

*SIA "dApp Builder"*

**DAP DIGITAL TOKENS**

**INFORMATION MEMORANDUM**

**December 19, 2017**

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The dApp Builder Token (each, an “DAP Token”) is a new Ethereum-based smart contract digital token issued by dApp Builder (the “Company”) for \$0.04 USD per DAP Token. This Information Memorandum is a preliminary memorandum to provide information to prospective purchasers of the DAP Tokens, ***which are being offered as utility tokens, not as an investment.*** dApp Builder is providing this Memorandum as part of its due diligence so that all contributors and participants understand the terms, conditions, and risks associated with a utility token sale.

If you are in any doubt about this document, you should consult a professional advisor. See the section of this document entitled “Risk Factors” for a discussion of certain risks and other factors that should be considered prior to any purchase of the DAP Tokens (the “Tokens”). Prospective purchasers should read the whole of this document and should be aware that token sales involve a high degree of risk.

This document may not be used for the purpose of and may not be construed as, an invitation to the public to subscribe for or purchase any securities or an offer to sell or a solicitation of an offer to buy any securities, or any other financial instrument to anyone in a jurisdiction. Neither this document, nor any of the Tokens, has been or will be registered or filed under the securities laws or regulations of any jurisdiction or approved, recommended or disapproved by any securities or other regulatory authority nor has any such authority confirmed the accuracy or determined the adequacy of this document. Further, as this is a sale of utility tokens, it is not being provided through any of the exemptions under the United States Securities Act.

No person is authorized to give any information or make any representation in connection with dApp Builder not contained in this document. The contents of this document are not to be construed as a recommendation or advice to any prospective purchaser in relation to the purchase, holding, or disposal of tokens, and prospective purchasers should consult their own professional advisors accordingly.

This Information Memorandum is furnished for the purpose of providing certain information about a purchase of the Tokens. This Information Memorandum is to be used delivered solely in connection with the consideration of the purchase of the Tokens described herein. All recipients agree that they will use this Information Memorandum for the sole purpose of evaluating a possible purchase of the Tokens, and acknowledge and agree that this Information Memorandum is not a prospectus and does not purport to contain all information a purchaser may require in order to form a purchasing decision related to utility tokens.

The information in this Information Memorandum is current only as of the date on its cover. For any time after the cover date of this Information Memorandum, the information, including information concerning dApp Builder’s business, financial condition, results of operations, and prospects may have changed. Neither the delivery of this Information Memorandum nor any sale of Tokens hereunder shall, under any circumstances, create any implication that there have been no changes in dApp Builder’s affairs after the date of this Information Memorandum.

Prospective purchasers should not construe the contents of this Information Memorandum as legal, business, tax, accounting, investment, or other advice. Each prospective purchaser is urged to consult its own advisors as to legal, business, tax, regulatory, accounting, financial, and other consequences of its purchase of the Tokens. No person has been authorized in connection with this Token Sale to give any information or make any representations other than as contained in this Information Memorandum. Any representation or information not contained herein must not be relied upon as having been authorized by dApp Builder or any of its partners, members, officers, employees, managers, affiliates, or agents. While such information is believed to be reliable for the purpose used herein, dApp Builder nor any of its partners, members, officers, employees, managers, affiliates, or agents assumes any responsibility for the accuracy of such information. The delivery of this Information Memorandum does not imply that the information herein is correct as of any time subsequent to the date of this Information Memorandum.

To the extent that information has been sourced from a third party, this information has been accurately reproduced and, as far as dApp Builder is aware and is able to ascertain from information published by such third party, no facts have been omitted which may render the reproduced information inaccurate or misleading.

### **IMPORTANT INFORMATION**

This document contains forward-looking statements that are not historical facts, but relate to its intentions, beliefs, expectations or predictions for future events. These forward-looking statements are contained principally in the sections headed "Summary", "Information on dApp Builder ", "Regulatory Information", "Risk Factors", and "Financial Information on the Company", which are, by their nature, subject to risks and uncertainties. In some cases, the Company uses the words "aim", "anticipate", "believe", "continue", "could", "expect", "intend", "may", "plan", "potential", "predict", "propose", "seek", "should", "will", "would" and similar expressions or statements to identify forward- looking statements. These forward-looking statements include, without limitation, statements relating to:

- Our business strategies and plan of operations;
- Our capital expenditure and funding plans;
- General economic conditions;
- The trends of industry and technology, notably as regards blockchain and cryptocurrency industry developments; and
- Other statements in this document that are not historical fact.

These forward-looking statements are subject to risks, uncertainties and assumptions, some of which are beyond the control of dApp Builder. In addition, these forward-looking statements reflect the current views of dApp Builder with respect to future events and are not a guarantee of future performance. Additional factors that could cause actual performance or achievements to differ materially include, but are not limited to those discussed under the section headed "Risk Factors" and elsewhere in this document. These forward-looking statements are based on current plans and estimates, and speak only as of the date they are made. dApp Builder undertakes no obligation to update or revise any forward-looking statement in light of new information, future events, or otherwise. Forward-looking statements involve inherent risks and uncertainties and are subject to assumptions, some of which are beyond the control of dApp Builder. dApp Builder cautions you that a number of important factors could cause actual outcomes to differ, or to differ materially, from those expressed in any forward-looking statements.

Due to these risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way dApp Builder expects, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this document are qualified by reference to these cautionary statements.

**Notice to all prospective purchasers.** The information below is for general guidance only, and it is the responsibility of any person or persons in possession of this document and wishing to make a purchase of the Tokens to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction. No person has been authorized by dApp Builder to issue any advertisement or to give any information or to make any representation in connection with the contents of this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorized by dApp Builder. This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation for a security since this is a utility token sale.

Prospective purchasers should inform themselves as to:

- The legal requirements of their own countries for the purchase, holding, transfer, or other disposal of the Tokens;
- Any foreign exchange restrictions applicable to the purchase, holding, transfer, or other disposal of the Tokens which they might encounter; and
- The income and other tax consequences that may apply in their own countries as a result of the purchase, holding, transfer, or other disposal of the Tokens.

Prospective purchasers must rely upon their own representatives, including their own legal advisors and accountants, as to legal, tax, investment or any other related matters concerning the Company, the Tokens and an investment therein. The contents of dApp Builder's website, including any websites accessible from hyperlinks on dApp Builder's website, do not form part of this document.

### **Legal Status of Tokens**

The Tokens have not been approved or disapproved by the United States Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed on or endorsed the merits of the Token Sale or the accuracy or adequacy of the information contained in this Information Memorandum. The same applies to relevant regulatory authorities in foreign jurisdictions, including, but not limited to, jurisdictions who expressed any form of guidance as to initial coin offerings and token sales, such as Australia, Brazil, Canada, China, Gibraltar, and Singapore. Any representation to the contrary is a criminal offence in the United States and may also be a criminal offense in other jurisdictions. dApp Builder will be issuing its final Information Memorandum on December 19, 2017, with its legal position in the market as a utility token.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

**Start of Main Sale:** Q1, 2019

**Publication of Final Information Memorandum:** December 19, 2017

Each of the times and dates in the above timetable is subject to change at the absolute discretion of dApp Builder. All references are to Coordinated Universal Time (UTC) time unless otherwise stated.

## KEY FIGURES – AT A GLANCE

<b>Hard Cap:</b>	30,000 ETH
<b>Total Amount of DAP Tokens:</b>	2,000,000,000
<b>Token Sale Price:</b>	1 DAP = \$0.04
<b>Market CAP:</b>	\$80M USD
<b>ERC20 Token:</b>	YES

## DEFINITIONS

“Company”	dApp Builder, a Latvian corporation issuing the Tokens
“Token”	Tokens issued by dApp Builder pursuant to the Token Instrument on the Ethereum blockchain
“Tokenholder”	A holder of a Token(s)
“Token Instrument”	The instrument executed or to be executed by the Company pursuant to which the Tokens shall be constituted

## COMPANY INFORMATION

<b>Directors:</b>	Rafael Soultanov
<b>Registered Address:</b>	Latvijas Republika, Rīga, Miera iela 21 – 11
<b>Company Website:</b>	<a href="https://dappbuilder.io/">https://dappbuilder.io/</a>

## **SUMMARY INFORMATION**

### **Company Summary**

dApp Builder was incorporated in November 2017 as a Latvian corporation. dApp Builder is a newly formed entity that partnered with iBuildApp, a company with a large, global reach to mobile app builders.

### **Strategy**

dApp Builder will be utilizing the existing iBuildApp mobile application building and hosting platform to reach its forty-five million (45M) users on mobile and two and a half million (2.5M) businesses and developers that monetize their applications on iBuildApp.

iBuildApp is a very easy-to-use mobile app creation, hosting, and management platform. The platform allows developers and businesses to create and publish iPhone (iOS) and Android applications in a matter of minutes.

The web interface is solution-based with widgets for location and contact, coupons, video, audio, pictures, RSS, Twitter, and Facebook. The design and widgets marketplace offers graphic designers and developers a place to sell mobile templates and custom modules for businesses and individuals to “drag and drop” right into their own applications. The widgets are built with iBuildApp specifications and can be installed in any applications with literally one-click of a mouse.

Since the launching of iBuildApp in 2011, there have been over forty-five million (45M) downloads of applications created by over two and a half million (2.5M) businesses and developers (application makers). There are been over three million (3M) applications built, and over one-hundred fifty thousand (150,000) applications published within the application stores. Monthly visitors to these applications on mobile exceed two and a half million (2.5M).

iBuildApp has been named one of the Five Best App-Building Programs by Complex.com and has been featured on *CNET*, *VentureBeat*, *Wired*, *ZDnet*, *TechCrunch*, *TMCNet*, *PCMagazine*, *The Huffington Post UK*, *Ubergizmo*, *Adweek*, *Folio Magazine*, *Enterprise Apps Today*, and *Content Review*.

### **Reasons for the Token Sale**

The Company believes that affecting the Token Sale will provide benefits to the Company, such as a creating a wider reach of potential participants in its ecosystem and leveraging the blockchain.

Benefits to the Company of the Token Sale also include the opportunity for the Company to establish itself in the cryptocurrency community, which is a natural source of developers and users of iBuildApp’s technology solution.

### **Risk Factors**

The whole of this document should be read and in particular your attention is drawn to the section entitled “Risk Factors” which describes certain risks associated with a purchase of the Tokens to be sold by the Company.

### **Rights of a Tokenholder**

The Company has or shall create the Tokens pursuant to the Token Instrument, and the Company shall issue the Tokens on the Ethereum blockchain. The rights of each Tokenholder shall be governed by the terms of the Token Instrument.

## **Tokens**

dApp Builder, and its token distribution, will be created around smart contracts built on Ethereum. The number of DAP Tokens will be 2,000,000,000. The Company shall initially create 2,000,000,000 DAP Tokens for the Token Sale.

## **About the Ethereum Blockchain**

Ethereum builds on the principles of Bitcoin and introduces the concept of executable code within transactions. Ethereum allows the implementation of new functionality in the form of “smart contracts”. These smart contracts are immutable and published on the blockchain, which means they are available for anyone to view, and are guaranteed not to change after creation. The smart contract feature allows the implementation of tokens, which are defined by a standard protocol called ERC20. The code for handling these is embedded in the blockchain, making it available for review by any party. Ethereum is a separate network which shares no data with Bitcoin, and has an independent blockchain.

## **Before You Purchase**

The Company urges any person who is considering making purchase of the Tokens to read this entire Information Memorandum carefully, including the “Risk Factors” detailed. Information contained or linked from the Company’s websites is not incorporated by reference into this document and hence is not a part of this Information Memorandum.

Before you purchase the tokens, you should have considered and be aware of the following:

- You should have reviewed and understood the contents of this document;
- You should accept and agree to the terms of issuance of the Tokens prior to your purchase in either the Sale;
- You should confirm that you do not reside in a country in which the Company has explicitly stated it is not making the offer available, such list of countries to be updated by the Company from time to time at its sole discretion, including, but not limited to, Cuba, Iran, North Korea, the Sudan, Syria, or the Crimea region of the Ukraine.

The Company is committed to compliance with the relevant provisions of the United States USA Patriot Act and domestic and regulations regarding anti-money laundering and associated compliance.

## **HOW TO PURCHASE**

The DAP Tokens are being offered through dappbuilder.io at <https://dappbuilder.io/> If you are interested in purchasing the DAP Tokens, you should carefully read this Information Memorandum. Information contained or linked on our websites, is not incorporated by reference into this Information Memorandum and is not a part of this Information Memorandum.

The currency of the DAP Token will be the United States Dollar (“USD”), and the price per DAP Token will be \$0.04. Purchasers can utilize USD, Bitcoin (“BTC”) or Ether (“ETH”) to purchase. In the event the Company terminates this Token Sale or does not accept your purchase, the Company will return any funds tendered by potential purchasers in USD, BTC or ETH.

## **OVERVIEW OF THIS TOKEN SALE**

*The following is a summary of the principal features of the DAP Tokens and is taken from, and is qualified in its entirety by, the remainder of this Token Sale Memorandum.*

<b>DAP TOKEN</b>	Smart contracts will be self-executing and run directly on the blockchain without involving an intermediary. Once the blockchain has confirmed that a user has viewed an ad, the contract would automatically release the DAP token to the user's account. Advertisers could also set the contract to release funds even if a mobile user chooses not to view an ad and use the viewed/not-viewed data to determine which users are worth targeting again in the future.
<b>The Issuer</b>	dApp Builder, a newly organized Latvian corporation
<b>Hard cap</b>	30,000 ETH
<b>Price Per Unit</b>	\$0.04 USD per DAP Token
<b>Currencies Accepted</b>	BTC, ETH and USD
<b>Smart Contract</b>	The DAP Tokens are issued electronically on the ERC20 smart contract standard consisting of software code, existing on the Ethereum Blockchain, deployed at the address published on <a href="https://dappbuilder.io/">https://dappbuilder.io/</a> ("Smart Contract").
<b>Token Sale Expenses</b>	Upfront costs related to this Token Sale, including advisory, legal and accounting costs, will be covered by and billed to the Company.

## **INFORMATION ON DAPP BUILDER.**

### **Executive Summary**

dApp Builder (DAP) is a SaaS platform for businesses to create their own Ethereum dApps. It is our vision that anyone will be able to create a secure, flexible and legally binding dApp based on smart contracts by using DAP Platform, no coding required. dApp Builder (DAP platform) is about to enable mainstream business blockchain applications to benefit from deploying their own branded crypto-backed token economies, without a need to support their own publicly-tradeable ERC-20 tokens. With DAP it is easy create and edit dApps with no coding skills, similar to how Wordpress and Wix allow building websites.

DAP platform is end-to-end, No Coding skills will be needed as businesses/users can easily move into the blockchain world; project owners will be able to easily activate "Smart token" by just selecting a few parameters in the UI interface like Smart-token activated and constant reserve ratio %.



Users/businesses can easily create decentralized applications. These decentralized applications will be able to launch branded tokens powered by DAP Smart Token. In this case the dApp Builder DAP token will become a Network token for the tokens created on the platform.

Building dApps on DAP Platform also enables businesses to benefit from network effects across the participating companies. DAP Platform connects businesses and the blockchain. It is not a trivial task to integrate applications and blockchain for businesses. Currently the blockchain networks have issues like slow speed and scalability that required in the traditional business operations.

DAP Platform aims to bring DApps distribution through marketplace, while providing a well established mobile development and hosting platform for Ethereum dApp developers. At the heart of it Ethereum public blockchain will be used for every single moment. We are leveraging blockchain technology to build real world solutions that demands the use of a token.

DAP doesn't have dependencies on the price of Bitcoin or Ethereum cryptocurrencies. The value of DAP token is solely dependent on the number of nodes in our network and the demand we are creating on our platform —functional applications and use cases for users and businesses. The dApp Builder token (DAP) is a utility token that fuels the DAP platform. This includes dApp Builder and Marketplace of developer made dApps built on top of DAP platform. The marketplace will allow anyone to create and distribute their own Ethereum dApps.

### **Background dApp Builder (DAP)**

DAP aims to bring Ethereum DApps distribution through marketplace on the mobile platform, while providing well-established development and hosting for DApp developers. DAP will be using DAP existing mobile app building and hosting platform to reach its current 45M users on mobile and 2,5M businesses and developers that monetize their apps on DAP As DAP is expanding it will reach millions of businesses worldwide iBuildApp is a separate entity than dApp Builder and aims to connect 50,000,000 DAPs users on mobile with decentralized applications that run on the Ethereum Network and powered by DAP dApp Builder company is formed in Latvia.

dApp Builder is founded by iBuildApp Mobile App Builder and its executives and investors Since launching in 2011, BuildApp Mobile Builder received over 50M downloads of mobile apps created by over 2,500,000 businesses and developers (app makers). There are been over 3,000,000 apps built and over 150,000 apps published on app stores and monthly visitors on mobile exceed 2.5 million. iBuildApp has been named one of the 5 Best Mobile App-Building Programs by Complex.com and featured on CNet, VentureBeat, Wired, ZDnet, (was mentioned in Techcrunch), TMCNet, PCMagazine, Huffington Post UK, Ubergizmo, Adweek, Folio Magazine, Enterprise Apps Today, Content Review.

### **dApp Builder ecosystem**

#### 1. dApp builder

- Predefined customizable smart contracts with Solidity source code
- Web interface to build mobile apps accessing these smart contracts.
- Javascript WEBAPIs and UI/UX framework, adopted for Android and iOS

2. dApp marketplace
  - Listing of customized dApps
  - dApps customers ratings and reviews
  - Instruments to advertise and promote dApps
  - Integration of dApps with 3rd party services – payment gateways, oracles, etc.
3. Desktop and Mobile access to dApps
  - Adaptive to Desktop, iPhone and Android
  - Work with dApps through WEB APIs talking to dApp Builder node
  - dApp Builder node talking to Ethereum blockchain

### **Leadership and People**

The Company has founder and CEO Rafael Soultanov. Rafael has over 23 years of leadership experience and worked for multiple Fortune 1000 companies.

### **Milestones and Achievements**

The following outlines Milestones and Achievements as they relate to the development of the dApp Builder.

<b>Date</b>	<b>Target</b>
<b>2017, Q3</b>	<ul style="list-style-type: none"> <li>✓ Release of White Paper</li> <li>✓ Release of Token Sale Information Memorandum</li> <li>✓ Launch of Token Sale</li> <li>✓ Close of Token Sale</li> </ul>
<b>2017, Q4</b>	<ul style="list-style-type: none"> <li>✓ White paper development</li> </ul>
<b>2018, Q2</b>	<ul style="list-style-type: none"> <li>✓ Smart contract development to perform transactions among the participants in dApp Builder.</li> </ul>
<b>2018, Q3</b>	<ul style="list-style-type: none"> <li>✓ dApp Builder platform beta release</li> <li>✓ Strategic Partnerships</li> <li>✓ Developer network development</li> <li>✓ Establishing DAP developer community</li> </ul>
<b>2018, Q4</b>	<ul style="list-style-type: none"> <li>✓ Full platform release</li> <li>✓ Partnerships development</li> </ul>
<b>2021, July</b>	<ul style="list-style-type: none"> <li>✓ ICO begins in July, 2021</li> </ul>

### **Regulatory Information**

Participation in a token sale can be highly speculative and could involve a risk of loss.

dApp Builder takes the position that its DAP Token is not a security, but a utility token given its operation. The test applied by the United States Securities and Exchange Commission (SEC) for determining whether an instrument meets the definition of security is SEC v. W.J. Howey, 328 U.S. 293 (1946).

In *Howey*, the United States Supreme Court articulated the test as follows: A contract constitutes an investment contract that meets the definition of security if there is (i) an investment of money; (ii) in a common enterprise; (iii) with an expectation of profits; (iv) solely from the efforts of others (e.g., a promoter or third party), “regardless of whether the shares in the enterprise are evidenced by formal certificates or by nominal interest in the physical assets used by the enterprise.”<sup>1</sup> In order to be considered a security, all four prongs must be satisfied.

Most recently, the SEC’s Division of Enforcement’s investigative report involving DAO tokens revealed that tokens that function like investment contracts under *Howey* will be treated as securities.<sup>2</sup> The DAO Report applied the *Howey* test to digital tokens offered and sold by a virtual organization known as “The DAO,” and concluded that the tokens were in fact securities. The DAO Report is a clear warning signal to the industry and market participants that the federal securities laws “apply to those who offer and sell securities in the U.S., regardless of whether the issuing entity is a traditional company or a decentralized autonomous organization, regardless whether those securities are purchased using U.S. dollars or virtual currencies, and regardless of whether they are distributed in certificated form or through distributed ledger technologies.”<sup>3</sup> The SEC did not take the position that virtual currencies, or interests in such currencies, are themselves securities.

The *Howey* test has not yet been directly applied by the courts to any digital currency or blockchain token. To determine whether DAP Tokens are securities, dApp Builder engaged counsel and examined each of the *Howey* factors in light of the SEC’s analysis of the DAO tokens.

In the United States, the implication of the DAO Report is that depending on the facts and circumstances of an individual token sale, the virtual coins or tokens that are offered or sold may be securities, and that if they are securities, the offer and sale of these virtual coins or tokens are subject to the federal securities laws. To avoid being an investment contract and, thus, a security, the DAP token sale need only avoid one of the *Howey* prongs. Here, the DAP token sale likely avoids the “reasonable expectation of profits” and “derived from the efforts of others” prongs. Based on dApp Builder’s reading of existing law, as well as its understanding of the facts as it relates to the operation of its DAP utility token, dApp Builder has concluded that as currently designed, the sale of DAP Tokens is not a securities offering, and, accordingly, that the federal securities laws would likely not apply to the initial distribution and subsequent trading of such tokens. Even with this analysis, dApp Builder is taking extreme caution in providing ample information about its DAP Token and legal position to potential purchasers.

While no jurisdiction has implemented a clear and comprehensive regulatory framework specific to token sales, regulators globally are increasingly watching the space. With a growing number of jurisdictions issuing compliance guidance in recent months, the general trend is a move toward increased regulation. dApp Builder has further examined the current state of securities regulations as it relates to Singapore, Canada, China, Australia, Brazil, the United Kingdom, and South Korea, amongst other jurisdictions.

In compliance with U.S. and international trade laws, prospective purchasers located in, under the control of, or a national or resident of any restricted location or country to which the United States has embargoed goods or services, are prohibited from participating in the token sale. The token sale will not be offered in other restricted jurisdictions including, but not limited to, Iran, North Korea, the Sudan, Syria, and the Crimea region of the Ukraine.

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<sup>1</sup> *Id.*

<sup>2</sup> SEC, *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO*, Exchange Act Release No. 81207 (July 25, 2017), available at <https://www.sec.gov/litigation/investreport/34-81207.pdf> (the “DAO Report”).

<sup>3</sup> *Id.* at 18.

In China, where all ICOs and token sales have been frozen, allowing Chinese purchasers to participate in the DAP token sale would currently be unlawful. As such, Chinese purchasers are prohibited from participating in the token sale. This token sale will also not be available to Brazilian purchasers as dApp Builder is not registered as a crowdfunding platform per the new guidance issued by the Comissão de Valores Mobiliários (“CVM”) in Instrução CVM No. 588.

Considering the regulatory warnings given by multiple international jurisdictions regarding the potential for tokens to be viewed as securities offerings, it necessary to advise you that our belief that the DAP Token is a utility token may not exempt it from registration requirements in the United States or any other jurisdiction.

Many international jurisdictions have indicated that token sales may qualify as sales of investment contracts, or qualify as crowdfunding sales under pre-existing regulations, and may be regulated as such.

Given the guidance recently received from these regulatory authorities, dApp Builder believes that a growing number of jurisdictions will be closely scrutinizing token sales. dApp Builder’s determination that its ICO qualifies as a utility token sale does not guarantee that the SEC or a regulatory authority in another jurisdiction will not determine the tokens to be securities subject to registration. Should dApp Builder’s DAP Tokens be determined securities by the SEC, or another regulatory authority, dApp Builder may be subject to civil or criminal penalties if the tokens are not properly registered.

### **Risk Factors**

A purchase of the Tokens may not be suitable for all purchasers and involves a high degree of risk. Before making a purchasing decision, prospective purchasers are advised to consult a professional advisor who specializes in advising on tokens of the kind described in this Memorandum. Prospective purchasers should consider carefully whether a Token purchase is suitable for them in the light of their personal circumstances and the financial resources available to them.

In addition to the other relevant information set out in this document, the Company considers that the following risk factors, which are not set out in any particular order of priority, magnitude or probability, are of particular relevance to the Company’s activities and to any purchase of Tokens issued by the Company.

It should be noted that the factors listed hereunder are not intended to be exhaustive and do not necessarily comprise all of the risks to which the Company is, or maybe, exposed or all those associated with a purchase of the Company’s Tokens. It should be noted that additional risks and uncertainties not presently known to the Company, or which it currently considers to be immaterial, may also have an adverse effect on the Company’s operating results, financial condition, and prospects.

If any of the risks referred to in this section were to materialize, the Company’s business, financial condition, results, or future operations could be materially adversely affected.

### **Technology Risk**

*The Company depends on technology and advanced information systems, which may fail or be subject to disruption.*

The integrity, reliability, and operational performance of the Company’s information technology (IT) infrastructure are critical to the Company’s operations. The Company’s IT infrastructure may be damaged or interrupted by increases in usage, human error, unauthorized access, natural hazards or disasters, or similarly disruptive events. Furthermore, the Company’s systems may be unable to support a significant increase in traffic or increase in customer numbers, whether as a result of organic or inorganic growth of the business.

Any failure of the Company's IT infrastructure, or the telecommunications and/or other third-party infrastructure on which such infrastructure relies, could lead to significant costs and disruptions that could reduce revenue, damage the Company's reputation, and have a material adverse effect on the operations, financial performance, and prospects of the Company.

The Company shall put in place business continuity procedures and security measures to protect against network or IT failure or disruption. However, these procedures and measures may not be effective against all forms of disruption and may not serve to ensure that the Company is able to carry on its business.

Should these measures and protections fail to operate as intended or at all, they might not prevent a material disruption to the Company's operations, and the resultant material adverse effect on its financial performance and prospects.

The Company cannot give any assurance that the use of applications and systems designed for system security will effectively counter evolving security risks or address the security concerns of existing and potential customers. Any failures in the Company's security measures could have a material adverse effect on the Company's business, financial condition, and results of operations.

In addition, the Company's controls may not be effective in detecting or preventing any intrusion or other security breaches, or safeguarding against sabotage, hackers, viruses, and other forms of cybercrime. Any failure in these protections could harm the Company's reputation and have a material adverse effect on the operations, financial performance, and prospects of the Company.

The Company intends to market its services increasingly in the cryptocurrency communities and, as a result, will increasingly hold cryptocurrencies of various types on its books and in its IT systems. There is a risk that due to human error, technological failures, or fraudulent activities the secret keys for such cryptocurrencies could be lost or stolen, which could lead to significant financial loss for the Company.

The Company depends on third parties for the hosting of data servers and relies upon third parties for the physical security of its servers. The Company's servers currently reside in cloud providers such as Amazon Web Services and Google Cloud, and in physical hosting facilities in Burlingame, CA. The Company believes it is able to switch to back-up sites in the event of failure of the main hosting sites, however, there is no absolute guarantee that such switching exercise would work as expected, in which case the Company's website and facilities could become inaccessible for extended periods of time. This downtime could result in increased costs and lost revenues which would be detrimental to the business. The Company cannot predict the effect that this may have on its ability to continue to provide reliable service. This is exacerbated by the fact that contracts with such hosting providers are terminable upon short notice.

*In order to compete effectively, the Company must keep up with rapid technological changes and changes in its customers' requirements and preferences.*

The mobile application and mobile advertisements industry is characterized by rapid technological changes and evolving industry standards. Customers constantly demand more sophisticated products and services and customer preferences change rapidly. To remain competitive, the Company must continue to innovate, further enhancing and improving the responsiveness, functionality, accessibility, and other features of its network. The success of the Company depends on its ability to anticipate and respond to technological changes and customer preferences in a timely and cost-effective manner. The Company believes that it is well-placed to respond to these challenges bearing in mind that key technologies are developed in-house allowing it to respond to changes in customer preferences quickly and efficiently. However, there can be no assurance that the Company will be able to effectively anticipate and respond to technological changes and customer preferences in the future. Failure to do so could have a material adverse effect on the Company's business and operating results.

*The business of the Company is dependent on the continued growth and maintenance of its intellectual property.*

The Company's business relies on a combination of patents, trademarks, copyright, know-how, and technical measures to protect its brands, software, and trade secrets. The protection provided by these intellectual property rights, confidentiality laws, and contractual restrictions is limited and varies between countries.

Further, there can be no guarantee that current or future applications for registered intellectual property rights will be granted or that the Company's intellectual property rights and contractual provisions will be adequate to prevent the misappropriation, infringement, or other unauthorized use of the Company's intellectual property by third parties.

Further, third parties may have filed applications for, may have been granted, or may obtain patents that relate to intellectual property competitive with those of the Company or its technology. This may result in the Company being required to develop or obtain alternative technology, or required to obtain appropriate licenses under these patents, which may not be available on acceptable terms or at all. Such a circumstance may result in the Company having to significantly increase development efforts and resources to redesign the technology to safeguard the Company's competitive edge against competitors of the same industry. There is a risk that the Company's means of protecting its intellectual property rights may not be adequate and weaknesses or failures in this area could adversely affect the Company's business or its reputation, financial condition, and/or operating results.

Litigation may be necessary in the future to enforce the Company's intellectual property rights, to determine the scope of the proprietary rights of others, or to defend against claims of infringement or invalidity, and there can be no assurance that the Company would prevail in any future litigation. Such litigation, whether or not determined or resolved in the Company's favor, could be costly.

Third parties may assert claims of infringement or misappropriation of intellectual property rights in proprietary technology against the Company for which the Company may be liable or have an indemnification obligation. The Company cannot ensure that it will not be subject to any claims for the infringement or violation of any third-party intellectual property rights. From time to time, the Company or its buyers and sellers may be subject to legal proceedings relating to the Company's services or the underlying technology and the intellectual property rights of others, particularly as the Company expands the complexity and scope of its business.

Generally, if third parties are successful in their claims, the Company might have to pay substantial damages, account for profits derived from the alleged infringing acts, and cease to use certain technologies or take other actions that could be detrimental to its business. As a result of intellectual property infringement claims, or to avoid claims, the Company might be prohibited from selling or licensing to others any product that it may develop unless the patent or copyright holder grants a license of the relevant intellectual property to the Company, which the patent or copyright holder is not obliged to do.

As of the date of this Memorandum, the Company is not subject to any litigation or other legal proceedings.

*The Company is exposed to the risk of hackers stealing customers' details for the purposes of identity theft.*

The Company's operations could be materially and adversely affected by breaches of security and systems intrusions conducted for the purpose of stealing the personal information of customers held by the Company. Any such activities would harm the Company's reputation and deter current or potential customers from using the Company's services and have a material adverse effect on the Company's financial position. Data theft related to customer financial information.

## **Regulatory Risk**

*Withdrawal or amendment of regulatory authorizations or non-compliance with, or changes to, the legal or regulatory framework in which the Company operates may have a significant adverse effect on the Company's business and operations.*

Withdrawal or amendment of regulatory authorizations with respect to all or part of the business carried on by the Company or with respect to the fitness and propriety of one or more individuals to perform their current roles (including any of the Directors) might oblige the Company to cease conducting a particular type of business, or modify the manner in which it is conducted.

The failure by the Company to obtain prior regulatory authorization in a jurisdiction where it has operated or the refusal of a regulator to grant that authorization in a jurisdiction where it may wish to operate could prevent the Company from maintaining or expanding its business.

Further, changes to laws or regulations, including the enactment of new requirements in relation to regulatory authorization, advertising, the internet or online commerce (or change in the application or interpretation of existing regulations or laws by regulators or other authorities), in any jurisdiction in which the Company currently carries on business, might oblige the Company to cease conducting business, or modify the manner in which it conducts business, in that jurisdiction. Such changes could also have a material adverse effect on the Company's business, financial condition, and operating results and/or subject the Company or its directors or customers to additional taxation or civil, criminal, regulatory, or other action.

Although the Company has established and implemented, and maintains, policies, and procedures that it considers adequate to detect any risk of failure to comply with its obligations, there is a risk of non-compliance arising from human error, unauthorized access, technological failure, and fraud. Any non-compliance where applicable laws or regulations apply in any jurisdiction could have a significant impact on the way in which the Company conducts its business.

Any of the factors described above could have a material adverse effect on the Company's reputation, business, financial condition, and operating results.

*Developments in regulation in the United States or within other countries may alter the nature of our business or restrict the use of blockchain assets or the operation of a blockchain network upon which we rely in a manner that adversely affects our business or the DAP Tokens. The application of existing United States regulation to the DAP Tokens is unclear.*

As blockchain networks and blockchain assets have grown in popularity and in market size, federal and state agencies have begun to take an interest in, and in some cases, regulate their use and operation. In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Other states, such as Texas, have published guidance as to how their existing regulatory frameworks apply to virtual currencies. Guidance has even been issued by the United States Department of Treasury and the Commodity and Futures Trading Commission (CFTC). Further, the IRS released guidance on virtual currencies (available at <https://www.irs.gov/pub/irs-drop/n-14-21.pdf>) classifying bitcoin and ether as property that is not currency for the purposes of federal income taxes.

Federal and state agencies have also begun to institute enforcement actions and place under investigation various token sales and initial coin offerings. On July 25, 2017, the Securities and Exchange Commission issued its investigative report into the DAO Token (See SEC, *Report of Investigation Pursuant to Section 21(a) of the Securities Exchange Act of 1934: The DAO*, Exchange Act Release No. 81207 (July 25, 2017), available at <https://www.sec.gov/litigation/investreport/34-81207.pdf> (the "DAO Report").

Regulators globally, including, but not limited to, Canada, China, Australia, and Brazil, Singapore, South Korea, the Ukraine, have issued some form of guidance regarding their position on initial coin offerings and token sales. Our business and the use of the Tokens could be adversely affected by depending on whether a given regulatory agency decides to exert authority over a blockchain network.

*Operating via the Internet in different jurisdictions exposes the Company to a number of risks which may have a significant adverse effect on the Company's business and operations.*

The Company's transactions are solely conducted over the Internet and will therefore be open to an element of risk. The Company's information technology infrastructure is designed to be secure, but is not immune to outside rogue elements, including computer viruses, computer hackers, those who would perpetrate Distributed Denial of Service Attacks (being attacks that flood the targeted machines or resources with superfluous requests in an attempt to overload such systems), and organized activities among groups of members designed to breach the Company's security systems. The Company utilizes a number of techniques to ensure the integrity of the data on its servers. However, there can be no assurance given that such attacks on, or compromises of, its information technology infrastructure will not occur in the future, which could have a material adverse effect on its business and operations.

*The Company must comply with data protection and privacy laws.*

The Directive 95/46/EC of the European Parliament, covering the protection of individuals with regard to the processing of personal data and on the free movement of such data, has been repealed by the General Data Protection Regulation (EU) 2016/679 (the "GDPR"). The enforcement of the GDPR starts on May 25, 2018. Therefore, the Company shall implement the data protection regulatory framework as per the GDPR with effect from that date. The Company is currently engaging in self-certification under the EU-U.S. Privacy Shield program as administered by the United States Department of Commerce. Similar privacy legislation, globally, will also be applicable.

Additional legislation may restrict further the Company's information gathering and disclosure practices. Existing and potential future privacy laws may limit the ability of the Company to develop new products and services that make use of data gathered through the platform. Even technical violations of these laws can result in penalties assessed for each non-compliant transaction. Those laws restrict the Company's ability to collect and use personal information relating to customers and potential customers.

There is a risk that personal data could in the future be wrongfully accessed and/or used by third parties, or otherwise lost or disclosed or processed in breach of data protection regulation.

The Company has retained legal counsel to provide whose mandate is to ensure the Company complies with all such regulations. However, if the Company or any of the third-party service providers on which it relies fails to transmit customer information and payment details online in a secure manner or if any such theft or loss of personal customer data were otherwise to occur, the Company could face liability under data protection laws. This could also result in the loss of the goodwill of its customers and deter new customers. Each of these factors could harm the Company's reputation and have a material adverse effect on the Company's operations, financial performance, and prospects.



## **Operational Risk**

*Political and economic conditions may impact the markets and/or the regulatory regimes in the countries in which the Company operates.*

Economic conditions in each of the countries in which the Company operates, has operated, or may operate in the future may change rapidly and/or significantly as a result of domestic or global circumstances or events, such as the recent global financial crisis. Such changes in conditions may be as a result of a number of factors including population growth rates, internet user growth rates, rates of GDP growth, changes in per capita wealth, interest and inflation rates, political or policy changes, and technology changes. Lower levels of economic activity in any of the jurisdictions where the Company offers its services would adversely affect the level of sales and margins, thereby reducing the profitability of the Company. The Company operates in, and may expand its operation in the future to, certain countries that present as yet unknown additional risks.

## **Risk of Accessing Cryptocurrency Markets**

*The purchase of Tokens is accompanied by a high degree of risks and market volatility.*

A purchase in Tokens may be difficult to realize and carries a high degree of risk. The ability of a purchaser to sell or exchange Tokens will depend on there being a willing buyer for them at an acceptable price and quantity. Additionally, there could be slow adoption of the token and network development could exceed the timeframe outlined in the milestones.

Market conditions may affect the Tokens regardless of the Company's operating performance or the overall performance of the sector in which the Company operates. Such market conditions are affected by many factors, including general economic outlook, movements in or outlook on interest rates and inflation rates, currency fluctuations, commodity prices, changes in investor sentiment towards particular market sectors, and the demand and supply for capital. Accordingly, the market price of the Tokens may not reflect the underlying value of the Company's net assets, and the price at which purchasers may dispose of their Tokens at any point in time may be influenced by a number of factors, only some of which may pertain to the Company while others of which may be outside the Company's control.

*The Token may not be liquid, and its value could be highly volatile.*

Purchasers should be aware that, assuming the Tokens are admitted at some point in time to trading on cryptocurrency exchanges, the market price of the Tokens may be volatile and may go down as well as up and purchasers may therefore be unable to recover the original value or perceived value in their utility Token. The value of the utility Token is entirely reliant on the contributors within the company's ecosystem.

This volatility could be attributable to various facts and events, including any regulatory or economic changes affecting the Company's operations, variations in the Company's operating results, developments in the Company's business or its competitors, or changes in market sentiment towards the Tokens.

*Future sales of Tokens could depress the market price of the Tokens.*

Sales, or the possibility of sales, by the Company of a substantial number of tokens following this offer could have an adverse effect on the trading prices of the Tokens or could affect the Company's ability to obtain further capital.

No future token issuance is planned.

## **Tax Risks**

The tax characterization of the Tokens is uncertain, and a purchaser must seek its own tax advice in connection with a purchase of the Tokens. A purchase of the Tokens may result in adverse tax consequences to purchasers, including withholding taxes, income taxes, and tax reporting requirements. Each potential purchaser should consult with and must rely upon the advice of its own professional tax advisors with respect to tax treatment of a purchase of Tokens.

## **Lack of Registration**

The Company is not currently registered under any applicable international, federal, or state securities, commodity, derivative or other legal or regulatory regime. Persons, instruments, or offerings registered under such regulatory regimes may be required to comply with a variety of disclosure, reporting, compliance, and operating-related obligations intended to protect “investors.”

So long as the Company is not subject to such requirements, as the Company is engaged in the endeavor of issuing utility tokens to be contributed and maintained by members of its mobile advertisement ecosystem, or if it fails to adequately comply with such requirements if applicable, Tokenholders will not have the benefit of such investor protections and will not receive disclosure commensurate with that provided by registered entities under various securities regulations of the United States and other jurisdictions globally.

Furthermore, cryptocurrency exchanges upon which the Tokens may be traded may either be unregulated or lightly regulated in offshore jurisdictions that do not impose the same level of regulatory supervision as onshore exchanges. Additionally, exchanges that are emerging to accommodate the exchange of cryptocurrency are nascent, and little regulatory guidance has been provided as to how these “exchanges” will be regulated by agencies, such as the United States Securities and Exchange Commission. It is likely that the trading of Tokens on such cryptocurrency exchanges will not provide the same level of protection as that provided by regulated exchanges.

## **Risks Relating to Blockchain Technologies**

### *Technical Skill Requirements*

Participating in this Token Sale requires technical skills that may be beyond that of many investors. Trading, safekeeping, and manipulating Tokens on the blockchain requires knowledge of blockchain technologies. Blockchain technologies are generally experiencing fast change and evolution and may contain bugs or complexities that could lead to human error.

### *Risk of Loss of Secret Keys*

Any human error during such token manipulations such as losing the secret key to a blockchain address may lead to the irrevocable loss of the Tokens. As there is no central authority governing blockchains, loss of a secret key or passphrase would be irrevocable and impossible to recover from.

### *Scalability of Blockchain Technologies*

Blockchain technologies are known to have scalability problems, which may lead to the slowing or stopping of transactions, or a dramatic increase in the cost of transactions. In such case, the transfer of Tokens may become slowed or even suspended for extended periods of time.

### *Blockchain Security*

Blockchains are based on secure mathematical principles. However, there is a risk that a breakthrough in decryption technologies and methods could cause weaknesses in the implementation to be exposed.

### *Government Intervention*

As with any evolving technology, there may be changes to legislation in various countries which could restrict or even prohibit the interaction or provision of Bitcoin or Ethereum nodes, which are required by the Tokens issued on such blockchains to function.

## **SUMMARY OF THE TERMS OF THE TOKEN INSTRUMENT**

### **Token Instrument**

The Token Instrument was entered into by the Company on August 31, 2017. The Token Instrument provides for the issuance of the Tokens by the Company. Under the Token Instrument, the Company is issuing ERC20 Tokens.

The Token Instrument provides that Tokens may not be issued unless certain information has been submitted to the Company in respect of those Tokens by or on behalf of the person to be entered on the register of Tokenholders as recorded on the Bitcoin and Ethereum blockchains (the "**Token Register**") as the initial Tokenholder of those Tokens. Purchases will provide an email address, first name and last name as part of the token sale purchase process.

### **Additional Token Issuances**

Under the Token Instrument the Company reserves the right from time to time to create and issue further digital convertible tokens, whether of the type described in the Token Instrument or of a different type or on a different blockchain, so as to be or become identical or equivalent and to form a single issue with the Tokens (which may be constituted by an instrument supplemental to the Token Instrument).

### **Modifications; Governing Law and Jurisdiction**

The provisions of the Token Instrument and the rights of the Tokenholders may from time to time be modified or abrogated if required by any applicable law. The Token Instrument is governed by and shall be construed in accordance with the laws of the United States of America. Under the Token Instrument the Company and the Tokenholders irrevocably submit to the exclusive jurisdiction of the courts of the United States of America to settle any disputes and claims which may arise out of, or in connection with, the Token Instrument.

### **Ranking**

The Tokens when issued shall rank equally in all respects with each other.

### **Transfers**

The Tokens are transferable only in accordance with and on the terms of the respective blockchain where the Tokens are recorded and the terms of any cryptocurrency exchange and/or wallet where the Tokens may be traded and/or deposited from time to time.