

## **TERMS AND CONDITIONS OF THE \$YOLK PRE-SALE**

V2. 14<sup>th</sup> October 2024

**THESE TERMS DO NOT CONSTITUTE A PROSPECTUS OR AN OFFER DOCUMENT OF ANY SORT. NO PART OF THESE TERMS SHALL BE INTERPRETED AS A PROSPECTUS OF ANY KIND OR AN ADVERTISEMENT FOR INVESTMENT. IT SHALL NOT BE REGARDED AS AN OFFER OR SOLICITATION TO ENCOURAGE OR FACILITATE THE PURCHASE OF SECURITIES IN ANY FORM, UNITS IN A BUSINESS TRUST, UNITS IN A COLLECTIVE INVESTMENT SCHEME, CAPITAL MARKETS PRODUCT, OR ANY OTHER FORM OF INVESTMENT, WITHIN ANY JURISDICTION. NO ACTION HAS BEEN OR WILL BE TAKEN TO OBTAIN ANY APPROVAL BY THE COMPANY (AS DEFINED HEREIN) UNDER THE LAWS, REGULATORY REQUIREMENTS, OR RULES OF ANY JURISDICTION. THE PROVISION OF THESE TERMS TO YOU DOES NOT INDICATE THAT THE APPLICABLE LAWS, REGULATORY REQUIREMENTS, OR RULES HAVE BEEN COMPLIED WITH. NO REGULATORY AUTHORITY IN BRITISH VIRGIN ISLANDS OR ELSEWHERE HAS EXAMINED, APPROVED, OR CERTIFIED ANY PART OF THESE TERMS.**

### **1. OVERVIEW**

1.1. These Terms govern the sale of fungible tokens, "\$YOLK" minted on the ETH-20 token standard ("Tokens") during the Token Sale Period. The sale is conducted by Bad Egg Company, a British Virgin Islands Company with limited liability.

1.2. "You" refers to any person accessing the Website, including Users who connect their Wallets to the Website.

1.3. The Tokens do not have any attached functions, utilities, or rights, and no guarantees or promises are made with regards to future developments.

1.4. Only Eligible Persons can participate in the Pre-Sale. If not eligible, Users are advised to disconnect their Wallets and exit the Website.

1.5. The Company may revise these Terms at its discretion, with changes taking effect upon publication on the Website. Users are responsible for checking for updates before connecting their Wallets or participating in the Pre-Sale.

### **2. ACCEPTANCE OF TERMS**

2.1. The Pre-Sale occurs during the Token Sale Period via the Website.

2.2. Access, use of the Website, and Pre-Sale participation are subject to these Terms, Applicable Laws, and other Company-uploaded notices.

2.3. By accessing the Website, connecting Wallets, or participating in the Pre-Sale, Users unconditionally agree to the latest version of the Terms. Failure to agree requires disconnection of Wallets, immediate cessation of Website usage, non-participation in the Pre-Sale, and exiting the Website.

### **3. ELIGIBILITY TO PARTICIPATE IN PRE-SALE**

3.1. Before participating in the Pre-Sale, you must conduct due diligence to ensure your compliance with Applicable Laws. Consult professional advisors and refrain from participation if legal restrictions apply in your country of residence or domicile. You are solely responsible for ensuring that participation is not prohibited by any Applicable Law.

### 3.2. Eligible Person Representation:

To be considered an "Eligible Person" for Website access and Pre-Sale participation, you must:

(a) Be at least eighteen (18) years old or the age of majority in your jurisdiction, whichever is higher, with the authority to comply with these Terms.

(b) Not be subject to sanctions from specified authorities, and not be a citizen of, located in, or organized under laws of high-risk jurisdictions;

(i) Subject to sanctions administered or enforced by British Virgin Islands, the European Union, any country in the European Union, the United Nations Security Council, the United States of America, the Office of Foreign Control, or any other country;

(ii) A citizen of, located in, resident in, or organized under the laws of any jurisdiction that has been designated as a high-risk jurisdiction subject to a call for action by international anti-money laundering principles or procedures by an intergovernmental group or organization, such as the Financial Action Task Force (as of the date of these Terms, these are the Democratic People's Republic of Korea, Iran, and Myanmar);

(iii) A citizen of, located in, resident in, or organized under the laws of any of the following jurisdictions:

(A) Democratic Republic of Congo;

(B) Libya;

(C) Somalia;

(D) South Sudan;

(E) Sudan;

(F) Russian Federation;

(G) Yemen; or

(iv) A foreign or domestic politically exposed person (i.e., in relation to politically exposed persons, individuals who are or have been entrusted with prominent public functions by a country, for example, heads of state or heads of government, senior politicians, senior government, judicial or military officials, senior executives of state-owned corporations, important political party officials); and

(c) Ensure that your participation fully complies with Applicable Laws.

### 3.3. Documentation Compliance:

The Company may request documentation to comply with Applicable Laws. Participants agree to provide required documents promptly and acknowledge that the Company may decline Token sale until satisfactory documentation is provided.

### 3.4. Ineligibility:

Users not meeting Eligible Person criteria must disconnect Wallets, cease Website usage, and exit immediately.

## 4. PRE-SALE SPOTS AND ALLOCATION SPOTS

#### 4.1. Phase 1: NFT Presale:

(a) A Bad Egg Co NFT Holder's allocation is granted at the agreed rate with a guaranteed entry point within the given time period. The allocation per NFT is defined below;

\$500 (IN ETH) Per Bad Egg Co NFT

BAD EGG CO NFT holders will have an exclusive pre-sale window for participation.

#### 4.2. Phase 2: Allowlist

(a) Eligible collaboration Partners and individuals with claim codes, will have an allocation granted at the agreed rate with a guaranteed entry point within the given time period. The allocation per being is defined below;

\$200 (IN ETH) Per Spot / Code

#### 4.3 Phase 3: Public

(a) The Public pre-sale will run for a limited period time with the allocation being granted on a raffle basis. The cost per raffle ticket and subsequent allocation to successful raffle winners is defined below;

\$50 (IN ETH) Per Raffle Ticket

#### 4.4 Phase 4: Public Pre-Sale (Open Round)

(a) The Public pre-sale open round will run for a limited period time with the allocation being granted on first come, first served basis. There is No minimum buy in for this stage.

### **5. Purchase Token Lock-up Restrictions:**

5.1. The Purchase Tokens are subject to transfer restrictions and cannot be distributed to your Whitelisted Wallet ("Lock-up Restrictions") until Released in accordance with the Release Schedule. Until the Lock-up Restrictions expire for each tranche of the Purchase Tokens, you shall not, without the prior written consent of the Company, and shall not announce any intention to:

(i) Lend, issue, offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right, or warrant to purchase, or otherwise transfer or dispose of, directly or indirectly (or agree to do any of the above, whether or not in writing), any Purchase Tokens purchased by you in accordance with these Terms; or

(ii) Enter into any swap or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of any of the Purchase Tokens purchased by you in accordance with these Terms (or agree to do any of the above, whether or not in writing), in respect of such tranche of the Purchase Tokens for which the Lock-Up Restrictions continue to apply, and regardless of the settlement method.

5.2. The Tokens shall be Released in tranches according to the Release Schedule, whereupon the Lock-up Restrictions cease to apply in respect of the Purchase Tokens ("Released"). The Company reserves the right to use an emergency stop functionality to terminate the distribution process for all unissued Tokens in limited situations, such as:

(i) The detection of a serious security issue;

(ii) The detection of a serious network performance issue, depriving all users of equal treatment; (iii)

Any material attack on the Tokens, Project, or the Ethereum blockchain; and  
(iv) Other situations of a similar material threat to the Tokens or Project.

5.3. The Purchase Tokens will be Released according to the following schedule:

Amount of Purchase Tokens	Schedule of Release of Purchase Tokens
75%	75% released at TGE.
25%	25% shall be released over 2 weeks after TGE

5.4. Claim Process for Purchase Tokens:

Each Participant (each, a "Purchaser") may claim the Released Purchase Tokens from the Pre-Sale Smart Contract within the Token Claim Period as follows:

(a) Each Purchaser may claim their Released Purchase Tokens only by connecting their Whitelisted Wallet to the Pre-Sale Smart Contract via the provided Interface and approving the relevant permissions prompted by the Pre-Sale Smart Contract.

(b) Each Purchaser shall pay for all Network Fees incurred for receiving the Released Purchase Tokens each time they initiate the request for the transfer of the Released Purchase Tokens from the Pre-Sale Smart Contract.

Each Allowlist User and Waitlist User forfeits any rights to unclaimed Purchase Tokens after the Token Claim Period. The Company is entitled to deal with unclaimed Purchase Tokens as it deems fit (solely and absolutely).

5.5. TGE (Token Generation Event) :

\$YOLK TGE will occur within 7 - 45 days of the completion of the pre-sale.

## 6. Risks Associated with the Pre-Sale:

(a) Prior to purchasing the Tokens and submitting the Allowlist Request and/or Waitlist Request (as applicable), you acknowledge being warned of the risks associated with the Tokens and other relevant technologies mentioned in the Schedule.

(b) You agree that the Company and its Affiliates bear no liability for losses arising from the risks outlined in the Schedule.

(c) In addition to the risks described in the Schedule, to participate in the Pre-Sale, you are solely responsible for establishing, maintaining, and securing full, uninhibited, and secure access to the Wallet. You must implement all reasonable and appropriate measures to secure the Wallet used to receive the Tokens, including any necessary private key(s) or other credentials. If your private key(s) or access credentials are lost, you may lose access to the Tokens. The Company, its Affiliates, representatives, employees, directors, and agents are not responsible for any acts or omissions leading to your loss of (including loss of access to) the Tokens payable under these Terms. In the event of any loss, hack, or theft of Tokens from your Wallet, you acknowledge and confirm that you have no right(s), claim(s), or causes of action against the Company, its Affiliates, representatives, employees, directors, and agents.

(d) If you are unable to receive the Tokens due to a malfunctioning Wallet, you have no right(s), claim(s), or causes of action against the Company, its Affiliates, representatives, employees,

directors, and agents, whether for the Tokens, Allowlist User Deposit, or Waitlist User Deposit (as applicable).

## **7. REFUND**

7.1. You acknowledge, agree, and confirm that there shall be no refund of any funds provided by you (including any Network Fees) as part of your successful participation in the Pre-Sale in any form or manner. If you do not agree to this, please do not purchase the Tokens.

7.2. If you're unsuccessful in the Raffle Pre-Sale users will be entitled to a refund less any network fees. This will be available within five (5) working days following the conclusion of the Raffle Pre-Sale raffle. If you do not agree to this, please do not purchase the Tokens.

## SCHEDULE B

### Risk Factors

#### **A PURCHASE UNDER THIS AGREEMENT INVOLVES A HIGH DEGREE OF RISK.**

**Purchasers should consider carefully the risks described below, among others, together with all of the other information contained in this document, the white paper, which is available upon request, before making a decision to purchase the Tokens under this Agreement. The following risks entail circumstances under which, the Company's business, financial condition, results of operations and prospects and the Tokens could materially suffer. The following discussion is not an exhaustive list of the risks associated with the token purchase pursuant to this Agreement and does not necessarily reflect the relative importance of the various risks.**

#### I. Capital Risks

*You can lose all of your capital.*

The Purchasers may lose up to 100% of their capital in the Company in the event that the Network does not become operational and potentially more in the event of other events such as litigation. Thus, Purchasers are putting capital at risk without any certainty that they will ever receive any Tokens or a return on their capital used for purchasing the Tokens.

Further, even if the Company distributes Tokens to Purchasers, there is no assurance that any secondary market for the Tokens will develop, or if a secondary market does develop, that it will remain through the life of the Tokens. Additionally, there are no guarantees that the Tokens will have any value, retain any value, increase in value, or receive any distributions. Accordingly, the value of any capital used for purchasing the Tokens issued by the Company and the value of Tokens may vary substantially over time and are subject to loss, including possible loss of the entire amount paid. Accordingly, Purchasers should only enter into this Agreement if they can afford to lose 100% of their capital used for purchasing the Tokens.

*There is no existing trading market for the Tokens.*

The Tokens are new digital assets for which there is no established public market. There can be no assurance that a secondary market will develop or, if a secondary market does develop, that it will provide the holders with liquidity of their Purchaser Tokens or that it will continue for the life of the Tokens. The liquidity of any market for the Tokens will depend on a number of factors, including, but not limited to: (i) the number of Token holders; (ii) the performance of the Tokens; (iii) the market for similar digital assets; (iv) the interest of traders in making a market in the Tokens; (v) regulatory developments in the digital token or cryptocurrency industries; and (vi) legal restrictions on transfer.

Purchasers will not have access to complete information regarding their purchase of the Tokens.

Purchasers may not be able to obtain all of the information they want regarding the Tokens or the Network, on a timely basis or at all. It is possible that a Purchaser may not be aware on a timely basis of material adverse changes that have occurred which may impact the Tokens. As a result of these limitations, a Purchaser may not have accurate or complete information about the Tokens or the Network.

The Company will have no obligation to provide reports to Purchasers, including with respect to the development and operation of the Network or the financial performance of the Company.

*Purchasers need Independent Advice.*

The Company has consulted with counsel, accountants and other experts regarding the formation and operations of the Company, as well as the issuance of this Agreement. Each prospective purchaser should consult his own legal, tax and financial advisors regarding the desirability of purchasing the Tokens that are issued by the Company.

Capital contributions in startups involve a high degree of risk but purchases for tokens through Simple Agreements for Future Tokens, including this Agreement, may involve an even higher degree of risk.

Financial and operating risks confronting startups are significant. The Company is not immune to these. The startup market in which the Company competes is highly competitive and the percentage of companies that survive and prosper is small. Startups often experience unexpected problems in the areas of product development, marketing,

financing, and general management, among others, which frequently cannot be satisfactorily resolved. In addition, startups may require substantial amounts of financing, which may not be available through institutional private placements, the public markets or otherwise.

*The Agreement may not be transferred.*

The terms of the Agreement prohibit transfer of the Agreement. As a result, Purchasers will be required to hold their Agreement until the delivery of all of the Tokens, or the termination of the Agreement pursuant to the provisions set forth therein. Consequently, Purchasers must be prepared to bear the risk of entering in the Agreement until the termination of the Agreement pursuant to the terms set forth herein.

*The Purchasers will have no control over the Network and the Company may only have limited control over the Network.*

The Network is composed of technologies that depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, the Company has limited control over the Network once launched. In addition, the Purchasers are not and will not be entitled, to vote or receive dividends or other payments from the Company or be deemed the holder of equity securities of the Company for any purpose, nor will anything be construed to confer on the purchasers any of the rights of a stockholder of the Company or any right to vote for the election of directors or managers or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or to receive subscription rights or otherwise.

There may be occasions when certain individuals involved in the development and launch of the Network may encounter potential conflicts of interest, such that said party may avoid a loss, or even realize a gain, when other purchasers are suffering losses.

There may be occasions when certain individuals involved in the development and launch of the Network may encounter potential conflicts of interest in connection with the Agreement, Tokens and/or the Network, such that said party may avoid a loss, or even realize a gain, when other Purchasers are suffering losses. Purchasers may also have conflicting investment, tax, and other interests with respect to token purchases, which may arise from the terms of the Agreement, the Network, or other factors. Decisions made by the key employees of the Company on such matters may be more beneficial for some purchasers than for others.

## II. Legal and Regulatory Risks

*The regulatory regime governing digital assets is still developing.*

Regulation of digital assets (including the Tokens), offerings of digital assets, blockchain technologies, and digital asset exchanges are currently undeveloped and likely to rapidly evolve, and vary significantly among non-U.S. and U.S. federal, state and local jurisdictions and are subject to significant uncertainty. Various legislative and executive bodies in the United States, South Korea, China, Singapore, among other countries, are currently considering, or may in the future consider, laws, regulations, guidance, or other actions, which may severely impact the Company and digital assets. Failure by the Company to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including criminal and civil penalties and fines. New or changing laws and regulations or interpretations of existing laws and regulations would likely have numerous material adverse consequences, including, but not limited to: (i) the Purchasers' ability to earn a return on the Purchaser Tokens of the Company; (ii) the value of the Tokens; (iii) the ability to make distributions of Tokens; (iv) the liquidity and market price of the Tokens; (v) purchasers' ability to access marketplaces on which to trade the Tokens; (vi) the Company's ability to operate as an ongoing concern; and (vi) the necessity to modify the structure, rights and transferability of Tokens. Therefore, there can be no assurance that any new or continuing regulatory scrutiny or initiatives will not have a material adverse impact on the value of Tokens, or otherwise impede the Company's activities.

The Company has the exclusive right, in its sole discretion, to address and remediate any of the operational, legal or regulatory risks presented as of the date hereof or hereafter. In the exercise of such rights, it is possible that the Company may determine that the launch of the Network and the Tokens is not feasible. Accordingly, there is a material risk that the Company may not successfully develop, market and launch the Network and Purchasers may not receive Tokens.

The Network is still under development and will require significant capital funding, expertise of the Company's management, time and effort in order to develop and successfully launch the Network. The Company may have to

make changes to the specifications of the Network or Tokens for any number of legitimate reasons or the Company may be unable to develop the Network in a way that realizes those specifications or any form of a functioning network. The Network or Tokens, if successfully developed and maintained, may not meet purchaser expectations at the time of purchase. Furthermore, despite good faith efforts to develop and launch the Network and subsequently to develop and maintain the Network, it is still possible that the Network will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Network and Tokens.

The Company may not have or may not be able to obtain the technical skills and expertise needed to successfully develop the Network. While the Company has sought to retain and continue to competitively recruit experts, there is a general scarcity of management, technical, scientific, research and marketing personnel with appropriate training to develop and maintain the Network. If the Company is not successful in its efforts to demonstrate to users the utility and value of the Network, there may not be sufficient demand for the Tokens for the Company to issue the Tokens. As a result, or if issuance of the Tokens does not occur, Purchasers may lose all of their entire purchase amount under the Agreement.

*Regulatory determinations may make the Tokens illegal in certain jurisdictions or for certain categories of purchasers.*

It is possible that current or future regulations could make the Company and/or Tokens illegal in some jurisdictions, or for some categories of purchasers, which could possibly result in a winding down of the Company, or a decrease in value of the Company or Tokens. Because the Tokens have not been formally classified by regulatory agencies, it is possible that subsequent determinations by regulators may prevent certain individuals or entities from using or holding one or more of the Tokens in the future. Such a determination could materially reduce the functionality and demand for the Tokens.

Additionally, Tokens might be classified as a "security" under U.S. federal, U.S. state and/or non-U.S. securities laws. If the Tokens are considered securities then their offer and sale must be registered unless an exemption is available, which also could significantly inhibit adoption and the value of the Tokens, as well as increase the compliance costs of the Company. Depending on what regulatory classification(s) may be made, there may be other securities law issues under the Securities Exchange Act of 1934, Investment Advisers Act of 1940, Investment Company Act of 1940, Commodity Exchange Act, or other U.S. state, U.S. federal or other non-U.S. statutes or regulations.

*Application of U.S. Securities Laws to the Tokens.*

The Tokens may be "securities" as defined by U.S. federal, U.S. state and non-U.S. securities laws. To the extent that the Tokens are securities, there is no certainty that exemptions from registration under U.S. or other laws will be available for use by the Company, or a compliance regime can be developed to make the operation of the Network fully compliant with all applicable laws, rules and regulations. The Company is developing the Network and the Tokens to be excluded from or exempt from registration requirements under applicable securities laws. This design has not yet been subjected to rigorous analysis by any Governmental Authority. Upon analysis, it may prove to be incorrect or unverifiable, in which case it is expected that the Network can become operational only if the Tokens are either not securities or else are securities issuable in transactions exempt from registration under the securities laws and if all compliance processes, including under the Exchange Act, can be developed and integrated into the Network.

The Company may choose to seek an interpretative or no-action letter or other assurances or some other reaction from the SEC and/or CFTC Staff in the U.S. or from other regulatory bodies regarding the proper characterization of the Tokens. There is no assurance, however, that any such regulatory body will entertain such a request, or respond to such a request, let alone respond favorably. The Company intends to take the current views of the SEC and other regulators into account, in determining the proper characterization of the Tokens and the optimal means of structuring the offering, sale and trading of such instruments and the proper functioning of the Network.



Failure to obtain a favorable interpretive letter or no-action letter from the SEC or CFTC Staff or other favorable determination from a regulatory body would leave such regulators free to bring an action against the Company undertaken to enforce such regulator's view of the law as applied to the offering or the Network or other facts that come to its attention. Even if a regulatory body were to provide assurances that it does not disagree with the characterization of the Tokens propounded by the Company, private parties such as offerees and purchasers of the Tokens would not be bound by such views and could assert claims against the Company if disappointed with their participation in the Network. Such claims could conceivably include rescission rights and fraud claims grounded in the securities laws.

In addition, U.S. state and non-U.S. securities regulators could bring actions against the Company, seeking to vindicate their own views of the proper application of their laws to offers, sales and resales of the Tokens and the operation of the Network.

The results of defending and resolving any and all such possible disputes are impossible to predict but could amount to millions of dollars in defense costs alone. The amounts of damages or other cash awards payable in resolving such disputes are likewise impossible to predict, but could conceivably amount to the entirety of the funds raised by the Company, and more. Sanctions other than rescission and awards of actual damages could include injunctions and other equitable relief, plus, particularly in the case of claims brought by the government, civil money penalties, fines and exemplary or punitive damages.

#### *Application of the CEA to this Agreement.*

The regulatory treatment of this Agreement under the U.S. Commodity Exchange Act is not certain. The Commodity Futures Trading Commission ("**CFTC**") may take the position that this Agreement constitutes a "swap" or is otherwise subject to its jurisdiction under the CEA to the extent it is applicable. If this occurs, then this Agreement may be invalidated and the parties hereto may be subject to enforcement actions and/or penalties.

#### *Federal and state Laws regulating money services businesses.*

The Company may be treated in the U.S. as a money transmitter under the Bank Secrecy Act ("**BSA**") and so be required to register with the Treasury's Financial Crimes Enforcement Network ("**FinCEN**") as a money services business. The Company may have to comply with state money transmitter regulations as well.

If registration with FinCEN is required, then failure to register is a federal crime. If the Company is required to register, it will be required to develop an effective anti-money laundering program including policies, procedures and internal controls to verify customer identification; file reports; create and maintain records; file suspicious activity reports under certain circumstances; report transactions in currency; and respond to law enforcement requests. The Company would also be required to designate a compliance officer and obtain independent reviews to monitor and maintain an adequate program.

Compliance with these state and federal requirements can be expensive, and failure to comply has resulted in substantial fines and other negative consequences for banks and other companies. The Company's compliance with these rules could be subject to special scrutiny, given the negative publicity associated with some other actors involved in transactions in digital currency. We cannot guarantee that any programs and policies we adopt in accordance with such state and federal money transmitter laws will be deemed compliant by all applicable regulatory authorities. In the event our controls should fail or we are found to be out of compliance for other reasons, we could be subject to monetary damages, civil and criminal money penalties, litigation and damage to our global brand reputation.

The tax treatment of the Agreement, the rights contained therein and the Token distribution is uncertain and there may be adverse tax consequences for Purchasers.

Although the Company intends to treat the Agreement as a current sale of Tokens, tax characterization of the Agreement, the rights contained therein and the Token distribution is uncertain and highly fact-sensitive, and each Purchaser must seek its own tax advice in connection with the Token purchase pursuant to the Agreement. The purchase of Tokens pursuant to the Agreement may result in adverse tax consequences to Purchasers based upon various factors.

It is possible that the United States or other jurisdictions will levy substantial or prohibitive taxes on Tokens, thus greatly devaluing them and reducing the Company's reserves. Each Purchaser should consult with and must rely upon the advice of its own professional tax advisors with respect to the United States and non-U.S. tax treatment of the purchase of Tokens pursuant to the Agreement, the rights contained therein and the Token distribution.

THE PURCHASER UNDERSTANDS THAT THE PURCHASER MAY SUFFER ADVERSE TAX CONSEQUENCES AS A RESULT OF PURCHASING, HOLDING, EXCHANGING, SELLING, STAKING, TRANSFERRING OR OTHERWISE USING THE TOKENS IN ANY WAY. THE PURCHASER HEREBY REPRESENTS THAT (A) IT HAS CONSULTED WITH A TAX ADVISER THAT IT DEEMS ADVISABLE IN CONNECTION WITH ANY USE OF THE TOKENS, OR THAT IT HAS HAD THE OPPORTUNITY TO OBTAIN TAX ADVICE BUT HAS CHOSEN NOT TO DO SO, (B) THE COMPANY HAS NOT PROVIDED THE PURCHASER WITH ANY TAX ADVICE, AND (C) THE PURCHASER AGREES TO BE FULLY RESPONSIBLE FOR ANY TAXES RESULTING FROM ANY USE OR PURCHASE OF THE TOKENS.

#### *U.S. State Laws regulating digital assets.*

Some states, including New York, either have adopted or are considering adopting of statutes or regulations which specifically regulate digital currencies. In 2015, the New York State Department of Financial Services (“NYDFS”) finalized a rule that requires most businesses involved in digital currency business activity in or involving New York, excluding merchants and consumers, to apply for a license, commonly known as a “BitLicense,” from the NYDFS and to comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. As an alternative to the BitLicense in New York, firms can apply for a charter to become limited purpose trust companies qualified to engage in digital currency business activity.

Other states have considered or are considering regimes similar to the BitLicense framework. As currently drafted, the bitlicense statutes do not preempt the necessity to comply with the money transmitter license requirements of each state, although the reporting, record keeping and BSA and anti-money laundering requirements may be the same. The process of ascertaining the applicability of state laws in all or most states will be expensive and time consuming. There are very significant penalties for violation in some states. Failure to obtain a state license in states where a license is required can be a crime. Accordingly, to the extent the Company is subject to one or more of the above requirements it would likely have a material and adverse impact on the Company and the value of your Tokens.

*Under certain circumstances, the SEC in the U.S. might assert that a Purchaser has aided and abetted a violation of the U.S. securities laws by the Company.*

Under U.S. securities laws, a person who has knowledge of a violation of the U.S. securities laws by the Company and provides substantial assistance in furtherance of the violation, for example, by participating in an unregistered offer and sale of securities not subject to a valid exemption, could be found liable for aiding and abetting a violation the Securities Act. Thus, the SEC could seek actions against Purchasers, if the Token is deemed to be a security and additional exposure from private claimants could also result.

### III. Market Risks

#### *Digital assets are volatile.*

The prices of digital assets change rapidly. Currently, there is relatively modest use of digital assets in the retail and commercial marketplace compared to use by speculators, which contributes to price volatility of digital assets. This volatility makes it difficult to use digital assets for ordinary, non-speculative transactions.

Despite the Company’s intent to create a digital asset to be used in commercial transactions, the price of digital assets may be affected by many factors outside the Company’s control such as supply and demand; mining incentives, availability and access to digital asset service providers (such as payment processors), exchanges, miners or other digital asset users and market participants; perceived or actual network or instrument security vulnerability; changes in regulation in the U.S. or other countries, inflation levels; fiscal policy; monetary policy; political, natural and economic events, and many other factors. The volatility of digital assets generally could impede the adoption and demand for the Tokens, which could negatively impact the value of the Company and the Tokens.

### IV. Operation Risks

#### *Risks Involved with creation of a new distributed ledger network and ecosystem.*

The Network has not yet been developed by the Company and will require significant capital outlays and a large commitment of time and effort by the Company’s personnel in order to develop and successfully make the Network operational. Specifically, the Tokens and the Network rely on new, unproven technology, and neither the Company nor its management team has created a product like this before. Throughout the course of

development, the Company may have to make changes to the specifications of the Tokens and the Network, which may significantly increase the time to market. Further, the Network, even if successfully developed and maintained, may not garner sufficient investor or user interest such that the Network is sustainable.

*The Company will rely on certain third party service providers to develop and operate the Network.*

The Company will rely on certain third party service providers in order to develop and operate the Network. The Company's future success and competitive position depends in part upon its ability to maintain these relationships with third party service providers or obtain new third party service providers at a rate of compensation which is acceptable to the Company. If the Company's plans cannot be implemented or are disrupted, the ability of holders of the Tokens to use the Network or the Tokens could be materially adversely affected. In addition, the Company cannot assure the Purchasers that any of its third party service providers will be able to successfully provide their services on the Network or in furtherance of development of the Network.

*The digital asset market is extremely competitive, and other networks have been and may be developed that are the same or similar to the Network.*

The Company is developing technology in a highly competitive and increasingly saturated industry. It is possible that competitive networks could be established or developed that utilize the same or similar open source code and protocol underlying the Network and attempt to implement services that are materially similar to those offered by the Company. The Network may be forced to compete with these competitive networks, which could negatively impact the adoption of Tokens, which would likely adversely impact the value of the Tokens.

*The Network may not be widely adopted and may have limited users.*

It is possible that the Network will not be used by a large number of individuals, companies and other entities or that there will be limited public interest in the creation and development of distributed ecosystems (such as the Network) more generally or distributed applications to be used on the Network. Such a lack of use or interest could negatively impact the development of the Network and therefore the potential utility of Tokens.

*The Company may be forced to cease operations or take actions that result in a dissolution event.*

It is possible that, due to any number of reasons, including, but not limited to, an unfavorable fluctuation in the value of digital assets or fiat currencies, the inability by the Company to establish a viable financial ecosystem for the Tokens' utility, the failure of commercial relationships, regulatory issues, or intellectual property ownership challenges, the Company may no longer be viable to operate, and may dissolve or take actions that result in a dissolution event.

*The Company may be subject to litigation and other claims.*

The Company, as an independent legal entity, may be subject to lawsuits or proceedings initiated by government entities or private parties. Any legal expenses and/or liabilities shall be borne by the Company.

*The Company may be accused of infringing intellectual property rights of third parties.*

The Company has not evaluated whether its technology does not or will not infringe upon the intellectual property rights of any third party, and may be subject to claims of alleged infringement of the intellectual property rights of third parties. Such claims, even if not meritorious, may result in significant expenditure of financial and managerial resources, payment of damages or settlement amounts, and reduced confidence in the Network's viability and the ability of users to hold and transfer Tokens. Additionally, the Company may become subject to injunctions prohibiting it from using software, business processes, trademarks or other intellectual property that it currently uses or may need to use in the future, or requiring the Company to obtain licenses from third parties when such licenses may not be available on terms feasible or acceptable to the Company.

*Risks associated with developing a new technology.*

The Company will use new technology to develop the Network. There can be no assurance that such technology will be bug-free or accepted by the marketplace. Thus, even should the Network become operational, Tokens may be subject to the risk of theft, loss, malfunction, or reputational risk, any of which can significantly degrade the value of such an instrument.

*Cybersecurity Risk.*

The Company utilizes a substantial amount of electronic information. This includes transaction information and sensitive personal information of the Purchasers. The service providers used by the Company, may also use, store, and transmit such information. The Company intends to implement detailed Cybersecurity policies and procedures and an incident response plan designed to protect such information and prevent data loss and security breaches. However, such measures cannot provide absolute security. Breach of the Company's information systems may cause

information relating to the transactions of the Company and sensitive Purchaser information be compromised to unauthorized third-parties.

#### *Privacy Risk.*

The Company may be compelled to disclose personal information about a Purchaser or multiple Purchasers to federal or state government regulators or taxation authorities. Accordingly, certain information concerning Purchasers may be shared outside of the Company.

#### V. Risks Specific to Tokens

##### *Purchasers cannot immediately use the Tokens.*

Purchasers should be prepared that they may not receive Tokens pursuant to this Agreement for an extended period of time.

##### *The Tokens have no or limited market, liquidity, or performance history.*

As such, the Tokens should be evaluated on the basis that the Company or any third party's assessment of the prospects of the Network may not prove accurate, and that the Company and Network may not achieve its objectives, including the use and adoption of the Tokens.

##### *Destruction of Tokens.*

Tokens are intended to be accessible only by a party who possesses both the unique public and private keys relating to the local or online digital wallet in which such Tokens are held. To the extent private keys holding the Company's or Purchasers' Tokens are lost, destroyed or otherwise compromised, the Company may be unable to access the related Tokens and such private keys are not capable of being restored by the Network or the Company. Any loss of private keys relating to digital wallets used to store the Company's Tokens could materially adversely affect the Purchaser and the Company's financial performance. Further, Tokens are typically transferred digitally, through electronic media not controlled or regulated by any entity. To the extent a Token is transferred erroneously to the wrong destination, the Purchaser may be unable to recover the Tokens or its value. Such loss could materially adversely affect the Tokens and result in their complete loss of the Purchaser's Tokens.

##### *Token Transactions are Generally Irrevocable.*

One of the values of distributed ledger and blockchain technology is that they create a permanent, public record of Token transactions. The potential drawback to this, however, is that even if a transaction turns out to have been in error, or as a result of theft of Tokens, such a transaction is not reversible. Consequently, the Company may be unable to replace missing Tokens or seek reimbursement for any erroneous transfer or theft of Tokens. To the extent that the Company is unable to seek redress for such action, error or theft, such loss could adversely affect the Company's financial performance. Additionally, Purchasers may lose all of their Tokens if a transaction was made in error or if the Tokens were stolen.

##### *Bad Actors or Hackers.*

Bad Actors or Hackers may launch attacks to steal, compromise, or secure Tokens, such as by attacking Network source code, exchange servers, third-party platforms, cold and hot storage locations or software, or Token transaction history, or by other means. For example, in February 2014, Mt. Gox suspended withdrawals because it discovered hackers were able to obtain control over the exchange's Bitcoin by changing the unique identification number of a Bitcoin transaction before it was confirmed by the Bitcoin network. Furthermore, Flexcoin, a so-called Bitcoin bank, was hacked in March 2014 when attackers exploited a flaw in the code governing transfers between users by flooding the system with requests before the account balances could update—resulting in the theft of 896 Bitcoin. In January 2018, hackers reportedly stole approximately \$530 million

in cryptocurrencies from Coincheck, a Japanese cryptocurrency exchange. As the Network increases in size, it may become a more appealing target of hackers, malware, cyber-attacks or other security threats. An attack or a breach of security could result in a loss of private data, unauthorized trades, an interruption of the Network for an extended period of time, violation of applicable privacy and other laws, significant legal and financial exposure, damage to reputation, and a loss of confidence in security measures, any of which could have a Material Adverse Effect on the Company and the value of the Tokens. Any such attack or breach could adversely affect the ability of the Company to operate, which could indirectly materially adversely affect the value of the Tokens. Any breach of data security that exposes or compromises the security of any of the private digital keys used to authorize or validate transactions, or that enables any unauthorized person to generate any of the private digital keys, could result in unauthorized transactions and would have a Material Adverse Effect on the Tokens. Further, because transactions on the Network settle on the trade date and generally are irrevocable it would likely be impossible to reverse unauthorized transactions. As a result, the Company will undertake efforts to secure and SAFTguard the Tokens in its custody from theft, loss, damage, destruction, malware, hackers or cyber-attacks, which may add significant expenses to the operation of the Company. There can be no assurance that such security measures will be effective. Additionally, there exists the possibility that while acquiring or disposing of Tokens, the Company unknowingly engages in transactions with bad actors who are under the scrutiny of government investigative agencies. As such, the Company' systems or a portion thereof may be taken off-line pursuant to legal process such as the service of a search and/or seizure warrant on the Company. Such action could result in the loss of Tokens previously under the Company's control.

*Digital assets, including the Tokens are subject to manipulation.*

Bad actors can use a number of manipulative trading strategies such as spoofing, wash trading and trading in coordination with other bad actors to artificially influence the price of digital assets. Bad actors can also attack one or more digital asset exchanges. If an exchange is taken offline, it would likely result in reduced liquidity making it easier to manipulate the price of one or more digital assets. It is possible that one or more actors may manipulate the price of the Tokens, which may adversely impact the value of the Purchaser's Tokens.

*The Tokens are non-refundable.*

The Company is not obliged to provide holders of the Token with a refund related to the Token for any reason, and holders of the Token acknowledge and agree that they will not receive money or other compensation in lieu of a refund. No promises of future performance or price are or will be made in respect to the Token, including no promise of inherent value, no promise of continuing payments, and no guarantee that the Token will hold any particular value. Therefore, the recovery of spent resources may be impossible or may be subject to foreign laws or regulations, which may not be the same as the laws in the jurisdiction of the Token.

## VI. Risks Related to the Network

*The Network's development may not meet Purchaser's expectations.*

Significant financial, managerial, engineering and other resources may be required in order to develop the Network, as well as consensus among validator members of the Network's community on the genesis block, which may not be available, feasible, or achievable on commercially reasonable terms, or at all. Changes to the specifications of the Network or the Tokens may be necessitated for any number of legitimate reasons, and the Network may be developed in a way that does not realize those specifications and the Company may cease to be a functioning network. The Network and the Tokens may not meet Purchaser expectations. Furthermore, despite good faith efforts to support, develop and launch the Network, it is still possible that the Network will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Network.

*The Company has a limited operating history.*

To date, the Company has primarily been engaged in organizational activities and operations relating to the development of the Network. The Company does not have any significant assets. There is no assurance that any of the Company's proposed activities and business plans as set forth will ever succeed.

*The Network may not be able to compete effectively with other platforms.*

The market for decentralized application platforms with an emphasis on interoperability and privacy are highly competitive and rapidly evolving. Currently, there are hundreds of other native blockchain protocols, with many more new protocols emerging frequently. Many of the competitors to the Network may have substantial competitive advantages, such as in speed, security, stability, longer operating histories, greater financial and

other resources, stronger name recognition, larger network of users and developers, greater market acceptance among users and developers, as well as pre-existing relationships with users and developers. Existing and future decentralized applications may also face prohibitive switching costs when transitioning to a new platform such as the Network. Currently, Ethereum is the most widely used platform, hosting an overwhelming majority of decentralized applications. In order for the Network to be widely adopted, it is necessary to first convince key stakeholders to participate in the Network, including users, miners and developers. It is possible that the Network will not be used or adopted by these stakeholders, that the Network will not be able to compensate with other platforms, both blockchain-based as well as centralized solutions, or that there will be limited interest from users and developers in the Network altogether. Any of these events could negatively impact the development, growth and viability of the Network.

*The open-source structure of the Network means that it may be susceptible to developments by third parties and that contributors could damage the Network and its reputation and could affect the utilization of the Network and the Tokens.*

As an open-source project, the Network will not be represented, maintained, or monitored by an official organization or authority. The open-source nature of the Network means that it may be difficult for the Company, or any contributors, to maintain or develop the Network and the Company, and the Company may not have adequate resources to address emerging issues or malicious programs adequately or in a timely manner. Third parties not affiliated with the Company may introduce weaknesses or bugs into the core infrastructure elements of the Network and open-source code which may negatively impact the Network. Such events may result in a loss of trust in the security and operations of the Network and a decline in activity that could negatively impact the price of the Tokens.

## **SCHEDULE C**

### **Anti-money laundering & Counter Financing of Terrorism (AML/CFT) | Additional Representations and Warranties**

The Purchaser accepts, agrees with, undertakes, represents and warrants to the Company, (with the intent that the provisions of this clause shall continue to have full force and effect into perpetuity) as follows:

1. That the Purchaser acknowledges that, in order to comply with measures aimed at the prevention of money laundering and terrorism financing, the Company and/or any of its delegates or agents, may require verification of the identity of the Purchaser and the source of the Purchaser's purchase monies. The Purchaser undertakes to provide: (a) such information and documentation as the Company and/or any of its delegates or agents may request to verify any information about the Purchaser in compliance with applicable anti-money laundering laws and regulations; and (b) any further information and documentation as the Company and/or any of its delegates or agents may request from time to time to ensure ongoing compliance with applicable laws and regulations, or any other related policies, best practice guidelines and regulations as implemented by the Company at its sole discretion, from time to time. The Purchaser acknowledges that neither the Company nor any of its delegates or agents shall be liable for any loss arising as a result of a failure to distribute Tokens to the Purchaser if such information and documentation as has been requested has not been provided by the Purchaser.
2. That the Purchaser understands and agrees that the Company prohibits the purchase of this Agreement by any persons or entities that are acting, whether directly or indirectly, (i) in contravention of any U.S., other national, international or other money laundering regulations or conventions, or (ii) on behalf of terrorists, terrorist organizations or other high-risk entities, including those persons or entities that are included on any relevant lists maintained by the United Nations, North Atlantic Treaty Organization, Organization for Economic Cooperation and Development, Financial Action Task Force, U.S. Securities & Exchange Commission, U.S. Federal Bureau of Investigation, U.S. Central Intelligence Agency, U.S. Internal Revenue Service, FinCEN, OFAC, countries listed by Transparency International ([www.transparency.org](http://www.transparency.org)) as being vulnerable to corruption, or any country or organization, all as may be amended from time to time, (iii) for a senior foreign political figure, any member of a senior foreign political figure's immediate family or any close associate of a senior foreign political figures, or (iv) for a foreign shell bank (each of (i) to (iv) a "**Prohibited Purchaser**"), in each case unless the Company, after being specifically notified by the Purchaser in writing that the Purchaser may be a Prohibited Purchaser, conducts further enhanced due diligence, and performs appropriate verification checks on the Purchaser to ensure their legitimacy and reliability, and determines that such purchase of the Tokens shall be permitted;
3. That the Purchaser is not a Prohibited Purchaser, that the Purchaser is not a Prohibited Purchaser in any future purchase of this Agreement, and that the Purchaser will promptly notify the Company of any change in its status or the status of any ultimate beneficial owners for whom the Purchaser is purchasing the Agreement on behalf of;

4. That any information submitted by the Purchaser to the Company for the conduct of AML/CFT checks shall be within the Company's requested time frame, up to date, complete, truthful, and accurate as of the date of this Agreement, and shall continue to be so at any time that the Purchaser holds the Agreement;
5. That the Purchaser will as soon as practicable, notify and update the Company in writing of any development or change in circumstance which may have a material effect on any of the matters pertaining to the Purchaser referred to in this Schedule C;
6. That in the event the Company determines, at its sole discretion, that any Purchaser is a Prohibited Purchaser, it may, without further reference to the Purchaser, take any action necessary to terminate the interests of the Purchaser in the Agreement, and the Purchaser shall have no claim against the Company for any form of damages whatsoever as a result of the same;
7. That the Company may release confidential information about the Purchaser and, if applicable, any ultimate beneficial owner(s) of the Agreement to any proper authorities in any jurisdiction, if the Company, in its sole discretion, determines that it is in the best interests of the Company in light of relevant rules and regulations concerning Prohibited Purchasers, money-laundering, terrorism financing, or any other illicit purpose;
8. That the Purchaser only uses fiat currency or digital currencies as lawfully acquired, to make payment for the Agreement, that such currency is not derived from or related to any unlawful activities conducted by Purchaser, including but not limited to money laundering or terrorist financing, and that the Purchaser does not acquire the

Agreement to finance, engage in, or otherwise support any money-laundering, terrorism financing or other illicit purpose;

9. That to the extent that the Purchaser has any beneficial owners: (a) it has carried out thorough due diligence to establish the identities of such beneficial owners; (b) based on such due diligence, the Purchaser reasonably believes that no beneficial owner is a Prohibited Purchaser; (c) it holds the evidence of the identities and status of its beneficial owners and will maintain all such evidence for at least five years; and (d) it will make available such evidence and any additional evidence that the Company and/or any of its delegates or agents may require upon request in accordance with applicable regulations;
10. That neither the Purchaser, nor any person having a direct or indirect beneficial interest in Purchaser or the Agreement being acquired by Purchaser, or any person for whom Purchaser is acting as agent or nominee in connection with the Agreement, is the subject of sanctions administered or enforced by any country or government (collectively, "**Sanctions**") or is organized or resident in a country or territory that is the subject of country-wide or territory-wide Sanctions;
11. That the Purchaser is in full compliance with all anti money laundering laws and regulations that are in force, and the purchase of the Agreement by the Purchaser will not be in breach of any laws and regulations that are in force in any relevant jurisdiction;
12. That the Purchaser, in knowledge that the Company may be relying upon its submissions acknowledgements, representations and statements contained therein without performing further verification, will completely, truthfully, and accurately comply with, perform any action, and fulfil any instructions and requests from the Company in order for the Company to comply with any anti-money laundering or customer due diligence policies, best practice guidelines and regulations as implemented by the Company at its sole discretion, from time to time;
13. If any of the representations, warranties or covenants above cease to be true or if the Company and/or its delegates or agents no longer reasonably believes that it has satisfactory evidence as to their truth, notwithstanding any other agreement to the contrary, the Company and/or its delegates or agents may, in accordance with applicable regulations, be obligated to: (a) take certain actions relating to the Purchaser's holding of Agreement; (b) report such action; and (c) disclose the Purchaser's identity to OFAC or other authority. In the event that the Company and/or its delegates or agents is required to take any such action, the Purchaser understands and agrees that it shall have no claim against the Company and/or its delegates or agents for any form of damages as a result of any of such actions; and
14. The Purchaser acknowledges and understands that if, as a result of any information or other matter which comes to his attention, any person, knows or suspects or has reasonable grounds for knowing or suspecting that another person is engaged in criminal conduct or is involved with terrorism or terrorist property and the information for that knowledge or suspicion came to their attention in the course of business in the regulated sector, or other trade, profession, business or employment, the person will be required to report such knowledge or suspicion to the relevant Governmental Authorities.