
CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM

**RAYLSFUSION LTD.
A BRITISH VIRGIN ISLANDS COMPANY**



**Up to \$1,000,000
(Rule 506(c) of Regulation D)**

Up to 64,935,065 of RLS Tokens

The date of this Memorandum is October 01st, 2025.

TABLE OF CONTENTS

SUMMARY OF THE OFFERING AND THE PURCHASE AND CLOSING PROCESS	1
TERMS OF THE OFFERING	4
COMPANY OVERVIEW	8
BACKGROUND AND OVERVIEW	8
ARCHITECTURE AND SECURITY	12
TOKENOMICS AND ROLE OF RLS	14
GOVERNANCE AND ECOSYSTEM	17
USE OF PROCEEDS	20
DILUTION	21
CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS	22
DESCRIPTION OF THE TOKENS	24
Ownership of Tokens	24
Token	24
Token Supply	27
Limited Token-Related Rights	27
PLAN OF DISTRIBUTION	28
Distribution of Tokens	28
Purchaser Qualifications	30
Other Requirements	31
ODB	33
Delivery of Tokens	33
Transfer Restrictions	33
Prior Offerings	33
NOTICE TO PURCHASERS	34
Procedures for Subscribing	34
Closing Requirements	34
Notice Concerning the Securities Act	34
Representations and Warranties of Purchasers	34
Limitation of Liability and Indemnification	34
Potential Conflicts of Interest	35
TAX CONSIDERATIONS	36

INVESTOR VERIFICATION STANDARDS IN RULE 506(C) OF REGULATION D	36
RISK FACTORS	38
GENERAL RISK FACTORS	39
RISK FACTORS RELATED TO THE SECURITIES BEING OFFERED	43
RISK FACTORS RELATED TO TOKENS, CRYPTOCURRENCY, AND OTHER DIGITAL ASSETS	46
RISK FACTORS RELATED TO A NETWORK	51
RISK FACTORS RELATED TO A PROTOCOL	52
RISK FACTORS RELATED TO LAYER 1 BLOCKCHAIN NETWORKS	53
RISK FACTORS SPECIFIC TO THE COMPANY	63
RISK FACTORS SPECIFIC TO THIS OFFERING	65
CERTAIN NOTICES	66

SECURITIES DISCLOSURES

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE “SEC”), ANY STATE SECURITIES COMMISSION OR ANY OTHER REGULATORY AUTHORITY, NOR HAVE ANY OF THE FOREGOING PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OR THE ACCURACY OR ADEQUACY OF THIS CONFIDENTIAL PRIVATE PLACEMENT MEMORANDUM (THE “MEMORANDUM”).

THE SECURITIES 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. THE SECURITIES OFFERED HEREBY MAY NOT BE SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF BY AN INVESTOR UNLESS THEY ARE REGISTERED UNDER THE SECURITIES ACT AND WHERE REQUIRED, UNDER THE LAWS OF OTHER JURISDICTIONS, UNLESS SUCH PROPOSED SALE, TRANSFER OR DISPOSITION IS EXEMPT FROM SUCH REGISTRATION.

A PURCHASE OF THE SECURITIES INVOLVES A HIGH DEGREE OF RISK INCLUDING THE RISK OF A TOTAL LOSS OF PRINCIPAL, 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 SECURITIES IS SUITABLE TO SUCH PROSPECTIVE PURCHASER’S FINANCIAL CONDITION AND GOALS. SEE “RISK FACTORS” BELOW. SECURITIES RISK FACTORS AND SUITABILITY DISCLOSURES

INVESTORS SHALL BE REQUIRED TO REPRESENT THAT THEY ARE FAMILIAR WITH AND UNDERSTAND THE TERMS, RISKS AND MERITS OF THE OFFERING DESCRIBED IN THIS MEMORANDUM AND ALL THE ATTACHMENTS HERETO. THE SECURITIES IS BEING OFFERED IN A PRIVATE OFFERING TO A LIMITED NUMBER OF INDIVIDUALS OR ENTITIES MEETING CERTAIN SUITABILITY STANDARDS. THIS OFFERING INVOLVES A HIGH DEGREE OF RISK AND PROSPECTIVE INVESTORS SHOULD BE AWARE THAT THEY MAY SUSTAIN A LOSS OF THEIR ENTIRE INVESTMENT.

PURCHASES WILL BE ACCEPTED ONLY FROM “ACCREDITED INVESTORS,” AS DEFINED IN RULE 501 OF REGULATION D (SEE “**INVESTOR SUITABILITY STANDARDS**”). THE SECURITIES OFFERED HEREBY ARE SPECULATIVE AND INVOLVE A HIGH DEGREE OF RISK. NO INVESTMENT IN THE SECURITIES SHOULD BE MADE BY ANY PERSON WHO IS NOT IN A POSITION TO LOSE THE ENTIRE AMOUNT OF SUCH INVESTMENT. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR EXAMINATION OF US AND THE TERMS OF THIS OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

EXCLUSIVE NATURE OF THE PRIVATE PLACEMENT MEMORANDUM

NO ENTITY HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS MEMORANDUM. ANY INFORMATION OR REPRESENTATION NOT CONTAINED HEREIN MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE COMPANY. MOREOVER, NEITHER THE DELIVERY OF THIS MEMORANDUM NOR THE SALE OF THE SECURITIES SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE

THE COMPANY DISCLAIMS ANY AND ALL LIABILITIES FOR REPRESENTATIONS OR WARRANTIES EXPRESSED OR IMPLIED, CONTAINED IN, OR OMISSIONS FROM, THIS MEMORANDUM, OR ANY OTHER WRITTEN OR ORAL COMMUNICATION TRANSMITTED OR MADE AVAILABLE TO THE RECIPIENT. EACH INVESTOR SHALL BE ENTITLED TO RELY SOLELY ON THOSE REPRESENTATIONS AND WARRANTIES WHICH MAY BE MADE TO THE INVESTOR IN ANY FINAL PURCHASE OR TOKEN PURCHASE AGREEMENT RELATING TO THE SECURITIES. THE DELIVERY OF THIS MEMORANDUM DOES NOT CONSTITUTE AN OFFER IN ANY JURISDICTION TO ANY PERSON TO WHOM SUCH OFFER WOULD BE UNLAWFUL IN SUCH JURISDICTION.

THIS MEMORANDUM DOES NOT PURPORT TO BE ALL-INCLUSIVE OR TO CONTAIN ALL OF THE INFORMATION THAT A PROSPECTIVE INVESTOR MAY DESIRE IN EVALUATING AN INVESTMENT IN THIS OFFERING OR THE SECURITIES OFFERED HEREIN. INVESTORS MUST CONDUCT AND RELY ON THEIR OWN EVALUATIONS OF THE COMPANY AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED IN MAKING AN INVESTMENT DECISION WITH RESPECT TO THE SECURITIES. THE RISK FACTORS SHOULD BE CONSIDERED IN CONNECTION WITH THE PURCHASE OF THE SECURITIES. NEITHER THE DELIVERY OF THIS MEMORANDUM AT ANY TIME, NOR ANY SALE OF THE SECURITIES HEREUNDER, SHALL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THE INFORMATION CONTAINED IN THIS MEMORANDUM IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

JURISDICTIONAL (NASAA) LEGENDS

FOR RESIDENTS OF ALL U.S. STATES: THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THAT STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OR SALE MAY BE MADE IN A PARTICULAR STATE. IF YOU ARE UNCERTAIN AS TO WHETHER OR NOT OFFERS OR SALES MAY BE LAWFULLY MADE IN ANY GIVEN STATE, YOU ARE HEREBY ADVISED TO CONTACT THE COMPANY. THE SECURITIES DESCRIBED IN THIS MEMORANDUM HAVE NOT BEEN REGISTERED UNDER ANY STATE SECURITIES LAWS (COMMONLY CALLED “**BLUE SKY**” LAWS). THESE SECURITIES MUST BE ACQUIRED FOR INVESTMENT PURPOSES ONLY AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION OF SUCH SECURITIES UNDER SUCH LAWS, OR AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY THAT SUCH REGISTRATION IS NOT REQUIRED.

THE PRESENCE OF A LEGEND FOR ANY GIVEN STATE REFLECTS ONLY THAT A LEGEND MAY BE REQUIRED BY THE STATE AND SHOULD NOT BE CONSTRUED TO MEAN AN OFFER OF SALE MAY BE MADE IN ANY PARTICULAR STATE. THE DISCLOSURES SET FORTH ON **SCHEDULE A** ARE SUBJECT TO REVISION OR MODIFICATION, AND THE INVESTOR IS ADVISED TO SEEK INDEPENDENT LEGAL ADVICE IN THEIR JURISDICTION.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

THIS MEMORANDUM 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 AND THE SECURITIES 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 OR THE SECURITY TO DIFFER MATERIALLY FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. ALTHOUGH WE BELIEVE THAT THE EXPECTATIONS REFLECTED IN OUR FORWARD-LOOKING STATEMENTS ARE BASED ON REASONABLE ASSUMPTIONS, ACTUAL OUTCOMES COULD DIFFER MATERIALLY FROM THOSE SET FORTH OR ANTICIPATED IN OUR FORWARD-LOOKING STATEMENTS. FACTORS THAT COULD CAUSE OUR FORWARD-LOOKING STATEMENTS TO DIFFER FROM ACTUAL OUTCOMES INCLUDE, BUT ARE NOT LIMITED TO THOSE DESCRIBED UNDER THE SECTION ENTITLED “**RISK FACTORS**”.

**SAFE HARBOR STATEMENT UNDER THE
PRIVATE SECURITIES LITIGATION REFORM ACT**

WITH THE EXCEPTION OF THE HISTORICAL INFORMATION CONTAINED IN THIS MEMORANDUM, THE MATTERS DESCRIBED HEREIN CONTAIN FORWARD-LOOKING STATEMENTS THAT INVOLVE RISK AND UNCERTAINTIES THAT INDIVIDUALLY OR MUTUALLY IMPACT THE MATTERS HEREIN DESCRIBED INCLUDING, BUT NOT LIMITED TO, FINANCIAL PROJECTIONS, PRODUCT DEMAND AND MARKET ACCEPTANCE, THE EFFECT OF ECONOMIC CONDITIONS, THE IMPACT OF COMPETITIVE PRODUCTS AND PRICING, GOVERNMENTAL REGULATIONS, TECHNOLOGICAL DIFFICULTIES AND/OR OTHER FACTORS OUTSIDE THE CONTROL OF THE COMPANY.

CERTAIN SERVICE PROVIDERS

NONE OF OPENDEALBROKER LLC DBA OPENDEALBROKER OR THE CAPITAL R (“**ODB**”) (NOR HAVE ANY OF THEIR AFFILIATES) INVESTIGATED THE DESIRABILITY OR ADVISABILITY OF AN INVESTMENT IN THIS OFFERING OR THE INTERESTS OFFERED HEREIN. NONE OF ODB OR ITS AFFILIATES MAKE ANY REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGEMENT ON THE MERITS OF THE OFFERING OR THE SECURITIES OFFERED HEREIN. THE CONNECTION OF ODB AND/OR ITS AFFILIATES TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSES OF ACTING AS A SERVICE PROVIDER. AN INVESTOR SHOULD HAVE KNOWLEDGE AND UNDERSTANDING OF SOPHISTICATED AND COMPLEX INVESTMENTS TO MAKE A SELF-DETERMINATION OR SEEK ADVICE ELSEWHERE. ODB MAY INVITE OTHER BROKER/DEALERS TO PARTICIPATE IN THIS OFFERING UNDER SIMILAR TERMS AND CONDITIONS.

ZERO HASH LLC, THE PAYMENT PROCESSOR FOR THIS OFFERING, AND ITS SUCCESSOR OR ASSIGN, HAS NOT INVESTIGATED THE DESIRABILITY OR ADVISABILITY OF PARTICIPATION IN THIS OFFERING OR THE INTERESTS OFFERED HEREIN. ZERO HASH MAKES NO REPRESENTATIONS, WARRANTIES, ENDORSEMENTS, OR JUDGMENTS ON THE MERITS OF THE OFFERING OR THE INTERESTS OFFERED HEREIN. ZERO HASH'S CONNECTION TO THE OFFERING IS SOLELY FOR THE LIMITED PURPOSE OF ACTING AS A SERVICE PROVIDER AND DOES NOT CONSTITUTE INVESTMENT ADVICE. ZERO HASH SHALL NOT BE LIABLE FOR ANY LOSSES OR DAMAGES ARISING FROM PARTICIPATION IN THIS OFFERING.

* * *

SUMMARY OF THE OFFERING AND THE PURCHASE AND CLOSING PROCESS

Raylsfusion Ltd., a British Virgin Islands company limited by shares with registered number 2151146, whose registered address is at 2nd Floor Jayla Place, Road Town, Tortola, British Virgin Islands (the “**Company**”, “**we**” or “**us**”) is offering (the “**Offering**”) under Section 4(a)(2) and Rule 506(c) of Regulation D promulgated under the Securities Act up to \$1,000,000 (“**Maximum Offering Amount**”) of the Company’s RLS Tokens (“**Tokens**”) to qualified investors as set forth in the “**Terms of the Offering**,” below.

The Token is the Company’s utility token for intended use on the Company’s dual-network blockchain designed to unify institutional privacy and control with public-chain liquidity and interoperability, which combines a high-performance, institution-hosted EVM environment - the Rayls Privacy Node - with a fully EVM-compatible - the Rayls Public Chain (as context suggests, the “**Network**,” “**Protocol**” or “**Platform**”), at a price of \$0.0154 per Token (the “**Offering Price**”). The date the Tokens are initially broadly publicly released by the Company for use on the Platform, if ever, shall constitute the “**Token Integration Event**” or “**TIE**”.

Best Efforts Basis.

This Offering is being conducted on a “best efforts” basis through a platform found at <https://republic.com>, which is operated for the benefit of OpenDealBroker LLC d/b/a OpenDealBroker or the Capital R (“**ODB**”). ODB is a registered FINRA/SEC broker dealer. ODB is not purchasing the securities, except as otherwise set forth herein, and is not required to sell any specific number or dollar amount of securities in this Offering. Since there is no minimum offering amount of the Tokens required to be sold in this Offering, all funds received from purchases under the Offering will immediately become assets of the Company, and available for use by the Company, upon acceptance of the purchases by the Company. The Company may increase or decrease the amount of the Maximum Offering in its sole discretion. The Company may reject purchases in whole or in part, in its discretion. If the Company accepts purchases for the Maximum Offering, the Company expects the proceeds therefrom to equal as follows:

	<u>Offering Price</u>	<u>Commissions¹</u>	<u>Fees²</u>	<u>Proceeds to Company</u>
Maximum Offering Amount	\$ 1,000,000	\$12,000	\$7,500	\$ 980,500

(1) The cash fee paid to ODB from the proceeds of this Offering will be the greater of: (A) \$12,000 or (B) zero percent (0%) of the total dollar value of the Tokens sold in the Offering up to but not in excess of \$100,000.00 and six percent (6%) of the total dollar value of the Tokens sold in the Offering greater than \$100,000.00. See “**Certain Relationships and Related-Party Transactions**”.

(2) Legal fees

Purchase Process.

Each investor must complete such documentation as may be requested through the offering platform at republic.com/rayls (the “**Republic Platform**”) on behalf of the Company, which may include, without limitation:

1. the execution and delivery of the token purchase agreement (the “**TPA**” and together with any other documents, agreements and instruments, the “**Offering Documents**”), which shall identify the investor’s purchase amount (the “**Purchase Amount**”);

2. completion of investor qualification requirements (such as accreditation status verification, if applicable);
3. completion of Know-Your-Customer/Anti-Money Laundering (“KYC/AML”) and/or Know-Your-Business (“KYB”) screening requirements; and
4. confirmation by ODB of clearance from its regulation best interests requirements and of receipt of funds by the financial institution providing cryptocurrency payment services for the Offering, which presently is Zero Hash LLC (the “Payment Servicer” and the foregoing requirements, collectively, (collectively, the “Closing Requirements”).

The Company shall have the sole discretion to accept or reject any investor purchase and determine whether or not Closing Requirements have been satisfied.

Closing Process; Purchase Payment.

Upon acceptance by the Company of any purchase from qualified investors, the Company shall have the right at any time and prior to the Offering Deadline (as defined below), to effect periodic closings (each a “Closing”) for purchases in this Offering from investors until the earlier of (i) the date upon which purchases for the Maximum Offering offered hereunder have been accepted, (ii) the Offering Deadline, or (iii) the date upon which the Company elects to terminate the Offering.

Subject to satisfaction of the Closing Requirements, an investor shall make payments by wire, credit card, ACH, in USD Coin (\$USDC) or Tether (\$USDT) via any \$USDC or \$USDT supported network or any other method supported by Payment Servicer during the Offering Period (as defined in “Terms of the Offering,” below).

The Company may elect to accept other forms of payment on an as-converted to USD basis in its sole discretion and subject to acceptance by the Payment Servicer. The Company will not accept payment by any fiat currency, including, for the avoidance of any doubt, United States dollars, whether by wire, automated-clearing house or otherwise. The Company reserves the right to discontinue accepting any type of consideration in its sole discretion.

The USD exchange rate for USDC or USDT other forms of payment shall be determined solely by the Company or its assignee or agent in accordance with reasonable and accepted market practices. 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 returns of a purchase. Purchasers may receive a number of Tokens rounded down to two (2) decimal places.

Delivery of Tokens only upon Token Integration Event.

The Company plans to deliver Tokens on or after the date of the Token Integration Event, as such date may be extended or modified by the Company in its sole discretion (the “TIE Date”), as identified in the **Terms of the Offering**, below.

If there is no Token Integration Event on or before the TIE Date, the Company shall repay investors an amount equal to the purchase amount set forth in the investor’s TPA (the “Returned Purchase Amount”), as soon as reasonably practicable after the TIE Date, to the extent funds are available for such lawful repayment at that time. If there is insufficient capital to refund the investors’ Returned Purchased

Amount on the TIE Date, the Company will repay Purchasers with equal priority and on a pro-rata basis among the investors based on the relative value of their respective Purchase Amount on the date of receipt by the Company of such Purchase Amount. *See* “**Use of Proceeds**” below for further discussion of the Company’s use of any capital raised in the Offering.

* * *

TERMS OF THE OFFERING

The summary below describes the principal terms of the offering. Certain of the terms and conditions described below are subject to important limitations and exceptions. Prospective investors should review the entirety of the document 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 Document.

Company:	Raylsfusion Ltd.
Tokens:	RLS Token
Expected Date of Token Integration Event:	Such date as determined by the Company, which may be extended or modified by the Company in its sole discretion
Offering Size:	<p>The expected number of Tokens to be sold in this Offering is 64,935,065.</p> <p>Such amount may be modified by the Company in its sole discretion. The total amount of Tokens allocated for public sale is 64,935,065, all of which may be offered and sold by the Company in its sole discretion through the Republic Sale and through other platforms, including digital asset exchanges. Such amount may be increased or decreased in the sole discretion of the Company, including on different terms and conditions.</p>
Offering Price:	\$0.0154
Offering Period:	<p>October 01st, 2025, at 9:00 am prevailing Eastern Time (“ET”) through October 20th, 2025, at 4 pm ET, subject to the Company’s discretion to extend the Offering (the “Offering Period”).</p> <p>Purchasers who are on the Company’s “allowlist” or presales are eligible to participate in this Offering starting on October 01st, 2025, at 9:00 am ET.</p> <p>The Company reserves the right to reject any payments not made within the Offering Period.</p> <p>The Offering Period may be extended or shortened in the Company’s sole discretion posting a supplement to the Memorandum on the Offering Website.</p>
Purchase Amounts:	<p>Minimum purchase amount is \$100. Maximum purchase amount is \$1,000,000.</p> <p>Such amounts may be modified by the Company in its sole discretion.</p>
Form of Purchase Agreement:	Token Purchase Agreement (the “TPA”)
Manner of Payment of Purchase Amount:	The Purchase Amount can be paid by wire, credit card, ACH, in USD Coin (\$USDC) or Tether (\$USDT) via any \$USDC or \$USDT supported network

or any other method supported by Payment Servicer. The US dollar exchange rate for any cryptocurrencies used for the Purchase Amount shall be determined as set forth in the TPA.

Purchasers must access the Republic Platform at republic.com/rayls and be subject to the Offering Documents.

Purchases in USDC through Payment Servicer will incur a total fee equal to the greater of \$2,500 (minimum fee) or 0.1% of the total payment volume.

The above fees for Payment Servicer will ultimately be borne by the Company. The fee is added to the total amount of the investment at checkout.

Purchasers in the offering will not have the right to revoke their purchase at any time. If a purchase is rejected for any reason, it will be refunded without interest or deduction save any applicable fees. Purchasers will follow instructions for completing payment when making their purchase via the Republic Platform that is operated by ODB for the benefit of the Offering.

Cryptocurrencies and digital assets received in connection with purchases pursuant to this Offering are directed to an account maintained by the Company. If a purchase is rejected for any reason, including if ODB is unable to verify the KYC of the Purchaser, and if payment was made in the specifically approved cryptocurrency or digital asset, a refund of the purchase price will be made in USDC, and 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, which are paid to validators on a blockchain network, will be deducted from the amount of the refund sent. Purchasers in the Offering will not have the right to revoke their purchase at any time. Gas costs and miner fees paid in the original purchase will not be refunded. For all accepted purchases, the Company will bear the cost of any gas costs and/or other fees to deliver the tokens to the Purchaser.

Investor Suitability:

Each Purchaser must be an “Accredited Investor,” as defined in Rule 501 of Regulation D under the Securities Act and such accreditation must be verified in accordance with the verification standards set forth in Rule 506(c) of Regulation D, *see also* “**Investor Verification Standards,**” below.

Offering Documents and Requirements:

In order to complete the closing process in this Offering, each Purchaser will be required to complete such documentation as may be requested by ODB on behalf of the Company, which may include, without limitation:

	<ol style="list-style-type: none"> 1. the execution and delivery of the TPA and any other Offering Documents, which shall identify the investor’s Purchase Amount; 2. completion of investor qualification requirements (such as accredited status verification, if applicable); 3. completion of KYC/AML and KYB screening requirements; and 4. confirmation by ODB of clearance from its regulation best interests requirements and of receipt of funds by Payment Servicer.
Token Delivery:	<p>After the closing of the Offering, and subject to the satisfactory completion of KYC/AML or KYB screening requirements applicable to the Offering and the collection of Payment Amounts, and if there is a Token Integration Event on or before the TIE Date, Tokens will be delivered to a compatible wallet address designated by each Purchaser in the TPA as follows:</p> <ul style="list-style-type: none"> ● Twelve months after TGE. <p>ERC-20 compatible wallets are the only wallets compatible with and able to receive the Tokens.</p>
Lockup / Market Standoff:	<p>The Purchaser will not offer, sell, pledge, or otherwise assign or transfer any rights under the TPA or the Tokens, unless, where applicable in compliance with securities laws, including Rule 144 of the Securities Act.</p>
Restrictions on Transfer:	<p>No transfer or resale except as permitted under the Securities Act and applicable state securities laws, pursuant to registration or exemption therefrom. Appropriate legends will be implemented.</p>
Dissolution Event:	<p>Any of the following events shall be deemed to be a “Dissolution Event”:</p> <p>(i) a voluntary termination of the operations of the Company, (ii) a general assignment of all or substantially all the Company’s assets for the benefit of the Company’s creditors, or (iii) any other liquidation, dissolution or winding up of the Company, whether voluntary or involuntary.</p> <p>Upon the occurrence of a Dissolution Event prior to the TIE Date, the Company shall pay, after the payment of all other creditors, the Returned Purchase Amount due and payable to the Purchaser immediately prior to, or concurrent with, the occurrence of the Dissolution Event, to the extent funds are lawfully available and prior to paying any amounts to any equity holders of the Company. If immediately prior to the occurrence of the Dissolution Event, the assets of the Company that remain lawfully available for payment to the Purchaser and all holders of all other TPAs (collectively, the “TPA Parties”), as determined in good faith by the governing body of the Company, are insufficient to permit the payment to the TPA Parties of their respective Returned Purchase Amounts, then the remaining assets of the Company lawfully available for payment shall be paid with equal priority and pro rata among the TPA Parties based on the relative value (in</p>

the Purchase Price currency of the Tokens as set out herein) of each TPA Party's respective Purchase Amount on the date of receipt by the Company of such Purchase Amount and calculated by reference, as applicable, to the applicable exchange rate as at such date (and the claims of the Purchaser against the Company shall abate accordingly and any further claims of the Purchaser on the Company shall be extinguished). The Company will make commercially reasonable efforts but shall not be required to pay the Returned Purchase Amount to the Purchaser in the original currency of the Purchase Amount.

No Registration Rights: The Company will not be required to register any securities under this Offering. Resales will be subject to, among other things, Rule 144 under the Securities Act.

Broker/Dealer: This Offering is being conducted on the platform found at <https://republic.com>, which is operated for the benefit of ODB, which is a registered FINRA/SEC broker dealer.

ODB Fees: See "Certain Relationships and Related-Party Transactions," below.

Governing Law: England and Wales

Use of Proceeds: See "Use of Proceeds," below

* * *

COMPANY OVERVIEW

This overview highlights selected information that is presented in greater detail elsewhere in this Memorandum. This overview does not contain all of the information you should consider before participating in the Offering contemplated by this Memorandum. You should carefully read this Memorandum in its entirety before purchasing any Tokens, including the “Risk Factors”. Some of the statements in this Memorandum constitute forward-looking statements, see the section titled “Special Note Regarding Forward-Looking Statements.” Unless otherwise indicated herein, all references to the number of Tokens set forth in this Memorandum refers to the number of Tokens that will be created in the minting processes.

BACKGROUND AND OVERVIEW

Executive Summary

Rayls is the open source institutional blockchain purpose-built to bring global banks and trillions in traditional capital on-chain, securely and compliantly.

The global financial system manages more than \$100 trillion in assets, much of which is still locked in legacy banking infrastructure. This capital remains largely disconnected from the composability, automation, and global reach of Web3 and DeFi. Meanwhile, public blockchains are open but fall short on the strict privacy, compliance, and performance standards required by global financial institutions. Rayls bridges this divide, offering a regulated, institution-ready blockchain that brings real utility, liquidity, and scale to both TradFi and DeFi.

Rayls is already trusted by leading financial institutions, delivering real-world value and commercial impact at scale:

Central Bank of Brazil (DREX CBDC pilot):
Chosen as the privacy layer and transaction engine for the DREX pilot, with Rayls nodes deployed across Brazil’s largest banks. Rayls has successfully processed delivery-versus-payment (DvP) settlement for government bonds, as well as tokenized car loans, credit-card receivables, and bonds, demonstrating compliance with national-level standards and high-throughput institutional workloads.

Núclea (Receivables Repository) LIVE:
As Latin America’s largest FMI, Núclea uses Rayls to tokenize over 10,000 commercial receivables per week, with more than \$50 million settled to date. This partnership proves Rayls’ scalability and utility for real-world financial operations.

Cielo (Leading Payment Acquirer):

Cielo, the top credit card acquirer in Brazil, has integrated Rayls to power tokenized merchant settlements and credit-card receivables, with go-live scheduled for Q3 2025 and a target of ~800,000 daily payouts, bringing on-chain settlement to millions of end-users and merchants.

J.P. Morgan Onyx/Kinexys “Epic” Benchmark. [See here:](#)
Rayls was evaluated against six institutional privacy solutions, ranking #1 overall and confirming its capability to support sovereign-grade, high-volume finance.

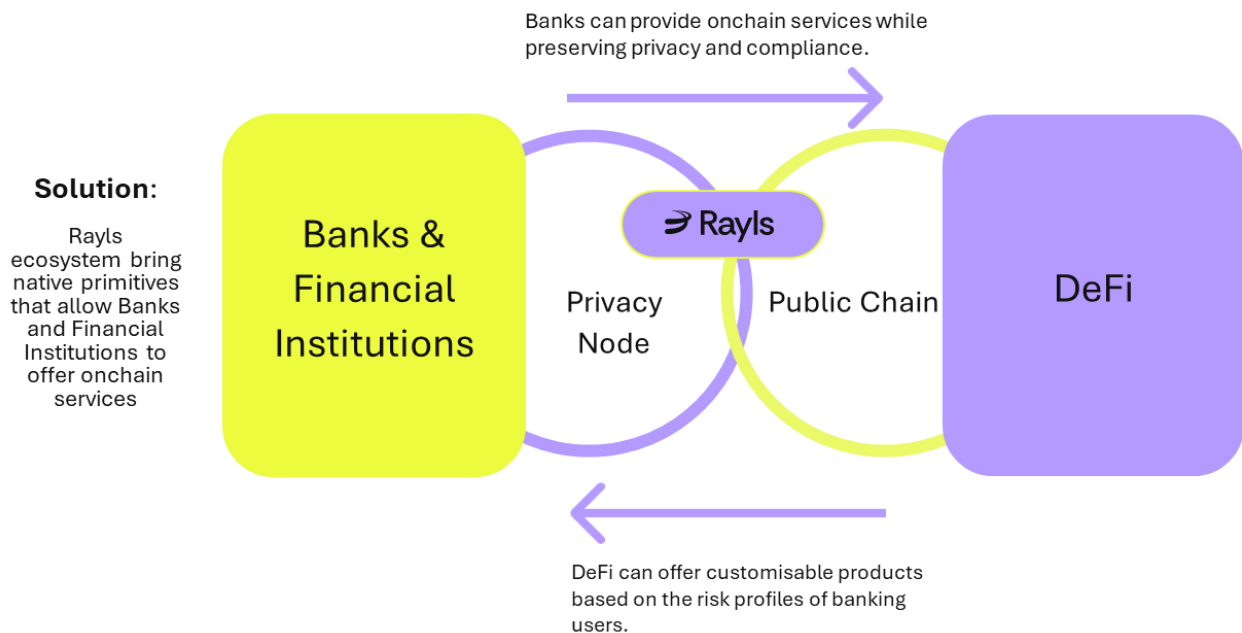
Mastercard Start Path Member:
Selected as a Mastercard Start Path member, along with independent validation by J.P. Morgan, further

reinforces Rayls' technical credibility and regulatory alignment.

Rayls Private Networks provides atomic settlement, quantum-safe cryptography & privacy, and enables audit-ready compliance and reporting. These features have been proven in production, not just in pilots or on testnets.

Rayls' modular dual-network architecture lets any bank, FMI, or regulated entity launch its own privacy node, maintain sovereignty over client data, and connect to a universal, public chain for trading and composability. The result is a scalable solution built to grow with the needs of global finance.

How Rayls Solves it



Why Rayls?

Commercial Advantages for Banks, Institutions & DeFi For Banks & Financial Institutions:

- Unlock and monetize real-world assets and deposits by moving them on-chain, generating new yields and capital efficiencies
- Launch regulatory-compliant stablecoins, cross-border payments, FX, lending, and settlement- all with programmable privacy and atomic settlement
- Reduce operational risk and settlement times while lowering costs through automation, transparency, and programmability
- Create new revenue streams as validators, custody providers, and on-chain service facilitators, connecting bank infrastructure to the fast-growing DeFi and tokenized asset world
- Preserve compliance and operational control with on-prem deployment, regulator “Auditor View” audit tools, and fully customizable permissioning

For Crypto, DeFi & Developers:

- Brings institutional capital, trust, and billions of users into DeFi, enabling a step-change in market scale and depth
- Enables new RWA collateral, regulated stable assets, tokenized deposits, and cross-chain protocols that link TradFi with crypto-native innovation
- Unlocks new partnerships, integrations, and composability for dApps, DeFi protocols, and infrastructure providers using familiar EVM standards
- Provides developers the ability to build privacy-preserving financial apps that meet enterprise and consumer requirements, not just crypto-native use cases

Rayls is not just a platform for banks - it's the catalyst for DeFi to reach global, institutional scale.

The Rayls Blueprint: How It Works

Rayls is built from the ground up to address the technical, compliance, and commercial challenges of bringing global banks and institutions on-chain, while remaining open to innovation and liquidity from the broader Web3 ecosystem.

1. Dual-Network, Bank-Grade Architecture

Rayls integrates a privacy-first, institution-hosted ledger, the **Rayls Privacy Node**, with the **Rayls Public Chain**. Banks and FMIs can process sensitive, confidential workflows—such as payments, RWA tokenization, and private settlement, on their own Rayls Privacy Node, retaining complete data sovereignty. At the same time, they gain access to public-chain liquidity, cross-chain interoperability, and composable smart contracts via the Rayls Public Chain. All assets and transactions flow securely across both layers, using native bridges, trust anchors, and compliance attestations.

2. Compliance, Privacy & Security by Design

Rayls embeds compliance at the protocol level, not as an afterthought. Every asset and transaction can carry a zero-knowledge compliance attestation, programmable privacy using **Rayls Enigma**, and full on-chain KYC/AML and quantum-safe digital signatures. This allows Rayls to satisfy the demands of regulators, auditors, and institutional risk managers while maintaining an open, programmable environment for innovation.

3. Proof of Usage (PoU): Verifiable Institutional Demand

All institutional fees, activity, and network usage are settled in **\$RLS** and transparently tracked via the Proof of Usage dashboard (<https://pou.rayls.com/>). This provides a real-time, on-chain record of adoption and consumption, offering direct, auditable evidence of real economic activity. Both fee settlements and usage metrics (like transaction counts and privacy node activity) are published regularly transparency & confidence.

4. Flexible Integration and Enterprise Control

Rayls' modular architecture allows institutions to deploy, customize, and integrate with existing systems while securely connecting to the DeFi economy. Rayls Privacy Nodes are containerized for easy on-premises or private-cloud deployment, support enterprise-grade key management, and offer standard APIs and SDK for custody, risk, analytics, and compliance. Institutions can start with pilots and scale to full production as regulation, adoption, and market demand evolve.

Commercial Use Cases: What Banks & Institutions Can Do With Rayls

Rayls empowers a wide range of regulated, high value On-Chain financial services for banks, FMIs, payment providers, and their clients, including:

Opportunity	What It Enables
Tokenized Deposits & Stablecoins	Launch compliant digital cash, programmable settlement, and bank-issued stable assets
Cross-Border & On-Chain FX	Settle international payments instantly and transparently
On-Chain Lending & Collateral	Operate lending pools and accept tokenized collateral for greater liquidity
Validator & Custody Operations	Run validators and manage secure digital asset custody for clients
Inter-Bank & Treasury Settlement	Enable atomic, privacy-preserving treasury, wholesale, and cross-bank settlements
Integrated KYC/AML & Compliance	Anchor verified identities on-chain and enforce policies across private/public networks
RWA Tokenization	Bring real estate, securities, trade finance, and more onto programmable rails
Regulatory Reporting & Audit	Deliver real-time, on-chain reporting and compliance proofs for auditors and regulators

Rayls seamlessly connects two worlds: Institutions can connect to the digital asset economy without disrupting their existing workflows or surrendering control. By integrating compliance, privacy, security, and institutional-grade performance from day one, Rayls stands as the bridge for compliant, high-volume, and programmable finance.

ARCHITECTURE AND SECURITY

How Rayls Works - The Architecture

Rayls' technical stack is engineered to separate confidential execution from public liquidity while maintaining a unified security and governance model.

Rayls Public Chain

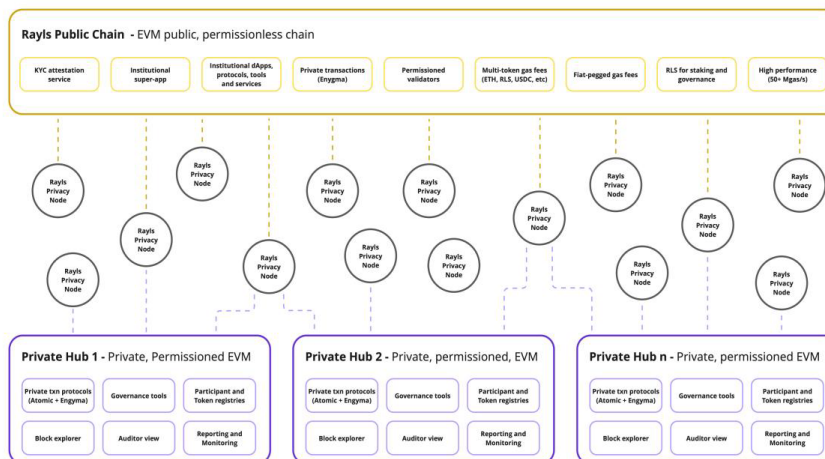
The most compliant EVM public chain, connecting TradFi with DeFi, where all users are KYC attested.

Rayls Privacy Nodes

Institutional EVM infrastructure for asset issuance, internal client transfers and private-public asset bridging.

Rayls Private Networks

Hub and spoke permissioned network, privately connecting Rayls Privacy Nodes via a shared EVM chain.



Rayls Privacy Node - Institutional Ledger Core

- **Deployment model** - Rayls Privacy Node client deployed on prem or private cloud.
- **Enterprise toolkit** - built-in custody module, governance rules engine, block explorer and monitoring endpoints.
- **Privacy controls** - privacy-by-design as well as ZK-enabled Enigma protocol for cross-chain transactions.
- **Interoperability** - mint/burn wrappers automatically mirror assets onto a Rayls Private Network and the Public Chain.
- **Performance** –10,000 TPS on commodity hosts; deterministic 1s block cadence.

Rayls Private Network - Multi Institution

- **Topology** – hub-and-spoke configuration where multiple intuitions' Privacy Nodes are connected via a Rayls Private Hub.
- **Governance** - Operator smart contracts manage node admission, asset whitelists and fee schedules; regulators hold “Auditor view” read keys.
- **Transaction batching** – Multiple Rayls Private Nodes aggregate >20k TPS with double batching across members.
- **Flexible transaction Fees** - Gasless setup

Rayls Public Chain

- **Stack** – To be publicly revealed later
- **Compliance enforcement** - every externally owned account must reference a zero knowledge Compliance attestation (a digital proof that the user identity was verified by a trusted institution)

Cross Chain Workflow Engine

- **Bridging primitives** –burn/mint, lock/mint and lock/unlock contracts support ERC20/721/1155 assets.
- **State commits** - Privacy Nodes periodically anchor Merkle roots onto the Hub (or Public Chain) for transparent, timestamped audit trails.
- **Double batching** - internal bundle inside each node plus Rayls Private Network aggregate yields headline >20 k TPS.

Enygma Privacy Layer

- **Cryptography** - hybrid ZK-SNARK + packed homomorphic encryption enabling ciphertext maths without leaking balances.
- **Functional circuits** - *Enygma Payments* (private ERC-20 transfers) and *Enygma DvP* (atomic exchange across ERC-20/721/1155) ready for production.
- **Selective disclosure** - auditors can decrypt sender/receiver under court order while counterparties remain shielded to the market.

These components interlock to offer a single, EVM native environment where banks can issue assets, transact privately, and instantly tap global liquidity - all without compromising compliance or performance.

Security, Compliance & Governance

Rayls applies a defence in depth approach that couples certified operational controls with programmable on chain governance, giving regulators, exchanges and auditors real time visibility into every critical function.

Protocol & Infrastructure Security

- **Enterprise grade deployment** - High availability clustering, -disaster recovery playbooks and -hardware HSM- key storage are available.

Certifications, Audits & Key Management

- **Continuous testing** - Quarterly penetration tests, SOC2 Type II certified development.
- **Multitier key hierarchy** - Validator, custodian and auditor keys reside in FIPS140-2/Level 3 HSMs.

Regulatory Alignment & Compliance Tooling

- **Mandatory zero knowledge attestation** - Every wallet on the Public Chain must carry a ZK attestation issued by a regulated identity provider, while keeping PII -off chain-.
- **Selective disclosure (auditor view)** - Enygma enables regulators, under legal order, to decrypt sender/receiver metadata without exposing broader ledger state.
- **MiCA ready metadata fields** - Transactions can embed ISO-20022 extensions for instrument type and ESG tags, allowing exchanges to demonstrate product governance under EU MiCA 2.0.
- **Governance rules engine** - Tokens can be frozen, seized or locked during compliance incidents in line with regulatory requests; rule invocations are logged on chain with role-based signatures.

TOKENOMICS AND ROLE OF RLS

At the heart of the Rayls ecosystem is the \$RLS token - a utility token that aligns incentives across institutions, validators, and the broader community. \$RLS isn't just a governance token or gas fee instrument - It powers the privacy network, secures the public chain, and acts as the core unit of payments for institutional usage.

Core Functions of RLS:

Staking: Validators must stake RLS to participate in the security of the Rayls system. A slashing mechanism enforces honest behaviour.

Fee Payments: Institutions running Privacy Nodes pay transaction in RLS. As usage grows, so does RLS demand.

Institutions fulfil transaction fees obligations by acquiring RLS via see operational flow (below) and live metrics on the PoU dashboard (<https://pou.rayls.com/>)

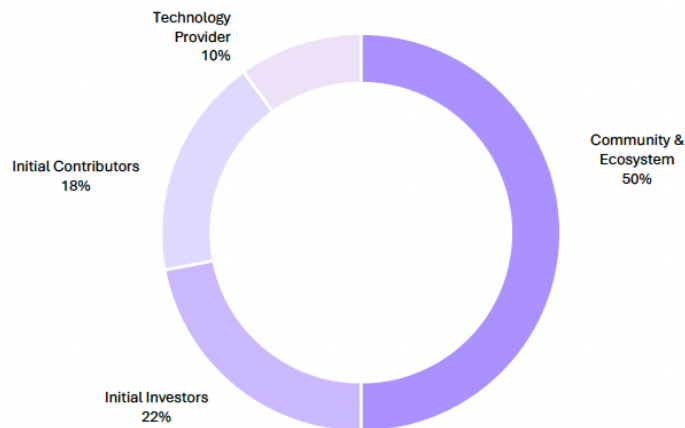
Governance: RLS holders propose and vote on protocol upgrades, grant programs, and key parameters like validator thresholds and emission schedules.

Flywheel Mechanics:

1. Institutional transaction volume generates usage
2. Institutions purchase RLS on the open market to pay these fees
3. The treasury redistributes RLS to validators and ecosystem incentives
4. Increased validator rewards deepen liquidity and network performance
5. More usage, more staking, and more demand - reinforcing the cycle

Supply and Distribution: RLS has a fixed supply of **10,000,000,000 tokens**. The initial allocation is structured to promote decentralization, with all strategic investors and core contributors subject to 4-year vesting schedules. Ecosystem growth, validator support, and user rewards are funded from foundation-controlled pools.

Rayls has a working token economy that reflects the real-world activity flowing through the protocol. **Every RLS used is tied to usage, performance, and trust in the system.**



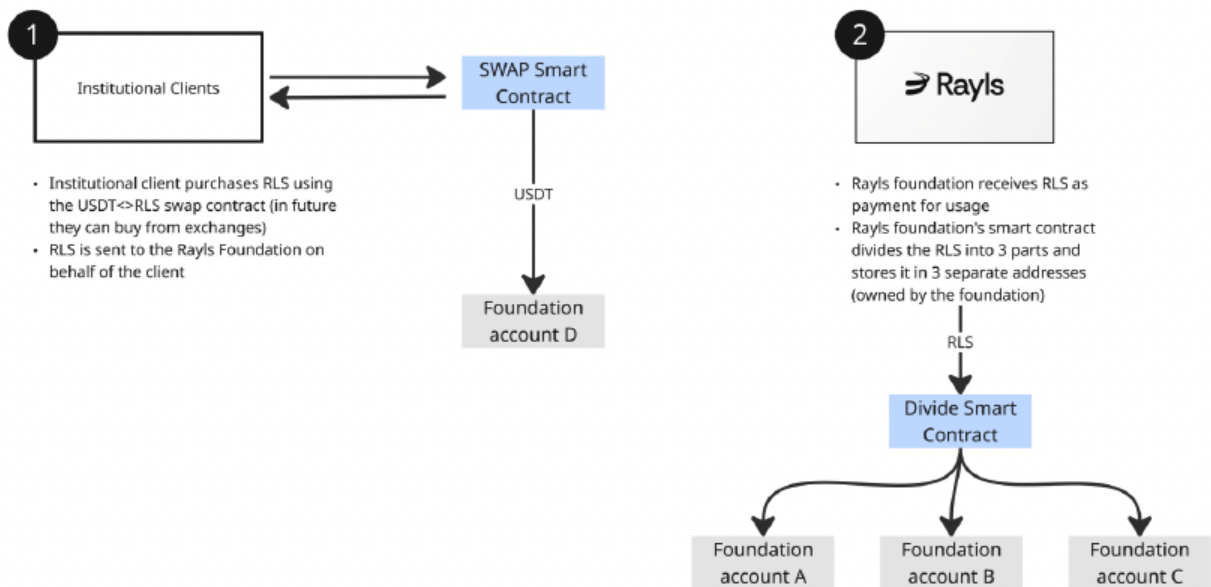
Proof of Usage (PoU) Supporting Token Value – Proof of Usage and Token Demand

PoU is transparency mechanism that anchors institutional activity from the Rayls privacy infrastructure onto the public blockchain. It captures and verifies both fee settlements and usage data. These metrics are published regularly at <https://pou.rayls.com/>, allowing anyone to verify real, anonymized network usage. Tokens are routed to a publicly visible smart contract maintained by the Rayls Foundation. This smart contract transparently distributes the acquired tokens into three distinct pools (See diagram below):

- **Rayls Foundation Treasury (account A):** Funding long-term ecosystem growth, innovation grants, and sustainability initiatives.
- **Validators (account B):** Rewarding nodes responsible for securing network integrity, transaction validation, and maintaining decentralized governance.
- **Rayls Private Network Operators (account C):** Incentivizing operators who provide specialized private network infrastructure crucial for enterprise clients.

The transparent routing of these tokens creates an on-chain verifiable record of institutional activity, fostering trust, transparency, and direct linkage between enterprise adoption and token demand.

Proof-of-Usage (PoU) flow:



Default Private-Public Chain Connectivity

To ensure continuous and credible proof of institutional usage, every Rayls Privacy Node inherently incorporates a lightweight, default connection to the Rayls Public Chain. This built-in connectivity enables aggregated, anonymized transaction reporting, providing baseline visibility into institutional liquidity flows without compromising confidentiality.

Privacy Node operators are incentivized to enhance transparency through voluntary public signalling. Operators who opt-in gain tangible benefits such as:

- **Discounted Pricing:** Reduced transactional costs, incentivizing broader participation.

- **Priority Access to Ecosystem Grants:** Early and enhanced support for innovation and ecosystem-aligned projects.
- **Advanced Service Tiers:** Premium, tailored services to further optimize their operational efficiency.
- **Future Protocol Incentives:** Opportunities to participate in and benefit from evolving protocol enhancements and rewards.

This incentivized transparency creates a reinforcing positive feedback loop, where private institutional adoption increases public chain credibility and visibility. Enhanced visibility, in turn, bolsters ecosystem network effects, drives greater utility and adoption of the \$RLS token, and ensures long-term value accrual for stakeholders across the Rayls network.

GOVERNANCE AND ECOSYSTEM

Rayls is governed by a transparent, on-chain system designed to align institutional trust with open participation. This ensures the protocol evolves with input from validators, developers, ecosystem partners, and token holders.

The Rayls Foundation is a Cayman-based non-profit responsible for protocol stewardship, treasury management, and strategic oversight. It anchors legal, operational, and governance infrastructure across the network.

Body	Composition	Mandate	Implementation
Board of Directors	Up to 3 directors' seats at the Board	Strategic oversight, budget approval, auditor appointment	Already operational with 2 directors, to be expanded to 3 within 12 months of TGE
Security Council	3 members elected annually by staked RLS holders	Emergency pause & upgrade time lock keys; quorum = 3/5 signatures	To be created once TVL reaches \$1b
Technical Steering Committee (TSC)	3 members (core devs, external researchers, validator delegates)	Drafts R.C.I.P.s, reviews code merges, coordinates audit cycles	To be created within 2 years after TGE

Governance is executed on chain. RLS holders can delegate their voting power, participate in improvement proposals, and help shape ecosystem growth. All critical actions, from validator onboarding to parameter changes, require multi-signature governance approval.

Core Leadership Team at Parfin Group

- **Marcos Viriato - Cofounder & Chief Executive Officer** - 25+ years in banking; former Deputy COO & CTO of BTG Pactual, Latin America's largest investment bank, in Crypto since 2014
- **Alex Buelau - Cofounder & Chief Product & Technology Officer** - 20+ years engineering; Crypto OG since 2013, serial blockchain founder and ex Global Product Director at Siemens.
- **CH Lopes - Chief Operating Officer** - 21+ years in banking; former Head of Operations at BTG Pactual, Latin America's largest investment bank
- **Dr Jacob Mendel - Co-Chief Technology Officer** - 20+ years in cybersecurity/DLT; ex J.P. Morgan DLT Exec Director, former State Street Head of Cryptography, holder of 23 patents.
- **Jiten Varu - Head of Growth** – 20+ years in technology and blockchain; ex-head of Digital Assets at Amazon AWS. In Crypto since 2014
- **Peter Bidewell - Head of Product** - 15 years in finance & 11 years in DLT; led CBDC prototypes for the UAE and Brazil central banks.
- **Mario Yaksetig - Head of Research** - 15 years applied cryptography; BIS Tech Advisor, author of ZK research cited by Vitalik Buterin. Previously working with David Chaum

Corporate & Operational Footprint at Parfin Group

- **Headcount** - 70+ contributors across London (HQ), Lisbon and Brazil offices.

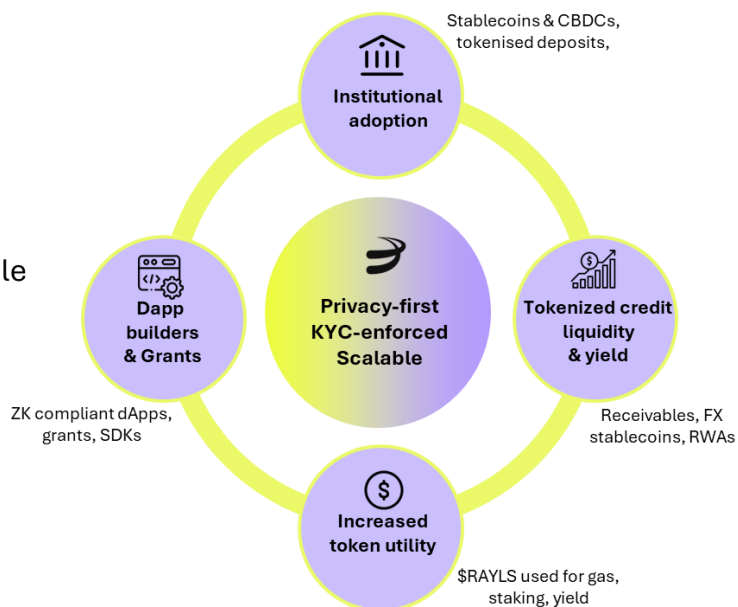
- **Capital raised by Parfin** - US\$35 million in venture backing from ParaFi Capital, Framework Ventures, Valor Capital Group, Accenture

Ecosystem: Rayls is open to collaborators

- Institutions can run Privacy Nodes, tokenize RWAs, and connect to regulated DeFi markets
- Developers can build on the Rayls Public Chain using familiar EVM tools and privacy primitives
- Validators can stake RLS, secure the network, and earn protocol rewards
- Communities can receive grants, and ecosystem contributions:
 - **Community Rewards-** Rayls is committed to rewarding active community participation through planned loyalty programs, staking rewards, governance participation, and promotional activities. These incentives will recognize and reinforce community engagement, fostering long-term growth.

The Rayls flywheel

Driving Institutional Adoption, Deep Liquidity, and Sustainable Growth with Compliant Infrastructure



#	Grant	Description	Mechanism	Control
1	Ecosystem Growth & Adoption Grants	For partners, TradFi-bank pilots, builders, regional growth; bootstraps projects	Milestone-driven grants	KPI-based vesting, clawbacks, public review
2	User & Liquidity Incentives	Rewards for liquidity provision, trading, protocol usage, and recurring on-chain activity	Structured yield, liquidity seeding, TVL rewards	Vesting, sybil control, TVL/LP caps
3	Loyalty rewards & Quests	Campaigns for retail users: quests, engagement challenges, and performance-based programs	On-chain quests, social/community milestones, phased engagement	Sybil resistance, multi- action requirement, KYC for large wins

4 Governance & Long-Term Alignment	Ensures long term participation, significant contributors	Performance bonuses, clawbacks, DAO incentive pool	DAO oversight, milestone- based
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Roadmap

Rayls is progressing through a clear set of technical and ecosystem milestones. These reflect both infrastructure maturity and real-world deployment scale.

Quarter	Milestone	Key Deliverables
Q2 2025 (Done)	Rayls Public Chain Steam Testnet	Retail Testnet for Web3 Users and Developers. Open Banking based onboarding system attestations. Ready for testing and onboarding first wave of users in preparation for TGE.
Q2 2025 (Done)	Rayls Enygma v1	Rayls Enygma is our quantum-secure private protocol designed to support payments and Delivery versus Payment (DvP) transactions. It leverages advanced cryptographic technologies, including Zero-Knowledge (ZK) proofs and Homomorphic Encryption (HE), to ensure privacy, security, and regulatory alignment.
Q3 2025	Rayls Public Chain Bullet Testnet	Testnet to start migrating institutional users
Q4 2025	\$RLS TGE	Token Generation Event & first CEX listing
H1'2026	Rayls Public Chain Mainnet	Institutional Mainnet for first production ready use cases of Rayls
H2'2026	Enygma v2 on Public Chain	Rayls Enygma Version 2 on Rayls Public Chain

Initial Launch of the Tokens

The Company expects to enter into TPAs on an ongoing basis through the Offering Period. The Company is targeting a Token Integration Event on or before the TIE Date. However, there can be no assurance that the Tokens will be issued as of such date.

Overview of Transfer Restrictions Discussed in this Memorandum

This Memorandum describes the legal and contractual transfer restrictions applicable to the Tokens. Purchasers should carefully review this Memorandum, including the transfer restrictions described under “**Notice to Purchasers**” which contain important information regarding the Tokens. Purchasers should consult with their own legal and financial advisors regarding the transfer restrictions to which they will be bound. The summary below is intended to provide a summary overview of applicable transfer restrictions and are qualified by reference to the transfer restrictions set forth under “**Notice to Purchasers**”.

USE OF PROCEEDS

The Company estimates that the maximum net proceeds from this Offering, unless the Offering amount is subsequently amended by the Company in its discretion, and any other contemporaneous Token offerings on Republic (together, the “**Republic Offerings**”) may be approximately \$670,000 after deducting estimated offering expenses, less any marketing and legal expenses.

The Company intends to use the proceeds of the Republic Offerings, net of any federal and state income taxes, primarily for: Software Development, Marketing, Community Growth.

Accordingly, our management will have broad discretion over the application of the proceeds received from the Republic Offerings and may spend the proceeds from the Offering in ways with which investors may not agree with or that do not yield a favorable return, if at all. We cannot predict whether this allocation invested will yield a favorable return. If management does not invest or apply the proceeds of this Offering in ways that benefit the Tokens, the future value and utility of Purchasers’ Tokens may be adversely affected. Our failure to apply such funds effectively could have a material adverse effect on our business, financial conditions, and results of operations. We cannot specify with certainty all of the particular uses for the net proceeds to be received upon the closing of the Republic Offerings. In addition, the amount and timing of our actual expenditures will depend upon numerous factors. Pending other uses, we may allocate the proceeds to interest-bearing instruments, direct or guaranteed obligations of the U.S. government, crypto assets, or hold as cash.

We cannot guarantee that we will be able to sell any or all of the Tokens in the Republic Offerings. If we do not sell any of the Tokens, we will not obtain any usable proceeds from the Republic Offerings and our ability to continue as a going concern may be called into question.

The Company reserves the right to alter the use of proceeds of the Republic Offerings.

DILUTION

The following table summarizes the differences between the total consideration and the price per token paid by certain existing tokenholders who have purchased or acquired Tokens or rights thereto, prior to the date of this Memorandum and participants participating in this Offering at the price, or deemed price, to the public of \$0.0154 per Token, before deducting estimated expenses in connection to this Offering:

	Tokens Previously Purchased or Acquired	Total Consideration	Price Per Token
VIP Private Sale	82,012,987	\$ 1,263,000	\$0.0154
Tokens offered in this Offering	64,935,065	\$1,000,00	\$0.0154

CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

Rayls Foundation

The Company is a member of a group of affiliated entities established, among other reasons, to support the development, governance, and operation of the Rayls ecosystem referred to herein generally as the Rayls Group, ultimately owned by Rayls Foundation, a foundation company limited by guarantee without any share capital (Cayman Islands), which provides governance and oversight for strategic direction and overall stewardship of the ecosystem.

Parfin Group

The Parfin Group is a group of affiliated entities providing technology development, financial infrastructure, and operational support services to, among others, the Rayls Foundation Group. Parfin is the core developer and contributor to the Rayls Protocol.

The Parfin Group includes:

- **Parity Holding Limited (Cayman Islands):** a holding company that provides business incubation and advisory services.
- **Parity Financial Limited (UK):** the primary software development and support provider, party to the Software Development and Support Agreement and the IP Purchase Agreement.
- **Parity Financial LLC (United States):** an affiliate engaged in related financial services.
- **Parity Digital Assets Lda (Portugal) and Paridade Financeira Limitada (Portugal):** European operating affiliates.
- **Parfin Tecnologia Ltda (Brazil) and Parfin Digital Assets Ltda (Brazil):** Latin American operating affiliates involved in digital asset technology solutions.

ODB Offering Engagement

We are currently party to an offering engagement agreement with ODB, effective as of July 10, 2025 (the “**Engagement Agreement**”), who has agreed to provide certain offering facilitation services, including executing and delivering evidence of the interests sold in this Offering to each Purchaser and the use of the Republic Platform in exchange for the Company’s indemnification of ODB and the payment of certain fees and commissions and the reimbursement of certain costs and expenses. ODB has made no commitment to purchase all or any part of the securities.

ODB is not purchasing any of Tokens in this Offering and are not required to sell any specific number or dollar amount of securities but will instead arrange and manage this Offering on their fundraising platform, www.republic.com.

ODB has agreed, with respect to the TPAs issued to it as part of its commission, not to: (a) sell, transfer, assign, pledge or hypothecate any securities obtained pursuant to the ODB Engagement Agreement for a period of one hundred eighty (180) days following the date on which this Offering is qualified by the SEC to anyone other than (i) its affiliates or any selected dealer that may participate in the Offering, or (ii) a

bona fide officer of ODB or of any such selected dealer, in each case in accordance with FINRA Conduct Rule 5110(e)(1), or (b) cause such Tokens to be the subject of any hedging, short sale, derivative, put or call transaction that would result in the effective economic disposition of such TPAs, except as provided for in FINRA Rule 5110(e)(2). On and after one hundred eighty (180) days after the date on which this Offering is qualified by the SEC, transfers to others may be made subject to compliance with or exemptions from applicable securities laws. There are no registration rights offered to ODB.

DESCRIPTION OF THE TOKENS

Ownership of Tokens

We are offering TPAs in this Offering in accordance with the terms outlined under “**Terms of the Offering**” above, which entitles the holders thereof to purchase Tokens at a fulfillment price of \$0.154 per Token. The TPAs and the Tokens are subject to transfer restrictions as described under “**Terms of the Offering**” above.

Token

Rayls is the institutional blockchain purpose-built to bring global banks and trillions in traditional capital on-chain, securely and compliantly.

The global financial system manages more than **\$100 trillion** in assets, much of which is still locked in legacy banking infrastructure. This capital remains largely disconnected from the composability, automation, and global reach of Web3 and DeFi. Meanwhile, public blockchains are open but fall short on the strict privacy, compliance, and security standards required by global financial institutions. Rayls bridges this divide, offering a regulated, institution-ready blockchain that brings real utility, liquidity, and scale to both TradFi and DeFi.

The \$RLS token powers this token economy, designed to incentivise institutional adoption, bringing deep liquidity and robust services to the Rayls ecosystem. To learn more visit <https://www.rayls.com>

Tokenomics summary:

- **Token Symbol:** \$RLS
- **Total Supply:** 10 billion fixed supply, non-inflationary
- **Token utility:** Rayls Private Node transaction fees, staking, governance voting
- **Deflation and burning:** dynamic token burning model for Rayls Foundation to actively balance token supply with ecosystem growth and token emissions. *(As of July 2025: This mechanism is planned and subject to protocol governance; triggers and percentages will be published in advance of activation)*
- **Rayls Validators:** will be banks and financial institutions determined by Rayls Foundation, validating transactions, ZK proofs of user data and AVSs.
- **Launch Dates:**
 - Steam Testnet – Live (since April 2025)
 - Alpha Mainnet (selected partners only) – September 2025
 - TGE – November 2025
 - Maglev Testnet – Q4 2025
 - Mainnet - Q1 2026

Token Utility at a Glance:

- **Staking:** Secure the Rayls network as a validator or delegate and earn rewards.
- **Governance:** Propose and vote on protocol upgrades, grant programs, validator thresholds, emission schedules, and key parameters.
- **Fee Payments:** Institutions pay Rayls Private Network and infrastructure usage fees in \$RLS, creating recurring market demand
- **Ecosystem Incentives:** LP rewards, developer grants, trading incentives, bug bounties, and community airdrops distributed from the Foundation pool.

- **On-chain Proof:** All usage and key metrics tracked live on the PoU Dashboard <https://paymentsdashboard.rayls.com>, ensuring transparency and auditability.

Rayls tokenomics overview

Institutions that use the Rayls Privacy Infrastructure pay fees in USD. This fee are converted into \$RLS and distributed as follows:

- 40% to the Rayls foundation (to be used in grants, airdrops, incentives)
- 30% the Rayls Private Network operators and Dapp Providers
- 30% to stakers (providing yield)

The flywheel: The more Institutions using Rayls, the more demand for token and the more value created for the community.

Public Chain Usage Supporting Token Value Proof of Usage (PoU) and Token Demand

PoU is transparency mechanism that anchors institutional activity from the Rayls privacy infrastructure onto the public blockchain. It captures and verifies both fee settlements and usage data. These metrics are published regularly at <https://paymentsdashboard.rayls.com>, allowing anyone to verify real, anonymized network usage.

Tokens are routed to a publicly visible smart contract maintained by the Rayls Foundation. This smart contract transparently distributes the acquired tokens into three distinct pools:

- **Rayls Foundation Treasury:** Funding long-term ecosystem growth, innovation grants, and sustainability initiatives.
- **Validators:** Rewarding nodes responsible for securing network integrity, transaction validation, and maintaining decentralized governance.
- **Rayls Private Network Operators:** Incentivizing operators who provide specialized private network infrastructure crucial for enterprise clients.

The transparent routing of these tokens creates an on-chain verifiable record of institutional activity, fostering trust, transparency, and direct linkage between enterprise adoption and token demand.

Proof-of-Usage (PoU) workflow:

Step	Flow
1	Fee in USD (fiat) for the Institution
2	Acquire RLS tokens equal to the fee value: <ul style="list-style-type: none"> ● After TGE: buys on a CEX ● Before TGE: buys OTC via Parfin (Broker)
3	The RLS is deposited into the PoU smart contract, which verifies and processes the payment
4	Foundation books the revenue on-chain: <ul style="list-style-type: none"> ● The smart contract automatically splits RLS: validators, node- operators, and the ecosystem fund receive their shares.

5	All activity is visible in real-time on the Rayls payments dashboard: https://paymentsdashboard.rayls.com/
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Private-Public Chain Connectivity

All private nodes connect by default to the public chain, enabling anonymized reporting of liquidity flows, Operators benefit by:

- Fee Discounts & Premium Services
- Grant Access & Future Rewards

This loop ties enterprise use to token demand and ecosystem growth.

Governance

RLS holders can:

- Propose and vote on all major protocol changes
- Help elect representatives for Foundation and Security Council
- Participate in ecosystem grants and incentive design
- Guide upgrades and strategic direction for the Rayls platform

Token supply and allocation

The \$RSL token supply is strategically allocated to support long-term ecosystem growth and align stakeholder incentives.

Allocation and vesting schedule

The initial distribution has the goal of creating a fair ecosystem that is as decentralised as possible. All Investors and Core Contributors have a **4-year vesting schedule**: 1 year cliff, then 3 years linear monthly vesting.

Ecosystem growth and incentives

The Rayls Foundation will strategically leverage its reserves of \$RSL to catalyse growth and adoption through:

Developer grants and bug bounty program

As part of the Rayls Ecosystem Development Fund, Rayls will allocate significant grants and bug bounty initiatives to incentivise the creation of innovative DeFi protocols, onchain services, robust infrastructure, and a secure ecosystem.

Liquidity incentives

\$RSL will be strategically distributed to early liquidity providers, validators, and institutional participants to incentivise asset issuers, accelerate initial liquidity pools and bridge assets from Rayls Privacy Nodes into the Public Chain.

Strategic partnerships

Rayls proactively partners with leading financial institutions, DeFi protocols, dApps. By matchmaking Institutions with targeted DeFi projects, Rayls aims to drive substantial transaction volumes, onchain liquidity and user adoption.

Community rewards

Rayls is committed to rewarding active community participation through planned token airdrops, staking rewards, governance participation, loyalty programmes, referral schemes and promotional activities. These incentives will recognise and reinforce community engagement, fostering long-term growth

Token Supply

The maximum supply of Tokens is 10,000,000,000 tokens. The total supply of Tokens will be allocated as described in “**Plan of Distribution**”.

Limited Token-Related Rights

Tokens will not provide you with any enforceable rights against the Company, or any third-party developer, including any rights to receive payments, any control rights or any claims on assets. Holders of Tokens will not receive a right to any repayment of principal or interest, any interest in the profits or losses of the Company, its affiliates, or any third-party developer. Holders of Tokens may not have any right to vote on any matters relating to the Company, its affiliates, or any third-party developer. Further, we are not aware of any binding obligation on the Company with respect to the Tokens or the holders of Tokens following the delivery of Tokens.

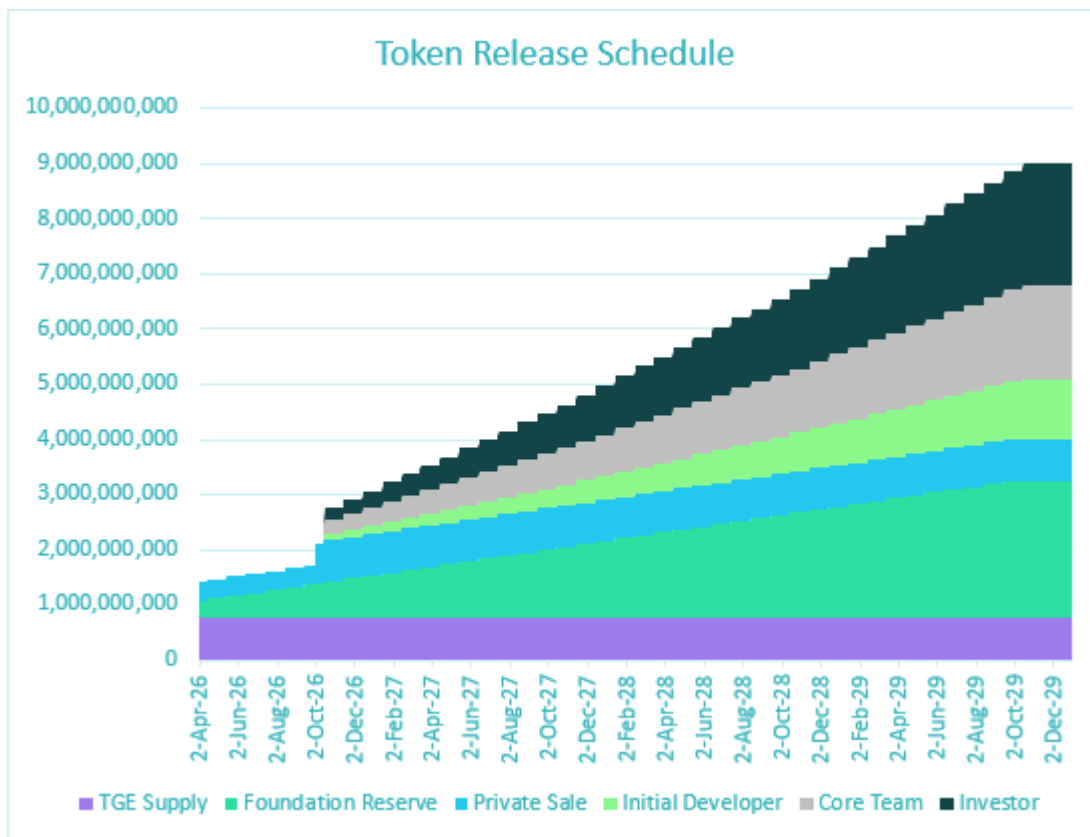
PLAN OF DISTRIBUTION

This Offering of Tokens will be deemed to be fully subscribed once the aggregate purchase amount (of TPAs) meets the Offering Size (see “**Terms of the Offering**”).

Distribution of Tokens

The 10,000,000,000 Tokens, consisting of the initial minted supply of Tokens will be allocated as follows:

Token Allocation				
Pocket Label	Category	Percentage	Total Amount	Wallet Control
Investor	Investor	22.1%	2,214,874,348	Custody Wallet
Core Team	Team	17.0%	1,704,406,250	Custody Wallet
Initial Developer	Liquidity	10.8%	1,080,719,402	Custody Wallet
Foundation Reserve	Foundation	35.0%	3,500,000,000	Multi-Sig
TGE Supply	Foundation	7.5%	750,000,000	Multi-Sig
Private Sale	Foundation	7.5%	750,000,000	Multi-Sig
Total		100%	10,000,000,000	



Republic Sale (Regulation D). A total number of 64,935,065 Tokens are allocated to investors in the Republic Sale (Regulation D). The Company reserves the right to increase or decrease this allocation, in its sole discretion and without further amendment to this Memorandum, by re-allocating Tokens from the unused allocation from the Private Sale allocation. Tokens under this distribution category are subject to delivery restrictions. Purchasers will each enter into a TPA with the Company. At the time of entering into the TPA, the Purchaser will designate a network address where such Purchaser wishes to receive delivery of the Tokens. Tokens in this distribution category will be delivered to an Ethereum compatible wallet address designated by each Purchaser in the TPA in accordance with the applicable lockup period set forth herein.

Republic Sale (Concurrent Offering). The Company may conduct, during or after this Offering, one or more offerings of its securities, including on different terms and conditions, to certain investors satisfying the eligibility requirements of the applicable exemption from the registration requirements of the Securities Act, including, but not limited to, Regulation S (any such offering, a “**Concurrent Offering**”). Investors solicited through this Offering, or with whom the Company had not established a substantive relationship prior to the commencement of this Offering, may not be permitted to participate in any Concurrent Offering, except as otherwise permitted under the Securities Act, Regulation S and, if applicable, the non-exclusive safe harbors set forth in Rule 152(b). The Company reserves the right to increase or decrease such allocation for the Concurrent Offering, in its sole discretion and without further amendment to this Memorandum, by re-allocating Tokens from the unused allocation. Tokens under this distribution category are subject to delivery restrictions. Purchasers will each enter into a TPA with the Company. At the time of entering into the TPA, the Purchaser will designate a network address where such Purchaser wishes to receive delivery

of the Tokens. Tokens in this distribution category will be delivered to an Ethereum compatible wallet address designated by each Purchaser in the TPA in accordance with the applicable lockup period set forth therein.

Purchaser Qualifications

Only persons of adequate financial means who have no need for present liquidity with respect to this purchase should consider purchasing the Tokens offered hereby because: (i) a purchase of the Tokens involves a number of significant risks (see “**Risk Factors**”); (ii) no market for the Tokens currently exists; and (iii) there is no established trading market for the Tokens and it is possible that a public market will never develop for the Tokens or, if one were to develop, it may develop without the involvement of the Company. The sale of 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 Regulation D under the Securities Act, meaning only those persons or entities coming within the definition in Rule 501 of Regulation D, including *among others*, any one or more of the following categories:

(i) Any bank, as defined in Section 3(a)(2) of the Securities Act, or any savings and loan association or other institution defined in Section 3(a)(5)(A) of the Securities Act, whether acting in its individual or fiduciary capacity; any broker-dealer registered pursuant to Section 15 of the Exchange Act; any insurance company, as defined in Section 2(a)(13) of the Securities 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 Foundation licensed by the United States 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; and 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, that is either a bank, savings and loan association, insurance company or registered investment advisor, 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 person(s) that are accredited investor(s);

(ii) Any private business development company as defined in Section 202(a)(22) of the Investment Advisors Act of 1940;

(iii) Any organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, any corporation, Massachusetts or similar business trust, or company, not formed for the specific purpose of acquiring the Common Stock, with total assets in excess of \$5,000,000;

(iv) Any director or executive officer of the Company;

(v) Any natural person whose individual net worth, or joint net worth with that person’s spouse, exclusive of the value of the person’s primary residence net of any mortgage debt and other liens, at the time of his or her purchase exceeds \$1,000,000;

(vi) Any natural person who had an individual income in excess of \$200,000, or joint income with that person’s spouse in excess of \$300,000, in each of the two most recent years and who reasonably expects to reach the same income level in the current year;

(vii) Any trust with total assets in excess of \$5,000,000, not formed for the specific purpose of acquiring the Common Stock, whose purchase is directed by a sophisticated person as described in Rule 506(b)(2)(ii) of Regulation D;

(viii) Any entity all of whose equity owners are accredited investors;

(ix) Any entity of a type not listed in paragraphs (i), (ii), (iii), (vii), or (viii) above, not formed for the specific purpose of acquiring the securities offered, owning investments in excess of \$5,000,000;

(x) Any natural person holding in good standing one or more professional certifications or designations or credentials from an accredited educational institution that the Commission has designated as qualifying an individual for accredited investor status;

(xi) Any natural person who is a “knowledgeable employee,” as defined in rule 3c-5(a)(4) under the Investment Foundation Act of 1940, of the issuer of the securities being offered or sold where the issuer would be an investment company, as defined in section 3 of such act, but for the exclusion provided by either section 3(c)(1) or section 3(c)(7) of such act;

(xii) Any “family office” as defined in rule 202(a)(11)(G)-1 under the Investment Advisers Act of 1940”

- a. With assets under management in excess of \$5,000,000;
- b. That is not formed for the specific purposes of acquiring the securities offered, and
- c. Whose prospective investment is directed by a person who has such knowledge and experience in financial and business matters that such family office is capable of evaluating the merits and risks of the prospective investment; or

(xiii) Any “family client,” as defined in rule 202(a)(11)(G)01 under the Investment Advisers Act of 1940, of a family office meeting the requirements in paragraph (xii) above and whose prospective investment in the issuer is directed by such family office pursuant to paragraph (xii)(c) above.

The term “net worth” means the excess of total assets over total liabilities, exclusive of the value of your primary residence net of any mortgage debt and other liens. In determining income, you should add to your adjusted gross income any amounts attributable to tax-exempt income received, losses claimed as a limited partner in any limited partnership, deductions claimed for depreciation, contributions to an IRA or Keogh retirement plan, alimony payments and any amount by which income from long-term capital gains had been reduced in arriving at adjusted gross income.

As a condition to completing a purchase of the Tokens, you will be required to represent to the Company in writing that you are an accredited investor under Regulation D, as described above, and provide certain documentation in support of such representation. See the section titled “**Regulation D Rule 506(c) Investor Verification Stands**” in this Memorandum for additional information.

Other Requirements

In addition to submitting documentation to confirm one’s status as an accredited investor all potential investors of the Tokens will need to complete requisite know-your-customer and anti-money laundering procedures to purchase Tokens.

You should check the Office of Foreign Assets Control (the “OFAC”) website at <https://www.treas.gov/ofac> before marking the following representations to the Company: You represent that the amounts paid by you in this sale of 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 <https://www.treas.gov/ofac>. In addition, the programs administered by the OFAC (the “OFAC Programs”) prohibit dealing with individuals 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 purchase 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 purchases 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 are acting as agent or nominee in connection with this purchase is a senior foreign political figure, or any immediate family member or close associate 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 investor meets the standards set forth above at any time prior to its acceptance of a prospective investor’s purchase. You are not obligated to supply any information so requested by the Company, but the Company may reject a purchase from you or any person who fails to supply such information. In addition, if at any time after completion of the sale of the 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 Tokens after Listing and reporting the transaction(s) to the relevant governmental authorities.

ODB

ODB provides hosting and operational services for the Offering. ODB's connection to the offering is solely for the limited purposes of acting as a third-party service provider. ODB and its affiliates do not provide tax, accounting or legal advice — all recipients are advised to consult with their own advisers. Neither ODB nor its affiliates have investigated (nor have any of its affiliates investigated) the desirability or advisability of participation in this offering or the securities offered herein. ODB and its affiliates make no representations, warranties, endorsements, or judgment on the merits of the offering or the securities offered herein.

Delivery of Tokens

On the Token Integration Event, the Tokens will be minted and delivered to Purchasers according to the terms specific to their TPA. The Tokens will be delivered to either a wallet address provided upon contribution or will be made available by other means as agreed upon among the Company, ODB, and the applicable Purchaser.

Transfer Restrictions

The Company's governance documents and the TPA place restrictions (or outright prohibition) on the transfer of the Tokens. Only accredited investors that can tolerate an illiquid investment should invest in the Tokens.

Prior Offerings

The Company has entered into prior sales agreements with various investors for Tokens. Such agreements may include confidentiality, non-use and/or non-disclosure obligations.

NOTICE TO PURCHASERS

This Offering has not been registered or qualified under the securities laws of any jurisdiction anywhere in the world. The Tokens, if issued, are being offered and sold only in jurisdictions where such registration or qualification is not required, including pursuant to applicable exemptions that generally limit the Purchasers who are eligible to purchase the Tokens, if issued, and that restrict the Tokens' resale. **The Tokens delivered may not be offered, sold, assigned, transferred, pledged, encumbered, or otherwise disposed of except as permitted under applicable securities laws and the additional restrictions imposed on the Tokens hereunder. In addition, holders of Tokens will not be able to transfer their Tokens until such Tokens have been released from any delivery restrictions to which they are subject.**

Procedures for Subscribing

We plan to market this Offering to potential Purchasers through the Republic Platform. We will hold a closing after ODB has received notification that the terms have been met. We generally will close on proceeds based upon the order in which they are received but reserve the right to accept or reject any purchase. We will consider various factors in determining the timing of any additional closings.

Closing Requirements

In order to complete the closing process in this Offering, each Purchaser will be required to complete such Closing Requirements as may be requested by ODB on behalf of the Company, which may include, without limitation: (1) the execution and delivery of a Token Purchase Agreement; (2) completion of investor qualification requirements (lack of status as an accredited investor under Regulation D and KYC/AML or KYB (if applicable)) screening requirements; (3) clearance from ODB's regulation best interest requirements, and (4) confirmation by ODB of receipt of funds, if applicable.

Notice Concerning the Securities Act

The Tokens have not been registered under the Securities Act or any securities laws of any state, and unless so registered, the Tokens may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or such other applicable securities laws. Accordingly, the Tokens are being initially offered and sold only to (1) "accredited investors" (as defined under Regulation D), in each case, in a private transaction in reliance on, and in compliance with, the exemption from the registration requirements of the Securities Act provided by Rule 506(c) of Regulation D under the Securities Act, and (2) non-U.S. persons outside the United States in offshore transactions in reliance upon Regulation S under the Securities Act.

As used herein, the terms "United States", "U.S. person" and "offshore transactions" have the meanings given to them in Regulation S under the Securities Act.

Representations and Warranties of Purchasers

In addition to the representations, warranties, and covenants in the TPA, each investor that executes a TPA will also be deemed to have acknowledged, represented, and warranted to, and agreed with, the Company to the agreements, covenants, representations and warranties in the TPA.:

Limitation of Liability and Indemnification

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 Memorandum, TPAs, or securities, 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 Memorandum, securities exceed the amount the Purchaser pays to the Company hereunder. The Company shall not be liable or responsible to the Purchaser, not be deemed to have defaulted under or breached this Memorandum, for any failure or delay in fulfilling or performing any provision of this Memorandum, including without limitation, and delivering the securities.

Company directors and officers have or will have effective indemnification by the Company against any liability incurred by such directors and officers in connection with any negligence, breach of duty, or breach of trust arising out of their performance as directors and officers of the Company.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to the president, directors, officers, and controlling persons of the Company pursuant to the foregoing provisions, or otherwise, the Company has been advised that in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act and may, therefore, be unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a president, director, officer, or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such president, director, officer, or controlling person in connection with the interests being offered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue. We believe that these provisions and agreements are necessary to attract and retain qualified persons as our president, board members, officers, and directors. At present, there is no pending litigation or proceeding involving our president, directors, or officers for whom indemnification is required or permitted, and we are not aware of any threatened litigation or proceeding that may result in a claim for indemnification.

The Company has agreed to indemnify ODB against liabilities relating to any investigation, claim, or proceeding stemming from the Offering, liabilities arising from breaches of some or all of the representations and warranties contained in the Engagement Agreement, and to contribute to payments that ODB may be required to make for these liabilities.

ODB and their respective affiliates are engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. ODB and their respective affiliates may in the future perform various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

Potential Conflicts of Interest

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

Amounts earned by ODB, including but not limited to success-based commissions, placement fees, and closing fees will be retained by ODB. This includes the administrative fee ODB charges to the purchase at checkout.

TAX CONSIDERATIONS

EACH PURCHASER SHOULD SEEK, AND MUST DEPEND UPON, THE ADVICE OF HIS OR HER TAX ADVISOR WITH RESPECT TO THEIR RECEIPT OF TOKENS, AND EACH PURCHASER IS RESPONSIBLE FOR THE FEES OF SUCH ADVISOR. NOTHING IN THIS PRIVATE PLACEMENT MEMORANDUM 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 US AND THAT CHANGES TO THE INTERNAL REVENUE CODE OR THE REGULATIONS OR RULINGS THEREUNDER OR COURT DECISIONS AFTER THE DATE OF THIS PRIVATE PLACEMENT MEMORANDUM MAY CHANGE THE ANTICIPATED TAX TREATMENT TO A PURCHASER. WE WILL NOT OBTAIN ANY RULING FROM THE INTERNAL REVENUE SERVICE WITH REGARD TO THE TAX CONSEQUENCES OF THE RECEIPT OF OR A PURCHASE OF TOKENS.

THE TAX TREATMENT OF TOKENS IS UNCERTAIN AND THERE MAY BE ADVERSE TAX CONSEQUENCES FOR THE COMPANY, ITS AFFILIATES, AND/OR PURCHASERS UPON CERTAIN FUTURE EVENTS. THE ISSUANCE OF TOKENS MAY RESULT IN ADVERSE TAX CONSEQUENCES TO PURCHASERS, INCLUDING WITHHOLDING TAXES, INCOME TAXES AND TAX REPORTING REQUIREMENTS. EACH PURCHASER SHOULD CONSULT WITH AND MUST RELY UPON THE ADVICE OF ITS OWN PROFESSIONAL TAX ADVISORS WITH RESPECT TO THE UNITED STATES AND NON-U.S. TAX TREATMENT OF THE RECEIPT OF AND A PURCHASE OF TOKENS.

INVESTOR VERIFICATION STANDARDS IN RULE 506(C) OF REGULATION D

In purchasing securities through this Offering, the Company is obligated to verify your status as an accredited investor in accordance with Rule 501 of Regulation D. There are three primary methods the Company may employ to comply with the verification standards. Purchasers in this Offering will need to provide the Company with verification that meets the standards and form using one or multiple methods, including, but not limited to:

Income: The Company may verify an individual's status as an accredited investor on the basis of income by reviewing copies of any IRS form that reports net income, such as Forms W-2 or 1099 (which are typically filed by an employer or other third party payor), or Forms 1040 filed by the Purchaser (with non-relevant information permitted to be redacted). Under this method, the Company must review IRS forms for the two most recent years and obtain a written representation from the prospective Purchaser that he or she has a reasonable expectation of attaining the necessary income level for the current year. Where accredited investor status is based on joint income with the person's spouse, the IRS forms and representation must be provided with respect to both the Purchaser and the spouse.

Net Worth: Under this method, the Company will need to review bank or brokerage statements or third-party appraisal reports to verify the Purchaser's assets and a credit report to verify liabilities, in each case dated within the prior three months, and will need to obtain a written representation from the prospective Purchaser that all liabilities have been disclosed. Where accredited investor status is based on joint net

worth with the person's spouse, the asset and liability documentation and representation must be provided with respect to both the Purchaser and the spouse.

Reliance on Determination by Specified Third Parties: The Company may satisfy the verification requirement if it obtains a written confirmation from a registered broker-dealer, a registered investment adviser, a licensed attorney, or a certified public accountant that within the prior three months such person or entity has taken reasonable steps to verify that the Purchaser is an accredited investor and has determined that the Purchaser is an accredited investor. Proper verification must be submitted with your purchase for interests in order for the Company to verify your suitability for investment and accept your purchase.

RISK FACTORS

*A purchase of Tokens involves a high degree of risk, including the risk of a total loss of principal, volatility and illiquidity. A prospective investor should thoroughly review the confidential information contained in this Memorandum and the terms of the applicable Offering Documents, and carefully consider whether a purchase of the Tokens or receipt of Tokens is suitable to such prospective investor's financial condition and goals. The following risks entail circumstances under which the Platform, the Tokens, 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. See "**Risk Factors**" below.*

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 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 TOKENS ARE RELIABLE, CURRENT, OR ERROR-FREE, MEET YOUR REQUIREMENTS, OR THAT DEFECTS IN THE TOKENS WILL BE CORRECTED. THE COMPANY CANNOT AND DOES NOT REPRESENT OR WARRANT THAT TOKENS OR THE DELIVERY MECHANISM FOR THE TOKENS IS FREE OF VIRUSES OR OTHER HARMFUL COMPONENTS.

A significant amount of further work may be required in order for the Company to integrate the Tokens into the Platform and much of that work may be subject to regulatory approval and otherwise reliant on the input or consent of other persons not under the control of the Company. The success of the Tokens is reliant upon the Company (i) raising sufficient resources to fund the ongoing development of the Tokens; and (ii) complying with ongoing funding, reserve and/or regulatory requirements (as relevant) related to the proposed creation and operation of the Tokens (collectively, the "**Regulatory and Funding Requirements**").

There is a significant risk that the Tokens are not developed as envisaged herein. The Company, in the sole and absolute discretion of the Company's governing board or committee (the "**Committee**"), reserves the right to modify, extend, reduce, eliminate, add and/or substitute the scale, scope, business lines, operations, and any other characteristics of the Tokens in order to address any actual or perceived commercial, legal, regulatory or other matters that the Committee, in its sole and absolute discretion, considers relevant at any time.

The Company may issue Tokens even if there are material changes to the scale, scope, business lines, operations, and any other characteristics of the Tokens or the Platform or if the Company or its affiliates have not satisfied (or are unlikely to satisfy) any regulatory and funding requirements or any other regulatory, commercial or legal requirements with respect to the Tokens. No promises of future performance or value are or will be made with respect to the Tokens, including no promise of inherent value, no promise of continuing payments, and no guarantee that the Tokens will hold any particular value.

The Company is developing the Tokens to be used with respect to the Platform. Subject to applicable law and the cautionary statements and risk factors contained in this Memorandum, upon the Token Integration Event, the Platform will accept any duly presented Tokens in exchange for privileges and other benefits related to such Tokens from time to time on the Platform.

The precise terms of the privileges and other benefits of the Tokens will be determined by the Company as the owner of the Platform in its sole and absolute discretion from time to time. Such privileges and benefits

will initially be determined by such person on or around the Token Integration Event and may be amended thereafter at any time and without notice to, or consent from, any holder of Tokens. Any such determination or amendment shall not be a breach of the terms of this Offering.

The Tokens are provided on an “as is” and “as available” basis, without warranty of any kind, either expressed or implied, including, without limitation, warranties that the Token is free of defects, vulnerabilities, merchantable, fit for a particular purpose or non-infringing. Any use of the Tokens shall be at your own risk. In no event shall the Company be held liable in connection with or for any claims, losses, damages, or other liabilities, whether in contract, tort, or otherwise, arising out of or in connection with the Tokens or its operation or use or be under any obligation to support, develop or otherwise maintain or promote the use of the Platform or the integration of the Tokens into the Platform.

While the Tokens are available only to qualified investors, there is the possibility that Tokens could be acquired over time or following changes in the regulatory landscape by persons in other jurisdictions currently restricted from acquiring Tokens and, accordingly, the risk factors set out below may include certain risk factors specific to certain jurisdictions even though the Company will not at present make the Tokens available at this time to persons from such jurisdictions.

BY PARTICIPATING IN ANY ACQUISITION OF TOKENS, YOU EXPRESSLY ACKNOWLEDGE AND ASSUME ALL RISKS RELATED THERETO INCLUDING (WITHOUT LIMITATION) THE RISKS SET OUT BELOW.

GENERAL RISK FACTORS

We may fail to implement our business plan.

We have a short operations record on which you can evaluate our business and prospects. Our prospects must be considered in light of the risks, uncertainties, expenses, and difficulties frequently encountered by companies in their early stages of development. These risks include, without limitation, competition, lack of brand and/or name recognition, product obsolescence or inventory loss, theft or destruction, limited access to additional sales and management talent, and limited access to software and technology development experts, among other factors. We cannot guarantee that we will be successful in executing our business plan, and we may then be forced to cease operations, in which case you may lose your entire investment.

Investor Status and Claims Risk

Investors in the Tokens will not acquire any equity, debt, or other ownership interest in the Company or its affiliates. Holding Tokens does not confer any right to vote, receive dividends, participate in profits, or claim any assets of the Company. Investors should not expect to have any recourse against the Company, its officers, directors, or affiliates for any losses incurred in connection with the Tokens.

There can be no assurance that the Company's business plan will be profitable, and there is no assurance of any returns.

The expenses we incur to expand the business could result in operating losses for the foreseeable future. There is no assurance that we will ever have net income sufficient to cover our expenses. No assurance can be made that any investor will not lose his, her or its entire investment.

As we have a limited operating history, we are subject to business development risks.

The Company has only a limited history upon which an evaluation of its prospects and future performance can be made. Our proposed operations are subject to all business risks associated with new enterprises. The likelihood of the Company's success must be considered in light of the problems, expenses, difficulties,

complications, and delays frequently encountered in connection with the expansion of a business, operation in a competitive industry, and the continued development of advertising, promotions and a corresponding customer base. There is a possibility that the Company could sustain losses in the future. There can be no assurance that our efforts will result in continued successful commercialization or further development of our operations, that our marketing efforts will be successful, or that we will ever achieve significantly higher revenues. Failure to do so could result in investors losing part or all of their money invested.

Our advisors and management have other business interests and obligations to other entities, some of which may conflict with their responsibilities to the Company.

Members of our management and other advisors of the Company may provide services to us on a non-exclusive basis. Such persons are required to provide us with such amount of their time and efforts as they deem necessary to run the business and operations of the Company in a reasonable manner. We are dependent on our team to successfully execute our business plan. Their other business interests and activities could divert time and attention from operating our business. We cannot assure you that some or all of such persons will be able to provide the Company with a sufficient amount of their time or efforts to take advantage of all opportunities that may be available to the Company. Moreover, some of the other entities in which such persons have a material financial interest may enter into agreements with the Company in which there is a potential conflict of interest.

Key man risk and the risk that we may be unable to retain experienced management and personnel could impair our ability to execute on our business strategy and growth plan. Although we intend to recruit additional talent over time, competition for qualified personnel is intense and there can be no assurance that we will be able to retain our personnel or attract additional qualified personnel. We also rely on consultants for systems, software and technology development that we believe are a critical part of our growth strategy as well as our finance functions. We may not be able to continue to attract or retain qualified personnel in the future, and the loss of key members of our team would have a material adverse effect on our business. Any inability to fill vacancies in our management team on a timely basis could impair our ability to implement our business strategy, which would harm our business, results of operations, and the value of your investment.

The Company may engage in business transactions with companies affiliated with one or more members of the management team.

The Company may engage in business transactions with businesses that are affiliated with one or more of the members of the Company's management team. Any such business transactions may or may not be the result of arms-length negotiations and could result in potential conflicts of interest.

We cannot assure you that we will be able to forge and maintain required beneficial relationships with third parties.

We are generally dependent on relationships with strategic partners and vendors, and we may enter into future potential strategic alliances. Our success requires that we secure and maintain beneficial third party relationships. There can be no assurance that such third parties may regard their relationship with us as important to their own business and operations, that they will not reassess their commitment to the business at any time in the future, or that they will not develop their own competitive services or products, either during their relationship with us or after it expires. Accordingly, there can be no assurance that our existing relationships or future relationships will result in sustained business partnerships, successful service offerings, or significant revenues for us.

We may incur business disruptions.

We take measures to reduce the risks of disruptions at our facilities. However, the occurrence of a natural disaster, such as a hurricane, tropical storm, earthquake, tornado, flood, fire, or other unanticipated problems, such as illness of any member of our management or any other employee, contractor or advisor, labor difficulties (including work stoppages or strikes), vendor shortages, equipment failure or unscheduled maintenance, could cause operational disruptions and could materially adversely affect our business, earnings and cash flows. Any losses due to these events may not be covered by our existing insurance policies or may be subject to certain deductibles.

Rapid growth may strain our resources.

Significant and rapid growth in the scope and complexity of our business would place a significant strain on our management team and our financial and other resources. Such growth, if experienced, may expose us to greater costs and other risks associated with growth and expansion. We may be required to hire a broader range of additional employees and outsource certain functions to contractors in order to sustain our operations. We may be unsuccessful in these efforts, or we may be unable to project accurately the rate or timing of these increases. Our ability to manage our growth effectively will require us to continue to improve our operations, to improve our financial and management information systems, and to train, motivate, and manage our future employees. The failure to develop and implement effective systems, or to hire and retain sufficient personnel for the performance of all of the functions necessary to effectively service and manage our business, or the failure to otherwise manage growth effectively, could have a materially adverse effect on our business, financial condition, and results of operations. In addition, difficulties in effectively managing the budgeting, forecasting, and other process control issues presented by such a rapid expansion could result in our inability to maintain quality standards or otherwise harm our business, financial condition, and results of operations.

Our risk management efforts may not be effective which could result in unforeseen losses.

We could incur substantial losses and our business operations could be disrupted if we are unable to effectively identify, manage, monitor, and mitigate financial risks, such as credit risk, interest rate risk, prepayment risk, liquidity risk, regulatory risk, and other market-related risks, as well as operational risks related to our business, assets and liabilities. Our risk management policies, procedures, and techniques may not be sufficient to identify all of the risks to which we may be exposed, mitigate the risks that we have identified or identify additional risks to which we may be subject in the future.

The Company may require additional capital to support its business objectives, and this capital might not be available on acceptable terms, or at all.

At any time, the Company may accept funds from additional lenders, investors, and others to support the growth of its business. Accordingly, it is expected that we will need to engage in additional debt and equity-based financings to secure additional funds. Financial market disruption, the ability to attract business partners and clients, the ability to identify and attract financiers, and general economic conditions in which the credit markets are severely constrained may make it difficult for us to obtain additional financing on terms favorable to us, if at all. Any debt financing secured by us in the future could involve restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities. If we are unable to obtain adequate financing, or financing on terms satisfactory to us, when we require it, our ability to continue to support the growth of our business and to respond to business challenges could be significantly impaired. If we are unsuccessful in raising capital when needed, you could lose your entire investment. Any issuance of equity will dilute the ownership stake of current equity investors.

General tax risks.

Items of income and loss will be determined by the Company's management in consultation with the Company's tax advisors. Adjustments, if any, resulting from any audit of the Company, should the Company ever be audited, might result in corresponding adjustments of Company items of income and loss reflected on your own tax returns. In addition, the Company's management has primary responsibility for Company level matters involving the Company's taxation, including the power to extend the statute of limitations for all persons holding an interest in the Company, including, without limitation, you, as to Company items of income and loss.

It may be difficult to enforce a U.S. judgment against us, our officers and directors, or to assert U.S. securities laws claims or serve process on our officers and directors.

We are incorporated in the British Virgin Islands. Most of our assets are located outside the United States. Therefore, it may be difficult to enforce a U.S. court judgment based upon the civil liability provisions of the U.S. federal securities laws against us or any of these persons in a U.S., English or British Virgin Island court, or to affect service of process upon these persons in the United States.

Additionally, it may be difficult for an investor, or any other person or entity, to assert U.S. securities law claims in original actions instituted in the British Virgin Islands or England. This is for two principal reasons: 1) because such courts may regard the U.S. law in question to be a penal, revenue or public law and therefore, not capable of direct or indirect enforcement, or 2) because such court may stay the claim on the grounds such court is not an appropriate forum. If U.S. law is found to be applicable to a claim which such court can and is prepared to hear, the content of applicable U.S. law must be proved as a fact by expert witnesses, which can be a time-consuming and costly process. If proceedings were to be brought in British Virgin Islands or England, all procedural matters would be governed by laws application thereto. There is little case law addressing the matters described above that would be binding case law in such court. As a result, an investor may lose its entire investment.

Jurisdiction and Enforcement Risk

The Company is incorporated in British Virgin Islands and conducts the majority of its operations outside the United States. As a result, it may be difficult or impossible for investors to enforce U.S. legal rights or judgments against the Company, its officers, directors, or affiliates. Investors may have limited or no recourse in any jurisdiction and could lose their entire investment.

The Company's ability to succeed depends on the Company's ability to grow.

The introduction of new products and services and expansion of the Company's customer base will contribute significantly to the Company's operational results. The Company's future operational success will depend on a number of factors, including, but not limited to:

- The Company's ability to manage costs;
- The level of competition in the Company's industry;
- The Company's ability to provide efficient, timely and cost-effective products and services;
- The efficiency and effectiveness of the Company's sales and marketing efforts in signing up new customers, expanding business with existing customers, and building product, services and brand awareness;
- The level of consumer acceptance of the Company's products and services; and
- General economic conditions and consumer confidence.

The Company may not be successful in executing its growth strategy. Failure to successfully execute any material part of the Company's growth strategy would significantly impair the Company's future growth and its ability to attract and sustain investments in the Company's business.

RISK FACTORS RELATED TO THE SECURITIES BEING OFFERED

Risk of an illiquid market for Tokens.

There may never be any marketplace for Tokens. There are currently no exchanges upon which the Tokens would trade. If exchanges do develop, they will likely be relatively new and subject to poorly understood regulatory oversight. They may, therefore, be more exposed to fraud and failure than established, regulated exchanges for other products and have a negative impact on the Tokens. To the extent that any third party ascribes an external exchange value to Tokens (e.g., as denominated in a crypto or fiat currency), such value may be extremely volatile and diminish to zero. If (despite your representations to us to the contrary) you are holding Tokens as a form of investment on a speculative basis or otherwise, or for a financial purpose, with the expectation or desire that their inherent, intrinsic or cash-equivalent value may increase with time, you assume all risks associated with such speculation or actions, and any errors associated therewith, and accept that the Tokens are not offered by the Company or its affiliates on an investment basis.

Inability to fund development or maintenance.

The Company may not be able to fund development of the Tokens in the manner that it was intended.

Risk of uninsured losses.

Unlike bank accounts or accounts at some other financial institutions, the Tokens are uninsured unless you specifically obtain private insurance to insure them. Thus, in the event of loss or loss of utility value, there is no public insurer or private insurance arranged by us, to offer recourse to you.

Risk of lack of adoption or use of the Tokens.

While the Tokens should not be viewed as an investment, they may have value over time. That value may be limited or non-existent if the Tokens lack acceptance, use, and adoption on the Platform.

Risk of dissolution of the Tokens.

It is possible that, due to any number of reasons, including development issues with the Tokens, the failure of business relationships, lack of public interest, lack of funding, or competing intellectual property claims, the Platform and/or Tokens may no longer be viable as a business or otherwise and may dissolve or fail to maintain commercial or legal viability, or be abandoned. There is no assurance that you will receive any benefits through the Tokens.

Risk of malfunction in the Tokens.

It is possible that the Tokens or the Platform malfunctions in an unfavorable way, including one that results in the loss of the Tokens.

Tax risks relating to the Tokens.

The tax characterization of the Tokens is uncertain. You must seek your own tax advice in connection with acquisition, storage, transfer and use of the Tokens, which may result in adverse tax consequences to you, including, without limitation, withholding taxes, transfer taxes, value added taxes, income taxes, capital taxes and similar taxes, levies, duties or other charges and tax reporting requirements.

The Company may be required to register as a money services business or money transmitter and to comply with the requirements of the Bank Secrecy Act and applicable state requirements.

The Bank Secrecy Act, among other things, regulates the issuance, administration and exchange of “virtual currencies.” Any entity performing any of those activities may be a money services business, required to

register with the United States Treasury Department, as well as state and foreign government administrative bodies, and to engage in continued practices of “know your customer” and anti-money laundering reporting. If the Company were to be subject to Bank Secrecy Act requirements, the Company is likely on a continuing basis to require recipients of Tokens to provide certain personal information as a condition of their receipt of Tokens. In some instances, the Company could be required to prohibit transactions, thereby interfering with the activity in any marketplace that may develop for the Tokens. Additionally, the Company may be required to issue suspicious activity reports upon detecting any “suspicious” transaction. Guidance on what constitutes a suspicious transaction is unclear, and failure to comply may result in severe civil and criminal penalties. Almost all states in the United States have some form of similar regulations, each of which may require obtaining a separate license, which can be an expensive and time consuming process. Compliance with the Bank Secrecy Act and any applicable state regulations would, if required, be a continuing, material expense, which if the Company cannot afford, would result in suspension of any marketplace that the Company develops that would in turn adversely affect demand for the Tokens.

A violation of privacy or data protection laws could have a material adverse effect on the Company’s activities.

A wide variety of state, national and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer and other processing of data, including personal data. These data protection and privacy-related laws and regulations are varied, evolving, can be subject to significant change, may be augmented or replaced by new or additional laws and regulations and may result in ever increasing regulatory and public scrutiny and escalating levels of enforcement and sanctions. Foreign data protection, privacy and other laws and regulations are often more restrictive than those in the United States, such as the General Data Protection Regulations, effective in the European Union. Certain states in the United States have also introduced broad rules, which may or may not anticipate and be consistent with rules expected to be adopted by the U.S. federal government. The Company expects that the cost of compliance with these laws may be high in terms of both money and attention. The Company's failure to comply with all applicable privacy and data protection laws, regulations, standards and codes of conduct could result in enforcement actions against the Company, including fines, imprisonment of Company officials and public censure, claims for damages by affected individuals, demands that the Company modify or cease existing practices, damage to the Company's reputation and loss of goodwill, any of which could have a material adverse effect on the level of demand for Tokens.

Risk of litigation and/or third-party claims.

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 Tokens may adversely affect the Platform. Additionally, a meritorious claim could prevent developers from accessing the most up-to-date protocol code or holding or transferring their Tokens.

Risk of alternative, unofficial platforms.

Following the issuance of the Tokens, it is possible that alternative applications or platforms could be established, which use the same or similar open-source code and protocol underlying the Tokens. The Tokens may have no intrinsic value with respect to such alternative applications. The Tokens may compete with these alternative, unofficial token-based applications, which could potentially negatively impact the Tokens.

Assertions by third parties of infringement or other violation by Us of their intellectual property rights could harm our ability to develop the Platform and the 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 Platform. 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. By their nature, media platforms feature content protected by intellectual property laws and may be fora for the publication of content that has infringed upon the intellectual property rights of others.

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.

Token Integration risk and risk of insufficient interest in the platform.

There are no guarantees as to the timing of the Tokens being integrated into the Platform, which is dependent on many factors, including many outside the Company's control. Further, it is possible that there will be limited public interest in the Tokens or that public interest in the Platform may reduce over time. Such a lack of interest could negatively impact the Tokens and their functionality in the Platform.

Risk that the Tokens will not meet expectations.

Any expectations or assumptions regarding the form and functionality of the Tokens (including participant behavior) held by the Company or by you may not be met, for any number of reasons, including, without limitation, mistaken assumptions or analysis, a change in the design and implementation plans, and changes in the execution of the Tokens. Moreover, the Company may not be able to retain full and effective control over how other participants will use the Platform, what products or services will be offered through the Platform by third parties, or how third-party products and services will utilize Tokens (if at all). This could create the risk that the Tokens, as further developed and maintained, may not meet your expectations. Furthermore, despite our good faith efforts, it is still possible that the integration of the Tokens into the Platform will experience malfunctions or otherwise fail to be adequately maintained, which may negatively impact the Platform and Tokens, and the potential utility of the Tokens within the Platform.

Further innovations in the crypto asset industry may cause the tokens to lose value.

The development and acceptance of the cryptographic and algorithmic protocols governing the issuance of, and transactions in, crypto assets are subject to a variety of factors that are difficult to evaluate and predict. The use of crypto assets to, among other things, transact in goods and services is part of a new and rapidly

evolving commercial practice that employs digital assets based on a computer-generated mathematical and/or cryptographic protocol. The growth of this commercial practice in general, and the use of crypto assets in particular is subject to a high degree of uncertainty. Factors affecting further development of the crypto asset industry include, among other things, the continued worldwide adoption of crypto assets; governmental and quasi-governmental regulation of crypto assets and/or crypto asset exchanges; changing consumer demographics, tastes, and preferences; sustained development and maintenance of open-source software protocols; the popularity and availability of alternative and/or new payment services; and general economic conditions. If these factors negatively affect or impede the development of the crypto asset industry, the value of holding Tokens may also be negatively affected.

Risks associated with incomplete information regarding the Tokens.

You will not have full access to all the information relevant to the Company and the Tokens. The Company is not required to update you on the progress of the Tokens. You are responsible for making your own decision in respect of the acquisition of the Tokens. The Company does not provide you with any recommendation or advice in respect of the acquisition of the Tokens. You may not rely on the Company to provide you with complete or up-to-date information.

Purchasers will not be in any fiduciary, partnership, trustee, agency, or similar relationship with the Company or any of its Affiliates and will not be owed any fiduciary duty by the Company or any of its Affiliates.

The Purchasers have no direct management, equity, voting, or similar rights in the Company or any of its affiliates. However, without limitation to the above, the Company reserves all rights with respect to pursuing any form of decentralized governance should it so determine that doing so would be in the best interests of the holders of Tokens from time to time.

In order to seek compliance with (or to seek to mitigate the impact of) any laws, statutes, ordinances, rules, regulations, judgments, injunctions, orders, treaties, administrative acts or decrees of any nation or government, any state or other political subdivision thereof, any entity exercising legislative, judicial or administrative functions of or pertaining to government, including, without limitation, any government authority, agency, department, board, commission or instrumentality, and any court, tribunal or arbitrator(s) of competent jurisdiction, and any self-regulatory organization believed by the Company or its affiliates to apply to or affect the Company or its affiliates, the Tokens, the Company may in its sole and absolute discretion take such steps as it considers necessary or convenient to comply with such matters including, without limitation, the termination of the Tokens. In addition, the Company may take such steps as it considers necessary or convenient where it believes or suspects the Tokens may be used, trafficked, or applied in the attempted furtherance of money laundering, terrorist financing, tax evasion, or other unlawful activity or where it believes the Tokens are no longer viable.

Risks Associated with Potential Public Listings of Tokens Could Negatively Impact Their Price.

The Company may, in the future, list Tokens on digital asset trading platforms. Any such listing could negatively impact the price of Tokens, especially if there is significant selling activity on any such exchange. Lockups applicable to any securities purchased in this Offering may prevent participants in this Offering from selling their stake in Tokens while such Tokens remain subject to a lock-up.

**RISK FACTORS RELATED TO TOKENS, CRYPTOCURRENCY,
AND OTHER DIGITAL ASSETS**

Risks associated with third party contractors.

Development of the Tokens may require third-party contractors with particular expertise in blockchain technology. The availability of such contractors is limited. There may not be sufficient (or any) such

contractors available on terms deemed acceptable by the Company. The costs associated with any such contractors may be significantly greater than currently estimated. Furthermore, the quality, reliability and timely delivery of services by such contractors may vary significantly.

Risk associated with licensed third-party technology.

The Tokens are created solely for purposes of operating and integrating with the Platform.

We may invest or spend the proceeds of this Offering in ways with which you may not agree or in ways which may not yield a return.

Our management will have broad discretion in determining how the proceeds of the sale of our Tokens will be used, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. Notwithstanding our current business plan, future events including, but not limited to, the problems, expenses, difficulties, complications and delays, as well as changes in the economic climate or changes in governmental regulations, may make the reallocation of funds necessary or desirable. Any such reallocation will be at the sole discretion of the Company. If we do not use the proceeds that we receive effectively, our business, financial condition, results of operations and prospects could be harmed. Further, the sale of Tokens will require intensive computing resources. The demand for these resources may exceed the Company's estimates. Ultimately, the Company's resources may prove inadequate to support the sale of our Tokens, which may affect the distribution and/or utility of the Tokens.

No guarantee that tokens will be released.

Many factors could influence the success of the Company and the Tokens, some of which are out of the Company's control, and there can be no guarantee that the Company will ultimately be successful in deploying and delivering the Tokens. The Company may change its plans for issuing the Tokens for a variety of reasons, including a change in business plan, technological challenges, lack of perceived demand, or other reasons. Finally, if the Company ceases operations, agrees to assign its assets and liabilities to a third party for the benefit of creditors in the case of insolvency, or engages in a liquidation or winding up, it may never issue the Tokens.

Risk of losing access to tokens due to wallet incompatibility.

Your cryptocurrency wallet must be compatible and possess technical infrastructure that is compatible with the receipt, storage, and transfer of the Tokens. Non-compatible wallet addresses will not be accepted, and any attempt to transfer Tokens to a non-compatible wallet address may result in the loss of such Tokens. In addition, your wallet address must not be associated with a third-party exchange or service that has custody over the private key. The Company reserves the right to prescribe additional conditions relating to specific wallet requirements at any time, acting in its sole discretion.

Risks associated with the overarching blockchain industry in which the Platform operates.

The growth of the blockchain industry in general, is subject to a high degree of uncertainty regarding consumer adoption and long-term development. The factors affecting the further development of the cryptocurrency and crypto assets industry, as well as blockchain networks, include without limitation, the worldwide growth in the adoption and use of digital assets and other blockchain technologies; governmental and quasi-governmental regulation of digital assets and their use, or restriction on or regulation of access to and operation of blockchain networks or similar systems; the maintenance and development of the open source software protocol of blockchain 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 government backed currencies or existing networks; the extent to which current interest in cryptocurrencies represents a speculative "bubble"; general economic conditions in the United States and the world; the regulatory environment relating to

cryptocurrencies and blockchains; and a decline in the popularity or acceptance of cryptocurrencies or other block- based tokens. The digital assets industries as a whole have been characterized by rapid changes and innovations and are constantly evolving. Although they have experienced significant growth in recent years, 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 Tokens.

Risks associated with your credentials.

Any third party that gains access to or learns of your wallet login credentials or private keys may be able to dispose of your 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 Tokens. If you give us the incorrect address to which to send your Tokens, we are not responsible for any loss of Tokens that may occur.

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 Tokens.

The Token balances are associated with the Purchasers' respective wallets with the Purchasers' respective token public keys, which in turn are associated with Purchasers' specific token private keys. Each Purchaser is responsible for knowing such Purchaser's private key and keeping it safe and a secret. A private key, or a combination of private keys, is necessary to control and use Tokens stored in a digital wallet or vault. The loss of one or more of a Purchaser's private keys associated with such Purchaser's digital wallet or vault storing the Tokens will result in the loss of the Purchasers' Tokens. The Company will never ask for Purchasers' private keys, and Purchasers should never share any private keys with anyone. Further, the Purchaser is responsible for becoming and staying educated on best practices for securely keeping private keys, protecting any relevant personally identifiable information, and on cybersecurity best practices more generally. Holders of crypto assets can be targeted by hackers in many ways which are out of our control. Holders' private keys can also be stolen. Any third party that gains access to one or more of Purchaser's private keys, including by gaining access to login credentials of a hosted wallet service used by the Purchaser, may be able to misappropriate Purchaser's 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 Tokens due to such theft or malfunction or unauthorized use of any private keys may be final and result in the complete loss of the Purchaser's Tokens purchased hereunder.

Risk of theft and hacking.

Smart contracts, software applications, and the Tokens may be exposed to attacks by hackers or other individuals, groups, organizations, or countries that interfere with the availability of the Tokens in any number of ways, including denial of service attacks, sybil attacks, spoofing, smurfing, malware attacks, or consensus-based attacks, or phishing, or other novel methods that may or may not be known. Any such successful attacks could result in theft or loss of Tokens, adversely impacting the ability to further derive any usage or functionality from Tokens. The Company must take appropriate steps to ensure the integrity of its smart contracts, systems, and other vectors of potential attack. You must take appropriate steps to satisfy yourself of the integrity and veracity of relevant websites, systems, and communications. Furthermore, because the Tokens employ open-source software, there is a risk that a third party or a member of the Company's team may intentionally or unintentionally introduce weaknesses or defects into the core infrastructure of the Token and negatively affect it.

You acknowledge, understand, and accept that if your private key or password gets lost or stolen, the Tokens associated with your wallet address may be unrecoverable and permanently lost. Additionally, any third

party that gains access to your private key, including by gaining access to the login credentials relating to your wallet, may be able to misappropriate your Tokens. Any errors or malfunctions caused by or otherwise related to the digital wallet or vault you choose to receive and store Tokens, including your own failure to properly maintain or use such digital wallet or vault, may also result in the loss of your Tokens, for which the Company shall have no liability.

Risk of mining attacks.

As with other cryptocurrencies, the blockchain used for the Smart Contract System is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, “selfish-mining” attacks, and rare condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of token transactions, and expected proper execution and sequencing of contract computations. The network of miners will ultimately be in control of the distribution of the Tokens via the Smart Contract System, and a majority of miners could agree at any point to make changes, updates, modifications to, or effect a deletion or destruction of the Smart Contract System, and that such a scenario could lead to the Tokens losing intrinsic value and/or functionality.

Risk of security weaknesses in the Tokens.

The Tokens consists, at least in part, of open-source software that may, in turn, be based on other open-source software. There is a risk that the Company or other third parties may intentionally or unintentionally introduce weaknesses or bugs into the core infrastructural elements of the Tokens to interfere with the use of or cause the loss of Tokens.

Risk of weaknesses or exploitable breakthroughs in the field of cryptography.

Advances in cryptography, or technical advances such as the development of quantum computing, could present risks to cryptocurrencies (like Tokens) by rendering ineffective the cryptographic consensus mechanism that underpins the Tokens, which could result in the theft, loss, or decreased utility of the Tokens. Smart contracts, blockchain application software, and blockchain platforms and protocols are still in an early development stage and relatively unproven. There is no warranty or assurance that the process for creating Tokens will be uninterrupted or error-free and there is an inherent risk that the software could contain defects, weaknesses, vulnerabilities, viruses, or bugs causing, inter alia, the complete loss of contributions and/or Tokens.

Technology relied upon by the Company for the design and maintenance of the Tokens, which is critical to the Token use case, may not function properly.

The technology relied upon by the Company for the design and periodic software updating and maintenance and functionality of the Tokens may not function properly, which would have a material impact on the Company’s business, operations and financial conditions. Problems with the functionality of the software design of the Tokens would also have a direct, material adverse effect on the demand for Tokens.

Risk of incompatible wallet service.

The wallet or wallet service provider used to receive the Tokens must conform to the ERC20 token standard in order to be technically compatible with the Tokens. The failure to ensure such conformity may have the result that Purchaser will not gain access to his, her or its Tokens.

Tax risks relating to tokens, cryptocurrency, and other digital assets.

The regulatory regime governing blockchain technologies, cryptocurrencies, digital assets, digital exchanges and offerings of digital assets is uncertain, and new regulations or policies may materially adversely affect the development and the value of the Company’s business.

Risk of unfavorable regulatory action in one or more jurisdictions.

Blockchain technologies and cryptographic tokens have been the subject of scrutiny by various regulatory bodies around the world. Blockchain technology allows new forms of interaction, and it is possible that certain jurisdictions will apply existing regulations on, or introduce new regulations addressing, blockchain technology-based applications, which regulations may be contrary to the current setup of the Tokens or their associated smart contract system and, therefore, may result in substantial modifications to the Tokens and such smart contract systems, including its termination and the loss of Tokens.

The regulatory status of cryptographic tokens and distributed ledger technology is unclear or unsettled in many jurisdictions. It is difficult to predict how or whether regulatory authorities may apply existing regulations with respect to such technology and its applications, including specifically (but without limitation to) the Platform and Tokens. It is likewise difficult to predict how or whether any legislative or regulatory authorities may implement changes to law and regulation affecting distributed ledger technology and its applications, including specifically (but without limitation to) the Tokens. Regulatory actions could negatively impact the Tokens in various ways, including, for purposes of illustration only, through a determination that Tokens are a regulated financial instrument that requires registration, licensing, recordkeeping, reporting, or restriction. The Company may cease operations in a jurisdiction if regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction. The functioning of the Tokens could be impacted by any regulatory inquiries or actions, including restrictions on the use, sale, or possession of digital tokens like the Tokens, which restrictions could impede, limit, or end the development of the Tokens and increase legal costs.

The cryptocurrency exchange market, any token listing and trading market, initial coin offerings, and by extension the Tokens, are or may be subject to a variety of federal, state, and international laws and regulations, including those with respect to KYC/AML and customer due diligence procedures, privacy and data protection, consumer protection, data security, foreign exchange controls money transmission, and others. These laws and regulations, and the interpretation or application of these laws and regulations, could change. In addition, new laws or regulations affecting the Tokens could be enacted, which could impact the utility of the Tokens in the Platform. Additionally, users of the Platform are subject to or may be adversely affected by industry-specific laws and regulations or licensing requirements. If any of these parties fails to comply with any of these licensing requirements or other applicable laws or regulations, or if such laws and regulations or licensing requirements become more stringent or are otherwise expanded, it could adversely impact the Tokens, including the utility of Tokens with respect to the Platform, including any applications that are built in connection with the Platform.

The Company may need to obtain approvals from one or more governmental authorities and there is a risk that securing such approvals may delay or prevent the development of the Tokens and/or the Company's ability to issue the Tokens.

Long-term viability of crypto assets.

Crypto assets, including those like the Tokens, are a new and relatively untested product. There is considerable uncertainty about their long-term viability, which could be affected by a variety of factors, including many market-based factors such as economic growth, inflation, and others. In addition, the success of crypto assets (including the Tokens) will depend on the long-term utility and economic viability of blockchain and other new technologies related to crypto assets. Due in part to these uncertainties, the price of crypto assets are volatile and the Tokens may be hard to sell. Further, the value of Tokens may decrease over time, which may impact interest in, or the success of, the Platform. The Company does not control any of these factors, including the ability of the Tokens to maintain their value over time.

The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate.

The growth of the blockchain industry in general, as well as the blockchain networks on which the Company's business and Tokens will rely, is subject to a high degree of uncertainty. The factors affecting the further development of blockchain networks and cryptocurrencies, include, without limitation:

- worldwide growth in the adoption and use of cryptocurrencies and other blockchain technologies;
- government and quasi-government regulation of cryptocurrencies 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 the open-source software protocol of cryptocurrency 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 government-backed currencies or existing networks;
- general economic conditions and the regulatory environment relating to cryptocurrencies; and
- a decline in the popularity or acceptance of cryptocurrencies or other blockchain-based tokens that would adversely affect the Company's business and results of operations.

The cryptocurrency and blockchain industries as a whole have been characterized by rapid changes and innovations and are constantly evolving. Although they have experienced significant growth in recent years, the slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the development of the Company's business. Finally, the Company can give no assurance that technical advances, such as the development of quantum computing, will not present challenges to blockchain technology by rendering ineffective the cryptographic consensus mechanisms that underpin blockchain protocols.

Risk associated with underlying technology.

There can be no guarantee that the technology required for operation of the Platform will function as anticipated or function at all. This technology may malfunction because of internal problems or as a result of cyberattacks or security breaches or the Company might not be able to successfully develop the technology. Further, there may be no alternatives available if this technology does not work as anticipated. As a result, failure of this technology to work as intended may adversely affect the operation and growth of the Platform and may have a material adverse impact on Tokens.

Unanticipated risks.

Cryptographic tokens are a relatively new and comparatively untested technology. In addition to the risks discussed herein, there are risks that the Company cannot anticipate. Further risks may materialize as unanticipated combinations or variations of the discussed risks or the emergence of new risks.

RISK FACTORS RELATED TO A NETWORK

No guarantee on when or if the Token Integration Event will occur.

There are no guarantees as to the timing of the Token Integration Event or the release of the Tokens, each of which is dependent on many factors, including many outside the Company's control. If the Token Integration Event does not occur or for other reasons the Company does not issue the Tokens as planned, Purchasers will not receive some or all of their Tokens. The Company has sole discretion to determine when, or if, the Token Integration Event occurs.

Risk of Tokens being deemed a futures contract or swap.

Given the time period between the close of this Offering and delivery of the Tokens, there is a risk that any deferred delivery arrangement involving a commodity could be viewed as a futures contract or swap transaction under U.S. commodities laws. We believe that this risk is generally a latent one that is mitigated by the Company's obligation to deliver Tokens shortly after the Token Integration Event to Purchasers who represent and warrant that they are Platform users not purchasing with speculative intent and who are otherwise prohibited from transferring the Tokens before the Token is launched.

The value of the Tokens will be affected by the success of the platform.

Because the Tokens are intended for use on the Platform, a failure to maintain the Platform would negatively affect the value of the Tokens. There is no guarantee that the Network, including its use of the Tokens will develop as planned or become successful in the marketplace.

Risks associated with issuance of additional tokens.

Tokenholders may collectively determine it is in the best interest of the Network to adjust the supply of Tokens either upward or downward in the future. Further, if and when the Company enables staking, additional Tokens may be issued. If such events occur, the value of Tokens may be adversely impacted and a tokenholder's Token holding may also be diluted as a result.

RISK FACTORS RELATED TO A PROTOCOL

The Token Integration Event may not be adopted.

Insofar as the Protocol is not operated by the Company but by an independent community of participants around the world, the community may have discretion to adopt or not to adopt the Token Integration Event recommendation. Therefore, the Company cannot guarantee that a Token Integration Event will occur.

Risk of Protocol attacks and forks.

As with other blockchains, the Protocol could be susceptible to consensus-related attacks, including but not limited to double-spend attacks, majority validation power attacks, censorship attacks, byzantine behavior in the consensus algorithm or be subject to hard or soft forks. Any successful attack or fork presents a risk to the Protocol, the expected proper execution and sequencing of Token-transactions, the expected proper execution and sequencing of contract computations as well as the token balances in any investor's wallet.

Risk of mining attacks.

As with other cryptocurrencies, the blockchain used for the Smart Contract System is susceptible to mining attacks, including but not limited to double-spend attacks, majority mining power attacks, "selfish-mining" attacks, and rare condition attacks. Any successful attacks present a risk to the Smart Contract System, expected proper execution and sequencing of token transactions, and expected proper execution and sequencing of contract computations. The network of miners will ultimately be in control of the distribution of the Tokens via the Smart Contract System, and a majority of miners could agree at any point to make changes, updates, modifications to, or effect a deletion or destruction of the Smart Contract System, and that such a scenario could lead to the Tokens losing intrinsic value and/or functionality.

Risk associated with other applications.

The Protocol may give rise to other, alternative projects, promoted by unaffiliated third parties, under which Tokens will have no intrinsic value. This means that competitors may produce platforms that compete with our business model and project and may not accept our Tokens as payment for services within such platforms. Further, such platforms may become more popular and have greater success than our business model and project. In addition, the utility of Tokens depends on the success of our business model and project, if developed. Our business model and project may not be popular or widely used. In the long term,

our business model and project may fail to attract a critical mass of users. Our business model and project may be merged with other projects. Various circumstances, including technical advancement and competitors, may render our business model and project obsolete.

Risk of withdrawing partners.

The feasibility of the Protocol as a whole depends strongly on the collaboration of front-end providers and other crucial partners. There is no assurance that the Protocol as a whole will be successfully developed and deployed.

Risk of abandonment / lack of success.

The creation of the Protocol may be abandoned for a number of reasons including, but not limited to, lack of interest from the public, lack of funding, incapacitation of key developers and project members, force majeure (including pandemics) or lack of commercial success or prospects. There are no assurances, even if the Protocol was partially or fully developed and launched that any investors will receive any benefits through the Tokens held by it.

Tax risks related to the Protocol.

Regulation of digital assets, cryptocurrencies, blockchain technologies and cryptocurrency exchanges is currently undeveloped and likely to rapidly evolve as government agencies take greater interest in them. Regulation 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 or guidance, or take other actions, which may directly or indirectly affect a digital asset network. Such authorities may also restrict the right to acquire, own, hold, sell, convert, trade or use digital assets, or to exchange digital assets for either fiat currency or other virtual currency, thus severely impacting the permissibility or use of the Tokens. Such regulatory changes may be contrary to the current setup of the Smart Contract System and may, inter alia, result in substantial modifications to the Smart Contract System and/or the Protocol, including its termination and the loss of Tokens for investors. Additionally, regulation of proposed activities of the Protocol is presently uncertain. It is not known what regulatory framework the proposed Protocol and associated activities will be subject to, the nature and obligations that will be imposed on the Company in order to comply with any such regulatory framework or when/if the Company will even be able to apply to be regulated, or successfully obtain the required licenses so that it may lawfully carry out its proposed business activities. The Company may cease operations in a jurisdiction in the event that regulatory actions, or changes to law or regulation, make it illegal to operate in such jurisdiction, or commercially undesirable to obtain the necessary regulatory approval(s) to operate in such jurisdiction.

RISK FACTORS RELATED TO LAYER 1 BLOCKCHAIN NETWORKS

Risks associated with the blockchain platforms.

Any malfunction, breakdown, abandonment, unintended function, unexpected functioning of, or attack on the platform upon which the Tokens are issued may have an adverse effect on the Tokens, including causing them to malfunction or function in an unexpected or unintended manner.

Proof-of-stake blockchains are a relatively recent innovation and have not been subject to as widespread use or adoption over as long of a period of time as traditional proof-of-work blockchains.

Certain digital assets, such as bitcoin, use a “proof-of-work” consensus algorithm. The genesis block on the Bitcoin blockchain was mined in 2009, and the Bitcoin blockchain has been in operation since then. Many newer blockchains enabling smart contract functionality, including the current Ethereum Network following the completion of the “Merge” in 2022, use a newer consensus algorithm known as “proof-of-

stake.” While their proponents believe that they may have certain advantages, the “proof-of-stake” consensus mechanisms and governance systems underlying many newer blockchain protocols, including our Network, and its associated digital assets, such as the Tokens – have not been tested at scale over as long of a period of time or subject to as widespread use or adoption as, for example, the Bitcoin blockchain’s proof-of-work consensus mechanism has. This could lead to these blockchains, and their associated digital assets, having undetected vulnerabilities, structural design flaws, suboptimal incentive structures for network participants (e.g., validators), technical disruptions, or a wide variety of other problems, any of which could cause these blockchains not to function as intended, lead to outright failure to function entirely causing a total outage or disruption of network activity, or to suffer other operational problems or reputational damage, leading to a loss of users or adoption or a loss in value of the associated digital assets, including the Tokens. Over the long term, there can be no assurance that the proof-of-stake blockchain on which our business model relies will achieve widespread scale or adoption or perform successfully; any failure to do so could negatively impact the value of the Tokens and our business.

Digital asset networks face significant scaling challenges and efforts to increase the volume and speed of transactions may not be successful.

Many digital asset networks, including our Network, face significant scaling challenges due to the fact that public blockchains generally face a tradeoff between security and scalability. One means through which public blockchains achieve security is decentralization, meaning that no intermediary is responsible for securing and maintaining these systems. For example, a greater degree of decentralization generally means a given digital asset network is less susceptible to manipulation or capture. Achieving decentralization may mean that every single node on a given digital asset network is responsible for securing the system by processing every transaction and every single full node is responsible for maintaining a copy of the entire state of the network. However, this may involve tradeoffs from an efficiency perspective, and impose constraints on throughput. A digital asset network may be limited in the number of transactions it can process by the fact that all validators participate in validating in each block and the capabilities of each single fully participating node. Many developers are actively researching and testing scalability solutions for public blockchains that do not necessarily result in lower levels of security or decentralization, such as off-chain payment channels. Off-chain payment channels would allow parties to transact without requiring the full processing power of a blockchain.

As corresponding increases in throughput lag behind growth in the use of digital asset networks, average fees and settlement times may increase considerably. Increased fees and decreased settlement speeds could preclude certain uses for our Network and could reduce demand for, and the price of, our Token, which could adversely impact its value.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of our Network transactions will be effective, or how long these mechanisms will take to become effective, which could adversely impact the value of the Tokens.

The rapid development of other competing scalability solutions, such as those which would rely on handling the bulk of computational work relating to transactions or smart contracts and DApps outside of our Network, may cause alternatives to sharding to emerge. “Layer 2” is a collective term for solutions which are designed to help increase throughput and reduce transaction fees by handling or validating transactions off our Network (known as “Layer 1”) and then attempting to take advantage of the perceived security and integrity advantages of our Layer 1 Network by uploading the transactions validated on the Layer 2 protocol back to the Layer 1 Network. The details of how this is done vary significantly between different Layer 2 technologies and implementations and could cause issues with our Network.

Many developers are actively researching and testing scalability solutions for public blockchains. However, there is no guarantee that any of the mechanisms in place or being explored for increasing speed and throughput of settlement of the Network transactions will be effective, which could cause the Network to not adequately resolve scaling challenges and adversely impact the adoption of Tokens and our Network and the value of the Tokens. There is no guarantee that any potential scaling solution, whether a change to our Layer 1 Network like sharding or the introduction of a Layer 2 solution like rollups, state channels or side chains, will achieve widespread adoption. It is possible that proposed changes to our Layer 1 Network could divide the community, potentially even causing a hard fork, or that the decentralized governance of our Network causes network participants to fail to coalesce overwhelmingly around any particular solution, causing our Network to suffer reduced adoption or causing users or validators to migrate to other blockchain networks. It is also possible that scaling solutions could fail to work as intended, could suffer from centralization concerns, or could introduce bugs, coding defects or flaws, security risks, or other problems that could cause them to suffer operational disruptions. Alternatively, if a widely-used Layer 2 network were to fail, it could reduce demand for Tokens because it would eliminate a source of demand for using Tokens to record transactions from the Layer 2 onto our Layer 1 Network. Any of the foregoing could adversely affect the price of Tokens.

The value of the Tokens relates directly to its price. The price of the Tokens may be highly volatile and subject to fluctuations due to a number of factors, including the successful development and acceptance of our Network.

Digital assets such as the Tokens were only introduced within the past 15 years, and the medium to long term value of the Tokens is subject to a number of factors over time relating to the capabilities and development of blockchain technologies, such as the recentness of their development, their dependence on the internet and other technologies, their dependence on the role played by users, developers validators and the potential for malicious activity. Our Token itself was only recently conceived and first sold. For example, the realization of one or more of the following risks could materially adversely affect the value of the Tokens: digital asset networks, and the software used to operate them are in the early stages of development. Given the recentness of the development of digital asset networks, digital assets may not function as intended and parties may be unwilling to use digital assets, which would dampen the growth, if any, of digital asset networks. Because the Token is a digital asset, the value of the Tokens is subject to a number of factors relating to the fundamental investment characteristics of digital assets, including the fact that digital assets are bearer instruments and loss, theft, compromise, or destruction of the associated private keys could result in permanent loss of the asset.

- An increase in the global Token supply or a decrease in global Token demand;
- Digital assets, including Tokens, are controllable only by the possessor of both the unique public key and private key or keys relating to our Network address, or “wallet”, at which the digital asset is held. Private keys must be safeguarded and kept private in order to prevent a third party from accessing the digital asset held in such wallet. The loss, theft, compromise or destruction of a private key required to access a digital asset may be irreversible. If a private key is lost, stolen, destroyed or otherwise compromised and no backup of the private key is accessible, the owner would be unable to access the digital asset corresponding to that private key and the private key will not be capable of being restored by the digital asset network resulting in the total loss of the value of the digital asset linked to the private key;
- Forks in our Network, particularly where changes to our Network source code are either not well-received by key constituencies within our community or are not successfully executed or implemented and fail to achieve the functionality such changes were intended to bring about;

- Our Network’s protocol is informally overseen by a collective of core developers who, along with members of our community, can introduce proposals for updating our Network. The core developers evolve over time, largely based on self-determined participation. A Network client (“**Network Client**”) is a software application that implements our Network specification and communicates with our Network. A “node” is a computer or other device that has downloaded the Network Client and is connected to other computers also running the Network Client software, together forming our Network. To the extent that node operators update their individual Network Client to new specifications, our Network could be subject to changes that may adversely affect the value of the Tokens. In addition, if a digital asset network has high-profile contributors, a perception that such contributors will no longer contribute to the network could have an adverse effect on the market price of the related digital asset;
- Increased competition from other blockchain networks combining smart contracts, programmable scripting languages, and an associated runtime environment, with blockchain-based recordkeeping, particularly where such other blockchain networks are able to offer users access to a larger consumer user base, greater efficiency, reliability, or processing speed, or more economical transaction processing fees than our Network fees associated with processing a Token transaction and the speed at which Token transactions are settled;
- The ability for our Network to attract and retain validators to secure and confirm transactions accurately and efficiently;
- The acceptance of software patches or upgrades by some, but not all, nodes, users and validators in a digital asset network, such as our Network, could result in a “fork” in our Network, resulting in the operation of multiple separate networks;
- A lack of consensus or clarity on the governance of our Network, which may stymie our Network’s utility and ability to grow and face challenges. In particular, it may be difficult to find solutions or marshal sufficient effort to overcome any future problems on our Network, especially long-term problems;
- Digital asset validator operations have evolved from individual users to “professionalized” validating operations using proprietary hardware or sophisticated machines. If the profit margins of digital asset validating operations are not sufficiently high, including due to a decrease in transaction fees, validators are more likely to immediately sell tokens earned by validating, resulting in an increase in liquid supply of that digital asset, which would generally tend to reduce that digital asset’s market price;
- To the extent that any validators cease to record transactions that do not include the payment of a transaction fee in solved blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on our Network blockchain until a block is validated by a validator who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays in the recording of transactions could result in a loss of confidence in a digital asset network;
- Software applications running on top of our Network (often referred to as “decentralized applications” or “DApps”, whether or not decentralized in fact) and smart contract developers depend on being able to obtain Tokens to be able to run their programs and operate their businesses. In particular, decentralized applications and smart contracts require Tokens in order to pay the gas fees needed to power such applications and smart contracts and execute transactions. As such, they represent a significant source of demand for Tokens. Our Tokens’ price volatility (particularly where the Token prices increase), or our Network’s wider inability to meet the demands of

decentralized applications and smart contracts in terms of inexpensive, reliable, and prompt transaction execution (including during congested periods), or to solve its scaling challenges or increase its throughput, may discourage such decentralized application and smart contract developers from using our Network as the foundational infrastructure layer for building their applications and smart contracts. If decentralized application and smart contract developers abandon our blockchain for other blockchain or digital asset networks or protocols for whatever reason, the value of the Tokens could be negatively affected;

- In the past, bugs, defects and flaws in the source code for digital assets have been exposed and exploited, including flaws that may or have disrupted our Network, Network Clients, or DApp and smart contract operations or disabled related functionality for users, exposed users' personal information and/or resulted in the theft of users' digital assets. The cryptography underlying our Network or our Tokens as an asset could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to compromise the security of our Network, which would adversely affect the value of the Tokens. Moreover, normal operations and functionality of our Network may be negatively affected. Such losses of functionality could lead to our Network losing attractiveness to users, nodes, validators, or other stakeholders, thereby dampening demand for the Tokens. Even if another digital asset other than the Tokens were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect the value of the Tokens.

Competition from central bank digital currencies and emerging payments initiatives involving financial institutions could adversely affect the value of the Tokens and other digital assets.

Central banks in various countries have introduced digital forms of legal tender (“CBDCs”). Whether or not they incorporate blockchain or similar technology, CBDCs, as legal tender in the issuing jurisdiction, could have an advantage in competing with, or replace, the Tokens and other cryptocurrencies as a medium of exchange or store of value. Central banks and other governmental entities have also announced cooperative initiatives and consortia with private sector entities, with the goal of leveraging blockchain and other technology to reduce friction in cross-border and interbank payments and settlement, and commercial banks and other financial institutions have also recently announced a number of initiatives of their own to incorporate new technologies, including blockchain and similar technologies, into their payments and settlement activities, which could compete with, or reduce the demand for, the Tokens. As a result of any of the foregoing factors, the value of the Tokens could decrease, which could adversely affect the value of an investment in the Tokens.

Mathematical or technological advances could undermine our Network’s consensus mechanism.

Our Network relies on cryptographic algorithms for various operations, including address generation, transaction verification and smart contract execution. It is possible that mathematical or technological advances, such as the development of quantum computers with significantly more power than computers presently available, could undermine or vitiate the cryptographic consensus mechanism underpinning our Network. Quantum computing technology is an emerging phenomenon which, because it is still developing, makes it difficult to predict its ultimate effect on the future value of Tokens and other digital assets. However, recent announcements by computer technology companies have suggested that quantum computing technology may be advancing faster than previously anticipated. For example, in February 2025, Microsoft announced its Majorana 1 chip, which is claimed to have the potential to support a one-million-qubit quantum computer. If quantum computing technology is able to advance and significantly increase

its capacity relative to the capacity of today’s leading quantum computers, it could potentially undermine the viability of many of the cryptographic algorithms used across the world’s information technology infrastructure, including the cryptographic algorithms used for digital assets like the Tokens. If quantum computing is able to advance in that way, there is a risk that quantum computing could result in the cryptography underlying our Network becoming ineffective, which, if realized, could compromise the security of our Network, or allow a malicious actor to compromise the wallets holding Tokens owned on our Network, which would result in losses to Shareholders. While various actors in the our community are taking steps to enable the uses of cryptographic algorithms that would be resistant to advanced quantum computers, there is no guarantee that new quantum-proof architectures will be built and appropriate transitions will be implemented across the network at scale in a timely manner; any such changes could require the achievement of broad consensus within our Network community and a fork (or multiple forks), and there can be no assurance that such consensus would be achieved or the changes implemented successfully. If any of the foregoing were to occur, it could result in losses to Shareholders. Moreover, normal operations and functionality of our Network may be negatively affected. Such losses of functionality could lead to our Network losing attractiveness to users, nodes, validators, or other stakeholders, thereby dampening demand for the Tokens. Even if another digital asset other than the Tokens were affected by similar circumstances, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively affect the demand for digital assets and therefore adversely affect the value of the Tokens.

Smart contracts, including those relating to DeFi applications, are a new technology and their ongoing development and operation may result in problems, which could reduce the demand for the Tokens or cause a wider loss of confidence in our Network, either of which could have an adverse impact on the value of the Tokens.

Smart contracts are programs that run on our Network that execute automatically when certain conditions are met. Since smart contracts typically cannot be stopped or reversed, vulnerabilities in their programming can have damaging effects. For example, in June 2016, a vulnerability in the smart contracts underlying the DAO, a distributed autonomous organization for venture capital funding on the Ethereum Network, allowed an attack by a hacker to syphon approximately \$60 million worth of ether from The DAO’s accounts into a segregated account. In the aftermath of the theft, certain core developers and contributors pursued a “hard fork” of the Ethereum Network in order to erase any record of the theft. Despite these efforts, the price of ether reportedly dropped approximately 35% in the aftermath of the attack and subsequent hard fork. In addition, in July 2017, a vulnerability in a smart contract for a multi-signature wallet software developed by Parity led to a reportedly \$30 million theft of ether, and in November 2017, a new vulnerability in Parity’s wallet software reportedly led to roughly \$160 million worth of ether being indefinitely frozen in an account. Furthermore, in April 2018, a batch overflow bug was found in many Ethereum-based ERC20-compatible smart contract tokens that allows hackers to create a large number of smart contract tokens, causing multiple crypto asset platforms worldwide to shut down ERC20-compatible token trading. Similarly, in March 2020, a design flaw in the MakerDAO smart contract caused forced liquidations of crypto assets at significantly discounted prices, resulting in millions of dollars of losses to users who had deposited crypto assets into the smart contract. In another example, in February 2022, a vulnerability in a smart contract for Wormhole, a bridge between the Ethereum Network and Solana Network led to a \$320 million theft of ether. While persons associated with Solana Labs and/or the Solana Foundation are understood to have played a key role in bringing the network back online, the broader community also played a key role, as Solana validators coordinated to upgrade and restart the network. Other smart contracts, such as bridges between blockchain networks and decentralized finance (“DeFi”) protocols have also been manipulated, exploited or used in ways that were not intended or envisioned by their creators such that attackers syphoned over \$3.8 billion worth of digital assets from smart contracts in 2022. Problems

with the development, deployment, and operation of smart contracts may have an adverse effect on the value of the Tokens, just as they have for other digital assets like ether.

In some cases, smart contracts can be controlled by one or more “admin keys” or users with special privileges, or “super users”. These users may have the ability to unilaterally make changes to the smart contract, enable or disable features on the smart contract, change how the smart contract receives external inputs and data, and make other changes to the smart contract. Furthermore, in some cases inadequate public information may be available information asymmetries may exist, even with respect to open-source smart contracts or applications; certain participants may have hidden informational or technological advantages, making for an uneven playing field. There may be opportunities for bad actors to perpetrate fraudulent schemes and engage in illicit activities and other misconduct, such as exit scams and rug pulls (orchestrated by developers and/or influencers who promote a smart contract or application and, ultimately, escape with the money at an agreed time), or Ponzi or similar fraud schemes.

Insofar as DeFi applications become deployed on our Network, smart contracts relating to DeFi applications may in the future constitute a significant source of demand for the Tokens. DeFi applications may achieve their investment purposes through self-executing smart contracts that may allow users to invest digital assets in a pool from which other users can borrow without requiring an intermediate party to facilitate these transactions. These investments may earn interest to the investor based on the rates at which borrowers repay the loan, and can generally be withdrawn by the investor. For smart contracts that hold a pool of digital asset reserves, smart contract super users or admin key holders may be able to extract funds from the pool, liquidate assets held in the pool, or take other actions that decrease the value of the digital assets held by the smart contract in reserves. Even for digital assets that have adopted a decentralized governance mechanism, such as smart contracts that are governed by the holders of a governance token, such governance tokens can be concentrated in the hands of a small group of core community members, who would be able to make similar changes unilaterally to the smart contract. If any such super user or group of core members unilaterally make adverse changes to a smart contract, the design, functionality, features and value of the smart contract, its related digital assets may be harmed. In addition, assets held by the smart contract in reserves may be stolen, misused, burnt, locked up or otherwise become unusable and irrecoverable. Super users can also become targets of hackers and malicious attackers. If an attacker is able to access or obtain the super user privileges of a smart contract, or if a smart contract’s super users or core community members take actions that adversely affect the smart contract, users who transact with the smart contract may experience decreased functionality of the smart contract or may suffer a partial or total loss of any digital assets they have used to transact with the smart contract. Furthermore, the underlying smart contracts may be insecure, contain bugs or other vulnerabilities, or otherwise may not work as intended. Any of the foregoing could cause users of the DeFi application to be negatively affected, or could cause the DeFi application to be the subject of negative publicity. Because DeFi applications may be built on our Network and represent a significant source of demand for the Tokens, public confidence in our Network itself could be negatively affected, such sources of demand could diminish and the value of the Tokens could decrease. Similar risks apply to any smart contract or decentralized application, not just DeFi applications.

Digital assets may have concentrated ownership and large sales or distributions by holders of such digital assets, or any ability to participate in or otherwise influence a digital asset’s underlying network, could have an adverse effect on the market price of such digital asset.

Ownership of our Tokens is presently concentrated to a limited number of wallets. Moreover, it is possible that other persons or entities control multiple wallets that collectively hold a significant number of Tokens, even if they individually only hold a small amount, and it is possible that some of these wallets are controlled by the same person or entity. As a result of this concentration of ownership, large sales or

distributions by such holders could have an adverse effect on the market price of the Tokens. Competition from other consortia or private blockchains could have a negative impact on the price of the Tokens and adversely affect an investment in them.

The price of Tokens may be affected due to stablecoins (including Tether and USDC), the activities of stablecoin issuers and their regulatory treatment.

The price of the Tokens may be exposed to risks that stablecoins pose for the market for our Tokens and other digital asset markets. Stablecoins are digital assets designed to have a stable value over time as compared to typically volatile digital assets, and are typically marketed as being pegged to a fiat currency, such as the U.S. dollar, at a certain value. Although the prices of stablecoins are intended to be stable, their market value may fluctuate. This volatility may, as it has for other tokens, impact the price of the Tokens. Stablecoins are a relatively new phenomenon, and it is impossible to know all of the risks that they could pose to participants in the Token market. In addition, some have argued that some stablecoins, particularly Tether, are improperly issued without sufficient backing in a way that, when the stablecoin is used to pay for Tokens, could cause artificial rather than genuine demand for the Tokens, artificially inflating the price of the Tokens, and also argue that those associated with certain stablecoins may be involved in laundering money. On February 17, 2021 the New York Attorney General entered into an agreement with Tether's operators, including Bitfinex, requiring them to cease any further trading activity with New York persons and pay \$18.5 million in penalties for false and misleading statements made regarding the assets backing Tether. On October 15, 2021, the CFTC announced a settlement with Tether's operators, Tether Holdings Limited, Tether Operations Limited, Tether Limited, and Tether International Limited, in which they agreed to pay \$42.5 million in fines to settle charges that, among others, Tether's claims that it maintained sufficient U.S. dollar reserves to back every Tether stablecoin in circulation with the "equivalent amount of corresponding fiat currency" held by Tether were untrue.

Bitfinex also agreed to pay the CFTC a \$1.5 million fine to settle charges that Bitfinex offered off-exchange leveraged, margined, or financed transactions involving cryptocurrencies, including Solana, with U.S. customers who were not eligible contract participants and accepted funds (including in the form of Tether stablecoins) and orders in connection with such illegal off-exchange transactions, triggering an obligation to register with the CFTC, which the CFTC order asserts it violated. The CFTC previously fined Bitfinex in 2016 on similar charges.

USDC is a reserve-backed stablecoin issued by Circle Internet Financial that is commonly used as a method of payment in digital asset markets. While USDC is designed to maintain a stable value at 1U.S. dollar at all times, on March 10, 2023, the value of USDC fell below \$1.00 for multiple days after Circle Internet Financial disclosed that US\$3.3 billion of the USDC reserves were held at Silicon Valley Bank, which had entered FDIC receivership earlier that day. Stablecoins are reliant on the U.S. banking system and U.S. treasuries, and the failure of either to function normally could impede the function of stablecoins, and therefore could adversely affect the value of the Tokens.

Given the foundational role that stablecoins play in global digital asset markets, their fundamental liquidity can have a dramatic impact on the broader digital asset market, including the market for Tokens. Because a large portion of the digital asset market still depends on stablecoins such as Tether and USDC, there is a risk that a disorderly de-pegging or a run on Tether or USDC could lead to dramatic market volatility in digital assets more broadly. Volatility in stablecoins, operational issues with stablecoins (for example, technical issues that prevent settlement), concerns about the sufficiency of any reserves that support stablecoins or potential manipulative activity when unbacked stablecoins are used to pay for other digital assets (including Tokens), or regulatory concerns about stablecoin issuers or intermediaries, such as exchanges, that support stablecoins, or the removal or migration of prominent stablecoins away from our

Network, could impact individuals' willingness to trade on trading venues that rely on stablecoins, reduce liquidity in the Token market, and affect the value of the Tokens, and in turn impact an investment in the Tokens.

If the digital asset award or transaction fees for recording transactions on our Network are not sufficiently high to incentivize validators, or if certain jurisdictions continue to limit or otherwise regulate validating activities, validators may cease expanding validating power or demand high transaction fees, which could negatively impact the value of the Tokens.

If the digital asset awards for validating blocks or the transaction fees for recording transactions on our Network are not sufficiently high to incentivize validators, or if certain jurisdictions continue to limit or otherwise regulate validating activities, validators may cease expending validating power to validate blocks and confirmations of transactions on the our Network could be slowed. For example, the realization of one or more of the following risks could materially adversely affect the value of the Tokens:

- A reduction in the processing power expended by validators on our Network could increase the likelihood of a malicious actor or botnet (a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtaining control. Our Network could be vulnerable to attacks on transaction finality and consensus processes, which could adversely affect the value of the Tokens;
- Validators have historically accepted relatively low transaction confirmation fees on most digital asset networks. If validators demand higher transaction fees for recording transactions in our Network or a software upgrade automatically charges fees for all transactions on our Network, the cost of using Tokens may increase and the marketplace may be reluctant to accept Tokens as a means of payment. Alternatively, validators could collude in an anti-competitive manner to reject low transaction fees on our Network and force users to pay higher fees, thus reducing the attractiveness of our Network. Higher transaction confirmation fees resulting through collusion or otherwise may adversely affect the attractiveness of our Network and the value of the Tokens;
- To the extent that any validators cease to record transactions that do not include the payment of a transaction fee in blocks or do not record a transaction because the transaction fee is too low, such transactions will not be recorded on our Network blockchain until a block is validated by a validator who does not require the payment of transaction fees or is willing to accept a lower fee. Any widespread delays or disruptions in the recording of transactions could result in a loss of confidence in our Network and could prevent holders of our Tokens from completing transactions thereon;
- During the course of ordering transactions and validating blocks, validators may be able to prioritize certain transactions in return for increased transaction fees, an incentive system known as “Maximal Extractable Value” or MEV. For example, in blockchain networks that facilitate DeFi protocols in particular, such as our Network, users may attempt to gain an advantage over other users by increasing offered transaction fees. Certain software solutions, such as Flashbots, have been developed which facilitate validators in capturing MEV produced by these increased fees. The MEV incentive system may lead to an increase in transaction fees on our Network, which may diminish its use. Users or other stakeholders on our Network could also view the existence of MEV as unfair manipulation of decentralized digital asset networks, and refrain from using DeFi protocols or our Network generally. In addition, it's possible regulators or legislators could enact rules which restrict the use of MEV, which could diminish the popularity of our Network among users and validators. Any of these or other outcomes related to MEV may adversely affect the value of the Tokens.

Validators may suffer losses due to staking, or staking may prove unattractive to validators, which could make our Network less attractive.

Validation on our Network requires Tokens to be transferred into smart contracts on the underlying blockchain networks. If our Network source code or protocol fail to behave as expected, suffer cybersecurity attacks or hacks, experience security issues, or encounter other problems, such assets may be irretrievably lost. As part of the “activating” and “de-activating” or “cooling down” processes of staking, staked Tokens will be inaccessible for a variable period of time determined by a range of factors, resulting in potential inaccessibility during those periods. “Activation” is the funding of a validator to be included in the active set, thereby allowing the validator to participate in our Network’s proof-of-stake consensus protocol. “De-activating” is the request to exit from the active set and no longer participate in our Network’s proof-of-stake consensus protocol. As part of these “activating” and “de-activating” processes of staking on our Network, any staked Tokens will be inaccessible for a period of time. The duration of activating and exiting periods are dependent on a range of factors. However, depending on demand, un-staking can take between one to several epochs to complete.

Our Network requires the payment of base fees and the practice of paying prioritization fees is common, and such fees can become significant as the amount and complexity of the transaction grows, depending on the degree of network congestion and the price of the Tokens. Any cybersecurity attacks, security issues, hacks, penalties, slashing events, or other problems could damage validators’ willingness to participate in validation, discourage existing and future validators from serving as such, and adversely impact our Network’s adoption or the price of the Tokens. Any disruption of validation on our Network could interfere with network operations and cause our Network to be less attractive to users and application developers than competing blockchain networks, which could cause the price of the Tokens to decrease. The limited liquidity during the “activation” or “de-activation” processes could dissuade potential validators from participating, which could interfere with network operations or security and cause our Network to be less attractive to users and application developers than competing blockchain networks, which could cause the price of the Tokens to decrease.

Operational cost may exceed the award for validating transactions, and increased transaction fees may adversely affect the usage of our Network.

If transaction confirmation fees become too high, the marketplace may be reluctant to use our Network. This may result in decreased usage and limit expansion of our Network in the retail, commercial and payments space, adversely impacting investment in the Tokens. Conversely, if the reward for validators or the value of the transaction fees is insufficient to motivate validators, they may cease to validate transactions. Ultimately, if the awards of new costs of validating transactions grow disproportionately, validators may operate at a loss, transition to other networks, or cease operations altogether. Each of these outcomes could, in turn, slow transaction validation and usage, which could have a negative impact on our Network and could adversely affect the value of the Tokens.

Anonymity and illicit financing risk.

Although transaction details of peer-to-peer transactions are recorded on our Network, a buyer or seller of digital assets on a peer-to-peer basis directly on our Network may never know to whom the public key belongs or the true identity of the party with whom it is transacting. Public key addresses are randomized sequences of alphanumeric characters that, standing alone, do not provide sufficient information to identify users. In addition, certain technologies may obscure the origin or chain of custody of digital assets. The opaque nature of the market poses asset verification challenges for market participants, regulators and auditors and gives rise to an increased risk of manipulation and fraud, including the potential for Ponzi schemes, bucket shops and pump-and-dump schemes. Digital assets have in the past been used to facilitate

illicit activities. If a digital asset were used to facilitate illicit activities, businesses that facilitate transactions in such digital assets could be at increased risk of potential criminal or civil liability or lawsuits, or of having banking or other services cut off, and such digital asset could be removed from digital asset platforms. Any of the aforementioned occurrences could adversely affect the price of the relevant digital asset, the attractiveness of the respective blockchain network and an investment in the Tokens. If a holder of Tokens were to transact with a sanctioned entity, such Holder – or even the Company – could be at risk of potential criminal or civil lawsuits or liability.

If validators exit our Network, it could increase the likelihood of a malicious actor obtaining control.

Validators exiting the network could make our Network more vulnerable to a malicious actor obtaining control of a large percentage of staked Tokens, which might enable them to manipulate our Network by censoring or manipulating specific transactions. If our Network suffers such an attack, the price of the Tokens could be negatively affected, and a loss of confidence in our Network could result. Any reduction in confidence in the transaction confirmation process or staking power of our Network may adversely affect an investment in the Tokens.

RISK FACTORS SPECIFIC TO THE COMPANY

We are not licensed to conduct a virtual currency business in New York and do not currently intend to become licensed in any other state. We have taken the position that New York’s BitLicense regulatory framework does not apply to our offer and sale of the Tokens. It is possible, however, that the New York State Department of Financial Services could disagree with our position.

We are not licensed to conduct a virtual currency business in New York or any other state. We have, however, taken the position that the State of New York’s BitLicense Regulatory Framework does not apply to the offering or operation of the Network or the offer and sale of the Tokens.

It is possible that the New York State Department of Financial Services could disagree with our position. If we were deemed to be conducting an unlicensed virtual currency business in New York, we could be subject to significant additional regulation and/or regulatory consequences and/or be required to no longer make the Network or the Tokens available in New York or to New York residents. Other states may take a similar position in the future. Any of these outcomes may negatively affect the Tokens, including its further development, or the value of the Tokens and/or could cause us to cease operations in New York or any other states requiring a license for our activity.

We are not licensed as a money transmitter under state law or registered as a money services business under federal law, and our business may be adversely affected if we are required to do so.

We believe that we are not a money transmitter under state law or a money services business under federal law in the United States when we offer the Platform to developers. Further, we do not generally or specifically target U.S. Persons (as defined under the Securities Act) or residents to be users of the Tokens. If we were deemed to be a money transmitter under state law and/or money services business under federal law, we would be subject to significant additional regulation and costs. This could lead to significant changes with respect to operations of the Platform, the Tokens, suspensions in the operation of the Platform, the Network, the Tokens or certain of its components, changes in how the Tokens are structured, changes in how they are issued and other regulatory or business consequences and would greatly increase our costs in creating and facilitating transactions of the Tokens. It could also lead to a decrease in value of Tokens. In addition, a regulator could take action against us if it views our activity regarding the Platform or the Tokens as a violation of existing law. Any of these outcomes would negatively affect the value of the Tokens and/or could cause the Company to cease operations in certain states or nationwide.

Operating history.

The Company has little operating history in the blockchain industry, which continues to be evolving and may not develop as expected. The Company's historical performance does not necessarily reflect future performance or the likelihood of the success of the Tokens. A significant amount of work was required in order to create the Tokens and implement the Token into the Platform and much of that work is reliant on the input or consent of other persons not under the control of the Company. Assessing the business and future prospects of the Company is challenging in light of the risks and difficulties the Company may encounter. These risks and difficulties include but are not limited to, their ability to:

- Navigate complex and evolving regulatory and competitive environments;
- obtain the requisite regulatory and other licenses in the relevant jurisdictions;
- obtain and retain customers;
- successfully develop, maintain, and update internal controls to manage compliance within an evolving and complex regulatory environment;
- effectively identify and react to market trends;
- be involved in the successful development and deployment of the Tokens;
- implement new products and services;
- successfully execute the Company's funding strategy;
- effectively compete with other companies;
- successfully navigate economic conditions and fluctuations in the market;
- effectively manage the growth of the business;
- continue to develop, maintain, and scale the Tokens;
- effectively use finite personnel and technology resources;
- effectively maintain and scale financial and risk management controls and procedures;
- maintain the security of technology infrastructure, and the confidentiality of the information provided and utilized therein; and
- attract, integrate, and retain qualified employees and contractors.

Misconduct and errors risks.

The Company is exposed to many types of operational risk, including the risk of misconduct and errors by our employees, former employees, and other third-party service providers, or by users and developers on the Platform, whom the Company does not control, could be in a position to handle large amounts of sensitive and potentially proprietary information, whose exposure could result in significant liability. It is not always possible to identify and deter misconduct by employees or third-party providers, and the Company cannot control developers or uses of the Platform. The precautions the Company takes to detect and prevent this activity, such as encryption of user data, may not be effective in controlling unknown or unmanaged risks or losses. Any of these occurrences could result in the Company's diminished ability to operate the business and develop the Platform, inability to attract future developers and users, regulatory intervention, and financial harm which could negatively impact the Company, the growth of the Company, and the value of Tokens.

Representation by legal counsel.

Certain counsel (the "***Law Firm***") represents the Company solely with respect to the specific matters pertaining to the preparation of this Memorandum. Other matters may exist that could have a bearing on the Company as to which the Law Firm has been neither retained nor consulted. The Law Firm does not undertake to monitor compliance by the Company and its affiliates with the guidelines and procedures set forth in this Memorandum, nor does the Law Firm monitor compliance by the Company and/or its affiliates with applicable laws, unless in each case the Law Firm has been specifically retained to do so. The Law Firm does not investigate or verify the accuracy and completeness of information set forth in this

Memorandum concerning the Company. Furthermore, the Law Firm is not providing any advice, representation, warranty, or other assurance of any kind as to any matter to any prospective investors of the Tokens. No separate counsel has been engaged by the Company to represent any investors with respect to a purchase of the Tokens.

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

Violation of policies risks.

Any violation of Company policies and terms and conditions of use, including misuse of the Platform and Tokens, by users and tokenholders, may result in unforeseeable adverse impact to the Platform out of the Company's control, which may in turn potentially affect the value of Tokens.

Risk of competitors.

The Company believes that other organizations are or may be working to develop decentralized application systems for scalable and interoperable solutions for Web3 developers or other novel technologies that may be competitive with the technology of the Company. Some or all of these organizations that may have technology similar to the Company, may have substantially greater technological expertise, experience with blockchain technologies and/or financial resources than the Company has, and many of them may be attempting to patent technologies that may be competitive with or similar to the technology the Company has developed, or attempting to reverse engineer the Company's technology, which may be possible as a substantial portion of the software underlying the Platform is open source software that is generally available to the public.

Risk of underage users.

In certain jurisdictions, persons under the age of eighteen (18) have the ability to repudiate or disaffirm contracts entered into by those individuals, and some of the Platform users are likely to be under the age of eighteen. As a result, the Company may have difficulty enforcing the terms of service and other agreements entered into with such individuals that are under the age of eighteen in connection with the operation of the Company's business, the Platform, and the distribution of Tokens.

RISK FACTORS SPECIFIC TO THIS OFFERING

No specific use of proceeds.

At present, and other than as set out herein, no proceeds have been allocated for any particular purposes, and management expects to use the net proceeds from this offering for working capital and to promote the development, security, maintenance, and distribution of the Platform, regardless of whether all of the Tokens under this Offering are sold. Management may also use a portion of the net proceeds to acquire, license, and invest in complementary products, technologies, or businesses in the ordinary course of business. However, management will have broad discretion over the use of proceeds and reserves the right to change the use of proceeds on other than working capital and general corporate purposes should the circumstances change, or future research and development opportunities arise and could spend the proceeds from the offering in ways with which Purchasers may not agree with or that do not yield a favorable return, if at all. If management does not use the proceeds of this offering in ways that benefit the Tokens, the future value and utility of Purchasers' Tokens may be adversely affected.

Risks associated with the structure of Token Purchase Agreements.

An investment in a TPA involves a significant amount of risk and is suitable only for sophisticated Purchasers: (i) of substantial means who have no immediate need for liquidity in the amount invested; (ii) for whom such investment does not constitute a complete investment program; (iii) that fully understand, and are willing to assume and have the financial resources necessary to withstand, the risks involved in investing in a TPA; and (iv) that can bear the potential loss of all of their investment in a TPA. There is no assurance as to whether an investment in a TPA will be profitable. Any investment made in a TPA may result in a loss of all or part of a Purchaser's investment. The TPA or a portion thereof may be modified, waived, or amended without your consent consistent with its terms.

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CERTAIN NOTICES

This Memorandum shall be maintained in strict confidence. Any reproduction or distribution of this Memorandum, 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.

This Memorandum 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 Tokens.

This Memorandum contains a summary of the Offering, the Platform, the Tokens, and certain other documents referred to herein. However, the summaries in this Memorandum 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 investor on the Republic Platform. Each prospective investor 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 Memorandum, such other documents shall control. The Company reserves the right to modify the terms of the Offering and the Tokens described in this Memorandum are offered subject to the Company's ability to reject any commitment in whole or in part.

This Memorandum contains a summary of the material terms of the Tokens. The Tokens have not been and will not be registered under the Securities Act, as amended, 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.

No person has been authorized to make any statements concerning the Company or the delivery of the Tokens discussed herein other than as set forth in this Memorandum or the Republic Platform, and any such statements, if made, must not be relied upon.

Prospective investors must make their own investigations and evaluations of the Platform and the 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 investors 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 investors should inform themselves as to the legal requirements

applicable to them in respect of the acquisition, holding and disposition of the Tokens upon their delivery, and as to the income and other tax consequences to them of such acquisition, holding, and disposition.

By their participation in the Offering, Purchasers will be deemed to have agreed that their participation will constitute their representation, warranty, acknowledgment and agreement to all of the statements about Purchasers under the section titled “Notice to Purchasers.” Potential Purchasers should carefully read that section of this Memorandum.

The Memorandum 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**” or “**SEC**”) 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 Memorandum, nor is it intended that the foregoing authorities will do so.

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

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