

BITTERSWEET TOKENS – RISK DISCLOSURE

Purchasing Bittersweet tokens involves a high degree of risk. You should carefully consider the risk factors described below before deciding to purchase Bittersweet tokens. The risks and uncertainties described are significant risk factors relevant to any purchase of Bittersweet tokens. If any of these risks materialize, the value of Bittersweet tokens could decline substantially, and you could lose all or part of any money spent to purchase the tokens. Additional risks and uncertainties not currently known or that are currently deemed immaterial also have the potential to adversely affect your purchase and the value of Bittersweet tokens.

You may lose all monies that you spend purchasing Bittersweet tokens. If you are in any way uncertain about what The Bittersweet Movement is or the community's collaborative ability to promote the widespread adoption and use of the Bittersweet token, or you are not prepared to lose all monies that you spend purchasing Bittersweet tokens, you are strongly urged not to purchase Bittersweet tokens. You should consult legal, financial, tax and other professional advisors or experts for further guidance before purchasing any Bittersweet tokens. You should also consult independent legal advice with respect to the legality of purchasing Bittersweet tokens in your nation.

To purchase Bittersweet tokens, you must have a digital wallet address to receive the tokens. Therefore, you also should not purchase Bittersweet tokens unless you have relevant prior experience with cryptographic tokens, blockchain-based software, and distributed ledger technology, and unless you have received independent professional advice.

RISK FACTORS:

- 1) The Bittersweet Movement is new and currently has no formal operating history, cooperative plan, or financial resources to execute the community's desire to collaboratively promote the widespread adoption and use of Bittersweet tokens as a virtual commodity currency having perceived value indexed to chocolate.** There is no guarantee that members of The Bittersweet Movement will be able to successfully work together to overcome these limitations and develop the Bittersweet token economy as desired. Any such failure to properly develop the Bittersweet token economy, or if Bittersweet tokens do not gain widespread public acceptance or are not adopted, used or traded by a substantial number of individuals, companies and other entities, could have a material adverse impact on the market price and value of Bittersweet tokens resulting in complete or substantial losses to token purchasers.
- 2) There is currently no trading market for Bittersweet tokens and there is no assurance that a liquid market will develop or be sustainable.** Prior to the start of live trading of Bittersweet tokens on July 7th, 2024, there has been no public market for Bittersweet tokens. Following the start of live trading on July 7th, 2024, there can be no assurance that an active or liquid trading market for Bittersweet tokens will ever develop on decentralized or centralized exchanges. Even if a third-party market maker is willing to facilitate a proposed transaction in Bittersweet tokens, the combination of commissions, transfer fees, taxes, if any, and any other selling costs may exceed the selling price. As a result, there could be limited opportunity to trade Bittersweet tokens, and this may result in complete or substantial losses to token purchasers.
- 3) The initial price of Bittersweet tokens was arbitrarily determined, and such price should not be used by prospective token purchasers as an indicator of the actual fair market value of Bittersweet tokens.** In general, the market price and value of Bittersweet tokens will be significantly influenced the total token supply, the market's perception of the tokens' value, and the tokens' liquidity. Therefore, the initial price of Bittersweet tokens established for the start of live trading on July 7th, 2024 may not be indicative of the actual market price and value of Bittersweet tokens after they are made available for public trading on any one or more decentralized or centralized exchanges. There is no assurance that the market price and value of Bittersweet tokens will not decline, temporarily or permanently, below the price paid for the tokens at the start of live

trading on July 7th, 2024 or at any time in the future. Any future decline in the market price and value of Bittersweet tokens may result in complete or substantial losses to token purchasers.

- 4) **The future trading price of Bittersweet tokens could be highly volatile.** The volume at which Bittersweet tokens are traded in the future could significantly affect their volatility. There is currently no trading market for Bittersweet tokens, and even if an active trading market develops following the start of live trading on July 7th, 2024, the trading price of Bittersweet tokens may still be highly volatile. Although The Bittersweet Movement desires to promote the widespread use and adoption of Bittersweet tokens and for the perceived value of Bittersweet token value to be indexed to chocolate, Bittersweet tokens are NOT issued by any central bank or national, supra-national or quasi-national organization, nor are they backed by hard assets or any other credit. Consequently, token purchasers may not be able to liquidate their holdings at a price that reflects their own perceived value of the tokens. To any extent this occurs, it could result in complete or substantial losses to token purchasers.
- 5) **The Bittersweet Movement is a collaborative, community-based, virtual commodity currency development project. Token purchasers have no individual rights or ability to direct or govern how The Bittersweet token economy develops.** With respect to Bittersweet tokens, a token purchaser or holder's primary opportunity to affect the future development of the Bittersweet token economy is limited to the buying and selling of Bittersweet tokens and using their personal influence to help promote the tokens. Any failure of The Bittersweet Movement community as a whole to actively and collaboratively participate in the public trading, marketing, and promotion of Bittersweet tokens, or any failure to achieve the widespread adoption and use of Bittersweet tokens as a virtual commodity currency with perceived value indexed to chocolate may result in complete or substantial losses to token purchasers.
- 6) **Blockchain is a nascent and rapidly changing technology and there remains relatively small use of cryptocurrencies and other blockchain-based assets in the global retail and commercial marketplace.** Any slowing or stopping of the development or acceptance of blockchain networks, blockchain-based cryptocurrencies, and/or cryptocurrency exchanges due to regulatory or other imposed restrictions may adversely affect the widespread promotion, adoption, use and/or market price and value of Bittersweet tokens resulting in complete or substantial losses to token purchasers.
- 7) **Distributed ledger technology is novel and not fully tested and may contain inherent flaws or limitations.** Blockchain is an emerging technology that offers new capabilities which are still not fully tested or proven in use. Also, in most cases, the software used by blockchain asset issuing entities is still in an early development stage and remains largely unproven. Any errors, defects, or unexpected functionality in this software, which includes smart contracts, could significantly disrupt trading; may require digital wallet addresses to be temporarily or permanently frozen; and/or potentially cause a material decline in the market price and value of Bittersweet tokens. It is not possible to guarantee that potential errors, defects, or functionality problems can ever be cured, in whole or in part, so any such issues, if they arise, may result in complete or substantial losses to token purchasers.
- 8) **The creation and operation of digital platforms for the public trading of blockchain assets, which includes Bittersweet tokens, are subject to potential technical, legal, and regulatory constraints.** There is no guarantee that the process for receiving, use, and/or ownership of blockchain assets like Bittersweet tokens will be uninterrupted or error-free, and there is an inherent risk that the software, network, blockchain assets and related technologies and theories could contain undiscovered technical flaws or weaknesses. In addition, the cryptographic security measures that authenticate transactions and protect the distributed ledger data could be compromised, and breakdowns and trading halts could cause the partial or complete inability to use the blockchain assets. Any such issues, should they occur, may result in complete or substantial losses to token purchasers.

- 9) **The open-source structure of blockchain software means that blockchain networks may be susceptible to malicious cyber-attacks or may contain exploitable flaws, which could result in security breaches and the loss or theft of blockchain assets.** Most blockchain networks operate based on some form of open-source software. An open-source project is not represented, maintained, or monitored by an official organization or authority. Because of the nature of open-source software projects, it may be easier for third-party bad actors to introduce weaknesses or bugs into the core infrastructure elements of the blockchain network. This could result in the corruption of the open-source code which may result in the theft or loss of blockchain assets, including the complete loss or theft of any Bittersweet tokens you purchase.
- 10) **Every blockchain, network, and blockchain asset is dependent upon its users and contributors, and actions taken, or not taken, by the users or contributors to a blockchain, network, or blockchain asset could damage its reputation and the reputation of blockchains, networks, and blockchain assets in general.** Bittersweet tokens are dependent upon the continued reliability and stability of all blockchains and networks, and the Ethereum blockchain and Base network in particular. Likewise, Bittersweet tokens are dependent upon the Bittersweet Movement community, and any actions taken, or not taken, by token holders and/or others assessing a potential purchase of the tokens could damage their reputation and perceived reliability, stability, or market price and value. Any such damage to the blockchains, networks, or Bittersweet tokens could result in complete or substantial losses to token purchasers.
- 11) **The security and integrity of blockchain assets, including the value ascribed to blockchain assets, relies on the integrity of the underlying blockchain networks.** Bittersweets tokens are an ERC20 blockchain asset developed on the Base network that is programmed using a smart contract compatible with the Ethereum blockchain. Any widespread delays in the recording of transactions on the Ethereum blockchain and/or Base network could result in a loss of confidence in the blockchain network and associated blockchain assets. To the extent that this occurs with regard to the Ethereum blockchain and/or Base network, it could have a materially adverse effect on the Bittersweet token and result in complete or substantial losses to token purchasers.
- 12) **The prices of blockchain assets are extremely volatile. Fluctuations in the price of better known or more established cryptocurrency coins or tokens, including Bitcoin, Ether, and/or other blockchain assets, could materially and adversely affect the value of the Bittersweet token.** The market prices and values of blockchain assets such as Bitcoin and Ether have historically been subject to dramatic fluctuations and are highly volatile. As relatively new products and technologies, blockchain assets have only recently become accepted as a means of payment for goods and services, and such acceptance and use remains limited. Conversely, a significant portion of demand for blockchain assets is generated by speculators and investors seeking to profit from the short- or long-term holding of blockchain assets. In addition, some blockchain industry participants have reported that a significant percentage of blockchain asset trading activity is artificial or non-economic in nature and may represent attempts to manipulate the market price and value of certain blockchain assets. Thus, the market price and value of these blockchain assets, including Bittersweet tokens, as well as other blockchain assets that may be developed in the future, may continue to be highly volatile. Also, any lack of expansion, or a contraction in the adoption and use of blockchain assets, including Bittersweet tokens, may result in increased volatility or a reduction in the market price and value of blockchain assets. To the extent any of these issues occur, it could result in complete or substantial losses to token purchasers.
- 13) **A decrease in the price of a single blockchain asset can cause volatility in the entire blockchain industry and may affect other blockchain assets, including Bittersweet tokens.** For example, a security breach that affects investor or user confidence in Ether or Bitcoin may affect the industry as a whole and may also cause the price of other blockchain assets like Bittersweet tokens to fluctuate. Any such fluctuations in the value of blockchain assets in general or the price of blockchain assets, like Bittersweet tokens, could have a material adverse effect and result in complete or substantial losses to token purchasers.

- 14) The regulatory regimes governing blockchain technologies, blockchain assets and the purchase and sale of blockchain assets are uncertain, and new regulations or policies may materially adversely affect the development of blockchain networks and/or the use of blockchain assets.** New or changing laws and regulations or interpretations of existing laws and regulations may materially and adversely impact the development and growth of blockchain networks and the adoption and use of blockchain assets, like Bittersweet tokens. Any ban or imposition of restrictions on blockchain networks, blockchain assets, or the marketplace and exchanges on which blockchain assets are traded could negatively affect the liquidity, transferability, and market price and value of Bittersweet tokens resulting in complete or substantial losses to token purchasers.
- 15) Bittersweet tokens face intense competition from other, new and currently existing, cryptocurrency coins and tokens for widespread adoption and use as a virtual commodity currency.** If The Bittersweet Movement fails to successfully promote the widespread adoption and use of Bittersweet tokens relative to competing coins and tokens and/or the overall performance of Bittersweet tokens ultimately falls short of marketplace expectations, their market price and value may be negatively affected resulting in complete or substantial losses to token purchasers.
- 16) It may be illegal now, or in the future, to acquire, own, hold, sell or use Bittersweet tokens in one or more countries, and ownership of, holding or trading in Bittersweet tokens may also be considered illegal and subject to sanction.** The regulation of blockchain assets remains uncertain or undefined in many jurisdictions. One or more foreign governmental authorities, such as those in China or Russia, may take regulatory action in the future that severely restricts the right to acquire, own, hold, sell or use blockchain assets or to exchange blockchain assets for fiat currency. To the extent any such action results in the restriction of ownership, holding, or trading of Bittersweet tokens, it could have a materially adverse effect on Bittersweet tokens and result in complete or substantial losses to token purchasers.
- 17) The tax characterization of Bittersweet tokens is uncertain. You must seek your own tax advice in connection with purchasing Bittersweet tokens, which may result in adverse tax consequences to you, including withholding taxes, income taxes and tax reporting requirements.** Due to the new and rapidly evolving nature of digital assets, especially cryptocurrency coins, tokens, and other blockchain assets, and a general absence of clearly controlling authority with respect to these assets, many significant aspects of their tax treatment are uncertain. In particular, it is unclear what regulatory guidance on the treatment of these assets for tax purposes may be issued in the future. Future developments regarding the treatment of digital assets like cryptocurrency coins, tokens, and other blockchain assets for tax purposes could adversely affect anyone who purchases or holds Bittersweet tokens.
- 18) The special purpose Bittersweet Trust and its social impact objectives may at times conflict with the interests of other Bittersweet token purchasers and holders.** The Bittersweet Trust was provided three percent (3%) of all Bittersweet tokens minted at genesis, and it will be further funded by a nominal .09% (.0009) fee charged on all Bittersweet token transactions. The Trust operates completely independently of The Bittersweet Movement and has zero fiduciary relationship or responsibility to other purchasers and holders of the Bittersweet token. As the Bittersweet Trust works to achieve its mandated social impact purposes and objectives by making investments that improve chocolate industry practices, expand the chocolate market, and ensure chocolate remains accessible and available to all, its actions may at times conflict with the interests of other token purchasers and holders. It should be noted that The Bittersweet Movement desires to create value by turning chocolate into money. On the other hand, the Trust has a completely independent objective to help secure the future viability of chocolate itself as a commodity given the industry's rank history of labor abuses, plus current production declines due to issues of climate change, agricultural pests, and crop diseases. It should be further noted that The Bittersweet Trust does not and will not create any value for the Bittersweet token nor any individual members of The Bittersweet Movement as token holders, which includes the token's creator/investor. To the contrary, the Trust's mandated social impact agenda and activities will generally serve to limit over speculation by removing value from the Bittersweet token economy via liquidated holdings.