Risks for investors relating to use of the Platform

In using the Jibrel Platform to invest into a Company, and for any secondary trading you are subject to a high degree of risk, relating both to use of the Platform generally, and the risks specific to a particular investment. Purchasing tokenized equity should be undertaken only by you if you are capable of evaluating the risks of an investment and bearing the risks of a complete loss of all invested capital.

You should carefully consider the risks described below and consult with your professional advisors before investing through the Platform. It should be noted that the list of risk factors described hereunder are not intended to be exhaustive and does not necessarily include all of the risks to which you are or may be exposed to, nor all those associated with a purchase of tokenized equity.

Neither Jibrel nor its affiliated companies offer investment, legal or tax advice or assume responsibility for your losses. Nothing in the Materials is intended to be or should be construed as investment advice. In approving Materials Jibrel's role is solely limited to approving financial promotions for the purposes of the ADGM financial promotion rules, and should in no way be seen as an endorsement, recommendation or assessment of the suitability of a particular investment. Jibrel takes no responsibility for this information or for any recommendations or opinions made by the Companies.

These risks should be read with the Jibrel terms and conditions, and terms defined here have the definition set out in the terms and conditions.

Risks of investing in a Company

Each Company will have its own specific risk profile which you should understand before making an investment. Set out below are some of the common risks which apply generally to the types of Company using the Platform, however each Company will have its own specific risk profile which you should understand before making an investment, including those set out in the Materials provided to you. You should read all the Materials available to you with respect to a transaction prior to making an investment of any type. You should also understand that investments through the Platform may be direct or indirect investments to the underlying Company as described more fully in the Materials.

1. Loss of capital

Most startups fail, and if you invest in a Company displayed on the Platform, you are much more likely to lose all or part of your invested capital than you are to see any return or profit. You should not invest more money through the Platform than you can afford to lose without altering your standard of living. Financial and operating risks confronting start-ups are significant and all Companies are not immune to these. The start-up market in which the Company competes is highly competitive, and the percentage of companies that survive and prosper is small. If a Company you invest in commercially fails, neither the Company – nor Jibrel – will pay you back your investment.

2. No right of refund or similar features

If the Company does not meet its fundraise target, then the raise is cancelled and you will receive a refund of the full subscription amount. However, if the Company does meet its fundraise target, then the Company shall receive the amount subscribed by you and you will hold shares in tokenized form. Once this has happened, you do not have a right to receive a refund for amounts invested, or to otherwise require the Company or the Platform to exchange any amount of tokenized equity for fiat currency. As a result, if there is not sufficient demand or interest in the Company's shares or if there are limits on the transferability of tokenized equity, you may lose all or a portion of your invested capital.

3. Lack of information for making investment decisions

The Companies fundraising on the Platform have relatively limited operating histories and track record on which an assessment of their future prospects can be made, and operate by relatively new business models, making it harder for you to be able to evaluate their potential for business development and future success. The lack of Company operating history may make it difficult for you to conduct proper due diligence and make fully informed investment decisions in relation to a Company. In addition, even if the Company achieves revenues and profitability in the future, the Company may not be able to sustain such revenues and profits in subsequent periods. The implementation of the Company's business strategy may be in its early stages and subject to all the risks inherent in the establishment of a relatively new business venture. Any future success of the Company may depend upon many factors which cannot be predicted at the present, several of which may be beyond the Company's control, and which could have a material adverse effect upon the Company's financial condition, business prospects and operations.

4. Lack of information to monitor investment

You may not be able to obtain all information you want from a Company, and, additionally, if you do receive such information, you may not receive it on a timely basis. As an investor you will be able to monitor the value of your investments through the platform, and each Company is requested to share updates with investors on a quarterly basis. However, it is still possible that you may not be aware of adverse changes that have occurred with respect to the Company, and you may not have accurate or accessible information relating to your investment, in which case you may not take the actions you would have taken, had you had this information.

5. Lack of liquidity

Investments you make through the Platform may often be highly illiquid. While Jibrel intends to create a secondary market at a later date, there is no guarantee of success, and, even if successful, no guarantee that this will cause shares to become liquid. Even for a successful Company, it may be difficult to sell an investment, and a sale may have to be at a significant discount. For Companies for which secondary market opportunities are available (including any made available on the Platform), it can be difficult to find a buyer or seller, and you should not assume that an early exit will be available just because a secondary market may exist.

6. No guarantee of dividends

Dividends are payments made by a Company to its shareholders from the company's profits. Startups rarely pay dividends. This means that if you invest in a Company through the Platform, even if it is successful you are unlikely to see any return of capital or profit until you are able to sell your shares in the Company. Even for a successful Company, this is unlikely to occur for a number of years from the time you make your investment. Profits are typically re-invested into the Company to fuel growth and build shareholder value. Companies have no obligation to pay dividends.

7. Dilution

Any investment you make in a Company is likely to be subject to dilution in the future. This means that if the Company raises additional capital at a later date, it may issue new shares of the Company to the new investors, and as a result your proportionate shareholding of the Company is reduced, or 'diluted'. Dilution affects every existing shareholder who does not buy new shares being issued. These new shares may also have certain preferential rights to dividends, sales proceeds and other matters, and the exercise of these rights may work to your disadvantage. Your investment may also be subject to dilution as a result of the grant of options (or similar rights to acquire shares) to employees of, service providers to, or certain other parties connected with, the Company.

8. Further funding

The Company may reserve the right to obtain further funding, including from conducting a further funding round, in order to finance its operations in general. Obtaining this funding may have a consequential impact on the value of the tokenized equity of the Company.

9. Legal proceedings and litigation

From time to time, the Company may be involved in legal proceedings or litigation. The results of such legal proceedings and claims cannot be predicted with certainty and, regardless of the outcome, legal proceedings could have an adverse impact on the Company's business or development, because of defence and settlement costs, diversion of resources, and other factors. Generally, if third parties are successful in their claims, the Company may 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. If there is an intellectual property infringement claim, or in order to avoid such claims, the Company may 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 obligated to do.

There also may be adverse publicity associated with litigation that could negatively affect people's perception of the Company's business, regardless of whether the allegations are valid or the Company is ultimately found liable. Accordingly, litigation may adversely affect its business and financial condition.

10. Intellectual property

Companies, organisations, or individuals, including competitors, may hold or obtain patents, trademarks, or other proprietary rights that would prevent, limit, or interfere with Company's ability to make, use, develop, sell, or market its business, and which could make it more difficult to operate its business. These third parties may have applied for, been granted, or obtained patents that relate to intellectual property, which compete with the Company's intellectual property or technology. Such a circumstance may result in the Company having to significantly increase development efforts and resources to redesign the technology in order to safeguard its competitive edge against competitors in the same industry. There is a risk that Company's means of protecting its intellectual property rights may not be adequate, and weaknesses or failures in this area could adversely affect a Company's business or reputation, financial condition, and/or operating results, the development, launch and/or operations of services and products.

From time to time, the Company may receive communications from holders of patents or trademarks regarding their proprietary rights. Persons holding patents or other intellectual property rights may bring suits alleging infringement of such rights or otherwise assert their rights and urge the Company to take licenses. In addition, if the Company is determined to have infringed upon a third party's intellectual property rights, it may be required to cease operating, pay substantial damages, seek a license from the holder of the infringed intellectual property right, which license may not be available on reasonable terms or at all, and/or establish and maintain alternative branding. The Company may also need to file lawsuits to protect its intellectual property rights from infringement from third parties, which could be expensive, time consuming, and distract management's attention from the Company's core operations.

11. Diversification

Diversification is an essential part of investing. It involves spreading your money across different types of investments with different risks to reduce your overall risk. However, it will not lessen all types of risk. Investing in startups should only be done as part of a well-diversified portfolio. This means that you should invest only a small proportion of your investable capital in startups as an asset class, with the majority of your investable capital invested in safer, more liquid assets. It is typically considered prudent investors to consider spreading their risk over multiple investments and you are encouraged to take this approach.

12. General economic risks

The value of tokenized equity may depend on fluctuations in the financial markets, or other economic factors, which are outside Jibrel's control. The past performance of other cryptographic tokens is not necessarily a guide to the future performance of tokenized equity.

Platform Risks

13. Risk of hacking and software and security weaknesses

Hackers and other malicious organisations or groups may attempt to interfere with the Platform or tokenized equity in many ways; including but not limited to malware attacks, denial of service attacks, consensus-based attacks, man in the middle attacks, Sybil attacks, smurfing and spoofing. Whilst we have implemented a strategy to deal with these issues, we cannot guarantee that our strategy will completely prevent any potential hack of attach of our software.

There is also an inherent risk that the software and related technologies and theories the Platform uses could contain weaknesses, vulnerabilities or bugs ("Glitches"). Glitches could cause, inter alia, complete loss of tokenized equity and/or loss of the Platform. In addition, there is a risk that a third party or a member of the Platform development / coding team or the Company may intentionally or unintentionally introduce Glitches into the core infrastructure of the Platform, which could negatively affect the Platform and the tokenized equity.

14. Risks associated with the Ethereum protocol

The Platform uses the Ethereum blockchain protocol. As such, any malfunction, breakdown or abandonment of the Ethereum protocol may have a material adverse impact on the Platform. Also, advances in cryptography, or technical advances such as the development of quantum computing, could present risks to shares held in tokenized form and the Platform, by rendering the cryptographic consensus mechanism, which underpins the Ethereum protocol, ineffective.

15. Potential conflicts of interest between Jibrel and investors

Our remuneration may be linked to the amount of funds raised for the Company and so our interests may be more aligned with those of the Company than your interests.

16. Regulatory Risks

The regulation of digital securities such as tokenized equity and blockchain technologies is currently subject to development and the regulatory framework may evolve quickly, resulting in uncertainty. In the future, regulators may adopt laws, regulations or adopt guidance which may severely impact the operations of the Platform. Failure by us, you, Investors or Companies to comply with applicable laws, some of which may not currently exist or may be subject to interpretation or change, could have negative consequences such as fines or civil penalties. The Platform may cease allowing access to a jurisdiction in the event regulatory actions or changes to law or regulation make it illegal or commercially undesirable to operate in such jurisdiction.

17. Intellectual property

Companies, organisations, or individuals, including competitors, may hold or obtain patents, trademarks, or other proprietary rights that would prevent, limit, or interfere with Jibrel's ability to make, use, develop, sell, or market the Platform. These third parties may have applied for, been granted, or obtained patents that relate to intellectual property, which compete with Jibrel's intellectual property or technology. This may require Jibrel to develop or obtain alternative technology, or obtain appropriate licenses under these patents, which may not be available on acceptable terms or at all. There is a risk that Jibrel's means of protecting its intellectual property rights may not be adequate, and weaknesses or failures in this area could adversely affect the development, launch and/or operations of the Platform and the development of tokenized equity.

18. Risks associated with updates and maintenance of the Platform

The Platform will be updated and may undergo significant changes over time. Although the intention is for the Platform to follow the specifications set forth in Jibrel's Terms and Conditions, and for Jibrel to take commercially reasonable steps toward those ends, changes may have to be made the specifications of the Platform for any number of reasons. This could create the risk that the tokenized equity or Platform, as further updated and maintained, may not meet your expectations.

Secondary trading

Jibrel fully intends to set up a secondary trading facility for tokenized equity. The nature of this venture is novel and so there is no guarantee that it will either be successful, or take a particular form or structure. There is also no guarantee that it will be viable from a regulatory and/or commercial perspective. Should secondary trading be set up, depending on how it is set up, there may well be additional risks which are not set out above. Whilst Jibrel will use reasonable commercial endeavors to inform you of additional risks of its secondary trading, there may be risks which arise which Jibrel does not identify.

Unanticipated Risks

Cryptographic tokens such as tokenized equity are a new and untested technology. In addition to the risks set out above, there are other risks associated with your acceptance, holding and use of tokenized equity, including those that we cannot reasonably foresee.