

RISK FACTORS

You should carefully consider and evaluate each of the following risk factors and all other information contained in the Terms of Token Sale (the “Terms”) before deciding to participate in the Privatix Token Sale (“Token Sale”). To the best of Privatix Token Ltd.’s (the “Company”) knowledge and belief, all risk factors which are material to you in making an informed decision to participate in the Token Sale have been set out below. If any of the following considerations, uncertainties or material risks develops into actual events, the business, financial position and/or results of operations of the Company and the maintenance and level of usage of the Privatix platform and the Privatix Tokens (“PRIX”) could be materially and adversely affected. In such cases, the trading price of PRIX Tokens (in the case where they are listed on a cryptocurrency exchange) could decline due to any of these considerations, uncertainties or material risks, and you may lose all or part of your PRIX Tokens.

RISKS RELATING TO PARTICIPATION IN THE TOKEN SALE

There is no prior market for PRIX Tokens and the Token Sale may not result in an active or liquid market for the PRIX Tokens

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

A PRIX Token is not a currency issued by any central bank or national, supra-national or quasi-national organization, nor is it backed by any hard assets

or other credit. The Company is not responsible for nor does it pursue the circulation and trading of PRIX Tokens on the market. Trading of PRIX Tokens will merely depend on the consensus on its value between the relevant market participants, and no one is obliged to purchase any PRIX Token from any holder of the PRIX Token, including the purchasers, nor does anyone guarantee the liquidity or market price of PRIX Tokens to any extent at any time.

Furthermore, PRIX Tokens may not be resold to purchasers who are citizens or permanent residents of, People's Republic of China, Republic of Korea (including its territories and possessions) or any other jurisdiction where the purchase of PRIX Tokens may be in violation of applicable laws. Accordingly, the Company cannot ensure that there will be any demand or market for PRIX Tokens, or that the Purchase Price is indicative of the market price of PRIX Tokens after they have been made available for trading on a cryptocurrency exchange.

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

Any future sale or issuance of the PRIX Tokens would increase the supply of PRIX Tokens in the market and this may result in a downward price pressure on the PRIX Token. The sale or distribution of a significant number of PRIX Tokens outside of the Token Sale (including but not limited to the sales of PRIX Tokens undertaken after the completion of the initial token sale, issuance of PRIX Tokens to persons other than purchasers for purposes of community and employee initiatives, affiliate (or bounty) program development, academic research, education and market expansion and issuance of PRIX Tokens as a reward to employees and/or users of the Privatix platform), or the mere perception that such further sales or issuance may occur, could adversely affect the trading price of the PRIX Tokens.

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

Negative publicity involving the Company, the Privatix platform, the PRIX Tokens or any of the key personnel of the Company, may materially and adversely affect the market perception or market price of the PRIX Tokens, whether or not it is justified.

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

There is no assurance that there will be any transaction volume such that you will receive any rewards anticipated to be distributed to active users of the Privatix

platform. Further, even in the event there is substantial transaction volume and interactions among the users and the Privatix platform, there is no assurance you personally will receive any part of the rewards. This is because the ability of the Company to pay any reward to you will depend on the future results of operations and the future business and financial condition of the Company and there is no assurance of the future results of operations and the future business and financial condition of the Company.

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

The value of, and demand for, the PRIX Tokens hinges heavily on the performance of the Privatix platform. There is no assurance that the Privatix platform will gain traction after its launch and achieve any commercial success. Although the Company has performed some testing, including QA-testing of the Privatix platform with relatively positive results, the Privatix platform has not been fully developed and finalized and is subject to further changes, updates and adjustments prior to its launch. Such changes may result in unexpected and unforeseen effects on its projected appeal to users, possibly due to the failure to meet users' preconceived expectations based on the beta version, and hence impact its success. Limited usage of the Privatix platform and potential lack of trust for its crowdsourced predictive accuracy would impact the public demand for the PRIX Tokens and correspondingly the trading price of the PRIX Tokens.

The trading price of the PRIX Tokens may fluctuate following the Token Generation Event

The prices of cryptographic tokens in general tend to be relatively volatile, and can fluctuate significantly over short periods of time. The demand for, and corresponding the market price of, the PRIX Tokens may fluctuate significantly and rapidly in response to, among others, the following factors, some of which are beyond the control of the Company:

- (a) new technical innovations;
- (b) analysts' speculations, recommendations, perceptions or estimates of the PRIX Token's market price or the Company's financial and business performance;
- (c) changes in market valuations and token prices of entities with businesses similar to that of the Company that may be listed on the same cryptocurrency exchanges as the PRIX Tokens;

- (d) announcements by the Company of significant events, for example partnerships, sponsorships, new product developments;
- (e) fluctuations in market prices and trading volume of cryptocurrencies on cryptocurrency exchanges;
- (f) additions or departures of key personnel of the Company;
- (h) success or failure of the Company's management in implementing business, development and growth strategies;
- (i) changes in conditions affecting the blockchain or sport technology industry, the general economic conditions or market sentiments, or other events or factors.

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

Further, upon receipt of the funds, the Company will make every effort to ensure that the funds received will be securely held through the implementation of security measures. Notwithstanding such security measures, there is no assurance that there will be no theft of the cryptocurrencies as a result of hacks, sophisticated cyber-attacks, distributed denials of service or errors, vulnerabilities or defects on the Token Sale website, in the smart contract(s), if used, on which the escrow wallet and the Token Sale may rely, on the Ethereum or any other blockchain, or otherwise. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. In such event, even if the Token Sale is completed, the Company may not be able to receive the cryptocurrencies raised and may not be able to use such funds for the development of the Privatix platform and/or for launching the Privatix platform, including but not limited to the structuring and through developing of the Privatix peer-to-peer bandwidth marketplace. In such case, the launch of the Privatix platform might be temporarily or permanently curtailed. As such, distributed PRIX Tokens may hold little worth or value, and this would impact its trading price.

RISKS RELATING TO PRIVATIX TOKEN LIMITED.

The Privatix platform is developed, operated and maintained by Privatix Token Limited. Any events or circumstances which adversely affect Privatix Token Limited or any of its successor operating entities (collectively referred to herein as "Privatix Token Limited") may have a corresponding adverse effect on the Privatix platform. Such adverse effects would correspondingly have an impact on the utility, liquidity, and the trading price of the PRIX Tokens.

Privatix Token Limited may be materially and adversely affected if it fails to effectively manage its operations as its business develops and evolves, which would have a direct impact on its ability to maintain the Privatix platform. The sport media technology and cryptocurrency industries, and the markets in which Privatix Token Limited competes have grown rapidly over the past years and continue to evolve in response to new technological advances, changing business models and other factors. As a result of this constantly changing environment, Privatix Token Limited may face operational difficulties in adjusting to the changes, and the sustainability of Privatix Token Limited will depend on its ability to manage its operations and ensure that it hires qualified and competent employees, and provides proper training for its personnel. As its business evolves, Privatix Token Limited must also expand and adapt its operational infrastructure. Privatix Token Limited's business relies on its blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology, if used, and on machine learning and artificial intelligence platforms. All of these systems and tools represent complex, costly, and rapidly changing technical infrastructure. In order to demonstrate continued ability to effectively manage technical support infrastructure for the Privatix platform, Privatix Token Limited will need to continue to upgrade and improve its data systems and other operational systems, procedures and controls. These upgrades and improvements will require a dedication of resources, are likely to be complex and increasingly rely on hosted computer services from third parties that Privatix Token Limited does not control. If Privatix Token Limited is unable to adapt its systems and organization in a timely, efficient and cost-effective manner to accommodate changing circumstances, its business, financial condition and results of operations may be adversely affected. If the third parties whom Privatix Token Limited relies on are subject to a security breach or otherwise suffer disruptions that impact the services Privatix Token Limited uses, the integrity and availability of its internal information could be compromised, which may consequently cause the loss of confidential or proprietary information, and economic loss. The loss of financial, labor or other resources, and any other adverse effect on Privatix Token Limited's business, financial condition and operations, would have a direct adverse effect on Privatix Token Limited's ability to maintain the Privatix platform. Any adverse effects affecting Privatix Token Limited's business or technology are likely to also adversely impact the utility, liquidity, and trading price of the PRIV Tokens.

Privatix Token Limited may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other

causes that could adversely affect Privatix Token Limited's infrastructure network, and/or the Privatix platform.

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

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

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

Privatix Token Limited's current infrastructure network is in part established through servers which it owns and houses at the location facilities of third parties, and servers that it rents at data center facilities of third parties. If the Company is unable to renew its data facility lease on commercially reasonable terms or at all, Privatix Token Limited may be required to transfer its servers to a new data center facility, and may incur significant costs and possible service interruption in connection with the relocation. These facilities are also vulnerable to damage or

interruption from, among others, natural disasters, arson, terrorist attacks, power losses, and telecommunication failures. Additionally, the third party providers of such facilities may suffer a breach of security as a result of third party action, employee error, malfeasance or otherwise, and a third party may obtain unauthorized access to the data in such servers. As techniques used to obtain unauthorized access to, or to sabotage systems change frequently and generally are not recognized until launched against a target, Privatix Token Limited and the providers of such facilities may be unable to anticipate these techniques or to implement adequate preventive measures. Any such security breaches or damages which occur which impact upon the Company's infrastructure network and/or the Privatix platform may adversely impact the utility, liquidity, and/or trading price of the PRIX Tokens.

General global market and economic conditions may have an adverse impact on Privatix Token Limited operating performance, results of operations and cash flows

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

The Company or the PRIX Tokens may be affected by newly implemented regulations

Cryptocurrency trading and token sales are generally unregulated worldwide, but numerous regulatory authorities across jurisdictions have been outspoken about

considering the implementation of regulatory regimes which govern cryptocurrency or cryptocurrency markets. The Company or the PRIX Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, including having to take measures to comply with such regulations, or having to deal with queries, notices, requests or enforcement actions by regulatory authorities, which may come at a substantial cost and may also require substantial modifications to the Privatix platform. This may impact the appeal of the Privatix platform for users and result in decreased usage of the Privatix platform and the PRIX Tokens. Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the Privatix platform may no longer be commercially viable and the Company may opt to discontinue the Privatix platform and/or the PRIX Tokens. Further, it is difficult to predict how or whether governments or regulatory authorities may implement any changes to laws and regulations affecting distributed ledger technology and its applications, including the Privatix platform and the PRIX Tokens. Privatix Token Limited may also have to cease operations in a jurisdiction that makes it illegal to operate in such jurisdiction, or make it commercially unviable or undesirable to obtain the necessary regulatory approval(s) or license(s) to operate in such jurisdiction. In scenarios such as the foregoing, the utility, liquidating, and/or trading price of PRIX Tokens will be adversely affected or PRIX Tokens may cease to be traded.

There may be unanticipated risks arising from the PRIX Tokens

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