lost entirely, and we are unable to prevent our competitors or others from using such contributed software source code. We intend to mitigate these risks through unit and integration testing, however these risks may be difficult to eliminate or manage, and, may have a negative effect on our business, financial condition, operations and the utility of the SGN tokens.

**We may require additional capital to support our operations or the growth of our business, and we cannot be certain that this capital will be available on reasonable terms when required, or at all.**

We may from time to time require financing to operate or grow our business. We cannot guarantee that any financing required will be available to us on favourable terms when required, or at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us when we require it, our ability to continue to support the operation or growth of our business could be significantly impaired.

**Adverse economic conditions may negatively impact our business.**

Our business depends on the overall demand for our services and on the economic health of our current and prospective consumers. Any financial recession may reduce demand for our services. This could result in reductions in sales of our services, longer sales cycles, reductions in subscription duration and value, slower adoption of new technologies and increased price competition. Any of these events would likely have an adverse effect on our business and the utility of the SGN tokens.

**Changes in laws and regulations related to the internet or changes in the internet infrastructure itself may diminish the demand for our services, and could have a negative impact on our business.**

Our success depends upon the continued use of the internet as a primary medium for commerce, communication and business services and the uptake of cryptocurrencies. Government bodies or agencies have in the past adopted, and may in the future adopt, laws or regulations affecting the use of the internet as a commercial medium. Changes in these laws or regulations may require us to modify and adapt our services in order to comply with these changes. In addition, government agencies or private organisations may begin to impose taxes, fees or other charges for accessing the internet or commerce conducted via the internet. These laws or charges could limit the growth of internet-related commerce or communications generally, or result in reductions in the demand for internet-based services such as ours.

The use of the internet and in particular the cloud as a business tool could be adversely affected due to delays in the development or adoption of new standards and protocols to handle increased demands of internet activity, security, reliability, cost, ease of use, accessibility, and quality of service. The performance of the internet and its acceptance as a business tool have been adversely affected from time to time by “viruses,” “worms” and similar malicious programs, and the internet has experienced a variety of outages and other delays as a result of damage to portions of its infrastructure. If the use of the internet is adversely affected by these issues, demand for our services could suffer.

**We may employ third-party licensed software for use in or with our services, and the inability to maintain these licenses or errors in the software we license could result in increased costs, or reduced service levels, which would adversely affect our business.**

We may rely on third-party software and development tools. Although there may be commercially reasonable alternatives to any such third-party software we choose to license, this may not always be the case, or it may be difficult or costly to replace.

Integration of the software used in our services with new third-party software may require significant work and require substantial investment of our time and resources. To the extent that our services may depend upon the successful operation of third-party software in conjunction with our software, any undetected errors or defects in this third-party software could prevent the deployment or impair the functionality of our services, delay new services introductions, result in a failure of our services, and injure our reputation. Any use of additional or alternative third-party software would require us to enter into additional license agreements with third parties.

**Tax laws or regulations could be enacted or changed and existing tax laws or regulations could be applied to us or to our consumers in a manner that could increase the costs of our services and adversely impact our business.**

The application of global tax laws to services provided electronically is unclear and continuously evolving. Income, sales, use or other tax laws, statutes, rules, regulations or ordinances could be enacted or amended at any time, possibly with retroactive effect, and could be applied solely or disproportionately to services provided over the internet. These enactments or amendments could adversely affect our sales activity due to the inherent cost increase the taxes would represent and ultimately result in a negative impact on our operations.

In addition, existing tax laws, statutes, rules, regulations or ordinances could be interpreted or applied adversely to us, possibly with retroactive effect, which could require us or our consumers to pay additional tax amounts, as well as require us or our consumers to pay fines or penalties, as well as interest for past amounts. If we are unsuccessful in collecting such taxes due from our consumers, we could be held liable for such costs, thereby adversely impacting us.

**We may be subject additional tax liabilities.**

We may be subject to income, sales, use, value added and other taxes in multiple countries in which we conduct business, and such laws and rates vary by jurisdiction. Certain jurisdictions in

which we do not collect sales, use, value added or other taxes on our sales may assert that such taxes are applicable, which could result in tax assessments, penalties and interest, and we may be required to collect such taxes in the future. Significant judgment is required in determining our worldwide provision for income taxes. Such determinations are highly complex and require detailed analysis of the available information and applicable statutes and regulatory materials. In the ordinary course of our business, there are many transactions and calculations where the ultimate tax determination may be uncertain.

Although we will seek to ensure any tax estimates are reasonable, the final determination of tax audits and any related litigation could be materially different from such estimates. If we receive an adverse ruling as a result of an audit, or we unilaterally determine that we have misinterpreted provisions of the tax regulations to which we are subject, there could be a material effect on our tax provision, net income or cash flows in the period or periods for which that determination is made. In addition, liabilities associated with taxes are often subject to an extended or indefinite statute of limitations period. Therefore, we may be subject to additional tax liability (including penalties and interest) for a particular year for extended periods of time.

### **Risks Arising from Taxation**

The tax characterisation of cryptographic tokens is uncertain. Those who purchase or receive SGN Tokens must seek their own tax advice. We are not responsible for any taxation on SGN Tokens in any jurisdiction.

### **Cryptographic Tokens and Cryptocurrency risks.**

SGN Tokens are utility tokens that are similar to other forms of cryptographic tokens, whether in the form of Ethereum ERC20-compliant utility tokens or otherwise. While cryptographic tokens and cryptocurrency have some characteristics of fiat currency, they are not the same. Cryptographic tokens and cryptocurrency may not be regulated or administered by any regulatory or governmental agency in any jurisdiction. The value of cryptographic tokens and cryptocurrency is not guaranteed and can go to zero.

The SGN Tokens are not equities or securities, nor are they being structured or sold as securities or any other form of investment product. Accordingly, any information provided by Signals is not intended to form the basis for any investment decision, and no specific recommendations are intended. Although we expressly disclaim any and all responsibility for any direct or consequential loss or damage of any kind whatsoever arising directly or indirectly from reliance on any information provided, any error, omission or inaccuracy in any such information and/or or any action resulting from such information, we cannot prevent third parties from seeking recovery.

### **Risk of losing access to SGN Tokens due to loss of private key(s), custodial error or purchaser error.**

A private key, or a combination of private keys, is necessary to control and dispose of SGN tokens stored in a customer's cryptowallet. A loss of requisite private key(s) associated with a cryptowallet storing SGN Tokens may result in loss of such SGN Tokens. Any third party access to such private key(s) may result in a misappropriation of SGN Tokens. We are not responsible for any such loss or misappropriation of SGN Tokens.

Cryptowallets may experience errors or malfunctions including where such is caused by the failure to properly maintain or use a cryptowallet, which may result in the loss of SGN Tokens. We will not be responsible for any failure by a customer to follow precisely the procedures set out for the buying and receiving of SGN Tokens.

### **Risks Associated with the Ethereum Protocol**

SGN tokens are based on the Ethereum protocol. Any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse effect on Signals or the utility of the SGN tokens.

Advances in cryptography, or technical advances such as the development of quantum computing, could present risks to Signals' infrastructure or the SGN Tokens by rendering ineffective the cryptographic consensus mechanism that underpins the Ethereum protocol. This may have an adverse effect on our business and the utility of the SGN tokens

#### **Risks Associated with Other Protocols**

We may base some of our smart contracts on third party protocols. Any malfunction, breakdown, or abandonment of such third party protocols may have an adverse effect on Signals, our business and the utility of the SGN Tokens.

Any advances in cryptography or technical advances, such as the development of quantum computing, could present risks to the SGN Tokens and the Signals platform, including the utility of the SGN tokens for use on the Signals platform, by rendering ineffective the cryptographic consensus mechanism that underpins the third party protocol.

#### **Risk of Mining Attacks**

As with other decentralized cryptographic tokens based on the Ethereum protocol, the SGN Tokens are susceptible to attacks by miners in the course of validating SGN Token transactions on the Ethereum blockchain, including, but not limited to, double-spend attacks, majority mining power attacks, and selfish-mining attacks. Any successful attacks present a risk to the platform and the SGN Tokens, including, but not limited to, accurate execution and recording of transactions involving SGN Tokens. Any of these events would likely have an adverse effect on our business and the utility of the SGN Tokens

#### **Risk of Hacking**

Hackers or other malicious groups or organizations may attempt to interfere with the Platform or SGN 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. There is a risk that a third party or a member of the Signals team may intentionally or unintentionally introduce weaknesses into the core infrastructure of the Platform, which could negatively affect the Platform or the SGN Tokens, including SGN Tokens' utility for obtaining services on the Platform.

#### **Risks Associated with Markets for Tokens**

The SGN Tokens are intended to be used solely within Signals and the provision of our services. We do not intend to support or otherwise facilitate any secondary trading or external valuation of the SGN Tokens.

This limits the ability to use the SGN Tokens solely to the provision or receipt of our services.

#### **Risk of Uninsured Losses**

SGN Tokens are uninsured unless private insurance is obtained to insure them. In the event of loss or loss of utility value, there is no public insurer or governmental body that may offer recourse for such losses.

### **Risks Associated with Uncertain Regulations and Enforcement Actions**

The regulatory status of SGN Tokens and distributed ledger technology generally is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory agencies may apply existing regulations, implement changes to laws and regulations with respect to such technology and its applications, including to the SGN Tokens.

Regulatory actions may negatively impact Signals and the SGN Tokens in various ways, for example, through a determination that the purchase, sale and delivery of the SGN Tokens constitutes unlawful activity or that the SGN Tokens are a regulated instrument that require registration or licensing of those instruments or some or all of the parties involved in the purchase, sale and delivery thereof.

We may cease operations in a jurisdiction or prohibit persons from such jurisdictions from purchasing or using the SGN Tokens in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

### **Risk of an Unfavorable Fluctuation of Value**

If the value of fiat or cryptocurrencies fluctuates unfavourably we may not be able to fund development, or may not be able to develop or maintain the Signals platform in the manner that it intended. In addition to the usual market forces, there are several potential events which could exacerbate the risk of unfavorable fluctuations, including uncertainties created by the lack of resolution to the bitcoin scaling debate, the possibility of a so-called “Hard Fork” of bitcoin if one of the competing camps in the scaling debate decides to force the issue, a DAO-like attack on the Ethereum network, or significant security incidents or market irregularities at one or more of the major cryptocurrency exchanges.

### **Risks Arising from Lack of Governance Rights**

SGN tokens do not confer any governance rights of any kind in relation to Signals or any of its associated entities or decisions involving our services and such decisions will be made by us in our sole discretion, including, but not limited to, decisions to discontinue any services or to liquidate. Any of these events may have an adverse effect on our business and the utility of the SGN Tokens.

### **Unanticipated Risks**

Cryptographic tokens such as the SGN Tokens are a new and untested technology. In addition to the risks set out above, there are other risks associated with your purchase, possession and use of the SGN Tokens, including unanticipated risks. Such risks may further materialise as unanticipated variations or combinations of the risks discussed above.