

THIS PRIVATE PLACEMENT STATEMENT, THE INFORMATION PROVIDED HEREIN AND ANY ADDITIONAL INFORMATION OR MATERIALS PROVIDED TO YOU IN CONNECTION HERewith OR THE CONTEMPLATED SALE AND ANY ADDITIONAL COMMUNICATIONS RELATED TO THE CONTEMPLATED OFFERING ARE CONFIDENTIAL. YOU MAY NOT COPY THIS DOCUMENT (EXCEPT THAT YOU MAY MAKE COPIES FOR YOUR ADVISORS). YOU MAY USE THIS DOCUMENT ONLY TO EVALUATE THE CONTEMPLATED OFFERING. WE ARE NOT GIVING YOU ANY LEGAL, TAX OR INVESTMENT ADVICE. YOU SHOULD CONSULT YOUR OWN ADVISORS FOR SUCH ADVICE.

THE INTERESTS ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “*SECURITIES ACT*”), AND SUCH OTHER STATE LAWS PURSUANT TO REGISTRATION OR AN APPLICABLE EXEMPTION. THE INTERESTS HAVE NOT BEEN APPROVED OR DISPROVED BY THE SEC, ANY STATE SECURITIES COMMISSION OR OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT STATEMENT. THESE SECURITIES MAY ONLY BE OFFERED OR SOLD IN THE UNITED STATES TO “ACCREDITED INVESTORS” AS DEFINED IN SECTION 501 OF THE SECURITIES ACT) IN RELIANCE ON REGULATION D UNDER THE SECURITIES ACT.

Ingressus Limited

Confidential Private Placement Statement

RIGHT TO EQP TOKENS

SEE “*TERMS OF THE OFFERING*” FOR PRICING AND OTHER INFORMATION

June 28, 2022

This Confidential Private Placement Statement (this “*Private Placement Statement*”) has been prepared by Ingressus Limited, a British Virgin Islands company limited by shares (the “*Company*”), for use by certain prospective purchasers (each, a “*Purchaser*” and collectively, the “*Purchasers*”), to whom the Company is offering (the “*Offering*”) the opportunity to purchase EQP Tokens which shall be exchangeable for the native tokens of the Equilibrium Protocol (the “*Equilibrium Token*”), which is the native token intended to ultimately provide its holders (the “*Holder*s”) with certain governance rights and functionality within the Equilibrium Protocol. The EQP Token is a proxy token conceptualized and created specifically for this sale through the Republic Platform. The EQP Token has no planned utility except for its ability to be swapped for Equilibrium Token pursuant to this Offering through Republic.

The core technology in development by the Company, the Equilibrium Protocol, is under development, and no public market for the EQP Tokens or Equilibrium Tokens currently exists.

The EQP Token and Equilibrium Token may be subject to restrictions on transferability and resale and generally may not be transferred or resold except as specified herein and in the applicable Offering Document (as defined herein). Purchasers should be aware that they will be required to bear the financial risks of this purchase for an indefinite period of time. Additionally, Purchasers should be aware that any EQP Token acquired must be swapped for Equilibrium Tokens pursuant to this sale to prevent a total loss of investment since EQP Tokens will not have any planned use or utility.

Unless otherwise indicated herein, all references to the number of Equilibrium Tokens set forth in this Private Placement Statement refers to the number of EQP and Equilibrium Tokens in the Equilibrium Token Contract (as defined herein) as adopted by its community with a maximum total supply of 12,000,000,000 Equilibrium Tokens.

Unless otherwise provided by the Company, all purchases must be made via the token sale website at <https://republic.co/equilibrium> (the “**Token Sale Website**”) in accordance with the instructions and terms of sale set forth therein. Purchases may be made in USD Coin (USDC), Ether (ETH), or any other currency that the Company permits; provided that the Company may elect to accept other forms of payment on an as-converted to U.S. dollars basis in its sole discretion; the Company reserves the right to discontinue accepting any type of consideration in its sole discretion. The U.S. dollar exchange rate for USDC, ETH or other forms of payment shall be determined at the time the transaction is submitted on the Token Sale Website by the Purchaser in accordance with reasonable and accepted market practices and will also be subject to certain transaction fees. Such currencies are subject to fluctuations in the rate of exchange and, in the case of digital assets, the exchange valuations. Such fluctuations may have an adverse effect on the value, price, or income of a purchase. Purchasers may receive a number of EQP Tokens and Equilibrium Tokens upon conversion of rounded to ten (10) decimal places.

The Company, using technology services of Republic Core LLC (“**Republic Core**”) incurs and pays network transaction fees for transactions on cryptocurrency networks (i.e., to deliver Equilibrium Tokens to a wallet address in accordance with a lockup schedule).

THE EQP TOKENS AND EQUILIBRIUM TOKENS RECEIVED (IF ANY) HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY OTHER LAW OR REGULATION GOVERNING THE OFFERING, SALE OR EXCHANGE OF SECURITIES IN THE UNITED STATES OR ANY OTHER JURISDICTION. THIS OFFERING IS BEING MADE ONLY TO NON-US PERSONS (AS DEFINED THE SECURITIES ACT) IN JURISDICTIONS WHERE THE OFFER AND SALE OF EQP TOKENS IS PERMITTED UNDER APPLICABLE LAW AND IN RELIANCE ON REGULATIONS UNDER THE SECURITIES ACT.

THE COMPANY WILL NOT BE REQUIRED TO, NOR DO THEY CURRENTLY INTEND TO, OFFER TO EXCHANGE THE EQP TOKENS OR THE EQUILIBRIUM TOKENS FOR ANY SECURITIES REGISTERED UNDER THE SECURITIES ACT OR ANY OTHER LAW, OR REGISTER THE EQUILIBRIUM TOKENS FOR RESALE UNDER THE SECURITIES ACT.

NO GOVERNMENTAL AUTHORITY IN THE UNITED STATES, BRITISH VIRGIN ISLANDS OR ANY OTHER JURISDICTION HAS PASSED JUDGMENT UPON OR APPROVED THE TERMS OR MERITS OF THIS DOCUMENT.

NEITHER REPUBLIC CORE LLC, THE COMPLIANCE AND TECHNOLOGY PLATFORM SERVICING THE OFFERING, NOR REPUBLIC CRYPTO LLC DBA REPUBLIC ADVISORY SERVICES (“REPUBLIC ADVISORY SERVICES”) HAVE INVESTIGATED (NOR HAVE ANY OF THEIR AFFILIATES INVESTIGATED) THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. REPUBLIC CORE LLC AND ITS AFFILIATES MAKE NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGEMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. EACH OF REPUBLIC CORE LLC’S AND REPUBLIC ADVISORY SERVICES’ CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

BITPAY, INC., (“**BITPAY**”) THE PROVIDER OF CRYPTOCURRENCY PAYMENT ACCEPTANCE SERVICES FOR THE OFFERING, HAS NOT INVESTIGATED THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. NEITHER BITPAY NOR ANY OF ITS RESPECTIVE AFFILIATES, MAKES ANY REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGEMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. BITPAY’S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER.

FOR FLORIDA RESIDENTS

THE TOKENS (DEFINED HEREIN) HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE FLORIDA SECURITIES ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER

RELATING TO THE LIMITED AVAILABILITY OF THE OFFERING. THESE TOKENS CANNOT BE SOLD, TRANSFERRED, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS THEY ARE SUBSEQUENTLY REGISTERED OR EXEMPTION FROM REGISTRATION IS AVAILABLE.

THE TOKENS REFERRED TO HEREIN WILL BE SOLD TO, AND ACQUIRED BY, THE HOLDER IN A TRANSACTION EXEMPT UNDER SECTION 517.061 OF THE FLORIDA SECURITIES ACT. THESE TOKENS HAVE NOT BEEN REGISTERED UNDER SAID ACT IN THE STATE OF FLORIDA. IN ADDITION, ALL FLORIDA RESIDENTS SHALL HAVE THE PRIVILEGE OF VOIDING THE PURCHASE WITHIN THREE (3) DAYS AFTER THE FIRST TENDER OF CONSIDERATION IS MADE BY SUCH PURCHASER TO THE ISSUER, AN AGENT OF THE ISSUER, OR AN ESCROW AGENT OR WITHIN THREE (3) DAYS AFTER THE AVAILABILITY OF THAT PRIVILEGE IS COMMUNICATED TO SAID PURCHASER, WHICHEVER OCCURS LATER.

FOR NEW JERSEY RESIDENTS

THE ATTORNEY GENERAL OF THE STATE OF NEW JERSEY HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. NO FILING OF THE WITHIN OFFERING HAS BEEN MADE WITH THE BUREAU OF SECURITIES OR THE DEPARTMENT OF LAW AND PUBLIC SAFETY OF THE STATE OF NEW JERSEY. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

FOR NEW YORK RESIDENTS

THESE TOKENS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE NEW YORK FRAUDULENT PRACTICES (“*MARTIN*”) ACT, BY REASON OF SPECIFIC EXEMPTIONS THEREUNDER RELATING TO THE LIMITED AVAILABILITY, OR OTHERWISE DISPOSED OF TO ANY PERSON OR ENTITY UNLESS SUBSEQUENTLY REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR MARTIN ACT, IF SUCH REGISTRATION IS REQUIRED.

THIS OFFERING STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY THE ATTORNEY GENERAL PRIOR TO ITS ISSUANCE AND USE. THE ATTORNEY GENERAL OF THE STATE OF NEW YORK HAS NOT PASSED ON OR ENDORSED THE MERITS OF THIS OFFERING. ANY REPRESENTATION TO THE CONTRARY IS UNLAWFUL.

THE SALE OF TOKENS IS SUBJECT TO THE PROVISIONS OF A TOKEN PURCHASE AGREEMENT ACCOMPANYING THIS PRIVATE PLACEMENT STATEMENT CONTAINING EXPLICIT REPRESENTATIONS, WARRANTIES, TERMS AND CONDITIONS. ANY INVESTMENT IN THE TOKENS SHOULD BE MADE ONLY AFTER A COMPLETE AND THOROUGH REVIEW OF THE PROVISIONS OF THE SECURITIES PURCHASE AGREEMENT ACCOMPANYING THIS STATEMENT.

A purchase of the EQP Tokens and the acquisition of Equilibrium Tokens involves a high degree of risk, volatility, and illiquidity. A prospective purchaser should thoroughly review the confidential information contained herein and the terms of the applicable Offering Documents, and carefully consider whether a purchase of the EQP or receipt of Equilibrium Tokens is suitable to its financial situation and goals. See “*Risk Factors*” below.

Neither the U.S. Securities and Exchange Commission nor any other government or state securities commission has approved or disapproved of this offering or passed upon the adequacy or accuracy of the information herein. Any representation to the contrary is a criminal offense.

THIS OFFERING IS MADE ONLY TO ACCREDITED INVESTORS AS DEFINED UNDER RULE 501 OR REGULATION THE SECURITIES ACT IN JURISDICTIONS WHERE THE OFFER AND SALE OF THE EQP TOKENS IS PERMITTED UNDER APPLICABLE LAW. ONLY PERSONS OF ADEQUATE FINANCIAL MEANS WHO HAVE NO NEED FOR PRESENT LIQUIDITY WITH RESPECT TO THIS PURCHASE SHOULD CONSIDER PURCHASING THE EQP TOKENS ON THE TERMS SET FORTH IN THE APPLICABLE OFFERING DOCUMENTS PROVIDED TO YOU IN CONNECTION HEREWITH BECAUSE: (I) A PURCHASE OF THE EQP TOKENS AND EXCHANGE OF EQP TOKENS FOR OF EQUILIBRIUM TOKENS INVOLVES A NUMBER OF SIGNIFICANT RISKS (SEE “*RISK FACTORS*” BELOW); AND (II) NO MARKET FOR THE EQP TOKENS OR EQUILIBRIUM TOKENS CURRENTLY EXISTS AND MAY NEVER EXIST.

CERTAIN NOTICES

This Private Placement Statement shall be maintained in strict confidence. Any reproduction or distribution of this Private Placement Statement, in whole or in part, or the disclosure of its contents, without the prior written consent of the Company, other than to a recipient’s legal, tax or investment advisors, is prohibited. Each person who has received this Private Placement Statement is deemed to agree to return this Private Placement Statement to the Company upon request. The existence and nature of all conversations regarding the Company and this opportunity must be kept confidential.

This Private Placement Statement has been prepared in connection with the Offering. Each Purchaser will be required to sign, execute and deliver such documents as may be reasonably required by the Company to effect its purchase of EQP Tokens.

This Private Placement Statement contains a summary of the Offering, the Equilibrium Protocol, the EQP Token and Equilibrium Token exchange process, the Equilibrium Tokens, and certain other documents referred to herein. However, the summaries in this Private Placement Statement do not purport to be complete and are subject to and qualified in their entirety by reference to the actual text of the relevant Offering Documents, copies of which will be provided to each prospective purchaser on the Token Sale Website. Each prospective purchaser should review the applicable Offering Documents, and such other documents for complete information concerning the rights, privileges, and obligations of Purchasers. If any of the terms, conditions or other provisions of the Offering Documents or such other documents are inconsistent with or contrary to the descriptions or terms in this Private Placement Statement, such other documents shall control. The Company reserves the right to modify the terms of the Offering, the Equilibrium Protocol, the EQP Tokens, and the Equilibrium Tokens described in this Private Placement Statement are offered subject to the Company’s ability to reject any commitment in whole or in part. Further, the Company also reserves the right to determine to bid on a parachain slot if it deems this the best approach to launching its technology.

The EQP Tokens and Equilibrium Tokens have not been and will not be registered under the Securities Act of 1933, as amended (the “*Securities Act*”), the Securities Exchange Act of 1934, as amended (the “*Exchange Act*”), or any United States state securities laws or the laws of any foreign jurisdiction. The EQP Tokens are being offered and sold herein only under an exemption provided by the Securities Act and Regulation D promulgated thereunder, and other exemptions of similar import in the laws of the states and other jurisdictions where the Offering will be made. The Company will not be registered as an investment company under the United States Investment Company Act of 1940, as amended (the “*Investment Company Act*”). Consequently, Purchasers will not be afforded the protections of the Investment Company Act.

No person has been authorized to make any statements concerning the Company, the sale of the EQP Tokens, or the process for exchanging EQP Tokens for Equilibrium Tokens discussed herein other than as set forth in this Private Placement Statement, and any such statements, if made, must not be relied upon.

Prospective purchasers must make their own investigations and evaluations of the Equilibrium Protocol, the EQP Tokens, and the Equilibrium Tokens that will be delivered pursuant thereto, including the merits and risks involved in a purchase therein. Prior to any purchase, the Company will give prospective purchasers the opportunity to ask questions of and receive answers and additional information from it concerning the terms and conditions of this Offering and other relevant matters to the extent the Company possesses the same or can acquire it without unreasonable effort or expense. Prospective purchasers should inform themselves as to the legal requirements applicable to them in respect of the acquisition, holding and disposition of the EQP Tokens upon their delivery, and as to the income and other tax consequences to them of such acquisition, holding and disposition.

This Private Placement Statement does not constitute an offer to sell, or a solicitation of an offer to buy, an interest in any jurisdiction in which it is unlawful to make such an offer or solicitation. Neither the United States Securities and Exchange Commission (the “*Commission*”) nor any other U.S. federal, state or foreign regulatory authority has approved of this Offering.

Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Private Placement Statement, nor is it intended that the foregoing authorities will do so. Any representation to the contrary is a criminal offense.

Prospective purchasers are not to construe this Private Placement Statement as investment, legal, tax, regulatory, financial, accounting, or other advice, and this Private Placement Statement is not intended to provide the sole basis for any evaluation of a purchase of an interest. Prior to purchasing the EQP Tokens, a prospective purchaser should consult with its own legal, investment, tax, accounting, and other advisors to determine the potential benefits, burdens, and other consequences of such purchase.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Private Placement Statement contains estimates and forward-looking statements. All statements other than statements of historical fact are forward-looking statements. The words “may,” “might,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “seek,” “believe,” “estimate,” “predict,” “potential,” “continue,” “contemplate,” “possible,” and similar words are intended to identify estimates and forward-looking statements. Such forward-looking statements, including the intended actions and performance objectives of the Company, the EQP Tokens, the Equilibrium Tokens, and the Equilibrium Protocol (as defined herein), are based largely on current expectations and projections about future events and trends.

These forward-looking statements are subject to a number of known and unknown risks, uncertainties, assumptions, and other important factors, including those described under “**Risk Factors**,” that could cause the actual results, performance, or achievements of the Company, the EQP Tokens, Equilibrium Tokens and the Equilibrium Protocol to differ materially from any future results, performance, or achievements expressed or implied by such forward-looking statements.

Moreover, new risk factors and uncertainties emerge from time to time, and it is not possible to predict all risk factors and uncertainties, nor is it possible to assess the impact of all these risk factors or the extent to which any risk factor, or combination of risk factors, may cause actual results to differ materially from those contained in any forward-looking statements.

All forward-looking statements in this Private Placement Statement speak only as of the date hereof. The Company expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in its expectation with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

OVERVIEW

This overview highlights certain information appearing elsewhere in this Private Placement Statement. As this is an overview, you should read the entire Private Placement Statement carefully, including the information under “Risk Factors”. This Private Placement Statement includes forward-looking statements that involve risks and uncertainties. See “Special Note Regarding Forward-Looking Statements.” Unless the context requires otherwise, in this Private Placement Statement, the terms the “Company,” “we,” “us” and “our” refer to Ingressus Limited, a British Virgin Islands company limited by shares. All dollar (\$) amounts set forth herein refer to United States dollars. Unless otherwise indicated herein, all references to the number of EQP Tokens set forth in this Private Placement Statement refers to the total supply of Equilibrium Tokens in the Equilibrium Token Contract (as defined herein).

Overview

The Equilibrium Protocol will become a Polkadot parachain that hosts a multi-purpose money market protocol, letting users to lend and borrow stablecoins and crypto assets, as well as protect system debt and earn fees in return. The design of Equilibrium Protocol and Polkadot’s underlying technology allow for the creation of the first leveraged, interoperable decentralized exchange.

The Equilibrium Protocol uses novel approaches to on-chain pricing (interest rate calculation) and risk calculations (determination of overall system health), which differentiates the Equilibrium Protocol from other well-known known DeFi projects in several ways:

- There are no arbitrary governance-set interest rates. They are determined by a borrower’s portfolio, borrower debt, overall system liquidity, and the market’s risks and dynamics.
- There are no arbitrarily set LTV requirements. The system makes sure every position remains solvent at a 100% collateralization ratio.
- There are no arbitrarily set liquidation penalties, and no hidden fees when borrowers default on their loan.
- There are always two sides to the system, by design: lenders and bailsmen are the liquidity providers on one side, and borrowers live on the other side, paying fees to lenders and bailsmen.
- The Equilibrium Protocol’s assets module supports asset lending, fractional reserve system and synthetic asset creation, an exchange that lets users engage in leveraged trading, and portfolio hedging.

The Assets module logic allows the Equilibrium Protocol to introduce a broad line of DeFi products within one blockchain, practically out of the box.

- The thought-out design of Polkadot’s consensus and finality mechanisms guarantees the security of the Equilibrium Protocol on the blockchain level. Approximately 20 validators manage the Equilibrium Protocol with a nominated proof-of-stake (NPoS) consensus and GHOST-based Recursive ANcestor Deriving Prefix Agreement (GRANDPA) finality.
- The Equilibrium Protocol achieves cross-chain compatibility by way of Polkadot’s integration of third-party bridges to different blockchains. The Company are working closely with several prominent Polkadot bridges to the Ethereum and Bitcoin blockchains to bridge liquidity into the Equilibrium Protocol.

The EQP Token and the Equilibrium Token

For purposes of this agreement, the Company will define the date of completed reconciliation and processing of all the underlying Token Purchase Agreement(s) (“**TPAs**”) for the EQP Tokens occurs as the “**TPA Date**.” To avoid any ambiguity, the TPA Date will be the date which the final TPA is fully processed across all Phases (defined herein).

The EQP Token will be exchangeable for the Equilibrium Token on a one-to-one basis until sixty (60) days from the TPA Date. The Equilibrium Token is the native token of the Equilibrium Protocol and serves several functions within the Equilibrium Protocol’s DeFi ecosystem:

- Fees. Users of the Equilibrium Protocol pay Equilibrium Tokens to validators as a transaction fee. Users pay Equilibrium Tokens for using native services (DEX trading fees, 3rd party distributed applications (“**Dapps**”) paying subscription fees for oracle feeds, etc.). Borrowers pay Equilibrium Tokens to lenders as an interest fee.

- Governance. The Equilibrium Tokens are used as voting power, allowing Equilibrium Token holders to express their opinion in governance decisions via referendums.
- NPoS payments. The Equilibrium Protocol mints Equilibrium Tokens to reward the nodes that run the consensus protocol, much like Polkadot does this itself with DOT tokens and their inflation.
- Liquidity Farming. 10% of initial Equilibrium Token supply will be reserved for rewarding users who bring liquidity into the ecosystem.

The Company released the token smart contract for the Equilibrium Protocol (the “*Equilibrium Token Contract*”) on the Polkadot Network with a total supply of 12,000,000,000 tokens (the “*Equilibrium Tokens*”). The Company intends to collect any Equilibrium Protocol Token Fees received as payment for the integration of the Equilibrium Protocol in a treasury that will be initially controlled by the Company and affiliated individuals and subsequently controlled by the holders of the Equilibrium Tokens. Holders wishing to participate in the governance of the Equilibrium Protocol’s development may have the option in the future of staking their Equilibrium Tokens in exchange for a proportional vote on the development of the technology.

If the Company does not provide for the exchange of EQP Tokens for Equilibrium Tokens within 60 days of the TPA Date (the “*Deadline Date*”), the Company will repay Purchasers the full amount paid pursuant to this Private Placement Statement (the “*Purchase Amount*”), due and payable to such Purchasers immediately prior to, or on, the Deadline Date, to the extent funds are lawfully available at that time. If there is an insufficient amount of capital available to refund Purchasers on the Deadline Date, the Company will repay Purchasers with equal priority and on a pro rata basis based on the relative value of their respective Purchase Amount on the date of receipt by the Company of such Purchase Amount.

Terms of Offering

In connection with this Offering, the Company is offering you and certain other prospective purchasers the opportunity to purchase EQP Tokens on the terms and conditions set forth under “*Terms of the Offering*.” This Offering is made only to non-U.S. Persons (as defined under the Securities Act) via the Token Sale Website at <https://republic.co/equilibrium>. The Company may terminate such sales at any time prior to the sale of any and all Equilibrium Tokens in its sole discretion.

The aggregate maximum amount of proceeds from the first phase of the Offerings (both Regulation D and Regulation S combined) is expected to be approximately \$0.5 million¹ in Phase 1, as the Token Sales under these Offerings is expected to be conducted in two Phases: Phase 1 and Phase 2. The Phase 1 Regulation D Offering will be capped at approximately 12% of the total offering, or \$60,000 in Phase 1, with the remaining 88% or \$440,000 allocated for the Regulation S Offering. If the Regulation D allocation or the Regulation S allocation are oversubscribed, a Phase 2 offering for the respective Regulation D and/or Regulation S offerings will occur; however, the Company retains the right to not hold or cancel any Phase 2 Offering in the best interests of the Company. “Oversubscribed” in this context means that all the allocated tokens for the respective Offering are purchased. The Phase 2 Offering is expected to occur within two weeks of the TPA Date of the Phase 1 Offering with similar pricing and lockups, but the aggregate maximum proceeds and pricing expected in Phase 2 are subject to change based on demand.

The Phase 1 sale will only be open to whitelisted participants who specifically filled out a whitelist form for the Equilibrium token on the Republic platform by June 12, 2022. If the Phase 1 sale is oversubscribed, there will be a form for whitelisted participants who were unable to secure an allocation for Phase 1 to indicate their interest in the Phase 2 sale. For the first two days of the Phase 2 sale, only whitelisted participants will be able to participate.

There will also be a 10% airdrop bonus available to all participants in Phase 1 on tokens purchased in Phase 1. If there is a Phase 2 sale, Phase 2 participants will also be eligible for the 10% airdrop bonus on tokens purchased in Phase 2, provided that they either (i) participated in the Phase 1 sale, or (ii) filled out an interest form for Phase 2 after the Phase 1 sale became oversubscribed. The Company retains the right to expand the categories of eligible airdrop participants, including to certain purchasers who used referral links.

The Terms of this Offering, including the applicable Lockups, is set forth under the section titled “*Terms of the Offering*”.

Prior Offerings

On November 22, 2020, an aggregate amount of 3,000,000,000 Equilibrium Tokens were issued to certain non-US purchasers of Native Utility Token (“*NUT*”) tokens (the “*November 2020 Offering*”). The aggregate proceeds received from the

¹ \$499,950

November 2020 Offering was \$5,500,000. The Equilibrium Tokens issued as a result of the November 2020 Offering are unlocked and are not subject to a resale or transfer restriction as of the date of the Offering. The NUT token was the core utility asset for the Equilibrium framework during its prior implementation on the EOS blockchain.

On March 1, 2021, an aggregate amount of 600,000,000 Equilibrium Tokens were sold to certain non-US purchasers (the “*March 2021 Offering*”). The aggregate proceeds received from the March 2021 Offering was \$2,500,000. The Equilibrium Tokens sold pursuant to the March 2021 Offering are unlocked and are not subject to a resale or transfer restriction as of the date of the Offering.

Token Distribution

A total supply of 12,000,000,000 Equilibrium Tokens were created in the Equilibrium Token Contract in accordance with the allocations below.

Distribution Schedule

The distribution schedule for the Equilibrium Tokens is described below.

- **Equilibrium Token swap**: A total of 3,000,000,000 Equilibrium Tokens have been issued to previous purchasers of the NUT tokens in the November 2020 Offering.
- **March 2021 Offering**: A total of 600,000,000 Equilibrium Tokens have been issued to non-US purchasers in the March 2021 Offering.
- **Private offering**: A total of 720,000,000 Equilibrium Tokens will be reserved for non-US purchasers.
- **Investors**: A total of 168,000,000 Equilibrium Tokens will be reserved for investors in these Offerings. These Equilibrium Tokens will be released after the Token Release Date in accordance with the “*Terms of the Offering*” set forth below. All participants in these Offerings who were whitelisted in advance or participated with certain referral links will be eligible for a 10% bonus of Equilibrium Tokens to be airdropped, allocated from the Treasury (“Airdrop Bonus”).
- **Team and Advisors**: A total of 1,800,000,000 Equilibrium Tokens will be issued to employees and consultants of the Company. These Equilibrium Tokens will be released linearly over 24 months after the Token Release Date.
- **Treasury**: A total of 3,930,747,827 Equilibrium Tokens will be reserved as part of the Treasury. These Equilibrium Tokens will be released after the Token Release Date. 16,800,000 Equilibrium Tokens will be reserved from this amount to fulfill the Airdrop Bonus for participants in these Offerings.
- **Liquidity Farming**: A total of 1,200,000,000 Equilibrium Tokens will be issued as incentives to an ambassador program and for initial liquidity. These Equilibrium Tokens will be released after the Token Release Date.
- **Parachain Lease Auction**: A total of 581,252,173 Equilibrium Tokens will be provided to lock Polkadot for Equilibrium Tokens in the first parachain lease auction.

TERMS OF THE OFFERING

The summary below describes the principal terms of the EQP Tokens, Equilibrium Tokens and the Offering. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective purchasers should review the entirety of the documents to be entered into in connection with the Offering. The summary below is qualified in its entirety by reference to the actual text of the form of the applicable Offering Documents.

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| <i>Seller:</i> | Ingressus Limited, a British Virgin Islands company. |
| <i>Equilibrium Tokens:</i> | <p>The maximum number of EQP Tokens across Phase 1 and 2 to be allocated in these Offerings is 168,000,000 EQP Tokens, which the Company has the ability to increase or decrease in its sole discretion.</p> <p>In Phase 1, there will be 8,400,000 EQP Tokens offered pursuant to Regulation D and 57,000,000 shall be offered pursuant to Regulation S. Any unsold Equilibrium Tokens can be re-allocated by the Company in its sole discretion.</p> |
| <i>Purchaser Qualifications:</i> | Each Purchaser must be an “Accredited Investor” as defined under Rule 501 of Regulation D under the Securities Act. |
| <i>Period of Offering:</i> | June 28, 2022 at 15:00 UTC (11am EDT) through July 2, 2022 at approximately 15:00 UTC (the “ Offering Period ”). The Company reserves the right to reject any payments not made within the Offering Period. The Offering Period may be extended or shortened by the Company in its sole discretion, by providing notice through a supplement to this Private Placement Statement or announcement on the relevant offering page. |
| <i>Fulfillment Price:</i> | <p>Participants may purchase EQP Tokens with the following options below, giving them the right to swap for Equilibrium tokens until 60 days from the TPA Date.²</p> <p>Maximum Supply of EQP Tokens sold across Phase 1 and 2 of the Offerings: 168,000,000 EQP Tokens, which shall be convertible at a one-to-one rate to Equilibrium Tokens. Phase 1 will offer 8,400,000 EQP Tokens to Regulation D purchasers. Any purchasers of EQP tokens who were whitelisted in advance or participated with certain referral links will be eligible for a 10% bonus of Equilibrium Tokens to be airdropped from the Treasury within two months of the TPA Date. If these Offerings across Phase 1 and Phase 2 are fully subscribed and all participants are eligible for the 10% bonus, a total of 16,800,000 additional Equilibrium Tokens will be airdropped (in addition to the 168,000,000 Tokens sold).</p> <p>Option D1:</p> <ul style="list-style-type: none"> • Option D1 Purchase Price: US\$0.0075 per EQP Token |

² As mentioned earlier, this date will be the date on which the final TPA is processed for a given Regulation S or Regulation D offering across any and all Phases, meaning a Phase 1 purchaser will have as a reference date a TPA Date based on the processing date of the final Phase 2 TPA.

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| | <p>(“Option D1 Purchased Tokens”).</p> <ul style="list-style-type: none"> • Option D1 Aggregate Allocation: 6,000,000 EQP Tokens (figure does not include 10% Airdrop Bonus). • Option D1 Lock-up and Transfer Restrictions: The Company will distribute the Option D1 Purchased EQP Tokens to the Purchaser in one installment within 15 days of the TPA Date. The Purchaser will have 60 days from the TPA Date to swap the EQP Tokens for Equilibrium Tokens. The Equilibrium Tokens will be assigned to the Purchaser’s address and initially locked for trading but will unlock and be delivered on the date that is the twelve (12) month anniversary of the TPA Date. • Purchaser will receive a number of Option D1 Purchased Tokens equal to the Option D1 Purchase Amount divided by the Option D1 Purchase Price. <p>Option D2:</p> <ul style="list-style-type: none"> • Option D2 Purchase Price: US\$0.00625 per EQP Token (“Option 2 Purchased Tokens”). • Option D2 Aggregate Allocation: 2,400,000 EQP Tokens (figure does not include 10% Airdrop Bonus). • Option D2 Lock-up and Transfer Restrictions: The Company will distribute the Option 2 Purchased EQP Tokens to the Purchaser in one installment within 15 days of the TPA Date. The Purchaser will have 60 days from the TPA Date to swap the EQP Tokens for Equilibrium Tokens. The Equilibrium Tokens will be assigned to the Purchaser’s address and initially locked for trading but will unlock and be delivered on the date that is the four hundred eighty (480) day anniversary of the TPA Date. • Purchasers will receive a number of Option D2 Purchased Tokens equal to the Option 2 Purchase Amount divided by the Option 2 Purchase Price. <p>Maximum Aggregate Purchase Price from the Phase 1 Offerings: \$499,950 (of which \$60,000 shall be pursuant to Regulation D).</p> |
| <p><i>Lockup and Transfer Restrictions:</i></p> | <p>Purchasers may not Transfer any underlying EQP Tokens, Equilibrium Tokens (“Restricted Interests”) or any options to purchase any Equilibrium Tokens, or any instruments convertible into, exchangeable for, or that represent the right to receive Restricted Interests, including the Equilibrium Token rights acquired herein, whether now or hereinafter acquired by the Purchaser, unless such Transfer is in accordance with the release schedule set according to the Option 1 Lock-Up and Transfer Restrictions and/or Option 2 Lock-Up and Transfer Restrictions of the table set out above (collectively, the “Lock-up Restrictions”).</p> <p>Locking of the tokens will functionally occur via the respective Substrate Pallets, which are modules that host core logic components of the tokens. All tokens belonging to a specific</p> |

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| | <p>purchase option will be locked the respective Substrate Pallet according to the logic and rules herein specified for it.</p> <p>Notwithstanding the above, Purchasers may transfer EQP Tokens to the Company as part of the EQP Token/Equilibrium Token exchange process.</p> |
| <p><i>Purchase Limits:</i></p> | <p>Throughout the Offering Period, the minimum purchase amount will be (i) \$500 for individuals and (ii) \$5,000 for entities.</p> <p>The maximum purchase amount will be \$15,000.</p> <p>Such amounts may be modified by the Company in its sole discretion.</p> |
| <p><i>Means of Purchase:</i></p> | <p>Purchasers must access the token sale website at https://republic.co/equilibrium (the “<i>Token Sale Website</i>”) and be subject to the offering documents as set forth therein (the “<i>Offering Documents</i>”).</p> |
| <p><i>Form of Payment for Equilibrium Tokens:</i></p> | <p>Cryptocurrencies and digital assets received in connection with purchases are directed to an account maintained by BitPay, Inc. (“<i>BitPay</i>”), the payment processor for the benefit of the Offerings. BitPay’s fees are expected to equal 1% of the Purchase Amount, which will be borne by the Company. All funds will be released to the Company promptly upon the expiration of the Offering Period. These total expenses are not refunded in the event of a refund of an investment</p> <p>Payment shall be made in a decentralized currency such as USD Coin (USDC), Ether (ETH), or such other method or form of payment as is accepted by BitPay, and subject to BitPay’s applicable terms of use, and that is agreed to by the Company. The U.S. dollar or, as applicable, non-U.S. dollar fiat currency exchange rate for any of the foregoing cryptocurrencies or non-USD fiat currencies shall be determined at the time the transaction is submitted on the Token Sale Website by the Purchaser as set forth below and will also be subject to certain transaction fees, including gas costs or miner fees. To avoid such variable exchange rate, you may pay with USDC. Payments in cryptocurrency and digital assets will be processed through BitPay. The Company reserves the right to discontinue accepting any type of consideration in its sole discretion.</p> <p>BitPay will determine the then current exchange rate applicable to the Purchaser’s transaction, referred to as the BitPay’s Best Bid (“<i>BBB</i>”) exchange rate. The BBB exchange rate is determined</p> |

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| | <p>directly from the cryptocurrency exchanges with which BitPay has relationships at the time an invoice is generated for the Purchaser by BitPay (“BitPay Invoice”) when the Purchaser initiates a payment. The then applicable BBB exchange rate as reflected in the BitPay Invoice will remain available to the Purchaser for fifteen (15) minutes (“BBB Rate Lock”), and the Company is guaranteed to receive the exact amount of fiat currency used to generate the BitPay invoice provided that a successful payment is made by the Purchaser within the BBB Rate Lock period. Once the BBB Rate Lock lapses, the Purchaser must manually generate a new BitPay Invoice reflecting a new applicable BBB exchange rate. To avoid such variable exchange rate, you may pay with USDC. For more information on BitPay exchange rates, please visit https://bitpay.com/exchange-rates/. The Company reserves the right continue accepting any type of consideration in its sole discretion.</p> <p>Cryptocurrencies and digital assets received in connection with purchases pursuant to this Offering are directed to an account maintained by BitPay and will be converted to US Dollar or another fiat currency within one (1) day of receipt, to be held for the benefit of the Company as it relates to this Offering and released to the Company upon finalization of the purchase and satisfaction of Closing Requirements.</p> <p>If a purchase is rejected for any reason, and if payment was made in the specifically approved cryptocurrency or digital asset, a refund of the purchase price will be made in the cryptocurrency used for the original purchase using the applicable USD to cryptocurrency exchange rate in effect at the time the refund is sent, such refunds will be based upon the USD-denominated value of the Purchase Amount only, regardless of the type and amount of the approved cryptocurrency or digital assets paid, or any volatility in their prices, and subject to certain fees (i.e. the amount of cryptocurrency originally sent may vary from the amount of cryptocurrency refunded due to exchange rate variations). Gas fees or miner fees for refunds will be deducted from the amount of the refund sent. Purchasers in the Offering will not have the right to revoke their subscription at any time. Gas costs and miner fees paid in the original subscription will not be refunded.</p> |
| <i>Swap Details:</i> | <p>The swap process and relevant information will be described at https://equilibrium.io/en/republic-offering. Generally, the purchaser will swap EQP Tokens for Equilibrium Tokens, which are both Polkadot-based.</p> <p>The swap will be initiated by the user and will generally occur via one transaction per user.</p> |
| <i>Documentation:</i> | <p>In order to complete the closing process in this Offering, each Purchaser will be required to complete such documentation as may be requested by Republic Core on behalf of the Company, which may include, without limitation: (1) the execution and delivery of a token purchase agreement; (2) completion of purchaser qualification requirements (status as an Accredited Investor under Regulation D and KYC/AML or KYB (if applicable) screening requirements; and (3) confirmation by</p> |

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| | <p>Republic Core of BitPay’s receipt of funds (collectively, the “Closing Requirements”).</p> <p>The proceeds of this Offering will be disbursed to the Company intermittently throughout the closing process, provided that all applicable Closing Requirements associated with such proceeds must be satisfied prior to disbursement.</p> |
| <p><i>3Use of Proceeds:</i></p> | <p>The Company intends to use a significant portion of the proceeds from this Offering to develop and promote the Equilibrium Protocol. See “Use of Proceeds.”</p> |

RISK FACTORS

A purchase of the Equilibrium Tokens involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Private Placement Statement and the Offering Documents, before making a purchase decision. The following risks entail circumstances under which the Equilibrium Tokens, the Equilibrium Protocol and their related operations and prospects could suffer. They may also be harmed by additional risks and uncertainties not currently known or that we currently do not believe to be material.

UNLESS EXPRESSLY SET OUT HEREIN, THE COMPANY SPECIFICALLY DOES NOT REPRESENT AND WARRANT AND EXPRESSLY DISCLAIMS ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION MATERIALS, THE EQUILIBRIUM TOKENS, EXPRESS, IMPLIED OR STATUTORY, INCLUDING WITHOUT LIMITATION, ANY REPRESENTATIONS OR WARRANTIES OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, USAGE, SUITABILITY OR FITNESS FOR ANY PARTICULAR PURPOSE, OR AS TO THE WORKMANSHIP OR TECHNICAL CODING THEREOF, OR THE ABSENCE OF ANY DEFECTS THEREIN, WHETHER LATENT OR PATENT. THE COMPANY DOES NOT REPRESENT OR WARRANT THAT EQUILIBRIUM TOKENS ARE RELIABLE, CURRENT OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN THE EQUILIBRIUM TOKENS WILL BE CORRECTED. THE COMPANY CANNOT AND DOES NOT REPRESENT OR WARRANT THAT EQUILIBRIUM TOKENS OR THE DELIVERY MECHANISM FOR THE EQUILIBRIUM TOKENS IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

The Equilibrium Protocol may not be successfully developed or launched.

The Equilibrium Protocol has not yet been integrated with any blockchain's mainnet and significant financial, managerial, engineering, and other resources may be required in order to successfully complete the development the Equilibrium Protocol. Changes to the specifications of the Equilibrium Protocol may be necessary for any number of reasons, and the Equilibrium Protocol may be developed in a way that does not realize those specifications and may cease to be able to support a functioning blockchain network. It is possible that the Equilibrium Protocol may never be used and that there may never be any Equilibrium Token fees generated from borrowing, lending, staking or other network activity. The Equilibrium Protocol, even if successfully developed, launched, and maintained, may not meet expectations. Furthermore, despite good faith efforts to support, develop and launch the Equilibrium Protocol, it is still possible that the Equilibrium Protocol will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the Equilibrium Token. If the Equilibrium Protocol is not successfully developed, the Equilibrium Token Fees may not be delivered, the Equilibrium Token may lose all its value, and Purchasers may lose all of their Total Purchase Price.

We have a limited operating history.

The Company has a limited operating history. To date, we have primarily been engaged in organizational activities and operations relating to the development of the Equilibrium Protocol. There is no assurance that any of the Company's proposed activities and business plans as set forth in the Company's white paper (the "**White Paper**")³ will ever succeed, or even launch.

The Equilibrium Protocol may not be able to compete effectively with other platforms.

The market developing for money market protocol in the Polkadot ecosystem may become competitive and is rapidly evolving. Currently, there may be other attempts to develop a money market protocol in the Polkadot ecosystem, and many more new attempts may emerge. Competitors to the Equilibrium Protocol may have substantial competitive advantages, such as in speed, security, scalability, longer operating histories, greater financial and other resources, stronger name recognition, larger network of testnet users and developers, greater market acceptance among developers, as well as pre-existing relationships with developers. Existing and future decentralized applications may also face prohibitive switching costs when transitioning to a new platform using the Equilibrium Protocol. It is possible that the Equilibrium Protocol will not be used or adopted by a sufficient number of decentralized applications, that the Equilibrium Protocol will not be able to compete with other money market protocol in the Polkadot ecosystem, or that there will be limited interest from developers in the Equilibrium Protocol altogether. Any of these events could negatively impact the development and viability of the Equilibrium Protocol and harm the value of the Equilibrium Tokens.

³ The Company's documentation for the Equilibrium Protocol can be found at the following link: <https://docs.equilibrium.io/>. The Company's White Paper can be found at the following link https://equilibrium.io/docs/Equilibrium_WP_101.pdf.

It is also possible that alternative money market protocol could be established that utilize the same or similar open-source code underlying the Equilibrium Protocol and attempt to replicate an application platform that is materially similar to Equilibrium Protocol. There have also been many similar efficiency-enhancing and access broadening technology solutions developed and released by large technology companies and additional solutions may be offered by them as well as by new entrants in the future. The Equilibrium Protocol may not keep up with these alternative technologies, which could negatively impact the project and the Equilibrium Token.

The Equilibrium Protocol may be unable to attract and retain users.

The growth and success of the Equilibrium Protocol depends critically on its widespread adoption by blockchain developers, which depends on many factors, including the number and quality of decentralized applications, speed, usability, security, scalability, competitiveness versus other blockchain protocols, and overall market acceptance. The Company, the Equilibrium Protocol, and the Equilibrium Token can also be the subject of negative commentary in the news media, website postings, social media, and other non-traditional media, all of which may result in reduced growth and adoption of the Equilibrium Protocol and negatively affect the value of the Equilibrium Token.

The Equilibrium Protocol is dependent on validators and computer networks for its operations.

Even if the Equilibrium Protocol becomes operational, the functionality of blockchains employing it will depend on validators, computer networks and their continued operations, all of which are outside of the control of the Company and even the developers of the blockchains using the Equilibrium Protocol. If such validators fail to maintain their operations on blockchains using the Equilibrium Protocol, as expected, it could have a material adverse impact on the value of the Equilibrium Tokens.

Real or perceived errors, failures, or bugs in the Equilibrium Protocol, or in the software or systems of third-party developers utilizing the Equilibrium Protocol, could adversely affect the Equilibrium Protocol and the value of the Equilibrium Tokens.

Real or perceived errors, failures, vulnerabilities, or bugs in the Equilibrium Protocol, or in the software or systems of third-party developers utilizing the Equilibrium Protocol, could harm the Equilibrium Protocol and the Equilibrium Tokens. Errors, failures, vulnerabilities, or bugs may occur and may cause errors or failures of applications or products, computing and storage environment of the Equilibrium Protocol. Any such errors, failures, vulnerabilities, or bugs may not be found until after the Token Release Date or after updates are deployed by developers or data has been deployed on a network using the Equilibrium Protocol, which could result in negative publicity, loss of data, failure of applications, loss of or delay in market adoption, a decrease in user and developer satisfaction or adoption, loss of competitive position, or claims from third parties. Neither we nor the Equilibrium Protocol community may be able to promptly resolve these problems, if at all. Any of these incidents could materially and adversely harm the Equilibrium Protocol and the Equilibrium Tokens.

The EQP Tokens and Equilibrium Tokens have no market, liquidity or performance history.

The EQP Tokens and Tokens have no market, liquidity, or performance history. As such, they should be evaluated on the basis that the Company or any third party's assessment of the prospects of the Equilibrium Token or the Equilibrium Protocol may not prove accurate, and that the Company, the Equilibrium Token, and the Equilibrium Protocol may not achieve its objectives, including the use and adoption of the Equilibrium Protocol and their associated blockchain applications.

The EQP Tokens can only be exchanged for Equilibrium Token and have no other use or value.

The EQP Tokens can only be exchanged for Equilibrium Token and have no other use or value. Any delay in the establishment of a process to exchange EQP Tokens for Equilibrium Token may result in a decrease of value of the EQP Tokens. In addition, the Purchaser is highly dependent on the Company for providing for the exchange of EQP Tokens for Equilibrium Tokens. Additionally, if the Purchaser fails to swap EQP Tokens for Equilibrium Tokens in the window provided, the value of the investment made will likely be worthless.

The tax treatment of acquiring, holding, and where permitted, selling, exchanging, or otherwise disposing of the Equilibrium Tokens is uncertain, and there may be adverse tax consequences for Purchasers upon certain future events.

The tax treatment of acquiring, holding, and where permitted, selling, exchanging, or otherwise disposing of the EQP Tokens and Equilibrium Tokens is uncertain, and each Purchaser must seek its own tax advice in connection with a purchase of the EQP Tokens and exchange for Equilibrium Tokens as described herein. The Company has not requested a ruling from any tax authority regarding the tax treatment of the Equilibrium Tokens. Acquiring, holding, and where permitted, selling, exchanging,

or otherwise disposing of the EQP Tokens or Equilibrium Tokens may result in adverse tax consequences to Purchasers, including liability for withholding taxes and income taxes and responsibility for complying with certain tax reporting requirements. Each Purchaser should consult with and must rely upon the advice of its own tax advisors with respect to the tax treatment of acquiring, holding, selling, exchanging, or otherwise disposing of the EQP Tokens and/or Equilibrium Tokens.

Blockchain networks using the Equilibrium Protocol and the Polkadot Network may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of EQP Tokens or Equilibrium Tokens. If the Equilibrium Protocol or the Polkadot Network's security is compromised or if the protocol is subjected to attacks that frustrate or thwart access to and use of the Equilibrium Tokens, developers may cut back on or stop using the Equilibrium Protocol altogether, which could seriously curtail the utilization of the Equilibrium Tokens and cause a decline in the market price of the EQP Tokens and/or Equilibrium Tokens.

The Equilibrium Protocol, and the networks, applications and other interfaces which will utilize it, as well as applications built upon the networks that will utilize it, are still in the early stages and are unproven, and there can be no assurances that the operation of the Equilibrium Protocol will be uninterrupted or fully secure which may result in a complete loss of the Equilibrium Tokens, or an unwillingness of developers to access, adopt and utilize the Equilibrium Protocol. Further, blockchains using the Equilibrium Protocol may also be the target of malicious attacks seeking to identify and exploit weaknesses in the software of the Equilibrium Protocol which may result in the loss or theft of the Equilibrium Tokens. For example, if the underlying blockchain or network is subject to unknown and known security attacks (such as double-spend attacks or other malicious attacks), this may materially and adversely affect the Equilibrium Protocol's reputation, even though the Company is not responsible for the attacked network. In any such event, if the Equilibrium Protocol is not widely adopted, if the Equilibrium Protocol does not reach a sufficient number of users, Purchasers may lose all of their Total Purchase Price.

Assertions by third parties of infringement or other violation by us of their intellectual property rights could harm our ability to develop the Equilibrium Protocol and the Equilibrium Token.

Third parties may in the future assert that we have infringed, misappropriated, or otherwise violated their copyrights, patents, and other intellectual property rights, and as we face increasing competition, the possibility of intellectual property infringement claims against us grows. Various laws and regulations govern the copyright and other intellectual property rights associated with the Equilibrium Protocol. Existing laws and regulations are evolving and subject to different interpretations, and various legislative or regulatory bodies may expand current or enact new laws or regulations. We cannot assure you that we are not infringing or violating any third-party intellectual property rights, or that we will not do so in the future. In addition, internet and technology companies are frequently subject to litigation based on allegations of infringement, misappropriation, or other violations of intellectual property rights. Many companies in these industries, including many of our competitors, have substantially larger patent and intellectual property portfolios than we do, which could make us a target for litigation as we may not be able to assert counterclaims against parties that sue us for patent, or other intellectual property infringement.

It is difficult to predict whether assertions of third-party intellectual property rights or any infringement or misappropriation claims arising from such assertions will substantially harm our business, operating results, and financial condition. If we are forced to defend against any infringement or misappropriation claims, whether they are with or without merit, are settled out of court, or are determined in our favor, we may be required to expend significant time and financial resources on the defense of such claims. Furthermore, an adverse outcome of a dispute may require us to pay significant damages, which may be even greater if we are found to have willfully infringed upon a party's intellectual property; cease exploiting copyrighted content that we have previously had the ability to exploit; cease using solutions that are alleged to infringe or misappropriate the intellectual property of others; expend additional development resources to redesign our solutions; enter into potentially unfavorable royalty or license agreements in order to obtain the right to use necessary technologies, content, or materials; indemnify our partners and other third parties; and/or take other actions that may have material effects on our business, operating results, and financial condition.

Equilibrium Protocol is an open-source project, which means that it may be susceptible to contributions from third parties that could damage the Equilibrium Protocol and its reputation and could affect the utilization of the Equilibrium Protocol and the Equilibrium Tokens.

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

Equilibrium Protocol and a decline in activity and could negatively impact the market price of the EQP Tokens and/or Equilibrium Tokens.

The Equilibrium Protocol has already pivoted from an earlier business idea, which operated on the EOS blockchain and featured the NUT token.

The blockchain industry and technology is nascent and constantly changing. Business considerations already drove Equilibrium to (i) change its business model from a lending protocol with supported stablecoin to generalized lending and synthetic asset platform and (ii) migrate from its original infrastructure with the NUT token on the EOS blockchain to the EQP token on the Polkadot blockchain, which provides interoperability with other blockchains. Further changes in the blockchain industry may require additional pivots in strategy.

Risks related to blockchain technologies and digital assets

The regulatory regime governing the blockchain technologies, cryptocurrencies, coins including the EQP Tokens, the Equilibrium Tokens and coin or token offerings including the Offering, is uncertain, and new regulations or policies may materially adversely affect the development or operation of the Equilibrium Protocol and the value of the EQP Tokens and/or Equilibrium Tokens.

Regulation of coins and Polkadot tokens (including the EQP Token and the Equilibrium Token), offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is undeveloped, likely to rapidly evolve, varies significantly among international, federal, state, and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and adoption of the Equilibrium Protocol. Failure by the Company or certain developers using the Equilibrium Protocol to comply with any laws, rules, and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, U.S. federal and state agencies have begun to take interest in, and in some cases regulate, their use and operation.

In the case of virtual currencies, state regulators like the New York Department of Financial Services have created new regulatory frameworks. Others, as in Texas, have published guidance on how their existing regulatory regimes apply to virtual currencies. Some states, like New Hampshire, North Carolina, and Washington, have amended their state's statutes to include virtual currencies into existing licensing regimes. Treatment of virtual currencies continues to evolve under federal law as well. The Department of the Treasury, the Commission, and the Commodity Futures Trading Commission (the "CFTC"), for example, have published guidance on the treatment of virtual currencies⁴. The Internal Revenue Service (the "IRS") has released guidance treating virtual currency as property that is not currency for U.S. federal income tax purposes, although there is no indication yet whether courts or federal or state regulators will follow this classification⁵. Both federal and state agencies have instituted enforcement actions against those violating their interpretation of existing laws.

The regulation of non-currency use of blockchain assets is also uncertain. The CFTC has publicly taken the position that certain blockchain assets are commodities, and the Commission, including Chairman Gary Gensler, has issued several public reports or comments stating federal securities laws require treating some blockchain assets as securities.⁶ To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the Equilibrium Protocol and Equilibrium Tokens may be materially and adversely affected.

Blockchain networks also face an uncertain regulatory landscape in many foreign jurisdictions. In August 2017, Canada issued guidance stating the sale of cryptocurrency may constitute an investment contract in accordance with Canadian law for determining if an investment constitutes a security. In July 2016, the Russian Ministry of Finance indicated that it supports a proposed law that bans cryptocurrencies domestically. Russia has since issued several releases indicating they may begin

⁴ A *Virtual Primer on Virtual Currencies*, CFTC (Oct. 17, 2017), http://www.cftc.gov/idc/groups/public/documents/file/labcftc_primer currencies100417.pdf.

⁵ I.R.S. Notice 2014-21, 2014-16 I.R.B. 938 (Apr. 14, 2014).

⁶ A *Virtual Primer on Virtual Currencies*, CFTC (Oct. 17, 2017), http://www.cftc.gov/idc/groups/public/documents/file/labcftc_primer currencies100417.pdf.

regulating cryptocurrencies and licensing miners and entities engaging in initial coin offerings. In July 2016, the European Commission released a draft directive that proposed applying counterterrorism and anti-money laundering regulations to virtual currencies, and, in September 2016, the European Banking authority advised the European Commission to institute new regulation specific to virtual currencies, with amendments to existing regulation as a stopgap measure. On September 4, 2017, China issued a guidance prohibiting the practice of using cryptocurrency for capital fundraising. Additional reports have surfaced that China is considering regulating cryptocurrency businesses by enacting a licensing regime. In April 2019, China's National Development Reform Commission listed crypto-mining among a variety of industries it intends to eliminate. In September 2017, the Financial Services Commission of South Korea released a statement that initial coin offerings would be prohibited as a fundraising tool. In December 2018, South Korea's Financial Services Commission stated that six bills related to the regulation of cryptocurrencies had been submitted to the National Assembly. One of the bills would require all persons in charge of a cryptocurrency transfer business to register with the Financial Services Commission. In June 2017, India's government ruled in favor of regulating cryptocurrencies. In April 2018, the Reserve Bank of India issued a statement to all entities regulated by the Reserve Bank, stating that they must cease all activities related to cryptocurrency. In 2018, Australia passed legislation which requires digital currency exchange providers to register with AUSTRAC (the Australian Transaction Reports and Analysis Centre). Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect the Equilibrium Protocol, including deeming that Equilibrium Tokens constitute securities under the laws of such jurisdiction, or that the use of Equilibrium Tokens violates applicable law. Such laws, regulations or directives may conflict with each other and may directly, negatively, and materially impact the Equilibrium Protocol. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the Equilibrium Protocol.

We may be deemed a money transmitter under U.S. anti-money laundering laws.

On May 9, 2019, the U.S. Financial Crimes Enforcement Network ("**FinCEN**") issued guidance on the application of FinCEN's regulations to certain business models involving convertible virtual currencies. Pursuant to this guidance, the creator and seller of a convertible virtual currency may, under certain circumstances, be deemed a money transmitter under U.S. anti-money laundering laws and subject to registration with and oversight by FinCEN. In addition, we may be subject to licensure with certain state and foreign regulators. In some cases, it is unclear how certain laws may affect us based on our business model and operations and compliance with these laws may be costly or impractical. If we are unable to comply with and become liable for violations of these laws, or if courts or regulatory bodies provide unfavorable interpretations of existing regulations, we may be subject to civil or criminal penalties, including significant fines or damages, the loss of ability to operate.

This Issuance of EQP Tokens and exchange for Equilibrium Tokens May Constitute the Issuance of a "Security" Under U.S. Federal Securities Laws

On July 25, 2017, the Commission issued a Report of Investigation under Section 21(a) of the Exchange Act describing an SEC investigation of The DAO, a virtual organization, and its use of distributed ledger or blockchain technology to facilitate the offer and sale of DAO ERC-20 Tokens to raise capital. The Commission applied existing U.S. federal securities laws to this new paradigm, determining that DAO ERC-20 Tokens were securities. The Commission stressed that those who offer and sell securities in the United States are required to comply with federal securities laws, regardless of whether those securities are purchased with virtual currencies or distributed with blockchain technology. Further, on December 11, 2017, Commission Chairman Jay Clayton issued a Statement on Cryptocurrencies and Initial Coin Offerings emphasizing that whether a digital asset constitutes a security is a fact-specific inquiry that "depends on the characteristics and use of that particular asset," and cautioned that the Commission's Division of Enforcement will continue to police this area vigorously. For instance, on December 11, 2017, a California-based company named Munchee selling digital ERC-20 Tokens to raise capital for its blockchain-based food review service agreed to an order with the Commission to halt its initial coin offering and return all proceeds. Similar enforcement actions continued through 2018, 2019 and 2020 including claims brought against Kik Interactive Inc., Block.one, Telegram Group Inc. and Ripple Labs for their unregistered securities offerings. On April 3, 2019, the SEC's Fintech Hub issued a "**Framework for Investment Contract Analysis of Digital Assets**" (the "**SEC Framework**") further delineating various factors considered by the SEC in determining whether any cryptocurrency is a security. While the characterization of any cryptocurrency as a security is a highly fact-specific analysis, the SEC framework suggests that the SEC is taking a broad view of what constitutes a security under U.S. federal securities laws, and many cryptocurrencies are expected to be characterized as securities under this new SEC Framework.

If the EQP Tokens or the Equilibrium Tokens are deemed to be securities under U.S. federal securities laws, then the Company may be required to register such issuance under the Securities Act. In addition, each purchaser will be required to comply with the Securities Act for all sales, resales, and transfers of the EQP Tokens and/or Equilibrium Tokens. The Company has no contractual obligation to register the EQP Tokens and/or Equilibrium Tokens under the Securities Act and do not presently intend to do so. If we decide to pursue such registration of EQP Tokens and/or Equilibrium Tokens under the Securities Act, it

would result in significant delays in the issuance of the EQP Tokens and exchange of EQP Tokens for Equilibrium Tokens, and would require us to incur substantial additional expenses. If in the alternative we do not pursue such registration, or if we abandon the development of the Equilibrium Protocol, you may lose all or part of your Total Purchase Price.

The EQP Tokens contemplated hereby and the Equilibrium Tokens delivered thereafter may be subject to registration under the Exchange Act if the Company has assets above \$10 million and more than 2,000 Purchasers participate in such offering.

Each company with total assets above \$10 million and more than 2,000 holders of record of a class of its equity securities, or 500 holders of record of a class of its equity securities who are not accredited investors, must register that class of equity securities with the Commission under the Exchange Act. The Company may surpass \$10 million in assets by virtue of the Equilibrium Tokens held in treasury. While the EQP Tokens and Equilibrium Tokens are not intended to constitute equity securities within the meaning of the Exchange Act, there is substantial uncertainty on the application of U.S. securities laws to cryptocurrencies, and there is no guarantee that they will not be characterized as such. There is the possibility that the Commission will deem the EQP Tokens or Equilibrium Tokens to constitute “equity securities” under the Exchange Act; and in such event, if the sale of EQP Tokens and/or Equilibrium Tokens as described herein surpasses 2,000 Purchasers, or there are more than 2,000 holders of EQP Tokens or Equilibrium Tokens after the Token Release Date, then the Company will have to register the EQP Tokens and/or Equilibrium Tokens as described herein with the Commission, which will be a laborious and expensive process. If such registration takes place, it would require us to incur substantial additional expenses, including expenses to comply with the periodic reporting requirements under the Exchange Act. If we do not pursue such registration, or if we abandon the development of the Equilibrium Protocol, you may lose all or part of your Total Purchase Price.

Neither the Purchasers nor Company will have control over the blockchains utilizing Equilibrium Protocol following launch.

The blockchains using the Equilibrium Protocol will likely consist of open-source technologies that depend on a network of computers to run certain software programs to process transactions, including for the transfer of tokens on the blockchain protocol. Because of this decentralized model, neither the Purchasers nor the Company, nor even, at times, the developers of the blockchains utilizing the Equilibrium Protocol, will have control over the blockchain networks utilizing the Equilibrium Protocol following the launch of these networks.

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

There may be occasions when certain individuals involved in the development of the Equilibrium Protocol or the Company may encounter potential conflicts of interest in connection with the sale of EQP Tokens and/or Equilibrium Tokens as described herein, such that such person may avoid a loss, or even realize a gain, when other Purchasers in such sale are suffering losses. Purchasers may also have conflicting investment, tax, and other interests, which may arise from the terms of the Offering Documents, the Equilibrium Protocol and its code, or other factors. Decisions made by the Company on such matters may be more beneficial for some Purchasers than for others.

Purchasers may lack information for monitoring their purchases.

The Purchaser may not be able to obtain all information it would want regarding the Company or the Equilibrium Protocol on a timely basis or at all. It is possible that the Purchaser may not be aware on a timely basis of material adverse changes that have occurred with respect to certain of its purchases. While the Company has made efforts to use open-source development for the Equilibrium Protocol and make information about the Equilibrium Protocol generally available, there is no guarantee that such information will be made available in a timely manner, or in a way that is non-technical or easily comprehensible to you. In addition, the Company is a private entity and is not required to publicly disclose any information about its finances, cash runway, or product development status. Certain information relating to the protocol may not be publicly disclosed or readily available. As a result of these difficulties, as well as other uncertainties, a Purchaser may not have accurate or accessible information about the Equilibrium Protocol.

If the Equilibrium Protocol is unable to satisfy data protection, security, privacy, and other government- and industry-specific requirements, its growth could be harmed.

There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm the Equilibrium Protocol reputation, erode market confidence in the effectiveness of its security

measures and reliability of its endorsements, negatively impact its ability to attract new users, or cause users to stop using the Equilibrium Protocol.

The further development and acceptance of blockchain networks, including those using the Equilibrium Protocol, which are part of highly competitive and rapidly changing industries, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the Equilibrium Protocol.

The growth and adoption of the blockchain industry, including the Equilibrium Protocol, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum, Polkadot and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, Ethereum, Polkadot and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of other open-source software protocols such as the Bitcoin, Ethereum and Polkadot networks;
- Changes in consumer demographics and public tastes and preferences;
- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; and
- A decline in the popularity or acceptance of Bitcoin, Ethereum, Polkadot or other blockchain-based coins and the Equilibrium Protocol across blockchain networks.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the Equilibrium Protocol and may decrease the value of the of the EQP Tokens and/or Equilibrium Tokens.

The application of distributed ledger technology is novel and untested and may contain inherent flaws or limitations.

Blockchain is an emerging technology that offers new capabilities which are not fully proven in use. There are limited examples of the application of distributed ledger technology. In most cases, software used by blockchain asset issuing entities will be in an early development stage and still unproven. As with other novel software products, the computer code underpinning the blockchain networks using the Equilibrium Protocol may contain errors, or function in unexpected ways. Insufficient testing of smart contract code, as well as the use of external code libraries, may cause the software to break or function incorrectly. Any error or unexpected functionality may cause a decline in value of the EQP Tokens and/or Equilibrium Protocol and result in substantial losses to Purchasers.

The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and the EQP Tokens and Equilibrium Tokens may also be subject to significant price volatility.

The prices of blockchain assets such as Bitcoin, Ethereum and other blockchain assets have historically been subject to dramatic fluctuations and are highly volatile, and the market price of the EQP Tokens and/or Equilibrium Protocol may also be highly volatile. Several factors may influence the market price of the EQP Tokens and/or Equilibrium Protocol, including, but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of

online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure, and the regulatory restrictions on their use;

- Purchasers' expectations with respect to the rate of inflation;
- Changes in the software, software requirements or hardware requirements underlying the Equilibrium Protocol;
- Changes to the software, security, cost and adoption of the Equilibrium Protocol;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the blockchains utilizing the Equilibrium Protocol;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;
- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which the EQP Tokens and/or Equilibrium Protocol may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of any blockchain asset exchanges on which the EQP Tokens and/or Equilibrium Protocol may be traded, if any such exchanges exist at all;
- Activities of large purchasers, including private and registered funds, that may directly or indirectly invest in the Equilibrium Protocol or purchase EQP Tokens and/or Equilibrium Protocol, or other blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets such as the EQP Tokens and/or Equilibrium Protocol;
- The maintenance and development of the Equilibrium Protocol;
- New technologies and competing products and services;
- Global or regional political, economic or financial events and situations; and
- Expectations among Equilibrium Protocol or other blockchain asset participants that the value of the EQP Tokens, Equilibrium Protocol or other blockchain assets will soon change.

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including the EQP Tokens and/or Equilibrium Protocol. For example, a security breach that affects purchaser or user confidence in Bitcoin, Ethereum or Polkadot may affect the industry as a whole and may also cause the price of the EQP Tokens, Equilibrium Tokens and other blockchain assets to fluctuate.

If you lose access to your wallet credentials or someone else accesses them, it may result in total loss of your tokens.

Any third party that gains access to or learns of your wallet login credentials or private keys may be able to dispose of your Equilibrium Tokens. To minimize this risk, you should guard against unauthorized access to your electronic devices. Best practices dictate that you safely store private keys in one or more backup locations geographically separated from the working location. In addition, you are responsible for giving us the correct wallet address to which to send your Equilibrium Tokens. If you give us the incorrect address to which to send your Equilibrium Tokens, we are not responsible for any loss of Equilibrium Tokens that may occur.

Risks relating to the Equilibrium Protocol

Blockchain networks utilizing the Equilibrium Protocol may not pay licensing fees in proportion to the value derived from the Equilibrium Protocol.

Though blockchain developers may find the Equilibrium Protocol to be a deeply valuable technology, and one worth utilizing as they build their blockchain network, this will not necessarily translate to proportional licensing fees for the Company. The Equilibrium Protocol is being developed with an open-source license, and blockchain developers may prefer simply to hire third-party developers to help implement the freely available code comprising up the Equilibrium Protocol, rather than working directly with the Company to license the technology. Doing so would prevent the Holders from capturing the value that the Equilibrium Protocol is generating for a project and may even spur an industry of third parties capturing the value of the Equilibrium Protocol. This would have detrimental effects on both the Equilibrium Protocol and the Equilibrium Token.

The blockchain networks utilizing the Equilibrium Protocol may fail to generate enough value in their tokens to reap meaningful licensing fees.

Given that the Equilibrium Tokens depend upon other blockchain networks, the risks inherent in those blockchain networks failing to generate significant publicity, utility or value for their users and developer community become risks that the Equilibrium Protocol and Equilibrium Token, must also bear. Hundreds of blockchains may use the Equilibrium Protocol without any meaningful licensing fees generated, given low value of the native tokens in these blockchain applications. As a consequence, the Equilibrium Protocol technology could be widely used, and the Company's employees could be busy upgrading and customizing the technology to ensure wide adoption, but the Equilibrium Protocol itself could still fail to generate meaningful network activity and usage of the Equilibrium Tokens.

The Equilibrium Protocol could be forked by an organization which does not hold any stake in the Equilibrium Tokens and does not intend to encourage blockchains implementing the Equilibrium Protocol to provide the Holders with Equilibrium Token Fees.

As an open-sourced project, the Equilibrium Protocol could be forked by another team of developers interested in expanding upon its functionality or customizing it to a specific set of use cases. This team could, in turn, collect its own licensing fees from third-party blockchain developers, and may not necessarily have an interest in supporting the Equilibrium Token's value. If such a fork ultimately became more popular than the original Equilibrium Protocol, the value of EQP Tokens and/or Equilibrium Protocol might significantly decline.

Frontend UI developers who build applications that read Polkadot Smart Contracts may find the process of altering their APIs to read smart contracts running on the Equilibrium Protocol too burdensome to justify the alterations.

Software developers tend to focus their API efforts on interacting with most popular and commonly used interfaces. If the Equilibrium Protocol does not garner sufficient initial adoption among major blockchain applications, front end developers who integrate their applications with smart contracts on the Polkadot Network may not have sufficient motivation to add Equilibrium Protocol compatibility to their applications, given that the APIs will differ, if only slightly. This may diminish the popularity of the Equilibrium Protocol and Equilibrium Token.

The Equilibrium Protocol has limited operating history.

The Equilibrium Protocol has not launched on the mainnet of any blockchain application and has limited use history. Because of its infancy, issues may arise from time to time with the Equilibrium Protocol that affects its security, speed, storage, scalability, security, operations, or cost. Also, the price and supply of Equilibrium Tokens may in the future experience sharp fluctuations. If any real or perceived problems or vulnerabilities are identified, or if such volatility continues, the Equilibrium Protocol may be materially and adversely affected, which may have a further adverse effect on the willingness of parties to utilize the Equilibrium Protocol and transact using Equilibrium Tokens.

Modifications may be made to the Equilibrium Network, White Paper or the Equilibrium Tokens features and rights.

The Company reserves the right to continuously modify the White Paper, located at <https://docsend.com/view/45ff4jzbpdc4yyij>, and modify the codebase of the Equilibrium Protocol from time to time in the Company's sole and absolute discretion. Any such changes will be binding on the Purchasers. Following the Token Release Date, some changes to the Equilibrium Protocol may be determined by an organic decision-making process among members of the community, which the Company does not control. Any such modifications could materially and adversely impact the value of the EQP Tokens and/or Equilibrium Protocol and you could lose all or part of your purchase price.

A disruption of the Internet or the Polkadot Network would affect the ability to transfer EQP Tokens and Equilibrium Tokens.

Polkadot depends on the Internet. A significant disruption in Internet connectivity could disrupt the Polkadot Network's operations until the disruption is resolved and have an adverse effect on the price of EQP Tokens and/or Equilibrium Protocol which exist on the Polkadot Network alone. In addition, the Polkadot Network may be subjected to a number of denial-of-service attacks in the future, which could lead to delays in block creation and in the transfer of EQP Tokens and/or Equilibrium Protocol on the network. Any future attacks that impact the ability to transfer EQP Tokens and/or Equilibrium Protocol could have a material adverse effect on the price and supply of EQP Tokens and/or Equilibrium Protocol and the Equilibrium Protocol.

Litigation and third-party claims may adversely affect the development and adoption of the Equilibrium Protocol.

From time to time, third parties may assert claims against the Company, its developers and/or its underlying technology. Regardless of the merit of any legal action or claim, any action that reduces confidence in the Company's long-term viability or the ability of individuals to hold and transfer EQP Tokens and/or Equilibrium Protocol may adversely affect the Equilibrium Protocol. Additionally, a meritorious claim could prevent developers from accessing the most up to date Equilibrium Protocol code or holding or transferring their EQP Tokens and/or Equilibrium Protocol.

EQP Tokens and/or Equilibrium Protocol may be sold at a lower price or with less restrictive lockup restrictions in future offerings.

Following this Offering, the Company may distribute additional EQP Tokens and/or Equilibrium Protocol in future offerings, including via bounty programs, partnerships, airdrops and/or additional sales. The price per Token or Equilibrium Token associated with any such future offerings may be greater or lower than the price herein and any lockup schedules may be more or less restrictive than that offered herein. For instance, the Company may sell or grant additional EQP Tokens and/or Equilibrium Protocol for community incentive and developer programs with a less restrictive lockup than yours. Any such distribution of EQP Tokens and/or Equilibrium Protocol at a lower price could materially and adversely impact the value of the EQP Tokens and/or Equilibrium Protocol and you could lose all or part of your Total Purchase Price.

Additional sales or distributions of EQP Tokens and/or Equilibrium Protocol or EQP Tokens and/or Equilibrium Protocol could cause the price of EQP Tokens and/or Equilibrium Protocol to drop significantly.

In addition to the Offering hereunder, the Company has issued or will issue rights to EQP Tokens and/or Equilibrium Protocol to service providers, members of the community and partners. Sales or distributions of a substantial number of EQP Tokens and/or Equilibrium Protocol by any party, or the perception in the market that we or any third parties are selling or distributing a large number of EQP Tokens and/or Equilibrium Protocol, could cause the market price of EQP Tokens and/or Equilibrium Protocol to drop significantly (as adjusted for any token split or combination), and you might lose all or part of your Total Purchase Price.

Purchasers are responsible for securing and maintaining their private keys and otherwise following cybersecurity best practices. Failure to do so may result in the loss of all the Purchaser's EQP Tokens and/or Equilibrium Protocol.

The Equilibrium Token balances are associated in the Purchaser's respective wallet with the Purchaser's respective token public keys, which is in turn associated with the Purchaser's token private keys. The Purchaser is responsible for knowing its private key and keeping it a secret. Because a private key, or a combination of private keys, is necessary to control and use EQP Tokens and/or Equilibrium Protocol stored in a digital wallet or vault, the loss of one or more of the Purchaser's private keys associated with the Purchaser's digital wallet or vaults storing the EQP Tokens and/or Equilibrium Protocol will result in the loss of the Purchaser's EQP Tokens and/or Equilibrium Protocol. The Company will never ask for the Purchaser's private keys, and the Purchaser should never share any of his private keys with anyone.

The Purchaser is responsible for educating itself on best practices for securely keeping private keys, protecting his personally identifiable information and on cybersecurity best practices. Holders of crypto assets can be targeted by hackers in many ways which are out of our control. Holders' private keys also can be stolen. Any third party that gains access to one or more of the Purchaser's private keys, including by gaining access to login credentials of a hosted wallet service the Purchaser uses, may be able to misappropriate Purchaser's EQP Tokens and Equilibrium Tokens received in exchange for EQP Tokens. The Company has no control over such attacks and cannot stop hackers from stealing private keys of users. The Company will further accept no liability and will not reimburse the Purchaser for any theft of private keys or any malfunction of wallet software. As a result,

any loss of the Purchaser's EQP Tokens and/or Equilibrium Protocol due to such theft or malfunction or unauthorized use of any of his private keys may be final and result in the complete loss of the Purchaser's Total Purchase Price.

Risks relating to the exchange of EQP Tokens for Equilibrium Tokens

Failures to adhere to the EQP Token/Equilibrium Token Exchange procedures may result in a delay or failure to receive Equilibrium Tokens.

The procedure for exchanging EQP Tokens for Equilibrium Tokens may require you to provide your delivery address for receipt of Equilibrium Token, send your EQP Tokens to the Company or its agent, or otherwise take numerous steps to authenticate your ownership of EQP Tokens, confirm your right to receive Equilibrium Tokens, and to burn EQP Tokens. The Purchaser is responsible for adhering to all instructions provided by the Company, paying for any network fees to perform the exchange, and timely participating in the exchange.

Fees from the EQP Token/Equilibrium Token Exchange process may be very expensive and destroy the investment potential of the Equilibrium Token.

The network gas fees that occur during the exchange process of the EQP Tokens for Equilibrium Tokens may be very costly and, in some cases, more than the token value. Prohibitively costly gas fees could make the investment proposition much less attractive.

USE OF PROCEEDS

We currently have no exact plans for the use of the net proceeds that we receive from this Offering; however, it is our intention to use the funds to further the organic worldwide adoption, development, and use of the Equilibrium Protocol. Accordingly, we will have broad discretion in using these proceeds. Without limiting the foregoing, we currently intend to use all proceeds from this Offering to promote the use and adoption of the Equilibrium Protocol, including making grants to third parties to develop the Equilibrium Protocol, to research, develop and implement additional features and interoperability solutions, to incentivize adoption and developer participation, and promote community building activities. As part of promoting the use and adoption of the Equilibrium Protocol, a portion of the proceeds will be used to procure various service providers for the provision of engineering, operational, and administrative services for the Company. We also intend to use a portion of the proceeds to work with the Equilibrium Protocol community and various groups around the world to facilitate the organic growth of the adoption of Equilibrium Protocol. We also intend to use a portion of the proceeds to work with the Equilibrium community and various groups around the world to facilitate the organic growth of the Equilibrium Protocol. We reserve the right to change our use of proceeds from time to time as determined by the board of directors of the Company in its sole discretion.

LIMITATION OF LIABILITY

To the fullest extent permitted by applicable law (i) in no event will the Company be liable for any indirect, special, incidental, consequential, or exemplary damages of any kind (including, but not limited to, where related to loss of revenue, income or profits, loss of use or data, or damages for business interruption) arising out of or in any way related to this Private Placement Statement, EQP Tokens, or the Equilibrium Tokens, regardless of the form of action, whether based in contract, tort or any other legal or equitable claim (even if the party has been advised of the possibility of such damages and regardless of whether such damages were foreseeable); and (ii) in no event will the liability of the Company, whether in contract, tort or other legal or equitable claim, arising out of or relating to this Private Placement Statement, EQP Tokens or the Equilibrium Tokens exceed the amount the Purchaser pays to the Company hereunder. The Company shall not be liable or responsible to the Purchaser, nor be deemed to have defaulted under or breached this Private Placement Statement, for any failure or delay in fulfilling or performing any provision of this Private Placement Statement, including without limitation, delivering the EQP Tokens and providing for the exchange of EQP Tokens for Equilibrium Tokens.

THE COMPANY

Ingressus Limited is a British Virgin Islands company. The Company's goal is to provide an industry standard, highly optimized, and extensible smart contract execution environment, while maintaining Polkadot compatibility. The Equilibrium Tokens are the units of value which shall be established in accordance with the White Paper by the Company, and no person or entity may otherwise issue units of value in relation to such technology.

Board of Directors and Officers

Ruan Botha is the director of the Company. Ruan has a unique skillset with experience in law, tax, and compliance, with qualifications as an Admitted Attorney (BA-Law, LLB(SA)) as well as Certified AML Fintech Compliance Associate (ACAMS) and Certified Bitcoin Professional (C4). Mr. Botha is a member of the South African Legal Technologies Group (SALT) and the South African Institute of Tax Professionals (SAIT). Mr. Botha receives annual fees for their services on the Board.

Alex Melikhov is the founder and President of the Company. Mr. Melikhov is currently the only members of the Company's board of directors (the "Board") as has been the case since the formation of the Company. Mr. Melikhov founded and co-founded companies including the renowned crypto exchange Changelly, Oxygen trade, and EOSDT. MSc Applied Mathematics. The Company anticipates that certain other individuals may be added as directors of the Company from time to time. Mr. Melikhov serves on the Board until the appointment of their successors, or upon their deaths or resignations. Mr. Melikhov receives annual fees for their services on the Board.

Financial Information

The Company does not hold any material assets or liabilities. The Company has no operating history or operating results.

DILUTION

A total supply of 168,000,000 EQP Tokens will be created on or before the Token Release Date. The release of Equilibrium Tokens received in exchange for EQP Tokens shall be made in accordance with the Release Schedule described above. In addition, 10,452,962 EQP Tokens will be created as compensation to Republic Advisory Services.

DESCRIPTION OF EQP TOKENS

The Company is offering Equilibrium Tokens in this Offering at different options described under “Terms of the Offering” above, which may entitle the holders of Equilibrium Tokens to stake their Equilibrium Tokens in exchange for a proportional vote on the development of the technology in the future. The Equilibrium Tokens are subject to transfer restrictions as set forth above.

The EQP Tokens and Equilibrium Tokens do not immediately carry any voting rights with respect to the Company nor the Equilibrium Protocol. The Purchaser is not entitled, as a holder of EQP Tokens or Equilibrium Tokens, to vote or receive dividends or be deemed the holder of equity of the Company for any purpose, nor will anything contained herein be construed to confer on the Purchaser, as such, any of the rights of an equity holder of the Company, or any right to vote for the election of board members or upon any matter submitted to board members 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. The board of directors of the Company exercises all voting power on behalf of the Company.

A total supply of 12,000,000,000 Equilibrium Tokens will be created on the Polkadot Network. Such Equilibrium Tokens will be distributed to major participating groups in the Equilibrium Protocol based on the percentage allocations set forth above which assume that the offering is fully sold. These groups are critical to the creation, development, growth, and maintenance of the Equilibrium Protocol. Subject to potential modification, these groups are described in the section “*Overview—Token Distribution*” above.

Purchaser Qualifications

Each Purchaser must satisfy the following requirements. You acknowledge and agree that, in the event the Company determines that you do not meet the Company's requirements for Purchasers hereunder (as determined by the Company in its sole discretion), the Company may immediately and without notice rescind or terminate, as applicable, your purchase, notwithstanding your compliance with the Offering Documents, or that you have delivered the purchase price to the Company.

Only persons of adequate financial means who have no need for present liquidity with respect to this purchase should consider purchasing the Equilibrium Tokens offered hereby because: (i) a purchase of the Equilibrium Tokens involves a number of significant risks (See "**Risk Factors**"); and (ii) no market for the Equilibrium Tokens currently exists. It is uncertain whether a robust public market will ever develop for the Equilibrium Tokens. The sale of Equilibrium Tokens as described herein is intended to be exempt from registration under the Securities Act and applicable state securities laws.

This Offering is limited solely to Purchasers who are "accredited investors" as defined in Rule 501 of Regulation D under the Securities Act.

For purposes hereof, an "accredited investor," as defined under the Securities Act shall mean any person who comes within any of the following categories, or who we reasonably believe comes within any of the following categories, at the time of the sale of shares of EQP Tokens to that person:

- (a) any bank as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the Securities Exchange Act of 1934; any insurance company as defined in Section 2(13) of the Act; any investment company registered under the Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the Small Business Investment Act of 1958; any plan established and maintained by a State, its political subdivisions, or any agency or instrumentality of a State or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of \$5,000,000; any employee benefit plan within the meaning of the Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors;
- (b) any private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940;
- (c) any organization described in Section 501(c)(3) of the Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of \$5,000,000;
- (d) any director, executive officer, or general partner of the issuer of the securities being offered or sold, or any director, executive officer or general partner of a general partner of that issuer;
- (e) any natural person whose individual net worth, or joint net worth with that person's spouse, at the time of his purchase, exceeds \$1,000,000;
- (f) any natural person who had an individual income in excess of \$200,000 in each of the two most recent years or joint income with that person's spouse 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;
- (g) any trust, with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) under the Act; and
- (h) any entity in which all of the equity owners are accredited investors.

The Purchaser represents, by completing and signing the Token Purchase Agreement attached hereto that:

- (a) the Purchaser understands that the shares of our common stock represent a speculative, high risk investment, and that he must bear the economic risk of that investment for an indefinite period of time because the shares have not been registered under the Securities Act or applicable state blue sky or securities laws and that the Purchaser therefore cannot sell his shares unless they are subsequently so registered or an exemption from registration is available, and that any transfer will require our approval;
- (b) the Purchaser understands that the Token Purchase Agreement will bear a restrictive legend prohibiting transfers thereof except in compliance with the provisions of this Private Placement Statement and applicable securities laws and will not be transferred of record except in compliance therewith;
- (c) the Purchaser is acquiring the EQP Tokens solely for his own account and without any intention of reselling or distributing them;
- (d) if the Purchaser is not a natural person, it was not organized or reorganized for the specific purpose of acquiring the shares of the EQP Tokens;
- (e) we have, during the course of the offering and prior to the sale of the EQP Tokens, accorded the Purchaser and the Purchaser's representatives, if any, the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information, to the extent we or our agent possess such information or could have acquired it without unreasonable effort or expense, necessary to verify the accuracy of the information contained in this statement;
- (f) the Purchaser, alone or in conjunction with his purchaser representative, if any, has substantial knowledge and experience in business and financial matters, and is an experienced and sophisticated investor fully capable of evaluating the risks and merits of the proposed investment in the shares of the EQP Tokens; and
- (g) considering his business and financial circumstances (including, but not limited to, health problems, unusual family responsibilities and requirements for current income) and all other factors, the prospective investor is able to bear the economic risk of an illiquid investment in the EQP Tokens, including the risk of loss of the entire amount of the prospective investor's investment.

You should check the Office of Foreign Assets Control (the "OFAC") website at <http://www.treas.gov/ofac> before making the following representations to the Company: You represent that the amounts invested by you in this sale of EQP Tokens as described herein were not and are not directly or indirectly derived from any activities that contravene Federal, state or international laws and regulations, including anti-money laundering laws and regulations. Federal regulations and Executive Orders administered by the OFAC prohibit, among other things, the engagement in transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. The lists of the OFAC-prohibited countries, territories, individuals and entities can be found on the OFAC website at <http://www.treas.gov/ofac>. In addition, the programs administered by the OFAC (the "**OFAC Programs**") prohibit dealing with individuals⁷ or entities in certain countries, regardless of whether such individuals or entities appear on any OFAC list;

- (i) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you are acting as agent or nominee in connection with this purchase is a country, territory, entity or individual named on an OFAC list, or a person or entity prohibited under the OFAC Programs. Please be advised that the Company may not accept any subscription amounts from a prospective Purchaser if such prospective Purchaser cannot make the representation set forth in the preceding sentence. You agree to promptly notify the Company should you become aware of any change in the information set forth in any of these representations. You are advised that, by law, the Company may be obligated to "freeze the account" of any Purchaser, either by prohibiting additional subscriptions from it, declining any redemption requests and/or segregating the assets in the account in compliance with governmental regulations, and that the Company may also be required to report such action and to disclose such Purchaser's identity to the OFAC;
- (ii) you represent and warrant that none of: (1) you; (2) any person controlling or controlled by you; (3) if you are a privately-held entity, any person having a beneficial interest in you; or (4) any person for whom you

⁷ These individuals include specially designated nationals, specially designated narcotics traffickers, and other parties subject to OFAC sanctions and embargo programs.

are acting as agent or nominee in connection with this purchase is a senior foreign political figure⁸, or any immediate family⁹ member or close associate¹⁰ of a senior foreign political figure, as such terms are defined in the footnotes below; and

- (iii) if you are affiliated with a non-U.S. banking institution (a “**Foreign Bank**”), or if you receive deposits from, make payments on behalf of, or handle other financial transactions related to a Foreign Bank, you represent and warrant to the Company that: (1) the Foreign Bank has a fixed address, and not solely an electronic address, in a country in which the Foreign Bank is authorized to conduct banking activities; (2) the Foreign Bank maintains operating records related to its banking activities; (3) the Foreign Bank is subject to inspection by the banking authority that licensed the Foreign Bank to conduct its banking activities; and (4) the Foreign Bank does not provide banking services to any other Foreign Bank that does not have a physical presence in any country and that is not a regulated affiliate.

The Company is entitled to rely upon the accuracy of each of your representations. The Company may, but under no circumstances shall it be obligated to, require additional evidence that a prospective purchaser meets the standards set forth above at any time prior to its acceptance of a prospective purchaser’s subscription. You are not obligated to supply any information so requested by the Company, but the Company may reject a subscription from you or any person who fails to supply such information. In addition, if at any time after completion of the sale of the Equilibrium Tokens the representations concerning Purchaser’s compliance with the OFAC Programs becomes untrue, the Company may be required to take certain actions, including refusal to deliver the Equilibrium Tokens after Listing and reporting the transaction(s) to the relevant governmental authorities.

Republic

Republic Core provides hosting, technical and operational services for the Offering. Republic Core’s connection to the offering is solely for the limited purposes of acting as a third-party service provider. In addition, Republic Advisory Services has been engaged as a third party to provide advisory services related to the Equilibrium Tokens. Such services include general strategic business advisory. Republic Core is being compensated \$300,000 and Republic Advisory Services is being compensated \$300,000 worth of EQP Tokens, or 10,452,962 EQP Tokens (at a price of \$0.0287 per token). Republic Core and Republic Advisory Services are subsidiaries within a family of companies owned by OpenDeal Inc. (together sometimes referred to as “Republic”). Republic and its affiliates do not provide tax, accounting, or legal advice — all recipients are advised to consult with their own advisers.

Republic Core has engaged BitPay as a third-party payment processor to help facilitate this Offering. Each of Republic and BitPay, as a third-party service provider, does not hold any interest in any tokens being offered pursuant to this Offering or the proceeds resulting from this Offering except any consideration received for services rendered as relating to this Offering.

None of Republic Advisory Services, Republic Core, nor BitPay has investigated (nor have any of its affiliates investigated) the desirability or advisability of a purchase in this offering or the securities offered herein. Neither Republic Advisory Services, and its respective affiliates, nor BitPay, and its respective affiliates, make any representations, warranties, endorsements, or judgment on the merits of the offering or the Interests offered herein.

Potential Conflicts of Interest. This Memorandum does not purport to identify all conflicts of interest. OpenDeal Broker, from time to time, may enter into other transactions not specifically described in this Memorandum with affiliates, officers, managers, members, employees, agents and representatives.

⁸ A “senior foreign political figure” is defined as a senior official in the executive, legislative, administrative, military, or judicial branch of a foreign government (whether elected or not), a senior official of a major foreign political party, or a senior executive of a foreign government-owned corporation. In addition, a “senior foreign political figure” includes any corporation, business or other entity that has been formed by, or for the benefit of, a senior foreign political figure.

⁹ “Immediate family” of a senior foreign political figure typically includes such figure’s parents, siblings, spouse, children, and in-laws.

¹⁰ A “close associate” of a senior foreign political figure is a person who is widely and publicly known to maintain an unusually close relationship with such senior foreign political figure and includes a person who is in a position to conduct substantial domestic and international financial transactions on behalf of such senior foreign political figure.

Republic Capital Advisers LLC (“*Republic Capital*”) an affiliate of Republic Advisory Services and an SEC registered investment adviser may advise vehicles that have invested in securities or tokens issued by the Company. Those investments may be of a different class or type, with different rights and preferences, than those offered herein. Those other vehicles may have rights of first refusal, preemptive rights, voting rights or other rights in respect of the investment. In addition, it is possible that such Republic Capital vehicles may have unlocked, freely-tradable EQP or Equilibrium Tokens while the EQP or Equilibrium Tokens held by a Purchaser are subject to lock-up or legal restrictions on transfer, in which case the Republic Capital Vehicle may be able to dispose of its EQP or Equilibrium Tokens earlier and at a higher price than the Purchaser can dispose of its EQP or Equilibrium Tokens.

Similarly it is possible that Republic Advisory Services may have unlocked, freely-tradable EQP or Equilibrium Tokens while the same EQP or Equilibrium Tokens held by the Purchaser are subject to lock-up or legal restrictions on transfer, in which case Republic Advisory Services may be able to dispose of its EQP or Equilibrium Tokens earlier and at a higher price than the Purchaser can dispose of its EQP or Equilibrium Tokens. In addition, Republic Advisory Services frequently advises digital asset projects with respect to their roadmaps, governance structures, tokenomics and timelines, among other things. If Republic Advisory Services provides consulting services in respect of a project, it is possible that Republic Advisory Services and its associated persons may have information about the project or the intended roadmap of the EQP or Equilibrium Tokens that is not available to the public, or the Purchaser. Thus, there are affiliates of the Investment Adviser that may have more information on which to make informed decisions about whether to dispose of or hold EQP or Equilibrium Tokens.

Insider Participation

15% of the total supply of Equilibrium Tokens are reserved for the team, which shall vest linearly over a two-year period, commencing May 15, 2022. These tokens will vest for the team over 18 months with a 6-month cliff from the point of the parachain launch. No board member or officer intends to participate in the public round.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS

Set forth below is a brief discussion of certain potential United States (“U.S.”) federal income tax consequences relating to the acquisition, ownership and disposition of Equilibrium Tokens pursuant to this offer. This discussion is addressed solely to “foreign persons” (as defined in Section 7701 of the U.S. Internal Revenue Code of 1986, as amended (the “Code”)). This summary does not attempt to present all aspects of the United States federal income tax laws or any state, local or foreign laws that may impact a purchase of Equilibrium Tokens. In particular, this summary does not discuss U.S. federal income tax considerations that may be applicable to purchasers based on their particular circumstances, including but not limited to purchasers who are “*United States persons*” as defined in the Code, financial institutions, insurance companies, tax-exempt entities (including retirement plans), dealers in securities, traders in securities that have elected a mark-to-market method of accounting for U.S. federal income tax purposes, holders whose functional currency is not the US dollar, purchasers subject to the alternative minimum tax or Medicare contribution tax on net investment income, persons that own the Equilibrium Tokens as a position in a hedging transaction, persons that own the Equilibrium Tokens as part of a “straddle,” “conversion” or other integrated transaction for tax purposes, purchasers acquiring the Equilibrium Tokens in a compensatory transaction, purchasers that have expatriated from the U.S. or are former U.S. citizens, purchasers that carry on activities relating to the Equilibrium Tokens as part of a trade or business conducted in the U.S. or in connection with a “permanent establishment” maintained in the U.S. under an applicable income tax treaty, foreign governmental investors, including but not limited to “qualified foreign pension funds” as defined in Section 897(l) of the Code and entities wholly owned by them, and holders that are partnerships or other pass-through entities for U.S. tax purposes. Purchasers should consult with their own professional tax advisors regarding a prospective purchase of the Equilibrium Tokens. This summary is by nature general and should not be construed as tax advice to any prospective Purchaser.

This description is based on the Code, existing, proposed, and temporary U.S. Treasury Regulations promulgated under the Code and judicial and administrative interpretations thereof, in each case as available on the date hereof. All the foregoing is subject to change, which change could apply retroactively and could affect the tax consequences described below. No ruling has been or will be requested from the Internal Revenue Service (the “*IRS*”) and no assurance can be given that the IRS will agree with the tax consequences described in this summary. The following discussion assumes that each prospective Purchaser will acquire Tokens as a capital asset (generally, property held for investment), and does not discuss any U.S. estate, state, or local tax that may apply.

The tax treatment of a partnership and each partner thereof will generally depend upon the status and activities of the partnership and such partner. A holder that is treated as a partnership for U.S. federal income tax purposes or a partner in such partnership should consult its own tax advisor regarding the U.S. federal income tax consequences applicable to it and its partners of the acquisition, ownership and disposition of the Equilibrium Tokens.

Each prospective purchaser should consult with its own tax adviser to fully understand the U.S. federal, state, local, and foreign income tax consequences of a purchase of Equilibrium Tokens. No formal or legal tax advice is hereby given to any prospective purchaser. In addition, transactions involving Equilibrium Tokens and similar instruments, as well as other cryptocurrency and token transactions, are relatively new and it is more than likely that the IRS will issue guidance, possibly with retroactive effect, impacting the taxation of purchasers of Equilibrium Tokens. Future legislation or tax guidance from the IRS (or guidance resulting from future judicial decisions) could negatively impact purchasers of Equilibrium Tokens.

There is substantial uncertainty regarding the tax treatment of digital assets such as the Equilibrium Tokens, as well as activities or occurrences related or appurtenant thereto (including, without limitation, to the extent relevant and applicable, those discussed below). As a result, prospective purchasers may be subject to adverse tax consequences associated with their investment. Because this discussion only addresses various possible characterizations of the Polkadot Tokens for U.S. tax purposes, and given the lack of guidance from the IRS on tax matters relating to tokens with characteristics similar to the Equilibrium Tokens, there can be no assurance that the following discussion is accurate or will continue to be accurate. Accordingly, prospective purchasers should not base their decision to purchase the Equilibrium Tokens on the information related to U.S. taxation provided herein.

Use of Cryptocurrency or non-U.S. Currency to Purchase Equilibrium Tokens

This summary does not discuss any tax consequences associated with the use of cryptocurrency or non-U.S. currency to acquire Equilibrium Tokens. Each prospective purchaser should consult with its own tax adviser to fully understand the United States federal, state, local and foreign income tax consequences of a purchase of Equilibrium Tokens using cryptocurrency or non-U.S. currency.

Tax Characterization of the Equilibrium Tokens

1. *Overview.* There are no regulations, published rulings or judicial decisions involving the U.S. federal income tax characterization of instruments with substantially the same terms as the Equilibrium Tokens. In IRS Notice 2014-21, the IRS provided guidance regarding the taxation of convertible virtual currency. “Virtual currency” is defined in the Notice as a digital representation of value that functions as a medium of exchange, a unit of account, and/or a store of value. Virtual currency that has an equivalent value in real currency, or that acts as a substitute for real currency, is a “convertible” virtual currency (a “CVC”). Bitcoin, for example, which can be digitally traded between users, and can be purchased for, or exchanged into, U.S. dollars, Euros, and other fiat or virtual currencies, is the prototypical CVC. IRS Notice 2014-21 does not address any virtual currency that is not “convertible.”

IRS Notice 2014-21 provides that CVC is treated as property for federal tax purposes; it is not treated as currency for purposes of determining whether a transaction results in foreign currency gain or loss. A taxpayer must recognize taxable gain (or loss) if the taxpayer exchanges a unit of CVC for other property, measured by the difference between the fair market value of the other property and the tax basis in the unit of CVC. The tax character of exchange gain (or loss) will be determined under general U.S. tax principles – a taxpayer who holds CVC as a capital asset will generally realize a capital gain (or loss).

However, Notice 2014-21 does not address the tax treatment of tokens similar to the Equilibrium Tokens, which accord purchasers potential governance rights over activities pertaining to the Equilibrium Protocol and which also involve the potential receipt of amounts received in a digital wallet that relate to fees paid by parties utilizing the Equilibrium Protocol.

Accordingly, the characterization of the Equilibrium Tokens is uncertain. Prospective purchasers should therefore expect that the IRS or a court will ultimately determine how the Equilibrium Tokens should be characterized based on a consideration and weighing of the economic and governance rights of these instruments.

2. *Treatment of the Single Wallet into which Token Fees are collected as an Entity for U.S. Federal Tax Purposes.* One possible characterization of the economic and governance rights associated with the Equilibrium Tokens is that the Equilibrium Tokens represent an interest in an entity that should be recognized for U.S. federal income tax purposes. If this characterization is appropriate, the entity may be taxable for U.S. federal income tax purposes as a corporation. The IRS may take this position based upon the underlying economic and governance rights inherent in the Equilibrium Tokens, including the rights that purchasers will have to receive a share of Token Fees and the governance rights that Purchasers may exercise to control certain activities relating to the Equilibrium Protocol. Under U.S. federal tax law, the existence of an “entity” for tax purposes is not dependent on how local law characterizes the arrangement. Applicable Treasury Regulations provide that: “[w]hether an organization is an entity separate from its owners for federal tax purposes is a matter of federal tax law and does not depend on whether the organization is recognized as an entity under local law... a joint venture or other contractual arrangement may create a separate entity for federal tax purposes if the participants carry on a trade, business, financial operation, or venture and divide the profits therefrom.” Unlike Bitcoin, where investors can look solely to appreciation in value of Bitcoin for an investment return, the Equilibrium Tokens might be viewed by the IRS or a court as involving, as provided in the Treasury Regulations cited above, a joint agreement by purchasers to share in the Token Fees generated through the Equilibrium Protocol. Given the fact that the exact nature of the governance rights that will apply to the Equilibrium Tokens are yet to be developed, no assurances can be given as to how these tests or other tests applicable to the determination of whether an entity has been or will be created for tax purposes will be applied.

In this case, it is possible that any amounts derived by the “entity” in respect of the POLKADOT Tokens might be treated as income that is effectively connected with a U.S. trade or business, depending on various factors, including the extent of the contacts that exist between the creators of the Equilibrium Protocol and the U.S., whether certain offices (including home offices) exist in the U.S. that relate to Equilibrium, or where Equilibrium’s activities are conducted, and other factors. In general, non-U.S. corporations are subject to tax at the same rates applicable to U.S. corporations on income treated as effectively connected with a U.S. trade or business and are then subject to an additional tax at a 30% rate on effectively connected earnings and profits. If this characterization is ultimately determined to be appropriate, any economic returns realized by prospective Purchasers with respect to the Equilibrium Tokens would be materially reduced.

If the IRS takes the position that a taxable entity has been created in connection with the collection and distribution of Token Fees, the IRS may also be successful in taking the position that the entity should be taxable as a U.S. corporation, rather than a foreign corporation. In this case, the Token Fees would be taxable in the U.S. at regular corporate rates, and any Token Fees made available to holders of the Equilibrium Tokens could be taxable as dividends for U.S. tax purposes. In the absence of a reduced rate under an applicable tax treaty, distributions taxable as dividends (and that are not otherwise, in the hands of a purchaser, attributable to the conduct of a U.S. trade or business by the purchaser or, to the extent an income tax treaty applies,

treated as business profits attributable to a “permanent establishment” maintained in the U.S.) are subject to a 30% U.S. federal withholding tax rate.

If the IRS takes the position that an entity has been created in connection with the collection and distribution of the Token Fees, and the entity is taxable for US federal income tax purposes as a partnership, then prospective purchasers would generally be taxable on their distributive shares of the partnership’s earnings and profits treated as effectively connected to a U.S. trade or business, as determined under U.S. federal income tax principles, and prospective purchasers would be required to file U.S. federal income tax returns. If viewed as a partnership, it is also possible that the IRS or a court would conclude that the “partnership” should nevertheless be taxable as a corporation for U.S. federal income tax purposes as a “publicly-traded partnership.” Under the Code, “publicly-traded partnerships” are taxable as corporations unless specific exemptions apply. A publicly traded partnership is one whose interests are either traded on an “established securities market” or “are readily tradable on a secondary market (or the substantial equivalent thereof).” Depending on the market that develops for the Equilibrium Tokens and depending on whether the exchanges on which the Equilibrium Tokens are determined to meet these tests, the publicly traded partnership provisions of the Code may apply.

Prospective purchasers should be aware that neither the Company nor any of its employees or beneficial owners will undertake to ensure that activities relating to the Equilibrium Protocol are carried out outside the U.S., and therefore, the risks of U.S. taxation associated with purchasing the Equilibrium Tokens will potentially be material and could change based on factors that the Company and such persons will not factor into their decisions.

3. Other Potential Characterizations. Other potential tax characterizations of the Equilibrium Tokens are also possible. For example, rather than representing an interest in an entity for U.S. federal income tax purposes, the Equilibrium Tokens may represent a right to receive certain payments associated with the commercialization of the software developed by the Company. Prospective purchasers of Equilibrium Tokens should be aware that, under this characterization, if Token Fees are ultimately paid to or received by the holder from a U.S. person, these fees may also be treated as U.S.-source royalty income, which, in the absence of a reduced rate under a tax treaty, would be subject to a U.S. federal withholding tax rate of 30%.

4. Withholding and Tax Disclosure. It is unclear how participants in the program who pay Token Fees would comply with U.S. withholding and tax information reporting requirements with respect to the Token Fees. In general, payors of income are required to withhold U.S. withholding taxes, at varying rates, based upon the tax status of the recipients of the payments. Under current U.S. federal income tax law, complying with these rules requires tax certifications to be given by the payee to the ultimate payor. The cryptocurrency industry has expressed concerns with the possible application of the rules to transactions involving undifferentiated payees, including when payments are made to a digital wallet without accompanying beneficial ownership information. It is possible that the IRS or another tax authority would seek to obtain information regarding the ultimate owners of the Equilibrium Tokens, and to avoid significant taxes and penalties, purchasers should discuss these issues with their personal tax advisors and should provide applicable beneficial ownership interest certifications to the Company by completing and sending the Company an IRS Form W-8.

In addition, purchasers should be aware that recent legislation, including the infrastructure bill passed by the House of Representatives on November 6, 2021, includes an expanded information reporting regime that broadens the existing definition of “broker” to include “any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person.” It is unclear how this expanded definition of broker would apply to the Company, the State ERC20 Tokens or the Equilibrium Protocol and purchasers should expect that additional guidance and rulemaking may occur prior or subsequent to the provisions entering into effect. In any event, purchasers should expect that if the State ERC20 Tokens are traded on an exchange or otherwise by a “broker,” reporting obligations will apply (which would include identifying information about the purchasers).

To the extent that these information reporting rules are applicable, purchasers could be impacted in several ways. Failure to deliver appropriate tax certifications could result in U.S. “backup” withholding tax of 24% even on the gross proceeds derived from a sale of the Equilibrium Tokens. Rules treating cryptocurrency as cash might require reporting to the IRS for transactions involving the State ERC -20 Tokens above statutorily mandated thresholds. Penalties, additions to tax and interest may also apply in the case of certification failures and the failure to comply with information reporting.

Sale, Exchange, or Other Disposition of Equilibrium Tokens:

Except as provided below and above in Section 4 regarding withholding, if the Equilibrium Tokens are treated for tax purposes as an interest in a U.S. corporation, purchasers would not generally be subject to U.S. taxation unless the corporation is treated as a “United States real property holding company” within the meaning of the Code, or certain other conditions are satisfied. If the corporation is treated as a “United States real property holding corporation,” a purchaser who sells, exchanges, or

otherwise disposes of the Equilibrium Tokens for cash or other property (including pursuant to an exchange of such Equilibrium Tokens for other convertible virtual currency) would generally recognize taxable gain for U.S. federal income tax purposes, which would be treated as effectively connected with a U.S. trade or business. If the corporation is not treated as a “United States real property holding corporation” within the meaning of the Code, but the Equilibrium Tokens are otherwise treated as equity interests in a U.S. corporation, Non-U.S. Holders would not generally be taxable in the U.S. on gain realized on a sale of the Equilibrium Tokens unless:

A. the gain (1) is effectively connected with the conduct by the purchaser of a U.S. trade or business and (2) if required by an applicable income tax treaty between the U.S. and the purchaser’s country of residence, is attributable to a permanent establishment (or, in the case of an individual, a fixed base) maintained by such purchaser in the United States, or

B. the purchaser is an individual who is present in the U.S. for 183 days or more in the taxable year of the sale, exchange or other taxable disposition of the Equilibrium Tokens and certain other requirements are met (in which case the gain would be subject to a flat 30% tax, or such reduced rate as may be specified by an applicable income tax treaty).

If, instead, the Equilibrium Tokens are not treated as an interest in an entity for U.S. federal income tax purposes, the tax consequences associated with a disposition are also unclear. If the Equilibrium Tokens are treated as “capital assets” in a purchaser’s hands, then it is possible that Non-U.S. Holders would generally not be subject to taxation in the U.S. unless certain conditions are satisfied, including conditions similar to the conditions described above that relate to sales of the Equilibrium Tokens if the tokens are treated as interests in a U.S. corporation.

EACH PURCHASER SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF HIS, HER OR ITS TAX ADVISOR WITH RESPECT TO THEIR PURCHASES, AND EACH PURCHASER IS RESPONSIBLE FOR THE FEES OF SUCH ADVISOR. NOTHING IN THIS PRIVATE PLACEMENT STATEMENT IS OR SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE TO A PURCHASER. PURCHASERS SHOULD BE AWARE THAT THE INTERNAL REVENUE SERVICE MAY NOT AGREE WITH ALL TAX POSITIONS TAKEN BY THE COMPANY AND THAT CHANGES TO THE INTERNAL REVENUE CODE OR THE REGULATIONS OR RULINGS THEREUNDER OR COURT DECISIONS AFTER THE DATE OF THIS PRIVATE PLACEMENT STATEMENT MAY CHANGE THE ANTICIPATED TAX TREATMENT TO A PURCHASER. THE COMPANY WILL NOT OBTAIN ANY RULING FROM THE INTERNAL REVENUE SERVICE WITH REGARD TO THE TAX CONSEQUENCES OF A PURCHASE OF THE *EQUILIBRIUM* TOKENS.