Risks Of Investing

It is not possible to identify or describe all of the risks that the Investors will confront, and Investors must be prepared to lose part or all of their investment in the company.

The company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the company's stage of development.

Risk of Revenue Sharing Securities. Revenue-based funding is a type of an unsecured debt. Since the repayment is tied to the company's revenue, there is a risk of not getting any returns at all or not getting the returns in the projected timeframe, because the company's revenue streams depend on multiple internal and external factors that might be out of the company's control. This type of security doesn't provide investor with voting rights and is a general obligation between the company and the Investor. This type of security doesn't grant the Investor any ownership in the company and therefore does not provide a higher repayment in case of company acquisition. Under certain circumstances (see Section 14 below) an issuer may cease to publish annual reports and, therefore, an investor may not continually have current financial information about the issuer. Following completion of an offering conducted through the intermediary, there may or may not be any ongoing relationship between the issuer and intermediary. This information below sets out the risks that investors need to consider when making an investment in a company on Startwise. Investing in startups is very risky, highly speculative, and investments should not be made by anyone who cannot afford to risk part of or the entire investment. In making comparisons with other investments, a prospective Investor should consider that the success of any investment depends upon many factors, including opportunity, general economic conditions, and the experience of management. There is no representation that all or any possible factors necessary for success are present in the company. Each prospective Investor must conduct his or her own due-diligence and analysis in order to make an investment decision.

StartUp Company; Limited Operating History. Accordingly, the company may be considered a startup or development phase business and, consequently, may have limited financial (profit and/or loss) history, operating history or revenues on which to base a prediction that the company will be successful. Such company must, therefore, be considered promotional, in its formative and development stage and a high risk, speculative investment. Potential Investors should be aware of the difficulties normally encountered by a new enterprise, many of which are beyond the company's control. Investment in a start-up company is inherently subject to many risks, and investors should be prepared to withstand the complete loss of their investments. The company's prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies using an untested marketing strategy. Such risks include, but are not limited to, possible inability to respond promptly to changes in a rapidly evolving and unpredictable business environment and the risk of inability to manage growth.

Business Strategy. The company may modify and/or "pivot" its business plans and strategies as management pursues strategies that it believes to be in the best interest of the company. All information and materials provided to the Investors must be considered as illustrative examples of the planning efforts made to date, which may be subject to change in the future and about which no representations or warranties have been made by the company or anyone associated with it.

Lack of Experience of Management as a Group. There is no assurance that management and key personnel have adequate skills to enable the company to earn income or make profits on its operations or investments. Investors should consider the credentials and experience of management and the effect thereof on the company's prospects.

Dependence on Management and Key Personnel. The business of the company will be greatly dependent upon the participation of its Officers and Directors and other key personnel. The company will need to hire additional management and key personnel as the company grows in order to properly manage the company. There are no assurances that the qualified personnel can be hired and, if hired, can be retained.

Market Uncertainty. Although the company believes that there will be a market for what it offers, there can be no assurance that a profitable market will exist or continue to exist or that it will grow. Potential Investors must consider that, even if markets exist or arise, there is no assurance that the company will be able to reach a profitable level of operations selling to such markets.

Economic Downturns. Financial difficulties of the end users/customers to which the company expects to sell its services may adversely affect the company's revenues, costs and collections. If the general economy is performing poorly, then the collectability of receivables may be adversely affected, causing an increase in aged receivables and/or a reduced collection rate. Company profits could be adversely affected if the company is forced to write off uncollected accounts. In addition, economic downturns could adversely affect the fiscal health of key customers/clients or impair their ability to continue to operate during a recession, which would decrease the company's revenues unless the company is able to replace any lost business.

Competition. In general, the market in which the company will compete is expected to be competitive. In general, the company's potential competitors may have longer operating histories, greater brand recognition and significantly greater financial, marketing and other resources than the company and that their superiority to the company in these areas will likely continue into the future. Barriers to entry for new competitors of the company may be low, and current and new competitors may launch competitive services at a relatively low cost.

Technological Change May Adversely Affect the Company's Business. The company's ability to remain competitive may depend in part upon its ability to develop new and enhanced services and to introduce these services in a timely and cost-effective manner. In addition, service introductions or enhancements by the company's competitors or the use of other technologies could cause a decline in revenue for the company's existing services. There can be no assurances that the company shall be successful in selecting, developing, and marketing new services or in enhancing its existing services.

Significant Growth May Place a Strain on Resources; Managing Growth. The anticipated growth could place a significant strain on the company's management, and operational and financial resources. Effective management of the anticipated growth shall require expanding the company's management and financial controls, hiring additional appropriate personnel as required, and developing additional expertise through experienced management personnel. However, there can be no assurances that these or other measures implemented by the company shall effectively increase the company's capabilities to manage such anticipated growth or to do so in a timely and cost-effective manner.

Limited Spreading of Risks; No Current Diversification of Services. The ability of the company to diversify or expand its activities is might be limited. Due to the comparatively small capitalization and the budget of the company and its reliance on a single service for success, there will be less spreading of risks than may occur in some other organizations.

Intellectual Property Protection; No Protection of Proprietary Rights; Potential Costs of Enforcement. The company's ability to compete effectively with other companies could depend, in part, on its ability to maintain the proprietary nature of its intellectual property. The company's success may also depend, in part, on its ability to obtain and/or enforce intellectual property protection for these assets in the United States and other countries. The company has no patents or other formal intellectual property protections through trademark registrations, patents or otherwise, but may pursue such protection in the future. The defense and prosecution of intellectual property suits may be both costly and time consuming even if the outcome is favorable to the company. An adverse outcome could subject the company to significant liabilities to third parties, require disputed rights to be licensed from third parties or require the company to cease selling all or some of its products. There can be no assurances that confidentiality agreements entered into by the company's employees and consultants, advisors and collaborators, if any, will provide meaningful protection for the company's trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure of such trade secrets, know-how or other proprietary information.

Dependence on Offering Proceeds; Immediate Need for Capital to Continue in Business. The company has little, if any, working capital and, accordingly, has an immediate need for the proceeds in order to pursue its business activities. Although the company believes that the anticipated net proceeds will enable the company to continue to pursue developing its business, its cost estimates for operation may be inaccurate and/or the net proceeds of the offering may provide insufficient working capital.

Need to Raise Future Rounds of Additional Capital or Financing to Continue in Operation. In order to effectively execute its business plan and pursue its business activities, the company may need to raise additional capital in future investment rounds or other financings, which may include debt and/or equity and/or leasing transactions ("Future Rounds") or otherwise obtain financing. If the company cannot or does not raise Future Rounds or obtain other financing needed, then it is likely that the company will be forced to discontinue its operations, and the company likely will fail. In such case, the Investors will likely lose their entire investments. There can be no assurance that Future Rounds or any additional financing or capital will be available, and the company cannot at this time accurately forecast the amount that will be needed, obtainable or obtained in Future Rounds. Even if the company raises Future Rounds and/or additional financing or capital is available through loans or other facilities, the company will depend substantially upon the availability of cash flow from operations to stay in business. There is no assurance that the company can generate cash flow when needed. In the event that the company's operations do not generate necessary cash flow and/or the company cannot obtain additional funds if and when needed through other means, the company may be forced to limit, curtail or cease its activities with a consequent loss to Investors.

Risk of System Failure; Absence of Redundant Facilities; Capacity Constraints. The company may rely on the internet and certain software to operate and manage its business and clients/customers. Accordingly, its business will be dependent on the efficient and uninterrupted operation of computer hardware systems and the internet. The company's systems and operations will be vulnerable to damage or interruption from fire, flood, power loss, telecommunications failure, break-ins, earthquake and similar events.

No Voting Rights. Minority stake investors or investors using non-equity based funding mechanisms might not be entitled to any voting right and might not have any say in the company's executive decision-making process.

The circumstances in which an investment commitment may be cancelled by the issuer:

- In the event than an issuer makes a material change to the terms of an offering or to the information provided by the issuer, investors need to re-confirm their investment in light of the new information. The confirmation must be received within five business days of the investor's receipt of the notice of the material change or else the investment commitment must be cancelled.
- If an issuer does not raise the target funds by the deadline it established, the investors get a notice of the cancellation of the investment commitment within five business days, direct the refund of investor funds, and prevent investors from committing any additional funds to the offering.
- The Issuer may cancel the offering, in that case the investors must be notified and their investment commitments cancelled.

The circumstances in which an investment commitment may be cancelled by the intermediary:

The intermediary can deny access to its platform if the intermediary has a reasonable basis for believing that an issuer, or any of its officers, directors (or any person occupying a similar status or performing a similar function), or any 20 Percent Beneficial Owner is subject to a disqualification under Rule 503 of Regulation Crowdfunding or the issuer or offering presents the potential for fraud or otherwise raises concerns regarding investor protection.

More information on Regulation Crowdfunding:

- Regulation Crowdfunding
- Bulletin on Regulation Crowdfunding for Investors
- FINRA: Calculating your net worth
- Small Entity Compliance Guide for Issuers
- Form C by the Securities and Exchange Commission