

**Confidential Private Placement Memorandum**

**Ember Fund, Inc.**



**May 20, 2022**

**Offering Price: \$1.00 per Crowd SAFE**  
**Minimum Purchase Amount: \$10,000**

**Confidential Private Placement Memorandum (“PPM” or “Memorandum”) for Ember Fund, Inc.**

Ember Fund, Inc. (the “**Company**”, “**Ember Fund**” “**we**,” “**us**,” or “**our**”), a Delaware corporation, is providing this Memorandum for the purpose of evaluating an investment in Simple Agreements for Future Equity of the Company.

We are offering, in accordance with Rule 506(c) of Regulation D<sup>1</sup> under the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “**Securities Act**”) and applicable with state law, up to a maximum amount of \$3,000,000 (the “**Maximum Offering Proceeds**”) of Simple Agreements of Future Equity (“**Crowd SAFE**” and/or the “**Securities**”) on a best efforts basis to an unlimited number of accredited investors only (this “**Offering**”), as further described in this Memorandum. A purchaser of the SAFEs may be referred to herein individually as a “**Subscriber**” or “**Investor**” or collectively as the “**Subscribers**” or “**Investors**”. The minimum investment amount per Investor is \$10,000, which may be waived at the sole discretion of the Company.

This Offering is being conducted through the platform found at <https://republic.co> (the “**Republic Platform**”), that is operated for the benefit of OpenDeal Broker LLC (“**OpenDeal**”). OpenDeal is a registered FINRA/SEC broker dealer as well as manually offline from the Republic Platform.

This Offering is being conducted on a “best efforts” basis and does not require a minimum amount to be raised and we may not be able to raise enough funds to fully implement our business plan and our investors which may result in the loss of the entire investment of Investors. This Offering is being conducted pursuant to Regulation D, 506(c) of the Securities Act. Any subscription made through the Republic Platform and accepted by the Company, with the consent of OpenDeal, will have the consideration directed and immediately be deposited directly into the bank account designated by the Company.

The Securities are being offered and sold only to “accredited investors” as defined in Rule 144 of Regulation D. The Offering Price (as defined below) per Securities has been arbitrarily determined by the Company. This Offering is expected to expire on the earliest to occur of: (i) all the Securities offered pursuant to this Offering being sold; (ii) August 31, 2022, unless extended in the sole discretion of the Company; or (iii) early termination by the Company in its sole discretion.

The Securities offered hereby have not been registered under the Securities Act or under the securities laws of any other state or jurisdiction in reliance upon the exemptions from registration provided by the Securities Act and Rule 506 of Regulation D promulgated thereunder, and the comparable exemptions from registration provided by other applicable securities laws, and such securities may not be sold or transferred without compliance with all applicable U.S. federal and state and non-U.S. securities laws. Due to the fact that these Securities have not been registered under the Securities Act or other applicable securities laws and are being sold in reliance upon an exemption from registration afforded under the Securities Act, there are restrictions on their transferability or resale by an Investor. Any transfer, sale or other disposition of the Securities requires the prior written consent of the Company and any transfer must comply with the Securities Act, including any available exemptions from registration under the Securities Act. While Rule 144 under the Securities Act provides an exemption from registration under the Securities Act in connection with the resale of limited amounts of Securities in certain circumstances, the exemption under Rule 144 may not be available to Investors because the Company does not now, and does not intend in the future, to make available the public information required by Rule 144. Additionally, a trading market for the Securities may not develop sufficiently to satisfy the “broker’s transactions” requirement of Rule 144. In the absence of the availability of Rule 144, any disposition of the Securities will require registration or compliance with an exemption from the Securities Act and applicable state securities laws. The Company is not obligated to register for sale under either federal or state securities laws the Securities purchased pursuant hereto, and the issuance of the Securities is being undertaken pursuant to Rule 506 of Regulation

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<sup>1</sup> Regulation D is found under Title 17 of the Code of Federal Regulations, part 230, Sections 501 through 508. The legal citation is 17 C.F.R. §230.501 et seq.

D under the Securities Act. Each prospective Investor should proceed on the assumption that they alone must bear the economic risks of the investment for an indefinite period.

These are speculative securities which involve a high degree of risk. Only accredited investors who can bear the loss of their entire investment should invest in these Securities. Neither the U.S. Securities and Exchange Commission (the “**Commission**”) nor any state securities commission nor any other jurisdiction authority has approved or disapproved of this Offering or determined if this Memorandum is truthful or complete. Any representation to the contrary is a criminal offense.

This Memorandum contains certain information about the performance history of the Company. Any investment performance included in this Memorandum is intended to provide recipients with information about the performance of the Company. Prospective investors are not to construe the contents of this Memorandum as legal, business, tax, U.S. Employee Retirement Income Security Act of 1974 (as amended, and the rules and regulations promulgated thereunder (“**ERISA**”)), accounting, investment or other advice. Prior to the acceptance of any prospective investor’s investment in the Company, such prospective investor will have the opportunity to ask questions of and receive answers and additional information from the Company concerning the offering described herein and other relevant matters. None of the Company, nor its officers and directors, is making any representation or warranty to a prospective investor regarding the legality of an investment in the Company by such prospective investor or about the income and other tax consequences to them of such an investment. Each prospective investor should consult its own advisors as to legal, business, tax, ERISA, accounting, and other related matters concerning an investment in the Company.

An investment in the Company will involve significant risks due to, among other things, the nature of the Company’s operations, business, affairs and investments. This Memorandum does not purport to be all inclusive or contain all of the information that a prospective investor may desire in evaluating an investment in the Company. Each prospective investor must conduct and rely on its own evaluation of the Company and the terms of the offering described herein, including the merits and risks involved, in making a decision with respect to the securities. Investors must have the financial ability and willingness to accept the risks and lack of liquidity characteristic of the investment described herein. Accordingly, investors should be aware that they will be required to bear the financial risks of an investment in the Company for an indefinite period of time. There will be no public market for the securities and such securities, subject to certain limited exceptions, will not be transferable.

This Memorandum includes market and industry data that we have obtained from third-party sources, including industry publications, as well as industry data prepared by our management on the basis of its knowledge of and experience in the industries in which we operate (including our management’s estimates and assumptions relating to such industries based on that knowledge). Management has developed its knowledge of such industries through its experience and participation in these industries. While our management believes the third-party sources referred to in this Memorandum are reliable, neither we nor our management have independently verified any of the data from such sources referred to in this Memorandum or ascertained the underlying economic assumptions relied upon by such sources. Furthermore, internally prepared and third-party market prospective information, in particular, are estimates only and there will usually be differences between the prospective and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. Also, references in this Memorandum to any publications, reports, surveys, or articles prepared by third parties should not be construed as depicting the complete findings of the entire publication, report, survey, or article. The information in any such publication, report, survey, or article is not incorporated by reference in this Memorandum.

We own or have rights to certain trademarks and trade names that we use in conjunction with the operations of our business. Each trademark, trade name or service mark of any other company appearing or incorporated by reference herein belongs to its holder. Solely for convenience, we sometimes refer to our trademarks in this Memorandum without the ® or the ™ or symbols, but such references are not intended to indicate that we will not assert, to the fullest extent under applicable law, our rights to our own trademarks. Other service marks, trademarks and trade names referred to in this Memorandum, if any, are

the property of their respective owners, although for presentational convenience we may not use the ® or the ™ symbols to identify such trademarks.

Some of the statements in this Memorandum constitute forward-looking statements. Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar matters that are not historical facts. In some cases, you can identify forward-looking statements by terms such as “anticipate”, “assume”, “believe”, “continue”, “could”, “estimate”, “expect”, “intend”, “may”, “plan”, “potential”, “predict”, “should”, “will” and “would” or the negatives of these terms, or other comparable terminology.

Forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual outcomes to differ adversely from those expressed or implied by the forward-looking statements. You should not place undue reliance on forward-looking statements. The cautionary statements set forth in this Memorandum, including in the “Risk Factors” section and elsewhere, identify important factors that you should consider in evaluating our forward-looking statements. Although we believe that our forward-looking statements are reasonable, we cannot assure their accuracy or any particular actual outcomes. No assurance can be given to any investor by anyone that the outcomes reflected in our forward-looking statements will be attained or that deviations from them will not be adverse. We undertake no obligation, other than as may be required by law, to update our forward-looking statements beyond the date of this Memorandum.

The Company reserves the right to waive the minimum Securities subscription for any investor. This Offering is not underwritten. Securities are offered on a “best efforts” basis by the Company. All proceeds from the sale of Securities will be deposited in a bank account designated by the Company and maintained for the benefit of the Investors, until the time their subscription is accepted by the Company. After the sale of Securities, proceeds will be delivered directly to the Company’s corporate account and be available for use by the Company at its discretion.

The Company reserves the right to pay expenses related to this Offering from the proceeds of this Offering (see Use of Proceeds section). (i) all the Securities offered pursuant to this Offering being sold; (ii) August 31, 2022, unless extended in the sole discretion of the Company; or (iii) early termination by the Company in its sole discretion. (the “**Offering Period**”).

There is no trading market for the Securities and there can be no assurance that any market will develop in the future or that the Securities will be accepted for inclusion on the New York Stock Exchange, Nasdaq or any other trading exchange at any time in the future.

The Offering Price of the Securities has been arbitrarily established by the Company and does not necessarily bear any specific relation to the assets or potential earnings of the Company or any other recognized criteria of value.

The Date of this Memorandum is May 20, 2022.

**AN INVESTMENT IN THE COMPANY INVOLVES RISK. YOU SHOULD NOT INVEST ANY FUNDS IN THIS OFFERING UNLESS YOU CAN AFFORD TO LOSE YOUR ENTIRE INVESTMENT. IN MAKING AN INVESTMENT DECISION, PROSPECTIVE INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED OR APPROVED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THESE AUTHORITIES HAVE NOT PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DOCUMENT.**

**THE COMMISSION DOES NOT PASS UPON THE MERITS OF ANY SECURITIES OFFERED OR THE TERMS OF THE OFFERING, NOR DOES IT PASS UPON THE ACCURACY OR COMPLETENESS OF ANY OFFERING DOCUMENT OR LITERATURE. THESE SECURITIES ARE OFFERED UNDER AN EXEMPTION FROM REGISTRATION; HOWEVER, THE U.S. SECURITIES AND EXCHANGE COMMISSION HAS NOT MADE AN INDEPENDENT DETERMINATION THAT THESE SECURITIES ARE EXEMPT FROM REGISTRATION.**

The summaries of, and references to, various documents in this Memorandum do not purport to be complete and in each instance reference should be made to the copy of such document which is either an appendix to this Memorandum or which will be made available to Investors and their professional advisors upon request.

THESE SECURITIES INVOLVE A HIGH DEGREE OF RISK THAT MAY NOT BE APPROPRIATE FOR ALL INVESTORS. THERE ARE ALSO SIGNIFICANT UNCERTAINTIES ASSOCIATED WITH AN INVESTMENT IN OUR COMPANY AND THE SECURITIES. THE SECURITIES OFFERED HEREBY ARE NOT PUBLICLY TRADED. THERE IS NO PUBLIC MARKET FOR THE SECURITIES AND ONE MAY NEVER DEVELOP. AN INVESTMENT IN OUR COMPANY IS HIGHLY SPECULATIVE. THE SECURITIES SHOULD NOT BE PURCHASED BY ANYONE WHO CANNOT BEAR THE FINANCIAL RISK OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME AND WHO CANNOT AFFORD THE LOSS OF THEIR ENTIRE INVESTMENT. SEE THE SECTION OF THIS MEMORANDUM TITLED “*RISK FACTORS*”.

THE SECURITIES OFFERED HEREBY WILL HAVE TRANSFER RESTRICTIONS. THE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT, THE SECURITIES LAWS OF ANY U.S. STATE OR THE SECURITIES LAWS OF ANY NON-U.S. JURISDICTION AND THEREFORE CANNOT BE RESOLD UNLESS THEY ARE SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT AND OTHER APPLICABLE SECURITIES LAWS, OR UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE. YOU SHOULD BE AWARE THAT YOU WILL BE REQUIRED TO BEAR THE FINANCIAL RISKS OF THIS INVESTMENT FOR AN INDEFINITE PERIOD OF TIME.

YOU ARE NOT TO CONSTRUE THE CONTENTS OF THIS MEMORANDUM AS LEGAL, ACCOUNTING OR TAX ADVICE OR AS INFORMATION NECESSARILY APPLICABLE TO YOUR PARTICULAR FINANCIAL SITUATION. EACH INVESTOR SHOULD CONSULT THEIR OWN FINANCIAL ADVISER, COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND RELATED MATTERS CONCERNING THEIR INVESTMENT.

THIS OFFERING IS ONLY EXEMPT FROM REGISTRATION UNDER THE LAWS OF THE UNITED STATES AND ITS TERRITORIES. NO OFFER IS BEING MADE IN ANY JURISDICTION NOT LISTED ABOVE. PROSPECTIVE INVESTORS ARE SOLELY RESPONSIBLE FOR DETERMINING THE PERMISSIBILITY OF THEIR PARTICIPATING IN THIS OFFERING, INCLUDING OBSERVING ANY OTHER REQUIRED LEGAL FORMALITIES AND SEEKING CONSENT FROM THEIR LOCAL REGULATOR, IF NECESSARY. THE INTERMEDIARY FACILITATING THIS OFFERING IS LICENSED AND REGISTERED SOLELY IN THE UNITED STATES AND HAS NOT SECURED, AND HAS NOT SOUGHT TO SECURE, A LICENSE OR WAIVER OF THE NEED FOR SUCH LICENSE IN ANY OTHER JURISDICTION. THE COMPANY AND THE INTERMEDIARY, EACH RESERVE THE RIGHT TO REJECT ANY INVESTMENT COMMITMENT MADE BY ANY PROSPECTIVE INVESTOR, WHETHER FOREIGN OR DOMESTIC.

#### **SPECIAL NOTICE TO FOREIGN INVESTORS**

IF YOU LIVE OUTSIDE THE UNITED STATES, IT IS YOUR RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE OF THE SECURITIES, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES. WE RESERVE THE RIGHT TO DENY THE PURCHASE OF THE SECURITIES BY ANY FOREIGN INVESTOR.

Inquiries about this Offering should be directed to:

**Ember Fund, Inc.**

12130 Millennium Drive 02-174

Los Angeles CA 90094

Alex Wang, Director and Chief Executive Officer: [alex@emberfund.io](mailto:alex@emberfund.io)

## **Important Notices:**

**This Memorandum is confidential and for your use only. It may not be reproduced. This Memorandum is submitted to the prospective investor to provide certain information about the Company and the Securities in connection with the proposed private placement of the Securities and may not be used for any other purpose. By accepting delivery of this Memorandum, you agree to (1) keep strictly confidential the contents of this Memorandum and related materials and to not disclose such contents to any third party or otherwise use the contents for any purpose other than such person's own evaluation of an investment in our Securities; (2) not copy all or any portion of this Memorandum or any related materials; and (3) return this Memorandum and all related materials to the Company if (a) you do not subscribe to purchase any Securities or (b) your subscription is not accepted or if the Offering is terminated. Reproduction or distribution of this Memorandum, in full or in part, or the disclosure of any of its contents is prohibited.**

### ***Information contained within this Memorandum***

No person is authorized to give any information or make any representation not contained in the Memorandum and any information or representation not contained herein must not be relied upon. Nothing in this Memorandum should be construed as legal or tax advice. Each Investor should consult its own personal counsel, accountant, financial planners, and other advisors as to the legal, tax, economic and related matters concerning the investment described herein and its suitability as an Investor.

The management of the Company has provided all of the information stated herein. The Company makes no express or implied representation or warranty as to the completeness of this information or, in the case of projections, estimates, future plans, or forward-looking assumptions or statements, as to their attainability or the accuracy and completeness of the assumptions from which they are derived, and it is expected that each prospective Investor will pursue his, her, or its own independent investigation.

The estimates of the Company's performance in this Memorandum are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

Provided that (1) all Investors are "accredited investors", (2) the Company takes reasonable steps to verify that all investors are "accredited investors", and (3) the requirements of Regulation D are met, general solicitation or advertising may be employed in the Offering of the Securities, this Memorandum (including any amendments and supplements hereto), the exhibits hereto and documents summarized herein, and also as may be acceptable under Regulation D of the Securities Act.

Other than the Company's management, no one has been authorized to give any information or to make any representation with respect to the Company or the Securities that is not contained in this Memorandum. Prospective Investors should not rely on any information not contained in this Memorandum.

This Memorandum does not constitute an offer to sell or a solicitation of an offer to buy to anyone in any jurisdiction in which such offer or solicitation would be unlawful or is not authorized or in which the person making such offer or solicitation is not qualified to do so. This Memorandum does not constitute an offer if the prospective Investor is not qualified under the Securities Act or other applicable securities laws.

This Offering is made subject to withdrawal, cancellation, or modification by the Company without notice and solely at the Company's discretion. The Company reserves the right to reject any subscription or to allot to any prospective Investor less than the number of Securities subscribed for by such prospective Investor.

### ***Distribution of this Memorandum***

The information contained in this Memorandum is confidential and proprietary and has been prepared solely for the information of the person to whom it has been delivered by or on behalf of the Company strictly for such persons' confidential use solely to evaluate a potential investment in this Offering. Distribution of this

Memorandum to any person other than the prospective Investor to whom this Memorandum is delivered by the Company and those persons retained to advise them with respect thereto is unauthorized. Any reproduction of this Memorandum, in whole or in part, or the divulgence of any of the contents without the prior written consent of the Company is strictly prohibited.

Each prospective Investor, by accepting delivery of this Memorandum, agrees to return it and all other documents received by them to the Company if the prospective Investor's subscription is not accepted or if the Offering is terminated.

***Investigation and due diligence***

By acceptance of this Memorandum, prospective Investors recognize and accept the need to conduct their own thorough investigation and due diligence before considering a purchase of the Securities. The contents of this Memorandum should not be considered to be investment, tax, or legal advice and each prospective Investor should consult with their own counsel and advisors as to all matters concerning an investment in this Offering. Each Investor should consult its own personal counsel, accountant, financial planners, and other advisors as to the legal, tax, economic and related matters concerning the Offering described herein and its suitability as an Investor.

During the course of the Offering and prior to any sale of the Securities, each offeree of the Securities and his or her professional advisor(s), if any, are invited to ask questions concerning the terms and conditions of the Offering and to obtain any additional information necessary to verify the accuracy of the information set forth herein, subject to any limitations set forth in this Memorandum (as defined below).

Such information will be provided to the extent the Company possess such information or can acquire it without unreasonable effort or expense.

***Opportunity to ask questions:***

Each prospective Investor will be given an opportunity to ask questions of, and receive answers from, the management of the Company concerning the terms and conditions of this Offering and to obtain any additional information, to the extent the Company possesses such information or can acquire it without unreasonable efforts or expense, necessary to verify the accuracy of the information contained in this Memorandum.

If you have any questions whatsoever regarding this Offering, or desire any additional information or documents to verify or supplement the information contained in this Memorandum, please write or call. The Company's telephone number is [415-625-3955] and its email is support@emberfund.io.

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## SUMMARY OF TERMS

*The following summary of the Offering is qualified in its entirety by the detailed information appearing elsewhere in this Memorandum. See “**RISK FACTORS**” for an overview of various risks and uncertainties facing the Company, its business prospects and the industry in which it operates, all or any of which could have a material impact on the financial condition and results of operations of the Company and should be considered by prospective Investors before making an investment decision. You should read this entire Memorandum carefully as well as the Subscription Agreement, Certificate of Incorporation (“**Certificate of Incorporation**”), Bylaws and Financial Statements attached as Exhibit A, Exhibit B, Exhibit C and Exhibit D, respectively, before making an investment decision with respect to the Company.*

<b>Company</b>	Ember Fund, Inc., a Delaware corporation (the “ <b>Company</b> ”).
<b>Securities Offered</b>	Up to 3,000,000 Crowd SAFEs of the Company (“ <b>Crowd SAFEs</b> ” or the “ <b>Securities</b> ”) for an aggregate offering amount of \$3,000,000.
<b>Price</b>	\$1.00 per Crowd SAFE.
<b>Minimum Purchase</b>	\$10,000, or 10,000 Crowd SAFEs, which minimum amount can be decreased at the discretion of the Company.
<b>Expiration</b>	The Offering is scheduled to expire on August 31, 2022, but may be prematurely terminated or extended by the Company in its sole discretion.
<b>Investors</b>	The Offering is open only to “accredited investors” as defined in Rule 501(a) of Regulation D under the Securities Act of 1933, as amended (the “ <b>Securities Act</b> ”), subject to the Company’s approval (such investors who participate in the Offering, the “ <b>Investors</b> ” and each, an “ <b>Investor</b> ”).
<b>Minimum Threshold</b>	None.
<b>Voting Rights</b>	The Crowd SAFEs carry no voting rights. The securities the Crowd SAFEs are convertible into may also carry no voting rights.
<b>Use of Proceeds</b>	The Company intends to use the proceeds from this Offering to fund (i) general marketing expenses, (ii) research and development, (iii) engineering, (iv) AWS and Technology SaaS, and (v) contractors.
<b>Crowd SAFE</b>	Securities will be issued and sold subject to the terms and conditions of the Crowd SAFE attached as <u>Exhibit A</u> .

## I. Overview of the Offering

### The Company

Ember Fund, Inc. is a Delaware C-Corporation, incorporated on June 18, 2019. The Company was initially formed as Ember Fund LLC, on April 28, 2018 by Alex Wang, Guillaume Torche and Mario Lazaro. Ember Fund LLC, a Wyoming limited liability company, was converted into a Delaware C-corp in June of 2019.

The Company is located at 12130 Millennium Drive, 02-174, Los Angeles, CA 90094.

The Company's website is [www.emberfund.io](http://www.emberfund.io).

The Company conducts business in the United States and sells products and services through the internet throughout the United States and internationally.

### The Offering

The Company is presently offering \$3,000,000 of Crowd SAFEs at a purchase price of \$1.00 per Crowd SAFE to qualified accredited investors for a minimum subscription of \$10,000.00 (the "**Minimum Individual Purchase Amount**"). The Company may, in its sole and absolute discretion, waive the Minimum Individual Purchase Amount on a case-by-case basis. No maximum individual purchase amount for this Offering exists.

The Offering Period will expire on the earlier to occur of: (i) the date on which \$3,000,000 (the "**Maximum Offering Amount**") has been subscribed for and accepted by the Company and a final closing is conducted; or (ii) August 31, 2022, unless extended in the sole discretion of the Company to a date not later than December 31, 2022.

### Subscription Process

We plan to market this Offering to potential investors through the Republic Platform, and also outside of the Republic Platform.

To subscribe in this Offering, each Investor must complete in full, and electronically sign, a Crowd SAFE in the form attached to this Memorandum as Exhibit A, which such Crowd SAFE is available on the Republic Platform: [www.republic.com/ember-fund-reg-d](http://www.republic.com/ember-fund-reg-d), delivering to the Company through the Republic Platform all required supporting documentation (including proof of such Investor's status as an accredited investor and for satisfaction of applicable anti-money laundering requirements and for other purposes), and wiring the applicable subscription amount to the bank account designated by the Company for such purpose.

Each prospective investor whose subscription is accepted by the Company at a Closing will be required to remit the entirety of its purchase amount to the Company at such Closing. Following the receipt of proceeds, the Subscriber's investment with respect to the Offering will be immediately available to the Company, and the Offering will continue until the earlier of the Company's receipt of the Maximum Offering Amount, the ultimate Closing or the termination of the Offering.

Subscriptions may be accepted or rejected by the Company at its sole and exclusive discretion. The Company reserves its right to cancel or rescind the Offering at any time and for any reason.

### Description of the Crowd SAFE

Each Crowd SAFE has a valuation cap of \$80,000,000, and does not have a discount. The Crowd SAFES are not currently equity interests in the Company and merely provide a right to receive capital stock of the Company at some point in the future upon the occurrence of certain events.

Any conversion of the SAFE will occur upon an Equity Financing, Liquidity Event or Dissolution Event (each as defined below), and will occur at a differing price based upon the event that occurs:

- **Equity Financing:** the next sale (or series of related sales) by the Company of its Common Stock or preferred stock or any securities convertible into, exchangeable for or conferring the right to purchase (with or without additional consideration) common stock or preferred stock, except in each case, (i) any security granted, issued and/or sold by the Company to any director, officer, employee, advisor or consultant of the Company in such capacity for the primary purpose of soliciting or retaining his, her or its services, (ii) any convertible promissory notes issued by the Company, and (iii) any SAFEs issued to one or more third parties following the SAFEs sold in this Offering instrument from which the Company receives gross proceeds of not less than \$2,000,000 cash or cash equivalent (excluding the conversion of any instruments convertible into or exercisable or exchangeable for Capital Stock, such as SAFEs or convertible promissory notes) with the principal purpose of raising capital (an “**Equity Financing**”).
- **Liquidity Event:** (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company’s board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity; (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company (subparagraphs (i)-(iii), collectively, a “**Change of Control**”); (iv) the completion of an underwritten initial public offering of Capital Stock by the Company pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the United States or of a province of Canada, or (II) a registration statement which has been filed with the United States Securities and Exchange Commission and is declared effective to enable the sale of Capital Stock by the Company to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (v) the Company’s initial listing of its Capital Stock (other than shares of Capital Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale, as approved by the Company’s board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (vi) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting issuer in the United States or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Capital Stock of the Company (subparagraphs (iv)-(v), “**IPO**”).
- **Dissolution Event:** (i) the Company’s voluntary termination of operations, (ii) a general assignment for the benefit of the Company’s creditors, (iii) the commencement of a case (whether voluntary or involuntary) seeking relief under Title 11 of the United States Code (the “**Bankruptcy Code**”), or (iv) any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary.

Each prospective investor is urged to review the form of the Crowd SAFE, attached hereto as **Exhibit A**, prior to making a subscription in this Offering.

## **Investor Requirements**

### ***Verification of Individual Investors***

Regulations promulgated under the Securities Act, as amended, and the laws of various jurisdictions in which this Offering may be made, require that each Investor have such knowledge and experience in financial and business matters that such Investor is capable of evaluating the merits and risks of an investment in the Company or that such Investor retain the services of a representative to advise the Investor in evaluating the merits and risks of an investment in the Company.

The Securities are being offered only to “accredited investors,” as that term is defined in Rule 501 of Regulation D under the Securities Act, who also meet certain other suitability standards, in reliance on Rule 506(c) of Regulation D under the Securities Act (“**Rule 506(c)**”).

To be an accredited investor, each Investor must fall within one of the following categories at the time of the sale of the Crowd SAFEs to such Investor. Each Investor must list the applicable category in the Investor Information Form through the Republic Platform.

Subject to verification of appropriate documentation by the Company, if the Investor is an individual, an Investor may be deemed an “accredited investor” if:

- the Investor’s income<sup>2</sup> during each of the last two years exceeded \$200,000 or, if the Investor is married or has a spousal equivalent<sup>3</sup>, the joint income of the Investor and the Investor’s spouse or spousal equivalent, as applicable, during each of the last two years exceed \$300,000, and the Investor reasonably expects the Investor’s income, from all sources during this year, will exceed \$200,000 or, if the Investor is married or has a spousal equivalent, the joint income of Investor and the Investor’s spouse or spousal equivalent, as applicable, from all sources during this year will exceed \$300,000.
- The Investor’s net worth<sup>4</sup>, including the net worth of the Investor’s spouse or spousal equivalent, as applicable, is in excess of \$1,000,000 (excluding the value of the Investor’s primary residence).
- The Investor is a “knowledgeable employee,” as defined in Rule 3c-5(a)(4) under the Investment Company Act, of the issuer of the securities being offered where the issuer is a private fund (excluded from the definition of investment company in Section 3(c)(1) or 3(c)(7)).
- The Investor is a director, executive officer or general partner of the Company.

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<sup>2</sup> “income” means adjusted gross income, as reported for federal income tax purposes, increased by the following amounts: (a) the amount of any tax exempt interest income received, (b) the amount of losses claimed as a limited partner in a limited partnership, (c) any deduction claimed for depletion, (d) amounts contributed to an IRA or Keogh retirement plan, (e) alimony paid, and (f) any amounts by which income from long-term capital gains has been

<sup>3</sup> “spousal equivalent” means a cohabitant occupying a relationship generally equivalent to that of a spouse.

<sup>4</sup> “net worth” means the excess of total assets, excluding your primary residence, at fair market value over total liabilities, including your mortgage or any other liability secured by your primary residence only if and to the extent that it exceeds the value of your primary residence. Net worth should include the value of any other shares of stock or options held by you and your spouse or spousal equivalent and any personal property owned by you or your spouse or spousal equivalent (e.g. furniture, jewelry, other valuables, etc.). For the purposes of calculating joint net worth: joint net worth can be the aggregate net worth of you and your spouse or spousal equivalent; assets need not be held jointly to be included in the calculation.

- The Investor is a holder in good standing of one or more of the following certifications or designations administered by the Financial Industry Regulatory Authority, Inc. (FINRA):
  - the Licensed General Securities Representative (Series 7),
  - Licensed Investment Adviser Representative (Series 65), or
  - Licensed Private Securities Offerings Representative (Series 82).
- The Investor is a “family client,” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”), of a family office as defined in rule 202(a)(11)(G)-1 under the Advisers Act, (i) with assets under management in excess of \$5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment, and whose prospective investment is directed by such family office pursuant to clause (iii) of this sentence.

Furthermore, each Investor will be required to represent, agree, and certify in writing all of the following:

- You are acquiring the Securities for investment, for your own account, and not with a view to resale or distribution;
- Your overall commitment to investments which are not readily marketable is not disproportionate to your net worth, and your investment in the Investor Interests will not cause such overall commitment to become excessive;
- You have, in your capacity as an accredited investor, thoroughly evaluated the merits and risks of investing in the Securities; and
- You or your representative have sufficient knowledge and experience in financial matters, that you are capable of evaluating the merits and risks of the investment, can bear the economic risk of this investment for an indefinite period of time and can at the present time afford a substantial or complete loss of your investment (i.e., you are “sophisticated”), and you are an “accredited investor” as that term is defined in Rule 501(a) of Regulation D of the Securities Act, as amended.

### ***Requirements for Entity Investors***

Subject to verification of appropriate documentation by the Company, if the Investor is an entity, an Investor may be deemed an “accredited investor” if:

- The Investor is a trust with total assets in excess of \$5,000,000 whose purchase is directed by a person with such knowledge and experience in financial and business matters that such person is capable of evaluating the merits and risks of the prospective investment.
- The Investor is a bank, an investment adviser registered pursuant to Section 203 of the Advisers Act or registered pursuant to the laws of a state, any investment adviser relying on the exemption from registering with the SEC under Section 203(l) or (m) of the Advisers Act, an insurance company, an investment company registered under the United States Investment Company Act of 1940, as amended, a broker or dealer registered pursuant to Section 15 of the United States Securities Exchange Act of 1934, as amended, a business development company, a Small Business Investment Company licensed by the United States Small Business Administration, a Rural Business Investment Company as defined in Section 384A of the Consolidated Farm and Rural Development Act, as amended, a plan with total assets in excess of \$5,000,000 established and maintained by a state for the

benefit of its employees, or a private business development company as defined in Section 202(a)(22) of the Advisers Act.

- The Investor is an employee benefit plan and either all investment decisions are made by a bank, savings and loan association, insurance company, or registered investment advisor, or the Investor has total assets in excess of \$5,000,000 or, if such plan is a self-directed plan, investment decisions are made solely by persons who are accredited investors.
- The Investor is a corporation, limited liability company, partnership, Massachusetts or similar business trust, not formed for the purpose of acquiring the SAFEs, or an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “Code”), in each case with total assets in excess of \$5,000,000.
- The Investor is an entity in which all of the equity owners (in the case of a revocable living trust, its grantor(s)) qualify under any of the above subparagraphs, or, if an individual, each such individual has a net worth, either individually or upon a joint basis with such individual’s spouse or spousal equivalent, as applicable, in excess of \$1,000,000 (within the meaning of such terms as used in the definition of “accredited investor” contained in Rule 501 under the Act), or has had an individual income in excess of \$200,000 for each of the two most recent years, or a joint income with such individual’s spouse or spousal equivalent, as applicable, in excess of \$300,000 in each of those years, and has a reasonable expectation of reaching the same income level in the current year.
- The Investor is an entity, of a type not listed in any of the paragraphs above, which was not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000.
- The Investor is a “family office,” as defined in rule 202(a)(11)(G)-1 under the Advisers Act, (i) with assets under management in excess of \$5,000,000, (ii) that is not formed for the specific purpose of acquiring the securities offered, and (iii) whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment.
- The Investor is a “family client,” as defined in rule 202(a)(11)(G)-1 under the Advisers Act, of a family office meeting the requirements in the above paragraph and whose prospective investment is directed by such family office pursuant to clause (iii) of the above paragraph.

## II. Our Business

Ember Fund is a software and technology company that has developed smartphone applications that allow users to buy, sell, and trade digital assets. Ember Fund’s technology provides non-custodial cryptocurrency wallets to its customers, meaning customers hold exclusive possession of their private cryptographic keys. Each customer can access their cryptocurrency through the user’s mobile device and neither the Company nor any third party can access the customer’s digital assets. Through Ember Fund’s applications, users can enter discretionary orders, to buy or sell digital assets, that route to cryptocurrency exchanges. Ember earns revenue via a technology service fee paid directly from cryptocurrency exchanges. Our exchange partner Faa.st holds the necessary MSB licenses facilitate cryptocurrency trades.

### Overview of our products and services

Product / Service	Description	Current Market
Ember Fund App (iPhone)	Mobile application enabling users to purchase and manage digital	Consumer mobile app targeting retail Investors

	assets. Available in the Apple iOS App Store	
Ember Fund App (Android)	Mobile application enabling users to purchase and manage digital assets. Available in the Android App Store	Consumer mobile app targeting retail Investors

## Intellectual Property

The Company has developed a variety of technology assets that are both open-sourced and private. These assets include, but are not limited to:

- the order routing technology;
- portfolio rebalancing technology;
- wallet creation software;
- an Application Programming Interface;
- various smart contracts;
- Apple App Store App;
- Android App Store App;
- surveillance tools;
- mobile website;
- desktop website;
- trademark assets; and
- policies and procedures.

Application or Registration #	Title	Description	File Date	Grant Date	Country
88695137	EMBER FUND	Service Mark consisting of characters EMBER FUND.	Nov. 16, 2019	Pending	U.S.
88695162	E F	Service Mark consisting of a stylized version of the letters "E" and "F" in logo form.	Nov. 16, 2019	June 16, 2020	U.S.

## Competition

The markets in which our products are sold are highly competitive. Our products compete against similar products of many large and small companies, including well-known global competitors. In many of the markets and industry segments in which we sell our products, we compete against other branded products as well as retailers' private-label brands. Product quality, performance, value and packaging are also important differentiating factors.

The Company's current competitors in the cryptocurrency investment industry include Coinbase Inc., Circle Internet Financial Limited (Circle Invest), Plutus Financial, Inc. (dba Abra), and Snowball Inc. The competition may be at a significant advantage in terms of current market share, financial backing, or venture capital networks. However, Ember differentiates itself from its competitors because it provides a non-custodial solution where the others are custodial.

Large financial services firms present additional competition. Established firms, such as E\*Trade Financial Corporation, Fidelity Investments Inc., and Robinhood Financial, LLC, could potentially enter the cryptocurrency investment services industry and leverage their existing market share and capital.

We believe Ember Fund’s first-to-market application, its exclusive focus on cryptocurrencies, and the firm’s dedication to its customers help Ember to stand out from its competition.

### **Governmental/Regulatory Approval and Compliance**

The Company is subject to and affected by the laws and regulations of U.S. federal, state and local governmental authorities. These laws and regulations are subject to change.

### **Litigation**

The Company is not subject to any current litigation or threatened litigation.

### **III. Use of Proceeds**

The following table illustrates how we intend to use the net proceeds received from this Offering under the strict assumption that the Maximum Offering Amount is raised. The values below are not inclusive of payments to financial and legal service providers and Offering-related fees, all of which were incurred in the preparation of this Offering and are due in advance of the closing of the Offering.

<b>Use of Proceeds</b>	<b>Percentage of Gross Proceeds</b>	<b>Gross Amount</b>
General Marketing	30%	\$900,000
Research and Development	20%	\$600,000
Engineering	30%	\$900,000
AWS and Technology SaaS	10%	\$300,000
Contractors	10%	\$300,000
<b>Total</b>	<b>100%</b>	<b>\$3,000,000</b>

### **Commission and Fees**

The above amount is gross of payments to financial and legal service providers and Offering-related fees, including under the Listing Agreement. At the conclusion of this Offering, the Company shall pay a fee of five percent (5%) of the amount raised in the Offering to Republic, which will also receive compensation in the form of securities equal to two percent (1.5%) of the total number of the Securities sold in the offering. The amounts shown are before deducting offering costs to us, which include legal, accounting, printing and other costs incurred in this offering, which we estimate to be no higher than \$150,000.

The Company may, in its sole discretion, alter the use of proceeds set forth above to adhere to the Company’s business plan and liquidity requirements. For example, economic conditions may alter the Company’s general marketing or general working capital requirements.

### **IV. Risk Factors**

*Investing in the Securities involves a high degree of risk and may result in the loss of your entire investment. Before making an investment decision with respect to the Securities, we urge you to carefully consider the risks described in this section. In addition to the risks specified below, the Company is subject to same risks that all companies in its business, and all companies in the economy, are exposed to. These include risks relating to economic downturns, political and economic events and technological developments (such as hacking and the ability to prevent hacking). Additionally, early-stage companies are inherently riskier than more developed companies. Prospective Investors should consult with their legal, tax and financial advisors prior to making an investment in the Securities. The Securities should only be purchased by persons who can afford to lose all of their investment.*

You should carefully consider the following factors:

## **Risks Related to the Company's Business and Industry**

***We have a limited operating history upon which you can evaluate our performance, and accordingly, our prospects must be considered in light of the risks that any new company encounters.***

The Company is still in an early phase and we are just beginning to implement our business plan. There can be no assurance that we will ever operate profitably. The likelihood of our success should be considered in light of the problems, expenses, difficulties, complications and delays usually encountered by early-stage companies. The Company may not be successful in attaining the objectives necessary for it to overcome these risks and uncertainties.

***The amount of capital the Company is attempting to raise in this Offering may not be enough to sustain the Company's current business plan.***

In order to achieve the Company's near and long-term goals, the Company may need to procure funds in addition to the amount raised in this Offering. There is no guarantee the Company will be able to raise such funds on acceptable terms or at all. If we are not able to raise sufficient capital in the future, we may not be able to execute our business plan, our continued operations will be in jeopardy and we may be forced to cease operations and sell or otherwise transfer all or substantially all of our remaining assets, which could cause an Investor to lose all or a portion of their investment.

***Our fraud detection processes and information security systems may not successfully detect all fraudulent activity by third parties aimed at our employees or users of our mobile applications and websites, which could adversely affect our reputation and business results.***

Third-party actors may attempt in the future, to conduct fraudulent activity by engaging with users of our mobile applications and websites by, for example, attempting to solicit personal information or money from users, and by engaging with our employees by, for example, making fake requests for transfer of funds. Though we might have taken other measures to identify fraudulent activity on our mobile applications, websites and internal systems, we may not be able to detect and prevent all such activity. Similarly, the third parties we use to effectuate these transactions may fail to maintain adequate controls or systems to detect and prevent fraudulent activity. Persistent or pervasive fraudulent activity may cause users and advertisers to lose trust in us and decrease or terminate their usage of our products and services, or could result in financial loss, thereby harming our business and results of operations.

***We may face potential difficulties in obtaining capital.***

We may have difficulty raising needed capital in the future as a result of, among other factors, our lack of revenues from sales, as well as the inherent business risks associated with our Company and present and future market conditions. We will require additional funds to execute our business strategy and conduct our operations. If adequate funds are unavailable, we may be required to delay, reduce the scope of or eliminate one or more of our research, development or commercialization programs, product launches or marketing efforts, any of which may materially harm our business, financial condition and results of operations.

***We may not have enough authorized capital stock to issue shares of capital stock to investors upon the conversion of any convertible security, including the Securities, into shares of our capital stock.***

Currently, our authorized capital stock consists of 6,880,000 shares of common stock, all of which are issued and outstanding. Unless we increase our authorized capital stock, we may not have enough authorized common stock to be able to obtain funding by issuing shares of our common stock or securities convertible into shares of our common stock. We may also not have enough authorized capital stock to issue shares of common stock to investors upon the conversion of any security convertible into shares of our common stock, including the Securities.

***We may implement new lines of business or offer new products and services within existing lines of***

***business.***

As an early-stage company, we may implement new lines of business at any time. There are substantial risks and uncertainties associated with these efforts, particularly in instances where the markets are not fully developed. In developing and marketing new lines of business and/or new products and services, we may invest significant time and resources. Initial timetables for the introduction and development of new lines of business and/or new products or services may not be achieved, and price and profitability targets may not prove feasible. We may not be successful in introducing new products and services in response to industry trends or developments in technology, or those new products may not achieve market acceptance. As a result, we could lose business, be forced to price products and services on less advantageous terms to retain or attract clients or be subject to cost increases. As a result, our business, financial condition or results of operations may be adversely affected.

***We rely on other companies to provide components and services for our products.***

We depend on suppliers and contractors to meet our contractual obligations to our customers and conduct our operations. Our ability to meet our obligations to our customers may be adversely affected if suppliers or contractors do not provide the agreed-upon supplies or perform the agreed-upon services in compliance with customer requirements and in a timely and cost-effective manner. Likewise, the quality of our products may be adversely impacted if companies to whom we delegate manufacture of major components or subsystems for our products, or from whom we acquire such items, do not provide components which meet required specifications and perform to our and our customers' expectations. Our suppliers may be unable to quickly recover from natural disasters and other events beyond their control and may be subject to additional risks such as financial problems that limit their ability to conduct their operations. The risk of these adverse effects may be greater in circumstances where we rely on only one or two contractors or suppliers for a particular component. Our products may utilize custom components available from only one source. Continued availability of those components at acceptable prices, or at all, may be affected for any number of reasons, including if those suppliers decide to concentrate on the production of common components instead of components customized to meet our requirements. The supply of components for a new or existing product could be delayed or constrained, or a key manufacturing vendor could delay shipments of completed products to us adversely affecting our business and results of operations.

***We rely on various intellectual property rights, including trademarks, in order to operate our business.***

The Company relies on certain intellectual property rights to operate its business. The Company's intellectual property rights may not be sufficiently broad or otherwise may not provide us a significant competitive advantage. In addition, the steps that we have taken to maintain and protect our intellectual property may not prevent it from being challenged, invalidated, circumvented or designed-around, particularly in countries where intellectual property rights are not highly developed or protected. In some circumstances, enforcement may not be available to us because an infringer has a dominant intellectual property position or for other business reasons, or countries may require compulsory licensing of our intellectual property. Our failure to obtain or maintain intellectual property rights that convey competitive advantage, adequately protect our intellectual property or detect or prevent circumvention or unauthorized use of such property, could adversely impact our competitive position and results of operations. We also rely on nondisclosure and noncompetition agreements with employees, consultants and other parties to protect, in part, trade secrets and other proprietary rights. There can be no assurance that these agreements will adequately protect our trade secrets and other proprietary rights and will not be breached, that we will have adequate remedies for any breach, that others will not independently develop substantially equivalent proprietary information or that third parties will not otherwise gain access to our trade secrets or other proprietary rights. As we expand our business, protecting our intellectual property will become increasingly important. The protective steps we have taken may be inadequate to deter our competitors from using our proprietary information. In order to protect or enforce our patent rights, we may be required to initiate litigation against third parties, such as infringement lawsuits. Also, these third parties may assert claims against us with or without provocation. These lawsuits could be expensive, take significant time and could divert management's attention from other business concerns. The law relating to the scope and validity of claims in the technology field in which we operate is still evolving and, consequently, intellectual property

positions in our industry are generally uncertain. We cannot assure you that we will prevail in any of these potential suits or that the damages or other remedies awarded, if any, would be commercially valuable.

***The Company's success depends on the experience and skill of the board of directors, its executive officers and key employees.***

In particular, we are dependent on Alex Wang, our Chief Executive Officer, Guillaume Torche, our Chief Technology Officer, and Mario Lazaro, our Chief Information Officer. The Company has or intends to enter into employment agreements with Guillaume Torche and Mario Lazaro, however there can be no assurance that it will do so or that they will continue to be employed by the Company for a particular period of time. The loss of Alex Wang, Guillaume Torche or Mario Lazaro or any executive officer could harm the Company's business, financial condition, cash flow and results of operations.

***Technology relied upon by the Company for its operations may not function properly.***

The technology relied upon by the Company may not function properly, which would have a material impact on the Company's operations and financial conditions. Trading on the Company's software has at times been limited and consequently the existing software has not been tested with significant trading volume. There may be no alternatives available if the Company's technology does not work as anticipated. The technology may malfunction because of internal problems or as a result of cyberattacks or external security breaches. Any such technological problems would have a material adverse impact on the Company's revenue and its prospects.

***Although dependent on certain key personnel, the Company does not have any key person life insurance policies on any such people.***

We are dependent on certain key personnel in order to conduct our operations and execute our business plan, however, the Company has not purchased any insurance policies with respect to those individuals in the event of their death or disability. Therefore, if any of these personnel die or become disabled, the Company will not receive any compensation to assist with such person's absence. The loss of such person could negatively affect the Company and our operations. We have no way to guarantee key personnel will stay with the Company, as many states do not enforce non-competition agreements, and therefore acquiring key man insurance will not ameliorate all of the risk of relying on key personnel.

***Our business could be negatively impacted by cyber security threats, attacks and other disruptions.***

We continue to face advanced and persistent attacks on our information infrastructure where we manage and store various proprietary information and sensitive/confidential data relating to our operations. These attacks may include sophisticated malware (viruses, worms, and other malicious software programs) and phishing emails that attack our products or otherwise exploit any security vulnerabilities. These intrusions sometimes may be zero-day malware that are difficult to identify because they are not included in the signature set of commercially available antivirus scanning programs. Experienced computer programmers and hackers may be able to penetrate our network security and misappropriate or compromise our confidential information or that of our customers or other third-parties, create system disruptions, or cause shutdowns. Additionally, sophisticated software and applications that we produce or procure from third-parties may contain defects in design or manufacture, including "bugs" and other problems that could unexpectedly interfere with the operation of the information infrastructure. A disruption, infiltration or failure of our information infrastructure systems or any of our data centers as a result of software or hardware malfunctions, computer viruses, cyber-attacks, employee theft or misuse, power disruptions, natural disasters or accidents could cause breaches of data security, loss of critical data and performance delays, which in turn could adversely affect our business.

***Security breaches of confidential customer information, in connection with our electronic processing of credit and debit card transactions, or confidential employee information may adversely affect our business.***

Our business requires the collection, transmission and retention of personally identifiable information, in various information technology systems that we maintain and in those maintained by third parties with whom we contract to provide services. The integrity and protection of that data is critical to us. The information, security and privacy requirements imposed by governmental regulation are increasingly demanding. Our systems may not be able to satisfy these changing requirements and customer and employee expectations, or may require significant additional investments or time in order to do so. A breach in the security of our information technology systems or those of our service providers could lead to an interruption in the operation of our systems, resulting in operational inefficiencies and a loss of profits. Additionally, a significant theft, loss or misappropriation of, or access to, customers' or other proprietary data or other breach of our information technology systems could result in fines, legal claims or proceedings.

***The use of individually identifiable data by our business, our business associates and third parties is regulated at the state, federal and international levels.***

The regulation of individual data is changing rapidly, and in unpredictable ways. A change in regulation could adversely affect our business, including causing our business model to no longer be viable. Costs associated with information security – such as investment in technology, the costs of compliance with consumer protection laws and costs resulting from consumer fraud – could cause our business and results of operations to suffer materially. Additionally, the success of our online operations depends upon the secure transmission of confidential information over public networks, including the use of cashless payments. The intentional or negligent actions of employees, business associates or third parties may undermine our security measures. As a result, unauthorized parties may obtain access to our data systems and misappropriate confidential data. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography or other developments will prevent the compromise of our customer transaction processing capabilities and personal data. If any such compromise of our security or the security of information residing with our business associates or third parties were to occur, it could have a material adverse effect on our reputation, operating results and financial condition. Any compromise of our data security may materially increase the costs we incur to protect against such breaches and could subject us to additional legal risk.

***The Company is not subject to Sarbanes-Oxley regulations and may lack the financial controls and procedures of public companies.***

The Company may not have the internal control infrastructure that would meet the standards of a public company, including the requirements of the Sarbanes Oxley Act of 2002. As a privately-held (non-public) Company, the Company is currently not subject to the Sarbanes Oxley Act of 2002, and its financial and disclosure controls and procedures reflect its status as a development stage, non-public company. There can be no guarantee that there are no significant deficiencies or material weaknesses in the quality of the Company's financial and disclosure controls and procedures. If it were necessary to implement such financial and disclosure controls and procedures, the cost to the Company of such compliance could be substantial and could have a material adverse effect on the Company's results of operations.

***We operate in a highly regulated environment, and if we are found to be in violation of any of the federal, state, or local laws or regulations applicable to us, our business could suffer.***

We are also subject to a wide range of federal, state, and local laws and regulations, that include, but are not limited to, consumer protection, environmental, health and safety, creditor, wage-hour, anti-discrimination, whistleblower and other employment practices laws and regulations and we expect these costs to increase going forward. The violation of these or future requirements or laws and regulations could result in administrative, civil, or criminal sanctions against us, which may include fines, a cease-and-desist order against the subject operations or even revocation or suspension of our license to operate the subject business. As a result, we have incurred and will continue to incur capital and operating expenditures and other costs to comply with these requirements and laws and regulations.

## **Risks Related to the Offering**

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***State and federal securities laws are complex, and the Company could potentially be found to have not complied with all relevant state and federal securities law in prior offerings of securities.***

The Company has conducted previous offerings of securities and may not have complied with all relevant state and federal securities laws. If a court or regulatory body with the required jurisdiction ever concluded that the Company may have violated state or federal securities laws, any such violation could result in the Company being required to offer rescission rights to investors in such offering. If such investors exercised their rescission rights, the Company would have to pay to such investors an amount of funds equal to the purchase price paid by such investors plus interest from the date of any such purchase. No assurances can be given the Company will, if it is required to offer such investors a rescission right, have sufficient funds to pay the prior investors the amounts required or that proceeds from this Offering would not be used to pay such amounts.

In addition, if the Company violated federal or state securities laws in connection with a prior offering and/or sale of its securities, federal or state regulators could bring an enforcement, regulatory and/or other legal action against the Company which, among other things, could result in the Company having to pay substantial fines and be prohibited from selling securities in the future.

***The U.S. Securities and Exchange Commission does not pass upon the merits of the Securities or the terms of the Offering, nor does it pass upon the accuracy or completeness of any Offering document or literature.***

You should not rely on the fact that this Memorandum is accessible through the U.S. Securities and Exchange Commission's EDGAR filing system as an approval, endorsement or guarantee of compliance as it relates to this Offering. The U.S. Securities and Exchange Commission has not reviewed this Memorandum, nor any document or literature related to this Offering.

***Neither the Offering nor the Securities have been registered under federal or state securities laws.***

No governmental agency has reviewed or passed upon this Offering or the Securities. Neither the Offering nor the Securities have been registered under federal or state securities laws. Investors will not receive any of the benefits available in registered offerings, which may include access to quarterly and annual financial statements that have been audited by an independent accounting firm. Investors must therefore assess the adequacy of disclosure and the fairness of the terms of this Offering based on the information provided in this Memorandum and the accompanying exhibits.

***The Company's management may have broad discretion in how the Company uses the net proceeds of the Offering.***

Unless the Company has agreed to a specific use of the proceeds from the Offering, the Company's management will have considerable discretion over the use of proceeds from the Offering. You may not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately.

***The Company has the right to limit individual Investor commitment amounts based on the Company's determination of an Investor's sophistication.***

The Company may prevent any Investor from committing more than a certain amount in this Offering based on the Company's determination of the Investor's sophistication and ability to assume the risk of the investment. This means that your desired investment amount may be limited or lowered based solely on the Company's determination. This also means that other Investors may receive larger allocations of the Offering based solely on the Company's determination.

***The Company has the right to extend the Offering Deadline.***

The Company may extend the Offering Deadline beyond what is currently stated herein. While you have the right to cancel your investment in the event the Company extends the Offering Deadline, if you choose to reconfirm your investment, your investment will not be accruing interest during this time and will simply be held until such time as the new Offering Deadline is reached, at which time it will be released to the Company to be used as set forth herein. Upon or shortly after the release of such funds to the Company, the Securities will be issued and distributed to you.

### ***Uncertain Economic, Social and Political Environment***

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world (such as the current conflict between the Russian Federation and Ukraine), fear of terrorist activity and/or military conflicts, global health pandemics, localized or global financial crises, trade wars or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund, its Portfolio Funds and their portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses.

### **Risks Related to Cryptocurrencies**

***The trading price of cryptocurrencies, which may be subject to pricing risks, including volatility related risks, has historically been subject to wide swings. A material decrease in the price of cryptocurrencies could have a materially adverse effect on our business and results of operations.***

The price of cryptocurrencies is highly speculative and is not based on the performance of an underlying business. Furthermore, the price of cryptocurrencies could be subjected to additional influence from fraudulent or illegitimate actors, real or perceived scarcity, and political, economic, regulatory, tax or other conditions. Changes in the legislative or regulatory environment, or actions by governments or regulators that impact the cryptocurrency industry generally, could also affect the price of cryptocurrencies. These factors may inhibit consumer trust in and market acceptance of cryptocurrencies as a means of exchange, which could have a material adverse effect on our business, prospects, or operations and potentially the value of any cryptocurrencies. The speculative nature of the price of cryptocurrencies and past dramatic volatility in pricing may create risks for the volatile trading price of cryptocurrencies. Additionally, we have observed how the trading price for shares of common stock of companies similar to ours respond to the cryptocurrency market. We cannot give any assurances that similar fluctuations in the trading price of cryptocurrencies will not occur in the future. Accordingly, because the trading price of our securities may be correlated to the trading price of cryptocurrencies, if the trading price of cryptocurrencies again experiences a significant decline, we could experience a similar decline in the value of the Company.

***The markets for cryptocurrencies may be underregulated. As a result, the market price of cryptocurrencies may be extremely volatile. Rapid decreases in the price of cryptocurrencies could have a materially adverse effect on our business and results of operations.***

Cryptocurrencies that are represented and trade on a ledger-based platform may not necessarily benefit from viable trading markets. Stock exchanges have rules and regulations regarding marketplace conduct, and monitor investors transacting on such platform for fraud and other improprieties. These conditions may not necessarily be replicated on a cryptocurrency trading platform, depending on the platform's controls and other policies, and there are no controls regarding transactions that take place outside of organized exchanges. Although some cryptocurrency trading platforms are subject to regulation and monitor for illegal activity, because the cryptocurrency market itself is unregulated there are few means to prevent manipulation of prices for the overall market. These factors may decrease liquidity or volume or may otherwise increase volatility of cryptocurrencies, which will have a material adverse effect on our ability to monetize the cryptocurrencies we mine.

***Banks and financial institutions may not provide banking services, or may cut off services, to businesses that engage in cryptocurrencies- and/or other cryptocurrency-related activities, or that accept cryptocurrencies as payment, including financial institutions of investors in our securities, and we may be exposed to counterparty risk related to the companies we use to sell our cryptocurrencies.***

Although a number of significant U.S. banks and investment institutions, such as Goldman Sachs, Citi Group, J.P. Morgan, Bank of America and BlackRock, have indicated they plan to begin allowing customers to carry and invest in cryptocurrencies, cryptocurrencies' acceptance and use by banks is relatively uncommon and may never become mainstream. Indeed, a number of companies and individuals engaged in cryptocurrencies- and/or other cryptocurrency-related activities have been unable to find banks or financial institutions that are willing to provide them with banking services. Similarly, a number of companies and individuals or businesses associated with cryptocurrencies may have had and may continue to have their existing banking services discontinued with financial institutions in response to government action, particularly in China, where the regulatory response to cryptocurrencies has been to exclude their use for ordinary consumer transactions within China. The difficulty that many businesses that provide cryptocurrency and/or derivatives on other cryptocurrency-related activities have and may continue to have in finding banks and financial institutions willing to provide them services may be decreasing the usefulness of cryptocurrencies as a payment system and harming public perception of cryptocurrencies, and could decrease cryptocurrencies' usefulness and harm its public perception in the future. The public perception of cryptocurrencies could be damaged if banks or financial institutions were to close the accounts of businesses engaging in cryptocurrency-related activities. This could occur as a result of compliance risk, cost, government regulation or public pressure. The risk applies to securities firms, clearance and settlement firms, national stock and derivatives on commodities exchanges, the over-the-counter market and the Depository Trust Company. The adoption or implementation of similar policies, rules or regulations by these or similar entities could negatively affect our relationships with financial institutions and impede our ability to convert cryptocurrency to fiat currencies. Such factors could have a material adverse effect on our ability to continue as a going concern or to pursue our strategy at all, which could have a material adverse effect on our business, prospects or operations and harm investors.

***We have an evolving business model subject to various uncertainties.***

As cryptocurrency assets and blockchain technologies become more widely available, we expect the services and products associated with them to evolve. To stay current with the industry, our business model may need to evolve as well. From time to time, we may modify aspects of our business model relating to our strategy. We cannot offer any assurance that these or any other modifications will be successful or will not result in harm to our business. We may not be able to manage growth effectively, which could damage our reputation and negatively affect our operating results. Further, we cannot provide any assurance that we will successfully identify all emerging trends and growth opportunities in this business sector. Such circumstances could have a material adverse effect on our business, prospects or operations. The impact of geopolitical and economic events on the supply and demand for cryptocurrencies is uncertain.

***Geopolitical crises, such as the current conflict between the Russian Federation and Ukraine, may motivate large-scale purchases of cryptocurrencies, which could rapidly increase the price of cryptocurrencies.***

This may increase the likelihood of a subsequent price decrease as crisis-driven purchasing behavior dissipates, adversely affecting the value of our inventory, if any, following such downward adjustment. Such risks are similar to the risks of purchasing other commodities in uncertain times, such as the risk of purchasing, holding or selling gold. Alternatively, as an emerging asset class with limited acceptance as a payment system or commodity, global crises and general economic downturn may discourage investment in cryptocurrencies as investors focus their investment on less volatile asset classes as a means of hedging their investment risk. Cryptocurrencies, which are relatively new, are subject to supply and demand forces. How such supply and demand will be impacted by geopolitical events is largely uncertain but could be harmful to us and our investors. Political or economic crises may motivate large-scale acquisitions or sales of cryptocurrencies either globally or locally, which could have a material adverse effect on our business.

***The development and acceptance of competing blockchain platforms or technologies may cause demand for cryptocurrencies to decrease.***

The development and acceptance of competing blockchain platforms or technologies may cause consumers to use or hold alternative cryptocurrencies. Our business utilizes presently existent digital ledgers and blockchains and we could face difficulty adapting to emergent digital ledgers, blockchains, or alternatives thereto. This may adversely affect us and our exposure to blockchain technologies and prevent us from realizing the anticipated profits from our investments. Such circumstances could have a material adverse effect on our business, prospects or operations and potentially the value of any cryptocurrencies we mine or otherwise acquire or hold for our own account, which could materially and adversely affect investors' investments in our securities.

***The open-source structure of most cryptocurrency network protocols means that the contributors to the protocols are generally not directly compensated for their contributions in maintaining and developing the protocol. A failure to properly monitor and upgrade the protocol could damage that network and an investment in us.***

The bitcoin network operates based on an open-source protocol maintained by contributors, largely on the Bitcoin Core project on GitHub. As an open-source project, bitcoin is not represented by an official organization or authority. Because the bitcoin network protocol is not sold and its use does not generate revenues for contributors, contributors are generally not compensated for maintaining and updating the bitcoin network protocol. Although the MIT Media Lab's Digital Currency Initiative funds the current maintainer Wladimir J. van der Laan, among others, this type of financial incentive is not typical. The lack of guaranteed financial incentive for contributors to maintain or develop the bitcoin network and the lack of guaranteed resources to adequately address emerging issues with the bitcoin network may reduce incentives to address the issues adequately or in a timely manner, which could have a material adverse effect on our business. Issues with the bitcoin network could result in decreased demand or reduced prices for bitcoin, thus impacting our ability to monetize the bitcoin we mine and also reducing the total number of transactions for which mining rewards and transaction fees can be earned, thus impacting the value of an investment in our securities. The decentralized nature of the governance of bitcoin may lead to ineffective decision making that slows development or prevents the bitcoin network from overcoming emergent obstacles. Governance of the bitcoin network is by voluntary consensus and open competition with no clear leadership structure or authority. To the extent lack of clarity in corporate governance of the bitcoin network leads to ineffective decision making that slows development and growth of bitcoin, the value of our common stock may be adversely affected. Other currencies share similar risks.

## **Risks Related to Regulation & Enforcement**

***Changes in government regulation of Internet companies could adversely impact our business.***

The Company is subject to legislation and regulation at the federal and local levels and, in some instances, at the state level. The Federal Communications Commission and/or United States Congress may attempt to change the classification of or change the way that our online content platforms are regulated and/or change the framework under which Internet service providers are provided Safe Harbor for claims of copyright infringement, introduce changes to how digital advertising is regulated and consumer information is handled, changing rights and obligations of our competitors. We expect that court actions and regulatory proceedings will continue to refine our rights and obligations under applicable federal, state and local laws, which cannot be predicted. Modifications to existing requirements or imposition of new requirements or limitations could have an adverse impact on our business.

***Our business is subject to complex and evolving U.S. and foreign laws and regulations regarding privacy, technology, data protection, and other matters. Many of these laws and regulations are subject to change and uncertain interpretation, and could result in claims, changes to the Company's business practices, increased cost of operations or otherwise harm the Company's business.***

The Company is subject to a variety of laws and regulations in the United States and abroad that involve matters central to its business, including user privacy, blockchain technology, broker dealer, data protection and intellectual property, among others. Foreign data protection, privacy, broker dealer and other laws and regulations are often more restrictive than those in the United States. These U.S. federal and state and foreign laws and regulations are constantly evolving and can be subject to significant change. In addition, the application and interpretation of these laws and regulations are often uncertain, particularly in the new and rapidly evolving industry in which the Company operates.

The Company has adopted policies and procedures designed to comply with these laws. The growth of its business and its expansion outside of the United States may increase the potential of violating these laws or its internal policies and procedures. The risk of the Company's being found in violation of these or other laws and regulations is further increased by the fact that many of them have not been fully interpreted by the regulatory authorities or the courts, and are open to a variety of interpretations. Any action brought against the Company for violation of these or other laws or regulations, even if the Company successfully defends against it, could cause the Company to incur significant legal expenses and divert its management's attention from the operation of its business. If the Company's operations are found to be in violation of any of these laws and regulations, the Company may be subject to any applicable penalty associated with the violation, including civil and criminal penalties, damages and fines, the Company could be required to refund payments received by it, and it could be required to curtail or cease its operations. Any of the foregoing consequences could seriously harm its business and its financial results. These existing and proposed laws and regulations can be costly to comply with and can delay or impede the development of new products, result in negative publicity, increase its operating costs, require significant management time and attention, and subject the Company to claims or other remedies, including fines or demands that the Company modifies or ceases existing business practices.

***Regulatory or tax law changes or actions may alter the nature of your investment or restrict the use of cryptocurrencies in a manner that adversely affects our business, prospects or operations.***

Governments around the world have reacted differently to cryptocurrencies' growth in both popularity and market size. Certain governments have deemed cryptocurrencies illegal, and others have allowed their use and trade without restriction. In some jurisdictions, including the United States, governments have subjected cryptocurrencies to extensive, and in some cases overlapping, unclear and evolving regulatory requirements. Ongoing and future regulatory actions or tax law changes could have a material adverse effect on our business, prospects or operations.

***The Company is subject to the risk of possibly becoming an investment company under the Investment Company Act.***

The Investment Company Act regulates certain companies that invest in, hold or trade securities. As a result of the Company's business operations, it runs the risk of inadvertently becoming an investment company, which would require the Company to register under the Investment Company Act. Registered investment companies are subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, leverage, management, capital structure, dividends and transactions with affiliates. Registered investment companies are not permitted to operate their business in the manner in which the Company operates its business, nor are registered investment companies permitted to have many of the relationships that the Company has with its affiliated companies.

If it were established that the Company were an investment company, there would be a risk, among other material adverse consequences, that it could become subject to monetary penalties or injunctive relief, or both, in an action brought by the SEC, that the Company would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with the Company undertaken during the period it was established that the Company was an unregistered investment company. If it were established that the Company were an investment company, this would have a material adverse effect on its business and financial operations and its ability to continue as a going concern.

The Company, based on the facts and circumstances of its business model, does not believe it is an investment company as defined within the Investment Company Act. The predominant reason for the Company's view is that the Company is not in the business of investing, reinvesting, owning, holding, or trading in securities.

***The Company is subject to the risk of possibly becoming a broker dealer under the Securities Exchange Act.***

The Securities Exchange Act regulates certain companies that engage in the business of effecting transactions in securities for the account of others or for their own account. Broker dealers are subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, leverage, management, capital structure, dividends and transactions with affiliates.

If it were established that the Company were a broker dealer under the Securities Exchange Act, there would be a risk, among other material adverse consequences, that it could become subject to monetary penalties or injunctive relief, or both, in an action brought by the SEC or the FINRA, that the Company may be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with the Company undertaken during the period it was established that the Company was an unregistered broker dealer. If it were established that the Company were a broker dealer, this would have a material adverse effect on its business and financial operations and its ability to continue as a going concern.

The Company, based on the facts and circumstances of its business model, does not believe it is a broker dealer as defined under the Securities Exchange Act. The predominant reason for the Company's view is that the Company is not engaged in the business of effecting transactions in securities for its own account or for the account of others.

***The Company is subject to the risk of possibly becoming an investment advisor under the Investment Advisers Act.***

The Investment Advisers Act is a U.S. federal law that defines the role and responsibilities of an investment advisor/adviser. Section 202(a)(11) of the Investment Advisers Act defines an investment adviser as any person or firm that: (1) for compensation; (2) is engaged in the business of; (3) providing advice to others or issuing reports or analyses regarding securities. A person must satisfy all three elements to fall within the definition of "investment adviser."

As a result of a portion of the Company's operations, specifically as it relates to curating portfolios of digital assets, the Company runs the risk of inadvertently becoming an investment adviser, which would require the Company to register under the Investment Advisers Act. Registered advisers are subject to extensive, restrictive and potentially adverse regulations. Registered investment advisers are not permitted to operate their business in the manner in which the Company operates its business.

If it were established that the Company were an investment company, there would be a risk, among other material adverse consequences, that it could become subject to monetary penalties or injunctive relief, or both, in an action brought by the SEC, that the Company would be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with the Company undertaken during the period it was established that the Company was an unregistered investment adviser. If it were established that the Company were an investment adviser, this would have a material adverse effect on its business and financial operations and its ability to continue as a going concern.

The Company, based on the facts and circumstances of its business model, does not believe it is an investment adviser as defined within the Investment Advisers Act. The predominant reason for the Company's view is that the company is not engaged in the business of providing advice to others or issuing reports or analyses regarding securities for compensation.

***Future developments regarding the treatment of cryptocurrency for U.S. federal income and foreign tax purposes could adversely affect our business.***

Due to the new and evolving nature of cryptocurrency and the absence of comprehensive legal guidance with respect to cryptocurrency, and cryptocurrency transactions, many significant aspects of the U.S. federal income and foreign tax treatment of cryptocurrency are uncertain, and it is unclear what guidance may be issued in the future on the treatment of cryptocurrency or cryptocurrency transactions, including cryptocurrency mining, for U.S. federal income and foreign tax purposes. Current Internal Revenue Service (“IRS”) guidance indicates that cryptocurrency, should be treated and taxed as property (rather than as a currency), and that transactions involving the payment of cryptocurrency for goods and services should be treated as barter transactions. While this treatment creates a tax reporting requirement for certain exchanges of cryptocurrency, it preserves the right to apply capital gains (as opposed to ordinary income) treatment to those transactions where cryptocurrency is held as a capital asset. There can be no assurance that the IRS or other foreign tax authority will not alter its existing position with respect to cryptocurrency in the future or that a court would uphold the treatment of cryptocurrency as property, rather than currency. Any such alteration of existing IRS and foreign tax authority positions or additional guidance regarding cryptocurrency products and transactions could result in adverse tax consequences for holders of cryptocurrency and could have an adverse effect on the value of cryptocurrency and the broader cryptocurrency markets. The uncertainty regarding the tax treatment of cryptocurrency transactions, and the potential promulgation of new, or changes to existing, U.S. federal income, state or foreign tax laws, treaties, regulations, administrative practices or guidance relating to cryptocurrency transactions could adversely impact the price of cryptocurrency, our business and the value of the Company. Further, in the event our business expands, our after-tax profitability and financial results could be adversely affected by expanding, internationally or domestically, to jurisdictions with less favorable or more complex tax laws or greater scrutiny by taxing authorities.

***Changes to applicable U.S. tax laws and regulations could affect our business and future profitability.***

New U.S. laws and policy relating to taxes may have an adverse effect on us and our business and future profitability. Further, existing U.S. tax laws, statutes, rules, regulations or ordinances could be interpreted, changed, modified or applied adversely to us. It is unclear whether Congress will enact any changes and, if enacted, how soon any such changes could take effect. The passage of legislation concerning cryptocurrency could have an adverse effect on our business and future profitability. Additionally, we are evaluating the extent to which recently enacted laws expanding cryptocurrency information and transaction reporting requirements could impact our business and future profitability.

***The Company is subject to the risk of possibly becoming subject to New York State’s requirement of a Virtual Currency Business Activity License or becoming subject to other state licensing requirements.***

On June 3, 2015, New York State Department of Financial Services (“NYDFS”) issued its comprehensive regulatory scheme for digital currency businesses, called the “BitLicense.” The BitLicense scheme requires most businesses involved in digital currency transactions in or involving New York, excluding merchants and consumers, to apply for a license from the NYDFS and to comply with anti-money laundering, cyber security, consumer protection, and financial and reporting requirements, among others. Other states have similar regimes (for example, a bill in California would have imposed a similar regime, although the bill was shelved), or have required virtual currency businesses to register with their states as money transmitters, which results in virtual currency businesses being subject to requirements similar to those of NYDFS’s BitLicense regime. Certain state regulators, such as Texas Department of Banking and Kansas Office of State Bank Commissioner, have found that bitcoins do not constitute money, and that mere transmission of bitcoin does not constitute money transmission requiring licensure. The North Carolina Commissioner of Banks has issued guidance providing that North Carolina’s money transmission regulations only apply to transmission of virtual currency and not its use. On June 28, 2014, the Governor of the State of California signed into law a bill that removed state-level prohibitions on the use of alternative forms of currency or value. The bill indirectly authorizes use of bitcoins as an alternative form of money in the state. The inconsistency in applying money transmitting licensure requirements to certain virtual currency businesses may make it more difficult for virtual currency businesses to provide services, which may affect consumer adoption of virtual currencies and their prices, which may negatively impact the value of the Company and/or its securities.

***The Company's Bitcoin Rewards Program could potentially create tax implications for the Company and its clients.***

The Company currently has a daily rewards program whereby clients may receive Bitcoin every 24 hours by reading provided material concerning cryptocurrency, and the Company also offers rewards for client referrals and other promotions. All clients receive their rewards via an "airdrop" of the provided Bitcoin tokens. While the current consensus is that receipt of an airdrop of Bitcoin will be treated as income, the Internal Revenue Service (IRS) has not yet provided explicit guidance on how airdrops of cryptocurrency are to be taxed, and taxation of Bitcoin airdrops may be subject to regulatory change in the future in ways that might affect adversely affect the Company and its clients.

***The Company is subject to the risk of possibly becoming money services business under U.S. Bank Secrecy Act and other federal laws.***

Under U.S. federal law, money services businesses must register with the Department of the Treasury. There is a risk that the Company could meet the definition of money services business and be required to register with FinCEN. Money transmitter falls within the definition of money services business and is defined as a person that provides money transmission services, or any other person engaged in the transfer of funds.

If it were established that the Company were a money transmitter, there would be a risk, among other material adverse consequences, that it could become subject to monetary penalties or injunctive relief, or both, in an action brought by the SEC or the FINRA, that the Company may be unable to enforce contracts with third parties or that third parties could seek to obtain rescission of transactions with the Company undertaken during the period it was established that the Company was an unregistered money services business. If it were established that the Company were a money services business, this would have a material adverse effect on its business and financial operations and its ability to continue as a going concern.

The Company, based on the facts and circumstances of its business model and guidance from the U.S. Department of Treasury, does not believe it is a money services business as defined. The predominant reason for the Company's view is that the Company does not act as a financial intermediary in transactions, customers of the Company have total independent control of their digital assets at all times, and the customer's digital assets is not custodied by the Company.

***We operate in a highly regulated environment, and if we are found to be in violation of any of the federal, state, or local laws or regulations applicable to us, our business could suffer.***

We are also subject to a wide range of federal, state, and local laws and regulations, that include, but are not limited to, consumer protection, environmental, health and safety, creditor, wage-hour, anti-discrimination, whistleblower and other employment practices laws and regulations and we expect these costs to increase going forward. The violation of these or future requirements or laws and regulations could result in administrative, civil, or criminal sanctions against us, which may include fines, a cease-and-desist order against the subject operations or even revocation or suspension of our license to operate the subject business. As a result, we have incurred and will continue to incur capital and operating expenditures and other costs to comply with these requirements and laws and regulations.

***State and federal securities laws are complex, and the Company could potentially be found to have not complied with all relevant state and federal securities law in prior offerings of securities.***

The Company has conducted previous offerings of securities and may not have complied with all relevant state and federal securities laws. If a court or regulatory body with the required jurisdiction ever concluded that the Company may have violated state or federal securities laws, any such violation could result in the Company being required to offer rescission rights to Investors in such offering. If such Investors exercised their rescission rights, the Company would have to pay to such Investors an amount of funds equal to the purchase price paid by such Investors plus interest from the date of any such purchase. No assurances can

be given the Company will, if it is required to offer such Investors a rescission right, have sufficient funds to pay the prior Investors the amounts required or that proceeds from this Offering would not be used to pay such amounts.

In addition, if the Company violated federal or state securities laws in connection with a prior offering and/or sale of its securities, federal or state regulators could bring an enforcement, regulatory and/or other legal action against the Company which, among other things, could result in the Company having to pay substantial fines and be prohibited from selling securities in the future.

### **Risks Related to the Securities**

***The U.S. Securities and Exchange Commission does not pass judgment upon the merits of the Securities or the terms of the Offering.***

You should not rely on the fact that our Memorandum is accessible through the U.S. Securities and Exchange Commission's EDGAR filing system as an approval, endorsement or guarantee of compliance as it relates to this Offering. The U.S. Securities and Exchange Commission has not reviewed this Memorandum, nor any document or literature related to this Offering.

***The Securities will not be freely tradable under the Securities Act until one year from the initial purchase date. Although the Securities may be tradable under federal securities law, state securities regulations may apply, and each Investor should consult with their attorney.***

You should be aware of the long-term nature of this investment. There is not now and likely will not ever be a public market for the Securities. Because the Securities have not been registered under the Securities Act or under the securities laws of any state or foreign jurisdiction, the Securities have transfer restrictions and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. It is not currently contemplated that registration under the Securities Act or other securities laws will be effected. Limitations on the transfer of the Securities may also adversely affect the price that you might be able to obtain for the Securities in a private sale. Investors should be aware of the long-term nature of their investment in the Company. Each Investor in this Offering will be required to represent that they are purchasing the Securities for their own account, for investment purposes and not with a view to resale or distribution thereof.

***Investors will not become equity holders until the Company decides to convert the Securities into "Ember Shadow Securities" (the type of equity securities issuable upon conversion of the Securities) or until there is a change of control or sale of substantially all of the Company's assets.***

Investors will not have an ownership claim to the Company or to any of its assets or revenues for an indefinite amount of time and depending on when and how the Securities are converted, the Investors may never become equity holders of the Company. Investors will not become equity holders of the Company unless the Company receives a future round of financing great enough to trigger a conversion and the Company elects to convert the Securities into Shadow Securities. The Company is under no obligation to convert the Securities into Shadow Securities. In certain instances, such as a sale of the Company or substantially all of its assets, an initial public offering or a dissolution or bankruptcy, the Investors may only have a right to receive cash, to the extent available, rather than equity in the Company. Further, the Investor may never become an equity holder, merely a beneficial owner of an equity interest, should the Company or the Nominee decide to move the Crowd SAFE or the securities issuable thereto into a custodial relationship.

***Investors will not have voting rights, even upon conversion of the Securities and will grant a third-party nominee broad power and authority to act on their behalf.***

In connection with investing in this Offering to purchase a Crowd SAFE (Simple Agreement for Future Equity) Investors will designate Republic Investment Services LLC (f/k/a NextSeed Services, LLC) ("**Nominee**") to act on their behalf as agent and proxy in all respects. The Nominee will be entitled, among

other things, to exercise any voting rights (if any) conferred upon the holder of a Crowd SAFE or any securities acquired upon their conversion, to execute on behalf of an Investor all transaction documents related to the transaction or other corporate event causing the conversion of the Crowd SAFE, and as part of the conversion process the Nominee has the authority to open an account in the name of a qualified custodian, of the Nominee's sole discretion, to take custody of any securities acquired upon conversion of the Crowd SAFE. Thus, by participating in the Offering, Investors will grant broad discretion to a third party (the Nominee and its agents) to take various actions on their behalf, and Investors will essentially not be able to vote upon matters related to the governance and affairs of the Company nor take or effect actions that might otherwise be available to holders of the Crowd SAFE and any securities acquired upon their conversion. Investors should not participate in the Offering unless he, she or it is willing to waive or assign certain rights that might otherwise be afforded to a holder of the Crowd SAFE to the Nominee and grant broad authority to the Nominee to take certain actions on behalf of the Investor, including changing title to the Security. Investors will not become equity holders until the Company decides to convert the Securities into "**Ember Shadow Securities**" (the type of equity securities issuable upon conversion of the Securities) or until there is a change of control or sale of substantially all of the Company's assets. Investors will not have an ownership claim to the Company or to any of its assets or revenues for an indefinite amount of time and depending on when and how the Securities are converted, the Investors may never become equity holders of the Company. Investors will not become equity holders of the Company unless the Company receives a future round of financing great enough to trigger a conversion and the Company elects to convert the Securities into Shadow Securities. The Company is under no obligation to convert the Securities into Shadow Securities. In certain instances, such as a sale of the Company or substantially all of its assets, an initial public offering or a dissolution or bankruptcy, the Investors may only have a right to receive cash, to the extent available, rather than equity in the Company. Further, the Investor may never become an equity holder, merely a beneficial owner of an equity interest, should the Company or the Nominee decide to move the Crowd SAFE or the securities issuable thereto into a custodial relationship.

***Neither the Offering nor the Securities have been registered under federal or state securities laws.***

No governmental agency has reviewed or passed upon this Offering or the Securities. Neither the Offering nor the Securities have been registered under federal or state securities laws. Investors will not receive any of the benefits available in registered offerings, which may include access to quarterly and annual financial statements that have been audited by an independent accounting firm. Investors must therefore assess the adequacy of disclosure and the fairness of the terms of this Offering based on the information provided in this Memorandum and the accompanying exhibits.

***The Company's management may have broad discretion in how the Company uses the net proceeds of the Offering.***

Unless the Company has agreed to a specific use of the proceeds from the Offering, the Company's management will have considerable discretion over the use of proceeds from the Offering. You may not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately.

***Investors will not be entitled to any inspection or information rights other than those required by law. Investors will not have the right to inspect the books and records of the Company or to receive financial or other information from the Company, other than as required by law.***

Other security holders of the Company may have such rights. Additionally, there are numerous methods by which the Company can terminate annual report obligations, resulting in no information rights, contractual, statutory or otherwise, owed to Investors. This lack of information could put Investors at a disadvantage in general and with respect to other security holders, including certain security holders who have rights to periodic financial statements and updates from the Company such as quarterly unaudited financials, annual projections and budgets, and monthly progress reports, among other things.

***Investors will be unable to declare the Security in "default" and demand repayment.***

Unlike convertible notes and some other securities, the Securities do not have any “default” provisions upon which Investors will be able to demand repayment of their investment. The Company has ultimate discretion as to whether or not to convert the Securities upon a future equity financing and Investors have no right to demand such conversion. Only in limited circumstances, such as a liquidity event, may Investors demand payment and even then, such payments will be limited to the amount of cash available to the Company.

***The Company may never elect to convert the Securities or undergo a liquidity event and Investors may have to hold the Securities indefinitely.***

The Company may never conduct a future equity financing or elect to convert the Securities if such future equity financing does occur. In addition, the Company may never undergo a liquidity event such as a sale of the Company or an initial public offering. If neither the conversion of the Securities nor a liquidity event occurs, Investors could be left holding the Securities in perpetuity. The Securities have numerous transfer restrictions and will likely be highly illiquid, with no secondary market on which to sell them. The Securities are not equity interests, have no ownership rights, have no rights to the Company’s assets or profits and have no voting rights or ability to direct the Company or its actions.

***Equity securities acquired upon conversion of the Securities may be significantly diluted as a consequence of subsequent equity financings.***

The Company’s equity securities will be subject to dilution. The Company intends to issue additional equity to employees and third-party financing sources in amounts that are uncertain at this time, and as a consequence holders of equity securities resulting from the conversion of the Securities will be subject to dilution in an unpredictable amount. Such dilution may reduce the Investor’s control and economic interests in the Company.

The amount of additional financing needed by the Company will depend upon several contingencies not foreseen at the time of this Offering. Generally, additional financing (whether in the form of loans or the issuance of other securities) will be intended to provide the Company with enough capital to reach the next major corporate milestone. If the funds received in any additional financing are not sufficient to meet the Company’s needs, the Company may have to raise additional capital at a price unfavorable to their existing Investors, including the holders of the Securities. The availability of capital is at least partially a function of capital market conditions that are beyond the control of the Company. There can be no assurance that the Company will be able to accurately predict the future capital requirements necessary for success or that additional funds will be available from any source. Failure to obtain financing on favorable terms could dilute or otherwise severely impair the value of the Securities.

In addition, the Company has certain equity grants and convertible securities outstanding. Should the Company enter into a financing that would trigger any conversion rights, the converting securities would further dilute the equity securities receivable by the holders of the Securities upon a qualifying financing.

***Equity securities issued upon conversion of the Securities may be substantially different from other equity securities offered or issued by the Company at the time of conversion.***

In the event the Company decides to exercise the conversion right, the Company will convert the Securities into equity securities that are materially different from the equity securities being issued to new Investors at the time of conversion in many ways, including, but not limited to, liquidation preferences, dividend rights, or anti-dilution protection. Additionally, any equity securities issued at the First Equity Financing Price (as defined in the Crowd SAFE agreement) shall have only such preferences, rights, and protections in proportion to the First Equity Financing Price and not in proportion to the price per share paid by new Investors receiving the equity securities. Upon conversion of the Securities, the Company may not provide the holders of such Securities with the same rights, preferences, protections, and other benefits or privileges provided to other Investors of the Company.

The forgoing paragraph is only a summary of a portion of the conversion feature of the Securities; it is not intended to be complete, and is qualified in its entirety by reference to the full text of the Crowd SAFE

agreement.

***There is no present market for the Securities and we have arbitrarily set the price.***

The Offering Price was not established in a competitive market. We have arbitrarily set the price of the Securities with reference to the general status of the securities market and other relevant factors. The Offering Price for the Securities should not be considered an indication of the actual value of the Securities and is not based on our asset value, net worth, revenues or other established criteria of value. We cannot guarantee that the Securities can be resold at the Offering Price or at any other price.

***In the event of the dissolution or bankruptcy of the Company, Investors will not be treated as debt holders and therefore are unlikely to recover any proceeds.***

In the event of the dissolution or bankruptcy of the Company, the holders of the Securities that have not been converted will be entitled to distributions as described in the Securities. This means that such holders will only receive distributions once all of the creditors and more senior security holders, including any holders of preferred stock, have been paid in full. Neither holders of the Securities nor holders of Ember Shadow Series can be guaranteed any proceeds in the event of the dissolution or bankruptcy of the Company.

***While the Securities provide mechanisms whereby holders of the Securities would be entitled to a return of their purchase amount upon the occurrence of certain events, if the Company does not have sufficient cash on hand, this obligation may not be fulfilled.***

Upon the occurrence of certain events, as provided in the Securities, holders of the Securities may be entitled to a return of the principal amount invested. Despite the contractual provisions in the Securities, this right cannot be guaranteed if the Company does not have sufficient liquid assets on hand. Therefore, potential Investors should not assume a guaranteed return of their investment amount.

**IN ADDITION TO THE RISKS LISTED ABOVE, RISKS AND UNCERTAINTIES NOT PRESENTLY KNOWN, OR WHICH WE CONSIDER IMMATERIAL AS OF THE DATE OF THE MEMORANDUM, MAY ALSO HAVE AN ADVERSE EFFECT ON OUR BUSINESS AND RESULT IN THE TOTAL LOSS OF YOUR INVESTMENT.**

## **V. Management of the Company**

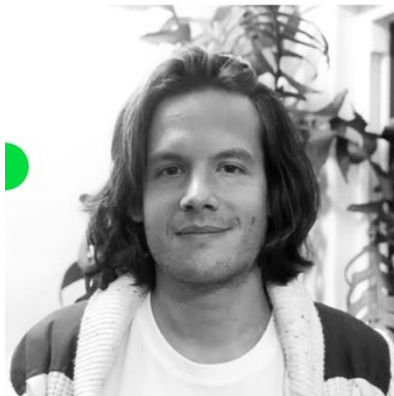
The directors, officers, managers, and key persons of the Company are listed below along with all positions and offices held at the Company and their principal occupation and employment responsibilities for the past three (3) years.

### **Directors & Officers**

#### **Biographical Information**



Alex Wang is the Co-Founder, Chief Executive Officer, Chief Technology Officer, and a director of the Company, and has been so since August 2018. He is primarily responsible for fundraising, business development, product, operations, marketing and finance. Previously, Alex was a Product Manager at GumGum, Founder of Carapace Wetsuits, a Senior Product Manager at Alliance Global, and an Associate at Cushman & Wakefield. Alex received a Bachelor of Arts in Economics from the University of California, Berkeley in 2010.



Guillaume Torche is a Co-Founder, Chief Technology Officer, and a director of the Company, and has been so since August 2018. He is primarily responsible for full-stack engineering for the Company. Previously, Mario was a Staff Backend Engineer of Machine Learning at Tastemade, a Lead Backend/Data Engineer at GumGum, and an Engineer for design and development of Augmented Reality at Aubay. Mario received a Master of Science in Engineering from the Université de Technologie de Compiègne in June 2014.



Mario Lazaro is a Co-Founder, Chief Information Officer, and director of the Company and has been so since August 2018. He is primarily responsible for full-stack engineering at the Company. Previously, Mario was an Engineer Manager, Lead Ad Server Engineer, and Big Data Software Engineer at GumGum, a Research Assistant at the Aalto University School of Science and Technology, and worked in IT Services at Disaragon S.L. Mario graduated from the Universidad de Zaragoza in January 2014.

Cher Park is a Head of Growth at the Company, and has been so since December 2021. Previously, from May 2020 to November 2021, Cher served as Head of Growth for Flossy, and from May 2019 to April 2020, Cher served as Director of Marketing at Pill Club. Previously, Cher was a Founder and CMO at Poprageous, worked in Growth for Dave, was a Director of Digital Strategy and E-Commerce at Forever 21, and was an Associate for Lehman Brothers. Cher received her Bachelor of Science degree in Urban Regional Studies from Cornell University in 2005.

### **Indemnification**

Indemnification is authorized by the Company to managers, officers or controlling persons acting in their professional capacity pursuant to Delaware law. Indemnification includes expenses such as attorney's fees and, in certain circumstances, judgments, fines and settlement amounts actually paid or incurred in connection with actual or threatened actions, suits or proceedings involving such person, except in certain circumstances where a person is adjudged to be guilty of gross negligence or willful misconduct, unless a court of competent jurisdiction determines that such indemnification is fair and reasonable under the circumstances.

### **Employees**

The Company currently employs ten (10) full-time employees.

## VI. Capitalization, Debt and Ownership

### Capitalization

The Company's authorized capital stock consists of 10,000,000 shares of common stock, par value \$0.0001 per share (the "**Common Stock**"). At the closing of this Offering, assuming only the Target Offering Amount is sold, 6,880,000 shares of Common Stock will be issued and outstanding.

### Outstanding Capital Stock

The Company's authorized capital stock consists of 10,000,000 shares of common stock, par value \$0.0001 per share (the "**Common Stock**"). At the closing of this Offering, assuming only the Target Offering Amount is sold, 6,880,000 shares of Common Stock will be issued and outstanding.

As of the date of this Memorandum, the Company's outstanding capital stock consists of:

Type of security	Common Stock
Amount outstanding/Face Value	6,880,000/ par value \$0.0001
Par Value Per Share	\$0.0001
Voting Rights	Yes
Anti-Dilution Rights	Yes
Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).	68.72%

\*The total number of shares outstanding excludes reserved and unissued stock options. The percentage ownership is calculated after considering common stock, issued stock options, Crowd SAFE and SAFE. The percentage calculation is based on a total number of shares of 10,011,790. Percentage calculated is approximation and rounded to the nearest decimal point based.

Type of security	Equity Incentive Options
Amount outstanding/Face Value	1,194,644
Voting Rights	None until exercised
Anti-Dilution Rights	None
Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).	12.219%*

\*The percentage ownership is calculated after considering common stock, issued stock options, Crowd SAFE and SAFE. The percentage calculation is based on a total number of shares of 10,011,790. Percentage calculated is approximation and rounded to the nearest decimal point based.

Securities previously issued pursuant to Regulation CF:

<b>Type of security</b>	Crowd SAFE
<b>Amount outstanding/Face Value</b>	\$621,319
<b>Voting Rights</b>	None
<b>Anti-Dilution Rights</b>	No
<b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b>	9.41% *

\*The percentage ownership is calculated after considering common stock, issued stock options, Crowd SAFE and SAFE. The percentage calculation is based on a total number of shares of 10,011,790. Percentage calculated is approximation and rounded to the nearest decimal point based.

<b>Type of security</b>	Crowd SAFE
<b>Amount outstanding/Face Value</b>	\$80,156
<b>Voting Rights</b>	None
<b>Anti-Dilution Rights</b>	No
<b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b>	1.25% *

\*The percentage ownership is calculated after considering common stock, issued stock options, Crowd SAFE and SAFE. The percentage calculation is based on a total number of shares of 10,011,790. Percentage calculated is approximation and rounded to the nearest decimal point based.

Securities previously issued pursuant to Regulation D:

<b>Type of security</b>	SAFE
<b>Amount outstanding/Face Value</b>	\$5,286,000
<b>Voting Rights</b>	None
<b>Anti-Dilution Rights</b>	No
<b>Percentage ownership of the Company by the holders of such security (assuming conversion prior to the Offering if convertible securities).</b>	8.91%

\*The percentage ownership is calculated after considering common stock, issued stock options, Crowd SAFE and SAFE. The percentage calculation is based on a total number of shares of 10,011,790. Percentage calculated is approximation and rounded to the nearest decimal point based.

## Debt

As of the date of this Memorandum, the Company has the following debt outstanding:

<b>Type</b>	Loan
<b>Creditor</b>	Guillaume Torche
<b>Amount Outstanding</b>	\$19,237.61
<b>Interest Rate and Amortization Schedule</b>	N/A
<b>Description of Collateral</b>	N/A
<b>Other Material Terms</b>	N/A
<b>Maturity Date</b>	N/A
<b>Date Entered Into</b>	N/A

<b>Type</b>	Loan
<b>Creditor</b>	Alex Wang
<b>Amount Outstanding</b>	\$4,236.55
<b>Interest Rate and Amortization Schedule</b>	N/A
<b>Description of Collateral</b>	N/A
<b>Other Material Terms</b>	N/A
<b>Maturity Date</b>	N/A
<b>Date Entered Into</b>	N/A

<b>Type</b>	Loan
<b>Creditor</b>	Mario Lazaro
<b>Amount Outstanding</b>	\$5,279.41
<b>Interest Rate and Amortization Schedule</b>	N/A
<b>Description of Collateral</b>	N/A
<b>Other Material Terms</b>	N/A
<b>Maturity Date</b>	N/A
<b>Date Entered Into</b>	N/A

### Ownership

<b>Name</b>	<b>Number and type/class of security held</b>	<b>Percentage ownership</b>
Alex Wang	2,240,000 Shares / Common Stock	32.56%

Guillaume Torche	2,240,000 Shares / Common Stock	32.56%
Mario Lazaro	2,240,000 Shares / Common Stock	32.56%

## VII. Financial Information

### Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. The Company has approximately \$2,667,234.00 in cash balances as of April 30, 2022, leaving the Company with approximately 11 months of runway.

Each prospective Investor is urged to review the Company's financial statements, attached hereto as **Exhibit B**, prior to making a subscription in this Offering.

### Liquidity and Capital Resources

On February 24, 2021, the Company conducted an offering pursuant to Rule 506(b) and raised \$5,300,000.

The proceeds from the Offering are essential to our operations. We plan to use the proceeds as set forth above under "Use of Proceeds."

Concurrent with this Offering, the Company is also offering Crowd SAFEs with substantially the same terms as the Securities in a separate offering being made pursuant to Regulation CF (the "**Concurrent Regulation CF Offering**"). We are making the Concurrent Regulation CF Offering by way of a separate offering document. We may commence selling the Crowd SAFE in the Concurrent Regulation CF Offering before the date on which this Offering begins sales.

The Company's additional current sources of capital include current cash balances and operating revenues and proceeds from prior offerings.

### Capital Expenditures and Other Obligations

The Company does not intend to make any material capital expenditures in the future.

### Valuation

The Company has ascribed no pre-Offering valuation to the Company; the securities are priced arbitrarily.

### Trends and Uncertainties

After reviewing the above discussion of the steps the Company intends to take, potential Investors should consider whether achievement of each step within the estimated time frame will be realistic in their judgment. Potential Investors should also assess the consequences to the Company of any delays in taking these steps and whether the Company will need additional financing to accomplish them.

## VIII. Previous Offerings of Securities

The Company has made the following issuances of Securities within the past three years:

<u>Security Type</u>	<u>Number Sold</u>	<u>Total Amount Raised</u>	<u>Use of Proceeds</u>	<u>Offering Date</u>	<u>Exemption from Registration</u>
Crowd SAFE	1895*	\$590,946	General Working Capital	March 31, 2020	Regulation CF
Crowd SAFE	1895*	\$80,180	General Working Capital	April 6, 2020	Regulation CF
SAFE	1	\$11,818.92	General Working Capital	April 1, 2020	Rule 506(c)
SAFE	–	\$5,286,000	General Working Capital	February 1, 2021	Rule 506(b)

\*This is the total number of SAFES sold across the Regulation CF transaction.

#### **IX. Transactions with Related Persons and Conflicts of Interest**

From time to time the Company may engage in transactions with related persons. Related persons are defined as any director or officer of the Company; any person who is the beneficial owner of twenty percent (20%) or more of the Company’s outstanding voting equity securities, calculated on the basis of voting power; any promoter of the Company; any immediate family member of any of the foregoing persons or an entity controlled by any such person or persons. Additionally, the Company will disclose here any transaction since the beginning of the issuer’s last fiscal year, or any currently proposed transaction, to which the issuer was or is to be a party and the amount involved exceeds five percent (5%) of the aggregate amount of capital raised by the issuer in reliance on Section 4(a)(6), including the Target Offering Amount of this Offering, and the counter party is either (i) any director or officer of the issuer; (ii) any person who is, as of the most recent practicable date but no earlier than 120 days prior to the date the offering statement or report is filed, the beneficial owner of twenty percent (20%) or more of the issuer’s outstanding voting equity securities, calculated on the basis of voting power; (iii) if the issuer was incorporated or organized within the past three years, any promoter of the issuer; or (iv) any member of the family of any of the foregoing persons, which includes a child, stepchild, grandchild, parent, stepparent, grandparent, spouse or spousal equivalent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, and shall include adoptive relationships. The term *spousal equivalent* means a cohabitant occupying a relationship generally equivalent to that of a spouse.

The only transactions the Company has conducted with relation persons are the loans set forth in “Capitalization, Debt and Ownership.”

## **X. The Securities**

Each prospective Investor should review this Memorandum and the form of SAFE attached as Exhibit A, in conjunction with the following summary information:

### **Transfer Agent and Registrar**

The Company will act as transfer agent and registrar for the Securities.

### **Not Currently Equity Interests**

The Securities are not currently equity interests in the Company and merely provide a right to receive equity at some point in the future upon the occurrence of certain events.

### **Dividends and/or Distributions**

The Securities do not entitle Investors to any dividends.

### **Nominee**

The Nominee of the Securities shall be Republic Investment Services LLC an affiliate of OpenDeal. The Nominee will act on behalf of the Investors as their agent and proxy in all respects. The Nominee will be entitled, among other things, to exercise any voting rights (if any) conferred upon the holder of Securities or any securities acquired upon their conversion, to execute on behalf of an Investor all transaction documents related to the transaction or other corporate event causing the conversion of the Securities, and as part of the conversion process the Nominee has the authority to open an account in the name of a qualified custodian, of the Nominee's sole discretion, to take custody of any securities acquired upon conversion of the Securities. The Nominee will take direction from a pre-disclosed party selected by the Company and designated below on any matter which affects the Investors' economic rights. The Nominee is not a fiduciary to the Investors and the Investors agree to indemnify the Nominee per the terms of the Security.

### **Conversion**

Upon each future equity financing resulting in proceeds to the Company of not less than \$20,000,000 (each, an "**Equity Financing**"), the Securities are convertible at the option of the Company, into Ember Shadow Securities, which are non-voting securities otherwise identical to those issued in such future Equity Financing except (1) they do not provide the right to vote on any matters except as required by law, (2) they require Investors to vote in accordance with the majority of the Investors purchasing securities from the Company in such Equity Financing with respect to any such required vote and (3) they do not provide any inspection or information rights. The Company has no obligation to convert the Securities in any Equity Financing.

### **Conversion Upon the First Equity Financing**

If the Company elects to convert the Securities upon the first Equity Financing following the issuance of the Securities, the Investor will receive the number of Ember Shadow Securities equal to the quotient obtained by dividing the amount the Investor paid for the Securities (the "**Purchase Amount**") by **First Equity Financing Price** (as defined below).

### **Conversion After the First Equity Financing**

If the Company elects to convert the Securities upon an Equity Financing other than the first Equity Financing following the issuance of the Securities, at the Nominee's discretion the Investor will receive, the number of Shadow Securities equal to the quotient obtained by dividing (a) the Purchase Amount by

(b) the First Equity Financing Price.

### **Conversion Upon a Liquidity Event Prior to an Equity Financing**

In the case of the Company's undergoing an IPO (as defined below) of its Capital Stock or a Change of Control (as defined below) of the Company (either of these events, a "**Liquidity Event**") prior to any Equity Financing, the Investor will receive, at the option of the Nominee and within thirty (30) days of receiving notice (whether actual or constructive), either (i) a cash payment equal to the Purchase Amount subject to the following paragraph (the "**Cash Out Option**") or (ii) a number of shares of Common Stock of the Company equal to the Purchase Amount divided by the Conversion Price.

In connection with the Cash Out Option, the Purchase Amount (or a lesser amount as described below) will be due and payable by the Company to the Investor immediately prior to, or concurrent with, the consummation of the Liquidity Event. If there are not enough funds to pay the Investors and the holders of other Safes (collectively, the "**Cash-Out Investors**") in full, then all of the Company's available funds will be distributed with equal priority and pro rata among the Cash-Out Investors in proportion to their Purchase Amounts.

"**Capital Stock**" means the capital stock of the Company, including, without limitation, Common Stock and Preferred Stock.

"**Change of Control**" as used above, means (i) a transaction or series of related transactions in which any person or group becomes the beneficial owner of more than fifty percent (50%) of the outstanding voting securities entitled to elect the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, in which the outstanding voting security holders of the Company fail to retain at least a majority of such voting securities following such transaction or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

"**Common Stock**" means common stock, par value \$0.0001 per share, of the Company.

"**Ember Shadow Series**" shall mean a non-voting series of Capital Stock that is otherwise identical in all respects to the shares of Capital Stock (whether Preferred Stock or another class issued by the Company) issued in the relevant Equity Financing, except that:

- (i) Ember Shadow Series shareholders shall have no voting rights and shall not be entitled to vote on any matter that is submitted to a vote or for the consent of the stockholders of the Company; and
- (ii) Ember Shadow Series shareholders have no information or inspection rights, except with respect to such rights deemed not waivable by laws.

"**IPO**" as used above, means: (A) the completion of an underwritten initial public offering of Capital Stock by the Company pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the United States or of a province of Canada, or (II) a registration statement which has been filed with the United States Securities and Exchange Commission and is declared effective to enable the sale of Capital Stock by the Company to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (B) the Company's initial listing of its Capital Stock (other than shares of Capital Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale, as approved by the Company's board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (C) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting issuer in the United States or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Capital Stock of the Company.

**“First Equity Financing Price”** shall mean (x) if the pre-money valuation of the Company immediately prior to the First Equity Financing is less than or equal to the Valuation Cap, the lowest price per share of the Equity Securities sold in the First Equity Financing or (y) if the pre-money valuation of the Company immediately prior to the First Equity Financing is greater than the Valuation Cap, the SAFE Price.

**“Fully Diluted Capitalization”** shall mean the aggregate number, as of immediately prior to the First Equity Financing, of issued and outstanding shares of Capital Stock, assuming full conversion or exercise of all convertible and exercisable securities then outstanding, including shares of convertible Preferred Stock and all outstanding vested or unvested options or warrants to purchase Capital Stock, but excluding (i) the issuance of all shares of Capital Stock reserved and available for future issuance under any of the Company’s existing equity incentive plans, (ii) convertible promissory notes issued by the Company, (iii) any SAFEs, and (iv) any equity securities that are issuable upon conversion of any outstanding convertible promissory notes or SAFEs.

**“SAFE Price”** means the price per share equal to (x) the Valuation Cap divided by (y) the Fully Diluted Capitalization.

### **Conversion Upon a Liquidity Event Following an Equity Financing**

In the case of a Liquidity Event following any Equity Financing, the Investor will receive, at the option of the Nominee and within thirty (30) days of receiving notice (whether actual or constructive), either (i) the Cash Out Option or (ii) a number of shares of the most recently issued capital stock equal to the Purchase Amount divided by the Conversion Price. Shares of capital stock granted in connection therewith shall have the same liquidation rights and preferences as the shares of capital stock issued in connection with the Company’s most recent Equity Financing.

If there are not enough funds to pay the Investors and the other Cash-Out Investors in full, then all of the Company’s available funds will be distributed with equal priority and pro rata among the Cash-Out Investors in proportion to their Purchase Amounts.

If the Company determines in good faith that delivery of equity securities to the Investor pursuant to Liquidity Event paragraphs above would violate applicable law, rule or regulation, then the Company shall deliver to Investor in lieu thereof, a cash 53 payment equal to the fair market value of such capital stock, as determined in good faith by the Company’s board of directors (or other applicable governing body if the Company is a limited liability company).

### **Dissolution**

If there is a Dissolution Event (as defined below) before the Securities terminate, subject to the preferences applicable to any series of preferred stock then outstanding, the Company will distribute all proceeds legally available for distribution with equal priority among the (i) holders of the Securities (on an as converted basis based on a valuation of Common Stock as determined in good faith by the Company’s board of directors at the time of the Dissolution Event), (ii) all other holders of instruments sharing in the distribution of proceeds of the Company at the same priority as holders of Common Stock upon a Dissolution Event and (iii) all holders of Common Stock.

A **“Dissolution Event”** means (i) a voluntary termination of operations by the Company, (ii) a general assignment for the benefit of the Company’s creditors or (iii) any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary.

### **Termination**

The Securities terminate upon (without relieving the Company of any obligations arising from a prior breach of or non-compliance with the Securities) upon the earlier to occur of: (i) the issuance of shares in the Shadow Securities to the Investor pursuant to the conversion provisions of the Crowd SAFE agreement or (ii) the payment, or setting aside for payment, of amounts due to the Investor pursuant to a Liquidity Event

or a Dissolution Event.

### **Voting and Control**

Neither the Securities nor the securities issuable upon the conversion of the Securities have voting rights. In addition, to facilitate the Offering Crowd SAFE Investors being able to act together and cast a vote as a group, to the extent any securities acquired upon conversion of the Securities confer the holder with voting rights (whether provided by the Company's governing documents or by law), the Nominee (as defined above) will act on behalf of the holders as agent and proxy in all respects. The Nominee will vote consistently at the direction of the Chief Executive Officer of the Company. The Company does not have any voting agreements in place. The Company does not have any shareholder or equity holder agreements in place.

### **Anti-Dilution Rights**

The Securities do not have anti-dilution rights, which means that future equity issuances and other events will dilute the ownership percentage that the Investor may eventually have in the Company.

### **Restrictions on Transfer**

Prior to making any transfer of the Securities or any capital stock into which they are convertible, such transferring Investor must either make such transfer pursuant to an effective registration statement filed with the SEC or provide the Company with an opinion of counsel reasonably satisfactory to the Company stating that a registration statement is not necessary to effect such transfer. In addition, the Investor may not transfer the Securities or any capital stock into which they are convertible to any of the Company's competitors, as determined by the Company in good faith. Furthermore, upon the event of an IPO, the capital stock into which the Securities are converted will be subject to a lock-up period and may not be lent, offered, pledged, or sold for up to 180 days following such IPO.

### **Other Material Terms**

- The Company does not have the right to repurchase the Securities.
- The Securities do not have a stated return or liquidation preference.
- The Company cannot determine if it currently has enough capital stock authorized to issue upon the conversion of the Securities, because the amount of capital stock to be issued is based on the occurrence of future events.

**EXHIBIT A**  
**CROWD SAFE**

THE SECURITIES REPRESENTED BY THIS INSTRUMENT, AND ANY SECURITIES ISSUED UPON CONVERSION OF THIS INSTRUMENT, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR (2) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, IN WHICH CASE THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AN OPINION OF COUNSEL, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

IF THE INVESTOR LIVES OUTSIDE THE UNITED STATES, IT IS THE INVESTOR'S RESPONSIBILITY TO FULLY OBSERVE THE LAWS OF ANY RELEVANT TERRITORY OR JURISDICTION OUTSIDE THE UNITED STATES IN CONNECTION WITH ANY PURCHASE OF THE SECURITIES, INCLUDING OBTAINING REQUIRED GOVERNMENTAL OR OTHER CONSENTS OR OBSERVING ANY OTHER REQUIRED LEGAL OR OTHER FORMALITIES. THE COMPANY RESERVES THE RIGHT TO DENY THE PURCHASE OF THE SECURITIES BY ANY FOREIGN PURCHASER.

**EMBER FUND, INC.**

**Crowd SAFE  
(Crowdfunding Simple Agreement for Future Equity)**

**Series 2022**

THIS CERTIFIES THAT in exchange for the payment by the undersigned (the "**Investor**", and together with all other Series 2022 Crowd SAFE holders, "**Investors**") of \$[ ] (the "**Purchase Amount**") on or about May 20, 2022, Ember Fund, Inc., a Delaware corporation (the "**Company**"), hereby issues to the Investor the right to certain shares of the Company's Capital Stock (defined below), subject to the terms set forth below.

The "**Valuation Cap**" is \$80,000,000.

See Section 2 for certain additional defined terms.

**1. Events**

(a) **Equity Financing.**

(i) If an Equity Financing occurs before this instrument terminates in accordance with Sections 1(b)-(d) ("**First Equity Financing**"), the Company shall promptly notify the Investor of the

closing of the First Equity Financing and of the Company's discretionary decision to either (1) continue the term of this Crowd SAFE without converting the Purchase Amount to Capital Stock; or (2) issue to the Investor a number of shares of the Ember Shadow Series of the Capital Stock (whether Preferred Stock or another class issued by the Company) sold in the First Equity Financing. The number of shares of the Ember Shadow Series of such Capital Stock shall equal the quotient obtained by dividing (x) the Purchase Amount by (y) the **First Equity Financing Price** (as defined below).

(ii) If the Company elects to continue the term of this Crowd SAFE past the First Equity Financing and another Equity Financing occurs before the termination of this Crowd SAFE in accordance with Sections 1(b)-(d) (each, a "**Subsequent Equity Financing**"), the Company shall promptly notify the Investor of the closing of the Subsequent Equity Financing and of the Company's discretionary decision to either (1) continue the term of this Crowd SAFE without converting the Investor's Purchase Amount to Capital Stock; or (2) issue to the Investor a number of shares of the Ember Shadow Series of the Capital Stock (whether Preferred Stock or another class issued by the Company) sold in the Subsequent Equity Financing. The number of shares of the Ember Shadow Series of such Capital Stock shall equal to the quotient obtained by dividing (x) the Purchase Amount by (y) the First Equity Financing Price.

(b) **Liquidity Event.**

(i) If there is a Liquidity Event before the termination of this instrument and before any Equity Financing, the Investor must select, at its option, within thirty (30) days of receiving notice (whether actual or constructive), either (1) to receive a cash payment equal to the Purchase Amount (or a lesser amount as described below) or (2) to receive from the Company a number of shares of Common Stock equal to the Purchase Amount (or a lesser amount as described below) divided by the Liquidity Price.

(ii) If there is a Liquidity Event after one or more Equity Financings have occurred but before the termination of this instrument, the Investor must select, at its option, within thirty (30) days of receiving notice (whether actual or constructive), either (1) to receive a cash payment equal to the Purchase Amount (or a lesser amount as described below) or (2) to receive from the Company a number of shares of the most recent issued Capital Stock (whether Preferred Stock or another class issued by the Company) equal to the Purchase Amount divided by the First Equity Financing Price. Shares of Capital Stock granted in connection therewith shall have the same liquidation rights and preferences as the shares of Capital Stock issued in connection with the Company's most recent Equity Financing.

(iii) If there are not enough funds to pay the Investor and holders of other Crowd SAFEs (collectively, the "**Cash-Out Investors**") in full, then all of the Company's available funds will be distributed with equal priority and pro rata among the Cash-Out Investors in proportion to their Purchase Amounts. In connection with this Section 1(b), the Purchase Amount (or a lesser amount as described below) will be due and payable by the Company to the Investor immediately prior to, or concurrent with, the consummation of the Liquidity Event.

Notwithstanding Sections 1(b)(i)(2) or 1(b)(ii)(2), if the Company's board of directors determines in good faith that delivery of Capital Stock to the Investor pursuant to Section 1(b)(i)(2) or Section 1(b)(ii)(2) would violate applicable law, rule or regulation, then the Company shall deliver to Investor in lieu thereof, a cash payment equal to the fair market value of such Capital Stock, as determined in good faith by the Company's board of directors.

(c) **Dissolution Event.** If there is a Dissolution Event before this instrument terminates in accordance with Sections 1(a) or 1(b), subject to the preferences applicable to any series of Preferred Stock,

the Company will distribute its entire assets legally available for distribution with equal priority among the (i) Investors (on an as converted basis based on a valuation of Common Stock as determined in good faith by the Company's board of directors at the time of Dissolution Event), (ii) all other holders of instruments sharing in the assets of the Company at the same priority as holders of Common Stock upon a Dissolution Event and (iii) and all holders of Common Stock.

(d) **Termination.** This instrument will terminate (without relieving the Company or the Investor of any obligations arising from a prior breach of or non-compliance with this instrument) upon the earlier to occur: (i) the issuance of shares, whether in Capital Stock or in the Ember Shadow Series, to the Investor pursuant to Section 1(a) or Section 1(b); or (ii) the payment, or setting aside for payment, of amounts due to the Investor pursuant to Sections 1(b) or 1(c).

## **2. Definitions**

**“Capital Stock”** means the capital stock of the Company, including, without limitation, Common Stock and Preferred Stock.

**“Ember Shadow Series”** shall mean a non-voting series of Capital Stock that is otherwise identical in all respects to the shares of Capital Stock (whether Preferred Stock or another class issued by the Company) issued in the relevant Equity Financing (e.g., if the Company sells Series A Preferred Stock in an Equity Financing, the Shadow Series would be Series A-Ember Preferred Stock), except that:

- (i) Ember Shadow Series shareholders shall have no voting rights and shall not be entitled to vote on any matter that is submitted to a vote or for the consent of the stockholders of the Company; and
- (ii) Ember Shadow Series shareholders have no information or inspection rights, except with respect to such rights deemed not waivable by laws.

**“Change of Control”** means (i) a transaction or series of related transactions in which any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended), becomes the “beneficial owner” (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended), directly or indirectly, of more than 50% of the outstanding voting securities of the Company having the right to vote for the election of members of the Company's board of directors, (ii) any reorganization, merger or consolidation of the Company, other than a transaction or series of related transactions in which the holders of the voting securities of the Company outstanding immediately prior to such transaction or series of related transactions retain, immediately after such transaction or series of related transactions, at least a majority of the total voting power represented by the outstanding voting securities of the Company or such other surviving or resulting entity or (iii) a sale, lease or other disposition of all or substantially all of the assets of the Company.

**“Common Stock”** means common stock, par value \$0.0001 per share, of the Company.

**“Dissolution Event”** means (i) a voluntary termination of operations, (ii) a general assignment for the benefit of the Company's creditors, (iii) the commencement of a case (whether voluntary or involuntary) seeking relief under Title 11 of the United States Code (the “Bankruptcy Code”), or (iv) any other liquidation, dissolution or winding up of the Company (excluding a Liquidity Event), whether voluntary or involuntary.

**“Equity Financing”** shall mean the next sale (or series of related sales) by the Company of its Equity Securities to one or more third parties following the date of this instrument from which the Company

receives gross proceeds of not less than \$20,000,000 cash or cash equivalent (excluding the conversion of any instruments convertible into or exercisable or exchangeable for Capital Stock, such as SAFEs or convertible promissory notes) with the principal purpose of raising capital.

**“Equity Securities”** shall mean Common Stock or Preferred Stock or any securities convertible into, exchangeable for or conferring the right to purchase (with or without additional consideration) Common Stock or Preferred Stock, except in each case, (i) any security granted, issued and/or sold by the Company to any director, officer, employee, advisor or consultant of the Company in such capacity for the primary purpose of soliciting or retaining his, her or its services, (ii) any convertible promissory notes issued by the Company, and (iii) any SAFEs issued.

**“First Equity Financing Price”** shall mean (x) if the pre-money valuation of the Company immediately prior to the First Equity Financing is less than or equal to the Valuation Cap, the lowest price per share of the Equity Securities sold in the First Equity Financing or (y) if the pre-money valuation of the Company immediately prior to the First Equity Financing is greater than the Valuation Cap, the SAFE Price.

**“Fully Diluted Capitalization”** shall mean the aggregate number, as of immediately prior to the First Equity Financing, of issued and outstanding shares of Capital Stock, assuming full conversion or exercise of all convertible and exercisable securities then outstanding, including shares of convertible Preferred Stock and all outstanding vested or unvested options or warrants to purchase Capital Stock, but excluding (i) the issuance of all shares of Capital Stock reserved and available for future issuance under any of the Company’s existing equity incentive plans, (ii) convertible promissory notes issued by the Company, (iii) any SAFEs, and (iv) any equity securities that are issuable upon conversion of any outstanding convertible promissory notes or SAFEs.

**“Intermediary”** means OpenDeal Broker LLC, a registered broker dealer CRD#297797, or a qualified successor

**“IPO”** means: (A) the completion of an underwritten initial public offering of Capital Stock by the Company pursuant to: (I) a final prospectus for which a receipt is issued by a securities commission of the United States or of a province of Canada, or (II) a registration statement which has been filed with the United States Securities and Exchange Commission and is declared effective to enable the sale of Capital Stock by the Company to the public, which in each case results in such equity securities being listed and posted for trading or quoted on a recognized exchange; (B) the Company’s initial listing of its Capital Stock (other than shares of Capital Stock not eligible for resale under Rule 144 under the Securities Act) on a national securities exchange by means of an effective registration statement on Form S-1 filed by the Company with the SEC that registers shares of existing capital stock of the Company for resale, as approved by the Company’s board of directors, where such listing shall not be deemed to be an underwritten offering and shall not involve any underwriting services; or (C) the completion of a reverse merger or take-over whereby an entity (I) whose securities are listed and posted for trading or quoted on a recognized exchange, or (II) is a reporting issuer in the United States or the equivalent in any foreign jurisdiction, acquires all of the issued and outstanding Capital Stock of the Company.

**“Liquidity Capitalization”** means the number, as of immediately prior to the Liquidity Event, of shares of the Company’s capital stock (on an as-converted basis) outstanding, assuming exercise or conversion of all outstanding vested and unvested options, warrants and other convertible securities, but excluding: (i) shares of Capital Stock reserved and available for future grant under any equity incentive or similar plan; (ii) any SAFEs; (iii) convertible promissory notes; and (iv) any equity securities that are issuable upon conversion of any outstanding convertible promissory notes or SAFEs.

“**Liquidity Event**” means a Change of Control or an IPO.

“**Liquidity Price**” means the price per share equal to (x) the Valuation Cap divided by (y) the Liquidity Capitalization.

“**Lock-up Period**” means the period commencing on the date of the final prospectus relating to the Company’s IPO, and ending on the date specified by the Company and the managing underwriter(s). Such period shall not exceed one hundred eighty (180) days, or such other period as may be requested by the Company or an underwriter to accommodate regulatory restrictions on (i) the publication or other distribution of research reports, and (ii) analyst recommendations and opinions.

“**Nominee**” means Republic Investment Services LLC (f/k/a NextSeed Services, LLC), an affiliate of the Intermediary.

“**Preferred Stock**” means the preferred stock of the Company.

“**SAFE**” means any simple agreement for future equity (or other similar agreement), including a Crowd SAFE, which is issued by the Company for bona fide financing purposes and which may convert into Capital Stock in accordance with its terms.

“**SAFE Price**” means the price per share equal to (x) the Valuation Cap divided by (y) the Fully Diluted Capitalization.

### **3. Company Representations**

(a) The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, and has the power and authority to own, lease and operate its properties and carry on its business as now conducted.

(b) The execution, delivery and performance by the Company of this instrument is within the power of the Company and, other than with respect to the actions to be taken when equity is to be issued to Investor, has been duly authorized by all necessary actions on the part of the Company. This instrument constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors’ rights generally and general principles of equity. To the knowledge of the Company, it is not in violation of (i) its current charter or bylaws; (ii) any material statute, rule or regulation applicable to the Company; or (iii) any material indenture or contract to which the Company is a party or by which it is bound, where, in each case, such violation or default, individually, or together with all such violations or defaults, could reasonably be expected to have a material adverse effect on the Company.

(c) The performance and consummation of the transactions contemplated by this instrument do not and will not: (i) violate any material judgment, statute, rule or regulation applicable to the Company; (ii) result in the acceleration of any material indenture or contract to which the Company is a party or by which it is bound; or (iii) result in the creation or imposition of any lien upon any property, asset or revenue of the Company or the suspension, forfeiture, or nonrenewal of any material permit, license or authorization applicable to the Company, its business or operations.

(d) No consents or approvals are required in connection with the performance of this instrument, other than: (i) the Company’s corporate approvals; (ii) any qualifications or filings under applicable securities laws; and (iii) necessary corporate approvals for the authorization of shares of Ember Shadow Series issuable pursuant to Section 1.

(e) The Company shall, prior to the conversion of this instrument, reserve from its authorized but unissued shares of Capital Stock for issuance and delivery upon the conversion of this instrument, such number of shares of the Capital Stock as necessary to effect the conversion contemplated by this instrument, and, from time to time, will take all steps necessary to amend its charter to provide sufficient authorized numbers of shares of the Capital Stock issuable upon the conversion of this instrument. All such shares shall be duly authorized, and when issued upon any such conversion, shall be validly issued, fully paid and non-assessable, free and clear of all liens, security interests, charges and other encumbrances or restrictions on sale and free and clear of all preemptive rights, except encumbrances or restrictions arising under federal or state securities laws.

#### **4. *Investor Representations***

(a) The Investor has full legal capacity, power and authority to execute and deliver this instrument and to perform its obligations hereunder. This instrument constitutes a valid and binding obligation of the Investor, enforceable in accordance with its terms, except as limited by bankruptcy, insolvency or other laws of general application relating to or affecting the enforcement of creditors' rights generally and general principles of equity.

(b) The Investor has been advised that this instrument and the underlying securities have not been registered under the Securities Act or any state securities laws and are offered and sold hereby pursuant to Rule 506(c) of Regulation D under the Securities Act. The Investor understands that neither this instrument nor the underlying securities may be resold or otherwise transferred unless they are subsequently registered under the Securities Act and applicable state securities laws or unless an exemption from the registration or other requirements of the Securities Act and any other securities laws are available to consummate the transaction.

(c) The Investor is purchasing this instrument and the securities to be acquired by the Investor hereunder for its own account for investment, not as a nominee or agent, and not with a view to, or for resale in connection with, the distribution thereof, and the Investor has no present intention of selling, granting any participation in, or otherwise distributing the same. The Investor understands that the Securities have not been, and will not be, registered under the Securities Act or any state securities laws, by reason of specific exemptions under the provisions thereof which depend upon, among other things, the bona fide nature of the investment intent and the accuracy of each Investor's representations as expressed herein.

(d) The Investor is an "accredited investor" as defined under Rule 501 of Regulation D under the Securities Act, and the Investor has such experience in business and financial matters that Investor is capable of evaluating the merits and risks of an investment in securities of the Company. Investor acknowledges and agrees that pursuant to Rule 506(c) of Regulation D under the Securities Act, the Company may offer to sell Crowd SAFEs by means of general solicitation or general advertising and that the Company will seek to verify that the Investor is an "accredited investor" and that the Investor will provide truthful, accurate and complete information and documentation as reasonably requested by the Company to verify the Investor's status as an "accredited investor".

(e) The Investor acknowledges that the Investor has received all the information the Investor has requested from the Company and the Investor considers necessary or appropriate for deciding whether to acquire this instrument and the underlying securities, and the Investor represents that the Investor has had an opportunity to ask questions and receive answers from the Company regarding the terms and conditions of this instrument and the underlying securities and to obtain any additional information necessary to verify the accuracy of the information given to the Investor. In deciding to purchase this instrument, the Investor is not relying on the advice or recommendations of the Company or of the Intermediary and the Investor has made its own independent decision that an investment in this instrument

and the underlying securities is suitable and appropriate for the Investor. The Investor understands that no federal or state agency has passed upon the merits or risks of an investment in this instrument and the underlying securities or made any finding or determination concerning the fairness or advisability of this investment.

(f) The Investor understands and acknowledges that as a Crowd SAFE investor, the Investor shall have no voting, information or inspection rights, aside from any disclosure requirements the Company is required to make under relevant securities regulations.

(g) The Investor understands that no public market now exists for any of the securities issued by the Company, and that the Company has made no assurances that a public market will ever exist for this instrument and the securities to be acquired by the Investor hereunder.

(h) The Investor is not (i) a citizen or resident of a geographic area in which the purchase or holding of the Crowd SAFE and the underlying securities is prohibited by applicable law, decree, regulation, treaty, or administrative act, (ii) a citizen or resident of, or located in, a geographic area that is subject to U.S. or other applicable sanctions or embargoes, or (iii) an individual, or an individual employed by or associated with an entity, identified on the U.S. Department of Commerce's Denied Persons or Entity List, the U.S. Department of Treasury's Specially Designated Nationals List, the U.S. Department of State's Debarred Parties List or other applicable sanctions lists. Investor hereby represents and agrees that if Investor's country of residence or other circumstances change such that the above representations are no longer accurate, Investor will immediately notify Company. Investor further represents and warrants that it will not knowingly sell or otherwise transfer any interest in the Crowd SAFE or the underlying securities to a party subject to U.S. or other applicable sanctions.

(i) If the Investor is not a United States person (as defined by Section 7701(a)(30) of the Internal Revenue Code of 1986, as amended), the Investor hereby represents that it has satisfied itself as to the full observance of the laws of its jurisdiction in connection with any invitation, subscription and payment for, and continued ownership of, its beneficial interest in the Crowd SAFE and the underlying securities will not violate any applicable securities or other laws of the Investor's jurisdiction, including (i) the legal requirements within its jurisdiction for the subscription and the purchase of its beneficial interest in the Crowd SAFE; (ii) any foreign exchange restrictions applicable to such subscription and purchase; (iii) any governmental or other consents that may need to be obtained; and (iv) the income tax and other tax consequences, if any, that may be relevant to the purchase, holding, conversion, redemption, sale, or transfer of its beneficial interest in the Crowd SAFE and the underlying securities. The Investor acknowledges that the Company has taken no action in foreign jurisdictions with respect to the Crowd SAFE (and the Investor's beneficial interest therein) and the underlying securities.

(j) If the Investor is a corporate entity: (i) such corporate entity is duly incorporated, validly existing and in good standing under the laws of the state of its incorporation, and has the power and authority to enter into this Crowd SAFE; (ii) the execution, delivery and performance by the Investor of the Crowd SAFE is within the power of the Investor and has been duly authorized by all necessary actions on the part of the Investor; (iii) to the knowledge of the Investor, it is not in violation of its current charter or bylaws, any material statute, rule or regulation applicable to the Investor; and (iv) the performance of this Crowd SAFE does not and will not violate any material judgment, statute, rule or regulation applicable to the Investor; result in the acceleration of any material indenture or contract to which the Investor is a party or by which it is bound, or otherwise result in the creation or imposition of any lien upon the Purchase Amount.

(k) The Investor further acknowledges that it has read, understood, and had ample opportunity to ask Company questions about its business plans, "Risk Factors," and all other information presented in

the Company's Private Placement Memorandum and its offering page on the platform found at <https://republic.com/ember-fund-reg-d>.

(l) The Investor represents that the Investor understands the substantial likelihood that the Investor will suffer a **TOTAL LOSS** of all capital invested, and that Investor is prepared to bear the risk of such total loss.

##### **5. Transfer Restrictions.**

(a) The Investor hereby agrees that during the Lock-up Period it will not, without the prior written consent of the managing underwriter: (A) lend; 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, any shares of Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock (whether such shares or any such securities are then owned by the Investor or are thereafter acquired); or (B) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of such securities; whether any such transaction described in clause (A) or (B) above is to be settled by delivery of Common Stock or other securities, in cash, or otherwise.

(b) The foregoing provisions of Section 5(a) will: (x) apply only to the IPO and will not apply to the sale of any shares to an underwriter pursuant to an underwriting agreement; (y) not apply to the transfer of any shares to any trust for the direct or indirect benefit of the Investor or the immediate family of the Investor, provided that the trustee of the trust agrees to be bound in writing by the restrictions set forth herein, and provided further that any such transfer will not involve a disposition for value; and (z) be applicable to the Investor only if all officers and directors of the Company are subject to the same restrictions and the Company uses commercially reasonable efforts to obtain a similar agreement from all stockholders individually owning more than 5% of the outstanding Common Stock or any securities convertible into or exercisable or exchangeable (directly or indirectly) for Common Stock. Notwithstanding anything herein to the contrary, the underwriters in connection with the IPO are intended third-party beneficiaries of Section 5(a) and will have the right, power and authority to enforce the provisions hereof as though they were a party hereto. The Investor further agrees to execute such agreements as may be reasonably requested by the underwriters in connection with the IPO that are consistent with Section 5(a) or that are necessary to give further effect thereto.

(c) In order to enforce the foregoing covenant, the Company may impose stop transfer instructions with respect to the Investor's registrable securities of the Company (and the Company shares or securities of every other person subject to the foregoing restriction) until the end of the Lock-up Period. The Investor agrees that a legend reading substantially as follows will be placed on all certificates representing all of the Investor's registrable securities of the Company (and the shares or securities of the Company held by every other person subject to the restriction contained in Section 5(a)):

THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A LOCK-UP PERIOD BEGINNING ON THE EFFECTIVE DATE OF THE COMPANY'S REGISTRATION STATEMENT FILED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AS SET FORTH IN AN AGREEMENT BETWEEN THE COMPANY AND THE ORIGINAL HOLDER OF THESE SECURITIES, A COPY OF WHICH MAY BE OBTAINED AT THE COMPANY'S PRINCIPAL OFFICE. SUCH LOCK-UP PERIOD IS BINDING ON TRANSFEREES OF THESE SECURITIES.

(d) Without in any way limiting the representations and warranties set forth in Section 4 above, the Investor further agrees not to make any disposition of all or any portion of this instrument or the

underlying securities unless and until the transferee has agreed in writing for the benefit of the Company to make the representations and warranties set out in Section 4 and the undertaking set out in Section 5(a) and:

(i) There is then in effect a registration statement under the Securities Act covering such proposed disposition and such disposition is made in accordance with such registration statement; or

(ii) The Investor shall have notified the Company of the proposed disposition and shall have furnished the Company with a detailed statement of the circumstances surrounding the proposed disposition and, if reasonably requested by the Company, the Investor shall have furnished the Company with an opinion of counsel reasonably satisfactory to the Company that such disposition will not require registration of such shares under the Securities Act.

(e) The Investor agrees that it shall not make any disposition of this instrument or any underlying securities to any of the Company's competitors, as determined by the Company in good faith.

(f) The Investor understands and agrees that the Company will place the legend set forth below or a similar legend on any book entry or other forms of notation evidencing this Crowd SAFE and any certificates evidencing the underlying securities, together with any other legends that may be required by state or federal securities laws, the Company's charter or bylaws, any other agreement between the Investor and the Company or any agreement between the Investor and any third party:

THE SECURITIES REPRESENTED BY THIS INSTRUMENT, AND ANY SECURITIES ISSUED UPON CONVERSION OF THIS INSTRUMENT, HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY STATE SECURITIES LAWS AND NEITHER SUCH SECURITIES NOR ANY INTEREST THEREIN MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED EXCEPT (1) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR (2) PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS, IN WHICH CASE THE HOLDER MUST, PRIOR TO SUCH TRANSFER, FURNISH TO THE COMPANY AN OPINION OF COUNSEL, WHICH COUNSEL AND OPINION ARE REASONABLY SATISFACTORY TO THE COMPANY, THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED, ASSIGNED OR OTHERWISE TRANSFERRED IN THE MANNER CONTEMPLATED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS.

## **6. *Miscellaneous***

(a) The Investor agrees to execute the Nominee Rider and Waiver, attached hereto as Exhibit A contemporaneously and in connection with the purchase of this Crowd SAFE.

(b) The Investor agrees to take any and all actions determined in good faith by the Company's board of directors to be advisable to reorganize this instrument and any shares of Capital Stock issued pursuant to the terms of this instrument into a special purpose vehicle or other entity designed to aggregate the interests of holders of Crowd SAFES.

(c) Any provision of this instrument may be amended, waived or modified only upon the written consent of either (i) the Company and the Investor, or (ii) the Company and the majority of the Investors (calculated based on the Purchase Amount of each Investor's Crowd SAFE).

(d) Any notice required or permitted by this instrument will be deemed sufficient when delivered personally or by overnight courier or sent by email to the relevant address listed on the signature page, or 48 hours after being deposited in the U.S. mail as certified or registered mail with postage prepaid, addressed to the party to be notified at such party's address listed on the signature page, as subsequently modified by written notice.

(e) The Investor is not entitled, as a holder of this instrument, to vote or receive dividends or be deemed the holder of Capital Stock for any purpose, nor will anything contained herein be construed to confer on the Investor, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors 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 until shares have been issued upon the terms described herein.

(f) Neither this instrument nor the rights contained herein may be assigned, by operation of law or otherwise, by either party without the prior written consent of the other; *provided, however*, that this instrument and/or the rights contained herein may be assigned without the Company's consent by the Investor to any other entity who directly or indirectly, controls, is controlled by or is under common control with the Investor, including, without limitation, any general partner, managing member, officer or director of the Investor, or any venture capital fund now or hereafter existing which is controlled by one or more general partners or managing members of, or shares the same management company with, the Investor; and *provided, further*, that the Company may assign this instrument in whole, without the consent of the Investor, in connection with a reincorporation to change the Company's domicile.

(g) In the event any one or more of the terms or provisions of this instrument is for any reason held to be invalid, illegal or unenforceable, in whole or in part or in any respect, or in the event that any one or more of the terms or provisions of this instrument operate or would prospectively operate to invalidate this instrument, then such term(s) or provision(s) only will be deemed null and void and will not affect any other term or provision of this instrument and the remaining terms and provisions of this instrument will remain operative and in full force and effect and will not be affected, prejudiced, or disturbed thereby.

(h) All securities issued under this instrument may be issued in whole or fractional parts, in the Company's sole discretion.

(i) All rights and obligations hereunder will be governed by the laws of the State of New York, without regard to the conflicts of law provisions of such jurisdiction.

(j) Any dispute, controversy or claim arising out of, relating to or in connection with this instrument, including the breach or validity thereof, shall be determined by final and binding arbitration administered by the American Arbitration Association (the "AAA") under its Commercial Arbitration Rules and Mediation Procedures ("**Commercial Rules**"). The award rendered by the arbitrator shall be final, non-appealable and binding on the parties and may be entered and enforced in any court having jurisdiction. There shall be one arbitrator agreed to by the parties within twenty (20) days of receipt by respondent of the request for arbitration or, in default thereof, appointed by the AAA in accordance with its Commercial Rules. The place of arbitration shall be New York, New York. Except as may be required by law or to protect a legal right, neither a party nor the arbitrator may disclose the existence, content or results of any arbitration without the prior written consent of the other parties.

(k) The parties acknowledge and agree that for United States federal and state income tax purposes this Crowd SAFE is, and at all times has been, intended to be characterized as stock, and more particularly as common stock for purposes of Sections 304, 305, 306, 354, 368, 1036 and 1202 of the Internal Revenue Code of 1986, as amended. Accordingly, the parties agree to treat this Crowd SAFE

consistent with the foregoing intent for all United States federal and state income tax purposes (including, without limitation, on their respective tax returns or other informational statements).

(l) The Investor agrees any action contemplated by this Crowd SAFE and requested by the Company must be completed by the Investor within thirty (30) calendar days of receipt of the relevant notice (whether actual or constructive) to the Investor.

*(Signature page follows)*

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

**EMBER FUND, INC.**

By:

Name: Alex Wang

Title: Chief Executive Officer

Address: 12130 Millennium Drive 02-174, Los Angeles CA 90094

Email: [alex@emberfund.io](mailto:alex@emberfund.io)

**INVESTOR:**

By:

Name:

**EXHIBIT A**

*Nominee Rider and Waiver*

## Nominee Rider and Waiver

Republic Investment Services LLC (f/k/a NextSeed Services, LLC) (the “**Nominee**”) is hereby appointed to act on behalf of the Investor as agent and proxy in all respects under the Crowd SAFE Series 2022 issued by Ember Fund, Inc., a Delaware corporation (the “**Security**”), to receive all notices and communications on behalf of the Investor, cause the Security or any securities which may be acquired upon conversion thereof (the “**Conversion Securities**”) to be custodied with a qualified custodian, and, to the extent the Securities or Conversion Securities are entitled to vote at any meeting or take action by consent, Nominee is authorized and empowered to vote and act on behalf of Investor in all respects thereto until the expiry of the Term (as defined below) (collectively the “**Nominee Services**”). Defined terms used in this Nominee Rider and Waiver are controlled by the Security unless otherwise defined.

Nominee shall vote all such Securities and Conversion Securities at the direction of the Chief Executive Officer of Ember Fund, Inc.. Neither Nominee nor any of its affiliates nor any of their respective officers, partners, equity holders, managers, officers, directors, employees, agents or representatives shall be liable to Investor for any action taken or omitted to be taken by it hereunder, or in connection herewith or therewith, except for damages caused by its or their own recklessness or willful misconduct.

Upon any conversion of the Securities into Conversion Securities of the Company, in accordance with the terms of the Securities, Nominee will execute and deliver to the Company all transaction documents related to such transaction or other corporate event causing the conversion of the Securities in accordance therewith; *provided*, that such transaction documents are the same documents to be entered into by all holders of other Securities of the same class issued by the Company that will convert in connection with the Equity Financing or other corporate event and being the same as the purchasers in such Equity Financing or corporate event. The Investor acknowledges and agrees, as part of the process, the Nominee may open an account in the name of the Investor with a qualified custodian and allow the qualified custodian to take custody of the Conversion Securities in exchange for a corresponding beneficial interest held by the Investor. Upon any such conversion or changing of title, Nominee will take reasonable steps to send notice to the Investor, using the last known contact information of such Investor.

The “**Term**” the Nominee Services will be provided will be the earlier of the time which the Securities or any Conversion Securities are (i) terminated, (ii) registered under the Exchange Act, or (iii) the time which the Nominee, the Investor and the Company mutually agree to terminate the Nominee Services.

To the extent you provide the Company with any personally identifiable information in connection with your election to invest in the Securities, the Company and its affiliates may share such information with the Nominee, the Intermediary, and the appointed transfer agent for the Securities solely for the purposes of facilitating the offering of the Securities and for each party to provide services with respect to the ownership and administration of the Securities. Investor irrevocably consents to such uses of Investor’s personally identifiable information for these purposes during the Term and Investor acknowledges that the use of such personally identifiable information is necessary for the Nominee to provide the Nominee Services.

*(Remainder of Page Intentionally Blank – Signature Page to Follow)*

IN WITNESS WHEREOF, the undersigned have caused this instrument to be duly executed and delivered.

**INVESTOR:**

By:  
Name:  
Date:

**NOMINEE:**

**Republic Investment Services LLC**

By:  
Name: Youngro Lee, CEO  
Date:

**COMPANY:**

By:  
Name:  
Date:

**EXHIBIT B**  
**FINANCIAL STATEMENTS**

EMBER FUND, INC.

FINANCIAL STATEMENTS

For the Years Ended December 31, 2021 and 2020

EMBER FUND, INC.  
FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Management  
Ember Fund, Inc.  
Los Angeles, California

### Opinion

We have audited the accompanying financial statements of Ember Fund, Inc. (a Corporation), which comprise the balance sheets as of December 31, 2021 and 2020, and the related statements of operations, stockholders' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ember Fund, Inc. as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ember Fund, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ember Fund, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ember Fund, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ember Fund Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

*Cg Tax, Audit & Advisory*

Tinton Falls, New Jersey  
April 29, 2022

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EMBER FUND, INC.

BALANCE SHEETS

December 31, 2021 and 2020

ASSETS	<u>2021</u>	<u>2020</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 2,667,234	\$ 237,957
Custodial Assets	1,350,000	-
Prepaid and Other Current Assets	<u>18,628</u>	<u>-</u>
Total Current Assets	4,035,862	237,957
Property and Equipment, net	22,533	-
<b>OTHER ASSETS</b>		
Digital Assets	425,336	216,089
Internally Developed Software, net	318,047	-
Investment in Set Labs Inc.	50,250	-
Security Deposit	3,128	3,128
Shareholder Notes Receivable	<u>312,748</u>	<u>3,776</u>
Total Assets	<u>\$ 5,167,904</u>	<u>\$ 457,821</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Credit Cards Payable	\$ 38,465	\$ 40,543
Custodial Liabilities	1,350,000	-
Accrued Expenses and Other Liabilities	74,810	316,684
Paycheck Protection Program Loan	-	39,939
Due to Shareholders	<u>35,697</u>	<u>28,526</u>
Total Current Liabilities	<u>1,498,972</u>	<u>425,691</u>
Total Liabilities	<u>1,498,972</u>	<u>425,691</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common Stock	688	704
Treasury Stock, at cost	-	(1,800)
Convertible SAFE, net	5,907,319	621,319
Additional Paid in Capital	(25,492)	32,851
Retained Earnings	<u>(2,213,583)</u>	<u>(620,944)</u>
Total Stockholders' Equity	<u>3,668,932</u>	<u>32,130</u>
Total Liabilities and Stockholders' Equity	<u>\$ 5,167,904</u>	<u>\$ 457,821</u>

See Accompanying Notes and Independent Auditor's Report

EMBER FUND, INC.

STATEMENTS OF OPERATIONS  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenue	\$ 1,392,642	\$ 305,821
Cost of Goods Sold	<u>70,076</u>	<u>3,285</u>
Gross Profit	1,322,566	302,535
Operating Expenses:		
Selling, General, and Administrative Expenses	<u>3,251,363</u>	<u>887,182</u>
Loss from Operations	<u>(1,928,797)</u>	<u>(584,647)</u>
Other Income (Expense):		
Impairment of Digital Assets	(9,423)	-
Gain on Sale of Digital Assets	285,245	37,853
Other Income	1,333	5,184
Paycheck Protection Program Loan Forgiveness	39,939	-
Advance on R&D Tax Credit	15,632	-
Interest Income, net	<u>3,432</u>	<u>-</u>
Total Other Income	<u>336,158</u>	<u>43,037</u>
Net Loss	<u>\$ (1,592,639)</u>	<u>\$ (541,610)</u>

See Accompanying Notes and Independent Auditor's Report

EMBER FUND, INC.

STATEMENTS OF STOCKHOLDERS' EQUITY  
For the Years Ended December 31, 2021 and 2020

	Common Stock (1)		Treasury Stock		Convertible SAFE	Additional Paid in Capital	Retained Earnings	Total
	Shares	Amount	Shares	Amount				
Balance at January 1, 2020	7,040,000	\$ 704	960,000	\$ (1,800)	\$ 106,901	\$ 18,162	\$ (79,334)	\$ 44,633
Convertible SAFE Issuance, net	-	-	-	-	514,418	-	-	514,418
Stock Based Compensation	-	-	-	-	-	14,689	-	14,689
Net Loss	-	-	-	-	-	-	(541,610)	(541,610)
Balance at December 31, 2020	7,040,000	\$ 704	960,000	\$ (1,800)	\$ 621,319	\$ 32,851	\$ (620,944)	\$ 32,130
Common Stock Repurchase	(160,000)	(16)	160,000	(97,151)	-	16	-	(97,151)
Treasury Shares Reissued	-	-	(1,120,000)	98,951	-	(98,951)	-	-
Convertible SAFE Issuance, net	-	-	-	-	5,286,000	-	-	5,286,000
Stock Based Compensation	-	-	-	-	-	40,592	-	40,592
Net Loss	-	-	-	-	-	-	(1,592,639)	(1,592,639)
Balance at December 31, 2021	<u>6,880,000</u>	<u>\$ 688</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 5,907,319</u>	<u>\$ (25,492)</u>	<u>\$ (2,213,583)</u>	<u>\$ 3,668,932</u>

(1) Common Stock has a Par Value of \$.0001 per share

As of December 31, 2021 and 2020 there were 10,000,000 shares authorized

As of December 31, 2021 and 2020 there were 6,880,000 and 7,040,000 issued and outstanding, respectively

EMBER FUND, INC.

STATEMENTS OF CASH FLOWS  
For the Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Loss	\$ (1,592,639)	\$ (541,610)
Adjustments to reconcile net loss to net cash provided from operating activities:		
Depreciation	4,923	-
Amortization of Internally Developed Software	5,154	-
Stock Based Compensation	40,592	14,689
Paycheck Protection Program Forgiveness	(39,939)	-
(Increase) Decrease in:		
Custodial Assets	(1,350,000)	-
Prepaid and Other Current Assets	(18,628)	-
Digital Assets	(494,493)	(248,272)
Increase (Decrease) in:		
Credit Cards Payable	(2,078)	28,595
Custodial Liabilities	1,350,000	-
Accrued Expenses and Other Liabilities	(241,875)	313,470
Net Cash Used in Operating Activities	<u>(2,338,982)</u>	<u>(433,128)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Repurchase of Common Stock	(97,151)	-
Internally Developed Software	(323,201)	-
Investment in Set Labs Inc.	(50,250)	-
Acquisition of Property and Equipment	(27,456)	-
Net Cash Used in Investing Activities	<u>(498,058)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Paycheck Protection Program	-	39,939
Gain on Sales of Digital Assets	285,245	37,853
Issuance of Shareholder Notes Receivable	(312,099)	-
Proceeds from Shareholder Notes Payable	7,171	-
Issuance from Shareholder Notes Payable	-	(179)
Proceeds from Convertible SAFE Issuance	5,286,000	514,418
Net Cash Provided by Financing Activities	<u>5,266,317</u>	<u>592,031</u>
Net Increase in Cash	2,429,278	158,903
Cash and Cash Equivalents, Beginning of Year	<u>237,957</u>	<u>79,054</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,667,234</u>	<u>\$ 237,957</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid During the Years Ended for:		
Interest	<u>\$ 196</u>	<u>\$ -</u>
Taxes	<u>\$ 5,324</u>	<u>\$ 1,250</u>

See Accompanying Notes and Independent Auditor's Report

## EMBER FUND, INC.

### NOTES TO FINANCIAL STATEMENTS For the Years Ended December 31, 2021 and 2020

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Operations

Ember Fund, LLC was formed on April 28, 2018 as a Wyoming Limited Liability Company. On June 19, 2019 the Company converted to a Delaware Corporation named Ember Fund, Inc. (the “Company”). The Company began business operations during 2019.

Ember Fund, Inc. has developed the first mobile app in the world that allows investors to easily invest in multi-coin cryptocurrency portfolios, which automatically rebalance by market capitalization each month.

##### Basis of Accounting

The Company prepares its financial statements with accounting principles generally accepted in the United States of America which includes accrual method of accounting, recognizing income when earned and expenses when incurred.

##### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates.

The outbreak of the novel strain of coronavirus (“COVID-19”) has severely impacted, and continues to severely impact the U.S. and global economies. We cannot estimate the length or severity of the COVID-19 pandemic or the related U.S. and global economic consequences on our business and operations, including whether and when historic economic and operating conditions will resume or the extent to which the disruption may impact our business, financial position, results of operations or cash flow. Our estimates, judgments and assumptions related to COVID-19 could ultimately differ over time.

##### Cash and Cash Equivalents

Cash and Cash Equivalents include Digital Asset accounts held in the form of stablecoin, and any highly liquid short-term investments with original maturity dates of less than three months. Stablecoin included in Cash and Cash Equivalents are cryptocurrencies that peg their market value to the United States Dollar.

##### Investments

During 2021, the Company made a \$50,250 investment to purchase a preferred stock interest in Set Labs Inc. Investments in equity securities with readily determinable values are recorded at fair value in the balance sheet and any unrealized gain or loss on investments is recorded in the Statement of Operations. This investment has unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. As of December 31, 2021 there was no gain or loss on investments recorded.

##### Property and Equipment

Property and equipment are recorded at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 3 years. Major

EMBER FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment (Continued)

additions and improvements are capitalized. Expenditures for repairs and maintenance are recorded as expenses when incurred.

Digital Assets

Digital Assets include assets held in the form of Bitcoin, Ethereum, and Litecoin Dollar cryptocurrency. Digital Assets are recorded at cost and tested for impairment at each reporting period or upon a triggering event. Impairments as of December 31, 2021 and 2020 were \$9,423 and \$0, respectively.

As a result of trading cryptocurrency, the Company recorded gains on digital assets as of December 31, 2021 and 2020 of \$285,245 and \$37,853, respectively.

The fair market value of cryptocurrency held by the Company as of December 31, 2021 and 2020 was \$475,122 and \$340,937, respectively.

Revenue Recognition

Revenue is recognized at the point in time when the Company's performance obligations with the applicable customers have been satisfied. At contract inception, the Company determines if the contract is within the scope of ASC Topic 606 and then evaluates the contract using the following five steps: (1) identify the contract with the customer; (2) identify the performance obligations; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize revenue at the point in time when the entity satisfies a performance obligation.

The Company generates its revenue through fees earned based on customer deposits and through portfolio management fees.

Revenue is recorded at the transaction price, which is the amount of consideration the Company expects to receive in exchange for providing services to a customer. Revenue is recognized at a point in time upon completion of service provided to a customer. The Company determines the transaction price based on fixed consideration in its contractual agreements, and the transaction price is allocated entirely to the performance obligation to provide service. In determining the transaction price, a significant financing component does not exist since the timing from when the Company delivers service to when the customers pay for the product is less than one year and the customers do not pay for product in advance of the transfer of the product.

Income Taxes

The Company has been formed as a "C" Corporation for federal and state income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to the difference between the bases of certain assets and liabilities for financial and tax reporting. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed by U.S. generally accepted accounting principles. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred taxes are also recognized for operating losses that are available to offset federal and state income taxes. Valuation allowances are established when necessary to reduce deferred tax assets and liabilities to the amount expected to be realized.

EMBER FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes (Continued)

The Company follows ASC Topic 740-10, "Accounting for Uncertainty in Income Taxes", which prescribes a recognition threshold and measurement attribute for combined financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return.

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the years ended December 31, 2021 and 2020, the Company has determined there are no material uncertain tax positions to be accounted for in the financial statements. Penalties and interest assessed by income taxing authorities would be included in operating expenses. No authorities have commenced income tax examinations as of December 31, 2021 and 2020.

Concentration of Credit Risk

The Company maintains cash balances at one institution, which may exceed federally insured limits. The Federal Deposit Insurance Corporation ("FDIC") insures these accounts up to \$250,000 per depositor. The Company historically has not experienced any related cash in bank losses.

Advertising

The Company expenses advertising costs as they are incurred. Advertising expense for the years ended December 31, 2021 and 2020 were \$1,844,555 and \$539,363, respectively.

Subsequent Events

Subsequent events were evaluated through the date of the independent auditor's report which is the date the financial statements were available to be issued.

On March 7, 2022, the Company issued 252,333 time vesting stock option awards to employees of the Company.

Fair Value Measurement

The Company has provided fair value disclosure information for relevant assets and liabilities in these financial statements. The following table summarizes assets which have been accounted for at fair value as of December 31, 2021 and 2020 along with the basis for the determination of fair value:

	<u>Unobservable Inputs (Level 3)</u>	
	<u>2021</u>	<u>2020</u>
Investment in Set Labs Inc.	\$ 50,250	\$ -

The Organization utilizes three levels of inputs to measure the fair value of (a) nonfinancial assets and liabilities that are recognized or disclosed at fair value in the Company's financial statements on a recurring basis (at least annually) and (b) all financial assets and liabilities. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value must maximize the use of observable inputs and minimize the use of unobservable inputs.

EMBER FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement (Continued)

The first two inputs are considered observable and the last is considered unobservable. The levels of inputs are as follows:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Custodial Assets and Liabilities

From time to time third party investors will send funds to the Company to invest in cryptocurrency, for purposes of investment gain. Under these arrangements, the Company would take a commission on total gains for the investor. As of December 31, 2021 and 2020, the Company has received \$1,350,000 and \$0, respectively, from investors for this purpose. These funds are recorded as a current asset and current liability on the balance sheet. As of December 31, 2021 and 2020, the Company has not yet begun investing these funds, and thus has not recognized any gain or loss. Additionally, funds are held in the form of cash or stablecoin until they are invested.

Internally Developed Software

In accordance with ASC 350-40, "Internal-Use Software", the Company capitalizes its costs to develop its internal use software when preliminary development efforts are successfully completed, management has authorized and committed project funding, and it is probable that the project will be completed and the software will be used as intended. These costs are included in internally developed software on the Company's balance sheets and are amortized on a straight-line basis over the estimated useful life of the related asset, which approximates three years. Costs incurred prior to meeting these criteria, together with costs incurred for training and maintenance, are expensed as incurred.

Amortization expense totaled \$5,154 and \$0 for the years ended December 31, 2021 and 2020, respectively.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31,

	<u>2021</u>	<u>2020</u>
Computer Equipment	\$ 27,456	\$ -
Less: Accumulated Depreciation	<u>(4,923)</u>	<u>-</u>
	<u>\$ 22,533</u>	<u>\$ -</u>

Depreciation expense totaled \$4,923 and \$0 for the years ended December 31, 2021 and 2020, respectively.

EMBER FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

NOTE 3 – SHAREHOLDER NOTES RECEIVABLE

On April 26, 2021, the Company entered into three shareholder notes receivable totaling \$312,748. The notes are due upon maturity which is April 26, 2031. The notes bear interest at a rate of 1.73% per annum. As of December 31, 2021 and 2020, outstanding principal related to these notes was \$312,748 and \$0, respectively. As of December 31, 2021 and 2020, interest income related to these notes was \$3,628 and \$0, respectively.

NOTE 4 – DUE TO SHAREHOLDERS

From time to time certain shareholders of the Company are owed reimbursement for expenses paid out of pocket on behalf of the Company. There is no formal agreement for these balances and they do not incur interest. These amounts are reflected in the balance sheets as shareholders notes payable, have no maturity date, and are due upon demand. Total amounts outstanding as of December 31, 2021 and 2020 were \$35,697 and \$28,526, respectively.

NOTE 5 – PAYCHECK PROTECTION PROGRAM LOAN

During 2020, the Company received funding under the SBA Paycheck Protection Program (“PPP”) and was granted a loan under the CARES Act which was enacted March 27, 2020. The Company received a loan in the amount of \$39,939. Funds from the PPP Loan were used as required for eligible payroll costs and costs used to continue group health care benefits. The loan bears interest at 1% per annum. The Company received full forgiveness on September 21, 2021.

NOTE 6 – CONVERTIBLE SAFE

During 2019 and 2020, the Company completed a Regulation Crowdfunding campaign in which they closed 1,859 individual SAFE agreements and raised \$602,765. As part of this campaign, the Company raised \$106,901 in 2019 and an additional, \$434,262 in 2020. Funds raised through these SAFE agreements are presented net of costs and fees incurred which totaled \$61,602. These SAFE agreements contain a Post-Money Valuation Cap of \$5,000,000 and a discount rate of 15%.

On April 6, 2020 the Company also entered into another SAFE agreement for a total of \$80,156. This SAFE contains a Post-Money Valuation Cap of \$5,000,000 and a discount rate of 15%.

During 2021, the Company entered into fifteen additional SAFE agreements for a total of \$5,286,000. These SAFE agreements contain a Post-Money Valuation Cap ranging from \$40,000,000 to \$60,000,000 and a discount rate of 85%.

As a result of these agreements, and upon a qualified financing of meeting the valuation caps, the SAFE agreements will automatically convert into shares of preferred stock equal to the purchase amount divided by the conversion price. The conversion price is based on the stock price per share of the qualified financing multiplied by the applicable discount rate. Prior to closing a qualified equity financing, the Company will re-organize their equity structure to ensure an appropriate number of authorized preferred shares of stock.

EMBER FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

NOTE 7 – STOCK BASED COMPENSATION

From time to time, the Company awards its employees and consultants with stock option awards in accordance with the Ember Fund, Inc. 2020 Equity Incentive Plan.

In accordance with ASC Topic 718-10, "Stock Compensation", the Company measures stock based awards at fair value and recognizes compensation expense for all stock option awards made to its employees and consultants.

The Company estimates the fair value of stock options granted using the Black-Scholes valuation model. This model requires the Company to make estimates and assumptions including, among other things, estimates regarding the length of time an employee will retain vested stock options before exercising them, the estimated volatility of its common stock price and the number of options that will be forfeited prior to vesting. The fair value is then recognized on a straight line basis over the requisite service period of the award, which can be upon grant to four years. Changes in these estimates and assumptions can materially affect the determination of the fair value of the stock-based compensation and consequently, the related amount recognized in the Statement of Operations.

The Company has reserved 1,194,644 shares of common stock for issuance under the plan.

During 2020, the Company issued 569,208 stock options to employees and consultants. These awards have a total grant date fair value of \$92,700. In March 2021, the Company issued an additional 165,093 stock options to an employee with a grant date fair value of \$26,927. As of December 31, 2021 and 2020, stock based compensation was \$40,592 and \$14,689, respectively.

NOTE 8 – STOCK REPURCHASE

On June 18, 2019, the Company entered into a stock repurchase and release agreement with a shareholder. In connection with the agreement, the Company repurchased 960,000 shares of common stock in exchange for \$1,800. The shares were paid for in 2019 and the shares were held in treasury at cost until 2021 when the shares were reauthorized to be issued. As of December 31, 2021, these shares remain authorized but not issued or outstanding.

On February 16, 2021 the Company entered into a stock repurchase and release agreement with a shareholder. In connection with the agreement, the Company repurchased 160,000 shares of common stock in exchange for \$97,151. During 2021, the Company made payments of \$64,767. The remaining balance of \$32,384 is included within accrued expenses on the balance sheet as of December 31, 2021. This balance was paid in full during 2022. The shares repurchased were held in treasury at cost until 2021 when the shares were reauthorized to be issued. As of December 31, 2021 these shares remain authorized but not issued or outstanding.

NOTE 9 – LEASE COMMITMENTS

The Company rents office space in Los Angeles, California under an operating lease. The lease was entered into on March 2, 2021 and has an eleven month commitment. Rent expense for 2021 was \$62,152. As of December 31, 2021, the Company has a remaining commitment of two months for a total of \$16,180.

EMBER FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

NOTE 10 – RELATED PARTY TRANSACTIONS

During 2020 and 2021, the Company entered into shareholder notes receivable with certain related parties. There is also a due to shareholders balance owed to certain related parties. See Note 3 and Note 4 for more information.

During 2021, the Company obtained investments from two related parties in the form of convertible SAFE agreements which totaled \$175,000.

NOTE 11 – PROVISION FOR INCOME TAXES

The provision for (benefit from) income taxes for the years ended December 31, 2021 and 2020 consists of the following:

	<u>2021</u>	<u>2020</u>
Current:		
Federal	\$ -	\$ -
State	-	-
	<u>\$ -</u>	<u>\$ -</u>
Deferred:		
Federal	\$ 334,000	\$ 114,000
State	111,000	38,000
	<u>445,000</u>	<u>152,000</u>
Valuation allowance	<u>(445,000)</u>	<u>(152,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

Deferred taxes are recognized for temporary differences between the bases of assets and liabilities for financial statement and income tax purposes. The differences relate primarily to net operating loss carryforwards.

The Company's provision for income taxes differs from applying the statutory U.S. federal income tax rate to income before income taxes. The primary differences result from providing for state income taxes and from deducting certain expenses for financial purposes, but not for federal income tax purposes.

The Company's total net deferred tax asset (liability) at December 31, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Total Deferred Tax Assets	\$ 619,000	\$ 174,000
Allowance	<u>(619,000)</u>	<u>(174,000)</u>
Net	<u>\$ -</u>	<u>\$ -</u>

A valuation allowance has been recorded as it is anticipated that all deferred tax assets (liabilities) relating to the net operating losses will not be realized.

EMBER FUND, INC.

NOTES TO FINANCIAL STATEMENTS  
For the Years Ended December 31, 2021 and 2020

NOTE 11 – PROVISION FOR INCOME TAXES (Continued)

Those amounts have been presented in the Company's financial statements as follows:

	<u>2021</u>	<u>2020</u>
Deferred Tax Asset	\$ -	\$ -
Deferred Tax Liability	-	-
	<hr/>	<hr/>
Net Deferred Tax Asset (Liability)	<u>\$ -</u>	<u>\$ -</u>

The Company incurred a net operating loss during the years ended December 31, 2021, 2020 and 2019. The net operating loss and expiration dates are as follows:

<u>Year Ended December 31,</u>	<u>Approximate Amount of Loss</u>	<u>Expiration Date</u>
2019	\$79,000	December 31, 2039
2020	\$541,000	December 31, 2040
2021	\$1,600,000	December 31, 2041