



REVERSIBLE ICO PUBLIC SALE AGREEMENT

(the "Agreement")

between **Lukso Blockchain GmbH**, a limited liability company under German law with a registered office in Berlin, registered with the commercial register of the district court of Charlottenburg (Berlin) under no. HRB 199141 B (the "Company")

and

The customer who accepts these terms by purchasing LYXe (the "Customer")

(collectively, the "Parties").

1. Preamble

The Company intends to develop a dedicated Blockchain for the mainstream blockchain applications (for example: lifestyle, fashion and design industry use cases), the LUKSO Blockchain (as defined below). The Company will generate an own cryptocurrency, the LYX coin, which is - among other things - meant by the Company to be used as payment for transaction fees and staking to participate in the consensus process of the LUKSO Blockchain. The Company can factually not control and is therefore not responsible or liable for any other meaning, use or value that third parties may ascribe or suggest at any point in time for the LYXe and LYX.

As the underlying technology of the LUKSO Blockchain and the LYX coin is a new and emerging technology, the Company may at its sole discretion decide to add, change or limit the purpose of the LYX coin for the current, future or various other purposes (whether known or unknown at the date of this Agreement). The Parties are aware that

the possibility cannot be ruled out that the LYX coin may be used outside of the LUKSO Blockchain for other purposes by the Parties or any third party.

For the purpose of accounting the company generates LYXe Token on the Ethereum Blockchain that the Customer can hereby purchase. This Token is a standard ERC-20 token. When the LUKSO Blockchain launches, Tokens will be migrated to the LUKSO Blockchain as native LYX Coins in a procedure that will be defined at a future point in time.

The Company endeavours to make available a specific number of LYXe tokens for the Public Sale (as defined below).

2. Definitions

2.1. Quoted terms shall have the meaning given to them in this Agreement:

“Allocated Funds” means the proportion of the Committed Funds which is allocated to the Company as consideration for Tokens sold in Single Tranches upon reaching of the relevant Block during the Buy Phase according to the Allocation Mechanism whereby the economic ownership of the respective amount of Committed Funds becomes freely available to the Company.

“Allocation Mechanism” means the automated allocation mechanism of the Reversible ICO Smart Contract, allocating a specific amount of Remaining Committed Funds per Block to the Company during the Buy Phase as specified in ANNEX B.

“Block” means any block of the Ethereum Blockchain within the duration of the Reversible ICO.

“BTC” means the cryptocurrency Bitcoin.

“Buy Phase” means the period of time starting upon expiration of the Commit Phase (The first 22 days of the Reversible ICO) and ending at the point of time of achieving the last Block as specified by the Allocation Mechanism.

“BGB” means the German Civil Code (Bürgerliches Gesetzbuch).

“**Coin**” means **LYX coin**, the coin generated by the Company.

“**Consumer**” means every natural person who enters into a legal transaction for purposes that are predominantly outside its trade, business or profession.

“**Commit Phase**” means the period of time starting from the first Block of the Reversible ICO to the first Block Buy Phase and spans a time frame of approximately 22 days.

“**Committed Funds**” means the amount of ETH which the Customer initially chooses to preliminary commit during the Public Sale for the later purchase of Tokens.

“**Compatible Wallet**” means a wallet of which the Customer can identify and control the private key.

“**Consumer**” means every natural person who enters into a legal transaction for purposes that are predominantly outside its trade, business or profession.

“**ETH**” means the cryptocurrency Ether.

“**Effective Date**” means the date of conclusion of this Agreement.

“**Entrepreneur**” means every natural or legal person or partnership with legal personality who or which, when entering into a legal transaction, acts in exercise of the Customer’s trade, business or profession.

“**Ethereum Blockchain**” means the main chain of the Ethereum blockchain.

“**GDPR**” means the Regulation EU 2016/279 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data.

“**Hard Fork**” means any change to the protocol of the blockchain used by the Company that creates more than one version of that blockchain.

“**HGB**” means the German Commercial Code (Handelsgesetzbuch).

“KYC Provider” means the company providing the services necessary to carry out the KYC/AML check as referred to in clause 6.

“LYXe” means any entry in the LYXe Smart Contract interacting with the eICO Smart Contract, providing the Customer with access to the funds held in rICO Smart Contract and reserving such number of Tokens corresponding to the Customer’s Order for later acceptance by the Company of such Order in tranches over time as calculated by the Allocation Mechanism.

“LYXe Smart Contract” means the smart contract at the address **0xA8b919680258d369114910511cc87595aec0be6D** on the Ethereum Blockchain.

“LUKSO Blockchain” means a dedicated blockchain which the Company intends to develop.

“Order” means the Customer’s binding legal offer according to sec. 145 BGB to purchase Tokens.

“Order Process” means the process required for submitting an Order.

“Payment Amount” means the amount of Ether (“ETH”), the Customer provides to the Company as consideration for the purchase of Tokens.

“Privacy Policy” means the Company’s privacy policy which can be found on the Website under <https://www.lukso.network/privacy>.

“Private Sale” means the sales before and during the Reversible ICO that sell a fixed number of Coins or Tokens without reversibility.

“Public Sale” means any sales during the Commit or Buy Phase in the Reversible ICO.

“Remaining Committed Funds” mean the Customer’s Committed Funds minus such portion of the Committed Funds which already became Allocated Funds at the relevant point in time and minus any ETH returned pursuant to clause 12.

“**rICO**” means the Reversible ICO, which is the smart contract and period in which buyers buy Tokens over time using the Reversible ICO smart contract.

“**rICO Smart Contract**” means the smart contract at the address **0x34a34267EC4034bA52f154829d0b6548BBbF7c74** on the Ethereum Blockchain.

“**Sales Period**” means the sales period as specified in clause 4.1.

“**Single Tranche**” means the purchase of Tokens per Block during the Buy Phase corresponding to the proportion of Customer’s Committed Funds to be allocated to the Company according to the Allocation Mechanism.

“**Token**” means **LYXe token**, the token generated by the Company on the Ethereum Blockchain that migrates to LYX after the LUKSO Blockchain network launch.

“**Trading Platform**” means an online trading platform/online exchange for coins and/or tokens.

“**Website**” means the Company’s website <https://rico.lukso.network>.

- 2.2. Unless a contrary indication appears, any reference in this Agreement to:
 - 2.2.1. a “regulation” includes any regulation, rule official directive, request or guideline (whether having the force of law) of any governmental, intergovernmental or supranational body, agency, department or of any regulatory, self-regulatory or other authority or organisation; and
 - 2.2.2. a provision of law is a reference to that provision as amended or re-enacted.

3. Public Sale

- 3.1. Subject to the terms of this Agreement, the Company offers to sell **LYXe** Tokens to the Customer who accepts this offer.
- 3.2. This Agreement is subject to the condition precedent (aufschiebende Bedingung) that the KYC/AML check has been completed.

- 3.3. Any potential future use of Coins and Tokens in connection with the use in and outside of the LUKSO Blockchain once it is developed and made publicly available is not governed by this Agreement.

4. Conditions of the Public Sale

- 4.1. **20 000 000 LYXe** will be available for the Public Sale during the Commit Phase for approximately 22 calendar days beginning as of 27-05-2020 at around 2pm CET.
- 4.2. Any Token not reserved during the Buy Phase or available due to withdrawal of Committed Funds pursuant to clause 10.3 will be available for reservation or purchase during the Buys Phase as well.

5. Restrictions of Public Sale

The sale of Tokens is limited to Customers not acting in their capacity as consumers (“Verbraucher”). The Customer confirms by submitting the Order that they do not act in the capacity as Consumer.

6. Use of Coins

The LUKSO Blockchain has not been fully developed yet. Any potential future use of the Coin in connection with the LUKSO Blockchain will be possible only once it is successfully developed and launched. The Customer is aware that there is the risk of project failure at any stage of development of the LUKSO Blockchain and other risk factors that may have significant adverse effects on the envisaged LUKSO Blockchain and usage of the Coins. The Customer shall carefully read and consider risk factors as outlined in ANNEX A to this Agreement.

7. Order Process

- 7.1. The publication of the Public Sale on the Website is non-binding and does not constitute a binding offer by the Company to conclude a contract with Customers. It is an invitation to Customers to submit an Order. Customers will be guided through the Order Process.
- 7.2. Customers submit their Order by sending ETH to the rICO Smart Contract.

- 7.3. An Order fulfillment (Delivery of Tokens) requires the completion of KYC/AML check pursuant to clause 8.
- 7.4. The Customer agrees to the Order by ticking the following checkboxes:
 - 7.4.1. "I am not a citizen of the US, or China (Mainland)."
 - 7.4.2. "I am willing to verify my identity."
 - 7.4.3. "I have an ERC20 compatible wallet, which can add custom tokens, and where I control the private keys."
 - 7.4.4. "Customers acting in their capacity as consumers are not eligible to purchase Coins. Coins can only be acquired by entrepreneurs acting in exercise of their trade activity, business, or self-employed occupation. I hereby confirm by completing the order process that I do not act in my capacity as a consumer."
 - 7.4.5. "I have read and agree with the Privacy Policy."
 - 7.4.6. "I hereby accept the Public Sale Agreement"

8. KYC/AML Check

- 8.1. The Customer acknowledges that they have to complete a Know Your Customer ("KYC") and Anti-Money-Laundering ("AML") check for the purchase of Tokens which must be in form and substance satisfactory to the Company. KYC/AML check is carried out by providing requested information with regard to Customer's identification, identification of its ultimate beneficial owner (if relevant) and origin of the funds, the scope and type of information depending on the specifics of the Customer. The Customer is therefore required to provide the Company with information, including, but not limited to, name, address, nationality, country of residence (Wohnsitz / regelmäßiger Aufenthalt) or business seat (Geschäftssitz) and Ethereum wallet address, from which funds were sent to the rICO smart contract.
- 8.2. If the Customer intends to purchase Tokens in an amount exceeding the equivalent of 100 000 EUR (or 109 000 USD), he agrees to provide extended information about the source of wealth.
- 8.3. The Customer is obliged to update the Company without undue delay if any changes of information provided during the period of the Public Sale. For the purpose of the KYC/AML check the Company will disclose the aforementioned data to Trust Fractal GmbH ("Fractal"), with an address at Wiener Straße 10,

10999 Berlin, Germany. Neither Fractal, nor the Company will transfer this data to third parties unless for the purpose of KYC/AML checks. In particular, the Company may be required to disclose the data to the financial institution maintaining its bank account. Fractal will use the aforementioned data solely for the purpose of conducting the KYC/AML check. The Company will use the aforementioned data according to its Privacy Policy. In case the automatic procedures of KYC/AML check fail, the Customer may be requested to provide further information in order to complete the KYC/AML check.

- 8.4. In case that the KYC/AML check cannot be completed, the Customer shall be excluded from participation in the Public Sale. Any payments of excluded Customers will be rejected by the RICO Smart Contract and sent back to the sender. ETH sent prior to exclusion from participation according to this clause 8 will be refunded. Refunds will be made the same way as the payment was done.

9. Payment

- 9.1. The **price per Token** is initially **0.0012 ETH** in the Commit Phase, and will **increase by 0.0001 ETH at every stage**. Each stage contains 500,000 Tokens. Once they are sold, the price increases and the stage changes.
- 9.2. The Company reserves the right to change the price increases and amounts of Tokens sold in each stage during the duration of the Reversible ICO.
- 9.3. For the Order, the Customer shall provide to the rICO Smart Contract the chosen amount of Committed Funds in ETH.
- 9.4. No other crypto or fiat currencies than ETH will be accepted. The amount of Tokens to be allocated to the Customer will be automatically calculated by the rICO Smart Contract. Any payments shall be made at the Customer's own expense free of charge for the Company and for its free disposal upon conclusion of Single Tranches. Accordingly, any amounts deducted and not transferred, such as any transaction fee of Customer's wallet provider, will not count as payments. All kinds of remittance fees, transaction costs and the like with regard to the transfer of the Committed Funds shall be borne by the Customer.

- 9.5. Payments in ETH shall be made using a Compatible Wallet for which the Customer controls the private key. Wallets that are stored or hosted on Trading Platforms are not Compatible Wallets. A Compatible Wallet and its public address are required to verify the Customer's transfer of the Committed Funds. It is the Customer's responsibility to ensure that they send ETH from a Compatible Wallet. LYXe will not be provided to subsequently announced wallets deviating from the wallet from which payments in ETH had been made or LYXe are transferred. **If an incompatible wallet is used, the Company is not obligated to reimburse the amount of ETH transferred by the Customer. The Company accepts no liability for the loss or non-deliverability of LYXe when not using a Compatible Wallet.**

10. Allocation of LIA; Withdrawal of Remaining Committed Funds

- 10.1. A Customer submitting an Order by transferring the respective Committed Funds will have pending ETH, which they can return at any point in time by sending a transaction with less than 0.001 ETH to the rICO Smart Contract.
- 10.2. After a successful KYC/AML check and the whitelisting of their address Token will be sent to the Customer's respective wallet. Token (LYXe) serves only as technical means of tracing and handling the Committed Funds pursuant to the respective Order in its function as a receipt for the Order as non-binding purchase offer (*freibleibendes Angebot*) of the Customer.
- 10.3. LYXe in the Customer's wallet represents initially the **reservation** of the corresponding number of Tokens for the Customer for conclusion of later sales in Single Tranches pursuant to clause 11.1.
- 10.4. The Customer may withdraw their respective Remaining Committed Funds in total or in parts at any time by sending all or parts of received LYXe back to the rICO Smart Contract. The rICO Smart Contract will then calculate which part of the LYXe are brought up to the current point in time (Block) and which are still un-bought (locked). The rICO Smart Contract will then send back any equivalent amount of ETH for the locked LYXe to the Customer.
- 10.5. Only LYXe, which are locked pursuant to clause 10.3, can be used to withdraw parts of or all Remaining Committed Funds. Any bought LYXe, which are unlocked and freely movable can not be reversed, and will not return ETH from the rICO Smart Contract.

- 10.6. All steps above follow the formulas of the rICO Smart Contract described in ANNEX B.

11. Single Tranche; Conclusion of Contract

- 11.1. Upon reaching any relevant Block, the Customer's Order will become legally binding for purchase of such number of Tokens as calculated according to the Allocation Mechanism for such Block (taking into account any withdrawals pursuant to clause 10.4) and the Company accepts such part of the Order accordingly by the rICO Smart Contract allocating the respective Allocated Funds to the Company.
- 11.2. The Customer waives the receipt of the acceptance declaration by the Company (sec. 151 sentence 1 BGB).
- 11.3. After conclusion of a Single Tranche, the Customer can see at any point in time the amount of Tokens bought by visiting the website <https://rico.lukso.network/address> and entering their respective Ethereum wallet address. It is in the Customer's sole responsibility to store any information regarding the balances. The customer can as well see at any point in time events of commitments and withdraws at the third party website <https://etherscan.io/address/0x34a34267ec4034ba52f154829d0b6548bbbf7c74#events>

12. Allocation of Coins

The Company endeavours to allocate the respective number of Coins to the Customer at or after the launch of the LUKSO Blockchain. Tokens correspond 1:1 to Coins on the LUKSO Blockchain and represent the same asset on different networks.

For allocation purposes, the Company will provide a procedure where Tokens on Ethereum will be migrated to LYX Coins on the LUKSO Blockchain. The Customer understands that delivery of Coins pursuant to the provisions of this clause are subject to the development and deployment of the LUKSO Blockchain, and they shall have no right to request delivery of Coins should the LUKSO Blockchain not be launched.

13. Transferability of Coins and Tokens

- 13.1. The Company does not restrict the transferability of Tokens or Coins. In particular, the transfer of any Tokens or Coin does not require the Company's consent. Any rights arising under or in connection under this Agreement and/or

with these Terms and represented by Coins may exclusively be assigned by transfer of Tokens or Coins. The rights and duties under these Terms form an inseparable and uniform attachment to the Tokens or Coin and automatically and entirely transfer to the acquirer of a Tokens or Coin corresponding to the number of Tokens or Coin received.

- 13.2. The Customer may not assign any of their rights or transfer any of their rights or obligations under this Agreement (Ausschluss der Abtretung, § 399 BGB), however, this prohibition of assignment of the Agreement itself does not limit or negate the free transferability and assignability of the Tokens and/or Coins as described in clause 13.1 above

14. Event of Hard Fork

The rights and obligations arising under or in connection with these Terms are only represented by LYXe on Ethereum and Coins on the LUKSO Blockchain. In case of a Hard Fork (or similar event or an event with similar consequences) of either blockchain, only Coins and Tokens will represent the Customer's rights on one of the chains resulting from such Hard Fork and the Company may choose in its free discretion on which of the chains resulting from such Hard Fork Coins and Tokens will be further serviced according to these Terms and the Terms of Use. The holders of Coins or Tokens on the other chain shall have no rights and claims against the Company under these Terms and under the Terms of Use.

15. Warranties and Representations of the Customer

- 15.1. The Customer is aware that only they have the private key to their wallet and the possibility to transfer their Coins and Tokens. Without the Customer's private key, they have no possibility to move or access Coins and Tokens. The Customer is solely responsible for taking effective technical and organizational measures to secure their private key, wallet, or other storage devices or mechanisms they use. The Customer is solely responsible for any damages incurred as a result of loss, theft or other activities in connection with their private key and misuse.
- 15.2. The Company has no ability to move Tokens or Coins on Customers behalf.

- 15.3. The Customer acknowledges and agrees that there are risks associated with the purchase, holding, and use of Coins and Tokens some of which are disclosed and explained as part of **ANNEX A** to this Agreement. By entering into this Agreement, the Customer acknowledges these risks and acknowledges that they are responsible for any damages suffered as a result of any realisation of such risks.
- 15.4. The Customer hereby confirms that they have sufficient understanding of Blockchain technology and the general functioning of cryptocurrencies and smart contracts.

16. Right of Termination

- 16.1. At any time before the launch of the LUKSO Blockchain, Company may at its sole discretion terminate this Agreement with good cause. Good cause for the purpose of this Agreement shall be particularly exist in case:
- the Company has decided to cancel or materially delay the launch of the LUKSO Blockchain; and/or
 - the Company has decided to materially change or modify or refocus the scope and purpose of the LUKSO Blockchain; and/or
 - the Customer has not paid the Payment Amount (i) within thirty (30) calendar days upon Effective Date and/or (ii) on or before the launch of the LUKSO Blockchain; and/or
 - the Customer has infringed its essential obligations pursuant to this Agreement; and/or
 - the Customer has submitted wrong information which was material for the Company to enter into this Agreement with the Customer.
 - The Customer did not fulfil the KYC/AML requirements set forth in clause 8.
- 16.2. The termination declaration shall be in text form (email is sufficient) or sent as mail to the Customer's last known address.
- 16.3. Upon termination, the Company shall pay the Payment Amount back to the Customer's cryptocurrency wallet of the Customer (but not of any third person) specified by the Customer in writing. And the Customer is required to return the Tokens or Coins to the Company.

- 16.4. In addition, the Company retains the right to terminate this Agreement for any other good cause or because of other provided legal reasons.

17. No Guarantees

The Company does not give any guarantees with regard to any rights represented by and / or functionalities or features of the Coins and Tokens and with regard to any rights arising under this Agreement. The Customer assumes and accepts the full risk that the Tokens and/or Coins may now and/or in the future not have any rights, functionalities or features that are of any value for the Customer.

18. Liability

- 18.1. In case of claims that are based on intent or gross negligence on the Company's part, its legal representatives or assistants, the Company is liable according to the provisions of applicable law.
- 18.2. In the event of negligent breach of cardinal obligations (Kardinalspflichten), the Company shall only be liable for predictable, typically occurring damages. A cardinal obligation is an obligation the fulfilment of which is essential for proper execution of the contract, the breach of which jeopardizes reaching the contractual object and on observance of which the other party to the contract may duly rely.
- 18.3. The limitations pursuant to the preceding clauses 12.1 and 12.2 also apply to the Company's legal representatives and assistants if claims are asserted directly against them.
- 18.4. The limitations pursuant to the preceding clauses 12.1 and 12.2 do not apply insofar as the Company fraudulently concealed a defect or assumed a guarantee for the quality of the Coins and Tokens.
- 18.5. Liability for a culpable damage to life, body and health and liability under the German Product Liability Act and Art. 82 GDPR remain unaffected by the preceding limitations.
- 18.6. In all other cases, the Company's liability towards the Customer is excluded.

19. Offset

The Customer is not entitled to offset (“Aufrechnungsausschluss”), unless their counterclaims are legally established by a final (“rechtskräftig”) court judgment or undisputed.

20. Publicity

Without the prior consent of the Company, the Customer shall not make any public announcements, issue any media release or similar publicity relating to this Agreement. The Customer shall not use the trademarks, trade name, logo or other intellectual property rights of the Company without having obtained the Company’s prior consent (Email is sufficient).

21. Applicable Law; Jurisdiction

- 21.1. This Agreement entered into between the Company and the Customer and all other contracts entered into hereunder are subject to the laws of the Federal Republic of Germany excluding the UN Sales Convention (CISG).
- 21.2. If the Customer is a merchant within the meaning of the HGB, a legal entity under public law or a special fund under public law, the exclusive place of jurisdiction for all disputes arising from contractual relationships between the Company and the Customer is the Company’s place of business. However, the Company is also entitled to file a lawsuit at the Customer’s place of business. The above does not apply if there is another exclusive legal jurisdiction that is already mandatory by law.

22. Data protection

The Company collects and stores Customer’s data necessary for the implementation of the Public Sale. When processing Customer’s personal data, the Company complies with the statutory provisions. Details can be found in the Privacy Policy.

23. Signing

This Agreement may be executed and delivered in any number of counterparts in text form (via an online-platform, especially via the KuCoin Spotlight platform, and/or via electronic signature and/or exchange of PDF copies with the signature pages via email is sufficient), each of which when executed and delivered shall constitute an original, and such counterparts, together, shall constitute a single Agreement. The Customer can also accept this Agreement by clicking the relevant acceptance declaration on the online platform where the conclusion of this Agreement is offered, in particular on the KuCoin Spotlight platform. The Company waives the receipt of the acceptance of the declaration by the Customer to conclude this Agreement. Amendments and additions to this Agreement, including this clause, shall be in text form.

24. Miscellaneous

- 24.1. The Agreement is phrased gender neutral. The singular they is used for referring to all genders in terms of gender equality. Insofar as it is referred to a single person this also applies to a majority of persons.
- 24.2. The language available for the contract is English. However, where a German language term has been added in brackets to an English language term, such German term shall prevail if dissent regarding the interpretation of said English term occurs. In case of ambiguity or vagueness of a legal or non-legal term, the term shall be construed in the light of German statutory law and in such a way that it corresponds to the German equivalent.
- 24.3. Any reference to a defined document or a provision of statutory law is a reference to that defined document or provision as amended, supplemented, restated or novated from time to time. Section, clause and annex headings are for ease of reference only and shall be ignored in the construction of this Agreement. Words importing the singular shall include the plural and vice versa.
- 24.4. This Agreement will affect and replace in full all prior arrangements regarding its subject matter, regardless of whether the Company has agreed with the Customer in writing or orally. Verbal agreements do not exist between the Parties.

- 24.5. Modifications and amendments, additions and the repeal of this Agreement must be in text form to be effective, see clause 23 above. This also applies to any notices or messages in the context of this Agreement.
- 24.6. Should any of the provisions of this Agreement be or become invalid or unenforceable in whole or in part, the validity or the enforceability of the remaining provisions shall not in any way be affected or impaired thereby. In this case the invalid or unenforceable provision shall be replaced by a provision which, to the extent legally possible, provides for an interpretation in keeping with the meaning and the economic purposes of this Agreement at the time of the Public Sale. Under circumstances in which this Agreement proves to be incomplete, a supplementary interpretation in accordance with the meaning and the purposes of this Agreement under due considerations of the legitimate interest of the parties involved shall be applied.
- 24.7. The Parties agree and re-affirm that this agreement and its terms have been individually negotiated and agreed among the Parties.

ANNEX A

Risks

1. **General remarks on risks associated with purchase, holding and use of Coins and Tokens**

This Annex A contains a list of the risks known to the Company in connection with the purchase, holding and use of Coins and Tokens. Please note that further unknown and unforeseeable risks cannot be ruled out. Risks and uncertainties that are currently unknown to the Company could have a material adverse effect on the Company's envisaged business model and business operations as well as on the Coins and Tokens and have a detrimental effect on the Company. The Company does not accept any liability for damages caused by any risks, which are laid out below or are unknown to the Company or could not have been justifiably foreseen by the Company.

The Customer should carefully read and consider the following risk factors in combination with the further information contained on the Website. The occurrence of individual or the cumulative interaction of various risk factors may have significant adverse effects on the envisaged business model, business operations and Coins and Tokens.

The following presentation of the risk factors does not replace the necessary expert advice by a suitable advisor of the Customer's choice. The order in which the following risks are listed does not indicate the probability of their occurrence and/or the extent of the potential (economic) effects. At the same time, the selection and content of the risk factors are based on assumptions that could subsequently prove to be incorrect.

2. **Risks associated with development of the LUKSO Blockchain**

2.1. Risks arising from the decentralised nature of the LUKSO Blockchain

The Company is initiating a community driven blockchain platform, which depends mainly on its participants which are not under the control of the Company. Risks arise from the unpredictability of participants and the early stages of blockchain technology in general and can lead to the total obsolescence of the developed decentralised infrastructure the Company intends to develop.

2.2. Risks arising from competing blockchain platforms

The future development of the LUKSO Blockchain requires that the Company can maintain a good position in the market. In this respect, there are risks of more intense competition and the success of competitors. In this context, the Company should also consider the potential loss of acceptance of participants of the LUKSO Blockchain. It is conceivable that third parties may operate or develop a platform similar to the LUKSO Blockchain and/or try to copy or rebuild it, which could have adverse consequences for the Company and the usability of the Coins and Tokens.

2.3. Success of the LUKSO Blockchain

The Company is committed to the successful implementation of the LUKSO Blockchain. However, there is a risk that it will not be implemented for financial, technical or other reasons, such as lack of sufficient funding or lack of success after implementation of the LUKSO Blockchain. Should the LUKSO Blockchain have to be abandoned, this may also result in the dissolution of the Company due to the discontinuation of its business purpose

2.4. Financing (in part) by cryptocurrency funds

Adverse developments - for instance (but not limited to) (i) financial, regulatory, legal, statutory, economical or technological developments in general and/or (ii) in particular concerning the ETH value or the value of any other cryptocurrency - during and after the Public Sale could result in the Company's incapacity to launching the LUKSO Blockchain and/or implementing the business model as planned, and thus prevent Coins and Tokens from being used as planned and/or being used to only a limited extent, even render Coins or Tokens unusable, or not be created in the first place.

2.5. Key person risk

The implementation of the business strategy and the Company's goals and thus the further development of the Company is based in particular on the knowledge, skills and experience of the managing directors and other core team members.

Further, it is essential for the Company to collaborate with key stakeholders of the fashion and design industry and others. The omission of one or more of these key persons and the failure of attracting key partners in, for example, the fashion and design industry could have a detrimental effect on the general business activity and in particular on the further development of the LUKSO Blockchain.

3. Regulatory framework

3.1. General legal framework

The national and international regulatory framework of blockchain, distributed ledger technology in general and of applications related to it, is not yet resolved and clarified. Hence the regulatory framework may change. Therefore, it is possible that the interpretation and application of existing laws and regulations may be construed, amended or adapted in a way, which may affect the Company's business model and/or the contract concluded with the Customer.

Blockchain and distributed ledger technology and related applications could also be the subject of legislative or regulatory initiatives at national and international level. Changes to the regulatory framework, such as the extension of licensing, prospectus and other obligations as well as prohibitions, could adversely affect the intended business model and/or the LUKSO Blockchain. This includes in particular the risk that the LUKSO Blockchain cannot be used or operated and/or that the Coins and Tokens cannot be used or can no longer be used for its intended purpose due to changes in the regulatory framework and may become unusable under certain circumstances.

Naturally, the Company does not have any influence on future legislative and/or regulatory activities by legislatures and/or regulatory authorities, which may adversely affect its business model and/or the LUKSO Blockchain and/or the Coins and Tokens. Participation by persons from countries who prohibit or restrict the sale of the Coins and Tokens cannot be effectively prevented and represents a potential risk for the Company in the event of subsequent claims.

3.2. Tax issues

The Company has not examined the tax treatment of the purchase, holding and use of Coins and Tokens. The purchase, holding and use of Coins and Tokens could entail tax consequences, in particular information obligations and taxation, among other things according to capital yields and/or income law principles. It is the sole responsibility of the purchaser and owner, i.e. the Customer, of Coins and Tokens to obtain any necessary qualified tax advice regarding the purchase, holding and use of the Coins and Tokens.

4. Risks associated with the Coins and Tokens

4.1. Tradability of the Coins and Tokens

The tradability of the Coins and Tokens requires that it is traded and listed on an appropriate Trading Platform. The Company will not actively list the Coins and Tokens on any Trading Platform. It cannot be excluded though that the Coins and Tokens will be listed on Trading Platforms by third parties. Such listing cannot be influenced and effectively prevented by the Company. In case of such listing of the Coins and Tokens on Trading Platforms, highlights the fact that cryptocurrencies and/ or Coins and Tokens are generally subject to considerable fluctuations in value and price and that the Coins and Tokens can therefore also may be subject to increased or high volatility. This concerns the future development of the Coins and Tokens and the exchange rate at which the Coins and Tokens could possibly be exchanged into other Coins and Tokens in the future. Therefore, any forecast of the future performance of the Coins and Tokens or market liquidity can therefore not be given. In particular, no statements can be made as to whether a liquid secondary market is or will be developing for the Coins and Tokens. The offer or sale of Coins and Tokens by the purchaser, i.e. the Customer, to a third party (secondary market) is the sole responsibility of the respective parties which also have to observe the legal framework conditions (see clause 3 (Regulatory framework) of this Annex A).

4.2. References of financial regulators

In general, it can be observed that national and international financial regulators have increasingly pointed out possible risks associated with the acquisition of Coins and Tokens, recently. In November 2017, for example, the German Federal

Financial Supervisory Authority (“BaFin”) or the European Securities and Markets Authority (“Esma”) published general warnings. Coins and Public Sales and Public Sales represent investments of highly speculative nature and bear the possibility of losing an investment partially or, in the worst case, even completely. The Company hereby expressly draws the attention to these warnings.

5. Risks associated with blockchain technology

5.1. Smart Contracts on Ethereum

The rICO Smart Contract functions like an independent accountant, however, it is “automatic” and not subject to human oversight. The smart contract records and stores on the Ethereum Blockchain what amount of LYXe belongs to a certain participant. In order to gain access to LYXe, it is crucial that the Customer uses a Compatible Wallet that meets the ERC20 standard, to the sending of ETH to the rICO Smart Contract. Please note that the smart contract refers LYXe to the wallet from which ETH transfer was made. This process is fully automated and cannot be undone or subsequently changed. At the time of publication, the Company is not aware of any security gaps or other errors in the smart contract. An audit was performed on both the Token and the rICO smart contract and can be found here: <https://diligence.consensys.net/audits/2020/04/rico/>.

If security gaps and/or other errors in the software come to the Company’s attention, it will undertake any reasonable effort to correct the error. The rICO Smart Contract is deployed on the Ethereum Blockchain. The functionalities are therefore directly dependent on the Ethereum Blockchain. Errors and dysfunctionalities, including the failure of the Ethereum Blockchain may adversely affect the business model and the Token, including the possibility that the Companies services as well as the Token cannot be used partially or at all.

5.2. Private keys

A wallet and the Coins and Tokens it contains can only be accessed using the private key assigned to the wallet or a respective private key or smart contract controlling the wallet. The owners of Coins and Tokens are solely responsible for the secure storage and administration of the private key to the wallet in which Coins and Tokens are held, as well as for the protection of the private key and the

wallet against unauthorized access by third parties. Loss of the private key can lead to irretrievable loss of the Coins and Tokens in the wallet. There is usually no recovery mechanism for lost private keys. The Company recommends that the Customer seeks professional advice on the safe management of private keys.

5.3. Mining attacks

The Ethereum Blockchain and the LUKSO Blockchain are both potentially exposed to the risk of mining or validator attacks, especially double spending attacks, 51% attacks and selfish mining attacks (for further information see i. a. <https://www.investopedia.com/terms/1/51-attack.asp>). Any successful attack is a risk to the Company's smart contract, especially to its proper execution. The resulting disruptions and/or the failure of IT facilities can lead to serious impairments the Company's business activities.

5.4. Consensus and governance risks

The LUKSO Blockchain is a new Blockchain and carries the risk of consensus algorithm and governance failures. Those can lead to the total inability to transfer or use the Coins and Tokens, as well as provide any usability to the participants of the LUKSO Blockchain network. Customers are aware of the early nature of Blockchain technology and the risk of such.

5.5. Inability to attract blockchain participants

There is a chance that the developed LUKSO Blockchain does not attract users or Company's willing to use the LUKSO Blockchain, which will limit the widespread use ability of the Coins and Tokens and its potential functionality.

5.6. Hacker attacks

It cannot be ruled out that the Ethereum Blockchain and/or the LUKSO Blockchain, the Company and future smart contracts as well as other software and hardware developed by the Company become the target of hacker attacks. Such attacks may result in adverse consequences for the functionality of the Company's business model, the LUKSO Blockchain and the Coins and Tokens.

5.7. Miscellaneous, Applicable law, Jurisdiction

In case of a conflict between this Agreement and the terms of the KuCoin Spotlight platform (or any other online platform where this Agreement is offered), this Agreement prevails. This Agreement is governed by German law, with the exclusion of the United Nations Convention on Contracts for the International Sale of Goods (CISG). The courts of Berlin, Germany, have jurisdiction, as far as legally possible.

ANNEX B

Smart Contract settings and Allocation formulas

Smart Contract settings

LYXe Token Contract address:

[0xA8b919680258d369114910511cc87595aec0be6D](#)

Reversible ICO contract address:

[0xE417b912F6cB6592ec2D71dbF6F2B48191b2CdF6](#)

Reversible ICO settings:

- **Commit Phase Start** Block: 10237777 (~ 10-06-2020 14:00 CET)
- **Buy Phase Start** Block: 10288400 (~ 18-06-2020 12:00 CET)
- **Buy Phase End** Block: 11875222 (~ 21-02-2022 10:00 CET)

- Initial price: **0.0012 ETH**
- Initial price increase per stage: **0.0001 ETH**

Allocation of Funds

In the Buy Phase ETH **committed will flow to the LUKSO Blockchain GmbH**, over a period of approximately 8 months based in blocks on the Ethereum Blockchain. The LUKSO Blockchain GmbH can then withdraw their already received share of ETH at any point in time. The flow quotient x will change based on the amount of ETH in the coin buyers

"vaults" n divided by the blocks left until the end of the rICO, where t is the total amount of blocks for the buy phase and k the last block since any withdraw from either buyers or LUKSO Blockchain GmbH.

$$x = \frac{n}{(t - k)}$$

The **LUKSO Blockchain GmbH can withdraw** any already allocated amount of ETH, which will be re-calculated before any withdrawal from either buyers or the LUKSO Blockchain GmbH. The allocation x is calculated as below, where b is the current block number at which the calculation takes place, k is the last block at which the allocation was recalculated, and a the current flow quotient.

$$x = (b - k) \times a$$

The **buyer can withdraw** ETH fully or partly at any point in time during the buy phase. To do so they send LYXe back to the rICO smart contract which will return the equivalent in ETH, subtracted by the already allocated part for the LUKSO Blockchain GmbH. The LYXe work like a key to access their wallets funds in the rICO smart contract.

For the part that is already allocated to the LUKSO Blockchain GmbH, buyers will keep the equivalent of locked LYXe, as a receipt of their future LYX allocation.

If a buyer has multiple contributions at different price stages, the average price needs to be calculated, due to the restricted calculation capability of smart contracts. The amount of ETH returned x is calculated by multiplying the currently committed ETH r times the division of the returned token amount n by the buyers total reserved tokens t .

$$x = r \times \left(\frac{n}{t}\right)$$