

**PARAGONCOIN
TOKEN GENERATION EVENT
RISK FACTORS**

[The risk factors below should be added to White Paper and the Token Crowdsale Terms. Some companies also post them online in a separate section titled “Risk Factors”].

You should carefully consider and evaluate each of the following risk factors and all other information contained in the Terms before deciding to participate in the PARAGONCOIN Token Generation Event (the “TGE”). To the best of PARAGONCOIN LTD (Gibraltar) (the “Company”) knowledge and belief, all risk factors which are material to you in making an informed judgement to participate in the TGE 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 PARAGONCOIN platform and the PRG Tokens could be materially and adversely affected. In such cases, the trading price of PRG 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 PRG Tokens.

RISKS RELATING TO PARTICIPATION IN THE TOKEN GENERATION EVENT

There is no prior market for PRG Tokens and the TGE may not result in an active or liquid market for the PRG Tokens

Prior to the TGE, there has been no public market for the PRG Tokens. Although the Company will use reasonable endeavors to seek the approval for availability of the PRG 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 PRG Tokens will develop or if developed, be sustained after the PRG Tokens have been made available for trading on such cryptocurrency exchange. There is also no assurance that the market price of the PRG 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 PRG Tokens after they have been made available for trading on a cryptocurrency exchange.

A PRG 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 PRG Tokens on the market. Trading of PRG Tokens will merely depend on the consensus on its value between the relevant market participants, and no one is obliged to purchase any PRG Token from any holder of the PRG Token, including the purchasers, nor does anyone guarantee the liquidity or market price of PRG Tokens to any extent at any time. Furthermore, PRG Tokens may not be resold to purchasers who are citizens or permanent residents of Singapore or any other jurisdiction where

the purchase of PRG Tokens may be in violation of applicable laws (including but not limited to laws regulating controlled substances such as cannabis). Accordingly, the Company cannot ensure that there will be any demand or market for PRG Tokens, or that the Purchase Price is indicative of the market price of PRG Tokens after they have been made available for trading on a cryptocurrency exchange.

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

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

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

Negative publicity involving the Company, ParagonCoin, Inc. (the PARAGONCOIN project's operating entity organized in Delaware, USA), the PARAGONCOIN platform, the PRG Tokens or any of the key personnel of the Company or ParagonCoin, Inc., regulation of cannabis in the US or worldwide, and/or regulation of cryptocurrencies in the US or worldwide, may materially and adversely affect the market perception or market price of the PRG 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 sufficient engagement in the PARAGONCOIN platform such that you will receive any rewards anticipated to be distributed to active users of the PARAGONCOIN platform. Further, even in the event there is substantial engagement and interactions among the users and the PARAGONCOIN 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/or ParagonCoin, Inc. and there is no assurance of the future results of operations and the future business and financial condition of the Company or ParagonCoin, Inc.

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

The value of, and demand for, the PRG Tokens hinges heavily on the performance of the PARAGONCOIN platform and the continuous active engagement of its users and success of its contemplated business lines. There is no assurance that the PARAGONCOIN platform will gain traction after its launch and achieve any commercial success. Furthermore, there is no assurance

that any of the business lines contemplated by ParagonCoin, Inc. will be launched and generate sufficient customer traction. Such contemplated business lines currently include but are not limited to: (a) create an immutable ledger for all legal cannabis industry related data via ParagonChain™, (b) offer payment for legal cannabis industry related services and supplies through PRG Tokens, (c) establish niche co-working spaces via ParagonSpace™, (d) organize and unite global cannabis legalization efforts through ParagonOnline™, and (e) bring standardization of licensing, lab testing, transactions, supply chain and ID verification through apps built in ParagonAccelerator™. Although ParagonCoin, Inc. has performed several market studies testing the demand for PARAGONCOIN platform with relatively positive results, the PARAGONCOIN 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. While the Company has made every effort to provide a realistic estimate, there is also no assurance that the cryptocurrencies raised in the TGE will be sufficient for the development of the PARAGONCOIN platform and/or for the proper structuring and licensing of the anticipated PARAGONCOIN future anticipated business lines. For the foregoing or any other reason, the development of the PARAGONCOIN platform and launch of the anticipated PARAGONCOIN future business lines may not be completed and there is no assurance that it will be launched at all. As such, distributed PRG Tokens may hold little worth or value.

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

The Company will make every effort to ensure that the funds received from the TGE will be securely held in an escrow wallet, which is a multi-signature address with access thereto by private keys held by reputable and trusted parties. Further, upon receipt of the funds from the Company, ParagonCoin, Inc. will make every effort to ensure that the funds received by it from the Company 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 TGE website, in the smart contract(s) on which the escrow wallet and the TGE relies, 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 TGE is completed, the Company or ParagonCoin, Inc. may not be able to receive the cryptocurrencies raised and ParagonCoin, Inc. may not be able to use such funds for the development of the PARAGONCOIN platform and/or for launching any future business line, including but not limited to the structuring and licensing of the PARAGONCOIN future business lines. In such case, the launch of the PARAGONCOIN platform and the structuring and licensing of the PARAGONCOIN future business lines might be temporarily or permanently curtailed. As such, distributed PRG Tokens may hold little worth or value.

RISKS RELATING TO THE ESCROW WALLET

The private keys to the escrow wallet may be compromised and the cryptocurrencies may not be able to be disbursed

The escrow wallet is designed to be secure. Each of the holders of the three (3) private keys to the escrow wallet will use all reasonable efforts to safeguard their respective keys, but in the unlikely event that any two (2) of the three (3) keys to the escrow wallet are, for any reason whatsoever, lost, destroyed or otherwise compromised, the funds held by the escrow wallet may not be able to be retrieved and disbursed, and may be permanently unrecoverable. In such event, even if the TGE is successful, the Company will not be able to receive the funds raised and ParagonCoin, Inc. will not be able to use such funds for the development of the PARAGONCOIN platform and the structuring and licensing of the PARAGONCOIN future business lines. As such, distributed PRG Tokens may hold little worth or value.

RISKS RELATING TO PARAGONCOIN, INC.

The PARAGONCOIN platform is developed, operated and maintained by ParagonCoin, Inc. Any events or circumstances which adversely affect ParagonCoin, Inc. or any of its successor operating entities (collectively referred to herein as “ParagonCoin, Inc.”) may have a corresponding adverse effect on the PARAGONCOIN platform and any future business line, including but not limited to structuring and launch of the PARAGONCOIN future business lines. Such adverse effects would correspondingly have an impact on the utility, liquidity, and the trading price of the PRG Tokens.

ParagonCoin, Inc. 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 PARAGONCOIN platform and/or launch any future business lines

The financial technology and cryptocurrency industries, and the legal cannabis markets in which ParagonCoin, Inc. competes have grown rapidly over the past four years and continue to evolve in response to new technological advances, changing business models, shifting regulations and other factors. As a result of this constantly changing environment, ParagonCoin, Inc. may face operational difficulties in adjusting to the changes, and the sustainability of ParagonCoin, Inc. 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, ParagonCoin, Inc. must also expand and adapt its operational infrastructure. ParagonCoin, Inc.’s business relies on its blockchain-based software systems, cryptocurrency wallets or other related token storage mechanisms, blockchain technology and smart contract technology, and efficient real estate management. All of these systems, tools, and skillsets represent complex, costly, and rapidly changing technical infrastructure. In order to demonstrate continued ability to effectively manage technical support infrastructure for the PARAGONCOIN platform, ParagonCoin, Inc. 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 ParagonCoin, Inc. does not control. If ParagonCoin, Inc. 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 ParagonCoin, Inc. relies on are subject to a security breach or otherwise suffer disruptions that impact the services ParagonCoin, Inc. 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 ParagonCoin, Inc.'s business, financial condition and operations, would have a direct adverse effect on ParagonCoin, Inc.'s ability to maintain the PARAGONCOIN platform and/or to structure and license the anticipated PARAGONCOIN future business lines. Any adverse effects affecting ParagonCoin, Inc.'s business or technology are likely to also adversely impact the utility, liquidity, and trading price of the PRG Tokens.

ParagonCoin, Inc. may experience system failures, unplanned interruptions in its network or services, hardware or software defects, security breaches or other causes that could adversely affect ParagonCoin Inc.'s infrastructure network, and/or the PARAGONCOIN platform

ParagonCoin, Inc. 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 PARAGONCOIN platform, the smart contracts on which the Company, ParagonCoin, Inc., or the PARAGONCOIN platform relies or on the Ethereum or any other blockchain. Such events may include, for example, flaws in programming or source code leading to exploitation or abuse thereof. ParagonCoin, Inc. 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.

ParagonCoin, Inc.'s network or services, which would include the PARAGONCOIN platform and, if successfully structured, licensed, and launched, the PARAGONCOIN future business lines, 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 ParagonCoin, Inc.'s control. Although ParagonCoin, Inc. has taken steps against malicious attacks on its appliances or its infrastructure, which are critical for the maintenance of the PARAGONCOIN platform, there can be no assurance that cyber-attacks, such as distributed denials of service, will not be attempted in the future, that ParagonCoin, Inc.'s enhanced security measures will be effective. ParagonCoin, Inc. 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 ParagonCoin, Inc. and/or holders of the PRG Tokens. Any significant breach of ParagonCoin, Inc.'s security measures or other disruptions resulting in a compromise of the usability, stability and security of the PARAGONCOIN platform may adversely affect the utility, liquidity and/or trading price of the PRG Tokens.

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

ParagonCoin, Inc. 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 ParagonCoin, Inc. is unable to renew its data facility lease on commercially reasonable terms or at all, ParagonCoin, Inc. 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, ParagonCoin, Inc. 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 ParagonCoin, Inc.'s infrastructure network and/or the PARAGONCOIN platform may adversely impact the utility, liquidity, and/or trading price of the PRG Tokens.

General global market and economic conditions may have an adverse impact on ParagonCoin's operating performance, results of operations and cash flows

ParagonCoin, Inc. 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 ParagonCoin, Inc.'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, ParagonCoin, Inc. may experience the negative effects of a slowdown in trading and usage of the PARAGONCOIN platform and may delay or cancel the structuring, licensing, and launch of the anticipated PARAGONCOIN future business lines. Suppliers on which ParagonCoin, Inc. 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 ParagonCoin, Inc. 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 ParagonCoin, Inc.'s business, financial condition and results of operations and hence the PARAGONCOIN platform and/or ability to structure, license and launch the PARAGONCOIN future business lines. Any such circumstances would then correspondingly negatively impact the utility, liquidity, and/or trading price of the PRG Tokens.

The Company, ParagonCoin, Inc. or the PRG Tokens may be affected by newly implemented regulations

Cryptocurrency trading is 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. Furthermore, while the US experiences a liberalization of cannabis regulations at the State level, cannabis remains illegal at

the federal level. The Company or the PRG Tokens may be affected by newly implemented regulations relating to cryptocurrencies or cryptocurrency markets, and/or legal cannabis industry, 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 PARAGONCOIN platform and/or the anticipated PARAGONCOIN future business lines. This may impact the appeal of the PARAGONCOIN platform and the anticipated PARAGONCOIN future business lines for users and result in decreased usage of the PARAGONCOIN platform and the PRG Tokens. Further, should the costs (financial or otherwise) of complying with such newly implemented regulations exceed a certain threshold, maintaining the PARAGONCOIN platform and structuring, licensing, and launching the PARAGONCOIN future business lines may no longer be commercially viable and the Company or ParagonCoin, Inc. may opt to discontinue the PARAGONCOIN platform, the anticipated PARAGONCOIN future business lines and/or the PRG 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 PARAGONCOIN platform, the anticipated PARAGONCOIN future business lines and the PRG Tokens. The Company or ParagonCoin, Inc. 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) to operate in such jurisdiction. In scenarios such as the foregoing, the utility, liquidity, and/or trading price of PRG Tokens will be adversely affected or PRG Tokens may cease to be traded.

There may be unanticipated risks arising from the PRG Tokens

Cryptographic tokens such as the PRG 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 PRG Tokens, including those that the Company and ParagonCoin, Inc. cannot anticipate. Such risks may further appear as unanticipated variations or combinations of the risks discussed above.

RISKS RELATING TO THE US FEDERAL LAWS AFFECTING THE LEGAL CANNABIS INDUSTRY

CERTAIN ACTIVITIES INVOLVING MARIJUANA REMAIN ILLEGAL UNDER US FEDERAL LAWS. SUCH ACTIVITIES INCLUDE BUT ARE NOT LIMITED TO: (A) DISTRIBUTION OF MARIJUANA TO MINORS, (B) TRANSPORTING MARIJUANA FROM STATES WHERE IT IS LEGAL TO OTHER STATES, (C) DRUGGED DRIVING AND OTHER ADVERSE PUBLIC HEALTH CONSEQUENCES, (D) GROWING MARIJUANA ON PUBLIC LANDS, (E) MARIJUANA POSSESSION OR USE ON FEDERAL PROPERTY, AND (E) OTHER CRIMINAL ACTIVITY OR VIOLENCE ASSOCIATED WITH THE SALE OF MARIJUANA. TO THE EXTENT THE COMPANY AND/OR PARAGON COIN, INC. MAY NOT PREVENT CERTAIN OF ITS USERS FROM USING PRG TOKENS IN VIOLATION OF US FEDERAL LAW, IT MAY SUBJECT THE COMPANY AND/OR PARAGON COIN, INC. TO CIVIL AND/OR CRIMINAL LIABILITY AND THE UTILITY,

LIQUIDITY, AND/OR TRADING PRICE OF PRG TOKENS WILL BE ADVERSELY
AFFECTED OR PRG TOKENS MAY CEASE TO BE TRADED.