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THE LEGAL STATUS OF THE LAC TOKEN

This legal conclusion contains a legal analysis of whether the LAC tokens can be securities in accordance with U.S. securities laws for purposes of Section 2(a)(1) of the Securities Act of 1933 and Section 3(a)(10) of the Securities Exchange Act of 1934, including the Howey Test, which is used in the United States to recognize a particular instrument as a security or other similar financial and a legal mechanism.

All information and legal documents regarding the LAC token and the LOVE Air Coffee project provided by Ladaniak Oleksandr cofounder of "LAV AIR COFFEE" LIMITED LIABILITY COMPANY (ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ "ЛІАВ ЕІР КОФЕ"). "LAV AIR COFFEE" LIMITED LIABILITY COMPANY registered in Ukraine, identity code of the legal entity – 42432739.

Ladaniak Oleksandr provided all information and documents for this legal analysis by email (from support@loveaircoffee.com to it_lawyer@ukr.net). The information about "LAV AIR COFFEE" LIMITED LIABILITY COMPANY and cofounder status of Ladaniak Oleksandr can be verified via the official web service of the Ministry of Justice of Ukraine - <https://usr.minjust.gov.ua/ua/freesearch>

ABOUT LOVE AIR COFFEE PROJECT AND BLOCKCHAIN: (according to provided information)

“LOVE Air Coffee is an innovation in the coffee business. We combine crypto industry and commodity business. Coffee business is one of the most leading, highly profitable areas. Our company will make this direction even more profitable and better.

The team LOVE Air Coffee has developed an innovative equipment for roasting coffee beans. This method significantly improves the taste and aroma. This technology preserves the beneficial trace elements contained in coffee and minimizes the loss of weight in the grain during processing, which significantly increases profits. On the basis of our equipment, the latest roasting shops will be opened in the CIS countries and Europe. Our finished product is already on the market and in the near future we will open a large number of new branded points of sale.

The blockchain technology will provide us with a mutually beneficial partnership with customers, consumers, suppliers, competitors and other representatives of this industry. The main advantage of the blockchain is to optimize all internal processes of the company, information gathering, Analytics, product tracking, customer contact, privacy and much more. Through optimization, you can reduce costs, increase product quality and service. "Love Air Coffee" is a company that produces a real product and optimizes all internal processes from the very beginning with the help of blockchain.”

PARTICIPANTS OF LAC TOKEN SALE

It should be taken into account that according to provided information **US residents (natural persons and legal entities) are not entitled to participate in LAC token sale.** It is prohibited to participate in the process of acquiring the LAC tokens to the designated individuals either directly or through a third party. This prohibition also applies to US residents who are accredited investors (“qualified investors”) in accordance with US law.

The LAC tokens are also not offered to any residents of territories where participation in the token sales is forbidden and residents from any UN sanctioned countries.

The team of the LOVE Air Coffee project positions the LAC token primarily as an instrument with broad functional (utilitarian) capabilities within the project ecosystem. The LOVE Air Coffee project team decided to order a legal opinion on the legal status of the LAC token to inform potential project participants. The opinion on the legal status of the token will be based on the results of the Howey Test.

LEGAL ANALYSIS

Blockchain tokens are difficult to analyze from a legal position. Blockchain tokens are decentralized and naturally designed to evade regulation. Most jurisdictions including the US have not yet implemented a clear and comprehensive regulatory framework specific to token sales. However, blockchain tokens may be subject to legal analysis.

The purpose of this legal conclusion, associated legal analysis and setting the Howey Test result for the LAC token is to confirm or deny the expectation of the LOVE Air Coffee project team and project participants regarding the utilitarian purpose of the token.

According to provided information LAC token does not position or offer as a security or other similar capacity. The official position of the "LAV AIR COFEE" LIMITED LIABILITY COMPANY indicates that the token will allow the opportunity to the token holder to order products, receive services, get a discount and use the ecosystem of the LOVE Air Coffee project at a future point in time.

THE HOWEY TEST AND THE LEGAL STATUS OF THE LAC TOKEN

The Howey Test is created by the Supreme Court for determining whether certain transactions (instruments) qualify as "investment contracts". If so, then under the Securities Act of 1933 and the Securities Exchange Act of 1934, those transactions are considered

securities and therefore subject to certain disclosure and registration requirements. It is considered that the Howey Test is the only securities test which is adapted for the distinctive characteristics of token sale.

IT SHOULD BE NOTED THAT THE HOWEY TEST RESULTS, AS WELL AS ARGUMENTS, STATED IN THIS DOCUMENT, CAN BE INTERPRETED IN DIFFERENT WAYS, DEPENDING ON THE PARTICULAR CIRCUMSTANCES OF THE CASE, THE STATE AND JUDICIAL INSTANCE.

REGARDING BLOCKCHAIN TOKENS, INCLUDING LAC TOKENS, THE HOWEY TEST CAN BE EXPRESSED AS THREE INDEPENDENT ELEMENTS:

ELEMENT 1	INVESTMENT OF MONEY
ELEMENT 2	COMMON ENTERPRISE
ELEMENT 3	EXPECTATION OF PROFIT (predominantly from efforts of others)

ALL THREE ELEMENTS MUST BE MET
IN ORDER FOR A TOKEN TO BE A SECURITY

ELEMENT 1: INVESTMENT OF MONEY

Is there an investment of money?

LAC tokens are sold for value. Tokens which are sold in a crowdsale (for value), at any time, regardless of whether sold for fiat or digital currency (or anything else of value) involve an investment of money.

LAC token sale would constitute an investment of money.

ELEMENT 1 IS VERY LIKELY TO BE SATISFIED

ELEMENT 2: COMMON ENTERPRISE

What is the timing of the sale?

The timing of LAC token sale is “Pre-deployment”. A sale of tokens before any code has been deployed on a blockchain **is more likely to result in a common enterprise** where the profits arise from the efforts of others. This is because the buyers are completely dependent on the actions of the developers, and the buyers cannot actually participate in the network until a later time.

However, in assessing this indicator should be considered that some of the minor elements within the "LOVE Air Coffee" ecosystem are already functioning and/or at the launching phase. In particular, this refers to a test version of the software that provides access to the platform of "LOVE Air Coffee".

What do token holders have to do in order to get economic benefits from the network?

There is a possibility of varying returns between LAC token holders, based on their participation or use of the network. If token holders' returns depend on their own efforts, and can vary depending on the amount of effort they each put in, then there **is less likely to be a common enterprise**.

LAC token has a range of functions within the "LOVE Air Coffee" ecosystem. Accordingly, returns may differ depending on how and to what extent the token holder uses the functions assigned to the token within the ecosystem, as well as how active and what it serves when using the "LOVE Air Coffee" platform.

So, LAC token has the following functions (tasks) inside the "LOVE Air Coffee" ecosystem: using the LAC token is the only way to order and buy coffee from the coffee production workshop through the "LOVE Air Coffee" platform; the LAC token allows to pay for other goods and services within the "LOVE Air Coffee" ecosystem, including ordering and purchasing goods through the LOVE App (mobile application); the LAC token will provide an opportunity to purchase a franchise through the "LOVE Air Coffee" platform (this function is in development and will not be implemented with the start of the project); the LAC token also grants the right to a discount on various goods and services that are available through the "LOVE Air Coffee" platform; the LAC token performs other functions aimed at encouraging and rewarding active users of the "LOVE Air Coffee" ecosystem.

These combined factors are less likely to result in a common enterprise.

ELEMENT 2 IS PARTLY SATISFIED

ELEMENT 3: EXPECTATION OF PROFIT
(predominantly from efforts of others)

Does token represent any rights for participation in any legal entity?

Tokens which give, or purport to give, traditional equity, debt or other investor rights are almost certainly securities. If one or more of the following characteristics apply, the token is almost certainly a security, notwithstanding the results of the other elements:

- a. Ownership or equity interest in a legal entity, including a general partnership.
- b. Entitlement to a share of profits and/or losses, or assets and/or liabilities.
- c. Gives holder status as a creditor or lender.
- d. A claim in bankruptcy as equity interest holder or creditor.
- e. A right to repayment of purchase price and/or payment of interest.

According to the information provided by Ladaniak Oleksandr, the LAC token does not have the listed characteristics, accordingly the LAC token is less likely to be a security.

What function does the token have?

LAC token has a range of functions within the "LOVE Air Coffee" ecosystem. **LAC token has the following functions (tasks) inside the "LOVE Air Coffee" ecosystem:** using the LAC token is the only way to order and buy coffee from the coffee production workshop through the "LOVE Air Coffee" platform; the LAC token allows to pay for other goods and services within the "LOVE Air Coffee" ecosystem, including ordering and purchasing goods through the LOVE App (mobile application); the LAC token will provide an opportunity to purchase a franchise through the "LOVE Air Coffee" platform (this function is in development and will not be implemented with the start of the project); the LAC token also grants the right to a discount on various goods and services that are available through the "LOVE Air Coffee" platform; the LAC token performs other functions aimed at encouraging and rewarding active users of the "LOVE Air Coffee" ecosystem.

The utilitarian nature of the token is also confirmed by the possibility of its use for taking part and voting in social (non commercial) events of the "LOVE Air Coffee" community.

A token which has a specific function that is only available to token holders is more likely to be purchased in order to access that function and less likely to be purchased with an expectation of profit.

ELEMENT 3 IS UNLIKELY TO BE SATISFIED

The information specified in the test and the scoring results are in accordance with the information provided by the representative of the "LAV AIR COFEE" LIMITED LIABILITY COMPANY.

THE LEGAL CONCLUSION BASED ON THE HOWEY TEST RESULTS:

Based on the results obtained in the context of the **ELEMENT 1 of the test (is very likely to be satisfied)** the LAC token sale in the US may look like the activity related to the money investment into the project. Therefore, the **LAC token sale would constitute an investment of money.**

However, the LAC token sale campaign does not fully comply with the test criteria in the context of the concept of the common enterprise (the **ELEMENT 2 of the test is partly satisfied**). At the same time, with such an ambiguous result, in favor of “unlikely to be satisfied” in the context of the ELEMENT 2 of the test, the following circumstances should be additionally taken into account:

- Some of the minor elements within the LOVE Air Coffee ecosystem are already functioning and/or at the launching phase. In particular, this refers to a test version of the software that provides access to the platform of LOVE Air Coffee.
- LAC token has a range of functions within the LOVE Air Coffee ecosystem, including: using the LAC token is the only way to order and buy coffee from the coffee production workshop through the LOVE Air Coffee platform; the LAC token allows to pay for other goods and services within the LOVE Air Coffee ecosystem, including ordering and purchasing goods through the LOVE App (mobile application); the LAC token will provide an opportunity to purchase a franchise through the LOVE Air Coffee platform (however, this function is in development and will not be implemented with the start of the project); the LAC token also grants the right to a discount on various goods and services that are available through the LOVE Air Coffee platform; the LAC token performs other functions aimed at encouraging and rewarding active users of the LOVE Air Coffee ecosystem.

These combined factors are less likely to result in a common enterprise.

In addition, LAC token has a specific functionality and is more likely to be purchased in order to access functionality of the LOVE Air Coffee platform (including ordering and purchasing goods/ services) and less likely to be purchased with an expectation of a profit – the **ELEMENT 3 of the test is unlikely to be satisfied.**

IN SUMMARY, WITH REGARD TO THE RESULTS OF THE HOWEY TEST, IT SHOULD BE NOTED THAT A TOKEN WILL ONLY BE A SECURITY IF IT SATISFIES ALL THREE ELEMENTS. SO LAC TOKEN IS UNLIKELY TO BE CONSIDERED A SECURITY ACCORDING TO THE TEST.

LEGAL CONCLUSION ACCORDING TO LAC TOKENS IN THE FIELD OF INTELLECTUAL PROPERTY RIGHTS:

In accordance with the laws of several jurisdictions, LAC tokens may be considered as a license (software license). Licenses (software licenses) are typically governed by contract law, and one of the ways to categorize the software may be through focusing on the legal rights of the licensor and what rights may be granted to the licensor.

With regard to LAC tokens, this legal mechanism may be applicable in the following context: (a) the "LAV AIR COFFEE" LIMITED LIABILITY COMPANY acts as the licensor of the LOVE Air Coffee platform and of the whole project ecosystem, which includes the underlying protocol, as well as the associated rights; (b) the token holder acts as the licensee, who receives those rights (a portion of those rights) in order to use the underlying protocol and project ecosystem capabilities; (c) LAC token can formalize the relationship between licensor and licensee, as well as confirm the existence of appropriate rights to use the capabilities of the project ecosystem.

Thus, under certain circumstances and in the case of the implementation of all the functionality of the token, LAC token may be characterized as a license agreement.

THE LEGAL CONCLUSION BASED ON THE ANALYSIS OF CONCEPTS:

In order to analyse specific tokens under the federal securities laws, we should start with the broad definition of security contained in Section 2(a)(1) of the Securities Act – “Any note, stock, treasury stock, security future, security-based swap, bond, debenture, evidence of indebtedness, certificate of interest or participation in any profit-sharing agreement, investment contract or, in general, any interest or instrument commonly known as a “security”, or any certificate of interest or participation in, temporary or interim certificate for, receipt for, guarantee of, or warrant or right to subscribe to or purchase, any of the foregoing”.

Taking into account the description of the characteristics of the LAC token, set out in this document and provided by the LOVE Air Coffee project team, as well as the capabilities and purpose of the LAC token, we consider that the LAC tokens have not deemed to meet the definition of security contained in Section 2(a)(1) of the Securities Act.

THE FINAL LEGAL CONCLUSION: considering all facts listed above and based on the information provided by Ladaniak Oleksandr, the sale of the LAC token will unlikely to be considered as offering of securities.

In addition, it should be taken into account that according to the information provided by LOVE Air Coffee project team, participation of US residents in the LAC token sale is prohibited.